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Malyarenko, Tetyana; Wolff, Stefan

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Introduction “Belt and Road Initiative in the South Caucasus and Eastern Europe: Trade, Policy, Regulations”

Tetyana Malyarenko *, *Stefan Wolff***

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**Lecturer, Justus-Liebig Universitat Giessen (Ludwigstraße 23, 35390 Giessen, Germany)*. <https://orcid.org/0000-0002-5346-1180>

***Professor of International Security, University of Birmingham (Edgbaston Birmingham B15 2TT, United Kingdom)*. <https://orcid.org/0000-0001-9931-5309>

This special issue draws on findings from a research project investigating the implications of China's Belt and Road Initiative for the OSCE conducted by the OSCE Network of Think Tanks and Academic Institutions and funded by the German Federal Ministry of Foreign Affairs. The full report is available for free here: <https://cutt.ly/1nff0oa>



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Since its inception in late 2013, China's Belt and Road Initiative (the BRI) has grown into a vast global development project with increasing geo-economic and geopolitical implications.

By 2019, Belt and Road cooperation involved 137 countries and 30 international organizations, with concrete projects in over 70 countries. The connectivity that the BRI has created along one of its six economic corridors, the New Eurasian Land Bridge, in some ways complements, and in other ways rivals, the two existing economic (and political) integration projects of the European Union and the Eurasian Economic Union.

As a consequence, China's growing presence and activities competes with Russia and the West for influence across BRI partner countries, particularly in the already contested regions of the South Caucasus and Eastern Europe. The BRI is part of an increasingly coherent and ambitious Chinese foreign policy strategy that is associated with conceptions such as the 'Chinese dream' and the 'new era'. While the BRI first and foremost serves Chinese domestic security and development interests, this does not mean that partner countries cannot potentially benefit from it, for example in terms of infrastructure development and better integration into the global economy. Such benefits aside, legitimate questions have also been raised about the economic and financial viability of many of the projects initiated under the BRI and their social, political, and environmental impacts.

With China increasingly viewed in Washington as the United States' main geopolitical rival, and in light of growing skepticism in EU and NATO capitals about China's 'true intentions', participation in the BRI has become more difficult for countries like Georgia, Moldova and Ukraine. Here, difficult choices present themselves as aspirations of deeper integration in Euro-Atlantic structures and institutions are more and more difficult to reconcile with long-term cooperation with China, especially when it comes to sectors and projects deemed strategically important: be it a deep-sea port on Georgia's Black Sea coast, an aircraft engine manufacturer in Ukraine, or digital infrastructure in the Baltic states.

This Special Issue seeks to address these dilemmas by examining the implications that China's presence and activities have had in Eastern Europe and the South Caucasus.

The Special Issue looks at topics such as competitive influence seeking policies of great powers in post-Soviet countries, as well as the different strategies which China pursues in the selected countries—Ukraine, Georgia, and the Baltic States – and how governments and societies there have responded. The Special Issue examines a wide array of policies and projects that have been implemented in Ukraine, Georgia, and the Baltic States by Chinese state-owned enterprises (SOEs). It also considers the reactions to China's presence and activities by rival great powers, such as Russia, the European Union, and the United States.

Tetyana Malyarenko looks at the economic relations between Ukraine and China in the geopolitical context framed by competitive influence-seeking policies implemented by the EU, the US, and Russia. Her article traces the evolution of Ukraine-China trade relations with particular focus on China's strategy of 'geo-economic reconnaissance' in Ukraine. She argues that China's engagement with Ukraine is limited by 'red lines' established by the Ukraine's western partners. While Ukraine demonstrates the potential to cooperate with China in agriculture, the energy sector and transport, the cooperation in strategically sensitive areas faces a pushback, especially from the US.

Una Aleksandra Berzina-Cerenkova examines the interactions of the Baltic States of Estonia, Latvia and Lithuania with China in the BRI format. She analyses the risks associated with the implementation of China's BRI, in particular, the risks of Beijing becoming a legitimating factor for strains on democracy, freedom, and the rule of law, tolerance to censorship and infrastructure loans. She proposes a strategy based on state and societal resilience that can effectively counteract China's approach of 'divide and rule'. She concludes that, as long as the Baltic States sustain their systemic,

discursive, and financial resilience to China's influence, mutually beneficial cooperation in areas of proclaimed common interest—migration, the fight against terrorism, economic and environmental development, and climate change—will remain possible.

Nino Kemoklidze argues that, similarly to the Ukrainian case, China's growing presence and activities in Georgia have been considered through geopolitical lenses. She explains the reasons for China's growing presence in Georgia by its interests to root itself in a geopolitically important country of the Southern Caucasus. Since 1991, Chinese companies have established a strong presence in various sectors from finance and telecommunication to tourism. At the same time, Kemoklidze explains, China has so far respected Russia's geopolitical interests in the country. Georgia does not participate in any formal union with China in the area of security and defense since the country is aspiring towards membership in the European Union and NATO. She concludes that Georgia should continue its efforts to strengthen economic ties with China, at the same time, considering the EU and the US as the most important forces in balancing Russia's influence in the region.

The articles in this Special Issue were initially commissioned as background papers for the international project 'China's Belt and Road Initiative: Implementation for the OSCE', conducted by the OSCE Network of Think Tanks and Academic Institutions. The final report of the project is available for free at the website of the OSCE Network¹.



¹ Wolff, S. (2021). *China's Belt and Road Initiative: Implications for the OSCE*. Hamburg. https://osce-network.net/fileadmin/user_upload/publications/China-BRI-Report-2021-fin.pdf