

Doctoral Seminar Carlos V European Award – Antonio Tajani
The European Union and the Principle of Solidarity

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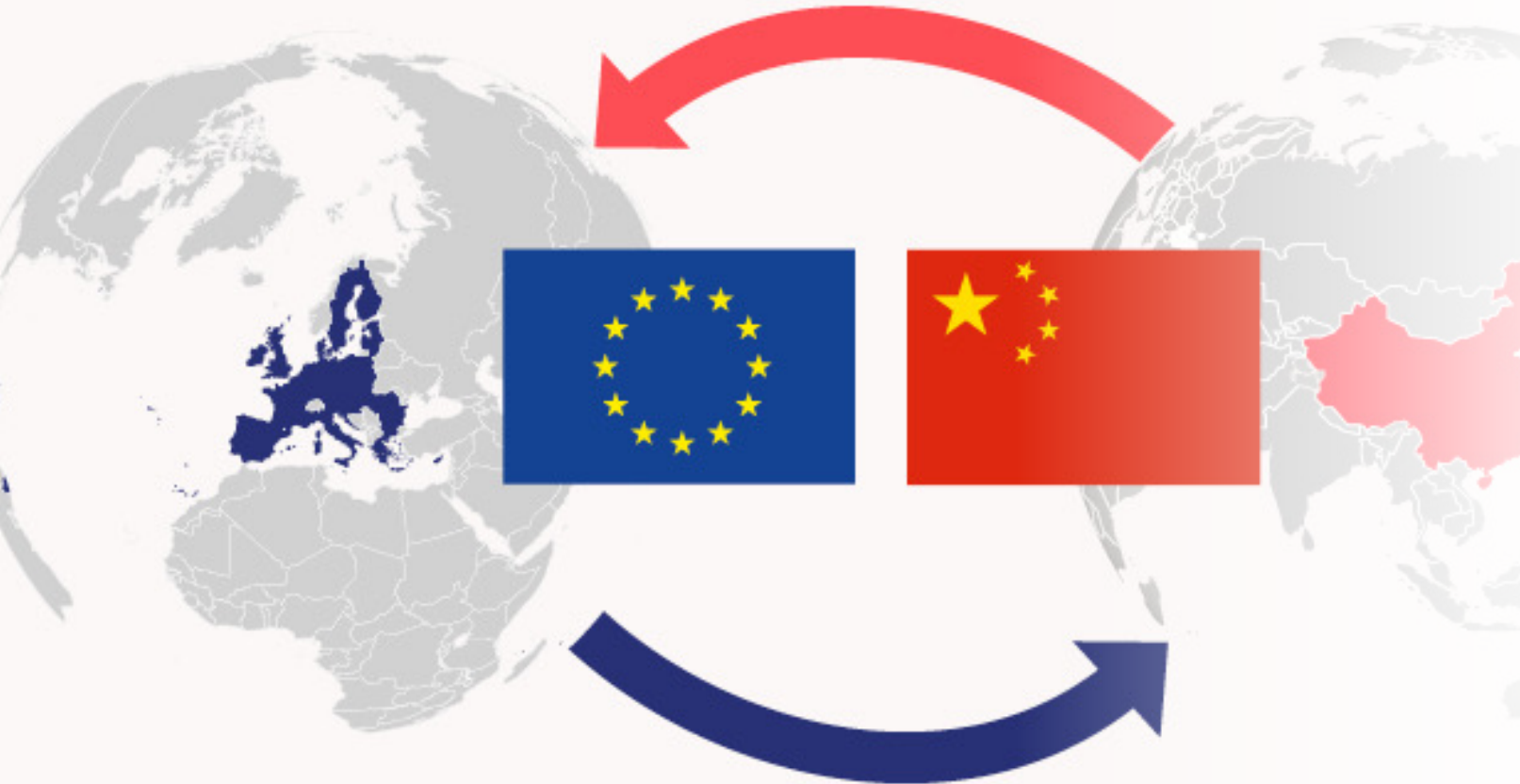
Marco Marsili

The Maritime Silk Road: A Euro-Sino Economic,
Political and Geo-strategic Challenge



Introduction

Scope and purpose of the study



- In an era of increasing economic interdependence, the People's Republic of China (PRC) is playing a growing role in the global economy, including in Europe, which presents both opportunities and challenges.
- The study scrutinizes China's Belt and Road initiative (BRI) and investigates the impact of the Chinese maritime geo-strategy over EU solidarity and security.

China: a rising global power

- China's leaders announced in October 2017 that they want to assume a **global leadership role**.
- The **long-term strategic competition** with the PRC is one of the **major global economic, military and political challenges**.
- Today, Beijing is seeking to project sophisticated power globally, particularly in areas with heavy **BRI** activity – the plan for greater connectivity for China across both land and sea through a **new Silk Road**.
- **Maritime policies** play an important role in support of that strategy of making China a global leader.
- The **Maritime Silk Road (MSR)** is part of the BRI and the main China-Europe trade route.



The new silk road: EU, China and the future of trade

- The PRC is the EU largest trade partner, with an average trade over €1 billion a day.
- Sea lanes of communication from China to Europe through the Malacca-Suez route are among the busiest in the world – where European interests are more immediate and bigger than on the nascent **"Ice Silk Road" (ISR)**.
- **China-Europe maritime trade is three times larger than trade by air freight and Eurasian railways**, while the last alternative – the **Northern Sea Route through the Arctic Ocean**, that China dubs the ISR – is only just starting to develop.

To cap it all

Planned areas of infrastructure building



Economist.com

Arctic maritime routes



AMSA/Arctic Portal

- The **Northeast Passage (NEP)** is the overall route on Russia's side of the Arctic between North Cape and the Bering Strait; it traverses (from west to east) the Barents Sea, Kara Sea, Laptev Sea, East Siberian Sea, and Chukchi Sea, and it includes the Northern Sea Route (NSR).
- The **Northern Sea Route (NSR)** is a portion of the NEP that lies in Arctic waters and within Russia's exclusive economic zone (EEZ); it is defined in Russian law. While the NEP includes all the East Arctic seas and connects the Atlantic and Pacific oceans, the NSR does not include the Barents Sea, and it therefore does not reach the Atlantic.
- The **Northeast Passage (NEP)** is, from the European and northern Atlantic point of view, the shipping route to the Pacific Ocean, along the Arctic coasts of Norway and Russia.
- The **Northwest Passage (NWP)**, going through the Canadian Arctic Archipelago and the coast of Alaska.
- The **Transpolar Route (TSR)**, going through the North Pole.
- The **Arctic Bridge Route (ABR)**, a seasonal route, enabled by the retreat of ice, linking Russia to Canada, currently is only easily navigable about four months a year. If developed (along with the NWP) it could serve as a major trade route between Eurasia and North America.

What is the impact of the Maritime Silk Road over EU?

- What are the long-term implications of the Maritime Silk Road over the EU?
- What are the threats to the EU Common Foreign and Security Policy (CFSP) coming from the MSR-ISR through the Northern Sea Route connection?

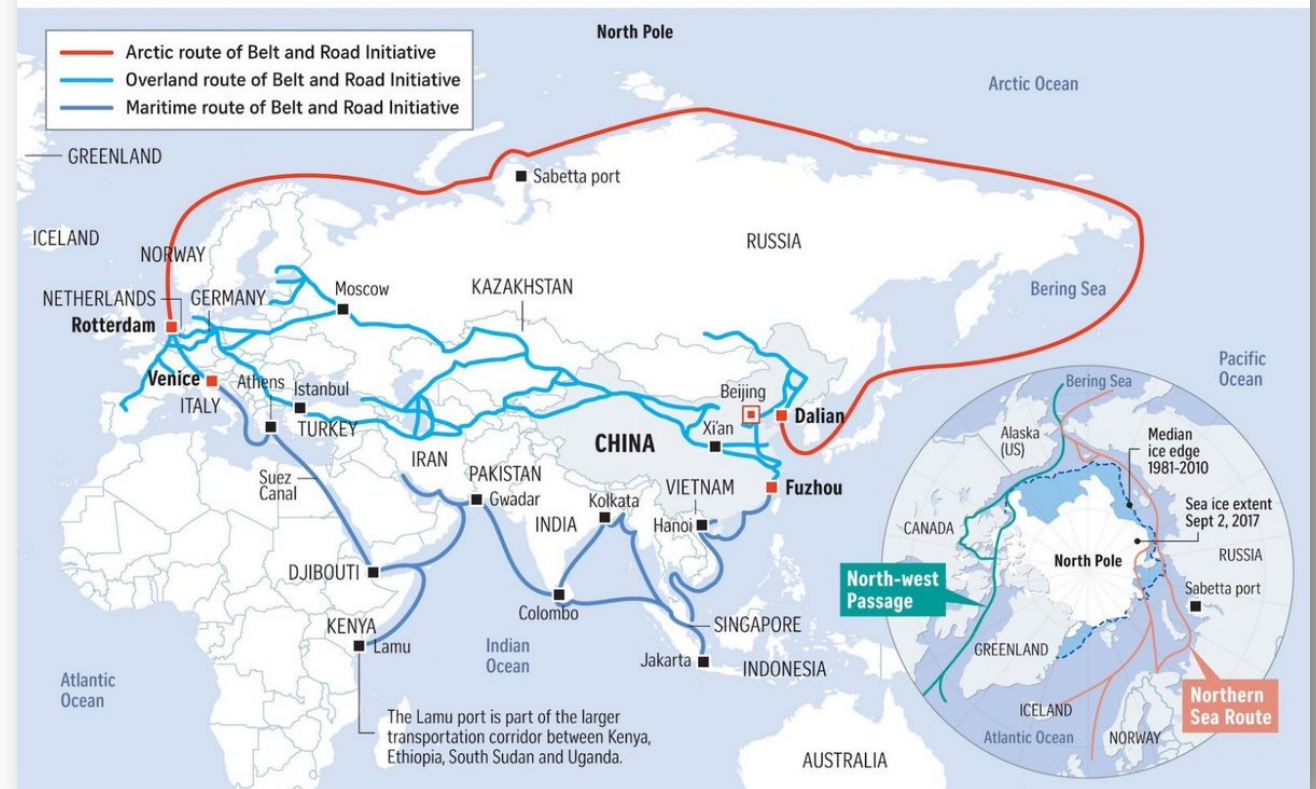


Political and economic impact of Maritime Silk Road over EU solidarity

The challenges of the Maritime Silk Road

- Since March 2019, the EU has referred to China as a "systemic rival".
- The **Maritime Silk Road affects Europe in five main areas**: maritime trade; shipbuilding; emerging growth niches in the blue economy; the global presence of the Chinese navy; the competition for international influence.
- It has been calculated that the **MRS creates more competition than cooperation opportunities** in Sino-European relations – **the European market is larger than the EU market**.

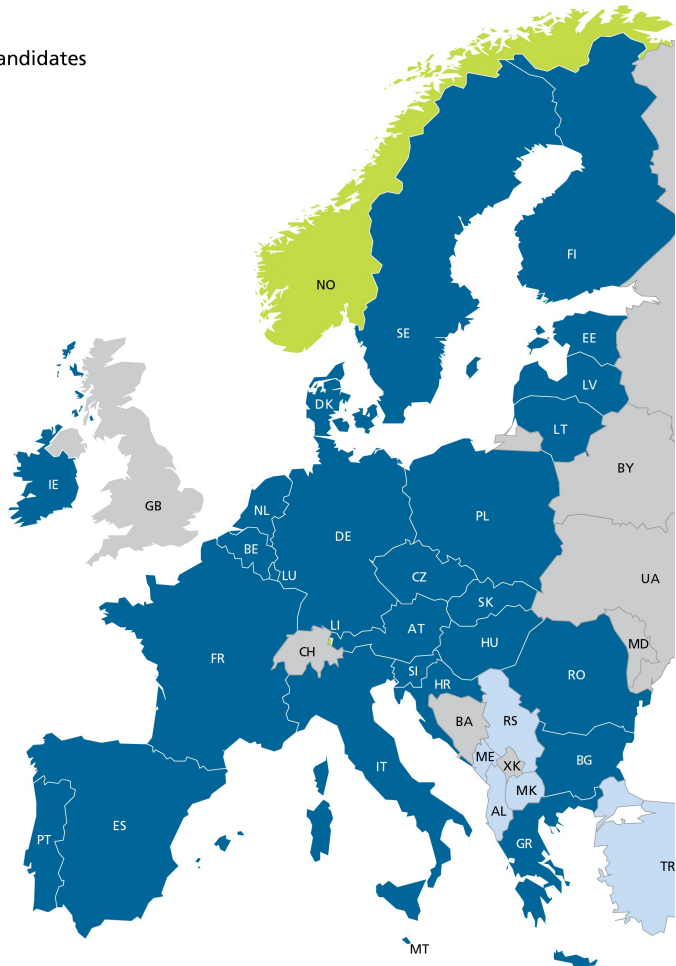
China's polar extension to Silk Road



■ The 27 EU countries

■ EEA

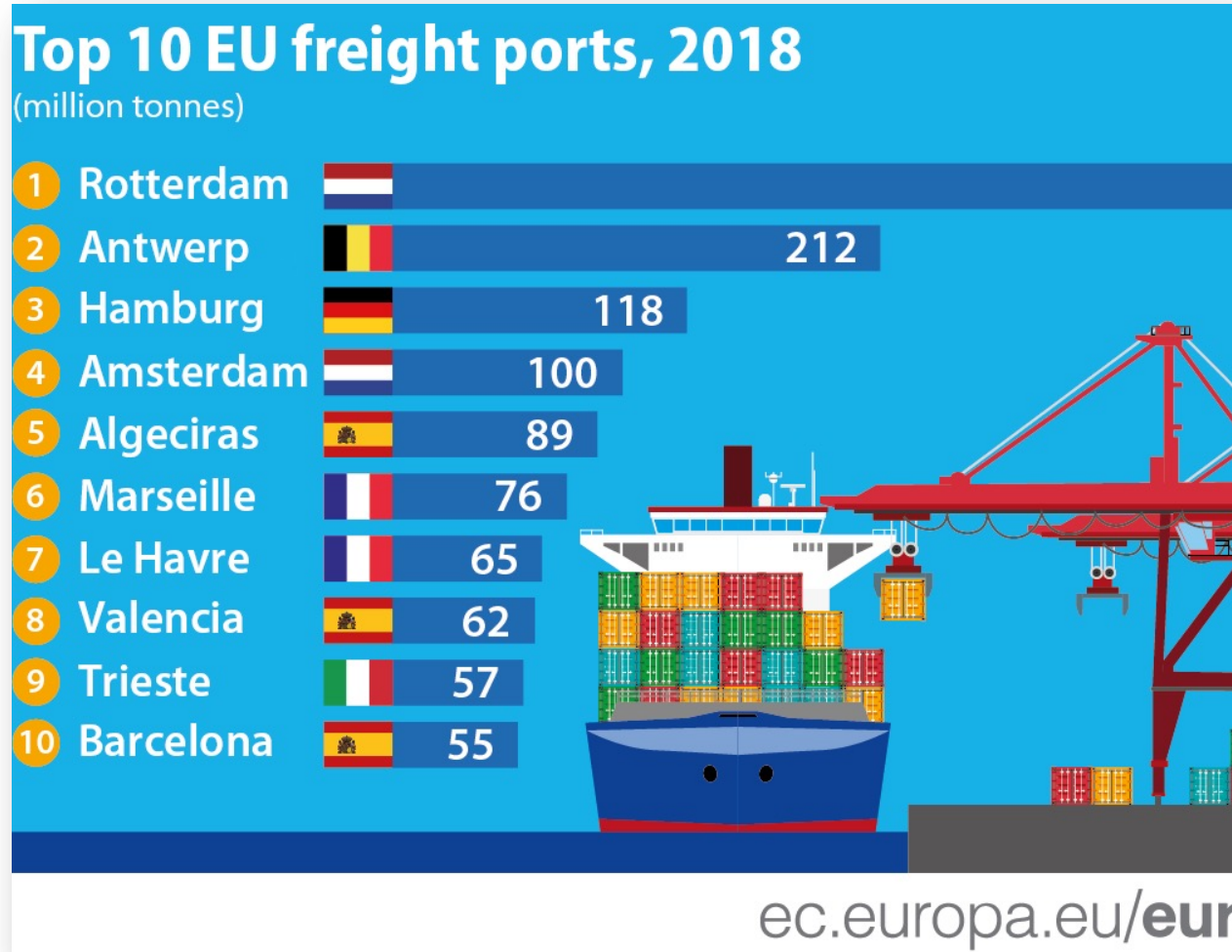
■ Membership candidates



The European Economic Area

- The Agreement on the **European Economic Area (EEA)**, which entered into force on 1 January 1994, brings together the EU Member States (MS) and the three **EEA European Free Trade Association (EFTA)** EFTA states — Liechtenstein, **Iceland** and **Norway (Arctic states)** — in a single market, referred to as the "Internal Market" (or Common Market).
- The EEA Agreement guarantees **equal rights and obligations within the Internal Market** for individuals and economic operators in the EEA. It provides for the inclusion of EU legislation covering the four freedoms — the free movement of goods, services, persons and capital — throughout the **30 EEA States**.
- The EEA Agreement **does not cover, *inter alia***, the following **EU policies**: Customs Union; Common Trade Policy; Common Foreign and Security Policy.

The impact of the MSR over European ports



- The MSR route to Europe interests ports in Greece, Italy, France, Spain and leads Europe to consider adapting the infrastructure to changing conditions.
- There are extensive intra-European infrastructure projects in place to adapt trade flows to current needs.
- Experimental attempts are also being made to organize the movement of goods from China to Europe via the **Northeast Passage through the Polar Sea**.
- The **Arctic shipping route** opens up for a competition among European ports: ports in **Iceland**; Kirkenes in **Norway**; Klaipeda in Lithuania; Antwerp in Belgium; Rotterdam in the Netherlands, EU largest port.

Port competition undermines EU cohesion



- The MSR and the debate on Chinese port activities are highly relevant for Europe's largest seaports.
- Chinese investments in European seaports have increased rapidly in recent years has triggered a debate on how to deal with **growing Chinese influence in European ports** and, more broadly, **on the economic and geopolitical effects** of China's growing role in global affairs.
- This point is reached when the **scale of one project in a single country leads to excessive political influence**, although this can also come about through the gradual establishment of a position of dominance which **threatens fair competition**.
- The challenge between European countries on which should play a dominant role in Sino-European maritime trade opens up for **competition – not cooperation – that could jeopardize the EU cohesion and increase the Chinese influence over the EU by weakening its common institutions**.
- The increased BRI-related investments in key hubs in the MSR could create a **considerable level of economic dependence and could compromise the local governments' strategic autonomy in international political and economic affairs, thus further undermining the CFSP**.



Security impact of Ice Silk Road over CFSP

The Ice Silk Road: a threat to EU security?

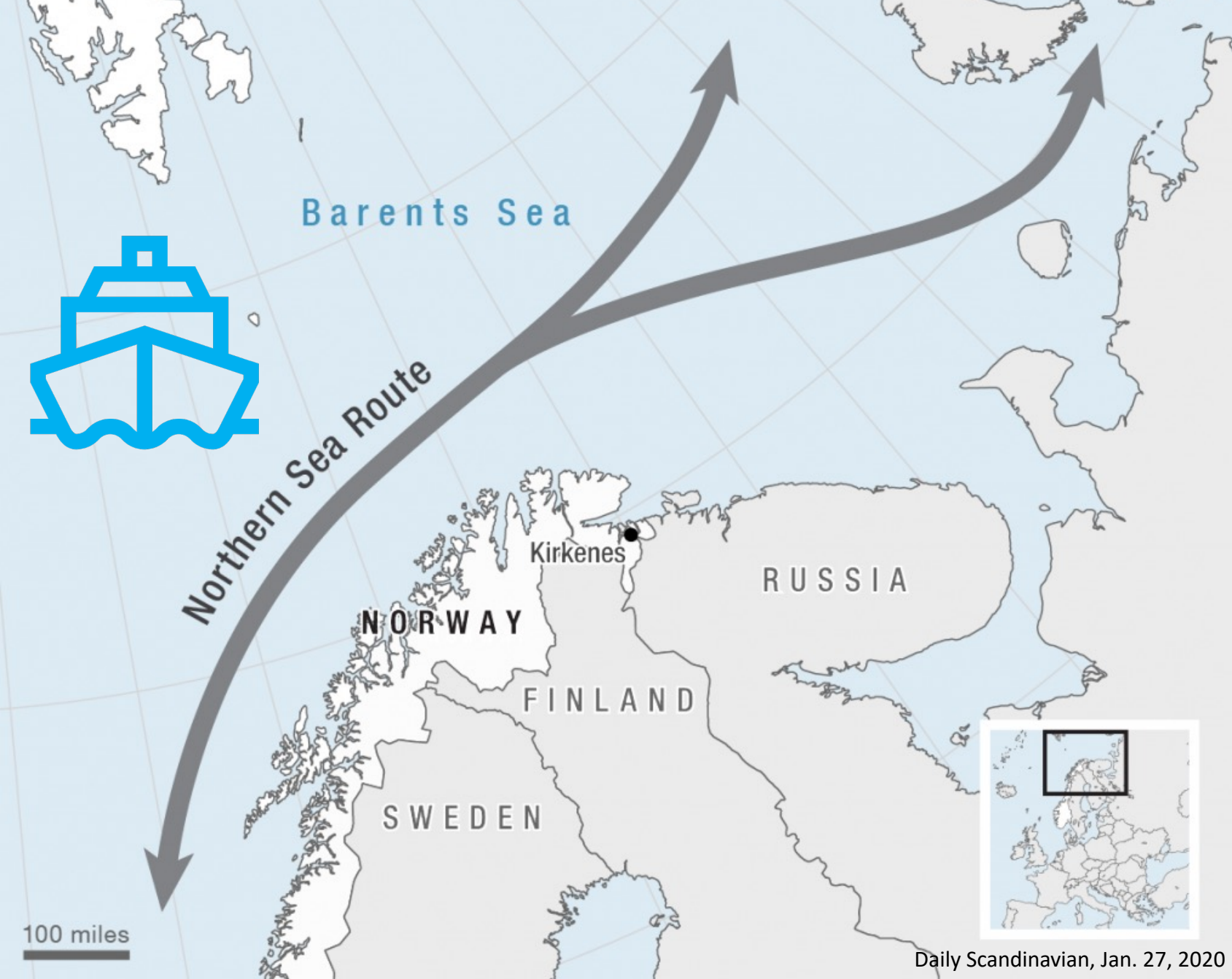


South China Morning Post, Illustration: Craig Stephens

- BRI/MSR triggers security concerns.
- China's strategic defense thinking moved maritime security posture from regional to global scale.
- Accordingly, China is expanding its influence also in the Arctic region, which is affected by the ISR.
- Beijing may seek to influence Arctic governance via its economic power.
- There are caveats about the Arctic Ocean to be transformed into 'a new South China Sea', militarized and with territorial claims.

China's Arctic Policy

- In Jan. 2018, the PRC published its first Arctic strategy that promoted a "**Polar Silk Road**" as a route of the BRI and claimed to be a "**Near-Arctic State**", yet the shortest distance between China and the Arctic is 900 miles.
- In Sept. 2019 the Russian Federation announced plans to **connect the Northern Sea Route with China's Maritime Silk Road** – part of the BRI strategy – which would develop a **new shipping channel from Asia to northern Europe**. Meanwhile, **China is already developing shipping lanes in the Arctic Ocean**.



Daily Scandinavian, Jan. 27, 2020

China vs. Eu: Beijing wins first round in the Arctic

- The Arctic Council (AC) is the leading intergovernmental forum promoting cooperation in Arctic.
- It consists of the eight Arctic states: U.S., Canada, Denmark (including Greenland and Faroe Islands), Finland, **Iceland**, **Norway**, Sweden, **Russia**.
- Between Arctic states, only UK is not an AC member.
- Thirteen Non-Arctic states have observer status: France, Germany, Italy, Japan, The Netherlands, Poland, India, Korea, Singapore, Spain, Switzerland, UK, **China**.
- **EU applied twice as observer but was rejected:** 2009 (blocked by Canada in response to EU ban on the importation of seal products) and 2013 (decision pending).



Arctic: nobody's lake?

- Due to the increasing decline of Arctic sea ice extent, the **TSR may emerge as a major Arctic shipping route**.
- The route, that is currently only navigable by heavy icebreakers, largely avoids the territorial waters of Arctic states and lies in **international high seas**.
- The passage outside the exclusive economic zones of Arctic coastal states makes the TSR of **special geopolitical importance**, and triggers disagreements about **maritime boundaries**.
- Although no country possesses the North Pole and the region of the Arctic Ocean surrounding it, the **Russian Federation claims over the international waters of the Northern Sea Route** to be placed under the jurisdiction of Moscow.



The scramble for Arctic

Sovereignty over large parts of Arctic region is contested



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