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The Development of EU-China Two-Level Cooperation under the "OBOR Initiative"***

Abstract

This article analyzes China's engagement in the EU and its member states arguing that cooperation between EU and China under "One Belt One Road" (OBOR) initiative is a two-level cooperation. One level is bilateral cooperation with EU member states separately, while the second level is cooperation with the EU as a whole. Paper shows China's different approaches in different policy areas towards the various actors. Paper argues that China's cooperation with the member states bilaterally under OBOR, encouraged the EU on cooperation with China under "One Belt One Road" initiative.

Key words: *China-EU relations, two-level cooperation*

There is no doubt that One Belt One Road" (OBOR) initiative will continue to have a profound impact on China-EU relations. "The Thirteenth Five-year Plan for National Economic and Social Development of the People's Republic of China" included OBOR in the main objectives issued in 2016. The "13th Five-Year Plan" treats OBOR as one of important part of "deepened reform and opening up". It can be said that OBOR has entered the fully implementation phase in China since 2016. The Central Economic Work Conference set the tone for the future development plan in December 2016 and OBOR has been identified as a future development priority in 2017. Meanwhile, China will launch and organize the first "One Belt One Road" International Cooperation Forum in May 2017.

In "One Belt One Road" (OBOR) initiative the European region as a whole has not been clearly defined as the key cooperation side. But, some EU member states are promoting the cooperation projects with China in some specific area so the EU pays more and more attention on the role they play in OBOR since 2015. During the seventeenth EU-China summit which held in Brussels in June 2015, China and EU discussed the mutual benefit of the common strategy on the construction of OBOR project, especially the collaboration between the EU Commission President Juncker's investment plan and the OBOR investment project. This article analyzed China's two-level cooperation with EU and its member states under the OBOR based on the two-level division of the EU's foreign policy competence.

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China's expectation of Europe under OBOR initiative

When China pay more attention of EU and its member states in the process of promoting OBOR, EU officials and scholars also take the time to understand the initiative.¹ Angela Stanzel points out that EU should analyze the details of business opportunities provided by Chinese and what are benefits to China and what mutual benefits to both sides are.² Francois Godement mentioned that compared to Europe's role in Asian Infrastructure Investment Bank (AIIB), Europe should be more concerned about how to use the capital from China to promote economic development in Europe.³ With the gradual promotion of the cooperation between China and some EU member states under OBOR from 2014, EU started to pay more attention to OBOR. There is no doubt that the relations between China and some countries within EU caused a lot of worries to Brussels and some big member states. Some people think that the bilateral trade and investment cooperation between China and CEEC, Greece and other countries lack of coordination at the EU level, the way of cooperation is lack of transparency and may be against the basic EU laws.⁴ Although the CEEC communicate with Brussels in advance about cooperation with China this has not yet eliminated the EU's concerns. In fact, EU is worried about strengthening of China's influence in CEEC, especially about established sub-regional framework that could weaken the influence of EU.⁵ Brussels also worries that OBOR will make the EU member states to put bilateral relationship with China before China-EU relations.⁶

From China's standpoint, OBOR is neither a free trade zone, nor a sphere of influence. Meanwhile it's neither a regional integration, nor the interregional cooperation. It's providing a new space for the cooperation between China and Europe. First, OBOR is a regional coordinated development strategy contained internal and international dimension. The essence of OBOR can be called the 4.0 version of Chinese regional coordinated development strategy. Second, OBOR is a project which inspiring global economic growth and infrastructure construction cooperation. Infrastructure connectivity is priority area of the construction of OBOR. Chinas government has proposed the construction and promotion of international backbone channel and unified transportation coordination mechanism, energy infrastructure cooperation, cross-border communication.⁷ After the global financial crisis, including the southeast Europe, Central Asia and the Caucasus countries generally fall into recession and they need to "look at the East" for capital support from China. The

1 Yan Shaohua, "Why Europe's reaction to OBOR so slowly?", available at: <http://finance.takungpao.com/dujia/2015-04/2961624.html>, (accessed 15 April, 2017).

2 Angela Stanze, "China's Silk Road to Nowhere?", available at: http://www.ecfr.eu/article/commentary_chinas_silk_road_to_nowhere3025, (accessed 15 April 2017).

3 Francois Godement and Agatha Kratz (eds), "'One Belt, One Road': China's Great Leap Outward", available at: http://www.ecfr.eu/publications/summary/one_belt_one_road_chinas_great_leap_outward3055, (accessed 15 April 2017).

4 Men Jing, "China New Silk Road and EU-China Relations", *EU-China Observer*, No. 1, 2015, p. 15.

5 Frans-Paulvander Putten and Minke Meijnders, "China, Europe and the Maritime Silk Road", *Clingendael Report*, March 2015, Netherlands Institute of International Relations Clingendael, available at: <http://www.clingendael.nl/publication/china-europe-and-maritime-silk-road>, p. 6, (accessed 15 April 2017).

6 Anastas Vangeli, "China's New Silk Road and Its Impact on Sino-European Relations", *EU-China Observer*, No. 1, 2015, p. 25; Richard Turcsdnyi, "Central and Eastern Europe's Courtship with China: Trojan Horse Within the EU?", *EU-Asia at Glance*, European Institute for Asian Studies (EIAS), Brussels, January 2014, available at: http://www.eiaa.org/images/EU-Asia_Glance/2014/EU-Asia-at-a-glance-Richard-Turcsanyi-China-CEE.pdf, (accessed 15 April 2017).

7 "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" Issued by the National Development and Reform Commission, March 28, 2015, available at: http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html, (accessed 15 April 2017).

recently established Silk Road Fund and AIIB designed to raise funds for infrastructure investment, stimulate the potential infrastructure construction needs.

Chinese government has put forward the spirit of OBOR that is "peaceful cooperation, openness and tolerance, mutual learning, mutual benefit". Chinese academics try to convince Europeans that the main driving force of OBOR is economy, and the economic cooperation is the basis for relation of China-EU in OBOR. Chinese scholar Feng Zhongping believes that the EU's direct investment in China has a capital intensive and technology intensive characteristic, EU investment in China still has much room for improvement as OBOR provides a new opportunities. EU can use its advanced technology, capital and management experience to strengthen cooperation with China in addition to get the benefits of increased trade volume and investment incomes. Chinese Scholar Wang Yiwei said, OBOR will offer Europe a historical opportunity, Europe needs such a historical opportunity to rejuvenate the Eurasian continent and balance its weak position in trans-Atlantic relations. According to his opinion, OBOR will bring Europe seven opportunities, namely: "opportunities of establishment of greater Eurasian market, reviving the European Civilization, deepen Integrating European, help EU and Russia to be conciliatory, more chance for EU to participate in the Asia Pacific affairs, strengthen its global influence, which will also be a opportunity for China and EU to have a coordinated development in third markets such as Africa, India and Central Asia, transform and upgrade the China-EU comprehensive strategic partnership".⁸

Therefore on European side there are also voices that stress that OBOR can not only provide a new way for Europe to step out from debt crisis but also the driving force for Europe and China mutual benefits. Former French Prime Minister De Villepin said, "OBOR provide ideas of common development plan for international community". "However, influenced by the western liberalism ideas of globalization, France has not seen clearly on this new trend".⁹ Prodi and Gosset mentioned that the European strategists should keep in mind that by 2050 China's total economy will reach two times than the United States, the construction of the New Silk Road, trade facilitation, and explore the digital silk road, should become an integral part of the new power in Sino-EU relations. If Brussels is not able to respond to appealing for building a New Silk Road, then Beijing will actively complete the target with other partners. EU will find himself being marginalized in a China designed and practiced economic and diplomatic network sooner or later.¹⁰ Shada Islam pointed out that in this desperate need of funds China shows the stunning ability to host all the cards.¹¹ European diplomats also expressed great enthusiasm over OBOR. The head of EU delegation in China comment that OBOR is conducive to the interconnection to Asia and Europe both from mainland and marine, it will provide more broad space for the cooperation between China and EU."¹²

8 Wang Yiwei, "China's 'New Silk Road': A Case Study in EU-China Relations", In Amighini, A., Berkofsky, A. *Xi's Policy Gambles: The Bumpy Road Ahead*, ISPI Report, 2015, pp. 103-107.

9 Dominique de Villepin, "Faisons le pari de la nouvelle route de la soie", *LesEchos*, available at: LE27/02/2015, <http://www.oversea.huanqiu.com/article/2015-03/5896162.html>, (accessed 15 April 2017).

10 Romano Prodi and David Gosse, "The European Union and China on The New Silk Roads", available at: http://www.huffingtonpost.com/david-gosset/the-european-union-and-ch_b_8308746.htm, (accessed 15 April 2017).

11 "European experts: Europe should take the express of China's Silk Road and focus on long-term demand", available at: <http://world.huanqiu.com/hot/2015-06/6802047.html>, (accessed 15 April 2017).

12 "OBOR will provide more broad space for the cooperation between China and EU", available at: <http://news.xkb.com.cn/guangzhou/2015/0527/385976.html>, (accessed 15 April 2017).

Cooperation process between China and EU under OBOR initiative

Chinese President Xi Jinping proposed to build the “Silk Road Economic Belt” in Kazakhstan in September 2013 and “21st Century Maritime Silk Road” in Indonesia in October 2013. Then he stressed that we need to highlight the importance of neighborhood in China’s overall development, we should work together with other countries to speed up infrastructure construction connectivity during a work forum on China’s periphery diplomacy organized by the Central Committee of the Chinese Communist Party (CCP).¹³ It is convinced that China did not reach a clear official attitude of Europe’s position in OBOR initially. Although inspired by ancient history of Silk Road, OBOR’s will terminate at Europe. OBOR is first proposed as China’s reaction on Trans-Pacific Partnership Agreement, targeting at neighboring countries and promoting development of China’s inland areas.

Chinese government began to recognize the need to cooperate with some European countries in the process of implementation of OBOR. In March 2014, Chinese vice Foreign Minister Zhang Yesui said that OBOR will be the two wings of the ongoing revitalization of Asia, helps to connect the areas between Central Asia, South Asia, Southeast Asia, West Asia and Europe.¹⁴ At the same time, Central and Eastern European countries and Greece has made a positive response to OBOR. A joint document which passed by China-CEEC to promote trade meeting in ministerial level in June 2014 pointed out that using the opportunities of promoting construction of the Silk Road Economic Belt and twenty-first Century maritime silk road, in accordance with their respective national laws and regulations of EU Member States and EU level, to further strengthen economic dialogue, enhance economic and trade cooperation, to expand new areas of cooperation, promote common development and prosperity.¹⁵ This is the first official response of CEEC to the OBOR, also marks the OBOR is become a formal cooperation between China with Central and Eastern European relations.¹⁶ After got CEEC official response to Silk Road Economic Belt, the Greek Prime Minister expressed support and actively participate in twenty-first Century Maritime Silk Road Construction in his talks with Li Keqiang, Both sides agree to cooperate to build the port of Piraeus, building a bridge between East and West exchanges and cooperation after Prime Minister Li Keqiang and President Xi Jinping successively visited Greece In June and July 2014.¹⁷

China and EU find a major opportunity for cooperation after EU issued The Investment Plan for Europe at the end of 2014. Subsequently, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road” issued by the Chinese National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce in March 28, 2015. The document officially confirmed the important role of Europe under OBOR, stressed the interoperability build OBOR Initiative, committed

13 “Xi Jinping delivered an important speech on periphery diplomacy work Forum”, available at: <http://politics.people.com.cn/n/2013/1025/c1024-23332318.html>, (accessed 15 April 2017).

14 “China Vice Minister of Foreign Affairs: OBOR will be more open in the future”, available at: <http://www.chinanews.com/gn/2014/03-22/5981939.shtml>, (accessed 15 April 2017).

15 “Joint document of the Ministerial Conference on economic and trade cooperation between China and Central Eastern Europe”, June 9, 2014, available at: <http://www.cgcpa.org.cn/xxly/2014-10-20/5387.html>, (accessed 15 April 2017).

16 Zou Lei, *Study of political and economics of Chinese OBOR Initiative*, Shanghai: Shanghai people’s publishing house, 2015, p. 148.

17 “Li Keqiang Holds Talks with Greek Prime Minister”, available at: http://www.chinadaily.com.cn/micro-reading/dzh/2014-06-20/content_11864247.html, (accessed 15 April 2017).

to connectivity between the Asia Europe and Africa, establishing and strengthen national interoperability partnership, building an all-round, multi-level, complex, implementation network, helping the countries along the road to have a multiple, independent, balanced and sustainable development. The document made it clear that OBOR throughout Asia, Europe and Africa, one side is the actively East Asian Economic area, another side is the developed European Economic market; the economic silk road is from China through Central Asia, Russia and Europe (Baltic); the maritime silk road is from China's coastal ports over the South China Sea to India ocean extended to Europe.¹⁸ But from this official documents, China still did not make it clear that whether the countries along the road including all members of EU or not.¹⁹ Chinese media often talked about countries along the line including 65 countries named by official document which only Central and Eastern European countries, not all EU members are included.²⁰

EU and China finally into the stage of strategic cooperation level under OBOR cooperation in 2015. The two side cooperation under OBOR is one of important topic for discussion in the 17th China-EU Summit June 2015. Later on the fifth China-E.U. high-level Economic Dialogue, both sides agree to list the specific implementation of items, including the establishment of the joint investment fund. At the joint statement in the 17th summit, 1/10 of the items significantly associated with OBOR.²¹ Briefly, which marks the OBOR cooperation between China and EU officially opens. Compared with member states of the EU, EU is more hesitant to accept the "OBOR" initiative. Actually EU is stimulated and inspired by the booming of bilateral cooperation between china and its member states.

The cooperation between EU Member States and China under OBOR initiative

Some EU member states whose economic development is lagging behind or suffered serious economic difficulties try to seek economic opportunities outside the EU after the 2009 European Debt Crisis, formed so called "cash-strapped deal the seeker members" when they deal with relation with China.²² These countries need external funding to meet domestic investment and infrastructure construction demand, so they are keener to capture the opportunities and benefits from OBOR than EU's institutions. While the big countries of the EU after a period of hesitation, started to cooperate with OBOR in a positive attitude, trying to take precedence in national level cooperation.

1) The "16+1" cooperation under OBOR

CEEC have 16 countries, 11 are member country of EU, four are candidate countries for EU membership, and one is potential candidate country for EU. CEEC is a hub to connect China and EU as the key node of OBOR. In recent years, the increasingly close cooper-

18 "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road", Beijing: People's Publishing House, 2015, pp. 16-17.

19 Shen Mengzhe, Liu Shaohua, "One Belt One Road: circle of friends", People's Daily (Overseas Edition), April 9, 2015.

20 Wang Yiwei, "One Belt One Road": opportunities and challenges, Beijing: People's Publishing House, 2015 edition, p. 85.

21 "Joint Statement of the 17th China-EU summit", available at: http://news.xinhuanet.com/world/2015-06/30/c_1115774915.htm, (accessed 15 April 2017).

22 Francois Godement, Jonas Parello-Plesner, *The Scramble For Europe*, London: The European Council on Foreign Relations, 2011, pp. 7-9.

ation between China with CEEC highlights the sub-region cooperation of China and EU. It is not only established the annual summit mechanism, but also a secretariat and the national coordinator system was set up. In 2015, the 4th China and CEEC summit released *A medium-term agenda for cooperation between China and CEEC* which pointed out that "16+1" will fully grasp the important opportunity to expand cooperation and make more contribution to the OBOR construction.²³

CEEC cooperation with China under OBOR is mainly focus on the following aspects: First, strengthening the connectivity of infrastructure. Comparing with Bucharest Guidelines for Cooperation between China-CEEC, the biggest difference of Belgrade Guidelines is take connectivity as the primary aspects of cooperation, highlighting the impact of the keynote position of CEEC. China with Hungary and Serbia reached a cooperation agreement in high speed railway project, and agreed to extend this railway to the port of Piraeus, to create "Express of CEEC Sea", connecting the sea road and land road of OBOR. Most of CEEC can enjoy the port facilities, through the road and port connectivity, CEEC region can form a huge logistics network. For example, China has announced agreements with Romania and other countries to build a high-speed railway through Budapest to Vienna from the Black Sea port, Constanta of Romania.²⁴

Second, strengthening the cooperation capacity, combining the huge demand of construction projects in CEEC with China's capacity of equipment manufacturing in nuclear power, telecommunications and China's raw materials reserves in steel, cement, and plate glass. China encourages its' domestic enterprises to increase FDI investments in CEEC, actively participate in the construction of various industrial parks and promote the local employment, which in turn will promote China's industrial upgrading and transformation.²⁵

Third, strengthening financial cooperation. According to the conditions of the project, China set up a US\$ 10 billion special loan in improving preferential loans, reduce financing cost; in addition, China set up a US\$3 billion investment fund, China also start the second phase of the US\$ 1 billion China-CEEC Investment Cooperation Fund.

Fourth, strengthening cultural exchanges. China encourages domestic perform institutions to CEEC to program, supporting cooperation in arts and cultural heritage protection; China also held the China-CEEC dialogue in national education policy, high level think tank seminar, young politicians forum, cultural cooperation forum, tourism promotion year and set up China-CEEC think-tank exchanges and cooperation center in CASS, China-CEEC tourism promotion agencies and tourism enterprises association.²⁶

During the essence cooperation of CEEC with OBOR, the Visegrad group countries (V4) have a positive performance. It is known to all, memorandum between China and Hun-

23 "A medium-term agenda for cooperation between China and Central Eastern European Countries", available at: <http://www.china-ceec.org/chn/ldrhw/2015sz/hdxw/t1411474.htm>, (accessed 15 April 2017).

24 Frans-Paul vander Putten, Minke Meijnders, "China, Europe and the Maritime Silk Road", available at: <http://www.clingendael.nl/publication/china-europe-and-maritime-silk-road>, (accessed 15 April 2017).

25 "Li Keqiang attended China-CEEC summit", available at: <http://www.china-ceec.org/1/2015/01/26/41s5606.htm>, (accessed 15 April 2017).

26 "Belgrade Guidelines for Cooperation between China and Central Eastern European Countries", available at: <http://news.xinhuanet.com/world/201412/17/c1113667695.htm>; "Bucharest Guidelines for Cooperation between China and Central Eastern European Countries", available at: <http://www.china-ceec.org/1/201504/10/41s3431.htm>, (accessed 15 April 2017).

gary on further cooperation under the framework of Belt and Road, which is the first "Belt and Road" initiative document China has signed with European country.²⁷ Poland is one of funding nations of AIIB. Polish president announced that Poland is now in the process of re-industrialization, so working with China in all aspects, including trade and investment.²⁸ The Czech government pursues an "economic priority" pragmatic foreign policy to China, foreign ministers and presidents have visited China in 2014. Two countries signed a memorandum on inter-governmental cooperation to jointly promote the construction of OBOR in 2015.²⁹ Slovakia and China signed a memorandum on inter-governmental cooperation to jointly promote the construction of OBOR in the same year.

The cooperation between China and CEEC on the one hand can be a demonstration of positive results of early stage of OBOR. Meanwhile, China get to familiar and adapt to rules and laws of EU; but on the other hand, as pointed out above, it also caused the EU and some EU members worry about the rapid growth of influence of China in CEEC can be changed into leverage over EU.

2) China and Greece cooperation under OBOR

Greece is another keynote of the cooperation between EU and OBOR. So far, cooperation agreement on Piraeus port becomes a good example in OBOR. China sees Greece as an important gateway to Europe.³⁰ When Greece was in the debt crisis, China helped not only to invest in Greek long-term debt bonds, but also to invest in infrastructure construction according to the Greek government's privatization policy. China Ocean Shipping (Group) Company COSCO) bid the 35 year concession franchise for No. 2 pier and No. 3 pier of Piraeus port in 2008. After Chinese government put forward the OBOR initiative, the Greek government responded positively as Piraeus port became one of an important project. First, make Piraeus port become one of the world's fastest port, the throughput increased two times in 2012, as a model of Chinese investment in Greece.³¹

Second, new Piraeus port changes the pattern of trade routes in Europe. EU is China's largest trading partner, more than 80% of Chinese goods arrived in Europe by shipping.³² After the transformation the port of Piraeus, it has become an important hub of European maritime trade, the goods without through Hamburg, Rotterdam and other Western European ports but directly through the rail transport by the Southern Railway into central region of Europe, saves 7 days to 11 days on transit time compared with the traditional line and the shortest shipping routes from China to Europe. The HUAWEI Company has established a logistics center in the port of Piraeus, the HP Company will transfer most of its distribution business from Rotterdam

27 "China and Hungary signed OBOR initiative cooperation document", June 8, 2015, available at: <http://www.china-ceed.org/1/2015/06/08/41s6103.htm>, (accessed 15 April 2017).

28 "Polish President makes state visit to China", November 26, 2015, available at: http://www.china.org.cn/video/2015-11/26/content_37168254.htm, (accessed 15 April 2017).

29 "President Zeman of Czech Republic met with Wang Yi", available at: http://www.finprc.gov.cn/wei3/wjtit_674879/wjbxw_674885/tl305715.shtml, (accessed 15 April 2017).

30 "Li Keqiang's speech at the China- Greek Maritime Cooperation Forum", available at: http://news.xinhuanet.com/world/2014-06/21/c_126651068.htm, (accessed 15 April 2017).

31 Dragana Mitrović, "China in the Western East – and Beyond: Politics and Economics of the China Plus Sixteen Cooperation Framework", *Serbian Political Thought*, No. 2, Year VI, Vol. 1, 2014, pp. 21, 25

32 Frans-Paulvander Putten, Minke Meijnders, "China, Europe and the Maritime Silk Road", available at: <http://www.clingendael.nl/publication/china-europe-and-maritime-silk-road>, (accessed 15 April 2017).

to the port of Piraeus, ZTE, SONY and other companies have similar initiatives.

Third, the construction of the Piraeus port also drive the ship repairing and supporting industries and the new plan of railway reconstruction which plan to extending port of Piraeus to the European inland. Chinese Prime Minister Li Keqiang's visiting in June and Chinese president Xi Jinping's visiting in July 2014 both highlighting the priority position of Greece in China-EU relations. Greece has formally signed the agreement to sell the country's largest port, Piraeus port's 67% shares to COSCO in April 2016. In the same year, the Greek prime minister visited China. Former Greece ambassador to China Vassilios Costis said CO-SCO investment plan is expected to expand and upgrade Piraeus port facilities and enable the port to become the largest container port in the Mediterranean and one of Europe's largest container port, which will help Greece became of an important connection point in OBOR.³³

3) China cooperation with Britain, Germany and France under OBOR

Britain, Germany and France have strengthened their all-round cooperation with China but they have not paid too much attention to OBOR initiative in its proposal stage until UK as the first country in Europe joined the AIIB. UK holds a very positive and pragmatic attitude to carry out the cooperation with OBOR and actively promoted the president Xi Jinping's visit to Britain in October 2015. The movement of UK apparently triggered the competition for the leading position of China-EU relations. German ambassador and French ambassador wrote together on *People's Daily* stated that Germany and France are the China's core partners in the EU.³⁴ The German and French leaders visited to China after. The cooperation between China and the three big powers in EU under OBOR mainly has several aspects with commons and differences.

First, Three big powers of EU are engaged in developing strategic cooperation under OBOR. The Britain carried out OBOR initiative with the upgrade of its infrastructure investment plan "England economic center of the north", "The British industry 2050 strategy" and stressed strengthen the cooperation in innovation industries established "The innovation partnership".³⁵ Meanwhile, China and Germany are promoting cooperation between "Made in China 2025" and "German industry 4.0", emphasizing on the industrial cooperation. Germany participates in the industrial upgrading in Midwest China and the industrial transforming in northeast China. In 2014, Premier Li Keqiang signed the *Sino German cooperation action plan* during his visit to Germany, Germany welcomed the expanding overland trade channel between China with Europe and the OBOR initiative.³⁶ France and China promote the cooperation in "Made in China 2025" and "France's future industry", emphasizing cooperation in nuclear energy, and aerospace, large projects and in the third party market.³⁷ Germany and France also agree to link the "Sino-German action plan" and "Sino-French

33 "The Greek parliament has approved COSCO's acquisition of the largest port", available at: <http://finance.sina.com.cn/roll/2016-07-01/doc-iftxscen3136612.shtml>, (accessed 15 April 2017).

34 Ke Muxian and Gu Shan, "Germany and France is China's core partner in the European Union", *People's daily*, October 26, 2015.

35 "China-UK Joint Declaration on Global Comprehensive Strategic Partnership in 21st Century", available at: http://news.xinhuanet.com/world/2015-10/22/c_1116911370.htm, (accessed 15 April 2017).

36 "Sino -German cooperation action outline", available at: http://news.xinhuanet.com/world/2014-10/11/c_1112772707.htm, (accessed 15 April 2017).

37 "The third high-level Sino-French economic and financial dialogue achieve positive results", available at: <http://finance.people.com>.

relations long-term planning" with cooperation under the framework of OBOR.

Second is financial cooperation. Britain, France and Germany had declared their support to China's accession to the European Bank for Reconstruction and Development in 2015. They all support RMB join the IMF's Special Drawing Rights (SDR) Basket. Urging the implementation of the IMF's share reform program, promoting the construction of the offshore RMB market in London and Paris, published the first RMB sovereign bonds outside China in London.

Third, Britain, Germany and France promote the third party market cooperation with China. China General Nuclear Power Group (CGNPG) and the Electricity De France jointly invest in the construction of the HPC in British, this is a model of cooperation that China and Western powers carry out the third party market. France and China issued a "joint statement" on the third party market cooperation in June 2015, Britain and Germany also expressed a desire to cooperate with China in third party market including capacity, infrastructure, interoperability, and development assistance along the OBOR road in the future.

Fourth, promoting more equally cultural exchanges. Britain, France and Germany are the great cultural powers and they export their cultural productions to China in the field of education, science and technology for a long time. China with British, France established a high level of cultural exchange mechanism and regularly carried out dialogue in the deputy prime minister level in 2012 and 2014. More equal exchange opportunities in education, culture and non-governmental under the background of OBOR in the future between China and Europe, EU have significantly demand with China in cooperation.

In short, three big countries as facilitators are promoting China–EU relations in the cooperation under OBOR. They hope to push forward the joint the coordination and convergence of investment fund and interconnection platform between China and EU, to promote the completion of China-EU investment agreement negotiations as soon as possible, and then start to the feasibility of China-EU FTA discussions.

EU –China two-level cooperation under OBOR initiative

EU has become a new collective actor with the pursuit of power, mechanism and means of the common foreign policy at EU level through more than 60 years of the integration. At the same time, EU's foreign policy did not fully replace the foreign policy of its member states, but have a two-level division of foreign policy competence in different areas. In this system, EU has developed the common foreign policy and the member states still have the space to pursue their own foreign policy aims. The competences of the EU are divided into three categories: EU has exclusive competence ([Article 3 TFEU](#)) (only the EU can act); competences are shared between the EU and the member states ([Article 4 TFEU](#)) (The member states can act *only* if the EU has chosen not to); the EU has competence to support, coordinate or supplement the actions of the member states ([article 6 TFEU](#)) – in these areas, the EU may not adopt legally binding acts that require the member states to harmonies their laws and regulations.³⁸

cn/n/2015/0918/c1004-27606335.html, (accessed 15 April 2017).

38 "What are the different categories of EU competence?", available at : <http://ec.europa.eu/citizens-initiative/public/competences/faq>, (accessed 15 April 2017).

EU's two-level foreign policy competence is not completely parallel, but there are complex intertwined and mutual influenced. At the level of EU, member states participate in the Council of Ministers, at least they play a core role in the development of EU's common foreign policy; at the member states level, common foreign policy restrict the freedom and space of action of member states. Essentially, in Common Foreign and Security Policy (CFSP) and Common Security and Defense Policy (CSDP) areas, EU's two-level foreign policy competence appear as that "EU making the common policies, member states leading the decision-making and implementation of it's own national policy". In the policy process of the EU level, EU has no limitation to the field of diplomatic, security and defense. However, the treaty does not belong CFSP, CSDP to any of the following three categories: the exclusive competence of the EU, the sharing of power and the supplement power.³⁹ The key point is that any common policy in these areas requires the unanimous consent of EU's member states, so that member states can legally retain their sovereignty in these areas. In addition, in the case of the common policy which has not formed yet or does not exist.

Generally speaking, China's OBOR initiative is put the economy primary and the culture supplementary. There are limited relations between the EU's common foreign and security policy and OBOR promoted substantive cooperation process. However, due to the OBOR has significant geo-economic and geopolitical influence objectively. Cooperation in OBOR between China and EU is multi-space and multi-dimensional process. The two-level division of foreign policy competence of EU still is more or less involved in Cooperation of OBOR between China and EU in complex and different fields.

The policy areas which more specifically associated with OBOR involved in the three standard division of EU's authority, namely exclusive power, the sharing of power and subsidiary power. In the exclusive power domain, the content is the trade policy and FDI policy belongs to the common commercial policy of EU. In this field, the two-level foreign policy system presents EU in formulating policy, member states of the EU in decision-making and the implementation of specific projects. In the area of construction of infrastructure and interconnection, the Article 4 of TFEU specified cleared that the transport and network construction belongs to the sharing power field of European Union and its member states. Article 6 of TFEU put education and culture into the filed of EU's subsidiary power.

In the analysis of Sino-CEEC "16+1" cooperation mechanism, European scholars came to the attention that the cooperation between CEEC and China is restricted by laws and principles on EU level, such as the law to restrict Chinese enterprises to enter the CEEC market for government procurement and the increasingly high technical standards and labor rules.⁴⁰ The EU investigates on the Budapest –Belgrade railway project shows that if China does not pay attention to the authorities of EU, the cooperation between China and CEEC will face many difficulties. On the other hand, it will doubt that if Britain do not decided to join the AIIB first, whether Germany, France, Italy have willingness to become the founding member; if the "16+1" do not response to OBOR initiative, Britain and France and other countries follow up the cooperation actively, the cooperation between EU and China could be delayed so far.

39 Stephan Keukeleire and Tom Delreux, *The Foreign Policy of the European Union*, Houndmills: Palgrave Macmillan, 2014, p. 96.

40 Marcin Kaczmarek, "China on Central-Eastern Europe: '16+1' as seen from Beijing", *OSW Commentary*, No. 166, April 15, 2015, p. 4, available at: <http://www.osw.waw.pl/en/publikacje/osw-commentary/2015-04-14/china-central-eastern-europe-161-seen-beijing>, (accessed 15 April 2017).

At present, the cooperation between EU and China in OBOR obviously has the two-level characteristic. Cooperation with the member states are expanding, the cooperation with the level of EU started to show up. Two-level system between China and the EU is the result of existing two structures of EU and EU member states. Involved in the OBOR initiative, EU and its member's shows their own management authority in the field such as trade, investment, finance, transportation, education and cultural exchanges. Therefore, OBOR needs to work with EU and its member states at the same time.

The two-level cooperation between China and the EU need to adapt to the differentiation in the different areas of policy. In some areas, such as trade and investment, the exclusive rights control by EU. But even in these areas, a member state of EU still has an indispensable role in pursuing and implement specific trade contracts and investment projects, especially for large contracts and projects. Therefore, in these areas the cooperation between China and Europe can be specifically presented as a joint cooperation in policy level with EU and the project level with its member countries. In other areas such as principle of subsidiarity EU and member states cannot monopolize the relevant policy decisions and policy implementation field, they have relatively independent policy space to develop cooperation with China. Therefore, the cooperation between China and EU in these areas can be specifically presented at EU level and the member states level. In addition, in all of these policy areas, member states are the important participants in decision-making process through its representatives in the European Council. Therefore, the cooperation between China and EU need to focus on how the member states of EU affect EU decision-making mechanism.

The two-level cooperation between China and EU should target on respective priority areas on different objects due to EU and member states have their own interest in the development of cooperation with China, which also need China and EU constantly working together. Infrastructure is relatively weak in Southeast European countries, construction of infrastructure has become the focus of cooperation. London as the world's largest international financial center can help the internationalization of RMB. France and Germany all hope to work together with China to develop third party infrastructure construction market considering they have technical and industrial advantages. The strategic investment plan, interconnection platform and free trade agreements belong to EU's exclusive powers field that should cooperate on EU level. Meanwhile, we should also promote cultural exchanges with the EU and it's member States at same time.

In June 2015, the 17th China-EU Summit formally decided to cooperate on the OBOR initiative. The cooperation between the EU and China mainly concentrated in the exclusive power sharing and power range from the *Treaty on the Functioning of the European Union*, launched in the field of trade and investment, infrastructure connectivity, climate, energy and information technology etc. This cooperation includes the following aspect: First, both sides agreed to accelerate negotiations on the investment agreement between the EU and China. Second, making the synergies of OBOR initiative with the European strategic investment plan, establishing a China-EU joint investment fund. Third, establishing a platform of interoperability and cooperation supported the infrastructure construction projects from both sides, carrying out the cooperation between OBOR initiative and the European transport network. Fourth, recognizing the support of the EU and its member states to AIIB, EU

looks forward to working with the AIIB in the future. Fifth, developing the roadmap energy cooperation. Sixth, deepening dialogue and cooperation in the field of information and communication technology.

At the same time, OBOR initiative also stressed the need to promote people-to-people communication with the countries along the road. In view of the fact that education and culture are included in the EU's supplement power, European Union has established an institutional platform for cultural exchanges with China. In 2012, China-EU High Level People-to-People Dialogue (HPPD) officially launched, HPPD has been positioning as the third pillar like political strategy, economic and trade cooperation between China and the EU in promoting mutual understanding, cultural exchanges. This platform is becoming an important platform for promoting the people-to-people understanding between China and EU under the framework of OBOR. The areas covered extended from science and technology, education, culture, youth, media these five areas to seven areas including women, travel.

China and EU continue to expand the scale of exchange program of students and scholars by scholarship to each other, exchanging students nearly reach to 330 thousand within three years; promoting the establishment of European regional and national research center in China's University and China research center in European University. Holding the cultural dialogue year, youth dialogue, thousand Youth Exchange program between China and EU, between China and Europe.⁴¹

It is worth noting that, due to the limited power on EU level in these areas, cultural exchanges between China and European also need to communicate mechanism with EU members. For example, besides EU level, China has established a cultural exchange mechanism in deputy prime minister level with France and the UK, In December 2016, the 30th meeting of the central leading group for comprehensive deepening of reforms pointed out that soft power is an important booster of the construction of OBOR.⁴² Accordingly, People-to-people dialogue between China and the EU will receive more attention under the framework of OBOR.

Conclusion

Since 2004, the EU has become China's largest trade partner. It is new possibilities that China and EU, the two most important economies in the Eurasia will be more closely related with each other due to the promotion of OBOR. If the beginning of OBOR is to serve for China and China's neighborhood countries, then, EU had become the most dazzling partner with its developed economy and a solid cooperation foundation of China. Cooperation between China and EU covered a wide area, large scale and high feasibility.

The cooperation between China and the EU on OBOR has experienced continuous clarity and deepening process, from cooperation with some member states of EU to cooperate

41 "Liu Yandong: Fruitful results after China-EU High Level People-to-People Dialogue", available at: <http://www.cMnaiew.com/gn/2015/09-16/7525691.shtml>, (accessed 15 April, 2017).

42 "Xi Jinping chaired the thirtieth meeting of the central leading group for comprehensively deepen reforms", available at: http://news.xinhuanet.com/politics/2016-12/05/c_1120058658.htm, (accessed 15 April, 2017).

with EU in two levels; from the limited cooperation on transportation infrastructure construction to the comprehensive cooperation on trade and investment policy, internationalization of the RMB, new construction of the multilateral financial institutions and educational and cultural exchange, docking. With the rapid warming of relations between China and EU and its member states, there is a sign of a new honeymoon between China and Europe under framework of OBOR.

Recently, the EU began to use a pragmatic attitude in relation of China and the EU as the multi-speed and multi-dimensional. For example, some European countries join the AIIB did not advance coordination at the level of EU, but EU expressed its support and look forward to working with the AIIB in the future.⁴³ In November 2015, EU sent representatives as observers attended the China-CEEC "16 + 1" summit. In practice, China is more actively in Sino-EU relations and promote the bilateral investment treaty and FTA negotiations, established *China-EU 2020 Strategic Agenda for Cooperation*. In 2014, China issued second copies of policy documents towards Europe -- *Joint Statement on Deepening the EU-China Comprehensive Strategic Partnership for Mutual Benefit*. In response, EU adopted a joint document entitled "Elements for a new EU strategy on China" in 2016. Both sides stressed the multi-polarization of world order, OBOR initiative will become a tool to bridge the two sides.

China-EU 2020 Strategic Agenda for Cooperation points out that above the China-EU summit, high level strategic dialogue and high-level economic dialogue and high-level people to people dialogue will be three pillars to support the cooperation between China and EU, through regular meetings and dialogue in various fields to implement the mechanism. The China-EU cooperation under OBOR initiative should be based on the existing bilateral and multilateral cooperation mechanism between China and EU and its member states.

To maintain the good momentum of Sino-EU relations at present, China need to make the corresponding cooperation strategy on the two-level division of the EU's foreign policy competence, promoting bilateral investment treaty negotiations and free trade agreements, implementing the cooperation projects with "Juncker's plan", and deepening the cultural exchange at the level of EU. At the same time, China need to seize the favorable opportunity to improve and upgrade the cooperation with big powers in EU, enrich the "16+1" mechanism with CEEC, and actively welcome other EU members participate in OBOR, forming the benign mechanism of the interaction at the members level and EU level, which will promote the further improvement of Sino-EU relations at the new phase of global strategic significance.

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⁴³ "China-EU Summit joint statement, The way forward after forty years of China-EU cooperation" June 29, 2015, available at: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t11277467.shtml, (accessed 15 April, 2017).

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Сонг Лилеи
Џанг Ани

Развој двостепене сарадње Кине и Европске уније у оквиру Иницијативе појас и пут

Апстракт

Овај чланак анализира ангажовање Кине у ЕУ и њеним чланицама тврдећи да је сарадња између ЕУ и Кине под Иницијативом појас и пут на два нивоа. Један ниво је билатерална сарадња са појединачним земљама чланицама ЕУ, док је други ниво сарадња са ЕУ као целином. Рад приказује различите приступе и политике Кине у различитим областима и према различитим актерима. Рад тврди да је билатерална сарадња Кине са земљама чланицама у оквиру Иницијативе појас и пут охрабрила ЕУ у сарадњи са Кином у оквиру исте иницијативе.

Кључне речи: односи између Кине и ЕУ, сарадња на два нивоа