
THE BELT AND ROAD INITIATIVE AND THE “THREE SEAS SYSTEM”

Tatevik Petrosyan¹

DOI: 10.56673/18294502-22.14-43

The first historical evidence of the Silk Road was founded in the “*Records of the Grand Historian*” (太史公書/史記) written by Sīmǎ Qián (司馬遷), who is considered the father of Chinese historiography. The three volumes of this work describe early Chinese history with an excellent emphasis on Xīān, the city in China from where the Silk Road began. Later, in 1877, it was Baron Ferdinand Freiherr von Richthofen, a German traveller, geographer and scientist, who first introduced the term Silk Road (“Seidenstraße” and “Seidenstraßen” = “Silk Road[s]” or “Silk Route[s]”).² It was mentioned that the caravan was crossing the territory of today’s China, India, Mongolia, Tajikistan, Uzbekistan, Turkmenistan, Iran, Armenia, Georgia and Turkey but that the main route changed from time to time because of political developments, climate change and wars.

The old Silk Road arose during the Han Dynasty (206 BC-220 AD). It helped connect the eastern and western markets of Central Asia and reached the Caucasus and Europe. China was exporting silk, jade, spices, and cotton and importing gold and precious metals. The Silk Road functioned during the time of the Roman and Byzantine Empires, but later, the old Silk Road acquired its first cracks because of the Crusades and Mongols’ achievements in Central Asia.

In 2013, during his speech at Nazarbayev University, Chinese President Xi Jinping first suggested that China and Central Asia cooperate to build a Silk Road Economic Belt. The announcement was, in fact, the impetus for the New Silk Road. The Silk Road Economic Belt has six

¹ Renmin University of China Harvard Fairbank Center for Chinese Studies, tatevik.petrosyan.un@gmail.com

² Dr. Georg Von Boguslawski, *Verhandlungen, Der Gesellschaft Fur Erdkunde, Herausgegeben im auftrag des vorstandes* (Berlin: 1877), 11-114, https://babel.hathitrust.org/cgi/pt?id=hvd.hw29g2&view=image&seq=112_

economic corridors which are covering a significant energy and resource-rich part of the world:

1. The New Eurasian Landbridge,
2. The China-Mongolia-Russia Economic Corridor,
3. The China-Central Asia-West Asia Economic Corridor,
4. The China-Indochina Peninsula Economic Corridor,
5. The China-Pakistan Economic Corridor, and
6. The Bangladesh-China-India-Myanmar Economic Corridor.³

Later, during the Association of Southeast Asian Nations (ASEAN) summit in Indonesia, Xi announced a plan to create the 21st Century Maritime Silk Road. The main aim of the 21st Century Maritime Silk Road is to boost infrastructure connectivity throughout Southeast Asia, Oceania, the Indian Ocean and East Africa. These two Silk Roads combined in the very famous Belt and Road Initiative. Different scholars and politicians are inclined to believe that China’s rise and the Belt and Road Initiative combined are the most vivid evidence of Beijing’s willingness to spread its global economic and political influence.

In 2004, during his press conference after the Second Session of the 10th National People’s Congress, the then premier Wen Jiabao mentioned five key points when talking about China’s peaceful rise. These points give us a general idea of how Beijing understands its rise and how it plans to deal with it. He said,

1. “Firstly, in promoting China’s peaceful rise, we must take full advantage of the very good opportunity of world peace to endeavor to develop and strengthen ourselves, and at the same time safeguard world peace with our own development.
2. Secondly, the rise of China can only be based on our own strength and on our independent, self-reliant and hard efforts. It also has to be based

³ “Vision and Action on Jointly building Silk Road Economic belt and 21st-Century Maritime Silk Road,” Ministry of FA PRC, March 2015, <https://www.beltandroad.gov.hk/visionandactions.html>.

on the broad market of China, the abundant human resources and capital reserves as well as the innovation of our systems as a result of reform.

3. Thirdly, China's rise could not be achieved without the rest of the world. We must always maintain the opening up policy and develop economic and trade exchanges with all friendly countries on the basis of equality and mutual benefit.

4. Fourthly, China's rise will require a long period of time and probably the hard work of many generations of Chinese people.

5. Fifthly, the rise of China will not stand in the way of any other country or pose a threat to any other country, or be achieved at the expense of any particular nation. China does not seek hegemony now. Nor will we ever seek hegemony even after China becomes more powerful."⁴

Analyses of high-level Chinese officials' statements have helped us realize that concepts such as World Order and Coexistence/Peaceful Coexistence are interrelated. Premier Zhou Enlai was the first Chinese official to speak about peaceful coexistence, and his first speech related to this theme was in 1953 during the Non-Aligned Movement summit. On 1 January 1970, China restored peaceful coexistence as the primary theme of its foreign policy concept by officially declaring its willingness to establish or improve diplomatic relations with all countries, regardless of their social system, based on the Five Principles of Peaceful Coexistence. These steps led to the Five Principles of Peaceful Coexistence being written into the Chinese constitution in 1982. By considering the concept of Peaceful Coexistence, Beijing is concentrating its attention on cooperation rather than competition. The above-mentioned observation is true in the case of its relations with its southern neighbours with whom China has a conflict around the South China Sea. In this regard, we can insist that China encourages regionalism to maintain regional peace and security. This type of coexistence is widely accepted by the Middle Eastern and African countries trying to overcome the threat and dominance of the West. Tbilisi

⁴ "Premier Wen Jiabao's Press Conference at the Conclusion of the Second Session of the 10th National People's Congress (NPC) on March 14," http://en.people.cn/200403/15/eng20040315_137493.shtml.

and Yerevan also share the Chinese understanding of coexistence because they want long-term peace in the Caucasus region. Moreover, because of the ongoing but unofficially announced war, Armenia is keen to be an apologist of non-interventionism, considering the Turkish willingness to wield influence and be involved in it.

In 2011, Beijing published a White Paper entitled “China’s Peaceful Rise” for the first time in its history. Moreover, it was the first time that the government used such word combinations as “peaceful development” and “harmonious world”.⁵ The message was that Beijing would act in the international world system by considering these concepts. When discussing China’s rise and its understanding of the international world order, Henry Kissinger underscored the view that “That’s the challenge. That’s the open question. It’s our task. We’re not good at it because we don’t understand their history and culture. I think that their essential thinking is Sinocentric. But it may produce consequences that are global in impact. Therefore, the challenge of China is a much subtler problem than that of the Soviet Union. The Soviet problem was primarily strategic. This is a cultural issue: Can two civilizations that do not, at least as yet, think alike come to a coexistence formula that produces world order?”⁶ It seems President Xi Jinping heard about the concerns of the United States, and, during his speech at a diplomatic conference in 2013, he told Chinese diplomats,

“We should present our policies to the outside world, acceptably tell China’s story, and speak out so that we are heard, and interpret the Chinese dream from the perspective of the aspiration of all people in all countries for a better life and regional prosperity and let the sense of shared destiny take root with our neighbours.”⁷

The West fears China’s rise. They are afraid of losing the influence they have achieved over the centuries. They are scared, as Kissinger noted, because they are not familiar with Chinese politics, culture and traditions.

⁵ “White papers, The State Council of the People’s Republic of China,” 2011, 11-16, http://english1.english.gov.cn/official/2005-08/17/content_24165.htm#2011.

⁶ Henry Kissinger, “The Interview: “Henry Kissinger,” *The National Interest*, 19 August 2015, <https://nationalinterest.org/feature/the-interview-henry-kissinger-13615>.

⁷ “Xi Jinping: China to Further Friendly Relations with Neighbouring Countries,” *Xinhua*, 26 October 2013, <http://news.xinhuanet.com/english/china/2013-10/26/c125601680.htm>.

The West created and is still creating its own image of China, which is somehow different from reality. But Beijing must also help the world understand China's uniqueness. We must remember a significant connection between Chinese history and Beijing's current politics. As Zhang Weiwei, who is a professor at Fudan University and was also Deng Xiaoping's interpreter, writes in his book *The China Wave*:

“Some people think that the Western model represents the supreme ideal of mankind and all China should do is make an economic, social and political transition to the Western model. But, to my mind, if a civilizational state like China follows the Western model, the country will experience chaos and break up. ... China's rise is due to its model of development which the West does not endorse, but China is likely to continue to move along its own chosen path and become the world's largest economy with all its impact on the world at large.”⁸

The most important part of this text is the word combination of “Civilizational State”. It is indeed true that Beijing is inclined to believe that the People's Republic of China is a civilizational state. From this the conclusion could be drawn that civilizational states never claim political leadership but economic leadership remains a top priority. This thinking is at the core of the Belt and Road Initiative, which differs from the Westphalian philosophy. The massive infrastructural projects that Beijing aims to realize with the help of the New Silk Road are mainly directed towards reconnecting Europe with Asia and linking China to markets in Europe and beyond. The Chinese government will invest primarily in ports, railways, airports, highways, container trade and fiber optic cables, as well as energy projects such as the development of onshore and offshore oil and gas fields and energy infrastructures and the expansion of renewable energy sources. This is very attractive for the countries near the Caspian, Black and Mediterranean Seas, which had already been involved in the old Silk Road and had tasted its benefits. The primary outcomes of this cooperation could be new infrastructure construction, modernization of the trade sector, improved connectivity with China's booming market and so on. Based on

⁸ Zhang Weiwei, *The China Wave; Rise of a Civilizational State* Wcpc, 21 March 2012, 47-48.

the information mentioned above, it is evident that the Belt and Road Initiative starting from China will pass through Central Asia, the Caucasus and Europe. In this way, the crossroads will be of considerable importance by connecting East to West and North to South.

Years ago, before the official announcement of the Belt and Road Initiative, China’s “Two Oceans” strategy concept had already appeared in the literature.⁹ According to this strategy, China aims to re-establish its control over its surrounding waters and end “The Century of Humiliation”. Kaplan believes that China’s pursuit of sea power is, first and foremost, an indication that its land borders are not under threat for the first time in ages.¹⁰ He underscores that China built The Great Wall during the 3rd century B.C to keep out Turkic invaders. Then, looking back over history through the mid-20th century, we can see that China was anxious about another invasion from the north, the Soviet Union. Analysts believe that, by implementing this strategy, the Chinese Navy would prefer to be a two-ocean power, giving China multiple access routes between the Indian Ocean and Western Pacific. Here Beijing will ease its dependence on the Strait of Malacca.

Moreover, in the Pacific Ocean, China has the Taiwan issue and the South China Sea issue where Beijing cannot afford to permit any Western country to come near its borders. The famous Chinese analyst Yang Xue-Tong stated that China’s political interest in this region is not to compete with the United States and Japan for domination but to prevent the hegemony of either one. China’s cultural attractions in the Asian Pacific area are extensive, primarily in areas where overseas Chinese are concentrated.¹¹ Regarding the Indian Ocean, it is worth mentioning that China has a military base in Djibouti, a port in Pakistan and another in Sri Lanka. Thus, Beijing could never allow any instability in the oceans mentioned above. To have good shipping roads and stability in its coastal territories, Beijing has to

⁹ The Indian and Pacific Oceans

¹⁰ Abraham Denmark and Nirav Patel, “China’s Arrival: A Strategic Framework for a Global Relationship,” Center for a New American Security (September 2010), 50, https://lbj.utexas.edu/sites/default/files/file/news/CNAS%20China's%20Arrival_Final%20Report-3.pdf.

¹¹ “Analysis of China’s National Interest,” Minban Publishing House, 73, https://www.eapasi.com/uploads/5/5/8/6/55860615/yan_xuetong_book_final_draft.pdf.

protect its commercial fleets by its presence in the oceans. These two oceans are considered home to most of China's sea lines of communication. Approximately 80% of China's oil imports pass through these maritime regions. When we try to implement the "Two Oceans" strategy from Central Asia to Europe via the South Caucasus, we will collide with such a unique concept as the "Three Seas system". However, this concept continues. In 2015, during the CEE-China summit in Suzhou, the Chinese premier, Li Keqiang, laid out the concept of "Black-Adriatic-Baltic Seaport Cooperation" (Three Seas Port Cooperation). The Three Seas cooperation initiative then became an inseparable and essential component of the 16+1 format.

According to the current geography, Chinese oil imports pass through other countries' tankers and influence zones. Here, the safety of this oil is on the list of Beijing's priorities. The transportation of energy from Central Asia and Russia is of vital importance for China. But the energy cooperation developments with Russia and the Caspian region countries have different directions and internal logic. China's interest in Central Asia and the Caspian region is geographically normal. In terms of stable, reliable and practical cooperation with the region's countries and the formation of friendly relations, China has made full bilateral and multilateral diplomatic efforts. However, China is still trying to find alternative ways to bypass the earlier routes. The possible ways through which Beijing is today trying to link the country to Europe are via Kazakhstan, the South Caucasus and Piraeus. This route crossing the Caspian and Black Seas is a better, cheaper and quicker way than the Mongolia-Russia-Belarus route. In this way, Azerbaijan's interests somehow fit with the Chinese ones. The new corridor China offers could help Azerbaijan diversify its dependence on hydrocarbon. And Baku is trying to increase the country's importance with the help of new transport infrastructure investment projects. But this is also an excellent opportunity for China to use Azerbaijani territory on the way to Europe and use Caspian resources such as oil and gas.

The main feature of the Caspian region, far from the major sea lines, is the competition for pipeline routes, which became evident after the operation of the Baku-Tbilisi-Ceyhan pipeline. In this mirror, the interest of the

Caspian countries in the diversification of supplies and the competition for Caspian resources has caused excessive rivalry, which is particularly acute with regard to implementing Russian and Western projects. The economic rationale for these programs includes the intertwining and interconnection of the South Caucasian and Central Asian energy sectors, which has led to the emergence of these two regions as a single entity in terms of geopolitical structural shifts. Under the framework of Belt and Road cooperation, China focuses more on the Central Asian countries, which are on the route bringing Caspian and Central Asian resources to China and can help transfer Chinese goods to Europe.

China is the world’s largest crude oil importer. In 2019, forty-three countries supplied crude oil to China. During the same year, only 44.8% of China’s total crude oil was imported from the Middle East, 15.3% from the Russian Federation, 25% from Africa, 4% from Kazakhstan and the rest from other countries.¹² The most significant success of the energy partnership is the construction of the Kazakhstan-China oil pipeline (C.H.N.) and the Turkmenistan-Uzbekistan-Kazakhstan-China gas pipeline (Trans-Asia Gas Pipeline [T.A.G.]), which are of paramount importance to China’s energy security strategy. The Kazakhstan–China oil pipeline is China’s first direct oil import pipeline allowing oil imports from Central Asia. It runs from Kazakhstan’s Caspian shore to Xinjiang in China. The channel is owned by the China National Petroleum Corporation (CNPC) and the Kazakh oil company KazMunayGas. The level of security of the two pipelines is comparable to the level of stability in the Central Asian region. All existing and potential challenges (possible inter-ethnic clashes, Islamic extremism, the threat of terrorism, etc.) could impact the security of the pipelines. The pipeline gives Kazakhstan an excellent opportunity to reduce its reliance on Russia. This type of policy is essential for Kazakhstan because it is landlocked and needs to make reliable connections with other regions. In this way, the most extensive Kazakh plan that could fit with the Belt and

¹² “Top 15 crude oil suppliers to China, World’s Top Exports,” World’s Top Exports, 28 May 2020, <http://www.worldstopexports.com/top-15-crude-oil-suppliers-to-china/>; China-Africa co-operation promotes developments in Africa’s upstream sector; <https://www.offshore-technology.com/comment/chinese-investment-in-africa-oil-gas/>.

Road Initiative is the “Nurly Zhol” (Bright Path) Initiative. The main aim of this initiative is to modernize Kazakhstan’s road and railway networks.

The China-Central Asia natural gas pipelines, which run from the Turkmenistan-Uzbekistan border via Kazakhstan to Alashankou in the Xinjiang Autonomous Region, are essential. But the integration project, which is of massive importance to the countries’ foreign policy orientations, sometimes changes the directions and paths of the existing pipelines. One of the best examples was and is Turkmenistan with its gas exportation. After 2009 Turkmenistan was forced to shut down many of its natural gas production sites since the country could not export the gas. This was a wake-up call for the Turkmen government, and it started to speed up the process of diversifying their energy-exporting rounds. The outcome of this process was the Central Asia-China gas pipeline. The export agreement was signed in 2006, but the Turkmen government started reconsidering the signed agreement since Russia began to reduce imports. Since 2009, thanks to the implementation of the projects, the Chinese side has started to meet its energy demands, and the Turkmen side began stabilizing its budget revenues. The success of this enormous project forced the two sides to sign a new agreement.

This development proved to be a new obstacle for Russia, considering that the Russian Federation regards Central Asia as its backyard. The situation also became stressful for China because the pipeline crosses the territory of Kazakhstan, which is part of the Russian-led Eurasian Economic Union. Thus, China and Turkmenistan constructed a new pipeline bypassing Kazakhstan and crossing Tajikistan to reduce their dependence on Moscow and Russia’s goodwill. The Chinese side has also promised military aid to Turkmenistan to safeguard the new pipelines in this unstable region. This pipeline game highlights the existing confrontation between Russia and China. China needs new resources to meet its growing demand and Turkmenistan needs money and a new market, but Moscow needs to maintain its dominant position in Central Asia. However, the ever-increasing Chinese investments in Central Asia have forced an increase in the regional countries’ reliance on Beijing. At the same time, Moscow understands China’s needs and will not push for confrontation with Beijing in the region

because any attempts by Moscow to block Chinese regional investments could challenge its dominance.

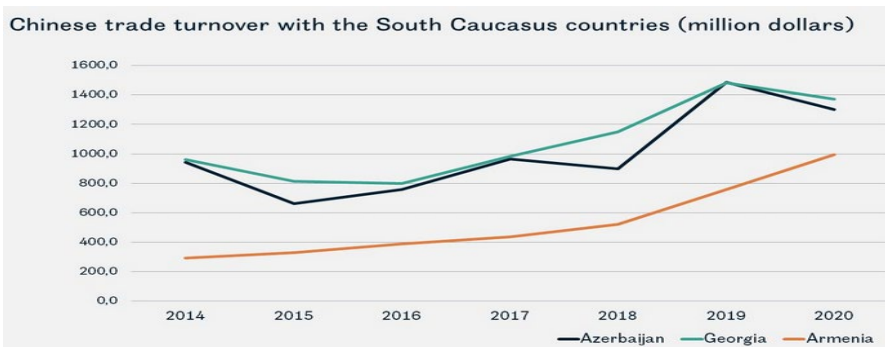
For Turkmenistan to export its gas to Europe, it needs a Trans-Caspian pipeline. Moreover, Azerbaijan also needs the help of Turkmenistan; otherwise, it will not possess the total capacity to serve as an alternative source to Russia. Hereof, the Trans-Caspian pipeline needs to be connected with the Trans-Anatolian gas pipeline and the Trans-Adriatic Pipeline. As soon as the pipeline reaches Italy, it could be connected with other European countries. Moscow is against all these projects because implementing these pipelines will be an immediate threat to the Russian energy monopoly in Europe, and it will do everything to ruin these plans. In this case, Beijing will also be interested in implementing the gas pipeline from Turkmenistan to China because the Turkmen gas capacity is insufficient to supply Europe and China. Thus, any project implemented in the Caspian region should take into consideration the Chinese interests and the fact that Moscow can be expected to make a compromise to see Turkmen gas going to China rather than Europe.

China has learned a great deal from the Iraq war in 2003 and Libya's civil war in 2011. For instance, China lost more than US\$10 billion (of which US\$4 billion was lost from railway projects alone) because of the Libyan war. These wars allowed Beijing to discover the shortcomings of geography and deliveries. The possible further growth of instability and the change in the balance of power in the Middle East and the Persian Gulf have necessitated adopting and implementing a preventive strategy in China. In this mirror, there is no other option besides diversifying energy supplies from the Middle East and reducing shipments by uncontrolled ships. The scarcity of oil and natural gas reserves and the rapid demand growth has led to a deepening dependence on imports. Since China will not soon attain an acceptable level of security for these ships, the diversification of import sources and pipeline transfer of Caspian energy will remain on China's list of priorities. Moreover, the region's high unemployment rates and poverty, the corrupt regimes of the Central Asian republics, rising Islamic fundamentalism and border and water disputes could be the main obstacles to the BRI's Central Asian route. Hereof, Beijing should continue to adopt a

bilateral approach to dealing with the Central Asian countries, taking into consideration each country's specific interests.

With regard to the above issues, in the major crossroad of the South Caucasus can connect the Caspian Sea to the Black and Mediterranean Seas. The South Caucasus or Transcaucasia is a post-Soviet area where a massive vacuum of great power control arose after the collapse of the Soviet Union. Historically, the South Caucasus was surrounded by powerful neighbours. The historian Donald Rayfield has described the region as having to survive between empires throughout a long and complex history. The empires he is referring to were those of the Byzantines, the Seljuk Turks, the Persians, the Ottomans, most devastatingly, the Mongols, and finally, the Russians.¹³ After the collapse of the Soviet Union, the regional countries re-established their independence. Today the region is a melting pot in which we see the accumulation of the interests of all key international actors: the European Union, Russian Federation, North Atlantic Treaty Organization, United States (The United States declared the Caucasus-Caspian region as a zone of their national interests.), Republic of Turkey, Islamic Republic of Iran and the People's Republic of China.

The European Union, Russian Federation, United States and People's Republic of China all have different levels of influence in the region. And the regional countries are trying to gain as much as possible from these big players, which all have their different integration projects. The European Union is considering the framework of the Eastern Partnership (EaP) program, hoping to promote



¹³ Donald Rayfield, *Edge of Empires: A History of Georgia* (Reaktion Books: London, 2013), 10.

democracy among its eastern partners. The Russian Federation wants to fill the vacuum created in the South Caucasus after the collapse of the Soviet Union. In this regard, the primary purpose of the U.S. policy in the region is to contain Russia's aspirations. As for China, we did not see any activation from Beijing's side until 2013 with the official announcement of the Belt and Road Initiative. Today, the P.R.C. appears as a neutral partner without any military and strategic intention in the region. Beijing has no vivid plan for a comprehensive economic integration project like Russia's Eurasian Economic Union (EAEU) or the EU's Eastern Partnership program, which envisages democratic change. The most exciting aspect of these developments is that all of the integration projects include trade, transport and infrastructure networks. Even though the region is a new one for the P.R.C., and even though it has limited historical and geopolitical experience in the area, Beijing has already recognized its interests and formed a broad understanding of how the P.R.C. could be presented in the South Caucasus, and its interests and strategy are directly related to the geographic location of the South Caucasian countries. Beijing has developed its specific geopolitical style based on a cluster approach. At its core, the Beijing style is about developing cooperation with regional countries.

Source: China's General Administration of Customs (中华人民共和国海关总署)

Considering that the South Caucasus and Central Asia are parts of the same geopolitical space, a change in the geopolitical balance of power in the Caucasus can directly affect the balance of power in Central Asia. The latter can also pose a threat to the BRI and China itself. Thus, if China ever starts to develop any hegemonic interest in the region at some point, Beijing should be ready to accept and answer to its new rivals: Russia, Turkey, Iran, the United States and the European Union. For now, however, cooperation between the People's Republic of China and the South Caucasian countries will remain in the spheres of economy and culture.

In contrast to the European Union, which is eager to see the region through the prism of democracy, and the Russian Federation, which wants to see its “Near Abroad” from the perspective of economic integration, the People's Republic of China is investing in the regional countries without demanding or changing anything. The first fruits of this strategy toward the region became evident during the presidency of Hu Jintao (2002-2012).

During these years, the Chinese government provided loans for modernizing local infrastructures. China became more interested in Georgia because of its wine production and in Armenia because of its copper and renewable energy. After the official announcement of the Belt and Road Initiative, the regional countries became more important to China because they provided a good and easy route to Turkey, Iran, Russia and the European Union market. Thus, the regional countries are becoming transit corridors for transporting energy and goods from Asia to Europe.

At the same time, the regional countries' governments are offering new markets for Chinese goods. In 2019 China became the second-largest trade partner for Armenia and the third-largest for Georgia and Azerbaijan. From 2016 to 2020, bilateral trade between China and the Caucasus region doubled from US\$1.9 billion to US\$3.6 billion.

At this stage, the main priority for Beijing is to deepen its economic ties with the regional countries and reduce pan-Turkic and pan-Islamic aspirations, a goal Beijing expects to attain through improving socio-economic conditions in the region. From this point of view, this policy is acceptable for Russia and Iran. For Moscow, China's strengthening of its position in the South Caucasus and deepening its ties with the North Caucasus is beneficial in case there will be any rapprochement between Turkey and the West. Moreover, such activity also helps to improve the region's socio-economic situation and with the fight against extremism. From Tehran's point of view, Beijing is a natural ally and a reliable partner against Turkey and the ideology of pan-Turkism. Naturally, Beijing takes advantage of having no historical and political presence in the region by distancing itself as much as possible from political problems, primarily avoiding attempts to resolve conflicts in the area. But this hardly means that Beijing is not making any statements regarding the various regional conflicts.

On the contrary, Beijing emphasizes the peaceful settlement of conflicts in the Caucasus. At any rate, we have yet to hear any comments about territorial integrity or the right to self-determination. One of the best examples of China's policy towards discord in the region could be the statement issued after the aggravation of the situation between the parties to

the Nagorno-Karabakh conflict in June 2010. And this type of policy was still noticeable during the last Karabakh war, too. Beijing called on all parties to the conflict to be restrained and calm, indicating that China has a sufficiently clear position on how the conflict ought to be settled, which is only peacefully. One thing is clear here: Beijing does not want to be present in a conflict where Russia is involved.

The Trans-Caspian route is a possible route for the continuation of the BRI after it crosses Central Asia. After crossing Kazakhstan, the route would run through the Caspian Sea to reach the Caucasus, and there are new ports being constructed for that purpose. The first ones are the Baku and Aktau ports in Azerbaijan and the Anaklia port in Georgia (on the Black Sea). A railway will also help with exporting Chinese goods to Europe, namely the Baku-Tbilisi-Kars railway. The significance of this railway is that it was constructed without any Chinese investment.

Furthermore, since 2018, the Chinese government has been financing several large-scale projects in Azerbaijan: an industrial park at Alyat Port (US\$1.5 billion), an integrated steel plant (US\$1.17 billion), a tire factory (US\$300 million) and a lead recycling plant. However, it is worth mentioning that Baku has no signed agreement with Beijing regarding free trade or industrial transfer. Turkey's presence in Azerbaijan also makes China a careful player in the country.

In 2016 Tbilisi decided to construct the Anaklia port, and the project was developed under the supervision of the Anaklia Development Consortium (ADC) and a joint Georgian-United States venture. But before this, the Georgian side hoped that China would become more interested in the port and could replace the Georgian-American developers. As we later saw, the contract for the construction and management of the Anaklia deep seaport was transferred to the Anaklia Development Consortium at the end of 2016 after numerous unsuccessful negotiations with Chinese partners. In December 2017, the ADC signed a long-term partnership for harbor cranes and was due to participate in the Anaklia development as an ADC subcontractor. It is planned for the port to become operational in 2022. The ADC General Director Levan Akhvlediani claimed earlier that the consortium had attracted US\$400 million in pledged loans from four

international financial development institutions: the European Bank for Reconstruction and Development (EBRD), the Overseas Private Investment Corporation (OPIC), the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB). But before providing the money, these banks want the Georgian government to underwrite their loans so that if the Anaklia port project is unsuccessful, the Georgia state budget should repay them. The banks want insurance for their risks in case of insufficient cargo for the port, which has unrealistically high forecasts, and delays in the construction of connecting railways and roads.¹⁴ Later it turned out that the Georgian government will begin procedures to cancel the investment agreement signed with the Anaklia Development Consortium on 3 October 2016 to build the Anaklia Deep Sea Port. Thus, Tbilisi is starting a search for a new partner to build the Anaklia Deep Sea Port. The advantages of the Anaklia port is that it will allow for the shortest route between Europe and Asia within the BRI, it will reach the capacity of handling 100 million tons of cargo annually, and it will also be equipped to accept the world's largest container ships.

Alongside these developments, Tbilisi is trying to raise the importance of the Poti port. The importance of Poti is that the city has the largest seaport in Georgia, motorways and railroad links to other countries and an industrial park that is a free trade zone with the EU, Turkey, Iceland, Norway and Lichtenstein. On 16 January 2017, the Georgian government sold 75% of its Poti Free Industrial Zone shares to the investor company CEFC China Energy Company Limited.¹⁵ According to the contract, the investor is to develop the territory intensively, and the Chinese company has invested less than US\$150 million over three years. In 2015 the Chinese side tested the effectiveness of communications between the Xinjiang province and the port of Poti through Kazakhstan and Azerbaijan. Railway cargo loaded into

¹⁴ Analysis, "Anaklia new port: China probably wants it, Russia hates it, U.S. navy might use it, Georgia would benefit from it enormously," PortSEurope, 21 April 2019, <https://www.portseurope.com/anaklia-new-port-china-probably-wants-it-russia-hates-it-u-s-navy-might-use-it-georgia-would-benefit-from-it-enormously/>.

¹⁵ "Chinese corporation to purchase 75% of Poti Free Industrial Zone shares," Agenda.ge, 16 January 2017, <https://agenda.ge/en/news/2017/91>.

China on 29 January arrived in Georgia on 6 February. And a large construction project was launched in Poti FIZ in early 2019.

Furthermore, a new marine terminal being built will admit vessels with 50 to 60 tons of freight-carrying capacity. At the initial stage, the OPIC Company (U.S.A.) plans to invest US\$50 million into this project. The intended length of the quayside is 650 meters (710 yards), and the harbor bottom will be deepened to 12-15 meters (13-16 yards) to admit large-capacity vessels. The overall cost of the project is US\$150 million. When the construction is completed, 250 new jobs will be created in the docks and 800 more in the supporting industries. The port's location is strategically important as it is one of the safest ways to transport Asian goods to European markets. At any rate, the last word belongs to China. Beijing will have to decide whether or not to invest in these ports because the risk of corruption is high and the infrastructure needs huge investments. Besides the ports, China is investing in Georgia's gas-to-electricity plant (US\$160 million) and the Mindeli coal mine in Tkibuli. In addition, the Chinese companies are investing in the country's longest tunnel, which is expected to be part of China's Eurasian rail network.

The second good option and other safe way of reaching Europe will be through connecting the Persian Gulf to the Black Sea by crossing the territory of Armenia, which is the continuation of Tehran's North-South corridor. The eastern part of the corridor will connect Iran with Turkmenistan and other Central Asian countries. With the help of this corridor, the Chinese investors can use Armenia as a gateway to the market of the Eurasian Economic Union, of which Armenia is a member state and which contains 170 million Russian, Kazakh, Belarusian, Kyrgyz and Armenian consumers. To get to this point, it will be beneficial for both countries to agree on constructing an industrial park in Armenia. Another important point about this corridor is that it allows for bypassing the route through Azerbaijan and Turkey, with whom Armenia has closed borders.

Moreover, the corridor will link the country to the European markets. One segment of the North-South corridor linking the Persian Gulf to the Black Sea is the Southern Armenian Railway project. In 2012 the Armenian government signed a concession agreement with the UAE-based Rasias FZE

Company to construct the Southern Armenian Railway. The Southern Armenia Railway is anticipated to be a 316 km long electrified single-track railway, which will connect Gavar, near Lake Sevan, to the southern border of Armenia by Meghri. It will be integrated with the existing central railway system of the Republic of Armenia, operated by South Caucasus Railway CJSC and the operating railway system of Iran. In addition, the Southern Armenia High-Speed Road, to be constructed in Armenia's southern province of Syunik, is anticipated to be a 110 km expressway connecting the town of Sisian to the southern border of Armenia by Meghri.¹⁶

These two projects will be a part of the International North-South Transport Corridor, which will play a pivotal role in improving regional connectivity and driving economic growth along the corridor. The corridor will make it possible to shorten transportation routes between the Black Sea and Persian Gulf ports. These projects will help to foster regional trade and strengthen the Armenian economy. The concession terms stipulate specific periods for completing feasibility studies, engineering designs, project financing and construction, followed by a 30-year operating period, renewable by Rasia for an additional 20 years. To become the lead member of the development consortium, Rasia has successfully negotiated and recently signed framework and commercial agreements with China Communications Construction Company Ltd., one of the world's leading companies in railway, high-speed road, tunnel, bridge and port construction. Feasibility study works commenced on 31 December 2012, and the Chinese Ministry of Commerce has announced that the Southern Armenian Railway could serve as a key commodities transit corridor, carrying oil from Iran to Europe via Armenia and Georgia by crossing the Black Sea.

The other reasonable project could be the Meghri-Yerevan-Bavra highway, another part of the North-South Corridor linking the southern border of Armenia with its northern point. The Armenian government financed the project through loans from the Asian Development Bank

¹⁶ "A Dubai-based Investment company, Rasia, awarded \$3 billion railway and high-speed road projects in Armenia," Cision PR Newswire, 24 January 2017, <https://www.prnewswire.com/news-releases/dubai-based-investment-company-rasia-awarded-3-billion-railway-and-high-speed-road-projects-in-armenia-188188411.html>.

(ADB) and the European Investment Bank. Chinese engineers are involved in constructing the Yerevan-Gyumri highway (SinoHydro, a Chinese state-owned consortium firm, took responsibility for constructing the road.) and the road is almost done. As a result of this road’s construction, the North-South route and connection between Armenia and Iran will be time-efficient. It will take less time than ever before to ship from any port in China to Europe via the Iranian port of Bandar Abbas. Moreover, the road from Iran to Georgia via Armenia will now be easier and cheaper to use because Tbilisi and Yerevan have completed the Integrated Border Management Program across the Bagratashen-Sadakhlo Border Crossing Point. In 2013 the EU Eastern Partnership Program and the United Nations Development Program (UNDP) launched a project on joint Armenian-Georgian border management, assisting both governments in reducing barriers to trade, transit and the movement of people, preventing smuggling and trafficking and increasing the professionalism of border and customs personnel and cooperation between Armenian and Georgian border agencies for border management.

The Belt and Road Initiative will give the regional countries expanded trade relations and ease their dependence on the Russian Federation. China will also increase investments in infrastructure. But we can still see some challenges here. Yerevan and Tbilisi need to be sure they will gain something from this initiative and not just serve as transit countries. As we have seen above, China provides military aid to Turkmenistan to safeguard the pipeline route in Central Asia. This kind of diplomatic game could be workable for the South Caucasus, where Armenia can take the lead to be the guarantor of the BRI’s South Caucasian route’s security. In this way, Armenia will also gain a lot. Yerevan can modernize and strengthen its army if it expands its military cooperation with Beijing.

The other way to reach the European market is the Baku-Tbilisi-Kars (BTK) railway, which, combined with the Yavuz Sultan Selim Bridge, is a door to connect Asia with Europe. It was in 2007 in Marabda (a city in the south of Georgia) when the presidents of Georgia, Turkey and Azerbaijan presented a new transportation project. In other words, this railroad came to replace the Kars-Gyumri-Tbilisi railroad, which had not been operational

since 1993, when Turkey, because of the Nagorno-Karabakh war between Armenia and Turkic-speaking Azerbaijan, closed the border with Armenia in support of the Azeris in the war. On 20 October 2017, in Baku, the new railroad was inaugurated by Georgia, Kazakhstan, Uzbekistan, Turkey and Azerbaijan. The first test run was carried out in 2015 from Lianyungang (northern China) via Kazakhstan and the Caspian Sea to Azerbaijan, Georgia and Turkey. The international investors engaged in constructing the route were the World Bank, the Asian Development Bank and the European Bank of Reconstruction and Development. At first, the foreign investors proposed Armenia be engaged in the initiative, but Armenia was later left out of the project because of the ongoing Nagorno-Karabakh conflict. The capacity of the BTK to carry passengers and cargo is expected to increase threefold in two decades. Turkey undertook various projects, including the Eurasian Tunnel, the third Bosphorus bridge (the above-mentioned Yavuz Sultan Selim Bridge) and Istanbul Airport.

The Middle East has become interesting to Beijing because of the growing market for Chinese commodity exports and infrastructure investment opportunities it represents as well as its susceptibility for regional instability. Considering that millions of Muslims live in the western part of China and some of them have connections with jihadist groups, China sees a threat to its sovereignty. However, Beijing still considers the Middle East as the bridge between Asia and Europe within the framework of the BRI. The latest developments show that the withdrawing of the United States from the Middle East is giving Saudi Arabia, Israel and other Middle Eastern countries space to build their relations with the People's Republic of China. Turkey is a newcomer to the Belt and Road Initiative compared to the other Middle Eastern countries. Within the framework of the initiative, Turkey's claims rest on implementing the Trans-Caspian East-West-Middle Corridor, also known as the Middle Corridor. It is projected that the corridor will start from China and pass through either Kazakhstan or Kyrgyzstan followed by Uzbekistan and Turkmenistan. Later, it will cross the Caspian Sea to Azerbaijan and reach Turkey via Georgia. Considering that the corridor will mainly focus on roads and railways, the main goals of the corridor will correspond with the China-Central Asia-West Asia Corridor. But as we can

see in the Turkish initiative, Iran is excluded. Excluding Iran will lower the risks of implementing the corridor, considering the U.S. sanctions on Iran, and Turkey is not keen to see a powerful and growing Iran. Its main goal is to use the BRI function effectively as a trade and infrastructural investment hub between China and Europe. The corridor is also an excellent opportunity for Ankara to develop its eastern side and bring Chinese investments to Turkey although Ankara will continue to diversify its energy suppliers.

Overall, implementing this initiative and its connection with the BRI requires all involved countries to have and cooperate for a solid institutional base. Today China's significant investments are directed toward mining and energy projects while, for entering the Turkish market, Beijing is taking into account the development of Kumport. This port is Turkey's third-largest container terminal. Situated on the European side of Istanbul, the port is a gateway to the Black Sea region and Europe. China's main concern regarding Turkey's involvement in the initiative is the country's economic situation and security. The main points of concern with the potential to limit Chinese investments in Turkey could be the attempted coup d'état in 2015, conflicts in the southeastern periphery, the weakening of the Turkish currency and Ankara's support to the separatist Uyghurs. This last issue is increasing tensions between China and Turkey.

For its part, Turkey is worried about China's growing good relations with the Republic of Cyprus, notably in the energy sphere. Despite all these tensions, however, Turkey still recognizes that China is a good source of money and investments. Thus, one of the significant steps taken by the Turkish side was to recognize the East Turkistan Islamic Movement (ETIM, a Muslim separatist group in Xinjiang) as a terrorist organization. Despite these obstacles, China invests in Turkish energy, logistics and infrastructure because the most realistic way to reach Europe is through Turkish territory. Ankara is well aware of this and uses it to its own advantage by working to attract Chinese FDI into its tenuous economy. As regards the ports which will help China reach the European market, these are considered to be Mersin, Candarli and Filyos. Still, China needs to make considerable investments here since the Piraeus port in Greece is already under construction. The Piraeus port will be a gateway for Chinese goods to

Europe. It is the most cost-efficient port through which China could access the European market and narrow the distance between China and Europe. On 11 February 2019, the Piraeus Port Authority and the North Adriatic Sea Port Authority signed a Memorandum of Understanding between Piraeus and the Ports of Venice and Chioggia to strengthen cargo flows.¹⁷ And China has invested in constructing a high-speed railroad from this port to Western Europe through Belgrade and Budapest. This railroad will be a time-efficient route for transporting goods from the Suez Canal to Western Europe.

Meanwhile, Ankara is demanding more Chinese investments in Turkey's transportation, energy and mining sectors. Without offering profitable tenders to Beijing, Turkey's willingness to connect its Middle Corridor project with the BRI is not unanimously acceptable to Beijing. The main challenge for China is Turkey's membership in NATO and Ankara's willingness to be integrated with the EU. China's experiences with the Sinop nuclear power plant tender in 2013 and the air defense system in 2015 also give Beijing new cause for doubt about involving Turkey in its new projects.

The last stop for the 21st Century Maritime Silk Road Initiative (MSRI), a new trade link between China and the Afro-Eurasian space, is the Mediterranean Sea. Considering the importance of the Mediterranean, China is building and modernizing its most important ports, such as those in Israel, Turkey, Egypt, Algeria and Greece. The trade route from Mediterranean ports to the European market depends profoundly on the security and political stability of the Middle East and Africa. Today, China is "the world's factory", and the starting point of international shipping routes is transporting most of its goods by ship. Along these lines, Chinese ports are considered to be some of the busiest ports globally, and Beijing is deeply engaged in the construction and reconstruction of ports around the world. With the help of the China Ocean Shipping Company (COSCO), China invests considerable amounts in maritime projects in the Mediterranean Sea. Such projects are being implemented in the Port of Tangiers in Morocco; the Port

¹⁷ "Signing of a Memorandum of understanding between Piraeus and the ports of Venice and Chioggia to strengthen the cargo flows," Piraeus, 11 February 2019, <http://www.olp.gr/en/press-releases/item/4290-signing-of-a-memorandum-of-understanding-between-piraeus-and-the-ports-of-venice-and-chioggia-to-strengthen-the-cargo-flows>.

of Cherchell in Algeria; Port Said, Alexandria and the Suez Corridor project in Egypt; the Port of Piraeus in Greece and the ports of Ashdod and Haifa (China has the right to manage the Port of Ashdod for forty-nine years.) in Israel. The economies of these Mediterranean countries are weak or slowing down. Therefore, Beijing has chosen a soft power approach focusing mainly on increasing economic and commercial ties under the Belt and Road Initiative framework.

So, why have ports traditionally been the key to Europe? The ports on the Adriatic were once the most important ones for the development of European commerce. But today, the fast-developing ports are in the south of the Mediterranean, and they serve as essential linkages between the Middle East, Africa and Europe. This creates a situation where Italy and Greece are the ones needing investments. China is dealing with the Mediterranean countries individually, and the best example is Italy. Dozens of reasons why China chooses Italy for its investments is covered in the relevant literature. Perhaps the main reason which emerges is because of Italy's superior maritime technology, which fits in with China's five-year plans to modernize its military arsenal. In this regard, exchange and cooperation between Tsinghua University and the Italian universities has risen significantly. Italy ranks third as a recipient of Chinese direct investment after the United Kingdom and Germany. Italy hopes these investments will create new opportunities to reinvigorate its economy. In this way, Beijing is eager to access Italy's port infrastructure and has an interest in Italian assets. The Italian economy has completely changed because of the COVID-19 pandemic and stock prices have plummeted. There is a risk that the Italian companies will pass into foreign hands on this mirror. As Valbona Zeneli and Michele Capriati mention in their article in *Diplomat*, during the previous Eurozone crisis, Chinese investment, mainly through acquisitions of Italian companies, rose from 100 million euros in 2010 to 7.6 billion euros in 2015.¹⁸ They predict the same could happen during this crisis.

¹⁸ Valbona Zeneli and Michele Capriati, "As Italy reels, Chinese companies might sense an opportunity to buy up more Italian brands on the cheap," *The Diplomat*, 18 April 2020, <https://thediplomat.com/2020/04/is-italys-economic-crisis-an-opportunity-for-china/>.

The Vado Gateway is Italy's most crucial development in port infrastructure and is the result of a 450-million-euro investment. With a share of 50.1%, APM Terminals has invested 180 million euros in the project (43 million provided by project financing). The Chinese COSCO Shipping Ports has a 40% share, and Qingdao Port International has a 9.9% share.¹⁹ The Italian ports can accommodate Ultra-Large Container Ships of up to 19,000 TEU capacities without any physical restrictions. The COSC and Huawei Marine Networks installed the "Hannibal" cable linking Tunisia to Italy in 2009. The project was implemented and moving forward. The company then installed another cable connecting Libya to Greece in 2010. These actions caused those European Union countries fearing the P.R.C. would use these submarine cables to gather intelligence to voice their concerns. Their worries intensified after Sri Lanka formally handed over its southern port of Hambantota to China on a 99-year lease, which helps China monitor all traffic through the port of Hambantota. The Chinese investment policies in the European Union, mainly those connected with the BRI, are criticized by the European Union countries, which claim that China is financing unnecessary and unsustainable projects, making European countries dependent on China's geopolitical interests. They insist on the fact that all European countries should obtain authorization from the European Union. As different research has underscored, Pakistan, Laos, Mongolia, Montenegro, Tajikistan, Djibouti and Kyrgyzstan are the losers of such policies. In research circles, China's form of diplomacy is referred to as "debt-diplomacy". Considering all these developments, we could conclude that the relations between China and the European Union are worsening. The conflict peaked when the two sides exchanged mutual sanctions and the European Commission decided to freeze implementation of the Comprehensive Agreement on Investments (CAI). After this, France and Germany announced their plans to play a more significant role in the South China Sea disputes.

¹⁹ Cristina Gazzia, "Opening of Vado Gateway set to transform logistics in northern Italy," APM Terminals, Lifting Global Trade, 12 December 2019, <https://www.apmterminals.com/en/news/news-releases/2019/191212-vado-gateway-opening-set-to-transform-logistics-in-northern-italy>.

All these misunderstandings between the two giants started in the early 2000s when the EU recognized China as a fast-growing power and began to call for more equal rights in terms and investments. For its part, Beijing has been building its relations with the EU in the context of U.S.-China and U.S.-EU. relations by trying not to push the EU toward the United States. The problem is that Beijing creates its European policy through the prism of U.S.-China relations when they should treat the EU as a serious actor and a player that can significantly influence China’s fundamental interests. (The United States and EU see China’s rise differently.) As a result, we can see a contradiction; on the one hand, the EU wants to do business with China to help its post-pandemic and post-Trump era economy return to normal, but, on the other hand, there are concerns about human rights issues. Beijing’s relations with some member states are excellent (taking into account China’s support during the Eurozone crises), and these are eager to receive Chinese investments. However, we should not forget that these countries are also strategically connected with the EU, and there is the issue of a single market. After all, we have a situation where the EU countries have different interests and policies. The Eastern European countries such as Greece, Romania and Bulgaria are more open to accepting Chinese investments than Germany or Belgium, which are exporting goods to China. These factors make finding a standard and uninterrupted line for EU-China relations difficult.

During the Trump administration, Washington’s policy towards China was black and white—you are either with us or against us. Moreover, Washington made moves to reduce its economic reliance on Beijing. Although the U.S. elections have changed a lot in the United States’ China policies, starting with the president’s rhetoric and Washington’s renewed willingness to take strategic dilemmas into consideration. But the United States’ naval presence in the Mediterranean, NATO’s enlargement, Turkey’s activation, the Syrian conflict and Russian naval facilities in Tartus are making the situation more tense and less trustworthy for cooperation. Moreover, these issues could endanger the security of Chinese investments. So, these are all issues of immense importance for Beijing in light of its concern for the future of its port projects. But, for now, China will remain

neutral in the region's politics. However, it must be kept in mind that if China fails to strengthen its relations with Turkey, Israel and Egypt to help decrease regional tensions, then the Belt and Road Initiative could come under threat.

The northern and southern parts of the Mediterranean are very different from each other in terms of economic development, the level of democracy and in governance. The countries in the northern part of the Mediterranean have refugee crises and frequent government changes, which could be an immediate threat to the Belt and Road Initiative. In the case of the Middle East and North Africa, major geopolitical issues are turning the region into a melting pot. China is paying more attention here now because this unstable environment could produce a danger to Chinese investments and economic interests. China needs to secure its energy sources here as they provide for 60% of its oil consumption. Egypt, Tunisia, and Libya are vivid examples of corrupted countries. Corruption presents a significant obstacle to doing business. Considering its terrible experience in Libya, China now works more carefully in the region. The first time China incorporated its relations with the Middle East into its White Paper was in 2016. The paper talked about the 1 + 2 + 3 format (energy, trade and renewable energy). Development of this cooperation leads to an "industrial park-port interconnection, two-wheel and two-wing approach" cooperation format.²⁰ These projects will allow Chinese industrial parks (free trade zone [FTZ]) to create business clusters and increase trade flows. It is planned to combine the construction and operation of China's stable developing four large industrial parks in Egypt, the UAE, Saudi Arabia and Oman with neighboring ports, including Khalifa Port in Abu Dhabi, the Port of Djibouti, Port Said in Egypt and others, to create an "industrial park-port interconnection". The parties also agreed to combine long-term plans, including the railway networks of the Arabian Peninsula and North Africa, to constantly improve the Middle East region's capabilities to facilitate trade, develop industrial agglomeration and accelerate regional development. "Two wheels" refers to cooperation in oil and gas and low-carbon energy

²⁰ Jonathan Fulton, "For China, the Belt and Road run through the Middle East, South China morning post," 14 July 2018, <https://www.scmp.com/news/china/diplomacy-defence/article/2155258/china-belt-and-road-run-through-middle-east>.

while “two wings” calls for enhanced cooperation in science, technology and finance. Taken together, this layout offers a blueprint for facilities connectivity, financial integration and denser trade relations—all BRI cooperation priorities. In this regard, China has discussed harmonizing the BRI with Saudi Arabia’s Vision 2030, Jordan’s Vision 2025, Abu Dhabi’s (UAE) Economic Vision 2030 and Kuwait’s “Kuwait 2035”.²¹

Israel is one of the countries included in the Belt and Road Initiative not only due to investments in ports but also thanks to cooperation agreements in the renewable energy sector, agricultural sphere, chemicals market, etc. Within the framework of the initiative, the Gulf of Aqaba will be connected with the Mediterranean. Therefore, Israel is a reliable partner for China in the Middle East and Eastern Mediterranean. For Israel, the benefits of the 21st century Maritime Silk Road could include developing the South Negev, a large desert region in the southern part of Israel. This development project is expected to be realized with the help of the Red-Med Railway. Implementing this project will allow Israel to expand the capacity of its ports, especially Haifa and Ashdod. However, there is a concern in Tel Aviv’s scientific circles about China’s increasing presence in the infrastructural sector of the region (above all in the ports of Ashdod and Haifa).

The 21st Century Silk Road will also be a good chance for Israel to reduce its trade dependence on the Suez Canal. Israel is ranked as the second-lowest investment risk on the Economist Intelligence Unit BRI risk index, making investment in this market highly attractive for China, which is currently looking for a more strategic regional footprint.²² Moreover, Israel’s warm relations with Cyprus and Greece make Israel’s participation in the BRI more likely, which will be a new, attractive door to the European market. In this regard, Israel will have an opportunity to become a net

²¹ The United Arab Emirates is also keen to be involved in the Belt and Road Initiative and is very much interested in green energy projects. The UAE has its own “Clean Energy Strategy 2050,” which links the country with the BRI. The UAE is also a founding member of the AIIB.

²² Mercy Kuo, “China and Israel in the Belt and Road Initiative,” *The Diplomat*, 19 September 2018, <https://thediplomat.com/2018/09/china-and-israel-in-the-belt-and-road-initiative/>.

electricity exporter to the vast European market. In 1999, Washington forced Israel to cancel the sale of an intelligence aircraft to China and demanded the resignation of Israel's then Director-General of the Ministry of Defense, General (Ret.) Amos Yaron. Since then, Israel has banned any export of defense or dual-use technologies to China.²³ We can draw from this the conclusion that there is a possibility the United States will put more pressure on Israel to limit its investment policies with China. The initiative also could be a new obstacle in the relations between Egypt and Israel.

The Arab Republic of Egypt is critical for linking the Middle East with Africa. Considering the upcoming benefits from this, the People's Republic of China has invested over US\$20 million into the Egyptian economy through loans, investments and development projects. Chinese investments in Egypt contribute to Beijing's growing role in the Mediterranean region. In this way, one of China's most extensive investment packages is directed at reconstructing ports such as Ismailia and Port Said in the Suez Canal. These investments make Egypt a strategic partner country for the Belt and Road Initiative proposed by the Chinese. In this regard, the first step was in 2014, when Egyptian President Abdel Fattah al-Sisi launched the Suez Canal Corridor Area Project. The aim of the megaproject was and continues to be increasing the role of the Suez Canal region in international trading. After the official announcement of the Belt and Road Initiative, President Sisi emphasized that the Suez Canal Corridor is suitable for Sino-Egyptian cooperation within the Belt and Road Initiative framework.

The Chinese government soon included Egypt as one of the countries suitable for building Chinese overseas economic and trade cooperation zones. Later, China became the largest investor in developing Egypt's Suez Canal Corridor. The Chinese side insists that the project is definitive evidence of win-win cooperation. We can explain the win-win cooperation because Egypt has free trade agreements with forty-three African countries. These agreements could help China easily access the African market without trade barriers.

²³ Ibid.

Moreover, Egypt’s increasing Chinese economic presence will reshape the balance of power in Africa and the Middle East. For Egypt, the Chinese investments will help develop the poorest regions and create new workplaces. The outcome of this announcement was a five-year outline document according to which the two sides agreed to develop the China-Egypt Suez Economic and Trade Cooperation Zone. This project is one of the best examples of cooperation between China and Egypt. Moreover, this is a milestone for implementing both countries’ “going global” plans. The development of the Suez Canal is Egypt’s version of the Belt and Road Initiative. The fruits of this type of cooperation became evident in April 2019, when a memorandum of understanding between the Government of Tianjin and the Suez Canal Economic Zone was signed on developing the second stage of TEDA, with development projects totaling US\$5 billion.²⁴ Although the relations between China and Egypt are close, there are some points of contention. The main one is Ethiopia. Beijing’s financial and technological support to Addis Ababa is enormous, especially in the field of hydropower. All this assistance is directed toward the construction of the nGilgel Gibe III Dam on the Omo River and the Tekeze Dam on the Tekeze River. Cairo is against the construction of these dams, insisting they are a threat to its national security. The next aim of the Ethiopian government is to build the Hidase hydroelectric power plant, which will be the largest hydroelectric power station on the African continent, but it has the potential to damage Egypt’s irrigation system.

Chinese companies are not operating very smoothly in the North African countries because these countries have a long history of cooperation with Europe, and Algerian companies, in particular, prefer working with European companies because they are used to cooperating with their standards. This environment creates difficulties and high risks for Chinese companies to invest in. The Algerian port of Cherchell is a critical economic hub for China in the Mediterranean Sea. It was in 2016 when China and Algeria signed a deal worth US\$3 billion to build and exploit a new center

²⁴ Al-Masry Al Youm, “Head of Suez canal economic zone, Chinese officials discuss TEDA projects,” 9 December 2019, <https://egyptindependent.com/head-of-suez-canal-economic-zone-chinese-official-discuss-teda-projects/>

trans-shipment port of Cherchell. Algeria is interesting to Beijing because of its vast oil and gas reserves. Thus, the Chinese have made a grand investment in Algeria to construct the East-West Highway. In the case of Morocco, the relations between Rabat and Beijing have become warmer since 2016. China sees Morocco as the most politically stable country in the region. As mentioned above, Chinese investment became noticeable in the country since the Tangiers Med port complex became the largest port in Africa thanks to them. This type of cooperation with African countries is a vivid example of win-win cooperation (trade and port construction); China needs oil and gas, and the African countries need more investments to improve their economies.

The success of the Chinese investment policy lies in the fact that Beijing is following a policy of non-interference in the internal affairs of the countries they are investing in. China has more privileges than the EU and the United States., cheap labor and a quick hierarchical investment system.

In summary, many countries are currently competing with each other to attract the largest share of Chinese investments. In Central Asia, Kazakhstan and Turkmenistan are essential for securing Chinese investments and the BRI's Central Asian route. In the South Caucasus, the overall and final defined route remains unclear. However, Armenia should try to do everything to promote its involvement in the BRI via the North-South Corridor and its being the apologist of security guarantor of the BRI's South Caucasian route. On the other hand, the military presence of the United States and NATO in the Mediterranean Sea is challenging Chinese investments in the region. At any rate, the Turkish ports' connections with Egypt are vital for Beijing due to the seriousness of the Suez Canal. Indeed, talking about political stability and the security of the BRI in the region, first and foremost, we have to take into account Turkey. Ankara's relations with Greece are politically unstable because of Cyprus. Besides, Turkey's relations with Israel are also fragile, though in the case of Israel and Egypt, there is a slight rapprochement. The discoveries of natural gas and the political war for gas between the countries mentioned above force China to informally be involved in the conflict resolution process. This means China has chosen a difficult time to start action in the Mediterranean region.

However, the Chinese are keen to construct their relations with the regional countries in trade rather than politics. Thus, we can insist here that China does not have a united regional strategy.

Nevertheless, Beijing has fewer challenges to investment in the countries of the Caspian, Black and Mediterranean Sea regions. The main obstacles are poor economies and limited port capacities, increasing the investment risk. Moreover, the risk of political changes is higher in these regions than anywhere else. As the famous Chinese scholar Jia Dashan insisted, the rise of anti-globalization and protectionist tendencies could negatively affect China’s economy. He notes that all of these factors have resulted in a slower growth rate for sea shipping and brought a stark challenge to the global shipping industry, including China’s own, as well as to China’s economy at large.