

# Macro-regional Approaches to the B&R Dialogue Among the EU and China

**Marek Hrubec, PhD.**

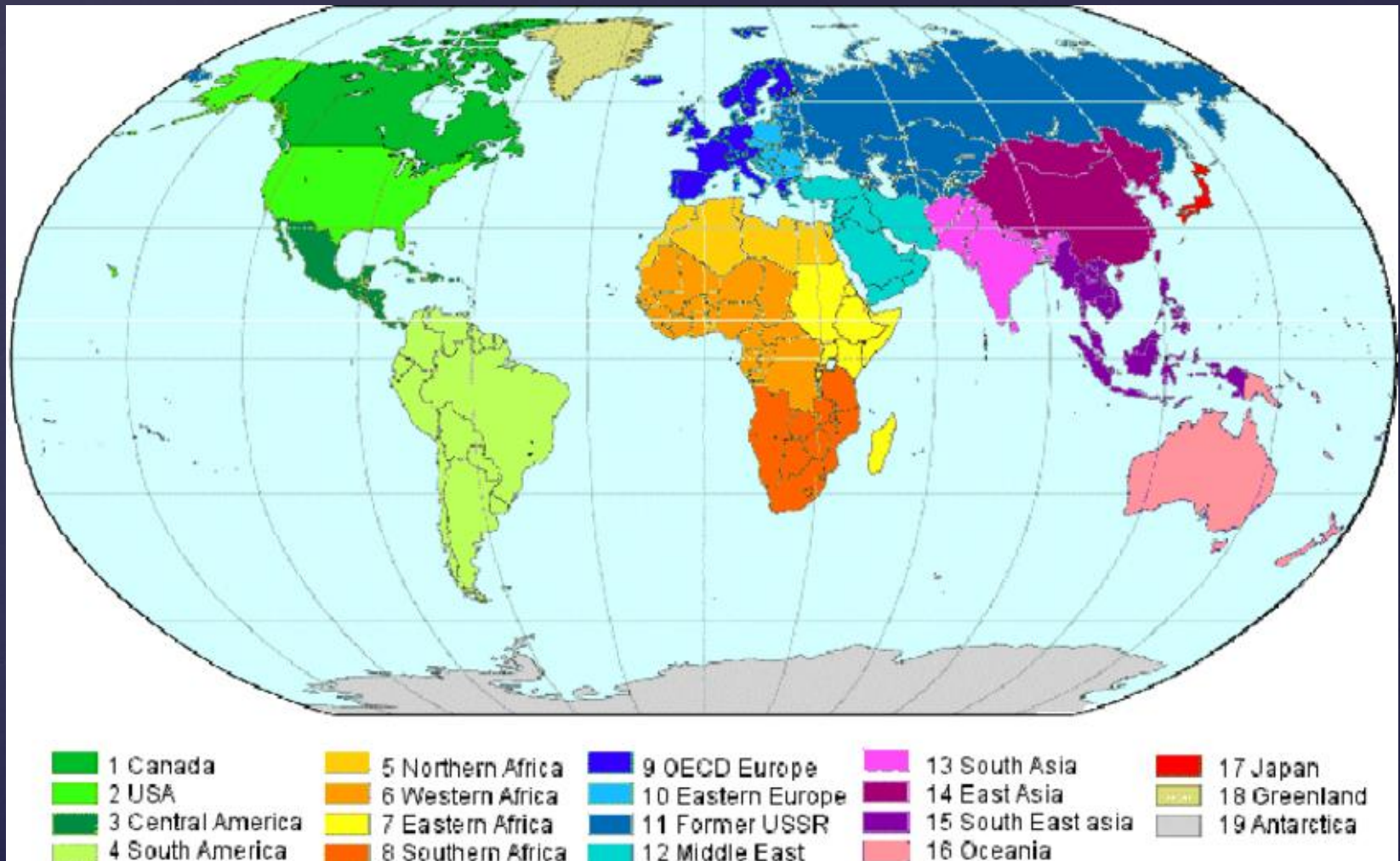
Director, Centre of Global Studies  
The Czech Academy of Sciences  
Prague, Czech Republic

The Belt and Road Forum  
May 15, 2018, Budapest

# The Global Connectivity



# The Regions of the World



## The EU Criticism of the BRI

In April this year, 27 of the 28 EU ambassadors to Beijing published a report warning about the Belt and Road Initiative because of alleged possible lack of transparency and the predominance of Chinese interests.

The BRI “runs counter to the EU agenda for liberalizing trade and pushes the balance of power in favor of subsidized Chinese companies.”

We shouldn’t refuse to cooperate but we should politely yet firmly state our terms,” high-ranking EU diplomat

The BRI “must take account of the interests of all participants”

### **Also earlier disputes, the most famous conc. container shipping**

The transport companies in Germany and the Netherlands, and related governments in these and other countries, see a potential loss of interest in their ports in Hamburg and Rotterdam due to the assumed massive container shipment to the main Greek port of Piraeus in Athens.

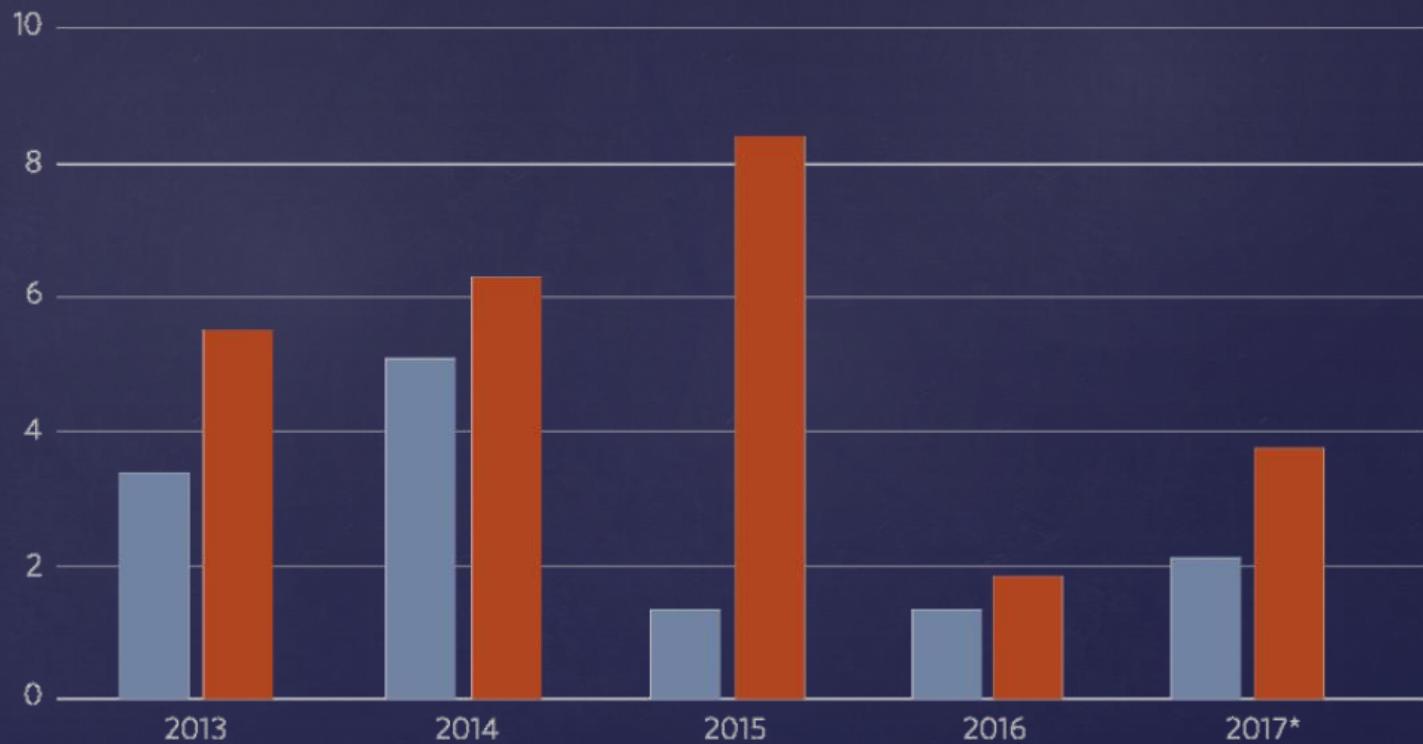
However, the contemporary problems in the shipping industry in a global scale (and especially in the West) are linked mainly to excess capacity. Before the global economic crisis 2008, transnational shipping firms made orders to build new ships to satisfy growing global trade by vessels. After the crisis started, shipping companies made paradoxically even more ships because they wanted to reduce costs by bigger ships (mega-vessels).



# Container Ship Fleet Expands Faster than Demand

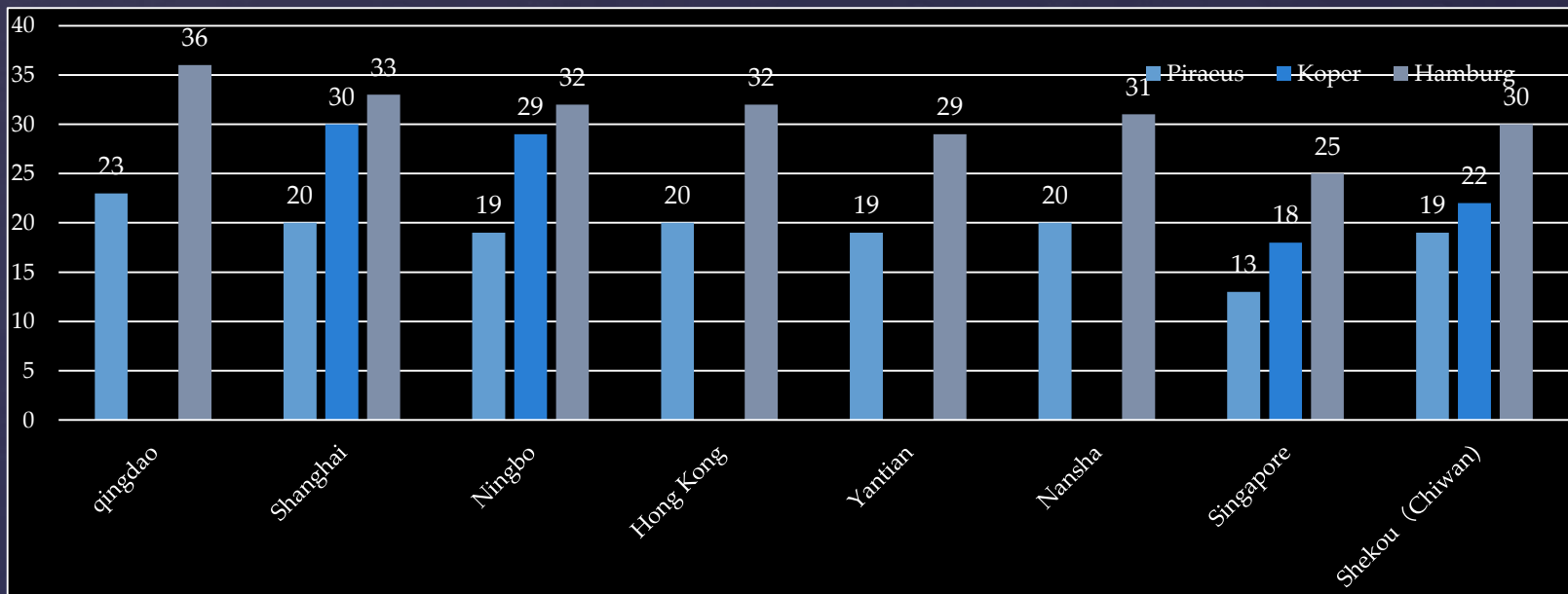
## Container Ship Fleet Expands Faster Than Demand

PERCENT INCREASE



\*Forecast as of Dec. 2016  
Source: Drewry, Financial Times

Copyright Stratfor 2017



***Far-East base port—PIR/KOP/HAM transit time comparison***

# China's Regional and Macro-regional Cooperation

In relation to the framework of pursuing multilateralism, mainly with developing countries: BRICS, etc.

## **(1) Macro-regional institutionalized cooperation**

16+1: Central and Eastern European Countries + China

China-CELAC: China-Latin America and the Caribbean States Forum

CAREC: Central Asia Regional Cooperation

FOCAC: Forum on China-Africa Cooperation

China-Arab States Forum

Lancang-Mekong Cooperation

Etc.

## **(2) Multinational macro-regional cooperation along six corridors**

## **(3) Binational regional cooperation**

CPEC: China-Pakistan Economic Cooperation

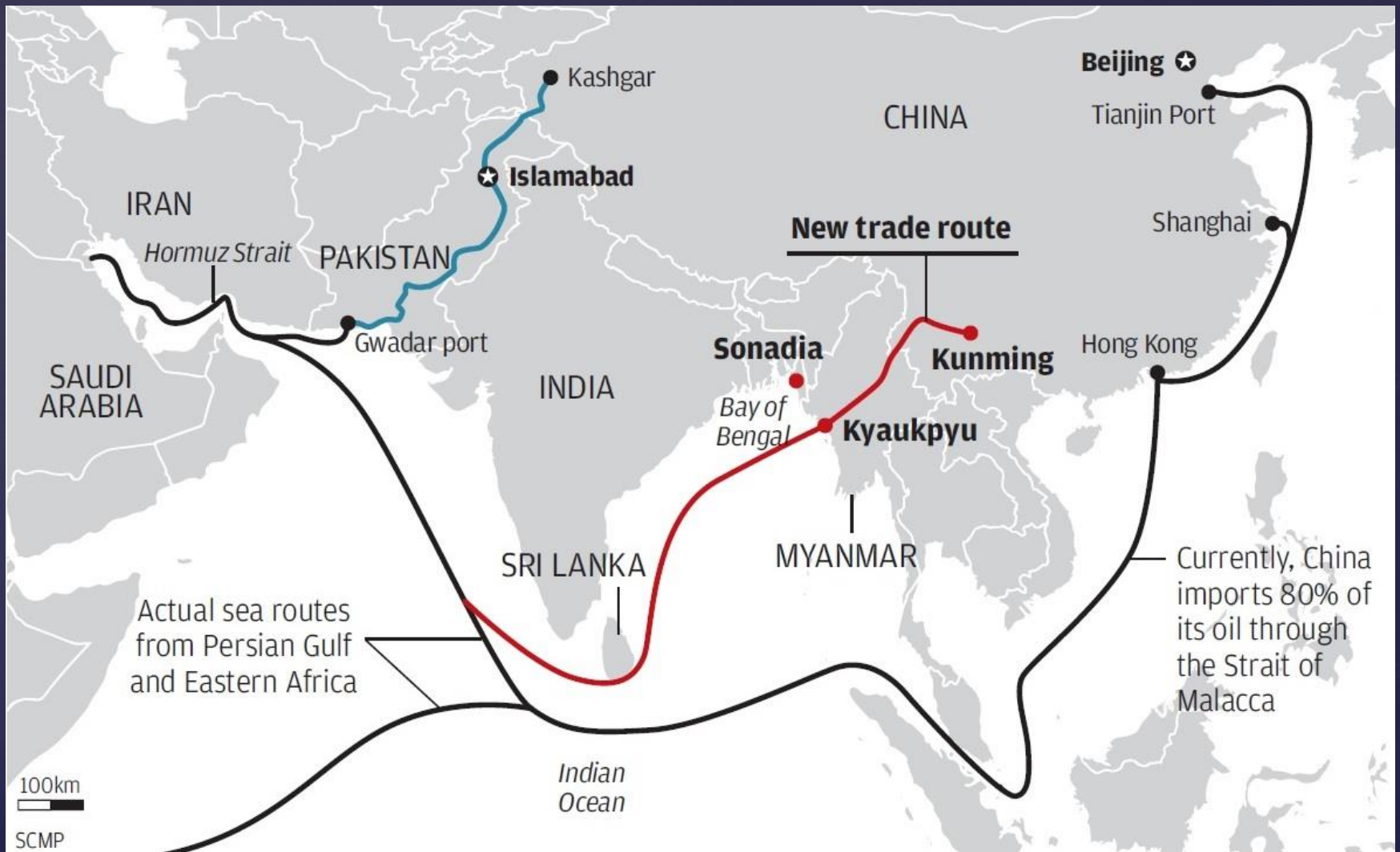
China-Myanmar Cooperation

Etc.



CPEC  
China-Pakistan Economic Corridor

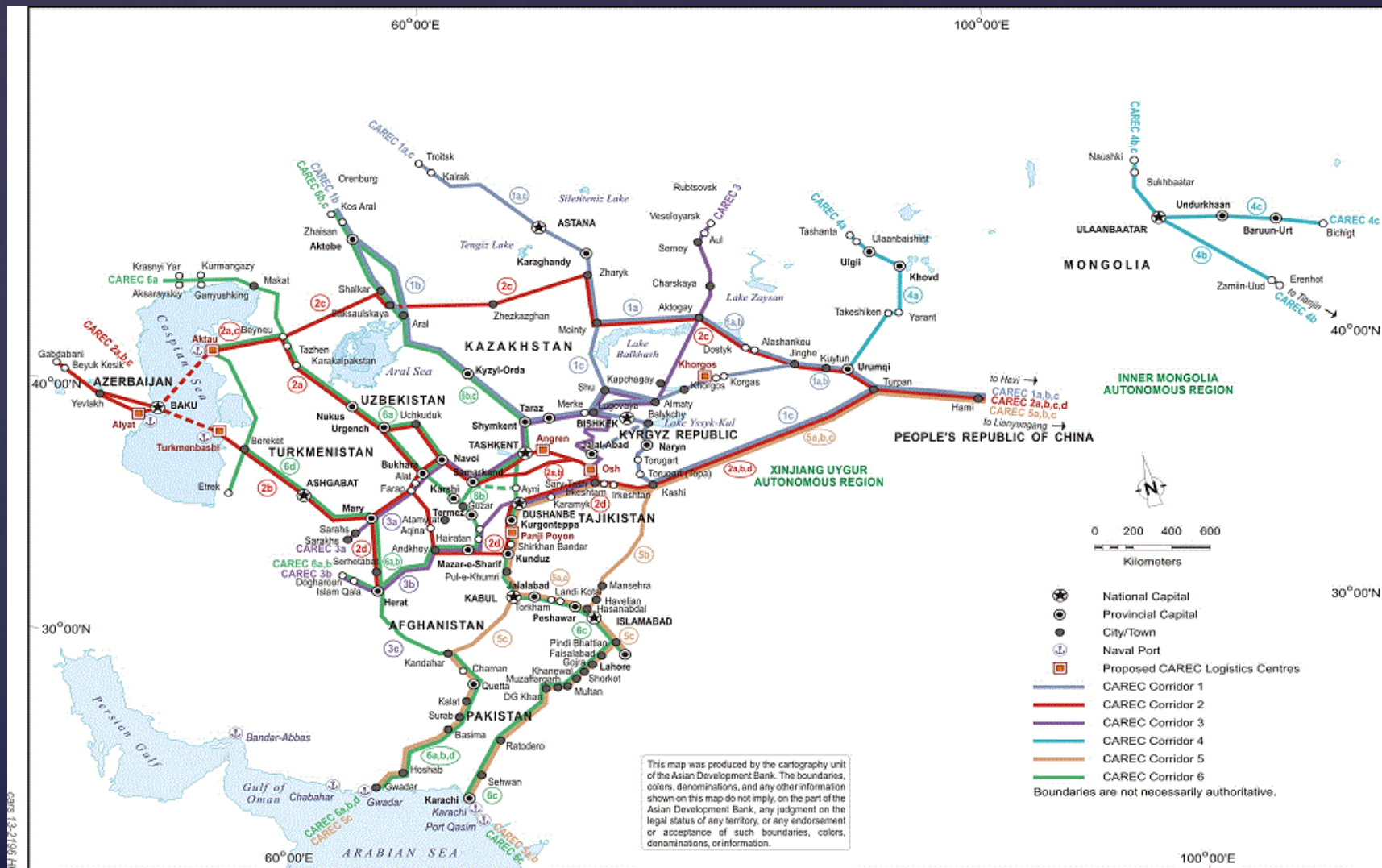




Lapis Lazuli Road Agreement, signed Nov. 2017:  
Afghanistan, Turkmenistan, Azerbaijan, Georgia, Turkey









### Central Asia Regional Economic Cooperation



# CIS' 2017 GDP Growth Forecasts

Russia's return to growth and a brighter outlook for oil & gas prices bodes well for the region

Region's  
economy  
to grow  
1.4% in  
2017

Russia

1.2

Belarus

0.5

Ukraine

2.4

Moldova

3.2

Azerbaijan

1.0

Kazakhstan

2.1

Uzbekistan

6.4

Kyrgyzstan

2.6

- Outlook revised up
- Outlook revised down
- Outlook unchanged

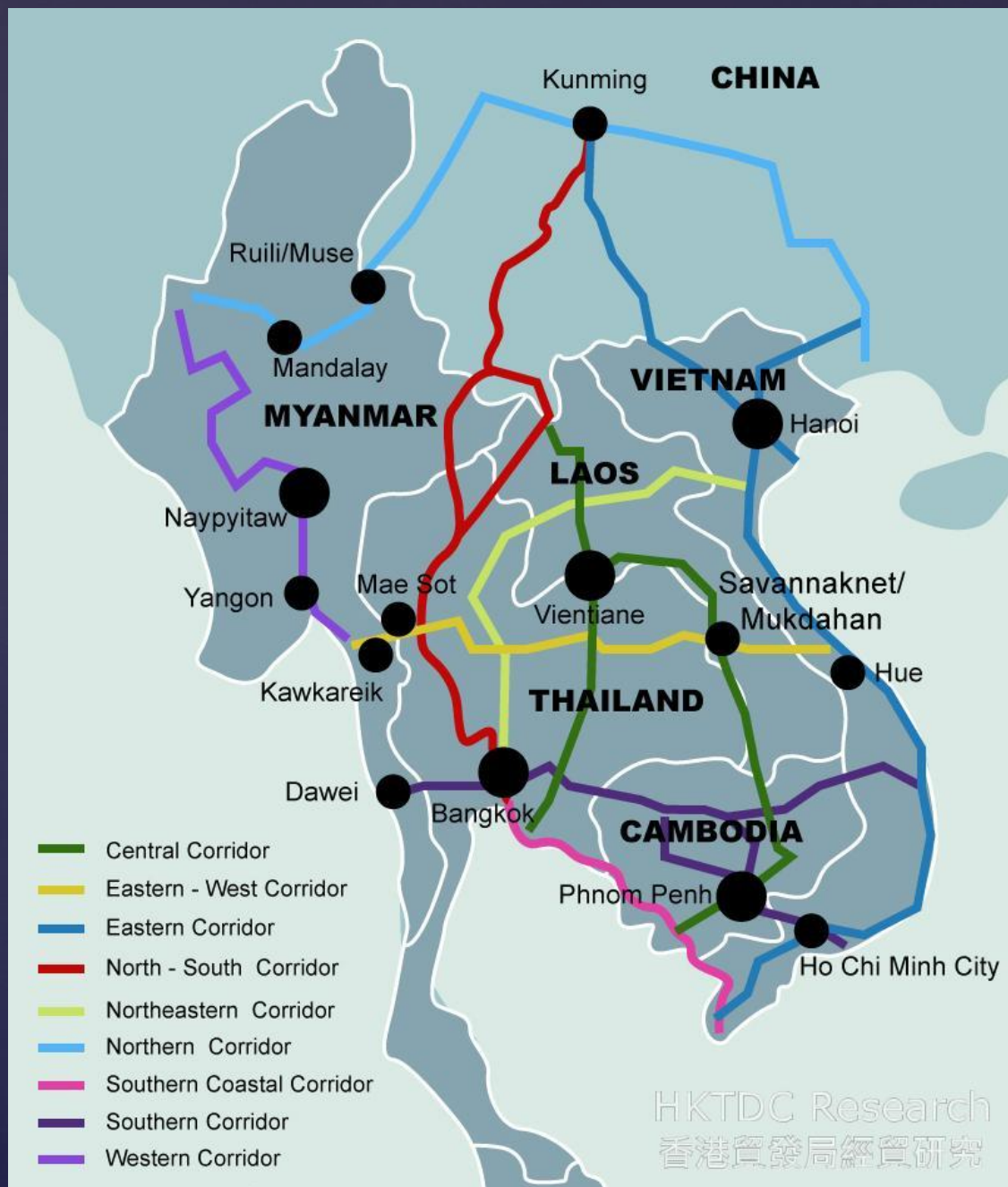
FocusEconomics Consensus Forecast for CIS Countries - January 2017

FOCUS ECONOMICS

## Shanghai Cooperation Organisation

- Member states
- Observer states









# CELAC

Comunidad de Estados  
Latinoamericanos y Caribeños

## MERCOSUR EN CONJUNTO



VENEZUELA\*



BOLIVIA\*\*



ARGENTINA



BRASIL



PARAGUAY



URUGUAY





Andean Community







UNASUR





**Table 1: Trade surplus (or deficit) of Latin America and countries in the region China and US (million dollars)<sup>1</sup>**

	2016	2017
<b>Latin America<sup>1</sup></b>		
- US <sup>1</sup>	105,894 <sup>1</sup>	125,875 <sup>1</sup>
- China <sup>2</sup>	-81,927 <sup>2</sup>	-63,316 <sup>2</sup>
<b>Argentina<sup>1</sup></b>		
- US <sup>1</sup>	-2,501 <sup>1</sup>	-3,074 <sup>1</sup>
- China <sup>2</sup>	-6,042 <sup>2</sup>	-7,999 <sup>2</sup>
<b>Belize**<sup>1</sup></b>		
- US <sup>1</sup>	-220 <sup>1</sup>	-274 <sup>1</sup>
- China <sup>2</sup>	-97 <sup>2</sup>	-110 <sup>2</sup>
<b>Bolivia**<sup>1</sup></b>		
- US <sup>1</sup>	19 <sup>1</sup>	146 <sup>1</sup>
- China <sup>2</sup>	-1,281 <sup>2</sup>	-1,212 <sup>2</sup>
<b>Brazil<sup>1</sup></b>		
- US <sup>1</sup>	-799 <sup>1</sup>	1,959 <sup>1</sup>
- China <sup>2</sup>	11,769 <sup>2</sup>	20,166 <sup>2</sup>
<b>Chile<sup>1</sup></b>		
- US <sup>1</sup>	-1,711 <sup>1</sup>	-1,074 <sup>1</sup>
- China <sup>2</sup>	3,112 <sup>2</sup>	4,614 <sup>2</sup>
<b>Colombia<sup>1</sup></b>		
- US <sup>1</sup>	-1,826 <sup>1</sup>	-1,120 <sup>1</sup>
- China <sup>2</sup>	-7,523 <sup>2</sup>	-6,750 <sup>2</sup>
<b>Costa Rica**<sup>1</sup></b>		
- US <sup>1</sup>	-2,252 <sup>1</sup>	-1,647 <sup>1</sup>
- China <sup>2</sup>	-1,867 <sup>2</sup>	-2,036 <sup>2</sup>
<b>Ecuador<sup>1</sup></b>		
- US <sup>1</sup>	1,682 <sup>1</sup>	2,096 <sup>1</sup>
- China <sup>2</sup>	-2,433 <sup>2</sup>	-2,913 <sup>2</sup>
<b>El Salvador<sup>1</sup></b>		
- US <sup>1</sup>	-1,099 <sup>1</sup>	-2,112 <sup>1</sup>
- China <sup>2</sup>	-849 <sup>2</sup>	-758 <sup>2</sup>
<b>Guatemala**<sup>1</sup></b>		
- US <sup>1</sup>	-2,813 <sup>1</sup>	-2,884 <sup>1</sup>
- China <sup>2</sup>	-1,661 <sup>2</sup>	-1,771 <sup>2</sup>
<b>Haiti**<sup>1</sup></b>		
- US <sup>1</sup>	-848 <sup>1</sup>	-718 <sup>1</sup>
- China <sup>2</sup>	-226 <sup>2</sup>	-275 <sup>2</sup>
<b>Honduras**<sup>1</sup></b>		
- US <sup>1</sup>	-1,083 <sup>1</sup>	-978 <sup>1</sup>
- China <sup>2</sup>	-1,261 <sup>2</sup>	-1,127 <sup>2</sup>
<b>México<sup>1</sup></b>		
- US <sup>1</sup>	122,953 <sup>1</sup>	132,415 <sup>1</sup>
- China <sup>2</sup>	-64,109 <sup>2</sup>	-67,433 <sup>2</sup>
<b>Nicaragua**<sup>1</sup></b>		
- US <sup>1</sup>	1,450 <sup>1</sup>	
- China <sup>2</sup>	-823 <sup>2</sup>	
<b>Panamá**<sup>1</sup></b>		
- US <sup>1</sup>	-1,490 <sup>1</sup>	-1,574 <sup>1</sup>
- China <sup>2</sup>	-4,650 <sup>2</sup>	-3,927 <sup>2</sup>
<b>Peru<sup>1</sup></b>		
- US <sup>1</sup>	-872 <sup>1</sup>	-1,182 <sup>1</sup>
- China <sup>2</sup>	239 <sup>2</sup>	2,736 <sup>2</sup>
<b>Uruguay<sup>1</sup></b>		
- US <sup>1</sup>	-113 <sup>1</sup>	-413 <sup>1</sup>
- China <sup>2</sup>	-640 <sup>2</sup>	9 <sup>2</sup>
<b>Paraguay<sup>1</sup></b>		
- US <sup>1</sup>	-557 <sup>1</sup>	-1,782 <sup>1</sup>
- China <sup>2</sup>	-2,624 <sup>2</sup>	-2,048 <sup>2</sup>
<b>Dominican Republic**<sup>1</sup></b>		
- US <sup>1</sup>	-2,662 <sup>1</sup>	-2,926 <sup>1</sup>
- China <sup>2</sup>	-2,199 <sup>2</sup>	-2,219 <sup>2</sup>
<b>Trinidad and Tobago***<sup>1</sup></b>		
- US <sup>1</sup>	-1,517 <sup>1</sup>	
- China <sup>2</sup>	-557 <sup>2</sup>	
<b>Venezuela*<sup>1</sup></b>		
- US <sup>1</sup>	6,204 <sup>1</sup>	
- China <sup>2</sup>	3,044 <sup>2</sup>	

Source: Trademap.org; for Peru the 2017 figures are from Mincetur, and for Venezuela the 2016 figures are the ones declared by its trade partners<sup>1</sup>

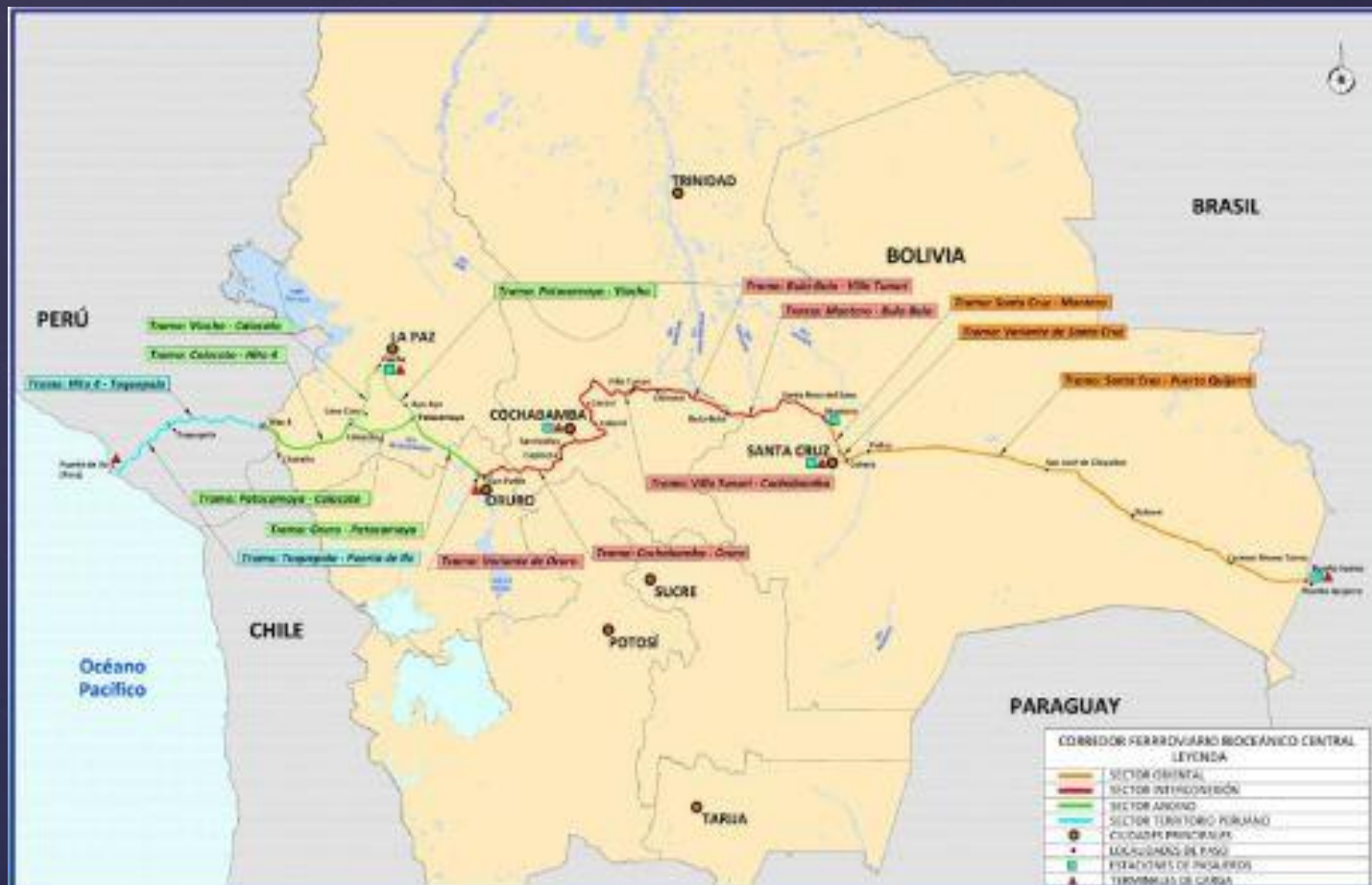
\*\* 2015 and 2016 figures

\*\*\*2015 figures<sup>1</sup>



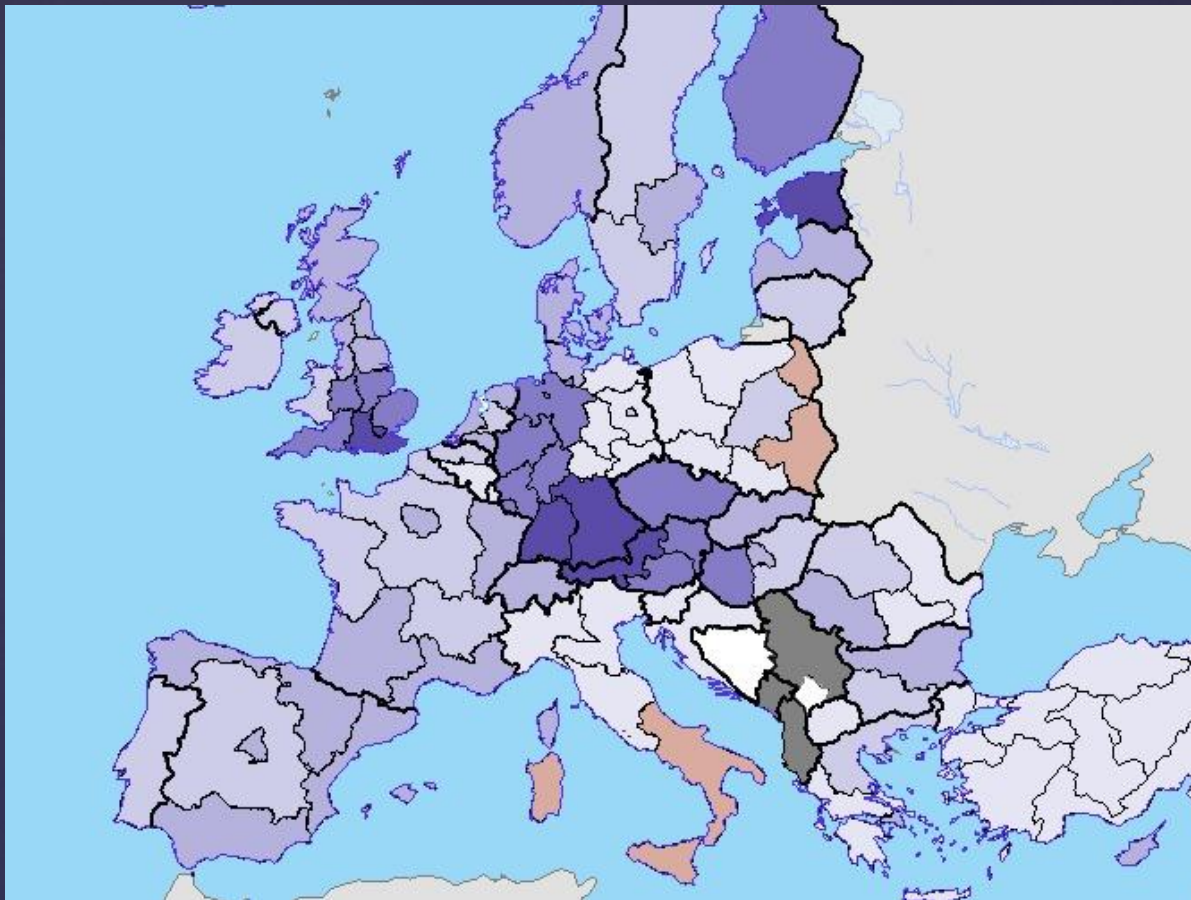








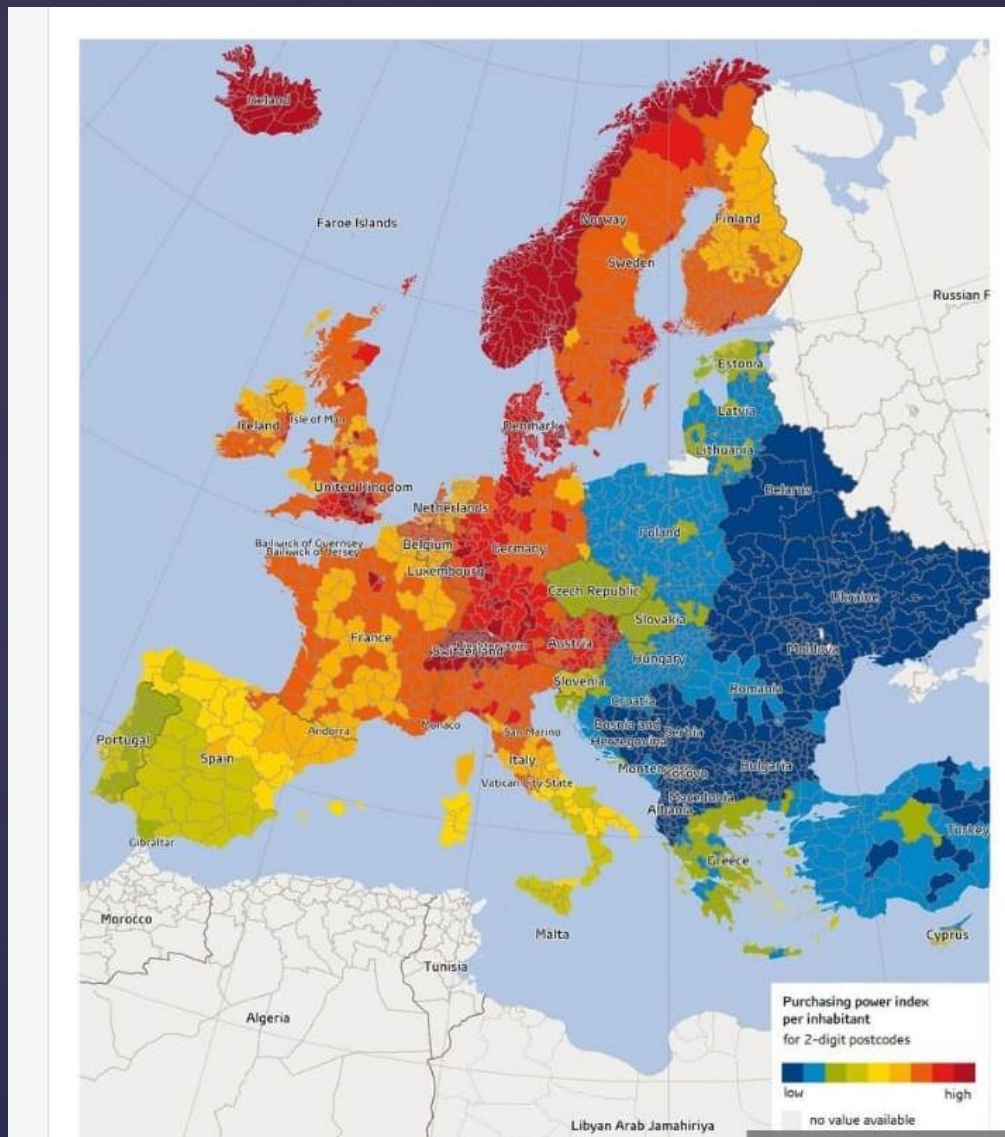




## Regions of the EU

CEECs = the most rapidly developing macro-region in the EU  
2018: year of cooperation at the local level: regions and sub-regions



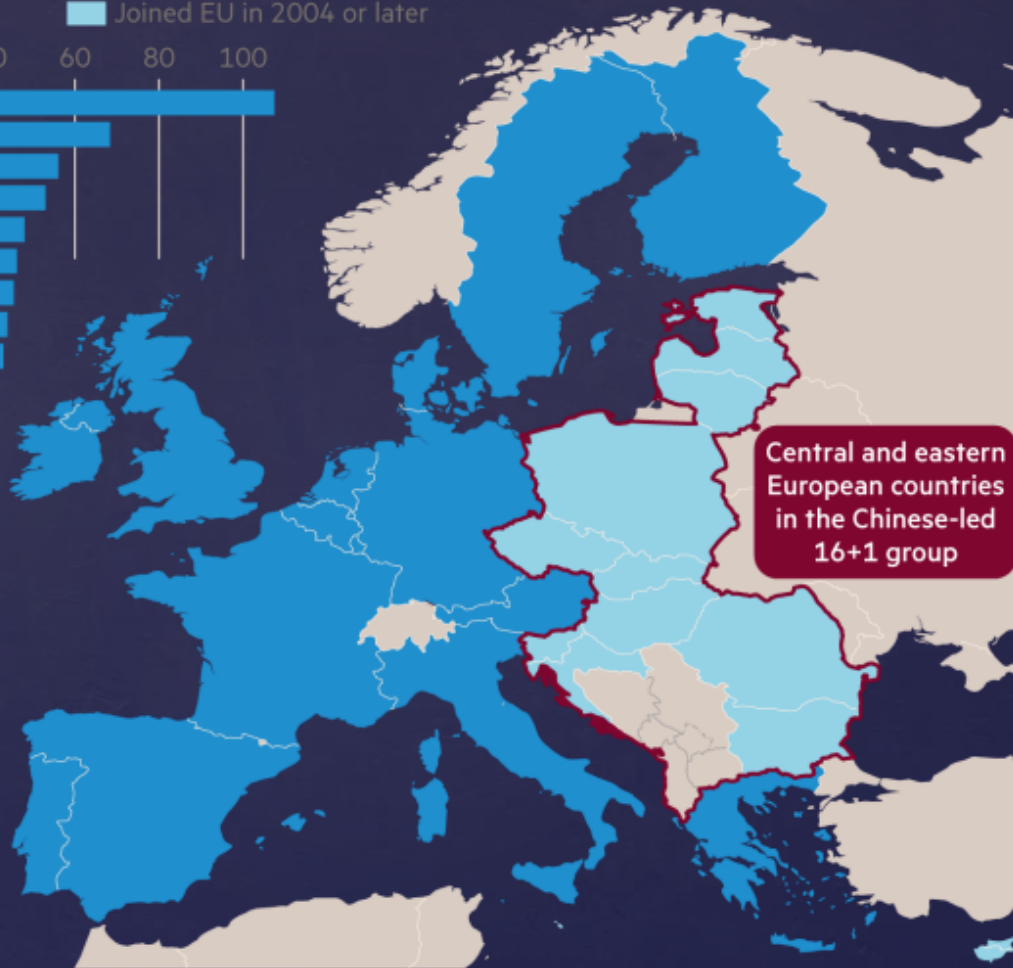
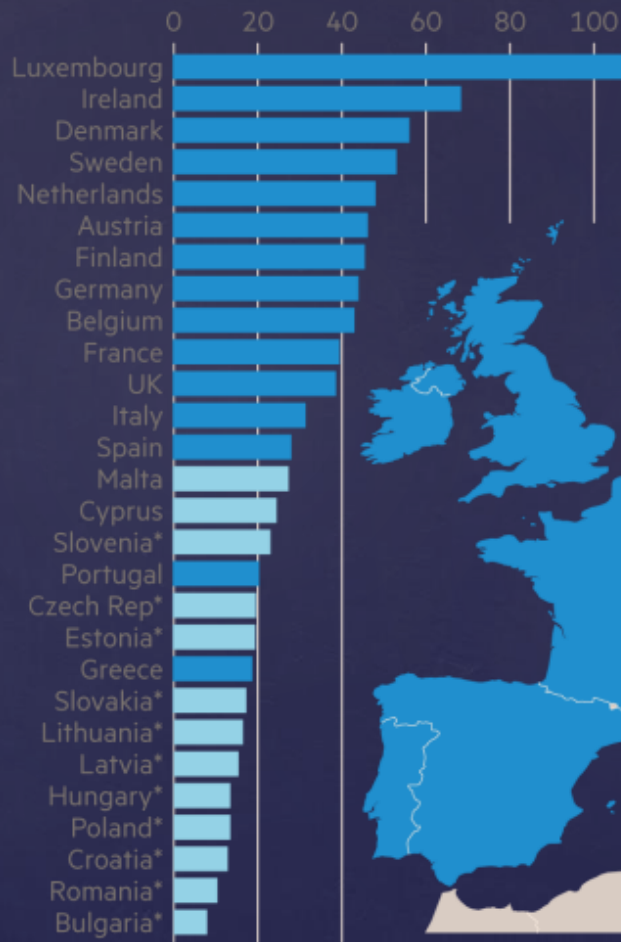


Puchasing Power in Europe 2017

## China's 16+1 grouping built around EU's newer, poorer members

EU countries' GDP per head,  
2017 (\$ '000)

■ EU member before 2004  
■ Joined EU in 2004 or later



\* EU member also part of the 16+1 group Sources: IMF; FT research

© FT

## Ranking in the global Innovation index

1 = most innovative,  
128=least innovative



## Exports to China by Member State, 2017

		% of China	
	EUR million	in extra-EU exports	
Germany	87 259	16,4	
United Kingdom	18 941	9,2	
France	18 860	9,7	
Italy	13 514	6,8	
Netherlands	12 251	8,5	
Belgium	8 045	7,6	
Spain	6 254	6,5	
Sweden	6 071	11,0	
Ireland	4 366	7,4	
Denmark	4 001	11,5	
Austria	3 934	9,2	
Finland	3 446	14,2	
Czech Republic	2 138	8,2	
Poland	2 062	5,0	
Hungary	1 579	8,3	
Slovakia	1 213	11,3	
Portugal	843	5,9	
Romania	737	4,9	
Bulgaria	637	7,1	
Slovenia	562	6,8	
Greece	474	3,5	
Estonia	219	6,0	
Luxembourg	215	9,7	
Lithuania	180	1,6	
Latvia	135	3,3	
Croatia	125	2,5	
Cyprus	62	3,5	
Malta	38	3,7	

Source: Eurostat (online data code: DS-018995)

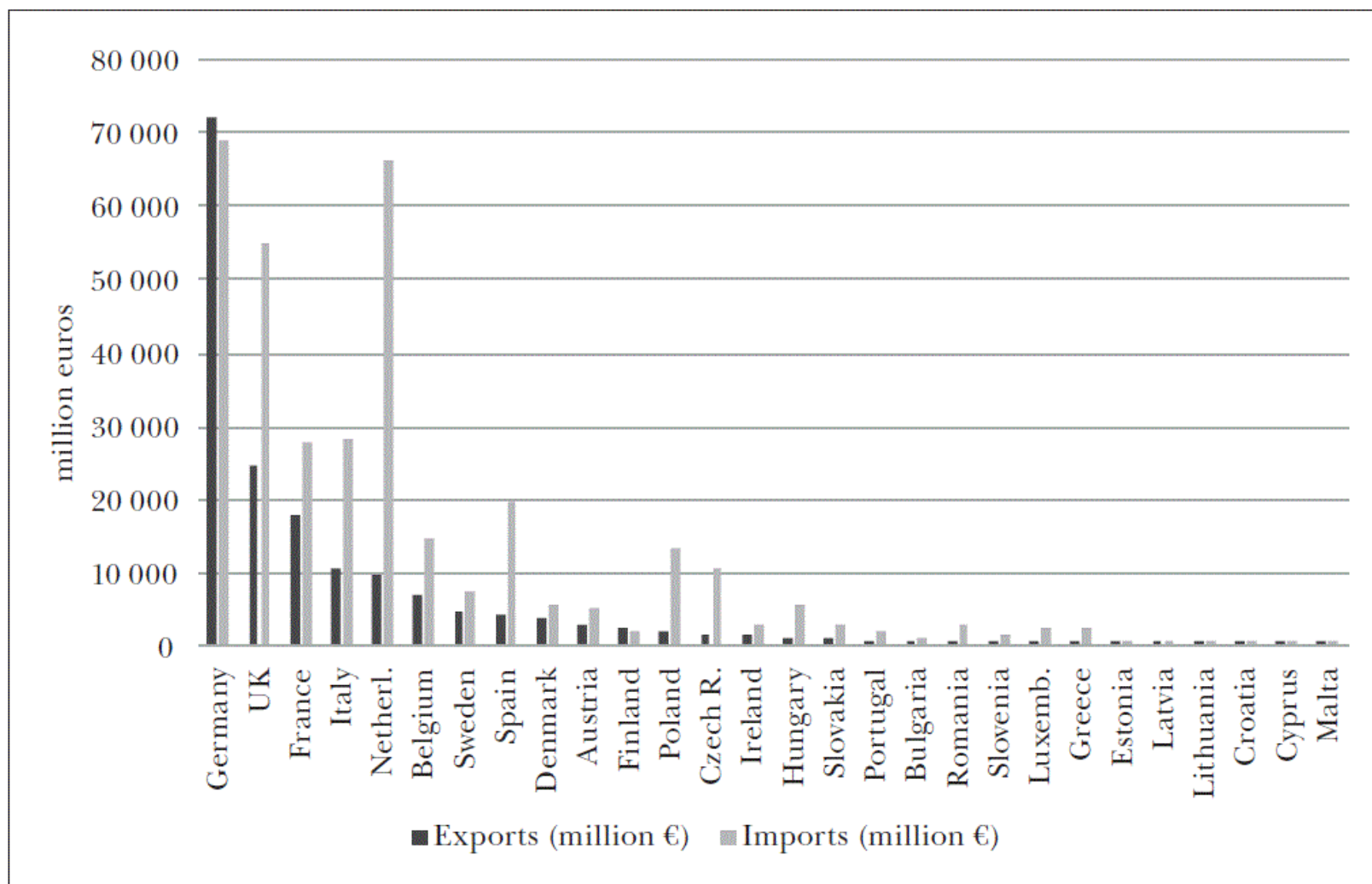
# Imports from China by Member State, 2017

	EUR million	% of China in extra-EU imports	
Netherlands	83 057	30,4	
Germany	72 364	20,6	
United Kingdom	52 618	19,2	
Italy	28 430	17,8	
France	28 054	16,8	
Spain	21 454	17,1	
Poland	16 322	27,8	
Belgium	14 750	11,7	
Czech Republic	10 537	33,9	
Sweden	7 453	18,9	
Denmark	5 847	23,7	
Hungary	5 612	24,7	
Austria	5 140	14,5	
Romania	3 788	20,7	
Slovakia	3 078	20,7	
Ireland	2 977	11,3	
Greece	2 719	11,2	
Portugal	2 049	12,5	
Finland	2 042	11,6	
Slovenia	1 436	14,7	
Bulgaria	1 109	12,4	
Lithuania	823	9,6	
Croatia	707	14,5	
Estonia	688	24,6	
Cyprus	587	18,2	
Latvia	441	13,9	
Luxembourg	319	9,3	
Malta	170	8,7	

Source: Eurostat (online data code: DS-018995)



*Figure 3: Exports and imports of EU Member States in goods with China, 2015*



*Source: Eurostat, 2016a*



# The China's Macro-regional and Regional Cooperation

## (1) Common Characteristics

(A) Glocal institutionalization: dynamics of local and global interactions. The framework institutionalization is a typical characteristics of 16+1, CAREC, China-Celac Forum, etc.

(B) Regular (annual 16+1, triennial China-CELAC, e.g..) meetings of political leaders, and 3 months to annual meetings of officials

(C) Chinese based international financial institutions

# The China's Macro-regional and Regional Cooperation

## (2) Difference

Usage of already existing macro-regional organizations

Yes: in Asia, Latin America, Africa

No: 16+1; specifically: partly yes but not for the group and international agenda

## Reasons

(A) 16+1 political leaders did not want to irritate Western political leaders and institutions

(B) Partly different interests in particular macro-regions of 16+1:

(a) EU-members vs. non-EU members

(b) more particular territorial interests:

Baltic states, V4, Bulgaria and Romania, Slovenia and Croatia,  
the Balkans

**Thank you for your attention**