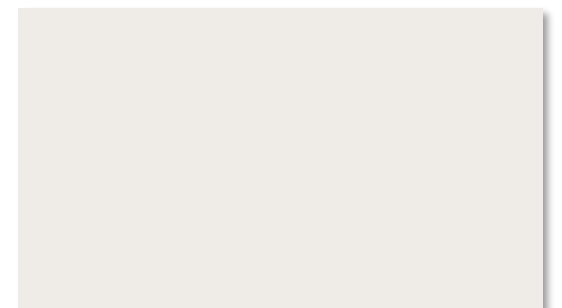


# European perspective on the BRI



Max J. Zenglein  
October 25th 2019



# BRI as part of China's global ambitions

## ■ Anniversary targets drive economic policies

- 2021: Moderately prosperous society
- 2049: Strong, modern socialist country

## ■ Impressive “to-do” list:

### Domestic

- 2020 targets
- Middle-income trap
- Environment
- Poverty
- Quality growth

### Technology

- Innovation
- Made in China 2025
- Digital economy
- Defense technology

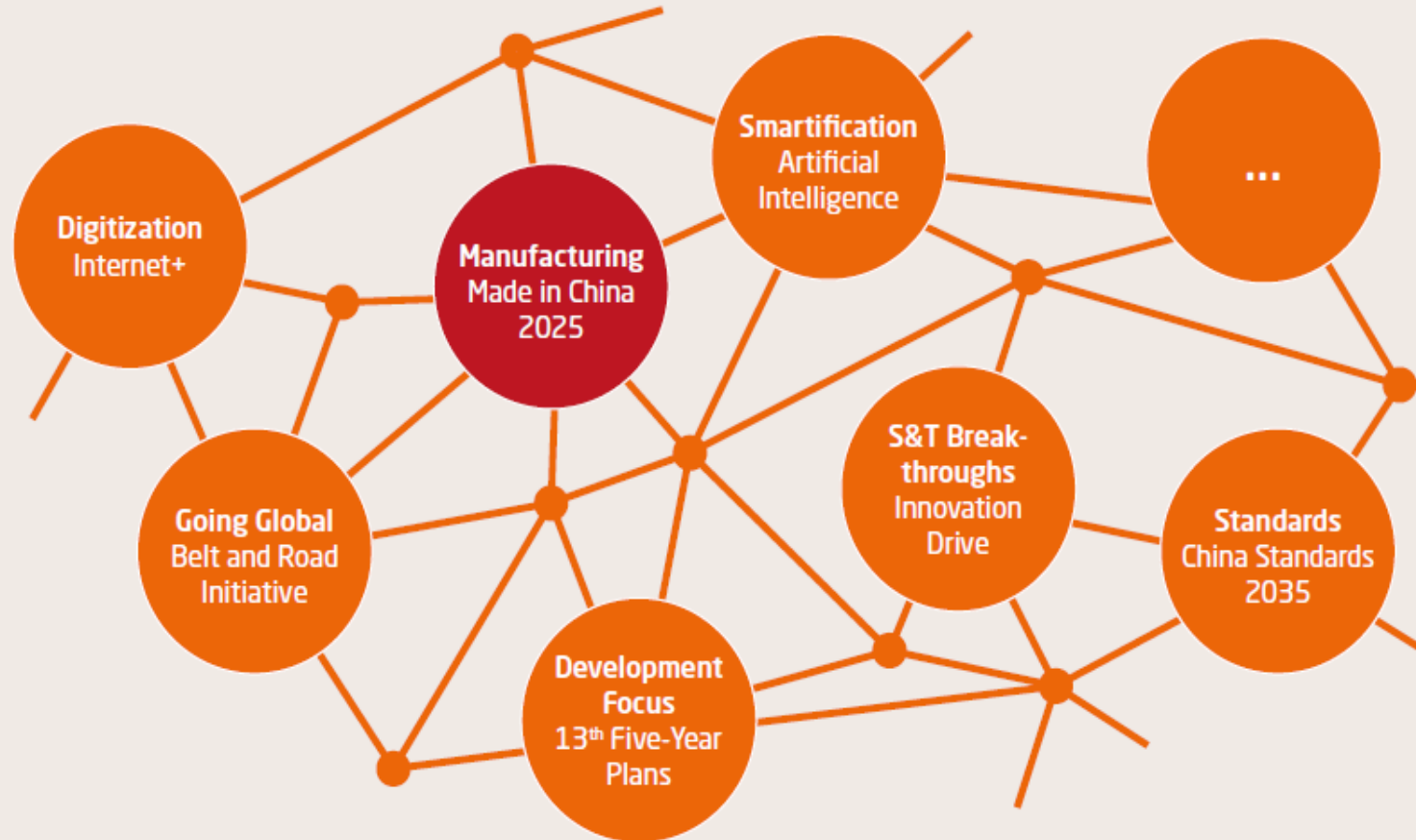
### Global

- Belt and Road
- OFDI
- Going global by companies

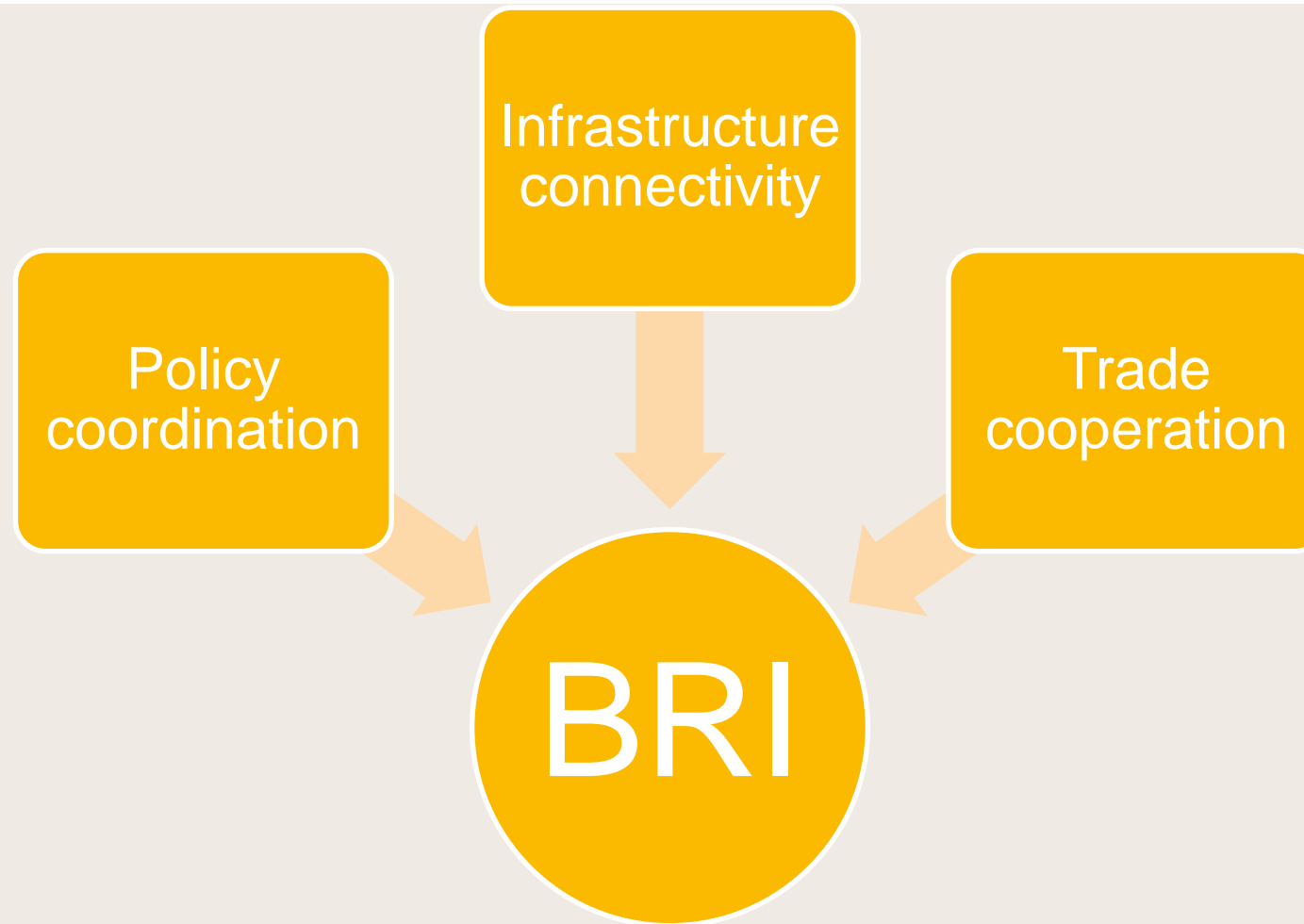
### Geopolitical

- Restore global leadership
- Rival US
- Defense interests

# BRI is part of a strategic network to build a competitive economic system



# Drivers of the BRI



# Vision and goals

(„Vision and Actions“ 2015, „Maritime Vision“ 2017, „Progress, Contributions and Prospects“ 2019)

## Economic development

- Signing of FTA and BITs
- Develop new markets
- Secure energy
- Re-arrange global supply chains around China
- Explore new investment opportunities
- Export overcapacities

## Geopolitical development

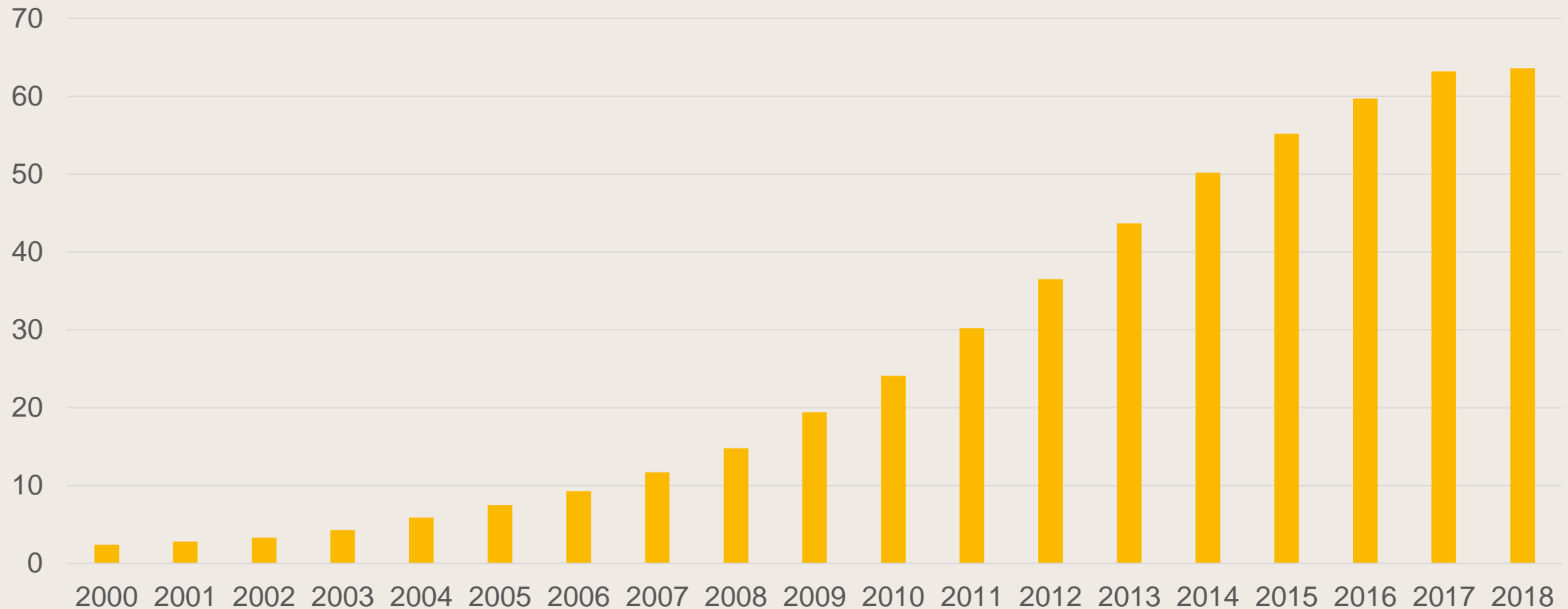
- Signing of bilateral MoUs
- Statements endorsing BRI on (sub-)regional forums (e.g. 17+1)
- International BRI summits
- UN resolutions

## Taking stock after 5 years

- Consolidation, expansion and counter actions

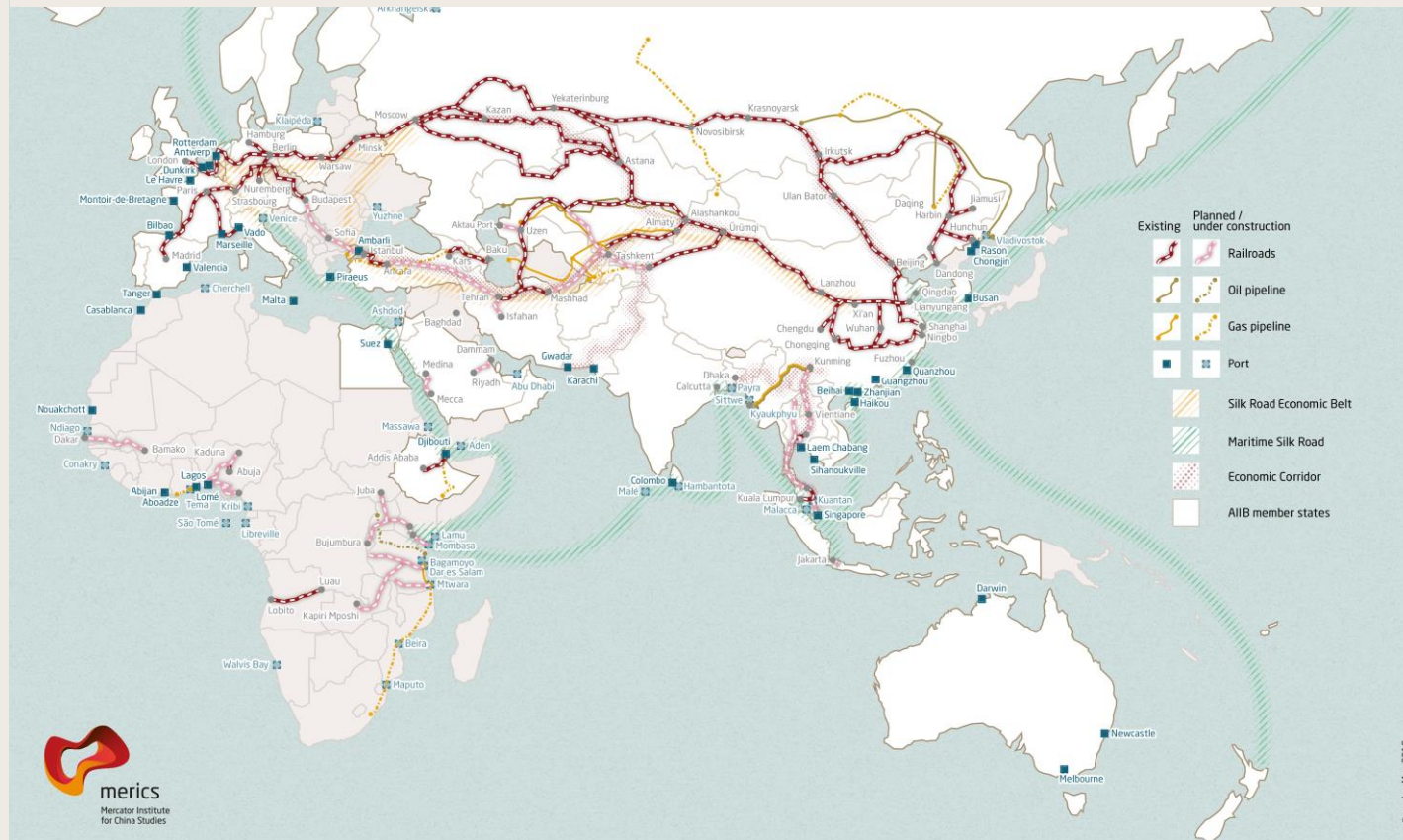
# Putting it in perspective: Domestic investment dwarfs BRI

FAI in trillion CNY

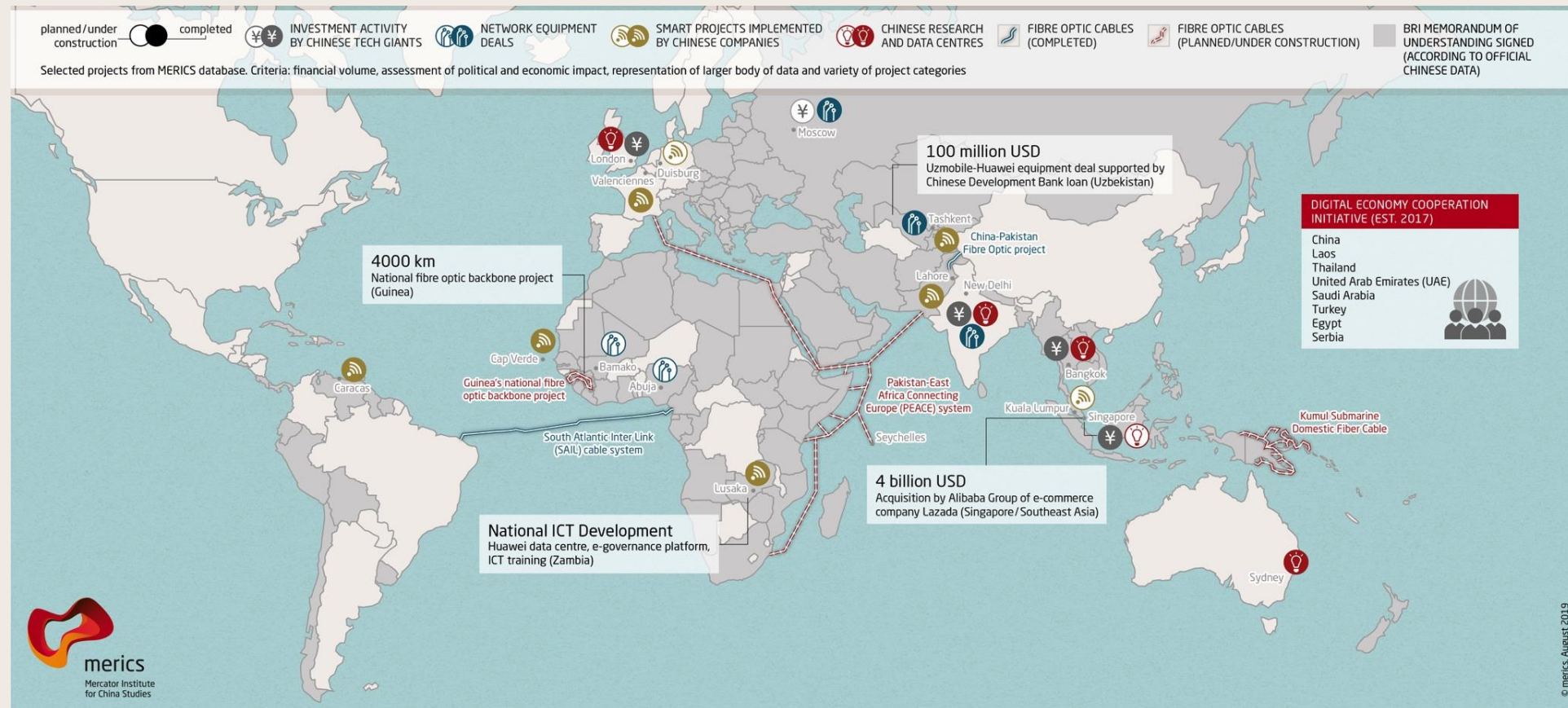




# Linking existing infrastructure together



# Fostering demand for China's tech giants

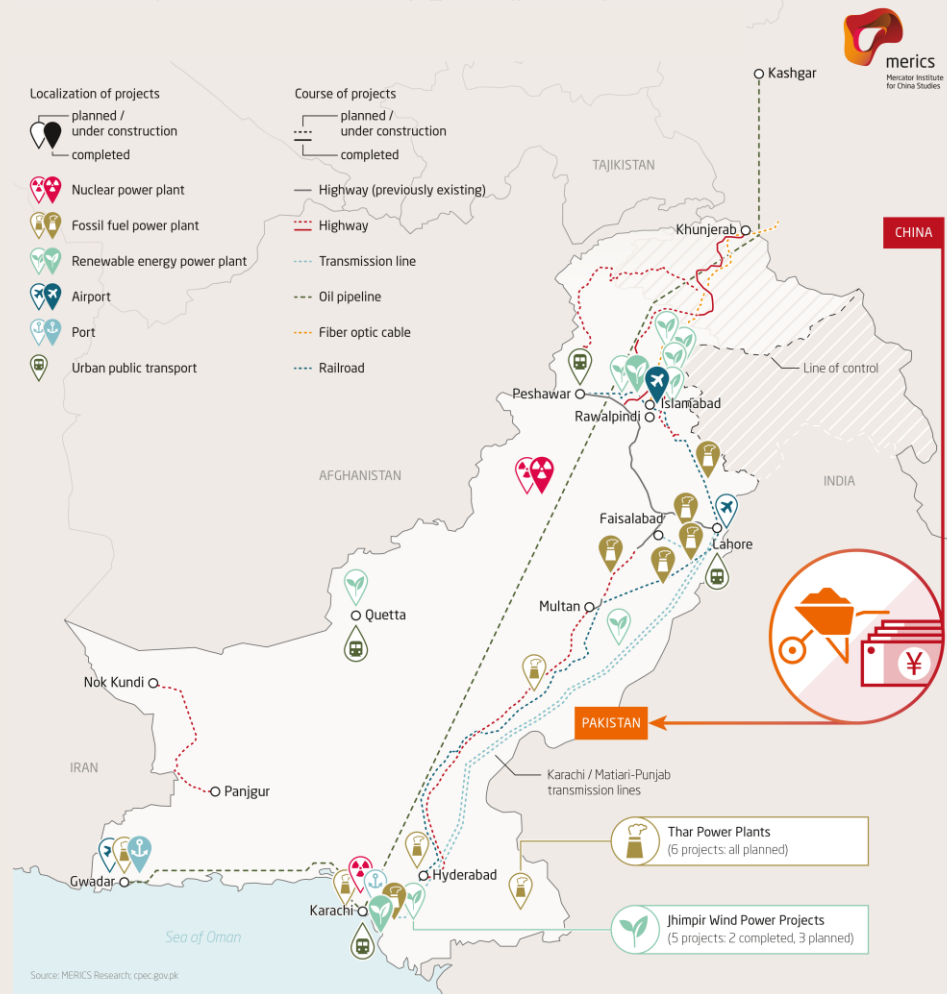




# Powering up the BRI – and the energy sector

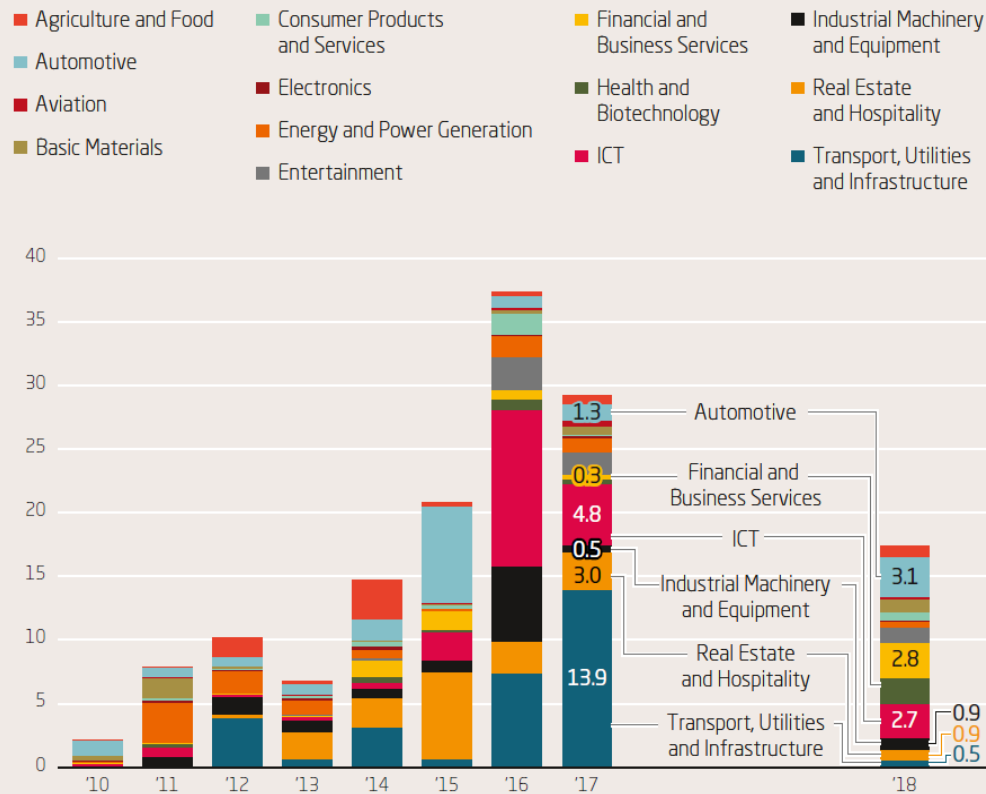


# Flagship project: China-Pakistan Economic Corridor



# Tech acquisitions main focus

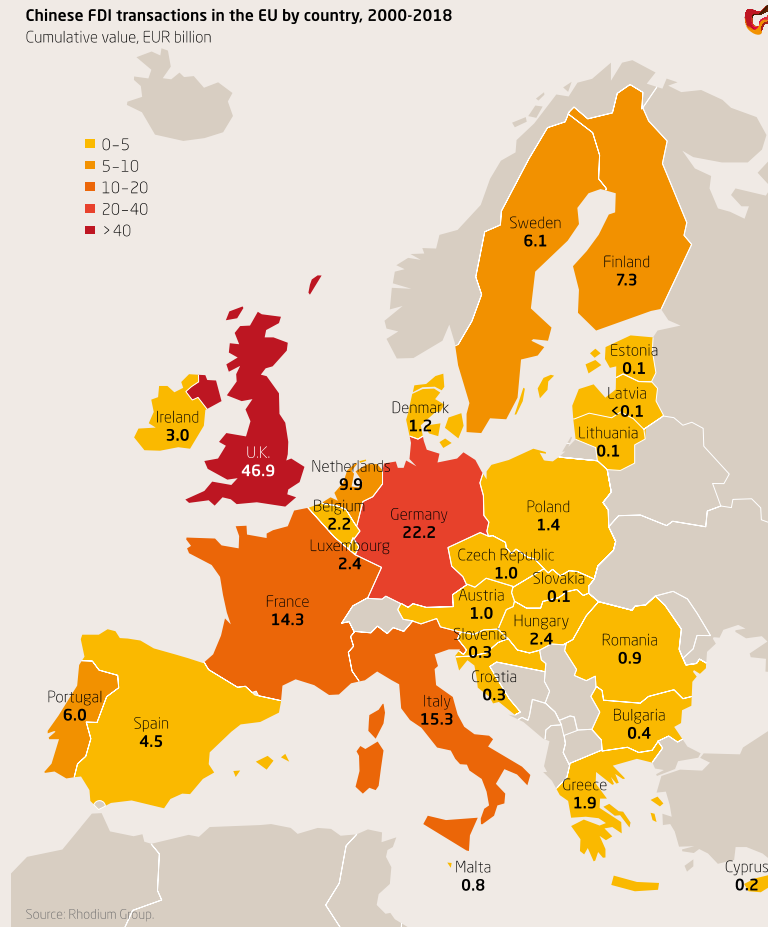
Chinese FDI transactions in the EU by sector, EUR billion



Source: Rhodium Group.

© MERICS/RHG

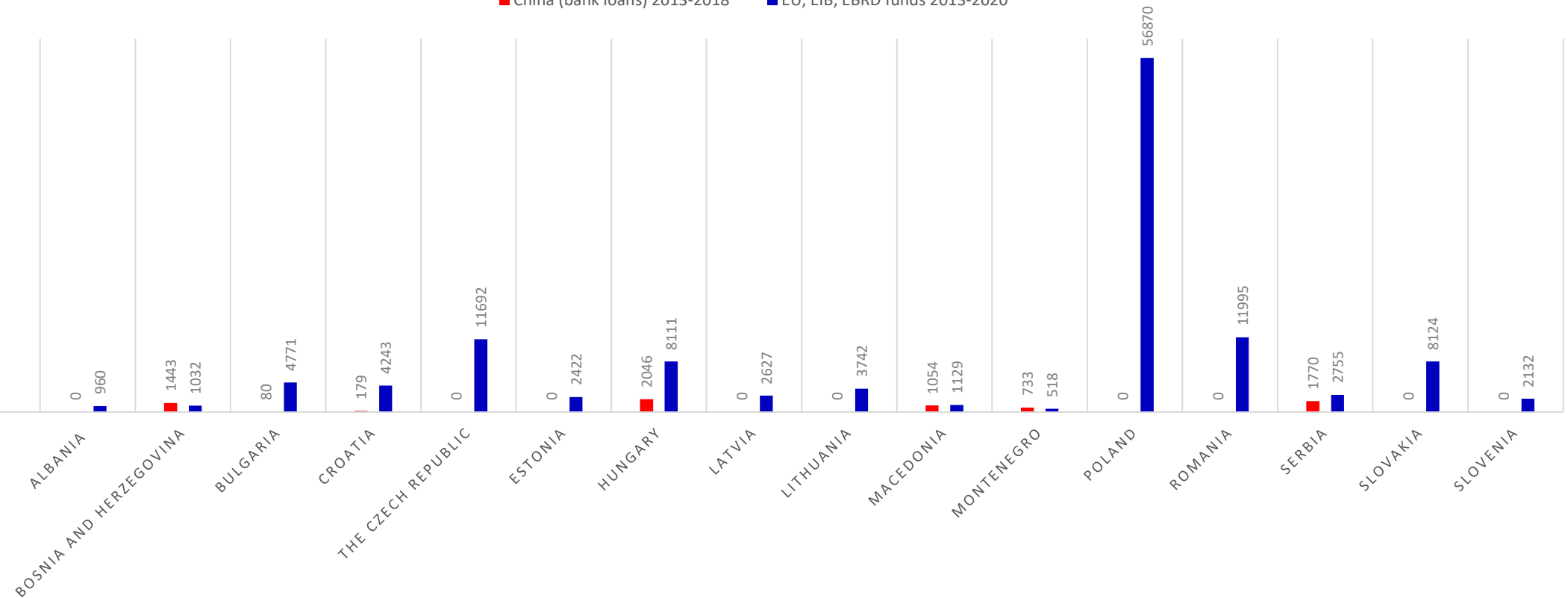
# Investment in Central and Eastern Europe remains small



# Focus on Europe's periphery via infrastructure

FUNDS FOR INFRASTRUCTURE IN CEEC (EUR MILLIONS)

■ China (bank loans) 2013-2018 ■ EU, EIB, EBRD funds 2013-2020

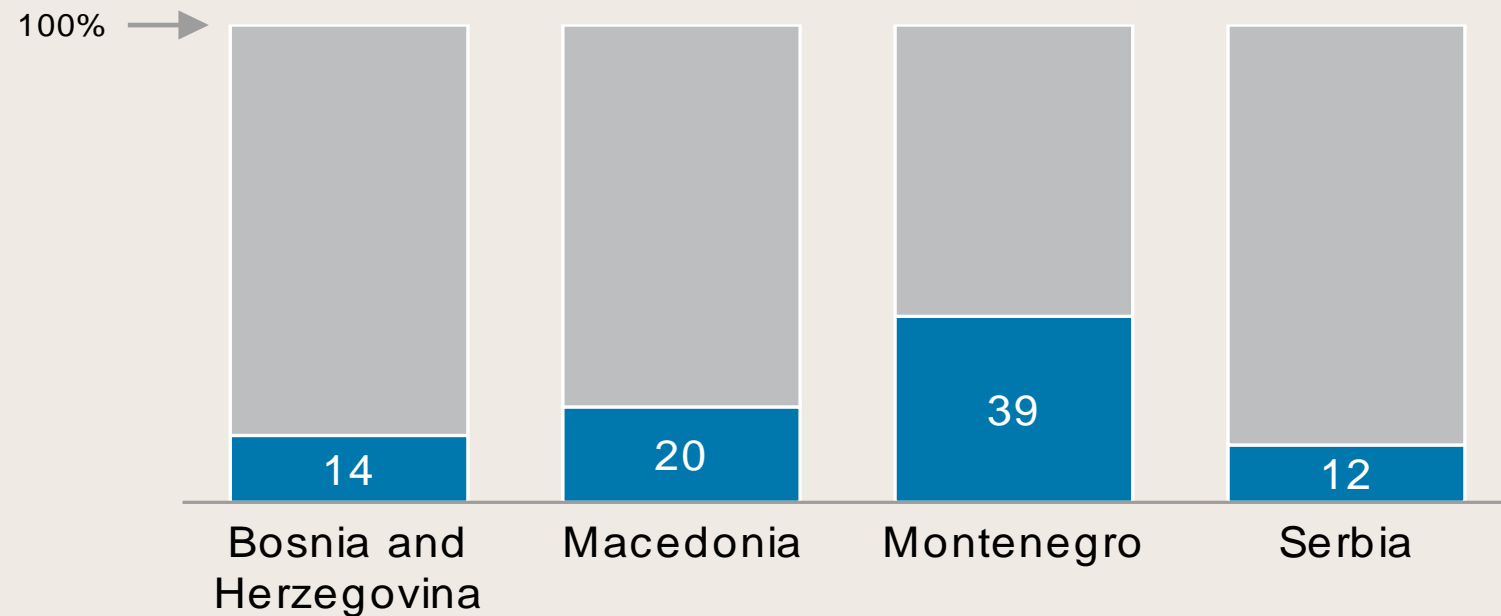




# Build up of Chinese debt

HOW MUCH DO  
WESTERN BALKAN  
16+1 COUNTRIES  
OWE TO CHINA?

Share of committed Chinese infrastructure loans in relation to other externally held debt, 2018, percent\*



\* Most recent data from respective national banks: Bosnia and Herzegovina (2017), Macedonia (2018), Montenegro (2017), Serbia (2018)

Source: Munich Security Report 2019, p 35 (based on MERICS research)