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## China's New Silk Road Diplomacy

Justyna Szczudlik-Tatar

*The destinations of China's new leaders' foreign trips show that the PRC's foreign policy domain remains its neighbourhood. China is trying in particular to enhance cooperation with its Central and Southeast Asia border states in what is called "new silk road" diplomacy. Behind this approach are mostly domestic rationales: a need to preserve stability on its borders and in the western part of China, secure export markets and energy supplies, develop inland transport routes as an alternative to unstable sea lines, and to narrow the development gap between the eastern and western parts of China. The PRC's "opening to the West" and reinvigoration of its Western Development Policy is a window of opportunity for Poland. The establishment in Gansu province of the Lanzhou New Area—the first state-level development zone in northwest China—could become a bridgehead for a Polish economic presence in this part of China, or even a springboard for Poland's "Go West China" strategy.*

### Introduction

A year has passed since the fifth generation of leaders took power in the Chinese Communist Party. In March this year, they were anointed the state's leaders. Since then, they have begun shaping China's foreign policy through state visits abroad. PRC Chairman Xi Jinping in his four foreign trips has visited 14 countries, while Prime Minister Li Keqiang has left China three times and visited eight states.<sup>1</sup> Despite the fact that the destinations show China's foreign policy diversification—the leaders travelled almost everywhere, from Latin America and North America, to Africa, Europe and Asia—it is worth paying attention to China's western and southern neighbours.<sup>2</sup> Among the 22 countries visited by Xi and Li, 12 are close neighbours of China: Russia, Turkmenistan, Kazakhstan, Uzbekistan, Kyrgyzstan, Indonesia, Malaysia, Brunei, Vietnam, Thailand, India and Pakistan.

The countries visited by the Chinese leaders and the "content" of the visits (rhetoric and slogans, meetings and agreements) indicate that western and southern countries have become paramount in China's foreign policy dimension under Xi-Li. While a focus on relations with one's neighbourhood is natural for all countries, in China's case it has an additional meaning. The power shift from the West to the East, the rise

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<sup>1</sup> Xi Jinping's first visit (in March 2013) was to Russia, Tanzania, South Africa and the Congo. During his second trip (May–June 2013), he visited Trinidad and Tobago, Costa Rica, Mexico and the U.S. In September 2013, he went to Turkmenistan, Kazakhstan, Uzbekistan and Kyrgyzstan. His last visits were to Indonesia and Malaysia. At the same time, Li Keqiang visited India, Pakistan, Switzerland and Germany (in May 2013). In October 2013, he went to Brunei, Vietnam and Thailand, while in November 2013 he visited Romania and Uzbekistan.

<sup>2</sup> "Xi Li miji chufang chao Hu Wen. Waijiao buju qu zhudong" [More Foreign Trips for Xi-Li than Hu-Wen. More Active Diplomatic Agenda], *Takungpao*, 14 October 2013.

of China, its domestic problems, the U.S. pivot to Asia-Pacific, China's acrimonious relations with states in Southeast Asia due to maritime disputes, and Russia's efforts to revive its influence in the post-Soviet area have created complex circumstances for China to enhance and ameliorate ties with its neighbours. The PRC not only strives for a greater position in the region as a counterbalance to U.S. and Russian influence, but predominantly for its own domestic interests—e.g., energy supply diversification, preserving outlet markets, and regional and internal stability, especially in the less-developed western part of China (including the unstable areas of the Xinjiang Autonomous Region with a Uighur minority, which Beijing accuses of being separatist). All of these goals can be achieved through improved relations with China's western and southern neighbours.

## Revival of China's "New Silk Road"

Recently, one can observe the promotion of new slogans in China. Apart from the "Chinese Dream,"<sup>3</sup> the main symbol of Xi Jinping's administration, the new leaders are trying to formulate other mottos to indicate their domestic and foreign agendas. Now, we are witnessing a revival of the "Silk Road" watchword. It is an apparent allusion to the ancient trade and cultural routes between China and Central and South Asia, Europe and the Middle East that were created during the Han Dynasty, about AD 200 BC. In Chinese leaders' view, the New Silk Road concept consists of a "new Silk Road economic belt," which indicates stronger economic relations with Central Asia with a special focus on trade. Recently, the Chinese leaders have also mentioned a "maritime Silk Road," which is perceived to be an attempt to ameliorate relations with South and Southeast Asia—in this case the emphasis is on maritime trade security. The importance of these two slogans is indicated by the fact that both concepts were mentioned in a document unveiled after the 3<sup>rd</sup> Plenary session of the 18<sup>th</sup> Central Committee of the Chinese Communist Party held in mid-November in Beijing.<sup>4</sup>

The New Silk Road concept is not a new idea. This notion was seriously taken into consideration in the 1990s after the Soviet Union's collapse.<sup>5</sup> At that time, a new world order and China's newborn Western neighbours, with which the PRC had border delimitation discussions, meant it was pivotal to launch and then strengthen cooperation with the new counterparts. Nevertheless, the Shanghai Five mechanism established in 1996 (China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan), which eventually resolved the border issues, as well as China's "keep a low profile" policy to which it embarked after the Tiananmen Square crackdown in 1989, slowed down implementation of the New Silk Road concept. After Deng's southern inspection tour in 1992, where he confirmed his vision of economic reforms based on China's coastal development (e.g., special economic zones in coastal provinces, open coastal cities, eastern comprehensive development zones), there was no strong impulse to develop the inland parts of the PRC.

Nowadays, the situation is different. China is facing economic perils. The global economic crisis and domestic social problems have made the current export- and FDI-driven economic model less effective. Against this backdrop, China needs to find new export markets or preserve existing ones, as well as narrow development gaps between the well-developed coastal areas and the less-developed inland parts of the country and preserve stability inside China and its neighbourhood. This is the main reason why the current group of Chinese leaders have coined the slogan "a New Silk Road," which is widely quoted by Chinese media and analysed by journalists and experts.

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<sup>3</sup> The Chinese Dream is briefly defined as a great rejuvenation of the Chinese nation. See: "Xi Jinping: Minzu fuxing shi zuida Zhongguo meng" [Xi Jinping: Rejuvenation of the Chinese nation is the biggest Chinese dream], *Takungpao*, 29 November 2012; "Xi Jinping zai shier jie quanguo dahui yici huiyi kaimu shang fabiao zhongyao jianghua" [Xi Jinping delivered an important speech at the first session of 12th China National People's Congress], *Xinhua*, 17 March 2013.

<sup>4</sup> See: "Zhonggong zhongyang guanyu quanmian shenhua gaige ruogan zhongda wenti de jue ding (quanwen)" [Central Committee's Decision on Major Issues Concerning Comprehensively Deepening Reforms (full text)], chapter 7, point 26, *Xinhua*, 15 November 2013.

<sup>5</sup> Gan Junxian, "'Sichou zhi lu' fuxing jihua yu Zhongguo wajiao" [Plans for "Silk Road" Revival and China's Diplomacy], *Dongbeiyu Luntan* [Northeast Asia Forum], vol. 19, no. 5, September 2010, p. 66.

## *A New Silk Road Economic Belt*

The concept of a New Silk Road economic belt was presented during Xi Jinping's landmark 10-day visit to Central Asia in September this year. Xi visited four Central Asian states: Turkmenistan, Kazakhstan, Uzbekistan (Li Keqiang visited this county as well in his November trip) and Kyrgyzstan. He also took part in the 13<sup>th</sup> Shanghai Cooperation Organization (SCO) summit in Bishkek and went to Russia to attend the G20 summit in St. Petersburg, where he met President Vladimir Putin (for the fifth time this year).

The concept was announced in Xi's speech in Astana and reiterated in Xi's address at the SCO summit. Xi presented a five-point proposal to jointly build the New Silk Road economic belt to strengthen relations between China, Central Asia and Europe. They are:

1. strengthen policy communication, which may help "switch on a green light" for joint economic cooperation;
2. strengthen road connections, with the idea to establish a great transport corridor from the Pacific to the Baltic Sea, and from Central Asia to the Indian Ocean, then gradually build a network of transport connections between eastern, western and southern Asia;
3. strengthen trade facilitation, with a focus on eliminating trade barriers and taking steps to reduce trade and investment expenses;
4. strengthen monetary cooperation, with special attention to currency settlements that could decrease transaction costs and lessen financial risk while increasing economic competitiveness;
5. strengthen people-to-people relations.

Xi has also offered SCO members 30,000 governmental scholarships over 10 years and announced that China intends to invite 10,000 teachers and students to come to China.<sup>6</sup>

This strategy has consequently been implemented by China for the last several years. Although a Chinese economic offer based on China's non-interventionism principle seems to be attractive for the region, the PRC's rising political influence is seen as a potential threat to Central Asia, which fears it could be overwhelmed. States from the region are beginning to manoeuvre between China and Russia (e.g., Kazakhstan's accession to the Russia-led Customs Union). Under these circumstances, Xi's spectacular visit to the region with a new strategy and slogans is an apparent attempt to drag the region away from Russia and win over the Central Asia states.

## *A New Maritime Silk Road*

China is also interested in its southern neighbourhood, especially ASEAN. The PRC suggests establishing a "maritime Silk Road." This idea was revealed during Li Keqiang's attendance at the 16<sup>th</sup> ASEAN+China summit in Brunei and Xi Jinping's speech in the Indonesian parliament in early October. Chinese leaders used the 10<sup>th</sup> anniversary of the ASEAN-China strategic partnership to underscore this idea. The content of both speeches are similar to the viewpoints presented in Xi's Astana address. The main emphasis was placed on stronger economic cooperation, including financial aspects, very close cooperation on joint infrastructure projects (e.g., building roads and railways), the enhancement of security cooperation, and the idea of a "21<sup>st</sup> century maritime Silk Road" through strengthened "maritime economy, environment technical and scientific cooperation."<sup>7</sup>

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<sup>6</sup> "Hongyang renmin youyi, gongchuang meihao weilai. Zai Nazhaerbayefu daxue de yanjiang" [Enhancement of People-to-People Friendship Creates A Better Future. Speech at Nazarbayev University], Astana, 7 September 2013, *Xinhua*. During the SCO Summit, Xi Jinping delivered a speech and announced a four-point proposal [Xi Jinping zai Shanghe zuzhi fenghui fabiao jianghua tichu 4 dian zhuzhang], *Xinhua*, 13 September 2013; J. Zenn, "China and the SCO: Deadwood but a Good Platform", *China Brief*, vol. 13, issue 20, 10 October 2013.

<sup>7</sup> "Li Keqiang zai di shiliu ci Zhongguo-Dongmeng (10+1) lingdaoren huiyi shang de jianghua (quanwen)" [Prime Minister Li Keqiang delivered a speech at the 16<sup>th</sup> China-ASEAN (10+1) leaders' summit (full text)], *Xinhua*, 10 October 2013; "Guojia zhixi Xi Jinping zai Yindunixiya guohui fabiao yanjiang (quanwen)" [Chairman Xi Jinping delivered a speech in the Indonesian parliament (full text)],

The idea has also been promoted as the “2+7” cooperation framework—another slogan drawn from a Li speech. Briefly, “2+7” means consensus on two issues—strategic trust as part of the good neighbour principle, and economic cooperation based on mutual benefits—and seven proposals—signing the China–ASEAN good neighbour treaty; more effective use of the China–ASEAN FTA and intensive Regional Comprehensive Economic Partnership (RCEP) negotiations (the FTA between ASEAN and China, Japan, South Korea, India, Australia and New Zealand); acceleration of joint infrastructure projects; stronger regional financial and risk-prevention cooperation; closer maritime cooperation; enhanced collaboration on security; and, more intensive people-to-people contacts along with increased cultural, scientific and environmental protection cooperation.<sup>8</sup>

Taking into account the maritime disputes in the South China Sea (including incidents, frozen dialogue, warning statements) that have been aggravated since 2011, the leaders’ New Silk Road policy seems to be aimed at defusing tensions. Although its elements are not entirely new (e.g., close relations with Cambodia and Laos, offering lucrative deals to Thailand and Malaysia) the fact that this approach is based on soft language, a lucrative economic offer, and includes security aspects might be seen as China’s olive branch to the ASEAN states.

### **China’s Rationales for Its Western-Southern Neighbourhood Engagement**

China’s greater presence in the region is a means to indicate Beijing’s global ascendancy. The PRC’s “Go West” diplomatic efforts<sup>9</sup> could be seen as flexing political muscle to show China’s rising international clout. China’s stronger presence in Asia is also a response to the U.S. pivot to Asia-Pacific.<sup>10</sup> A recent example of this is China’s high-profile attendance at the APEC, ASEAN and East Asia Summit (EAS) meetings in Indonesia and Brunei in September. U.S. President Barack Obama’s absence due to budget problems with the U.S. Congress was skilfully used by the PRC to enhance its relevance in the region. Li’s efforts to woo other countries to conclude the China-led RCEP negotiations by 2015, an agreement seen as a counterbalance to the Trans-Pacific Partnership (TPP), is an example of China’s rising regional influence and position. It was also a chance for China to underscore what it deems the irrelevance of the U.S. pivot.

Beyond its Western border, Beijing is also interested in hedging Russia’s efforts to restore its influence in the post-Soviet states, with the best example being the Moscow-led Customs Union. Chinese endeavours are not limited to Central Asia. Beijing’s ambitions stretch to Eastern Europe as well. Belarusian President Alexander Lukashenka’s high-profile visit to China in early June and the mutual decision to name China–Belarus bilateral relations a “strategic partnership” is a vindication of China’s wider perception of its “Go West” diplomatic programme. It is also argued that China’s high-profile diplomacy in the region is a response to India and its “Look East” policy.<sup>11</sup>

Notwithstanding this foreign policy rationale, almost all of China’s efforts are driven by domestic issues. Beijing needs to secure export markets and diversify its transport network—the main topic raised by Xi during his trip to Central Asia—especially given the instability in the sea lanes in Asia’s South and Southeast. A serious conundrum is the Malacca Strait, where there has been an increase in pirate attacks, illegal trafficking and unresolved maritime disputes. Almost 85% of imports to China are transported along this route, including 80% of the PRC’s energy imports.<sup>12</sup> The Malacca Strait is one of the busiest littoral sea

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Xinhua, 3 October 2013; D. Cohen, “China Pushes ‘Silk Road’ Regional Trade on Two Fronts,” *China Brief*, vol. 13, issue. 20, 10 October 2013.

<sup>8</sup> P. Parameswaran, “Beijing Unveils new Strategy for ASEAN-China Relations,” *China Brief*, vol. 13, iss. 21, 25 October 2013, p. 10; “Li Keqiang zai di shiliu...,” *op. cit.*

<sup>9</sup> Wang Jisi, “Xi jin, Zhongguo diyuan zhanlue de zai pingheng” [“Go West,” China’s Regional Rebalancing Strategy], *Huanqiu Shibao*, 17 October 2012.

<sup>10</sup> For more about China’s response to the U.S. pivot, see: J. Szczudlik-Tatar, “China’s Response to the United States’ Asia-Pacific Strategy,” *PISM Policy Paper*, no. 41, October 2012.

<sup>11</sup> The “look East” policy was launched in 1992 after the Soviet Union’s collapse with the main aim of intensifying relations with Southeast Asia—a direction neglected by New Delhi due to its Western orientation and economic protectionism. Currently, this direction is a cornerstone of India’s diplomatic agenda.

<sup>12</sup> F. Umaña, “Transnational Security Threats in the Straits of Malacca,” *The Fund for Peace*, Washington, 2012, pp. 3, 5, 14.

lanes to Malaysia, Indonesia (which Xi visited) and Singapore. Hence, China not only strives to secure those sea lanes but also to boost inland transport or find the means to gain access to the Bengal Bay and Indian Ocean and bypass Malacca. This is the reason for China's great engagement in Myanmar, which is seen as a gate to Bengal Bay and the Indian Ocean. It is also worth mentioning China's relations with Pakistan (visited by Li). Close cooperation with Islamabad on such infrastructure projects such as roads, railways and pipelines, and the recent decision by Pakistan to give operational control and management of the Gwadar port on the Arabian Sea to a Chinese company, offer China access to the Persian Gulf and the whole Middle East. The additional attention to an inland transport network is meant to shorten transport times and make trade less dependent on those unstable littoral sea lanes. Through enhancing relations mainly with Central Asia, China not only tries to circumvent Malacca and decrease dependence on sea transport but also to establish an inland transport network (construction of roads, railways, pipelines) to ensure a stable supply of energy and raw materials from Central Asia and the Middle East.

Tight economic ties with its western and southern neighbours might help Beijing narrow the development gap between the less-developed western and the better-developed eastern parts of China. This gap is a serious threat for China's internal stability. Hence, the New Silk Road notion could become an indispensable element of the country's Western Development Policy, launched in 2000 and embracing 12 inland (mostly western) Chinese regions,<sup>13</sup> and reinvigorate efforts to speed up development to catch up with the rich eastern coastal regions of China. Enhancing relations with western and southern neighbours has a security dimension as well. China's neighbours are seen as not fully stable countries with many unresolved problems, including ethnic clashes (similar to China's problems with minorities, especially in the Xinjiang-Uighur Autonomous Region<sup>14</sup>), border and territorial issues, the "three evils" threats (terrorism, extremism, separatism), and unstable domestic situations. Closer economic and people-to-people relations give China instruments to monitor and control potential threats that may come from its neighbourhood.

## China's "Go West" Diplomacy Tools

Xi and Li's performances during their visits to Central and Southeast Asia provide a picture of the tools China uses as part of its New Silk Road diplomacy. The first step is the creation of a good political environment through high-level political dialogue. This is the reason for upgrading bilateral relations to a strategic partnership. During Xi's Central Asia tour, China signed strategic partnership agreements with Kyrgyzstan and Turkmenistan. Earlier, in May, during Tajikistan President Emomalii Rahmon's visit to Beijing, China signed strategic partnership with his country, while in June 2012 a similar agreement was concluded with Uzbekistan. Currently, China has strategic partnerships with all five Central Asia states and all SCO members.<sup>15</sup> A similar mechanism applies to all of the ASEAN states. During Xi's visits to the region, a strategic partnership was signed with Malaysia, while relations with Indonesia were elevated from an "ordinary" strategic partnership (established in 2005) to a "comprehensive" strategic partnership.

The second group of tools deals with economic cooperation. China is eager to sign various preferential agreements, including FTAs. For example, Beijing's wooing of countries to try to get them to conclude RCEP by 2015 to balance the U.S.-led TPP negotiations. Apart from the FTAs, China is endeavouring to conclude other trade, investment and cooperation agreements and offer preferential credits and loans. Most of the agreements and loans are focused on energy, infrastructure and transport cooperation through the construction of oil and gas pipelines, railways and highways. During Xi's Central Asia tour, China concluded agreements for gas and oil supplies from Turkmenistan and joint operation of one of the largest gas fields (in terms of production) in the world, Galkinish, a project led by China National Petroleum Corporation. Beijing has also concluded an agreement with Ashgabat to increase the amount of gas provided from 40 bcm to 65 bcm per year, and the states agreed to construct Line D of the Turkmenistan-

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<sup>13</sup> Shaanxi, Gansu, Ningxia Hui Autonomous Region (AR), Qinghai, Xinjiang-Uyghur AR, Sichuan, Chongqing, Yunnan, Guizhou, Tibet AR, Guangxi, Inner Mongolia.

<sup>14</sup> Recently Chinese authorities have accused Uyghurs in a suicide attack that killed five people in Tiananmen Square, in October this year.

<sup>15</sup> The strategic partnership with Russia was established in 1996, while the one with Kazakhstan was set in 2005.

Tajikistan-China gas pipeline. Furthermore, CNCP has paid \$5 billion for an 8.33% share of the Kashagan offshore oil project in Kazakhstan and the China Development Bank and China Exim Bank agreed to provide a total of \$8 billion to Baiterek, Kazakhstan's state holding company.<sup>16</sup> An important element of economic relations is financial cooperation as a means for decreasing transaction costs, including the institutionalisation of this cooperation. An example is Xi's proposal presented during his trip to Indonesia to establish an Asian Infrastructure Investment Bank to speed up the process of Asian economic integration, improve and modernise infrastructure facilities, especially in poorer ASEAN states.

It seems that an important tool for the new strategy implementation is to set up special development zones on the New Silk Road that will connect to other economic centres in China as well as China's western and southern neighbourhoods. The best example of this is the Lanzhou New Area in China's Gansu province. A New Area is a comprehensive economic development zone (within or close to a big city or metropolis) established by the State Council with preferential conditions and privileges to boost its development. Currently, there are six New Areas, with four of them located in coastal provinces.<sup>17</sup> The government's decision (in September 2012) to establish the Lanzhou New Area in northwest China—one of the poorest regions—is an apparent signal that Beijing is paying special attention to speeding up development of China's western regions and to connecting it to other, well-developed parts of China. Lanzhou New Area is the first comprehensive zone of this type in northwest China, and the first on the historic Silk Road. It was created as an important economic growth centre in the northwest, a key industrial base and a "window" for China's cooperation with Asia and Europe.<sup>18</sup> An important element of this policy is the project to develop the Lanzhou-Xinjiang high-speed railway, which will connect Gansu with the Chongqing-Xinjiang-Duisburg rail line that opened two years ago, creating a "transmission belt" that connects other parts of China as well as Asia and Europe.

## Implications of the New Silk Road and Recommendations for Poland

It seems that the new Chinese leaders are more determined than their predecessors to implement the New Silk Road strategy. This is out of a necessity to even development gaps in China, secure export markets and the supply of raw materials, preserve stability in the country and peace in the neighbourhood as well as demonstrate China's international relevance and paramount position in the region. The New Silk Road slogans reiterated by Chinese leaders (e.g., in a document released after the 3<sup>rd</sup> Plenum) and state media, as well as in drafts of this policy presented in Astana and Jakarta, are signals that Beijing treats the idea as serious. What is more, bearing in mind the U.S. pivot to Asia-Pacific, including the TPP negotiations and strengthening cooperation with ASEAN states (e.g., U.S. support for democratic transition in Myanmar, closer security cooperation with Singapore, the Philippines, Indonesia, Malaysia, Thailand and Brunei) as well as Russia's efforts to renew its influence in Central Asia, and a number of states manoeuvring to not be overly dependent on China, has created serious incentive for Beijing to engage more deeply in the region and with greater attention to soft language and positive references to history. The New Silk Road seems to be a proper slogan for this.

China's "Go West" project and the new reform roadmap announced after the 3<sup>rd</sup> Plenum with a pledge for development acceleration in the Chinese interior, have created a window of opportunity for Europe to more closely cooperate with China's western provinces. It seems that China has already included Central and Eastern Europe in its New Silk Road efforts. This was especially visible during Li's visit to Romania on

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<sup>16</sup> M. Boulegue, "Xi Jinping's Grand Tour of Central Asia: Asserting China's Growing Economic Clout," *Central Asia Economic Paper*, no. 9, October 2013, pp. 2–3.

<sup>17</sup> The first national level New Area, was established in 1992 in Shanghai Pudong. Currently, there are six New Areas in China: Shanghai Pudong (1992), Tianjin Binhai (1994), Chongqing Liangjiang (2010), Zhejiang Zhoushan (2011); Gansu Lanzhou (2012) and Guangzhou Nansha (2012).

<sup>18</sup> "Lanzhou New Area. The Fifth State-Level New Area. A Guide to Investment," 2013, p. 4; Zhang Jianjun, "Lanzhou xinqu de zhengce zhuanhua ji kafa yanjiu" [Analysis of Lanzhou New Area Policy Transformation and Development], *Kaifa Yanjiu*, no. 3, 2013; "Jianshe sichou zhilu jingjidai lanzhou xinqu jiang dazao xiang xi kaifang zhanlue gaodi" [Construction of Silk Road Economic Belt will make Lanzhou New Area an Important Element of the open-to-the-West strategy], *Renmin Ribao*, 3 November 2013.

26 November, where he took part in the 2<sup>nd</sup> China-CEE16 summit<sup>19</sup> and presented new proposals for enhancing relations with the region. Among those proposals is a suggestion for closer cooperation in the transport and infrastructure sectors, which may facilitate economic cooperation. It was highlighted that China's experience in this field could be attractive to the CEE, which is facing infrastructure funding problems. In the joint CEE16–China declaration released after the summit, both sides declared the intention to construct international railway transport connections and establish preferential economic areas along them that may facilitate trade. During his stay in Bucharest, Li announced that China, Serbia and Hungary have already signed an agreement to build a railway between Serbia and Hungary. Additionally, there are also proposals for closer cooperation in the energy sector (e.g., construction of power plants).<sup>20</sup> These proposals to the CEE16—to enhance transport connectivity as an important element of strengthening business cooperation—seem to be a clear signal that this region is an important element of China's New Silk Road policy.

Apparently this diplomatic effort and the PRC's rising interest in the CEE region is an opportunity for Poland. With Sino-Polish relations recently reinvigorated and upgraded to a “strategic partnership,” it is the best moment to strengthen economic cooperation, essential for bilateral relations. Since it has good political relations with China at the highest level, Poland needs to pay more attention to developing cooperation with selected Chinese regions and provinces, which could present more economic opportunities than in cooperation with the whole country or only with the eastern provinces, where there is strong competition from companies from the U.S. and Western Europe. Western China is the gateway from Central Asia to Europe and has higher economic growth than China's average annual GDP growth (e.g. Gansu hit 10%, while China on the whole was at about 7.5%). The area could be a good direction for the regionalisation of Poland's China strategy. Lanzhou New Area as the economic hub of western China, which includes Qinghai, Ningxia and Xinjiang, could become a bridgehead for a Polish economic presence in this part of China.

Gansu's and the neighbouring provinces' industries—mining, petrochemical, environmental protection, biomedical, pharmaceutical, green technologies, agriculture processing, chemicals, and others—create opportunities for Polish investments in these sectors.<sup>21</sup> There are also prospects for boosting trade. China is opening new trade routes, which will be an important element for increasing the Sino-Polish trade volume. Apart from the Chongqing-Xinjiang-Duisburg railway, which opened in 2011, the Chengdu-Lodz direct cargo rail link (crossing Kazakhstan, Russia and Belarus) was launched this year. Such cargo railway connections boost the prospects for Sino-Polish and Sino-European economic cooperation. A complete trip on the Chongqing-Xinjiang Duisburg connection takes only 16 days, while for the Chengdu-Lódź line, it is just 12 days. China-Europe railway transport is considerably quicker than sea passage (that takes about 40–50 days) and is much cheaper than air cargo. Moreover, railway transport enables more convenient transshipments and enables more rapid transport to the final destination.

In order for Polish businesses to pay more attention to China's western provinces, the first steps should be made by Polish central and local authorities. This step is necessary to change Polish entrepreneurs' perceptions of the PRC. Now, China is perceived through the prism of Beijing, Shanghai, Tianjin and Guangzhou, all eastern metropolises. Statistics clearly show that Polish bilateral economic relations are focused on the PRC's coastal provinces. In 2012, two-thirds of bilateral trade was focused on the eastern provinces. The most intensive relations are with Shanghai and the provinces of Guangdong, Zhejiang and Jiangsu. Western provinces, such as Sichuan, Yunnan, Inner Mongolia, Gansu, Qinghai or Xinjiang, play an insignificant role in bilateral trade with a maximum of 0.7% share of the total trade volume.<sup>22</sup> A similar

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<sup>19</sup> The first summit was held on 26 April 2012 in Warsaw. The CEE16 are Albania, Bosnia and Herzegovina, Bulgaria, Macedonia, Croatia, Montenegro, Czech Republic, Estonia, Lithuania, Latvia, Poland, Romania, Serbia, Slovakia, Slovenia and Hungary.

<sup>20</sup> “Li Keqiang zongli zai Zhongguo-Zhongdongou guojia lingdaoren huiwu de jianghua (quanwen)” [Speech given by Prime Minister Li Keqiang at the China-Central and Eastern European Countries Leaders' Meeting], Ministry of Foreign Affairs of the People's Republic of China, 27 November 2013; “Zhongguo-Zhongdongou guojia hezuo Bujialeisi gangyao (quanwen)” [Bucharest Programme of China-CEE Cooperation (full text)], *Xinhua*, 26 November 2013.

<sup>21</sup> “Lanzhou New Area. The Fifth State-Level ...”, *op. cit.*, p. 5.

<sup>22</sup> “Poradnik eksportera i inwestora do Chińskiej Republiki Ludowej” [Exporters and Investors Guide to the People's Republic of China], Trade and Investment Promotion Section, Embassy of the Republic of Poland in Beijing, fourth issue, 2013.

trend is observed in regional cooperation. Polish cities and voivodeships cooperate mainly with China's coastal region. Relations with the western provinces and cities in the framework of sister or partner cities almost do not exist. What is more, there are some problems with the China-Europe railway cargo links. Although the Chongqing-Xinjiang-Duisburg railway reaches Europe, there is no a stop in Poland, even though the trains pass through the country, while the Chengdu-Lódź connection is used only to import products from China and trains return almost "empty" to Chengdu, without Polish products.

Against this backdrop, it is worth considering visits by Polish authorities—ministers, MPs, local government representatives—to the western provinces to create an appropriate political environment for economic cooperation as well as provide information to Polish entrepreneurs on economic opportunities in western China. It seems reasonable to encourage local Polish governments to establish cooperation with the western provinces. An excellent opportunity for that should be the second China-Poland Regional Forum, to be held in 2014 in China. Close bilateral local cooperation might help find ways to set up a stop along the Chongqing-Xinjiang-Duisburg railway in Poland and "fill" trains heading from Łódź back to Chengdu with Polish products.