

"16+1": PROMISES AND PITFALLS FOR EU-CHINA TRADE NEGOTIATIONS IN THE CONTEXT OF ONE BELT ONE ROAD COOPERATION

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Abstract

This brief presentation aims to increase the understanding of international trade negotiations between China – Central and Eastern Europe region as well as Europe through the framework of One Belt One Road (OBOR) cooperation, with a focus on the legal perspective regarding the rule of law conditionalities, EU external trade relationship on the basis of respect for rule of law and the restoration of trust toward the creation of new rules.

Keywords: *China – CEE cooperation, Europe, OBOR, international negotiations, rule of law, integration, diplomacy, bilateral relations, trade and investment.*

1. International Trade Negotiations between EU and China

The current growing global tensions, increasing protectionism and geopolitical unpredictability offers a prospect for the EU and China to demonstrate their shared commitment to conquering protectionism and safeguarding rule - based multilateral trading system for sustainable economic growth and prosperity¹.

The EU and China have much in common as they are the most externally

integrated economies with their GDP's ranking number 2 and 3 in the world, as well as being each other's largest source of imports and second largest exports destination². Therefore, both powers should consider whether deepening their economic relationship could bring mutual benefits in terms of driving economic growth, creating jobs and improving levels of social fare³.

The EU is committed to develop trading relationships with China that are governed by fair trade, respect of intellectual property rights and in accordance with WTO regulations. When China joined the WTO in

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¹ Anna Saarela, *A new era in EU – China relations: more wide-ranging strategic cooperation?* , Policy Department for External Relations, European Union, 2018, p. 4.

² Alicia G. Herrero et. all, *Introduction to EU – China economic relations to 2025. Building a common future.* Chatam House, London, 2017, p. 2.

³ Alicia G. Herrero, *op.cit.*, p. 2.

2001 it agreed to reform and liberalise important parts of its economy. Even so, there are still problems on the lack of transparency, industrial policies and non-tariff measures that discriminate against foreign companies, strong government intervention in the economy having as a result the dominant position of state-owned enterprises, unequal access to subsidies, poor protection and enforcement of intellectual property rights⁴.

In 2013, both parties started the negotiations for an Investment Agreement as a common bond for their long-term bilateral relations, finalized with the EU-China 2020 Strategic Agenda for Cooperation. The agreement aims to improve investment for European and Chinese investors by creating investment rights and guaranteeing non-discrimination, providing a high-level protection for investors and investments and focusing on transparency, licensing and authorisation procedures⁵.

Annually there are organized a range of dialogues to discuss policies and issues regarding trade and investment, such as the EU-China Summit, the EU-China High Level Economic and Trade Dialogue, Joint Committee on Trading, Trade and Investment Policy Dialogue, Economic and Trade Working Group.

At the moment, EU and China does not have any formal bilateral arrangements, although trade represents a key issue on their annual High Level Economic and Trade Dialogue, meeting which has been held since 2008. EU-China trade in goods and services takes place within the framework of multilaterally agreed WTO rules and commitments, but also against the background of a growing number of free

trade agreements (FTAs) being negotiated and concluded by both the EU and China, whose FTA strategies are designed to promote trade with numerous partners.⁶ The EU strategy on China focusses on promoting effective rule – based international order and multilateralism, human rights, rule of law, as well as respecting international law and universal values.

The negotiations on the EU's first bilateral Comprehensive Agreement on Investment started in 2013 representing a top priority on rebalancing and deepening the relationships with China. The purpose of this initiative is to reach the same level of openness in Chinese market that is already available in the European market. The 17 rounds of negotiations had the objective to facilitate market access by regulating the discriminatory and quantitative restrictions. The most recent meeting from 22 to 24 May 2018 included issues related to market access and protection, regulatory framework for investment including transparency, licensing and authorisation procedures, sustainable development and dispute settlement.⁷

The new shift in global value chain determined by technology developments, decreasing trade costs and business innovations, influenced the global patterns of production and implicitly the economies that are heavily involved in the 'Asia value chain', giving them competitive pressure⁸, as well as determining China to start sourcing more intermediate goods domestically. Regarding this factor, Germany, France and Italy were recently leading the calls for a more proactive EU approach towards China and to support appropriate instruments to safeguard a level

⁴ European Commission, Countries and regions - China; this document is available at <http://ec.europa.eu/trade/policy/countries-and-regions/countries/china>.

⁵ *Ibidem*.

⁶ Alicia G. Herrero, *op.cit.*, p. 12.

⁷ Anna Saarela, *op.cit.*, p. 13.

⁸ IMF Working Paper, Quantifying the Spill-overs from China Rebalancing, published on 15.11.2016.

playing field, especially to adopt a symmetric level of openness, particularly on EU policy initiatives, such as the potential EU-wide investment screening mechanism.

On 28 May 2018, the EP International Trade Committee (INTA) adopted a draft legislative resolution on the proposal of the Commission of 13 September 2017, for a Regulation establishing a framework for screening of foreign direct investments (FDI). On 13 June 2018 the EU Council's stance was agreed on the proposed regulation, hence the negotiations between the two institutions are expected to start soon.⁹

On 1 June it took place the eight EU – China High Level Strategic Dialogue that addressed a wide range of issues in preparing the 20th bilateral Summit that took place from 16 to 17 July 2018.¹⁰ The main topic on the agenda was about the on-going EU-China Comprehensive Investment Agreement negotiations, joint engagement to reform the WTO as the centre of the ruled-based multilateral trading system, and to forge synergies between the China's Belt and Road Initiative under the EU-China Connectivity Platform, and the EU Investment Plan Trans-European Networks (TEN-T)¹¹. Progress was made on the negotiations for an Agreement on the Cooperation and Protection of Geographical Indications, but contrary to past practice, no joint summit statement were issued. The divergences appeared on key issues such as China's attempt to obtain recognition by the EU on China's Market Economy Status in the WTO and the negotiation of a free trade agreement.

The 13th EU-China Business Summit from July 2018 provided for the European as well as Chinese leaders a good opportunity to exchange views with the business representatives regarding various issues, such as EU-China Bilateral Investment Agreement, connectivity, climate change and digital economy.¹²

According to the EU, the relationship between EU and China have over 70 high-level and senior-level dialogues, steering committees and working groups that are focusing on creating stronger partnerships in areas such as economics, high-tech innovation, cyber, tourism, energy and environment. Both parties have already agreed to further develop exchanges on digital connectivity and legal affairs¹³.

However, all this actions and dialogues won't determine the success of the ambitious OBOR project, as most of it depends on the opportunities for regional productivity-enhancing value chains, their mutual benefits not only for China and Europe, but also for third countries involved. To this end, the state-to-state trade project needs to be transparent, open and all-inclusive initiative, which adheres to global and multilateral market rules requirements and standards.

2. Obstacles: Rule of Law Conditionalities

The definition of rule of law

The rule of law can be defined as the political and moral maxim where law is supreme and everyone, including the Government, must comply with law. A violation of rule of law can lead to

⁹ Anna Saarela, *op.cit.*, p. 9.

¹⁰ *Ibidem*.

¹¹ *Ibidem*.

¹² *Ibidem*.

¹³ Vincent L. Morelli, The European Union and China, Conforming research service, 26.07.2018.

uncertainty as future cannot be planned and from a business perspective the investment can carry a higher risk, or a violation of rule of law can lead to frustrations as legal expectations are not fulfilled either by a lack of enforcement of law or due to retrospective law¹⁴.

The Charter of the UN also has a clear link to rule of law, stating that "is a concept at the very heart of the Organization's mission. It refers to a principle of governance in which all persons, institutions and entities, public and private, including the State itself, are accountable to laws that are publicly promulgated, equally enforced and independently adjudicated, and which are consistent with international human rights norms and standards. It requires, as well, measures to ensure adherence to the principles of supremacy of law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness and procedural and legal transparency¹⁵.

In a more simple way, the rule of law protects legal certainty and thus provides the agents on the market with expectations that their investments can be protected in accordance with law. For example, an investor cannot expect the market to act in a specific way but the investor can have legal expectations that the investment is safe through law.

In the context of OBOR project, the challenges are transnational as the rule of law can be based in both liberal and socialist systems. It is often considered to be anchored in Western liberal ideologies, but

is applied in China with a more authoritarian and collective approach. The cross-border activities between market agents and states along the OBOR can bring different conceptual and normative perceptions of rules of law across the jurisdictions and the question is whether such overlaps between different rules of law will find new ways to overcome potential conflicts and transplant into each other's respective systems.

Rule of law at international level cannot easily be understood in the context of the traditional state definitions as there are situations where power of the state is in position to decide the law on international level but have also to commit under the law. With state sovereignty as basic assumption of international law, states become both law-makers and subjects of law. There must be considered the rule of law from international organizations, as OBOR cross not only a number of state jurisdictions but it also goes across into a number of international organizations, including World Trade Organization¹⁶.

In addition, the ambitious OBOR initiative, with its expected bilateral and multilateral agreements between the participating states, will meet a more rule oriented Europe and it will face already established multilateral frameworks.

EU external trade relationship on the basis of respect for rule of law

The rule of law in Europe has been consolidated in a more complex picture where the principle must be understood separately from the Member states. The EU

¹⁴ Joseph Raz, *"The Rule of Law and its Virtue, published in The Authority of Law: Essays on Law and Morality"*, Oxford University Press, 2009, p. 12.

¹⁵ United Nations Security Council, *"The rule of law and transitional justice in conflict and post-conflict societies, Report of the Secretary-General"*, S/2004/616 dated 23.08.2004, para. 6, p. 4.

¹⁶ Henrik Andersen, *"China's 'One Belt One Road – Transnational and Multilevel Rule of Law Challenges from a European Perspective"*, International School of Law, BISU, Beijing, 2016, p. 6.

is not a state but it has sovereignty to law creation in specified areas, like the EU single market, and a court system with indirect access of EU citizens through the national courts' rights and obligations to forward questions on interpretation of EU law to the EU Court of Justice (ECJ), and direct access to challenge EU acts from the EU institutions if the individual is the addressee of the decision, like the EU Commission's decisions in competition law cases¹⁷.

The concept of rule of law in a European context can be seen in light of rights and protection of the individual against the public¹⁸, as it is provided in the art. 2 of TEU : " The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail". National and regional courts throughout Europe - like the Court of Justice of the European Union (CJEU), the European Free Trade Area (EFTA) Court, the European Court of Human Rights (ECHR), and national courts cooperating with these European courts – are all committed to 'constitutional methodologies' aimed at protecting fundamental rights of citizens and transnational rule of law based on coherent 'principles of justice' respecting the legitimacy of 'constitutional pluralism' and of legal diversity.

In the same time, the EU institutions are bound by their international treaty

obligations which will prevail over EU law, however that must be seen in relation with EU constitutional law where the obligations imposed by an international agreement cannot have the effect of prejudicing the constitutional principles of the EC Treaty¹⁹. Having said that, even though EU institutions are bound by international law, there is a question of the individual's access to apply international law before the EU courts where the approach taken by the ECJ in respect of the direct applicability of international law is mixed²⁰. For example, when it comes to applicability of WTO law, the ECJ adopts a more dualistic approach and allow only if the EU intends to implement a specific WTO obligation, because if allowed direct applicability, it "would deprive the legislative or executive organs of the Community of the scope for manoeuvre enjoyed by their counterparts in the Community's trading partners."²¹.

It should be noted that even though EU has been hailed as an effective promoter of democracy and rule of law in Central and Eastern European (CEE) countries, the optimistic claims are conflicted with the current situation where internally the rule of law has not improved significantly or has even deteriorated. The stagnating and even declining trends are reflected in the Bertelsmann rule of law index and the Freedom House judicial framework and independence indicator, both of which show no overall improvement, despite the millions of Euros spent on judicial and anti-corruption reforms²².

The impact of rule of law in CEE countries is often mixed, limited or weak

¹⁷ TFEU, Consolidated version of the Treaty on the Functioning of the European Union. Official Journal C 326, 26.10.2012 P. 0001- 0390.

¹⁸ Henrick Andersen, *op.cit.*, p. 8.

¹⁹ Kadi and Al Barakaat International Foundation v Council and Commission, ECR I-6351, 2008, para. 285.

²⁰ Henrick Andersen, *op.cit.*, p. 9.

²¹ Case C-149/96 dated 23.11.1999, judgment of the EC Court, Portugal v Council, ECR I-8395, para 46.

²² Martin Mendelski, "The EU's rule of law promotion in central and eastern Europe: where and why does it fail, and what can be done about it?", Bingham Centre for the Rule of Law, London, 2016, p. 9.

where the EU's influence seems to be differential and highly context-dependent, that it varies across countries, country clusters, and dimensions of the rule of law. EU is often able to push judicial, legal, and anti-corruption reforms but is not really effective in promoting the rule of law or only some selective aspects of it, such as judicial capacity, the establishment of formal judicial structures and formal rules. While substantive legality increased in CEE, formal legality, and in particular the stability of laws, deteriorated. The explanation for the differential impact is attributed to diverse domestic conditions including historical legacies, political stability, high institutional and administrative capacity²³.

The fragile jurisdiction and transparency of some CEE countries have been raising critics at the EU level as the Chinese investments might help to rebuild and stabilize their economies, but in the same time those countries may become reluctant to take positions that would anger Beijing. The European elites believe that apart from building a constructive economic relationship between CEE countries and China, is important to pay attention on the potential risks and require from China's activities a maximum of transparency and openness and to rigorously conform to EU law and regulation in order to avoid the creation of a wedge between the region and Brussels.

The explanation for these reactions came from the fact that the loads made by Beijing to CEE countries create potential for financial instability, specifically for the

smaller countries which might lack the institutional capacity to assess agreements. For example, the case of Bar-Boljare motorway in Montenegro, as it is being built by the China Road and Bridge Corporation with an 809 million EUR loan from Exim Bank²⁴. The IMF²⁵ claims that, without construction of the highway, Montenegro's debt would have declined to 59% of GDP, rather than rising to 78% GDP in 2019.

The motorway is one of the many examples of how OBOR projects are built by a Chinese-state owned company and how can create potential instability, by using mostly Chinese materials and workers, with a loan that the governments must pay back, but which a Chinese policy bank will earn interest on²⁶.

Others argue that the concern over the potential threat of China's influence on EU decision making and member state solidarity, driven by its economic activities, has not yet become problematic in most EU member states. Even so, because there has been some detection of Chinese influence in a few instances of some member countries, the issue needs to be watched carefully by the EU Commission and others²⁷.

Internally, this is a fragile situation because might be perceived that EU's ambitions as a unity are not credible, but the recent Opinion 2/15 of the European Court of Justice has set an example of how the Union and its future deals function. This opinion has informed about the EU's bilateral investment treaties practice with third "illiberal" countries and thus relevant to the current EU negotiation strategy and

²³ *Ibidem*.

²⁴ Thomas S. Eder, Jacop Mardell, "Belt and Road reality check: How to assess China's investment in Eastern Europe", Merics, 10.07.2018; this document is available online at <https://www.merics.org/en/blog/belt-and-road-reality-check-how-assess-chinas-investment-eastern-europe>.

²⁵ International Monetary Fund, Montenegro – 2018 article IV consultation – press release and staff report. IMF Country Report no. 18/121; this document is available online at <https://www.imf.org/~media/Files/Publications/CR/2018/cr18121.ashx>.

²⁶ Thomas Eder, Jacop Mardell, *op.cit.*

²⁷ Vincent Morelli, *op.cit.*

rule of law approach in respect of the EU-China economic relationship.

The Commission made a request for an opinion because different conclusions within the Trade Policy Committee appeared regarding the nature of European Union's competence to conclude the envisaged agreement.

In its Opinion, the Court found that the EU had exclusive competence over most of the EU-Singapore Free Trade Agreement (EUSFTA) and shared competence over non-direct investment and Investor-State Dispute Settlement (ISDS). Despite the fact that the EU thus enjoyed competence to conclude the EUSFTA, the ECJ came to the conclusion that the agreement required the involvement of the Member States.

The theory developed by Judge Allan Rosas explains that there are two forms of mixity: obligatory and facultative. Obligatory mixity arises where a mixed agreement is required because the EU has exclusive competence over one area of an agreement, but no competence at all over another area. The EU therefore naturally needs the Member States to fill in the remaining areas of competence. Facultative mixity, on the other hand, arises when the agreement falls within shared competence of the EU and the Member States. There is then a political choice as to who exercises this competence, the EU or the Member States.²⁸

The action of rejecting the facultative mixity would have significant impact for the EU's ability to conclude international agreements in areas of shared competence as there is still an element of political discretion involved. The Court's Opinion has consequences for future EU deals. Despite the fact that EU has shared competence, the

Member States still need to be involved in the ratification process making it a victory for EU powers in confront with the international community.

In the same time, the area of investment has been a source of considerable legal contention where the ECJ came to conclusion that the current EU trade policy is not exclusive. While art. 207 TFEU clarifies that foreign direct investment is EU exclusive competence, it was questioned whether non-direct investment and ISDS fell within EU competence as well. The ECJ rightly dispatched with the rather outlandish argument that since Treaty provisions on free movement of capital would be affected by the EUSFTA, the EU enjoyed exclusive competence pursuant article 3 (2) TFEU, because it removes disputes from the jurisdiction of the courts of the Member States (para. 292).²⁹

However, as the Advocate General Sharpson states "this opinion of the Court relates only to the nature of the competence of the European Union to sign and conclude the envisaged agreement. It is entirely without prejudice to the question whether the content of the agreement's provisions is compatible with EU law." (para. 30)³⁰

It should be reminded that the European Commission also follows opinion of the ECJ. While such opinion was not requested in respect of its trade negotiations with China, the Opinion 2/15 is a precedent which can guide the European Commission as a matter of policy if at some stage the Commission is necessitated to request such opinion if the political negotiations are stuck. More than that, it is not unusual that executive bodies whether at the national, regional and international level ask for the

²⁸ European law blog, Opinion 2/15 and the future of mixity and ISDS, 18.05.2017; this document is available online at <https://europeanlawblog.eu/2017/05/18/opinion-215-and-the-future-of-mixity-and-isds>.

²⁹ Laurens Ankersmit, Opinion 2/15 and the future of mixity and ISDS, UCL - Europe and the world: a law review blog, 5.06.2017; this document is available online at <http://blogs.ucl.ac.uk/europe-and-the-world-journal/2017/opinion215-mixity-isds>.

³⁰ *Ibidem*.

judicial opinion of courts to find a way out of a political impasse and cover their tracks in legal terms.

3. Restoring trust towards the creation of new rules

Since ancient times, legal rules and institutions have proven to be indispensable instruments for international trade (*lex mercatoria*) and for the peaceful governance of people. In the context of OBOR as a global project, it is necessary to facilitate the transnational activities, cover the legal expectations deriving from national, regional and international law and avoid the cross-border issues by providing legal tools for investors.

Many OBOR cooperation partners will make their transnational economic cooperation with China conditional on respect for the ‘constitutional principles’ underlying their respective national Constitutions and UN human rights law. Moreover, as constitutionalism is about limiting abuses of power and justifying third-party adjudication regarding the protection of equal rights, the legitimacy of transnational OBOR cooperation is bound to depend on multilevel respect for the existing international legal obligations of participating countries.³¹

The specific economic, cultural and political differences between the systems must be balanced by a transnational guideline that can maintain the transparency and harmony within the legal and political rules.

In this framework, China will try to make use of its soft power, where “power” in the Chinese philosophy is related to morality as an attribute from within that will provide a stronger outside power, totally opposed to the European concept where is perceived as an ability to change the behaviour of someone else³². Hence soft power it is a dialogue-based practice where China will try to change the behaviour of the states engaged in the project without exercising hard power like legal, economic or political pressure. The legal challenges along the OBOR must be seen from both – soft and hard power – perspectives where the economic cooperation is from a Chinese angle best served with a policy – led trade facilitation with diplomatic solutions to disputes in contrast to an European approach with dispute settlement system and binding rules³³.

Moreover, trust is an important factor within the EU and vis-à-vis China where the creation of new rules are strengthening their relationship, increasing in the same time the bilateral trade benefits³⁴.

Currently, the rule of law represents an obstacle for trade deals where the economic interdependence needs a regulatory framework to engage the CEE countries with China and build trust at the sub regional level, in order to move ahead with supranational trade negotiations.

Giving the rule of law situation in CEE countries, the present ambitions of turning into a solid voice at the European level, is only an aspiration. Conversely, as the “16+1” partnership becomes stronger, it will positively contribute more to balanced

³¹ Ernst Petersmann, *International Economic Law in the 21st Century. Constitutional Pluralism and Multilevel Governance of Interdependent Public Goods*, Hart, Oxford, 2018, p. 21.

³² Yiwei Wang, *Public Diplomacy and the Rise of Chinese Soft Power*, *The Annals of the American Academy of Political and Social Science, Special issue; Public Diplomacy in a Changing World* 616, 2008, p. 257-263.

³³ Henrick Andersen, *China’s ‘One Belt One Road’*, *op.cit.*, p. 27.

³⁴ Delel Peng, “China’s FTA practice in Europe. New features and impacts” published in *Regional Cooperation and Free Trade Agreements in Asia*, Jiexiang Hu Publishing House, Matthias Vanhullebusch, Brill Nijhoff, Boston, 2014, p. 63.

development of EU and to European integration off all member states. This cooperation might become an example of how the framework increased the level of precise collaboration in various particular fields, by adopting a less popular strategy that promoted the adaptation to the market rules and willingness of cooperation. Although it has met different problems and challenges, the achievements outweighed the obstacles, providing a valuable experience as well as future direction for the other sub-regional cooperation between EU and China.

The Chinese strategy of achieving shared growth has been founded in the framework of bilateral cooperation where the "16+1" countries negotiated equally, strengthened interconnection, exchanged goods and looked for opportunities on the multilateral platform. The partnership promoted by China is characterized by fairness, peace and inclusiveness, without any classification or difference between the participant countries, where everyone discuss and construct together, instead of seeking a higher status than the other.

In the past five years, the strategic partnerships made significant progress in the cooperation with various sub-regions in Central and Eastern Europe³⁵. The level of collaboration has been increased on the basis of good bilateral relations, by creating the annual premiers' meeting on the ground of ministerial meeting and the national coordinators' meeting. Currently there are more established coordination mechanism or platforms, covering areas like trade, investment, transportation, logistics,

tourism, technical cooperation, think tank etc.³⁶

Furthermore, the whole Central and Eastern Europe region that is part of the "16+1" framework have accomplished successful economic transformation, where according to the data of Ministry of Commerce of People's Republic of China, from 2010 to 2016, the import and export trade between China and 16 CEE countries increased from \$43.9 billion to \$58.7 billion.³⁷

The Balkan area has been gradually boosted. In 2016, Romania became the biggest investment destination, reaching 0.39 billion USD, Montenegro attracted 800 million dollars of concessional loan for North-South Highway construction project, followed by power generating and other type of projects invested by China in Bosnia and Herzegovina, Macedonia and other Balkan countries, which promoted stable and good development of mutual relations.³⁸

The local cooperation plays an important role through their strategy, beginning with the China-Europe trains, the organisation of local leaders' summit or the establishment of a series of professional cooperation platforms.

Remarkable achievements are gradually formed through China Railway Express where China and Central and Eastern Europe countries are pushing forward the partnership among railway administrations, inspections and quarantine, customs, strengthening the coordination among the countries along the railway routes, simplifying the procedure and improving the operational efficiency.³⁹ The connection between various locations of

³⁵ Hua Ping, Liu Zuokai et. all., The cooperation between China and Central&Eastern European Countries (16+1): 2012 - 2017, China - CEEC Think Thank Network, SSAP, 2017, p. 38.

³⁶ *Ibidem*, p. 39.

³⁷ Ministry of Commerce Europe Division, this document is available at <http://zsj.mofcom.gov.cn/article/zsjmngx/date/201702/20170202520524.shtml>.

³⁸ Hua Ping, *op.cit.*, p. 42.

³⁹ *Ibidem*, p. 27.

China and CEE countries has been enhanced through the railway express services such as Suzhou to Warsaw, Chengdu to Lodz, Changsha to Budapest, Yiwu to Riga, that promotes trade transportation and facilitation of goods, as well as the construction of a soft trade environment.

More and more direct flights have been opened between China and the CEE countries such as Shanghai to Czech, Beijing to Warsaw, Suzhou to Warsaw, Beijing to Budapest, Beijing to Belgrade and so on, helping them to increase the economic and trade exchanges between both sides.

Last but not the least, local cooperation has gradually become a channel to promote people-to-people exchange in terms of economic cooperation, for instance through the great contribution of Ningbo city by holding China – CEEC Investment and Trade Expo (where they have strengthened their cooperation in customs inspection and quarantine, and further ensured the convenience of countries' products entering in each others market), Chongqing and Hebei hosting the Local Leaders' Meeting of China and Central and Eastern European Countries, the "16+1" Capital Mayor Summit promoted by Beijing, and so forth.⁴⁰

Given the orientation of the "16+1" project, it can be considered a sub-regional cooperation platform under the overall China-EU partnership that brings out new explorations and practices based on local collaboration that can be seen as possible alternative model for overcoming the rule of law conditionalities and help underpin any future trade negotiation between EU and China.

This trade partnership is an important complement of EU-China relations where the favourable development of trade exchanges in Central and Eastern Europe would provide new opportunities of development. The "16+1" cooperation can

serve as a more powerful breakthrough point for dialogue and connectivity between Europe and China, participating as a supplement and example which demonstrates that there exist a lot of possibilities to interconnect and engage the trade relationships.

As a future perspective regarding the development of China-CEE cooperation it is expected to have a greater influence for the regional balance of EU, with the Central and Eastern European countries always committed to adhere to the principle of enhancing and supporting the EU-China relations.

Conclusion

The One Belt One Road Initiative will carry out the Chinese dream about rejuvenating the Eurasian cooperation through trade facilitation and exchange of culture, involving public as well as private parties at national, regional and international level.

Since the beginning of this initiative, all countries of Central and Eastern Europe have demonstrated their activeness by being included in the framework, creating new highlights and notable achievements in the field of investment that led to economic development and growth of the region. The example of "16+1" cooperation shows those 17 countries negotiating equally, strengthening interconnection, exchanging goods and creating opportunities on the platform, proving that the Central and Eastern Europe can become an important indicator in the construction of a common destiny between China and Europe. This local cooperation has greatly improved the diversification of the forms of cooperation which implicitly has helped the acceleration of China - Europe relation.

⁴⁰ *Ibidem*, p. 42.

If China encourages inclusion and equal possibilities for all stakeholders, and abides by dominant and agreed legal norms and rules, the OBOR initiative will give very positive impetus to global markets and efficient allocation of capital investment. More important is that the strengthening of mutual relationships will involve the implementation of the OBOR, whose objectives outline important prospects for

the further growth of economic cooperation⁴¹.

The economic initiative and the confident official relationship offer a favourable environment for development of their investment cooperation, it just remains to be seen how this cooperation will play out once both initiatives have been fully developed⁴².

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