

Opinion Corner^{*}: How to revive the Belt and Road Initiative in times of geopolitical turbulence

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We hear increasingly that globalisation is over, especially as we know it. China, however, views matter differently, demonstrating unwavering energy in harnessing globalisation for its own development, while also intentionally striving to give it a more inclusive face. From this perspective, it is worth examining how the Belt and Road Initiative is used for these purposes, and why, in relation to Central and Eastern Europe, it has developed only on a modest scale so far.

‘17+1’ FORMAT REDUCED TO ‘14+1’

After an initial drive to launch numerous investment projects in Central and Eastern European countries, the Belt and Road Initiative (BRI) clearly lost momentum. Over the past few years there has been little progress in this respect. Worse still, the scope of the Central European countries covered by this valuable Chinese initiative has been limited. Initially, in 2013, it was a group known as 16+1, which, in addition to China, included Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Czechia, Estonia, Hungary, Latvia, Lithuania, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia. Later, in 2019, Greece joined the BRI, making it 17+1. Unfortunately, in subsequent years, Lithuania (in 2021) and Estonia and Latvia (in 2022) withdrew from this formula – undoubtedly under US pressure. Thus, it currently encompasses fourteen countries – from Poland in the north to Greece in the south of the continent – and is known as the 14+1 format.

It is noteworthy that, aside from the three small Baltic states that were already members of the European Union, China has not invited any post-Soviet European republic to participate in the BRI programme. The omission of Ukraine, Belarus, Georgia and Armenia was likely due to a recognition on the part of the Beijing authorities that these were Russian spheres of influence. The current situation is even more complicated than when the BRI launched in 2012, due to weaker Russian influence in Armenia and Moldova, and conversely to its strengthening in Georgia and – even more so – in Belarus.

THE ROLE OF UKRAINE

The situation regarding Ukraine is most complicated owing to the consequences of Russia’s reprehensible invasion of that country three and a half years ago. I believe, as soon as a ceasefire is reached and/or peace negotiations between Kyiv and Moscow begin, Chinese President Xi Jinping

^{*} Disclaimer: The views expressed in the Opinion Corner section of the Monthly Report are exclusively those of the authors and do not necessarily represent the official view of wiiw.

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should invite Ukraine to join the BRI programme as well. China has a particularly strong offer in infrastructure investment – roads and railways, harbours and airports, energy grids and internet networks – and after the devastating war, Ukraine's needs in this area will be enormous.

There is no doubt that China's declaration of its intention to participate in Ukraine's post-war reconstruction will be met with resistance from third parties, particularly the United States and some European Union politicians. The US is not interested in financing the reconstruction of the Ukrainian economy, believing that to be a European matter. However, it will continue to arm Ukraine, albeit increasingly at the expense of European countries – especially the European Union, but also the UK, Norway and Switzerland. This is even more reason for China to announce its willingness to participate in Ukraine's post-war reconstruction, to fill the gap.

PRO-US ORIENTATION OF THE REGION ARGUABLY AN OBSTACLE TO BRI

Expectations regarding the scope of Chinese direct investment in CEE have proved significantly greater than its actual scope, for many reasons. One of these has been the reluctance on the part of the leadership of the EU (to which all the countries in the BRI region belong, except for Albania and the post-Yugoslav Balkan republics of Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia) to allow Chinese capital, treated as competitive rather than compatible, into a region dominated by foreign capital from the West, to get involved. An additional factor contributing to the low level of infrastructure investment is the lack of adequate coordination of interstate strategic planning in this area. Geopolitics also has an adverse impact: all the countries of the region have adopted a pro-Western slant. In particular, a pro-American orientation is clearly present everywhere, often accompanied by an atmosphere and policy of, if not outright Sinophobia, then at least Sino-scepticism.

Against this backdrop, for example, it is unlikely that any of the EU-CEE countries would choose a Chinese partner to build a nuclear power plant. First Poland and most recently Slovakia have decided to cooperate with US companies. It is a similar story with the construction of the Central Communication Port (CPK) in Poland – a comprehensive investment project, worth tens of billions of dollars, which encompasses a major new airport and a network of connecting roads and railways. Although Chinese companies have a significant competitive advantage in this area, none of them will be involved in this massive infrastructure venture. Even if there are obvious potential economic benefits, non-economic political factors are decisive: in this case, as on other occasions, the spurious argument about the security threat that China's participation in the project would pose has been overexploited.

NEED FOR CHINESE FDI TO MAKE UP FOR THE SCARCITY OF OWN RESOURCES

Paradoxically, the greater the investment needs of European countries participating in the BRI in terms of research and development (R&D) (which in the long term is crucial for the competitiveness of their economies), the less they allocate for this purpose, as a share of national income. This is because, in the face of the widespread narrative in politics and the media about the Russian threat, military spending is increasingly absorbing resources. In the extreme case of Poland, national defence already consumes over 5% of GDP, while only 1.5% is allocated to R&D. As a result, the European countries are grappling with growing budget deficits (in Poland, it is approaching 7% of GDP this year) and rising public debt.

Therefore, they should increasingly strive for increased foreign investment, which could also be supported by an influx of Chinese capital. Despite economic arguments supporting this course of action, geopolitics is getting in the way.

It is my belief that this could have specific implications for the intensification of the BRI programme. In this geopolitical and economic context, China could expand its offer of cooperation with EU-CEE economies to include research activities, especially those focused on pro-development practical applications. It is worth intensifying efforts in this field to achieve mutual benefits. This will in no way threaten the position of Western European high-tech companies, but it may motivate them to intensify their R&D efforts, in order to compete with US and Chinese companies in fields where they lag behind.

Furthermore, the number of Chinese students in the BRI countries should be increased markedly, especially in Poland, which has significant, high-class potential in this regard. This is particularly true of polytechnics and universities, medical and agricultural academies, as well as art colleges and business schools. Increased attention should be paid to the growing importance of these 'soft' aspects of the Belt and Road Initiative, related to science and culture. This is even more important given the openly hostile policies of the US administration under President Donald Trump, which are not only anti-Chinese, but are also quite often directed against the European Union. Chinese students, whom President Trump does not wish to see in the US, can be equally well educated in Europe, which would further result in mutual benefits and the development of cooperation in the future.

Without exaggerating the importance of the 14+1 regional cooperation programme implemented as part of the Belt and Road Initiative, its reinvigoration could make a valuable contribution to the complex struggle for inclusive globalisation, which has been in serious doubt over the past few years.