

# CHINA, FRIEND OR FOE?

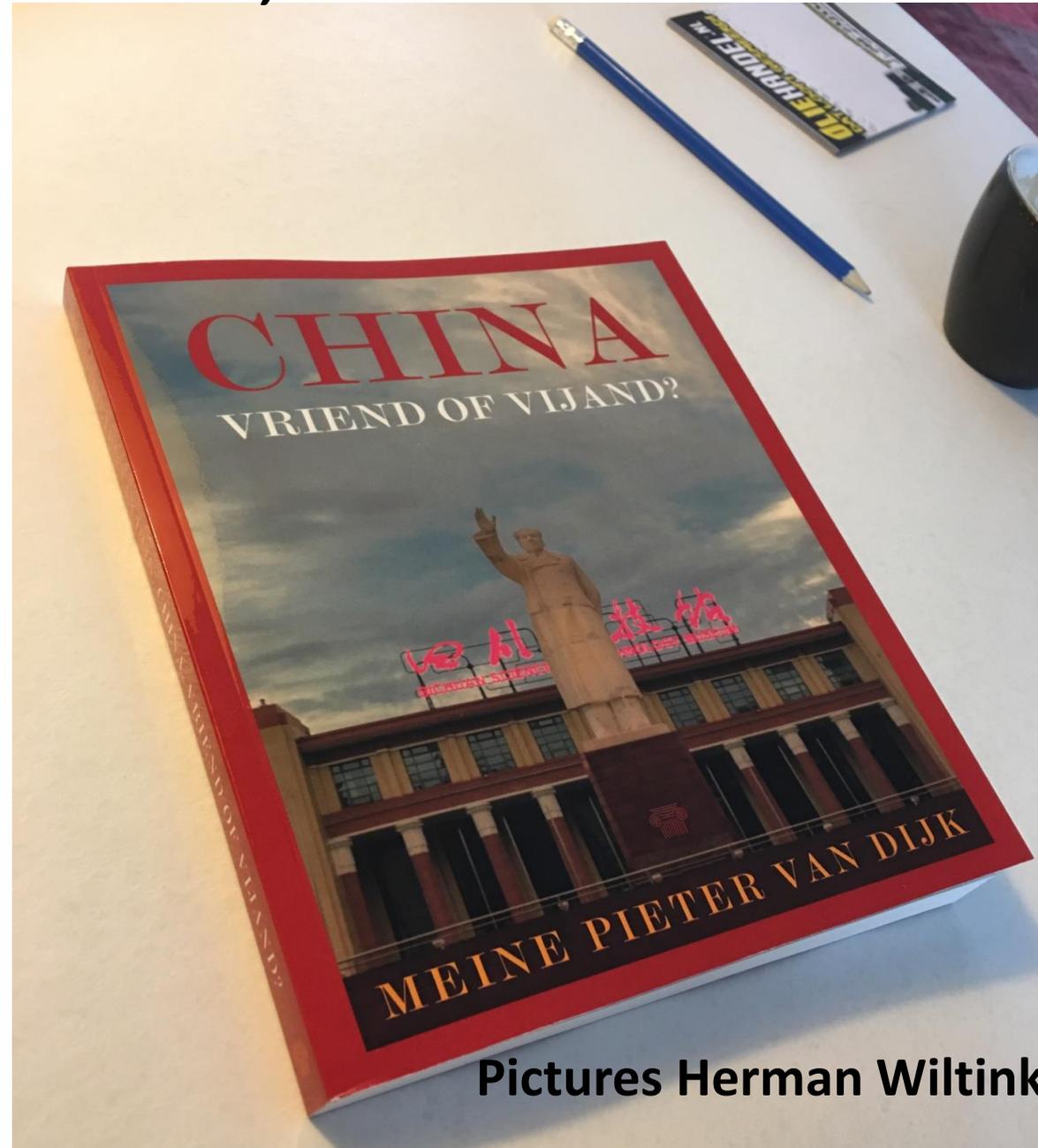
## The New Silk Road: Trade, Development Aid, or Neo Colonialism

Presentation for the Studiekring  
voor Ontwikkelingsvraagstukken  
(SKOV Wageningen) during

Wageningen online Alumni  
Open Dag, 3-10-20 15.25-55

Prof. dr. Meine Pieter van Dijk,  
Maastricht School of  
Management and the Beijing  
University of Civil Engineering  
and Architecture

Based on my new book:



Pictures Herman Wiltink

# MEINEPIETERVANDIJK

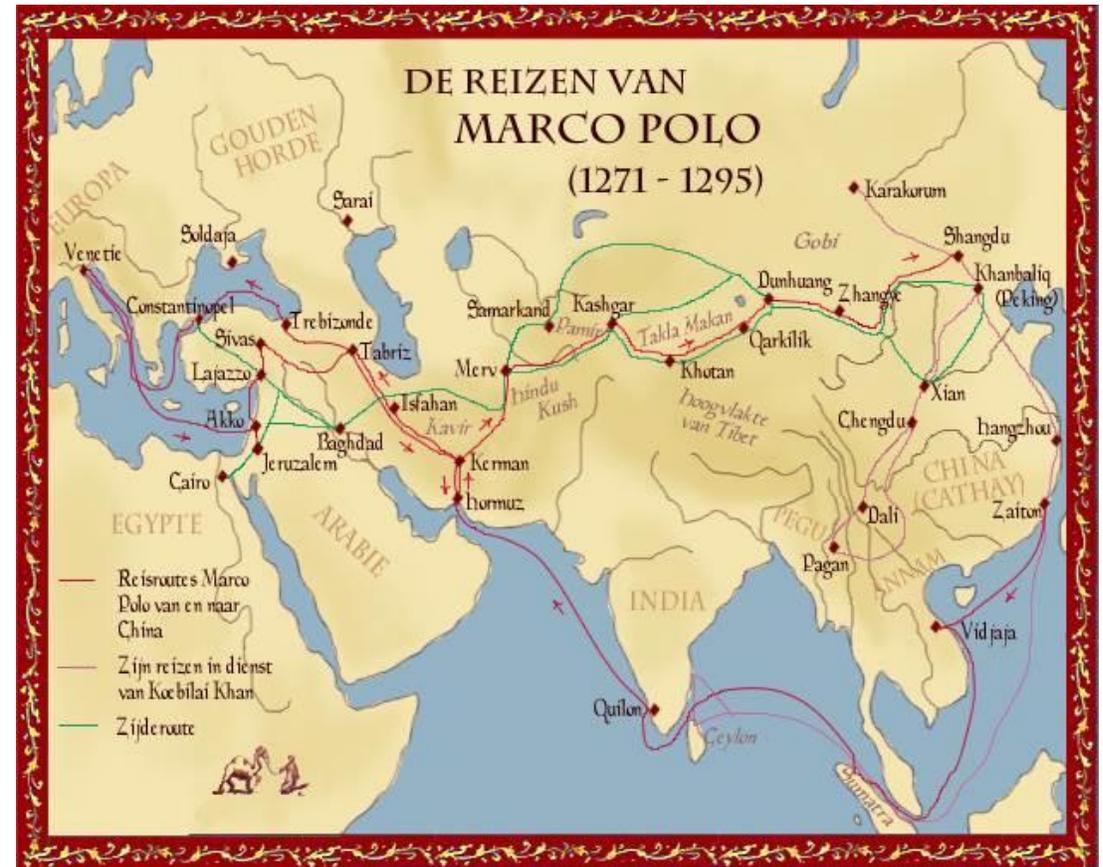
## Erasmus Universiteit Rotterdam

An economist, em. professor of Water Services Management at UNESCO-IHE Institute for Water Education, visiting professor at the Beijing University for Civil Engineering and architecture, and em. professor of Urban management at the Institute of Social Studies (ISS) and the Institute of Housing and Urban development Studies (IHS) of Erasmus University and currently works 2 days per week at the Maastricht School of Management (MSM)

He published 50 books and 300 professional articles, participates in the Graduate schools of TU Delft and Erasmus University and is member of the research schools CERES and SENSE and worked on and in developing countries since 1973 as a consultant for NGOs, the Asian Development Bank, the Inter-American Development Bank, the World Bank, different bilateral donors and UN agencies

# Frankopan (2015) analyzes its history & future

- For us Europeans it is the recording of Marco Polo's travels
- Frankopan mentions the value of trading horses & furs
- Later it became tea & silk
- It stopped during the Mao regime
- The camels were replaced by lorries, planes & boats



China is expanding its economic and political influence through the New Silk Road in Europe, Sub-Saharan Africa & LA

China is becoming the world's largest economy

To sustain this development, China builds the “New Silk Road”

Many developing and some developed countries signed up for it

In Europe: Eastern European countries & some Southern European countries



# President Xi announced the New Silk Road in 2013, when he became president

Picture Buddhist caves along the SR  
NSR sounded as Marshall aid:

- Better infrastructure
- Loans &
- more economic activities

However,

- Countries got heavily indebted
- They pay around 5% interest &
- Loose in case of defaulting on loans the control over the infrastructure

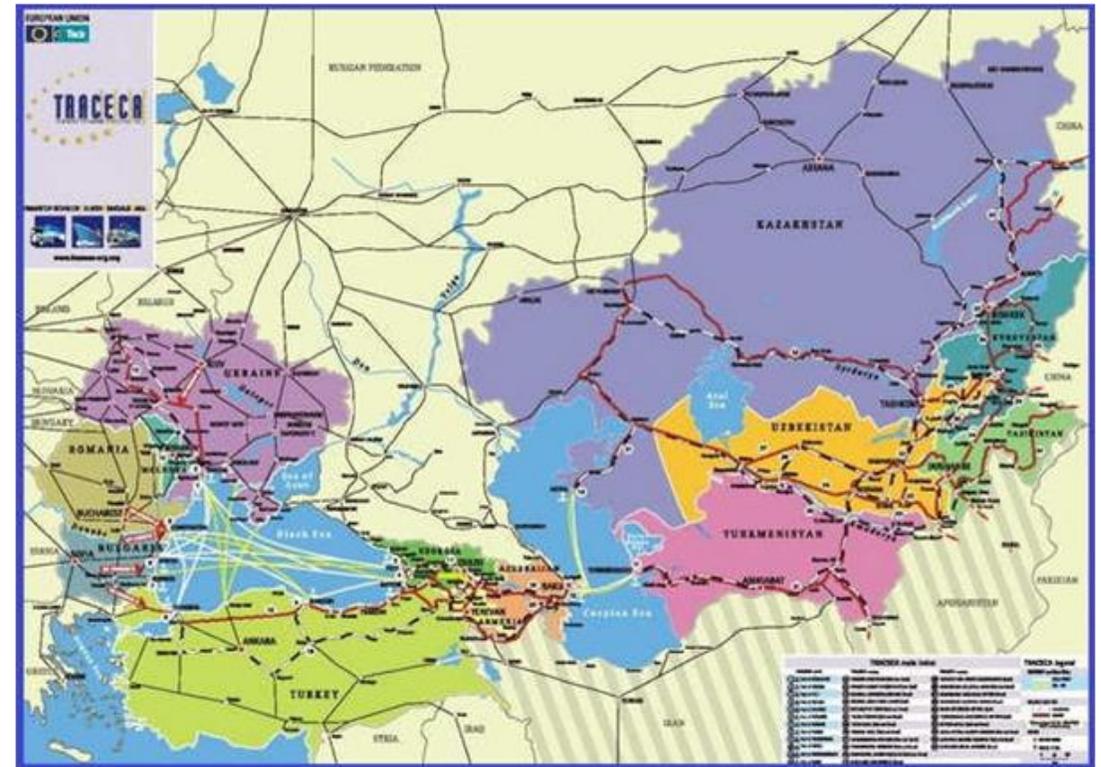


# Consequences of the New Silk Road initiative

Large loans with interest are received to pay Chinese construction companies

Many countries became heavily indebted: Sri Lanka lost sovereignty over port; many had to restructure

China plays divide and rule, pushing participating European countries to stop critical policies of the EU concerning Hong Kong & Chinese investments in EU



# Consequences for US & European Union

- There are Chinese trains running between 14 Chinese & 25 European destinations
- Relations with EU changed (next slide)
- The new assertiveness of China contributed to the trade war with the US
- However, US & EU are most important markets for China, but in the EU China deals with countries individually: ASMI in NL, no pig meat from Germany, etc.



# China organizes since 2012 annual meetings with 16 Central and Eastern European countries

- Chinese companies started investing about 15 billion dollar in infrastructure in these countries
- 16 + 1 started meeting in Warschau
- Chinese projects in 11 countries which are member of the EU
- Procurement & tendering not according to the rules of the EU
- Infrastructural works can only be executed by Chinese companies!



# More information in China, friend or foe (in Dutch)

## Parthenon: Almere for 24,90 euros

### Conclusions:

- Very smart policy to gain goodwill, but it mainly benefits China and can backfire
- China benefits three times: it receives interest on its currency reserves, it builds the infrastructure & uses it to export
- This is not development aid, but big business & part of a strategic view how to become a world power

### Examples where it went wrong:

- Paksitan, renegotiated debt
- Malaysia, renegotiated loans
- Sri Lanka, had to lease out the port built by China
- All the stans: Tadjikistan, Uzbeksitan etc. heavily indebted
- Serbia asked support from China for Europe for fighting corona!
- Hungary voted against strict human right policies, or investment evaluations