

History paves its way

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On November 8th-9th, 2017, 160 participants from 23 countries gathered in Duisburg to hear from political and academic experts on the latest concerning the Belt & Road Initiative (BRI) and its impact on Sino-European cooperation.

The Institute of East Asian Studies (IN-EAST) and the Confucius Institute Metropolis Ruhr organized the conference together with their Chinese partners, the Fudan Development Institute and the China Center for Contemporary World Studies. In addition to the public part of the event presented here, a scientific forum on the subject took place on the campus of the University of Duisburg-Essen.

Scan the QR code to visit www.ccc-duisburg.org for additional info on the Forum.



Talking about politics

Professor Markus Taube, University of Duisburg-Essen, opened the event by saying: “In the media there is already a lot of information on the New Silk Road. But we still mostly get the idea that it is a China-led initiative which is concerned with creating a channel from China through some unspecified Central Asia countries towards Europe. I would rather say that history paves its way.”

“Just think about it,” he continued. “We have a major political and economic power in the East. We have its counterpart in the West, namely Europe. And in the middle we have yet another major power – Russia. Until recently, there was a sense of disconnection between them. More importantly, however, there has also been a growing understanding that this gap needs to be bridged. Hopefully, the BRI will fill in the missing link by bringing about a new geo-strategic and geo-economic setting, one that’s established to the best interest of all – aimed at increasing welfare and guaranteeing peace.”

“We should not just look at China and the advantages the BRI will bring to it. We also should not barely talk about how Chinese plans are affecting its trade and other relations with Europe. I believe that the biggest effect the BRI may have, overall, will be the creation of an industrial fabric, a sort of a new economic welfare zone, which will integrate the landlocked countries of Central Asia into a global system,” concluded Taube.

China-Germany-world

In his speech, Herbert Jakoby, of the Ministry of Economic Affairs, North

Rhine-Westphalia, labelled the New Silk Road as “more than a mere infrastructure project,” and pointed out that it “Symbolizes a completely new way of thinking about international relations and economic development in China, which we Europeans only slowly begin to understand.” He said that the German state he represents, with its multimodal logistic hub in Duisburg, has been part of this process right from the start, “When President Xi Jinping visited the dry port in Duisburg back in March 2014 to witness the arrival of a freight train coming directly from China, it became clear to the public that the New Silk Road had made the step from conception to reality.” Jakoby also emphasized that, while a growing number of European transport and logistics service providers already have a New Silk Road train in their portfolio, only a handful of companies in Europe are taking advantage of this alternative; the rest are at best vaguely aware of the opportunities the Eurasian Land Bridge creates. In his view, Europe should be eager to embrace the New Silk Road initiative.

“In Germany, North Rhine-Westphalia is the state that attracts the most foreign direct investment from China – almost as many as the remaining 15 states combined. This makes it a key location for interactions between China and Germany. Duisburg and our state can be very proud of this fact, but we are also responsible to make the best out of it,” Jakoby added. In addition to this, Johannes Pflug – a former Member of the German Parliament and current China Representative for the City of Duisburg – shared what he thought when he first learned that Duisburg is going to be a stop on the New Silk Road. At first, he recalled, people thought it was a mistake when Duisburg suddenly appeared on every Chinese map modelling the routes of the New Silk Road. Everyone assumed this was a mistake and that Duisburg got mixed up with Düsseldorf. Of course, this was not the case. Without a doubt, the New Silk Road has had a huge positive impact on the City of Duisburg. According to Pflug, each and every train that serves the Duisburg-China trade lane carries 40 containers.

Then again, Jakoby stated, critical questions are arising. He stressed that the New Silk Road will only become a success story if European companies and competitors from around the globe are welcomed, too. He raised questions concerning social and environmental standards for projects funded under the initiative, asked whether investors from China will include local communities, contractors, and workers in design and construction works, as well as whether sufficient control over project execution will be given to non-Chinese entities.

In this respect, Tian Qiru, Deputy Consul General of the People’s Republic of China in Düsseldorf, underlined that the New Silk Road is “A road of mutual respect and trust, a road of cooperation and mutual understanding,” and while developing it, “We should expand joint interests and build a community of human destinies through policy communication, road connectivity, smooth flow of trade, currency flow and interpersonal communication, so as to benefit the people of the countries along the route.” Tian also looked back on past achievements, mentioning that “China has made direct investments of USD 14.5 billion in the countries along the BRI. At present, up to 25 freight trains run between Duisburg and several cities in China every week, already saving half the shipping time compared to sea freight, something which is expected to be further shortened.” In addition to logistics, Tian strongly emphasised that the “New Silk Road has by now led to more sincere cooperation between China and Germany in the fields of innovation and digitisation. It will also vigorously promote Sino-German education, tourism, and cultural cooperation in the future.”

Opportunities, but also concerns

Later on, Djoomart Otorbaev, Former Prime Minister of the Kyrgyz Republic, shared his thoughts on the significance of the BRI for the nations of Central Asia. When he first heard about the New Silk Road, Otorbaev was certain that things started to move in the right direction. However, the New Silk Road should follow the example of the Ancient Silk Road, Otorbaev said. The BRI should not only involve developing the

physical infrastructure – the hard power (the easiest part in Otorbaev's view), but also the soft power. In his opinion, "China is still very shy about showing the strong parts of its soft power," for instance, in terms of people-to-people or cultural exchange, science, education, language, cuisine, and so on. In Otorbaev's opinion, we know too little about China with regards to this component.

Nevertheless, China is undergoing a profound change thanks to the BRI as well, noted Professor Fan Zhang, representing the China Center for Economic Research and the National School of Development at Peking University. He admitted that the country was too dependent on exports and government investments prior to China's opening reform. The first step was then to open up onto the East. Now China is opening westwards – toward both Central Asia and Europe. Putting in place long life cycle infrastructure is one of the key preconditions for making the New Silk Road initiative

a long-term calculation, very characteristic of how the Chinese approach their far-reaching programmes. Professor Taube remarked that this looks like a huge venture capital fund, since the Chinese side is not expecting any economic profit for the next couple of years – or perhaps even decades.

Next, Professor Chun Ding, Director of the Center for European Studies at Fudan University, gave an overview of the current situation and various forms of investment cooperation with different countries in the framework of the BRI. For instance, he said, the network of China Railway Express connects China with 34 cities in 12 European countries through three transport corridors with a total of 52 regular freight train services. "It is around 5,000 channels in total," Ding said. In light of what Professor Zhang said, he added that the Chinese and Europeans focus on different aspects of the initiative. The former centre their attention on long-term infra development, while the latter are more

a divided approach toward working with Europe – is it the EU, selected countries, or groups of states (e.g. the 16+1 framework) China is talking with? Third issue – changing the economic balance within the EU (some regions make gains, others do not). Fourth, concerns regarding the export of Chinese industrial overcapacity. Fifth, worries about the BRI projects breaching EU's laws. On top of this, Ding said, people are afraid of the negative impact the New Silk Road megaprojects may have on the environment, as well as worried about market distortion if Chinese state-owned conglomerates enter Europe in full swing.

In his concluding remarks, Professor Yuan Li, University of Duisburg-Essen, summarized, "To fully understand the BRI and its implications, we need to conduct analysis at both the micro and macro level. We need to understand its domestic and international background and its multi-dimensional nature. We also need to adopt



work, Zhang stressed. Currently, the Chinese government is covering the costs in order to boost production and trade. The problem at this initial stage, however, is that one cannot identify and charge the users. According to Zhang, the Chinese government has chosen the way of providing financial backing on the assumption that New Silk Road users are going to eventually support the project with their funds as they benefit from the initiative. He underlined that this is by all means

concerned with short-term benefits (such as, for instance, the creation of jobs in the tourism sector, as more and more Chinese pick Europe for their holidays, or gaining access to the Chinese market). There is scepticism that needs addressing, too, said Ding. In his view, there are five main obstacles standing in the way of closer cooperation between Europe and China. First, the EU perceives the BRI to be a programme with geopolitical ambitions. Second, there are concerns regarding

an interdisciplinary perspective to study its potential impacts on different spheres. In short, it is not an easy task. But I believe, in order to find the main source of the truth, we need to hold a dynamic and holistic view instead of a static and one-sided view." Professor Li stressed that it is important to be open-minded and that we need more serious academic debates. "That is the reason why we held the forum continuously in the last three years and plan to continue in the future." ■