DILEMMAS RELATED TO THE POLAND’S PARTICIPATION IN THE CHINESE BELT AND ROAD INITIATIVE

The development prospects of the People’s Republic of China are increasingly dependent on a number of external factors, hence the Chinese Government’s efforts to expand its influence not only throughout the Asia-Pacific region but also beyond. One of the signs of this strategy is a growing and continuing commitment to promoting the Belt and Road Initiative, which has become a key symbol of President Xi Jinping’s ambition. Many countries around the world, as well as in Central and Eastern Europe, see this project as a potential source of revitalisation for regional and sub-regional infrastructure investments. However, the lack of frameworks, procedures and the ambiguity of the project also paints the prospects in bleak colours, thus the debate on this subject in Poland comes with no surprise.

The aim of the article is to show the dilemmas related to the Poland’s participation in the Chinese Belt and Road Initiative. The theory behind the paper is that the Belt and Road Initiative has divided the mainstream of public discourse into two main threads: an optimistic option – one that sees opportunities in the participation in the initiative – and a pessimistic one, highlighting the threats to the security of the Polish state. The authors will answer the following research questions: how is the BRI presented in the Polish public discourse? What are the main opportunities and challenges resulting from Poland’s accession to the initiative? A desk research analysis of all types of Polish-Chinese relations will also be conducted.

CHINESE INITIATIVE OF BELT AND ROAD – DESCRIPTION

“May you live in interesting times” – says an old proverb, which becomes ever more current through the actions of People’s Republic of China. At the end of the 70s of the twentieth century a number of reforms boosting the development of the country’s economy were enacted. From a passive participant of the international trade, PRC turned into an enhancer of the worldwide economic situation (Szatlach, Jureńczyk, 2017: 11). The Belt and Road Initiative, or The Silk Road Economic Belt has been
announced by the president Xi Jinping in Astana on September 2013. The initiative has been widely promoted ever since. Moreover, during the last nineteenth convention of the Communist Party of China, the initiative was incorporated into the CPC’s constitution as one of the main strategic objectives of the state. As a result, the status of the initiative has been elevated by binding the party to fulfil the project’s premises in the foreseeable future (Resolution, 2017). The Belt and Road Initiative is composed of two elements: the nautical and the terrestrial one. The China is attempting to build and modernize the roads, rails, ports and other elements of the infrastructure in order to enlarge the economic exchange with more than 70 countries located between the Baltic and the Pacific (Will China’s, 2018). According to Kevin Sneader, the senior business analyst of McKinsey Global Institute, the idea of The Silk Road Economic Belt has the opportunity of becoming the largest global platform of regional cooperation, encompassing 65% of the global population and creating around 35% of the global GDP (Sneader, 2016). It is worth learning more about The Silk Road Economic Belt as at least its terrestrial leg is planned to run through the Polish territory.

The Belt and Road project does not have any defined rules and principles. One may even observe unwillingness among Chinese political elites to introduce any norms binding all participants. China do not want to introduce any rules since it imposes limitation on their negotiation area. The establishing of a single political formula is not in their best interest. They want to remain flexible in its interpretation and implementation. An advantage of such defined concept is the freedom of its management during implementation. In practice, it is difficult to verify the merit-based content of Chinese elites plans, since their message evolves creating an impression of a wide range of ideas rather than a well-thought concept.

Yet another feature of the project is unwillingness to institutionalize it. China emphasise that they do not want to play the role of a state that dominates and exercises control over the entire project. This would contradict the idea of the concept, a concept which is based on the equality principle (Vision and Actions, 2015). The Chinese vision of the world order involves non-confrontational gaining of influence abroad. Any country can subscribe to the concept, regardless its geographical and economic constraints (Guoqiang, 2015). It means that the integration does not have any specific boundaries. While promoting the inclusive nature of the project, China encourages other countries to join in, including those of different culture, religion, history, and economic position. However, China have no experience regarding the complexity of political issues in the Middle East or South Asia. The question is whether China is willing to understand culture of other region (Ferdinand, 2016, pp. 941–957).

The Belt and Road project has a strategic character. The project aims at allowing a wider access to the market, which is of a great importance especially in the current situation, e.g. there’s a need for the place to allocate the trade and the capital surplus or to decrease the pace of the economic growth of China. The country, being the second economy in the world, saw the weakening architecture of the worldwide economy created in Bretton Woods and began its own financial institutions on the regional level. One of the examples is the Asian Infrastructure Investment Bank created on 24th October 2014, which supports the development of the concept. What is more, Poland is, since 6th June 2016, a member country, which ratified The Agreement on the Estab-
lishment of the Asian Infrastructure Investment Bank. Moreover, on December 2014, PRC convened The Silk Road Fund providing it with 40 billion dollars of capital at its disposal (Jianxin, Wong, 2015). The New Development Bank, established on the first day of the VI conference during the BRICS summit in the Brazilian Fortaleza, is going to become an additional financing source for the fund. However, it worth pointing out that apart from the banks at the international level, China is going to finance most of its investments bilateral subsidised loans provided by the state banks such as China Development Bank or China Exim Bank.

The unspecified standards of financing are the cause of many suspicions. For instance, it is unknown which currency will be treated as the default one in case of granting loans to other countries. Granting the loans in Yuan would most likely accelerate the, expected by the Chinese government, aim of the internationalisation of the currency. Tom Orlik, an analyst from Bloomberg Intelligence points to the fact that countries such as Sri Lanka or Pakistan will not be able to make substantial loans in Yuan as they are encumbered with the trade deficit with China (Balding, 2017). It is often stressed that the declared loans for the infrastructural investments must be paid off, if not with money, then, i.e. with natural resources (Wuttke, 2017). Thus, a concern regarding a potential Chinese economic neo-colonialism and substantial dependency on PRC appears. One may forecast that the financial support will imply bequeathing the work on the project entirely or at least partially to the Chinese companies. It is, thus, crucial to look carefully at the declarations offered by the Chinese elites, but also to closely observe their actual actions and undertakings. It seems valid to take up on an actual dialogue and a negotiating strategy with regard to PRC.

**POLITICAL AND ECONOMIC DIMENSION OF POLISH – CHINESE RELATIONS**

An analysis of current and future relations of Poland with China whose position is continuously growing on the international arena appears necessary. It is possible to distinguish several levels of Polish-Chinese cooperation established as part of bilateral relations (involving two parties), the 16+1 cooperation mechanism, Poland’s membership in the Asian Infrastructure Investment Bank (AIIB), relations between the People’s Republic of China and the European Union (Poland as a EU member state) and declarations related to the Belt and Road Initiative. All these levels do not share the same meaning, but they complement each other (Pendrakowska, 2019: 190–206).

Since the beginning of the transformation process in 1989, Poland focused on two main objectives, namely, accession to NATO and the EU and stabilisation and normalisation of relations with neighbours. At that time, the necessity of parallel investments in political and economic relations with states from outside the region, including Asian ones, was disregarded. It was not only after 2008 that Poland’s activity on the international arena ceased to be based largely on the Euro-Atlantic zone at the expense of other areas (Szczudlik, 2016). In 2011, on the initiative of the People’s Republic of China, Poland signed Declaration on Strategic Partnership between Poland and the People’s republic of China (Tuszyński, 2014). As Radosław Pyffel notices, Poland has...
become the strategic partner of China without having completed work on formulating its strategy towards that country (Pyffel, 2012).

The current government continues its efforts to run a policy of close relations with China. The revived cooperation has been opened by president Andrzej Duda’s visit in the People’s Republic of China in November 2015. In June that very year, president of China Chin Xi Jinping visited Poland, nota bene for the first time in 12 years. Then, in November, prime minister Beata Szydło met with prime minister of China Li Keqiang at the summit of China and Eastern European states in Riga (as part of the 16+1 forum). Later, in May 2017, the Prime Minister at the time took part in the Belt and Road Forum that took place in Beijing (Winiecki, 2017). Owing to this type of meetings, China, especially the Belt and Road project, has become in a sense part of the main trend of political and media discourse in Poland. The relations between these countries took on a dynamic pace at the time. However, in the current state of relations, one can notice a certain decrease in the intensity of the dialogue that was established in previous years. Nonetheless, the level of bilateral relations is the most effective kind of relations between Warsaw and Beijing. It is worth to emphasise that in 2019, the 70th anniversary of the establishment of diplomatic relations between these two entities took place (Rozmowys).

From Poland’s perspective, the key element is economic cooperation with China. Unfortunately, its characteristic trait is a great trade deficit of Poland, which grows every year (Walkowski, 2018: 404). The dissonance between the expectations regarding cooperation and their results stems from insufficient consideration of objectives and priorities of the Communist Party of China by some policymakers in Poland. We are dealing here with an authoritarian regime that implements its objectives pragmatically, which are often at odds with the interests of prospective partners. It is also worth to remember that pursuant to the Strategy for Responsible Development (the so-called Morawiecki’s Plan), new markets for investments should be sought (Morawiecki, 2017). European markets become saturated and one has to be prepared for extended cooperation. Therefore, the Asian direction for such actions to be undertaken seems more and more profitable. The upcoming decrease of the EU funds encourages Warsaw to obtain new economic partners from Asia. Examples of such implemented actions are already visible. On 14 March 2019, the Polish-Chinese Main Chamber of Commerce inaugurated its operation. The scope of its tasks shall include, among others, creating a dialogue platform for business and governments of Poland and China, assisting Chinese and Polish companies in establishing business contacts, organising trips and meetings, and encouraging more Chinese companies to invest in Poland (Gryciuk, 2019). It is possible that it will constitute a bridge between the governments and business environment. However, tension in relations between the states occur as well, an example of which is the situation of early 2019, when Internal Safety Agency detained two persons suspected of espionage for China, including director of the Polish department of Huawei. Nonetheless, some note that this instance should be analysed not only in terms of Polish-Chinese relations, but also in the context of American-Chinese rivalry (Brona, 2019). In the context of bilateral relations, one should also draw attention not only to the level of state relations but also local relations on the voivodship and powiat levels. Łódź voivodship is the leader in this type of relations (Sarek, 2018b: 6).
Another level of relations, this time a sub-regional one, is China’s cooperation with sixteen states of Central-Eastern Europe (16+1). By initiating this kind of cooperation, China intended to strive for, among others, increased economic significance of the EU member states, decreased ideological differences, strengthening China’s soft power (Kaczmarski, 2015). The initiative was proposed by a former Chinese president Hu Jintao in Warsaw in 2012. It comprises China and 11 EU member states (Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Romania, Bulgaria) and 5 states outside the EU (Montenegro, Bosnia and Herzegovina, Albania, Macedonia, Serbia) (Kaczmarski, 2015). On 11–12 April 2019, the eight summit of the group took place in the Croatian city of Dubrovnik (Jakóbowski, Seroka, 2019). During the said summit, the first expansion of the format as made since the foundation, inviting Greece to cooperation. Assistance was declared for the EU-China agenda, and also expanding cooperation on rules compliant with the EU law. Although to a considerable extent these states are related by long years of communist past, they are diverse (e.g. culturally, institutionally) (Vangeli, 2018: 674–687). The last summit indicates that economic cooperation in the 17+1 format may be expanded in the region of the EU member states, since at that time less attention was given to West Balkan countries, to whom most of financing from China had been previously directed (about 7 billion from a 10 billion USD worth Exim Bank credit line) (Jakóbowski, Seroka, 2019). The enthusiasm is however stifled by the lack of actual actions. The teamwork lacks any specific successes. The format also encounters strong criticism, particularly from the ‘core’ EU member states, such as Germany. What is more, allegations appear regarding Beijing’s intentional actions to divide the European Union, attempts to build a Chinese lobby in the EU or failure of Chinese investment projects to meet legislative, environmental and social standards of the EU (Kaczmarski, 2015). From the view of Poland, it can be said that although we have been initially referred to as the most significant state in Europe in this group, at present, we undoubtedly play no meaningful role there.

Poland has also joined the Asian Infrastructure Investment Bank (AIIB) as the first country from Central-Eastern Europe (it is the member-founder of this institution). The said bank was created on 24 October 2014. AIIB is the first of Multilateral Development Banks (MDBs) proposed by China, whose key project is to ensure financial support by granting preferential credits to rebuild infrastructure in Eurasia. Soon, AIIB signed cooperation agreements (Fleming, 2016). At present, AIIB has 86 members (AIIB, 2018). The bank’s initial capital is 100 billion USD. The greatest shareholder is China (26% votes) with a share of 30% (AIIB, 2018). The institution was not joined by, among others, USA, Japan or Canada, which openly expressed their concern regarding China’s excessive role on global markets (Góralscy, 2015). Although Washington called for his allies not to join AIIB structures, not all of them proved to be loyal. It is possible that the willingness to improve relations with the People’s Republic of China, economical pragmatism and potential benefits largely outweighed the trans-Atlantic solidarity.

Moreover, Poland is one of the countries that co-create the Asian Infrastructure Investment Bank. The value of its share in the Bank’s initial capital was 831.8 million USD, that is, nearly 1% share. Poland’s membership in AIIB is comparable to participation in other international financial institutions, such as the World Bank, where it is estimated at 0.65%, the European Investment Bank – 2.06%, and the European
Bank for Reconstruction and Development – 1.28% (Uzasadnienie, 2015). As for now, placing much hope regarding Poland’s role in the structures of this institution seems unjustified, particularly from the view of the manner in which AIIB operates and its determined targets (e.g. infrastructural projects mainly in Asia, and not in Europe) (Buchalska, 2017). However, Poland’s share in this Bank has not delivered any measurable results as yet except for obligatory initial capital payments.

Poland is also a member state of the European Union. Accession to the EU has adjusted the optics of Poland’s foreign policy. Relationships with this organisation, its members and with the USA have become a priority for the Polish government. In the layer of political declarations, China consider the European Union one of the three main players on the international arena. Nonetheless, in the recent years, bilateral relations with three member states considered regional superpowers (Germany, Italy and Great Britain) has become the basic element of the policy implemented by Beijing in the European Union (Jakóbowski, Popławski, 2018). Chinese investments by Vistula in 2010–2018 estimated only to 1.4 billion euros. In comparison, that is nearly 47 billion euros in the case of Great Britain, 22.2 billion euros in Germany and 15.3 billion euros in Italy (Mazurkiewicz, 2019). As recently as two decades ago, the trade volume between the EU member states and China was insignificant compared to total trade of the EU. However, already in 2017, the European Union has become China’s greatest trading partner and China has become the EU’s second greatest trading partner after the USA (Puślecki, 2012: 27–40). At present, the trade value between the People’s Republic of China and the EU exceeds 1.5 billion euros per day (China-EU, 2019). Despite the growing trade with the People’s Republic of China, the EU still incurs a considerable deficit in trade with China, which increased to 185 billion euros in 2018 (Extra-EU, 2019). One should note that in 2018, Poland exported to China goods worth 2,115 million euros in total and imported goods worth 17,972 million euros in total (China-EU, 2019). It should be emphasised that as long as the EU fails to develop the EU’s common trading policy with the People’s Republic of China, China will continue to enjoy advantage over the decisively incoherent EU. As far as possible, bilateral relations with China should be developed without any detriment to Poland’s relations and position inside the EU. We are a state of too lesser importance to exert concession on China by itself regarding access to the Chinese market. Due to this reason, the Polish government should pursue as close cooperation as possible with the EU authorities and other member states in pressing Beijing aiming to achieve a substantial and persistent opening of the market to European products and services. However, one should be aware that exerting a substantial concession on China may be a long-term process whose results are uncertain.

CHINESE CONCEPT BELT AND ROAD AND ITS PERCEPTION IN POLAND

Poland still lacks a precise and consistently-implemented, long-term strategy for the development of foreign policy with regard to China. Nor there happen to be a consensus between the main political parties on the Belt and Road Initiative. Since the
announcement of the Chinese initiative, Polish policy making has been in the hands of three prime ministers from different party groups: Ewa Kopacz (Civic Platform), Beata Szydło (Law and Justice) and Mateusz Morawiecki (Law and Justice). Initially, the coalition (Law and Justice; Poland Together; Agreement; United Poland) led by Law and Justice was quite enthusiastic about the Chinese initiative announced in 2013. It is possible that the authorities in Warsaw hoped that thanks to it Polish exports would grow dynamically, the trade deficit would decrease and Chinese capital would eventually be invested in Poland. On the website of the Law and Justice party, one can find an article from 2016 entitled: “The New Silk Road offers huge economic opportunities and benefits.” It quotes the words of Beata Szydło who, during the inauguration of the International Forum for the New Silk Road in Warsaw, pronounced the following: “Poland, thanks to the convenient location of our rail terminals and seaports, is a natural partner for this ambitious project. [...] The sustainable development plan initiated by the Government of the Republic of Poland will further enhance Poland’s attractiveness and significance in the context of transport and trade connections between Europe and Asia” (Nowy Jedwabny Szlak…, 2016). Beata Szydło, stressed again in 2017, when speaking in Beijing at the first ever Belt and Road Forum, that the Polish government had been working for many months on common strategic points for the development of Poland and China (Kublik, 2017). As the Government Information Centre informed then, the priority for the Polish side were negotiations on the full opening of the Chinese market for Polish agricultural products (Podskoczy, 2017). However, after Xi Jinping’s visit to Warsaw, Minister Witold Waszczykowski noted that: “The Chinese consider Poland to be the most important partner in the group of 16 countries of Central and Eastern Europe due to its size and central location. The BRI initiative enables the creation of new technology parks, industrial zones and business centers in our country, from which the Chinese will be able to conduct their operations in the rest of Europe” (Borowiak, 2016). Mateusz Morawiecki also expressed his optimism about the Chinese stand, while still acting as Deputy Prime Minister he said that Poland wants to actively participate in the implementation of this Chinese vision, because it creates promising prospects for Polish entrepreneurs who see their chances in developing their business on the Chinese market. He expressed his hope that the initiative will also encourage Chinese investors to increase their capital involvement in our country (Borowiak, 2016). In turn, in 2018, when asked about potential threats to Poland’s participation in the project, Minister of Infrastructure Andrzej Adamczyk said that he neither did nor would see them as long as Warsaw was careful and prudent in implementing the tasks related to the realization of this idea and the construction of the transport corridor. He also added that we should be an active participant in this project, or this route will bypass us (Adamczyk…, 2018).

However, the pace of the cooperation at the government level began to slow down, hopes for significant benefits weakened, and not only more and more dilemmas emerged but also analyses on the possible threats resulting from participation in the initiative marred the initial optimism. Already in January 2017, the attitude of the Polish authorities became more skeptical and suspicious. One such example could be the situation when the Military Property Agency, supervised by the then Minister of National Defence Antoni Macierewicz, blocked the tender for a plot for a container
terminal in Łódź (Majmurek, 2017). Antoni Macierewicz was one of the critics of the concept: even though he has never denied its economic benefits, he stressed that the project was dangerous for Polish sovereignty. He added that it was part of a comprehensive concept of an agreement between Western Europe, Russia and China designed to eradicate the influence of the United States from the Eurasian area and to suppress Poland’s independence (Antoni Macierewicz..., 2016).

The benefits, but also risks, of the New Silk Road project could also be heard during the 1st International Symposium “One Belt, One Road: Policy, Economy and Technology” held at the University of Technology of Opole. It was attended by the representatives of the Polish Ministry of Foreign Affairs, Chinese embassies in Poland, local authorities and experts – economists, representatives of Polish universities and Confucius Institutes in Poland (Eksperci..., 2016). Under Secretary of State in the Ministry of Foreign Affairs, Katarzyna Kapeczyk, emphasized that this project may definitely revitalize Polish-Chinese economic contacts, giving the Polish companies a chance to participate in large investment projects as executors, subcontractors or service providers. She stressed that Poland already has a “good base” in terms of e.g. a railway connection and a container terminal in Gdańsk, from which deliveries and goods Cargo are already being shipped to China and other destinations (Eksperci..., 2016).

The answers to requests published on the website of the Polish Parliament1 are also particularly interesting research-wise. In the justification for the question number 22958 by Mr MP Paweł Pudlowski, dated 26 June 2018, concerning the position of the Polish government on the New Silk Road, it was stressed that the Polish government acknowledges the advantages of this Chinese economic and political vision. In addition, attention was drawn to the role of the Solidarity Port (Centralny...) as the eastern gateway to the EU. Again, the common argument was used, namely that Poland, due to its geographical location, offers the best location for a logistic air-rail-road junction intended for handling goods transported between the EU and China (Adamczyk, 2018). Answering Ms. MP Agnieszka Ścigaj’s enquiry no. 11329, it was admitted that Poland considers the so-called New Silk Road to be an interesting project of primarily economic significance. It was noted that Poland sees in it opportunities for the development of relations with China. The visit of the President of the Republic of Poland Andrzej Duda to the People’s Republic of China in November 2015 was also mentioned, during which was signed a Memorandum of Agreement between the Government of the Republic of Poland and the Government of the People’s Republic of China concerning the Belt and Road Initiative2 (Stomma, 2016).

It is also worth noting the journalistic discourse on the Belt and Road project. Jacek Bartosiak in the pages of the New Confederation in the article entitled Po-

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1 There was a total of 49 questions and answers concerning the subject of the Chinese New Silk Road initiative. Status as of 10.05.2019.
2 The Memorandum mentioned is the framework for bilateral cooperation with China on, inter alia, macroeconomic policy coordination and key development strategies, plans and policies of both parties, intensification of information exchange and cooperation on transport and logistics, free trade, financial integration, promotion of relationships between people.
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Land on the New Silk Road stresses right in the first sentence that its construction should be used for development and building of power and influence of the Polish state (Bartosiak, 2016). The author stresses that the geopolitical dimension of the initiative is crucial, and in this respect, first and foremost, Poland’s geographical location is a great advantage. He adds that: “The lack of ultimate success in the construction of the New Silk Road will not deprive Poland of its investment, infrastructure or capital left ‘on the way’ to the completion of the Road. The same applies to the profits and experiences of our companies” (Bartosiak, 2016). However, he cautions that Poland must yet develop a coherent strategy for all its main partners.

More controversy emerges from the Asia Research Centre’s report published in 2017. The research has shown that Poland will not benefit significantly from becoming a transit country between China and Europe. It was also concluded that dumping of Chinese goods is not beneficial for Poland. The article warned that the Polish focus should be on investments and not on construction contracts for Chinese companies (Ivanek, 2017). You can also read about the risks associated with BRI on BiznesAlert.pl. Analysts who work there emphasize that it is a tool of soft power of political and economic influence. It can also be used to exploit energy infrastructure for a purpose contrary to the interests of the European Union and NATO (Raport, 2018). For this reason, a reserve is advisable towards it, all the more so because from the Polish point of view this project is still lacking concrete details, for example in the form of agreements (Raport, 2018). Piotr Gadzinowski writes that the lack of a coherent, long-term policy causes a swing of decision making by the Polish authorities. He adds that it may result in the completion of the already foreseen Central Air Station (Gadzinowski, 2018: 230–231), which will prove more useful for the Chinese rather than Polish economy.

However, Anna Antczak points out that although Poland is an important element in this project, it is not welcomed at a high political spheres because of the US reluctance to accept it there. She also points out that China, taking advantage of this project, is very dynamically establishing cooperation with Polish higher education, which may be an opportunity for the Chinese to break the deadlock caused by the demographic decline (Antczak, 2019). Justyna Szczudlik stresses that in the context of the Belt and Road Initiative, Poland will play the role of a transit state between China and Europe. She adds that, in the future, the growing interest of the young generation in China may result in breaking open the barrier hindering economic cooperation, attracting investment and internationalisation of Polish enterprises (Szczudlik, 2017: 45). Jacek Perzęński, emphasizes well in an interesting comparison that Xi Jinping is not Santa Claus willing to build millions of factories in Poland or create jobs here. Excessive euphoria may lead to consequences in the form of trade asymmetry (Perzęński, 2019).

It is difficult to give a clear answer on how Poland perceives BRI and what it wants to “win” for itself by participating in this project. The discussion on Chinese initiatives and plans is quite diverse on the Polish political scene. While some consider the BRI as a threat, others see it as an indisputable opportunity to take advantage of the geographical location of the Polish state.
Several levels of challenges can be identified for cooperation with China in the framework of the Belt and Road Initiative. With the increasing involvement of the People’s Republic of China in promoting the initiative, initially optimistic opinions and analyses of the initiative have begun to intertwine with those of a more sceptical nature, emphasising economic, political and security risks.

The biggest threat in terms of economic issues is the deepening of the Polish trade deficit with China (Gadzinowski, 2017: 65). We should therefore opt for making it easier for Polish companies to access the Chinese market by abolishing many complicated bureaucratic procedures hindering access to the Chinese market. In order to get rid of its production surpluses, China’s policy is oriented towards the export. However, it is in Poland’s interest to expand the range of products exported to China. They cannot be limited only to the sale of agri-food products. Companies from Poland will have to take into account the competition of Chinese companies. Alicja Buchalska points out that, for example, industrial specialisations presented in the Morawiecki’s Scheme as industries in which Poland may gain competitive advantages (e.g. food processing, aviation or automotive industry) are also areas of interest for Chinese investors in Poland (Bachulska, 2017: 171). However, some of the proposed specialisations are competitive industries that both countries want to export (e.g. the furniture industry).

Liu Zuokui’s (Chinese Academy of Social Sciences) analysis, published in 2014, shows that Poland is the most attractive country for Chinese companies from 16 countries of Central and Eastern Europe to invest in (Synowiec, 2017). Unfortunately, Chinese investments are usually based on loans that one day will have to be repaid. As Łukasz Sarek underlines, Chinese companies are not willing to take risks related to the usefulness and profitability of investments (Sarek, 2017: 73). Moreover, they do not get involved in the long term and conclude BOT agreements, which translate to Build, Operate and Transfer (Sarek, 2017: 73). This can be expected to be the case for the construction sector and associated investments. Therefore, while discussing partnership with China, Poland should prioritise greenfield investments, which will, among other things, contribute to the creation of more jobs.

Although the number of companies creating and implementing innovative solutions is still growing, Poland does not yet have many companies with advanced technologies, which would be the subject of desire for Chinese investors. Poland should look for ways to secure “young” companies and startups (especially considering the legal aspect). These recently founded entities often offer innovative solutions, but do not have enough capital. As a consequence, they can and, sadly, are bought out by Chinese entrepreneurs. Poland has a qualified workforce, industrial base and a network of specialized suppliers and subcontractors in many industries, as well as constantly improving transport and industrial infrastructure, its own absorptive market and good access to Western European markets. These are favourable conditions for investment in the manufacturing sector. It should be remembered, however, that China is a complicated and demanding partner and, in the long run, it will not be beneficial for Poland to become a transit country connecting Europe with China, as well as opening logistics.
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centres. Moreover, creating transport hubs and improving transport infrastructure may result in increasing the import of products from China. The potential growth of Chinese activity in Poland may lead to a deepening of already existing problems related to, among others, unequal access to the market or investments beneficial for only one of the parties that conclude the agreement. Given such a situation, the progressive weakening of the Polish economy in relation to the growing Chinese economy in the long run may lead to a general decline of Poland’s position on the international arena.

Politics constitute yet another challenge. The Bloomberg report shows that China has bought or invested in assets worth at least USD 318 billion in the last 10 years (Tartar, Rojanasakul, Diamond, 2018). The leading sectors with a particularly strong increase in Chinese investment include: automotive, automation and robotics, financial and business services, health and biotechnology (Hanemann, Huotari, Kratz, 2019). In total, some 360 companies from various sectors were acquired, including the Italian tyre manufacturer Pirelli & C, the German industrial robot manufacturer Kuka AG, the Scandinavian car manufacturer Volvo Personvagnar AB and the Swiss energy producer Addax Petroleum Corp (Zeneli, 2019). However, the best known case in point was the acquisition of the majority of shares by the Chinese consortium Cosco in the Greek port of Piraeus (Johnson, 2018). However, studies published by Ernst & Young show that last year Chinese M&A in Europe fell by 21%, with a total of 196 mergers and acquisitions registered in 2018 (Zukäufe chinesischer..., 2019). It is stressed that the economic slowdown in the Chinese investment in Europe is due to the ongoing trade conflict between the USA and China (Graupner, 2019). The report of the MERICS research institute also shows that Chinese foreign direct investment (FDI) in the European Union fell by 40% compared to the levels in 2017 and by over 50% compared to the peak of investment in 2016 (Hanemann, Huotari, Kratz, 2019). However, the authors of this report emphasize that the reasons for the decline in FDI in Europe should be seen in the introduction of a new framework for EU FDI control, which affects the decision of Chinese investors (Hanemann, Huotari, Kratz, 2019). Throughout the history, Poland’s experience with Chinese projects was also not very good. For instance, the well-known case of COVEC (Chinese Overseas Engineering Company), which in 2009 won a public tender for the construction of two sections of A2 motorway. This was the first public tender in the EU won by a Chinese company. Within 18 months, the company withdrew from the project due to unforeseen costs. Although other Chinese projects are being implemented, such as the construction of electric tractions near Słupsk and Szczecin by China State Grid subsidiaries.

Poland’s target role in the creation of the Belt and Road Initiative aims at being a potential infrastructure base connecting Europe with Asia, so it is worthwhile to pay attention to China’s relations with Polish Railway Companies in the context of opportunities and threats. The structure of transport streams, which has been developing for many years, shows that approx. 95% of cargo reaches Europe by sea, and only about 5% by land, by rail (Wing, 2017). The amount of goods transported by this means is nevertheless growing rapidly. Considering the planned development of the Belt and Road Initiative, the Polish railway companies PKP CARGO and PKP LHS have recently undertaken a number of actions aimed at becoming and active part of it. PKP LHS has signed two letters of intent on the development of intermodal transport plans
between EU, Caucasus and Asian countries. Moreover, in October 2016 the company joined the Coordination Committee of the International Trans-Caspian Transport Route (MTTT), which constitutes the southern leg of the initiative. PKP CARGO has also undertaken numerous activities in cooperation with partners from countries located on the route, both in multilateral and bilateral cooperation. The company operates regular container connections between China and Poland: Warsaw–Suzhou, Łódź–Wu Chan, Pardubice–Chengdu (Wing, 2017). Three rail freight lines run from Chinese Chengdu to Europe: northern to Moscow, southern to Istanbul and central to Łódź in Poland. PKP Cargo has a significant share in the implementation of the latter (Raport, 2018).

In recent years, there has been a high growth rate of cargo transport from China to Europe. Poland’s ambition should be not only to become a transit country, but also a destination country (Tycner, 2019). In Poland, PKP Cargo’s Management Board is trying to attract Chinese attention, as it sees the Chinese investment as an opportunity. The company is not only constantly increasing its presence in the project, but is also becoming a kind of ambassador of the whole story as it is being told in the Polish public space. The activity of the Polish carrier is not surprising, because it is this company that may become the biggest beneficiary of the concept of connecting Europe with China through the railway route (Laskowska-Rutkowska, 2017). China is interested in increasing freight transport to the European Union using the Małaszewicze transshipment station. Currently, 4 thousand containers are handled there every month, i.e. about 12 pairs of trains per day – says Jacek Rutkowski, President of PKP Cargo Małaszewicze Logistics Centre (Kaczmarczyk, 2019). Currently, about 60 percent of the capacity of this transshipment point is used (Li, 2018). By 2026, the capacity of this port in Europe is to quadruple thanks to investments of PKP cargo and PKP Polish Railways (Breźnicki, 2018). In his opinion, the terminal in Małaszewicze is one of the most important points of the BRI. The terminal has free capacity, which in practice means that at least 2 to 3 trains more can be cleared here every day (Kaczmarczyk, 2019). It is located on the main transit route from the EU to Russia, in the central-eastern part of Poland and only 5 km from the border with Belarus (Kaczmarczyk, 2019).

Therefore, it is in the Polish interest to build a central intermodal hub (Logistics Centre) within the borders of our country. According to the information found on the website of the Ministry of Infrastructure, the Central Communication Port “Solidarność” is to be a transport node with integrated air and rail hubs (Centralny, 2018). This project is a great opportunity for Polish transport companies. However, it is crucial that its implementation is not held up by delays or disputes, whether political or financial.

Issues related to the Polish security dilemma are also important. Concerns about China’s involvement and influence in Poland are growing. First and foremost, this concerns access to critical infrastructure and increased involvement of Chinese investments in the energy sector. Not less worrying are the takeovers of companies from the high-tech sector, such as the purchase of Kuka by a Chinese company Midea. This, in the long run, may deprive the receiving country of its technological advantage (Sarek, 2017: 71). As Justyna Szczudlik points out, Chinese Huawei operates freely in Poland while it was not admitted to the American market due to uncertainty about the security of software data (Szczudlik, 2017: 52).
There is a risk that Polish safety standards may be undermined. The *Belt and Road Initiative* is a sign of Beijing’s political rivalry with Washington on the international stage. Strategically, considering the US-China-Russian issue, Poland seems to focus on the following principle: strengthening the military security structure, which would be based on a close and reliable alliance between Poland and the US, thus building a stronger military capability (through a greater US presence) (Kuo, 2019). Therefore, Warsaw seems to have turned its back to the “Chinese option” and has decided to side with Washington. This is evidenced by the conference on security in the Middle East organised in Warsaw. Such strategic political choices probably stem from the sense of a growing uncertainty and a significant weakness of the European community. China’s expansion into Central and Eastern Europe, including Poland, is not seen by EU bureaucrats as a positive move given its potential risks of lessening integration within the EU, a tendency observed in the case of Brexit and right-wing fringes sprouting up in countries such as Hungary. Current Polish politics-eurosceptic and pro-American-is seen as many inconsistent signals by China. President Andrzej Duda seemed to favour the BRI initiative, but the government clearly does not show such enthusiasm (Kuo, 2017). However, Warsaw should carefully balance its policy of distancing and discouraging European partners and disregarding the importance and scope of Chinese actions. The involvement of the US (within the NATO alliance) in Poland still does not provide a sufficient sense of security. There is also a noticeable weakening of the role of the European Union on the international arena, which has become an impulse for Poland to diversify its economic contacts with countries outside the region. From Poland’s perspective, joint actions of all EU member states are important in order to increase access to the Chinese market, and at the same time, thanks to all legal regulations, to minimize possible threats. The desire to diversify political and economic partners in Poland is growing. We should look to the future pragmatically, be guided by the principle of “who gives more.” China is not our neighbour, we do not feel threatened by it territorially, but neither is it a potential ‘close’ partner in terms of military support. However, what Chinese example does indeed effectively demonstrate is our rather illusory Euro-Atlantic sense of security.

In today’s global world of interconnections and relations a country cannot exist on its own on the international arena. China has achieved economic success through its strategy of opening up to the world and expanding its markets. This is a valuable lesson to be learnt and an incentive to follow a similar path. So far, the discussion on the consequences of Poland’s accession to the *Belt and Road Initiative* has been limited mainly to academic polemics, while the Polish ruling elites have avoided such topics. It is possible that this will change in the face of the upcoming election campaign in Poland. Interestingly, it seems that, as far as Poland is concerned, the pragmatic economic benefit grabs all the attention, and only the opponents of the initiative are concerned about China’s communist system, human rights violations or Taiwan’s problem.

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The attitude of different parties, publicists, analysts and interest groups towards China oscillates between treating the Chinese *Belt and Road Initiative* as a potential threat
and an opportunity for effective cooperation. While the Chinese side remains the prime mover of the initiative, the Polish position is rather reactionary (Mrożek, 2018). Despite the lack of consistency in the discourse of political elites, the intensification of relations between Poland and China under both the Civic Platform (PO) and Law and Justice (PiS) governments is mainly due to the desire to strengthen the trade with China. It is possible to isolate some subsequent stages of Polish attitude towards of the concept *Belt and Road Initiative*:

1) Announcing of the BRI and a growing interest in the initiative.
2) The signing of a strategic, comprehensive partnership in June 2016, which symbolically took China-Poland relations to a higher level. At that time, the BRI was most enthusiastically perceived, also in connection with the Polish membership in the Asian Infrastructure Investment Bank.
3) Deterioration of Polish-Chinese relations, due to, among other factors, blocking land sales, construction of a logistics terminal, or advocating a long-term alliance with the United States.
4) A gap in meeting expectations and declarations. The lack of established procedures and the ambiguity of the project caused another wave of skeptical and pessimistic scenarios. Although the emphasis was officially placed on pragmatic economic and infrastructural interests, the political alignment with China did not result in a reduction of the trade deficit on the Polish side.

Currently, Poland has kept to a low-profile strategy of balancing, anticipating and closely monitoring Chinese actions, whereas Polish-Chinese relations are marked by a gap in mutual expectations, mainly related to economic issues. In 2020, Poland will begin the process of reducing EU funds. In the face of these cuts, the distinction between sources of financing for projects through new instruments related to the *Belt and Road Initiative* may constitute a certain alternative.

*The Belt and Road Initiative* may affect any security sector of the Polish state. Therefore, Poland must be prepared institutionally and count with sufficient human resources to cooperate with China. It is also necessary to review all legal regulations that may determine the type of cooperation with such a demanding partner. The Polish state should provide greater legal protection for entrepreneurs who want to invest in China, but also for those who will have to contend with Chinese competition in Poland.

*Belt and Road Initiative* is by no means institutionalized. As a result, the development of a coherent strategy at national level becomes problematic. Lack of information on many BRI issues leaves no scenarios and visions transparent. It seems important to adopt a conscious dialogue and negotiation strategy with the PRC. China wants to develop further, and we have to play the cards we are dealt in such a way to also take some profit out of it. Poland should become engaged where it is most likely to be beneficial and not perceive the whole initiative through a simplified lens of geopolitical competition or directly as a threat. The Polish Government will one day have to develop a more proactive stance towards the Chinese initiative. Further implementation of the concept is an exciting prospect that can bring enormous benefits but also risks—both for China and for Poland.
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Dilemmas Related to the Poland’s Participation in the Chinese Belt and Road Initiative


ABSTRACT

The aim of the article is to show the dilemmas related to the Poland’s participation in the Chinese Belt and Road Initiative. The theory behind the paper is that the Belt and Road Initiative has divided the mainstream of public discourse into two main threads: an optimistic option – one that sees opportunities in the participation in the initiative – and a pessimistic one, highlighting the threats to the security of the Polish state. The authors will answer the following research questions: how is the BRI presented in the Polish public discourse? What are the main opportunities and challenges resulting from Poland’s accession to the initiative? A desk research analysis of all types of Polish-Chinese relations will also be conducted.

Keywords: the Belt and Road Initiative, BRI, China, Poland, the New Silk Road

DYLEMATY ZWIĄZANE Z UCZESTNICTWEM POLSKI W CHIŃSKIEJ INICJATYWIE BELT AND ROAD

STRESZCZENIE

Celem artykułu jest ukazanie dylematów i postaw polskiego rządu związanych z uczestnictwem w chińskiej inicjatywie Belt and Road. Tezą pracy jest twierdzenie, że inicjatywa Belt and Road podzieliła główny nurt dyskursu publicznego na dwa główne wątki: opcję o optymistycznym nastawieniu – dostrzegającą szanse partycypacji w tej inicjatywie oraz dyskurs pesymistyczny – ukazujący zagrożenia dla bezpieczeństwa państwa polskiego. Autorzy odpowiedzą na następujące pytania badawcze: jak BRI jest przedstawiana w polskim dyskursie publicznym? Jakie są główne szanse i wyzwania wynikające z przystąpienia Polski do inicjatywy? Dokonana zostanie także analiza danych zastanych wszelkiego rodzaju płaszczyzna relacji polsko-chińskich.

Słowa kluczowe: Inicjatywa Pasa i Drogi, Chiny, Polska, Nowy Jedwabny Szlak