China’s Belt and Road and Maritime Silk Road Initiatives:

Chinese investments in commercial ports in Europe

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Abstract

This paper focuses on China's Maritime Silk Road Initiative and investments in commercial ports in Europe so as to explain why China is investing in these ports, to what extent the investments are dictated by security issues, attempts to gain political influence in the host countries or economic, above all commercial considerations and, finally, whether the findings have implications for the EU's and the member states' response. The analysis is based on a comparative case study of Chinese investments in the ports of Piraeus and Rotterdam using Robert Blackwill's and Jennifer Harris' geoeconomic analytical framework. The research shows that China's objectives vary depending on the individual circumstances and characteristics of the host country and the port; political and economic in Piraeus but economic and commercial in Rotterdam. However, a more comprehensive understanding of China's Maritime Silk Road strategy in Europe requires further research including a wider range of variables and actors.

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1. Introduction

Since the financial crisis in 2008 China's foreign direct investments (FDI) into EU has increased substantially, amounting to total FDI stock of approximately €132bn by the end of 2017 (MERICS, 2018, p17). A large part of these investments has been directed at infrastructure projects and by the end of 2017 Chinese companies owned more than 10% of EU's port capacity. The launch of the Belt and Road Initiative (BRI) in 2013 and particularly the extension of the Maritime Silk Road Initiative (MSRI) into European waters accelerated China's investments in commercial port facilities in EU member states, from Greece in the Eastern Mediterranean to ports around the English Channel, the North Sea and the Baltic Sea.

In his book "On China" Henry Kissinger writes that "It [China] does not view the prospect of a strong China exercising influence in economic, cultural, political, and military affairs as an unnatural challenge to world order but rather as a return to a normal state of affairs" (Kissinger, 2012, p546). However, China's growing investments in EU, particularly the broader political and security aspects of these investments are causing anxiety. The discussions have focused on how best to respond to the extension of BRI and MSRI into Europe. EU member states are on the one hand competing to attract Chinese investments and on the other discussing whether to introduce regulations of and restrictions on Chinese investments, nationally or EU wide. However, neither the political discussions nor, to any wider extent, the academic literature has attempted to analyse, why China is pursuing BRI and MSRI into Europe, i. e. the determinants behind these investments, and when they do, they focus mainly on general political and macroeconomic concerns. The vast majority of these studies are based on realist and geopolitical theories, focusing on issues related to security and political influence and applied primarily to the relationship between the US and China, while economic and particularly commercial aspects of China's foreign policy initiatives have been less prominent.

The focus of this dissertation is on China's investments in commercial ports in the EU with a view to explain why China is investing in ports in Europe. The analysis is based on a comparative case study of Chinese investments in two commercial ports, the Port of Piraeus in Greece and the Port of Rotterdam in the Netherlands. Based on the analytical framework presented by Blackwill and Harris in "War by Other Means: Geoeconomics and Statecraft" (Blackwill & Harris, 2017) this dissertation questions whether China's investments in the two ports are dictated by security issues, attempts to gain political influence or economic, above all commercial considerations? Do the answers have implications for how the EU and the member states have responded or ought to respond to BRI/MSRI? If some Chinese investments are best explained by economic and, particularly, commercial interests while others by political considerations, EU's future relationship with China ought to reflect this complexity.

This dissertation continues as follows: the second section discusses the theories, realism and geopolitics, widely used as the basis for analysing China's current security and foreign policy, including BRI, and then focusses on geoeconomics as an applicable framework for the purpose of analysing this dissertation's research questions; the third section introduces the research questions, strategy and methodology; the fourth section presents the case studies, which provide the empirical basis for analysing China's port investments in Europe; the fifth section analyses the findings and applies the results to the research questions; the sixth section concludes.

2. Literature Review

Stephen M. Walt wrote in 1998 in “International Relations: One World, Many Theories” that “we need theories to make sense of the blizzard of information that bombard us daily” and went on to demonstrate how the main international relations theories help to frame the debate about how to respond to China, with realism claiming that “China’s ascent is the latest example of the tendency for rising powers to alter the global balance of power in potentially dangerous ways, especially as their growing influence makes them more ambitious” (Walt, 1998, pp29-30). Most academic literature analysing contemporary Chinese foreign policy is based on realist and geopolitical theories, focusing primarily on security and political influence, while the economic aspects, the main focus of geoeconomics and economic statecraft, are ignored or side-lined.

2.1. Realism

Realism regards the state as the principal actor and its duty in an anarchic and conflictual world is to protect the national interests. Power maximisation is the ultimate goal in the zero-sum game, while economic policy is subordinated political objectives, inevitably leading realists to focus on security and political aspects of Chinese foreign policy, including BRI.

John Mearsheimer’s Offensive Realism expresses this clearly: “the basic structure of the international system forces states concerned with their security to compete with each other for power and the ultimate goal for every great power is to maximise its share of world power and eventually dominate the system, i.e. the most powerful states seek to establish hegemony in their region of the world while also ensuring that no rival great power dominates another area” (Mearsheimer, 2014, pp363-365). Hence, China will not rise peacefully but attempt to become the regional hegemon in Asia and try to weaken the US’ established positions in the Western Hemisphere. Due to its sheer size, economic power and its expanding blue-water navy China aims to control its vital sea lines of communication and project its power worldwide. Growing nationalism, particularly under Xi Jinping’s leadership, supports an overtly aggressive foreign policy resulting in China's neighbours joining balancing coalitions in support of the US' containment strategy which will, eventually, lead to preventive war (Mearsheimer, 2014, pp379-383). Attempts to constrain China's economic growth will have serious consequences but are necessary as survival "is a more powerful imperative than prosperity" (Mearsheimer, 2014, p391). Michael Mandelbaum in "Mission Failure", shares Mearsheimer's view that China's growing economic success must translate into a wish for greater military power. However, contrary to most realists he acknowledges that military power, particularly its blue-water navy, also serves to protect China's transoceanic commerce, supply of essential raw materials and export of manufactured goods (Mandelbaum, 2016, pp345 & 349).

Many realist scholars adhere to the thesis that China's rise as a super power is likely to end in war with the US and Graham Allison's "The Thucydides Trap: Are the U.S. and China Headed for War?" summarises this view (Allison, 2015). Allison refers to the Greek historian Thucydides' analysis of the Peloponnesian war between Athens and Sparta in the 5th century B.C., which concludes that when a rising power threatens to displace a ruling power war is inevitable due to "the rising power's growing entitlement, sense of its importance, and demand for greater say and sway, on the one hand, and the fear, insecurity, and determination to defend the status quo this engenders in the established power, on the other" (Allison, 2015). However, a case study covering 16 conflicts over the past 500 years shows only 12 resulted in war, and Allison therefore concludes that war between the US and China is not inevitable but the situation needs careful managing. Two Chinese American scholars have questioned the use of Thucydides' analysis, pointing out it is based almost exclusively on European examples. An analysis of East Asian historic cases leads to a different conclusion: power vacuums are often as dangerous as power transitions and a hegemon's internal decline is often more damaging than external challengers (Kang & Ma, 2018, pp138 & 151).

Despite being regarded as a realist scholar, Henry Kissinger has a more nuanced view of Chinese foreign policy and he does not regard war between China and the US as inevitable.

Based on an analysis of the events preceding the outbreak of the 1st World War, Kissinger instead concludes "relations between China and the United States need not – and should not – become a zero-sum game", China and the US can develop a relationship which is less a partnership and more a "co-evolution" (Kissinger, 2012, pp523-526). The subsequent paperback edition includes a more pessimistic "Afterword", stressing that the formation of two exclusionary blocs in East and West "will replicate on a global scale the zero-sum calculations that produced the twentieth century conflagrations in Europe", only if China and the US can create an "agreed world order" is a win-win result realistic (Kissinger, 2012, p543). In a recent interview in Financial Times, Kissinger concludes a divided Atlantic would turn Europe into "an appendage to Eurasia" at the mercy of China, which wants to restore its historic role as the Middle Kingdom and be "the principal advisor to all humanity" (Financial Times, 2018).

2.2. Geopolitics

Geopolitics in its modern, 21st century form is closely related to realism and currently a much (mis)used term for wide aspects of international politics. However, the term geopolitics (geopolitik) was first used by the Swedish political scientist Rudolf Kjellen in 1899 and recently defined by Daniel Deudney as the "analysis of the geographic influences on power relationships in international relations" (Deudney, 2018).

Two early geopolitical thinkers, the American admiral Alfred Mahan and the British geographer Sir Halford Mackinder focused on sea power and territorial power respectively. In "The Influence of Sea Power upon History, 1660-1783" Mahan argued that control of the sea commons and particularly the so-called key choke-points (vital narrow straits and canals) meant control of shipping and trade thereby enabling major maritime states (seaboard nations) to secure their commercial prosperity and defence and, ultimately, achieve global dominance (Mahan,1890). Mackinder focused on territorial power, claiming that the state which controls a network of railways across Inner Eurasia, the Heartland, controls the World Island (Europe, Asia and Africa) and ultimately the world (Mackinder, 1904). More than one hundred years later these ideas seem to apply to China's BRI strategy and have indeed been used widely to explain Chinese foreign policy in the 21st century.

Robert D Kaplan's influential article "The Revenge of Geography" reverts to Mackinder's ideas about the Eurasian Heartland and World Island, claiming that geopolitics can explain China's attempts to acquire political and economic influence regionally and in the countries around the Indian Ocean (Kaplan, 2009). In "The Geography of Chinese Power, How Far Can Beijing Reach on Land and on Sea?" Kaplan reiterates that China's advantageous geographical position in Eurasia must not be overlooked when discussing its political assertiveness and economic dynamism, its quest for raw materials, secure sea transport and ports. Like realists, Kaplan focuses on security and the US' response to the Chinese navy's projection of hard power, but he also refers to China's real economic reasons for protecting its lines of communication at sea, particularly in the Indian Ocean and the Pacific (Kaplan, 2010, pp37-38). This view is developed further in "The Return of Marco Polo's World", in which Kaplan compares BRI with Marco Polo's travels in the 13th century and explains how Europe's existence is under threat from the interaction of globalisation, technology, connectivity and geopolitics as Eurasia is turning into a supercontinent, a fluid, comprehensive unit of trade and conflict, dominated by China and, to a lesser degree, Russia. However, the US' future strategic relationship with the new supercontinent and the danger of war remain his main focus. While "geopolitics is the struggle of states against the backdrop of geography" Kaplan acknowledges the effect of domestic factors on foreign policy and international relations and concludes China's future dominance of the Eurasian supercontinent is not inevitable (Kaplan, 2018, pp7-10, 35-38, 235 & 260).

Chinese scholars have also used geopolitics to explain China's foreign policy strategy this century. Zhang Wenmu's "Sea Power and China's Strategic Choices" stresses that China's "national goals have shifted from the need to guarantee its survival" towards sustaining its economic growth based on a strong navy which can secure international sea lanes, guaranteeing its supply of resources and its export. China has a right and a need to protect its interests in the global system but must remain a regional power concentrating on Asia, not succumb to the temptation of excessive expansion (Zhang, 2006, pp17, 20, 25 & 27). A view not supported by Christopher Hughes, who in "Reclassifying Chinese Nationalism: the geopolitik turn" has analysed a number of Chinese literary and scholarly texts, including Zhang's. Hughes concludes that China's current foreign policy is heavily influenced by so-called "geopolitik nationalism", a mix of Chinese nationalism and geopolitical thinking, which calls for China's economic, political and cultural development to be accompanied by expansion of its security perimeter. China's interpretation of "geopolitik nationalism" ultimately rests on the assumption that growing global interests require projection of global power as reflected in its post-2008 zero-sum approach to foreign and security policy (Hughes, 2011, pp605, 614-15 & 617-18).

In "Westward ho – the China dream and "one belt, one road": Chinese foreign policy under Xi Jinping" Peter Ferdinand agrees that Xi Jinping's foreign policy strategy is based on making China "strong and powerful" again through active and ambitious initiatives, rebalancing China's relationship with the US from a military to an economic, diverting attention from the Pacific towards Eurasia, Africa, the Middle East and Europe, and converting China from an Asian to a global power. Ferdinand lists Xi's reasons for pursuing BRI, economic, business/commercial and geopolitical, an attempt to improve China's transport and trade relations with Europe and, maybe, make Europe more dependent on China than on the US. Ferdinand concludes that BRI "marks a new stage in the growing salience of geopolitical considerations in Chinese foreign policy" (Ferdinand, 2016, pp951-53 & 955-56).

Jean-Mark Blanchard's and Colin Flint's "The Geopolitics of China's Maritime Silk Road Initiative" refers to MSRI as a geopolitical project, "a political-economic project with territorial consequences" (Blanchard & Flint, 2017, p238). Descriptions of MSRI vary from a win-win, benevolent economic development initiative to a zero-sum political step towards inevitable confrontation with the US over dominance of the Asia Pacific region and, ultimately, global hegemony The former view is predominantly based on economic variables and goals and in line with the official Chinese narrative, while the latter reflects realist or geopolitical ideas.

While acknowledging BRI is a major component in China's current foreign policy strategy, realism and geopolitics focus on political and security issues as the primary determinants behind China's actual policy. The political and military relationship between the US and China remains the main point of interest, a zero-sum game which may end in war. Some geopolitical scholars like Blanchard, Flint and Ferdinand do acknowledge the official Chinese presentation of BRI as essentially a benevolent, economic initiative but their conclusions reflect the realist zero-sum worldview. The same applies to some Chinese scholars as mentioned by Hughes. BRI's real and potential influence in Europe is only referred to briefly and no efforts are made to analyse whether BRI, despite being presented as one initiative, might be many, separate projects. Geopolitics, even realism, might provide the best framework for analysing the Sino-American relationship and China's strategy in the South and East China Seas. However, neither explains China's investments in commercial ports in Europe nor state-owned companies' role in the implementation of BRI/MSRI. Issues which are more comprehensively covered by geoeconomics.

2.3. Geoeconomics and Economic Statecraft

Geoeconomics and economic statecraft, as developed since the end of the Cold War is understood as the interplay between geopolitics and international economics, where economic tools are used to advance geopolitical objectives or reversed, geopolitical tools used for economic purposes. The widespread use of economic sanctions in international politics and Russia's interruption of energy supplies are resent examples but geoeconomics also apply to contemporary Chinese foreign policy strategy, particularly BRI. Some scholars have even dismissed "classical" geopolitics as out of date and outright dangerous. Paul Richardson in ""Blue national soil" and the unwelcome return of "classical" geopolitics" claims geopolitics does not explain modern China's foreign policy, its motivations and preoccupations. It does not take into account shared political and economic interests, the existence and membership of international institutions and the fact that both the US and China are nuclear powers. He concludes that geopolitical ideas "work to intensify Chinese fears of containment, at the same time as they expose the prevailing fractures, anxieties, and insecurities of the globalist regime" (Richardson, 2015, pp234 & 236).

At the end of the Cold War Edward Luttwak was one of the first to argue that military power has been replaced by geoeconomic power, not geopolitics but an "admixture of the logic of conflict with the methods of commerce … or the logic of war in the grammar of commerce", where states use economic regulations as tools of statecraft but the logic of zero-sum still prevails (Luttwak, 1990, p19). Luttwak still adhered to realist theory about the role of the state and its raison d'etre, but war as the ultimate solution was replaced by economic measures. Subsequently, in "Why China Will Not Become the Next Global Power … But It Could" Luttwak argued that due to the US' military strength and its alliances it is not in China's best interest to use its fast-growing military power in pursuit of global power but instead use its economic power and rely on diplomatic solutions (Luttwak, 2011, p10).

However, economic statecraft has been practised intermittently throughout history and David Baldwin defined it in his 1985 book "Economic Statecraft" and again in Encyclopaedia Britannica in 2016, as "the use of economic means to pursue foreign policy goals", applying tools such as "foreign aid, trade, and policies governing international flow of capital" which can take different forms, positive as well as negative (Baldwin, 2016).

James Reilly uses a similar definition in his analysis "China's Economic Statecraft: Turning Wealth into Power", claiming "Beijing is deploying its vast economic wealth to advance foreign policy goals … using economic statecraft more frequently, more assertively, and in more diverse fashion than ever before" (Reilly, 2013, p1). Focusing on how and how effectively China uses economic statecraft, Reilly concludes that while China has exceptional advantages such as size, economic wealth and a centrally controlled economy there are limits to its success, as economic tools can generate unforeseen backlashes. The cost to the domestic economy may be prohibitive and the government cannot always control its domestic actors, resulting in an incoherent and contradictory strategy. Also, China's foreign economic ventures may not always be part of their foreign policy strategy but may serve commercial and trade purposes (Reilly, 2013, pp11-13).

In "War by Other Means: Geoeconomics and Statecraft" Blackwill and Harris define geoeconomics as "the use of economic instruments to promote and defend national interests and to produce beneficial geopolitical results; and the effect of other nations' economic actions on a country's geopolitical goals", calling it a method of analysis and a technique of statecraft "providing a parallel account of how a state builds and exercises power by reference to economic factors rather than geographic ones". Geoeconomics can be a zero-sum as well as a positive-sum game (Blackwill & Harris, 2017, pp20-24). Like Reilly, but contrary to Luttwak, Blackwill and Harris stress that geoeconomic tools can be used to pursue geopolitical objectives while simultaneously have economic goals. Also geoeconomics is different from foreign economic police, mercantilism and liberal economic ideas. The former is "governmental actions intended to influence the international economic environment" while the others are described as "shades of geoeconomics", dependent upon whether a particular economic policy is pursued to "promote foreign policy goals of the state" or not (Blackwill & Harris, 2017, pp26-27, 30 & 32). Governments have a range of economic tools which can be employed in pursuit of foreign policy goals and their ability to use these tools depends on certain structural features, "geoeconomic endowments" (Blackwill & Harris, 2017, pp49 & 87).

Referring to China as the world's leading practioner of geoeconomics, Blackwill and Harris explore China's use of geoeconomics to obtain economic advantages, political influence and leverage through six case studies in Asia, asking when, why and how geoeconomic tools are used and how effective and significant they are. Two of the case studies, the expansion of China's influence in South East Asia and the China-Pakistan-India triangular relations, are directly related to BRI/MSRI and are summarised in the following section.

According to Blackwill and Harris the case studies raise three central questions, does geoeconomic strategy work, is geoeconomic statecraft recognised when occurring and why is China's use of geoeconomics seemingly so effective? They conclude that in the case of China their geoeconomic strategy works, however, the answer to the second question is more circumspect. The use of overt geoeconomic statecraft is growing but whether covert use is growing as well can only be assessed by the implied effect, if at all. Finally, China’s obvious success using geoeconomics in pursuit of its geopolitical strategy is due to its large share of so-called “geoeconomic endowments” (Blackwill & Harris, 2017, pp130-34).

“War by Other Means” is an attempt to develop a comprehensive and seminal analytical framework based on geoeconomics, defined as the state’s “systematic use of economic instruments to accomplice geopolitical objectives” (Blackwill & Harris, 2017, p1), but it remains part of the realist and geopolitical schools of international relations theories with its emphasis on the state as, if not the sole actor, then the main actor and security as its overall objective, or in Luttwak’s terminology “the logic of war in the grammar of commerce”. Despite their comprehensive analysis of China’s successful use of geoeconomics as part of its foreign policy strategy, their focus remains on how the US ought to or could use geoeconomics in its response to China’s growing influence in Asia and beyond.

However, geoeconomics, as developed in “War by Other Means”, its analytical framework, its range of economic tools, its reference to “geoeconomic endowments” and its focus on when, why and how effective, is useful for analysing China’s BRI/MSRI in Europe. Particularly because Blackwill and Harris, like Reilly before, do acknowledge geoeconomic measures’ multiple purposes, political as well as economic, commercial and cultural.

3. Methods and Methodology

3.1. Research questions

This dissertation focuses on three interrelated research questions and objectives concerning China's BRI, particularly the extension of the MSRI into European waters and investments in European ports, with a view to:

1. Identify why China is investing in commercial ports in Europe;
2. Study Chinese investments in the Port of Piraeus in Greece and the Port of Rotterdam in the Netherlands, exploring to what extend these investments are dictated by security issues, attempts to gain political influence or economic, above all commercial considerations;
3. Suggest whether the answers might have implications for how the EU and/or the member states have responded or ought to respond to China's BRI/MSRI.

Despite numerous academic and other studies of China's contemporary foreign policy strategies and the BRI in particular, the Literature Review shows that the majority has focused on political and security aspects of the relationship between China and the US, while there has been only limited interest in China's relationship with and investments in Europe, particularly investments in commercial ports in the EU, and hardly any has attempted to reach a comprehensive, nuanced explanation as to why China is investing heavily in these ports. Therefore, a comparative case study of Chinese investments in the Port of Piraeus (Piraeus) and the Port of Rotterdam (Rotterdam) provides an opportunity to assess whether these investments have different purposes, depending on the particulars of the ports as well as the host countries' political and economic circumstances.

This section sets out the preferred research strategy, explains why Blackwill's and Harris' geoeconomic analytical framework might be useful addressing the above research questions, outlines the framework's tools and endowments and justifies the choice of Piraeus and Rotterdam for the case study. Furthermore, it deals with the research methodology, the sources of information and the collection of data. Finally, it refers to the limitations and potential problems related to the chosen research strategy.

3.2. Research strategy and analytical framework

Blackwill's and Harris' list of geoeconomic instruments include seven, mainly economic tools: 1. trade policy, which can be used positively or coercively; 2. investment policy, inbound and outbound, particularly state controlled portfolio and direct investments; 3. economic and financial sanctions, including multilateral sanctions, increasingly popular despite their mixed record; 4. cyberattacks, the most recent and, potentially, most effective coercive instrument; 5. aid, economic, development, military or humanitarian, a longstanding, tried and tested instrument; 6. financial and monetary policy, widely used and one of most powerful instruments; and 7. energy and commodities, the supply of which is often used coercively but can be used positively (Blackwill & Harris, 2017, pp49-87). China has used most of these tools openly in connection with BRI or as part of United Nations sanctions, cyberattacks have been used covertly.

The effectiveness of a particular tool is determined by four geoeconomic endowments: 1. the country's ability to control outbound portfolio investments, FDI, debt or equity through state owned investment vehicles and enterprises or sovereign wealth funds; 2. domestic market features, inter alia size, growth rate, degree of control of import and export; 3. influence over commodity and energy flows, which depends on monopoly or monopsony power and centrality as a transit point between major buyers and sellers; and 4. centrality to the global financial system, e.g. reserve currency status and size of financial sectors (Blackwill & Harris, 2017, pp87-92). China, due to its size, its economic might and high growth rates, its predominantly state-owned or -controlled economic and financial sectors and foreign trade, is exceptionally well endowed to take advantage of geoeconomic instruments in pursuit of its foreign policy strategies and is regularly described as the world's leading practitioner of geoeconomics.

Blackwill and Harris explore China's use of geoeconomic tools in six case studies of which two are related to the MSRI, the expansion of China's influence in Southeast Asia and in the Indian Ocean. China's main geopolitical objectives in Southeast Asia are building and maintaining secure trade routes, by land and by sea, expanding its political and military influence, disrupting US influence in the area and keeping friendly countries close. Under the umbrella of BRI/MSRI, China has built and invested in infrastructure, rail networks, roads, pipe lines and ports; signed bilateral and multilateral aid, investment and trade agreements; financed industrial development projects and encouraged direct investments as well as tourism; created the Asian Infrastructure Investment Bank, AIIB; and encouraged the Renminbi's role as regional reserve currency. China has used coercive, even punitive, tools as well, including economic sanctions, trade embargoes and interruptions of flow of commodities and products, against the Philippines and Vietnam in particular. However, China's increasing presence and influence in Southeast Asia is also dependent on the use of geopolitical, military tools, particularly in the South China Sea, where China's growing naval power has caused problems vis-à-vis the neighbouring countries and the US. Blackwill and Harris conclude that China's wide use of geoeconomic tools has increased its overall influence in Southeast Asia substantially but the success has been uneven and not always lasting, depending on the individual country's closeness with and economic dependency on China and whether it has alternative sources of support (Blackwill & Harris, 2017, pp111-120).

In the second case study, "Pakistan and India: China-Pakistan-India triangular relations and the growing role of geoeconomics", Blackwill and Harris argue that China's relations with Pakistan can only be "understood within the context of each's relationship with India" (Blackwill & Harris, 2017, p120). Despite China's historically close geopolitical, military, relationship with Pakistan there are four reasons, why geoeconomics has become the preferred medium of influence: 1. geoeconomic tools are less likely to provoke a military response from the US or India; 2. the BRICS cooperation and India's growing economically and politically importance to China; 3. Pakistan's growing military ties with the US; and 4. geoeconomics is China's strongest medium in the present environment. China has employed a range of mainly positive tools in Pakistan. As part of BRI it has invested $46billion in the so-called China-Pakistan economic corridor, which includes building and managing the large, international Port of Gwadar surrounded by an industrial development zone, a new airport and a road network linking Gwadar with Western China. The corridor allows direct transport of oil and goods between China and the Indian Ocean, bypassing the South China Sea and, not least, the Malacca Strait. China has used other tools such as investments in nuclear power plants as well as direct loans ameliorating public debt and balance of payment problems, sometimes coercively when cut or temporarily withheld. These extensive geoeconomic efforts reflect Pakistan's strategic importance for the implementation of BRI as well as geopolitically in relation to India, the Indian Ocean and the US. China's geoeconomic initiatives in India, on the other hand, are narrow in scope and the tools employed limited to trade and investments (Blackwill & Harris, 2017, pp120-128).

Others have used the geoeconomic analytical framework and included non-economic tools such as cultural and so-called people-to-people initiatives. The economist George Magnus in "Red Flags: Why Xi's China is in Jeopardy" refers to Luttwak's definition of geoeconomics, "the logic of war in the grammar of commerce", and describes BRI as China's latest attempt to promote economic and political influence across Eurasia and beyond (Magnus, 2018, pp4 & 8). Magnus argues that China's current foreign policy strategy is best described in geoeconomic terms, a conversion of economic might to regional and global political influence with the purpose of challenging the US' influence. BRI is "a massive connectivity project" using geoeconomic tools, which politically and strategically raises important questions: is it a Eurasian development project, as China claims or, perhaps also, an economic, commercial and international relations project, designed to benefit mainly China, a "China First strategy"? (Magnus, 2018, pp175 & 179). If the latter, BRI causes "serious security concerns" and requires a new strategy for engaging with China, not least understanding the economic challenges facing China and what drives President Xi and the Party (Magnus, 2018, pp 13 & 204).

Philippe le Corre's comparative case study of China's political influence in four Southern European countries concludes that China is using geoeconomic tools for geopolitical purposes, applying soft and hard political power regionally and globally. Through the BRI

China engages in extensive outbound investments not only in developing countries but also in Europe, building and investing in infrastructure, investing in manufacturing, utilities, media, IT and technology groups, promoting bilateral trade, providing financial assistance, and encouraging people-to-people as well as cultural cooperation (Corre, 2018, pp2-6). Corre's case study of China's influence in Greece lists geoeconomic tools including investments, trade and financial aid but also soft power initiatives such as new Confucius institutes, cultural exchanges, academic cooperation and tourism. China's actual influence on Greece and its foreign policy is assessed by studying voting patterns in EU and UN, and the national perception of China's presence and influence is measured by the annual Pew Research Center survey and others. The study concludes that economically weak regions with anti-European sentiments such as Southern Europe, even Eastern and Central Europe, might succumb to strong Chinese influence in the future; the outcome depends on EU's response (Corre, 2018, pp38-41).

James Reilly's analysis of China's use of economic statecraft (see above section 2.3) lists three geoeconomic tools available for China: "providing capital through foreign aid or direct investments; expanding trade via preferential trade agreements or state procurements; and monetary policies such as purchasing foreign bonds or intervening in currency markets", used as incentive or punitive measures (Reilly, 2013, p2). In a subsequent article about China's use of economic statecraft in Europe, Reilly applies the same analytical framework, focusing on three case studies: China's attempts to discourage European countries from receiving Dalai Lama; secure market economy status within the WTO regime; and maximise influence in Europe after the 2008 financial crisis. China succeeded in discouraging leaders of large EU countries from meeting Dalai Lama, but did not manage to generate support for its market economy status, nor did European public attitude towards China improve. Leading Reilly to conclude that China has been "proven ineffective in turning its economic heft into political influence" in Europe, indeed the purpose of these investments might be purely commercial (Reilly, 2017, p182 and 2013, p11).

Magnus, Corre and Reilly all use the geoeconomic analytical framework. However, while their range of economic tools is more limited than Blackwill's and Harris', they include non-economic tools used by China in their pursuit of influence in Europe. Adding so-called "soft power" tools, cultural exchanges, academic cooperation and promotion of tourism, to the analysis and using them in conjunction with economic tools contributes to the understanding of China's BRI/MSRI strategy.

3.3. Comparative case study of the ports of Piraeus and Rotterdam

The ports of Piraeus and Rotterdam illustrate China's extensive and very different port investments in the EU under the umbrella of the MSRI. Geographically the two host countries are far apart, Greece in the Eastern Mediterranean and the Netherlands at the English Channel, but both countries are among the smaller EU member states, both are members of the Eurozone and both have long, proud maritime traditions. However, the Netherlands is a founding member of EU, a stable, old democracy and a longstanding supporter of further integration within the Community. Greece, on the other hand, only joined in 1981 after the overturn of its military regime and its relationship with Brussels, particularly after the 2009 Eurozone crisis, has been problematic. Also, the Greek economy is weak and struggling within an unstable political environment, while the Dutch is open, fundamentally sound and prosperous, its GDP per capita is twice the size of the Greek.

Also, the two ports and investments are very different. Rotterdam is, and has been for many years, the largest container shipping port in Europe, no. 11 globally, with rail and canal networks reaching the most densely populated and developed industrial areas in North-western Europe. The two Chinese investors, Hutchison and COSCO, own and control three of Rotterdam's 12 container terminals. Piraeus, until COSCO's involvement, was a medium sized container and ferry port with only limited transit capacity, however, COSCO has full control of the whole port complex.

3.4. Methodology

This dissertation applies qualitative research, conducted through desktop searches and interviews with qualified practioners in the maritime industry. Also, the author has worked for many years in investment banking at Scandinavian and British banks, specialising in finance of commercial shipping. She has extensive insider and specialist knowledge of the economics and workings of the shipping industry, an area largely unknown to outsiders.

Written primary sources include official documents, reports, annual reports and statistical data. Secondary sources include academic books and articles, think tank papers, specialised intelligence, relevant websites and press reports.

3.5. Limitations and potential problems

As this dissertation is based on a comparative case study of only two of the more than 15 EU ports with Chinese investors, the conclusions cannot prove any assumptions in the affirmative but can show which preconceptions are likely to be wrong or only partly correct. If it is generally assumed that China's investments in EU ports are driven by a wish to gain political leverage, even a small comparative case study might unveil investments dictated by economic and commercial considerations.

Most foreign statistics and other information about China, including economic and trade data, distinguish between mainland China and Hong Kong, while official Chinese data as produced by China's Ministry of Commerce (MOFCOM) include Hong Kong, affecting the value of analysing for example China's FDI into EU. MOFCOM's figures for annual FDI flows and stock FDI are substantially larger than those published by UNCTAD, EU and the Rhodium Group, and the latter are not in agreement either. The differences are partly due to the fact that MOFCOM's figures include FDI originating in Hong Kong and certain offshore holding companies, while the others tend not to and partly to lack of a commonly agreed definition of FDI.

Also, the distinction between mainland Chinese companies and those listed or based in Hong Kong, the latter not included when for example Chinese investments in EU ports are analysed, is misleading as it does not take into account the actual and potential influence Beijing has on Chinese global companies such as COSCO, Hutchison and China Merchants, whether state-owned and based in mainland China or not (COSCO and Hutchison see sections 4.5 & 4.6 below). The 1984 treaty between the UK and China concerning Hong Kong, which came into force at the handover in 1997, states that Hong Kong is part of China with status of a Special Administrative Region (HKSAR). While the regime, often referred to as the "one country, two systems", allows for a high degree of independence as regards internal matters and trade, foreign affairs and the legal interpretation of Hong Kong's constitution (the Basic Law) are under the control of Beijing (Aust, 2013, pp64-67).

The following section includes a brief overview of China's foreign and economic strategies, setting the context into which BRI/MSRI was first introduced in 2013. Followed by a presentation of BRI and MSRI with particular reference to port investments in Europe and, finally, a description of the comparative case study results.

4. Belt and Road Initiative, case studies

4.1. China's economic policy

Deng Xiaoping's economic reform program in the 1980s introduced an element of economic pragmatism into China's foreign policy in contrast to the Post-War period's focus on political and security issues. Deng's 1978-slogan "reform and opening up" and the subsequent 24-character instruction, including "hide our capacities and bide our time", were concerted efforts to steer China's foreign policy towards global reengagement, politically and economically, a policy continued by his successors (Kissinger, 2012, pp335, 438 & 441). At the beginning of this century China was among the top global FDI recipients, a leading exporter and a member of the World Trade Organisation (WTO).

4.2. The Belt and Road Initiative

In the aftermath of the 2008 global financial crisis China became the second largest world economy and the successful 1999 "going global" and subsequent "peaceful rise development" strategies were replaced by increasingly assertive, even nationalistic, strategies, reflecting its global ambitions. These were accompanied by renewed interest in the idea of "the China dream" which, according to Xi Jinping, "is the inner meaning of upholding and developing socialism with Chinese characteristics", in essence "a rich and powerful country, revitalising the nation and enhancing the wellbeing of the people" (Ferdinand, 2016, p946). These developments culminated in Xi's launch in 2013 of BRI and MSRI and subsequently the "China Solution" strategy, first mentioned at the G20 summit in China in 2016 and further developed at Davos in 2017. In his speech at the summit Xi emphasised China's wish to open up and achieve win-win outcomes through peaceful development, economic globalisation and a new type of international relations (Xi, 2016). Support for the existing international order, but also a warning of China's determination to be involved in building a new order and transforming its low-cost manufacturing-based economy.

Xi Jinping launched BRI and MSRI in two speeches in Kazakhstan and Indonesia in the autumn 2013, a series of overlapping infrastructure projects based on the ancient Silk Roads, consisting of rail corridors (the Belt) linking China and Asia with Europe and maritime corridors (the Road) from China to Africa and the Middle East through the South China Sea and the Indian Ocean. The 2015 official “Vision and Actions” paper described BRI as a “systematic project … strategic propellers for hinterland development … to help promote economic prosperity in the countries along the Belt and Road and regional economic cooperation, strengthen exchanges and mutual learning between different civilizations and promote world peace”, covering Asia, Africa, the Middle East and Europe. By then BRI included policy cooperation, connectivity of infrastructure and facilities, unimpeded trade and investment, financial integration and people-to-people bonds (Vision, 2015). Information about how many countries have signed BRI agreements or MOUs varies from about 70 to 157, even 170+, the texts are seldom published.

The significance of BRI for China’s foreign policy strategy became clear in October 2017 when it was written into the Chinese Communist Party’s (CCP’s) constitution.

The official goals for MSRI are included in the 2017 "Vision for Maritime Cooperation under the Belt and Road Initiative" which envisages China engaging "in all-dimensional and broad-scoped maritime cooperation and build open and inclusive … Blue Partnership[s] to forge a "blue engine" for sustainable development" by pursuing five priorities: green development, ocean-based prosperity, maritime security, innovative growth and collaborative governance. A range of activities promoting maritime connectivity, security and policy, establishing industrial parks of economic and free trade zones, building shipping service networks, constructing new ports, facilitating maritime transport and participating in Arctic affairs. All to be achieved through mutual cooperation and intergovernmental agreements between China and the countries along the Road (Vision, 2017).

China has consistently explained BRI's purposes with references to mainly economic goals: promote connectivity and regional development in China's western provinces, address issues of domestic industrial overcapacity and capital surpluses, open access to resources and new markets, integrate the Renminbi in the international financial system, and secure lines of transportation at sea. Despite the official emphasis on BRI's mutual development and economic aspects, not a challenge to the existing world order but win-win projects, the response from the West and, increasingly, from neighbouring Asian countries has been suspicion, outright negative. Focusing instead on what they see as China's strategic objectives: a geopolitical powerplay, an attempt to create a new world order and a potential debt trap, accompanied by growing cultural influence. The Chinese professor Liu Wei in an article for the Carnegie-Tsinghua Center has acknowledged that BRI "reflects a more assertive Chinese leadership on the global stage and plays a central role in Xi's fight for the great renaissance of the Chinese nation" and the international community "views the Belt and Road through a zero-sum, geopolitical lens" (Liu, 2018, p1). However, according to Liu, China "does not aim to change the global economic order [instead] the BRI will allow China to play a larger role in setting the rules and norms and providing global public goods, especially if developed Western countries continue to withdraw" (Liu, 2018, pp2-3).

4.3. BRI/MSRI in Europe

In 2003 the EU and China agreed to define each other as "strategic partners" and since then the EU has become China's largest trading partner with an annual bilateral trade in goods in 2017 of €573bn and a trade deficit of €177bn in China's favour, while China is the EU's second largest partner after the US (Trade EU-China).

Since 2013 China's (including Hong Kong's) FDI stock[1] in EU has more than quadrupled to €132bn, now equivalent to EU's in China (MERICS, 2018, p17). However, China's share of FDI stock in Europe amounts to less than 5%, the US' share is 40%. The UK, Germany, France and the Netherlands are among the largest EU recipients, while investments in Greece remain

[1] "FDI is defined as an investment reflecting a lasting interest and control [at least 10% of voting shares] by a foreign direct investor, resident in one economy, in an enterprise resident in another economy (foreign affiliate). FDI inflows comprise capital provided by a foreign direct investor to a foreign affiliate, or capital received by a foreign direct investor from a foreign affiliate. FDI outflows represent the same flows from the perspective of the other economy. FDI flows are presented on a net basis, i.e. as credits less debits" (UNCTAD, 2018, p52). FDI stock is the net cumulative FDI for a given period (FT Lexicon).

small. Chinese FDI cover a range of sectors with the transport and infrastructure sector the second largest (ETNC, 2017, p28). However, China's economic interests in the EU are significantly higher than these figures indicate. FDI numbers are very uncertain and China use other economic tools as well, including financial and monetary instruments, such as portfolio investments[2] and long-term sovereign loans, the former in countries with strong economies and the latter in countries with weak economies, for example Greece. Like FDI, these tools potentially enhance China's leverage.

BRI related cooperation remain bilateral and 16 EU member states have signed general MOUs with China, including 11 Eastern European members, under the 17+1 Format, as well as Greece[3], Luxembourg, Malta, Portugal and Italy[4]. Others, including Germany and the Netherlands, have signed limited agreements covering inter alia transport and infrastructure (European Parliament Study, 2018, p32).

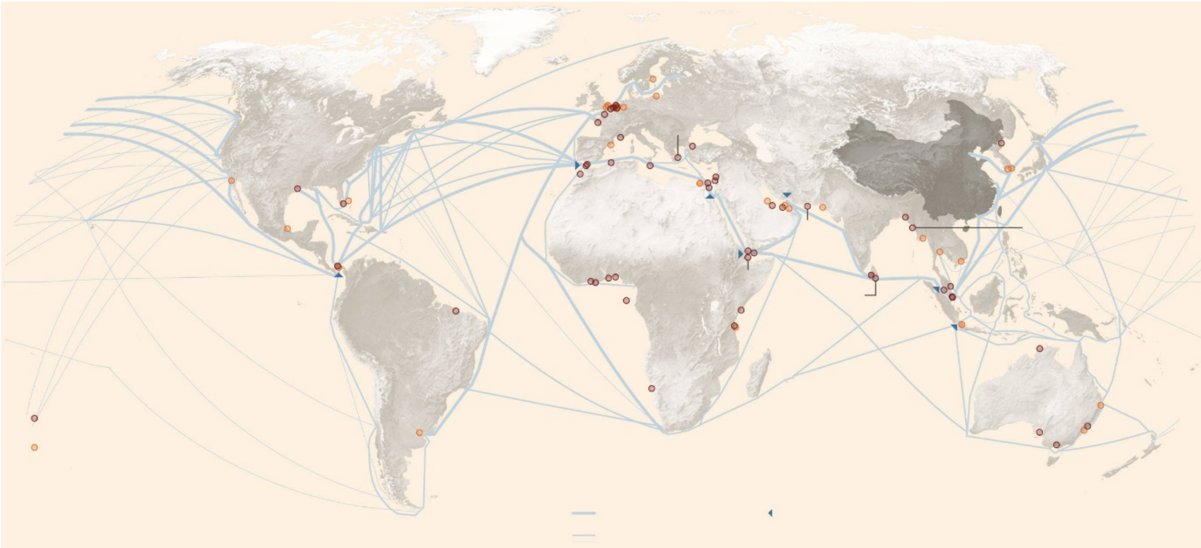
[2] "Portfolio investment is defined as cross-border transactions and positions involving equity or debt securities, other than those included in direct investment or reserve assets", intended for financial gain without creating lasting interest in or management control (IMF).

[3] Greece signed a bilateral MOU in August 2018 and joined the 17+1 Format in 2019.

[4] Italy signed a BRI MOU in March 2019, the first, and only, G7 member country to do so.

4.4. China's port investments and maritime interests

Chinese global port ownership clusters along key trade routes and maritime chokepoints



Sources: King's College, London; FT research (FT Investigation, 2017); CIA (shipping routes)

By the end of 2017, Chinese companies[5] controlled more than 10% of EU's port capacity through ownership of ports and container terminals (fully or significant stakes) from the Eastern Mediterranean to the Atlantic and the Baltic Sea, including more than15 ports in 10 EU member states (Belgium, France, Germany, Greece, Italy, the Netherlands, Poland, Spain, Sweden and the UK). Benefitting from cheap finance provided by Chinese state and state-controlled banks and special funds, companies like COSCO, China Merchants[6], Hutchison and SIPG have invested upwards of $50bn in ports and port projects worldwide and by 2017 they owned or had invested in 33 of the world's top 50 container ports (Drewry, 2017 & FT Investigation, 2017).

However, China's maritime interests are not limited to ports. China is the world's largest ship building nation; controls the largest commercial fleet (Greece is no. 2); owns the second largest container shipping company (COSCO); transports about 25% of all containers handled

[5] Mainland China and Hong Kong based.

[6] Through investments in French container ship owner CMC-CGM

by the world's top 20 container shipping companies (Danish Shipping, 2017 & UNCTAD Review, 2018, p32); and Chinese banks and leasing companies are among the largest providers of ship finance. In 2018 a Norwegian study labelled China "the world's overall strongest maritime nation" measured on four indexes: ship owning and management; finance; technology and ship building; as well as ports and logistics (Menon, 2018).

4.5. Case study: Greece, Port of Piraeus

According to Wang Yiwei[7] cooperating with China on BRI is an opportunity for Europe to revive a declining European civilisation and move the geopolitical centre of gravity away from the US as "the implementation of BRI turns Central and Eastern Europe into China's new European portal". China and the EU share common ground on maritime issues, and Greece is "China's important gateway to Europe and a bridgehead in cooperation between China, Europe and Middle East" (ISPI, 2015, pp103-104 & 107).

In the aftermath of the 2008 financial crisis Greece faced serious economic, political and social problems due to large foreign debt and substantial, chronic fiscal deficits, endangering its stability and that of the EURO zone at large. Support from the EU Commission, the European Central Bank and the IMF, the troika, was eventually provided but subjected to wide-ranging political and economic austerity measures, including privatisation of a range of state-owned assets, including Piraeus.

The volume of Chinese FDI in Greece is difficult to assess as estimates differ widely from Bank of Greece: €585mio, Rhodium Group: €840mio, European Bank for Reconstruction and Development (EBRD): €4bn to Greek media reports: €7bn. However, the largest FDI investors in Greece remain Germany, France and the UK. The majority of Chinese BRI related investment projects in Greece have been in the areas of transport infrastructure, energy,

[7] Professor at the School of International Studies, Research Fellow of Chinese Center for Contemporary World Studies at the International Department of CCP, former diplomat at China's Mission to the EU and fellow at Yale University (ISPI, 2015).

telecommunications and tourism, with COSCO's investments in Piraeus the flagship project (IIER, 2017, p16).

FDI in Greece from China & Hong Kong* (€mio)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016**	Subtotal
China	-	-	-	-	1.2	0.8	-	72.8	16.9	18.8	29.3	139.8
Hong Kong	3.5	0.7	0.6	1.6	12.9	10.2	16.1	19.0	27.6	31.7	317.0	440.9
Total	3.5	0.7	0.6	1.6	14.1	11.0	16.1	91.8	44.5	50.5	346.3	580.7

Source: Bank of Greece

*the relatively large figures for Hong Kong are due to COSCO SPL's registration there

**provisional data

COSCO' investments in Piraeus

Cooperation between Greece and China, particularly on trade and investments in transport infrastructure, grew after the centre-right Prime Minister Karamanlis' visit to China in 2006 and intensified after 2008, when Greece was seeking non-EU partners and investors. An initial deal spelling out China's ambition to turn Piraeus into a main container hub in the Mediterranean was signed in November 2008 during the then Chinese President Hu Jintao's official visit to Greece.

In 2009 COSCO Shipping Ports Ltd (COSCO SPL), a subsidiary of the Chinese state-owned shipping company COSCO, signed a 35 years lease agreement to operate two of the three piers at Piraeus' container terminal, the third pier remained under management of the state-owned Piraeus Port Authority. The lease agreement included a €50mio initial payment, fixed annual lease payments plus a percentage of revenues. The agreement was valued at a total of €4.3bn, however, due to a discount for investment obligations, the actual net present value of the agreement was lower. The new investments included deeper water docks and larger cranes, enabling Piraeus to accommodate the latest generation of large containerships and increase capacity.

At the time Piraeus did not even figure among the top 50 global container ports but COSCO SPL turned it into one of the world's fastest growing ports and in 2017 it was ranked no. 37 globally, no. 7 among European ports and no. 3 in the Mediterranean, reaching a throughput of 4 million TEU[8] p.a., of which about 75% was transit traffic (AIPH, Clingendael, 2014, pp12-13). COSCO SPL also invested in improved transit facilities and built a new railway link between the port and the Greek national rail system. COSCO's investment was allegedly championed by the Greek shipowners and in 2011 China created a special US$5bn shipping fund, enabling Greek shipowners to place newbuilding orders at Chinese shipyards.

After the launch of BRI in 2013 the investments in Piraeus were "re-labelled" a BRI/MSRI project and COSCO SPL agreed to invest another €230mio in further renovations of the two leased piers plus construct a new adjacent oil product terminal. In return the Greek government forfeited the annual lease payments until such time Greece's GDP reaches its pre-crisis level (Clingendael, 2014, pp10-12). In 2013-14 COSCO SPL signed a number of agreements with large manufacturers, Hewlett-Packard and Huawei among others, channelling a substantial part of their European distribution through Piraeus.

During Prime Minister Li Keqiang's visit to Greece in June 2014, the two countries signed trade agreements worth €3.4bn and 19 bilateral cooperation agreements promoting political, economic and cultural cooperation, reemphasising the strategic aim to turn Greece into *"China's gateway to Europe"* (The Diplomat, 2016). In July 2014 President Xi Jinping paid an official visit, deepening the partnership. However, the Greek government's subsequent attempts to persuade China to invest €1.5bn in government bonds failed**,** China invested only €200mio (Varoufakis, 2017, pp318-20). Also, trade volumes remain relatively low, Greece's export to China amounted to US$557mio in 2014 and fell to US$535mio in 2017, while China's export grew from US$2.9bn to US$3.1bn over the same period (World Bank).

Privatisation of a 67% stake in Piraeus Port Authority, which controlled the repair docks, the ferry and cruise terminal as well as one pier at the container terminal, began in the spring of 2014. COSCO SPL, one among five bidders, was expected to win. However, after the new coalition government of the radical left Syriza and the right-of-centre Independent Greeks

[8] TEU: twenty-foot equivalent unit based on a 20-foot long container box.

took office in January 2015, the privatisation process was stopped, allegedly due to resistance from the dockworkers' union and the communist party. Subsequently, during a visit to China in the spring of 2015 launching the China-Greece Maritime Cooperation Year, the Greek deputy prime minister announced the government was ready to sell a majority stake to one of the five original bidders (ETNC, 2015, pp38-39). The privatisation process was restarted in the autumn 2015, and COSCO SPL won the public tender.

The government's attempts to weaken COSCO SPL's powers were largely unsuccessful, the agreement was ratified by parliament in June 2016 and shortly afterwards the then Prime Minister Tsipras paid an official visit to China. The final agreement gave COSCO SPL full management control of Piraeus through a 51% stake in the Port Authority with the promise of another 16% after five years, subject to certain investments. In return COSCO SPL undertook to pay €281mio, plus €88mio for the second stake, and invest another €350mio in new facilities over 10 years.

At the time COSCO's chairman stated *"our goal is to help Piraeus Port become the largest container [transhipment] hub in Europe"* as well as the biggest ship repair facility in the Eastern Mediterranean and one of the wold's most important cruise ports. However, the former depends on easy access through Greece and the Western Balkan or Bulgaria/Rumania to the Eastern and Central European railway network. It was, therefore, a surprise that China did not bid for the operator of the Greek railways when it was privatised in 2016 (ETNC, 2016, pp31-33).

During the BRI Forum in Beijing in May 2017 China and Greece signed a so-called 2017-19 Action Plan dealing with funding of new projects, COSCO's plans for shipbuilding and ship repair facilities in Piraeus and on the islands (IIER, 2017, pp49-50).

In June 2017 COSCO SPL, as operator of Piraeus, signed a cooperation agreement with Shanghai International Port Group (SIPG), the state-owned operator of China's, and the world's, largest container port. The agreement covered training, project planning, information exchange and technical assistance, creating synergies and new business opportunities (Marine Link, 2017). SIPG has similar agreements with other port operators in the US and Europe, including Rotterdam.

Early 2018 COSCO SPL published a €550mio master investment plan for Piraeus and the surrounding areas. The plan included a fourth pier at the container terminal, a new ship yard facility, the largest in the Eastern Mediterranean, specialising in repair and servicing of cruise ship and mega yachts, and a large, new cruise terminal, turning Piraeus into the homeport in the Mediterranean for Chinese cruise ships and passengers, plus four new hotels and a shopping mall. According to the plan, the "ultimate goal is for Piraeus port to be established as a worldwide transportation hub [by 2021] and in this way enhancing the development of the Greek economy in general", turning Piraeus into one of the five largest ports in Europe (Seatrade Maritime, 2018a). COSCO SPL also signalled interest in smaller ports on the Greek islands in order to create a cruise network in the Aegean and the Adriatic and benefitting from the third Greek privatisations phase covering regional port authorities.

Towards the end of 2018 Greece's Council of State rejected parts of COSCO SPL's master investment plan with reference to environmental impact studies but most likely also reflecting public objections from, among others, construction companies, local businesses and government ministries, fearing competition and seeing it as a threat to the surrounding area's existing economy (Seatrade Maritime, 2018b). Allegedly the US also made its opposition clear to the Greek government. However, during a visit to China in March 2019 the then Greek foreign minister assured his Chinese counterpart of Greece's strong support of BRI/MSRI and wish to continue playing "a constructive role in promoting bilateral relations and Europe-China cooperation" (TNH, 2019). Despite these assurances, the Ministry of Culture later obstructed parts of the plan with reference to overriding archaeological and cultural interests (Ekathimerini, 2019). Subsequently, during president Xi's state visit in November, the newly elected centre-right government signed a MOU supporting COSCO SPL's expansion plan for Piraeus.

Greece's second largest port, Thessaloniki, was privatised in 2018 after a protracted process, which at one stage generated serious interest from the Hutchison group. However, the bidding was won by a European consortium (PortEconomics, 2018). COSCO was not involved.

China COSCO Shipping Corporation Limited (COSCO) is a Chinese state-owned company (SOE) headquartered in Shanghai. It is a worldwide business conglomerate with the mission to globalise Chinese economy by providing integrated logistics and supply chain services. Through organic growth, mergers and acquisitions COSCO has become one of the world's largest companies, ranked by the Financial Times among the top 500. The group controls the world's largest integrated shipping company, owning the second largest container shipping company, the largest dry bulk fleet, a sizeable number of large oil tankers and cruise ships as well as ports and ship yards. COSCO has invested in and operates 56 terminals, including 51 container terminals, worldwide. Also, COSCO is involved in trade, manufacturing and finance of BRI related projects, operating worldwide as well as through more than 1,000 subsidiaries in China. It holds majority or controlling shares in companies listed in China, Hong Kong, Singapore and Tokyo. Following the merger in 2016 with the China Shipping (Group) Company, a mainly inland and costal operator, COSCO changed its name from China Ocean Shipping (Group) Company (COSCO website).

COSCO Shipping Ports Limited (COSCO SPL), until 2016 known as COSCO Pacific Ltd., is the group's main port owner and operator with a presence in 36 ports in mainland China, Southeast Asia, the Middle East and Europe, including Greece and the Netherlands. It is listed in Hong Kong and the controlling shareholder (47%) is Hong Kong listed COSCO Shipping Holdings Co., Ltd. in which COSCO holds a controlling share (45%).

COSCO SPL's stated mission is: "working towards building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies, a synergistic platform that offers mutual benefits to all in the shipping industry, connecting global routes and becoming truly "the ports for all people"" (COSCO SPL, website).

However, this largely commercial mission statement, does not alter the fact that COSCO SPL's controlling shareholder is a state-owned company, whose chief executives are appointed by the CCP (Clingendael, 2014, p26). Therefore, the group's goals are likely to be not only commercial but also political, supporting MSRI and securing China's maritime supply chains through its global dominance in shipping and ports.

4.6. Case study: the Netherlands, Port of Rotterdam

While China appears to target two European regions for BRI projects, Central and Eastern Europe through the 17+1 (including Greece) Format and the Mediterranean through bilateral agreements, BRI related projects are also noticeable in Western and Northern Europe, including the Netherlands.

In 2017 the Netherlands was ranked no. 6 for inward FDI flows worldwide and no. 2 among the EU member states. The main investors are the US, Luxembourg and the UK, totalling 45%, while China, including Hong Kong, contributes only about 1% (UNCTAD, 2018 & Nordea). The main foreign investments are in financial and insurance services, but Chinese investments focus on high-tech, telecommunication and the automotive industry as well as agriculture and food. Investments in transport infrastructure remain limited. While the Netherlands is the 5th largest recipient of Chinese FDI in the EU and the third largest EU investor in China these relatively strong ties do not seem to be driven by Chinese attempts to gain political leverage, rather by an attempt to secure access to advanced technology, industrial knowhow and agricultural products, enhancing China's global competitiveness in line with the BRI and "Made in China 2025" strategies (ETNC, 2017, pp98-99).

FDI in the Netherlands from China* & Hong Kong (€mio)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	**Total**
China	127	15	91	79	453	55	298	1,750	2,279	318		5,465
Hong Kong							257	-1,728	1,556	396	4,248	4,729

* Source: Rhodium Group

**Source: OECD Statistics

In March 2014 Xi Jinping made his first official state visit to Europe as president, visiting France, Germany, the Netherlands and the EU Commission. During his stay in the Netherlands the two countries signed a joint statement, "the Establishment of an Open and Pragmatic Partnership for Comprehensive Cooperation", which did not include the usual term "strategic partnership", nor any references to BRI, launched only six months earlier and a prominent subject on the agenda for the President's subsequent visits to other EU member states (ETNC, 2016, p42).

Hutchison's and COSCO's investments in Rotterdam

Rotterdam, a state-owned enterprise, consists of 12 container terminals and is Europe's largest container port, no. 11 globally. Goods originating in China make up about 25% of all goods arriving. Also, it is the western terminus of one of the BRI Economic Belts, the Chengdu-Tilburg-Rotterdam Express opened in 2016 (ETNC, 2016, p42).

The Hong Kong Chinese port owner and operator, Hutchison Ports Holding Group (HPH), has long been involved in the Netherlands, owning and controlling four containership terminals, including two 2010-build deep sea terminals in Rotterdam, the ECT Delta and ECT Euromax Terminals, and ECT, the oldest and largest container terminal operator in Rotterdam. ECT manages six container terminals in the Rotterdam – Antwerp - Duisburg area as well as terminals worldwide, including the UK's largest container port, Felixstove (see below "Hutchison"). Also, in 2019 ECT bought one of APM's[9] two deep sea container terminals in Rotterdam, the Maasvlakte I.

In 2016 COSCO SPL bought a 35% stake in HPH's ECT Euromax Terminal in Rotterdam, paying US$125mio for the equity investment. The terminal is one of the newest and technologically most advanced terminals in Rotterdam, with a maximum throughput of 2.5 million TEU p.a.,

[9] Port and terminal operator owned by the Danish Maersk Group.

and placed at the entrance from the North Sea. Rotterdam was already COSCO's main container feeder hub in North-western Europe and the Netherlands China's second largest trading partner in EU. In 2017 the Netherlands imported goods valued US$40.6bn from China and exported US$12.6bn with transit trade amounting to 2/3 of imports and 1/3 of export. At the time, COSCO reiterated Rotterdam's strategic importance, located at the junction of the land-based "Silk Road Economic Belt" and ocean-going "Maritime Silk Road" (ETNC, 2016, pp41-42):

> *"The Board expects COSCO Shipping to continue to deploy ultra-large container vessels to the European shipping route and call the Port of Rotterdam as its major hub in the region. The company's investment in a container terminal in the Port of Rotterdam is not only in line with the company's strategy of investing in overseas hubs, but also coordinates with COSCO Shipping's hub strategy, resulting in good synergy"* (World Maritime News, 2016).

Contrary to COSCO, **CK Hutchison Holdings Limited (Hutchison)** is not state-owned nor headquartered in mainland China, it is registered in Cayman Islands, listed and headquartered in Hong Kong. Hutchison is the result the merger in 2014 of the Hutchison Whampoa Group and Cheung Kong Holdings. It is a global conglomerate involved in ports and port services, real estate, retail, infrastructure, energy and telecommunication.

Hutchison Whampoa originated from two port owning companies established in Hong Kong in the 19th century by a British merchant and merged in 1977 by another British businessman. Due to financial problems HSBC Bank subsequently acquired a controlling shareholding, which it sold to Li Ka-shing's Cheung Kong group in 1979 (Wikipedia).

Hutchison Ports Holding Group (HPH), a wholly owned subsidiary, is responsible for the group's port and port services business. HPH owns or has ownership stakes in more than 50 ports worldwide (except the US), including 11 ports in seven EU member states, four in the Netherlands, eight in mainland China and two in Hong Kong (HPH Website). In 2002 HPH, acquired European Container Terminals (ECT), the leading container terminal operator in Europe responsible for handling the majority of terminals in Rotterdam, including those owned and controlled by Hutchison and COSCO (ECT Website).

According to the latest Annual Report 2017, the then chairman now senior advisor, Mr Li Ka-shing controls about 30% of the shares in Hutchison. Mr Li, whose son Li Tzar Kuoi replaced him as chairman and group co-managing director in May 2018, founded and owned Cheung Kong Holdings, originally a real estate developer and property investment company. He was born in 1928 in mainland China and came to Hong Kong in 1940, when his family fled the Japanese invaders. Li has retained close ties with high ranking officials in China and Hong Kong which, according to an article in Encyclopaedia Britannica, has benefitted his business but also raised criticism and suspicion. Hutchison has not been permitted to manage or invest in ports in the US and its potential ownership of ports at both ends of the Panama Canal raised questions in Congress about security risks. Also, Li has been accused of attempting to influence the political climate in Hong Kong. His charitable foundation is present in 12 countries, with 22 projects in mainland China alone (Hutchison's website & Britannica).

While China has no known ownership in Hutchison, the controlling shareholder and influential decision maker is a first-generation Hong Kong Chinese with strong ties to Beijing, direct and through his charitable foundation, and the group has extensive investments and business interest in mainland China. It is therefore not unreasonable to assume Hutchison's business strategy is at least aligned with official Chinese policy, including the MSRI strategy.

5. Analysis

5.1. Why is China investing in ports in Europe?

BRI/MSRI are integral parts of China's foreign policy strategy and the original BRI goals were presented as primarily economic, win-win development projects based on cooperation and connectivity. MSRI was based on mutual interests in maritime issues, "Blue Partnerships", maritime cooperation and connectivity, including ports. In Blanchard's interpretation, MSRI is an economic and political strategy connecting transport infrastructure and inter-state politics (Blanchard, 2017, p261), while Chinese academics, politicians business leaders describe it as China's efforts to turn Central and South-eastern Europe into a gateway for Chinese interests in the Mediterranean and Europe at large.

COSCO's activities in Piraeus have been the subject of much attention in China as well as in Europe, while Hutchison's and COSCO's investments in Rotterdam remain virtually unnoticed. Chinese public statements reflect the different ambitions: turning Greece into "China's gateway to Europe" and "help Piraeus Port become the largest container hub in Europe" in contrast with COSCO's aim to secure continued access to "the Port of Rotterdam as its major hub in the region".

5.2. Case studies, similarities and differences, geoeconomic tools

The case studies of Chinese investments in Piraeus and Rotterdam show similarities but also many differences, not only are the two host countries' economic and political environments very different, so are the Chinese declared investment goals. China's economic relations with the Netherlands, and North-western Europe at large, are extensive, longstanding and cover a multitude of sectors. Hutchison's and COSCO's investments in Rotterdam can therefore be seen, more as a continued interest in securing and maintaining access to the largest and most efficient container port and tranship hub in Europe as well as the terminal for one of the BRI rail corridors. On the other hand, at the time of COSCO's first investment in 2009, Piraeus was a medium sized port, servicing mainly domestic ferry and passenger traffic, with three container shipping piers and limited transit traffic. In the aftermath of the Eurozone crisis Greece was in economic and political turmoil and economic relations with China sparse. Also, Chinese investments in Rotterdam cover only a small part of the port, while COSCO SPL controls Piraeus, being the operator and majority investor with the Greek state maintaining a minority stake.

Only one of Blackwill's and Harris' economic tools, investment policy, is relevant in the case of HPH's and COSCO SPLs involvement in Rotterdam. While it can be assumed that COSCO, being state-owned with state and party appointed management, would not make significant foreign investments without the ultimate approval, explicit or implicit, of the Chinese authorities, HPH's investment motivations are more opaque. However, despite being a public company based in Hong Kong, the controlling shareholder and top management are Chinese with close business and personal ties to Beijing, it is therefore likely HPH's foreign investments are at least in line with China's BRI/MSRI and foreign policy strategies.

Blackwill's and Harris' investment policy tool also applies to COSCO's investment in Piraeus but China has used other economic tools as well. When the Greek government in 2015 stopped the privatisation of Piraeus port authority and then only approved COSCO SPL's purchase in the summer of 2016 after prolonged, difficult negotiations, the chain of events gives a clear impression of Beijing's direct involvement. It is not publicly known which tools the Chinese authorities might have used but trade is obvious as is aid. Since 2009, China has used economic aid, creating the US$5bn investment fund for Greek shipowners, bought government bonds, and signed several trade and cooperation agreements. Also, China has employed Magnus', Corre's and Reilly's soft power tools, including promotion of tourism and cultural exchange.

5.3. Piraeus and Rotterdam: security, political influence, economic or commercial

Commercial ports used to be owned and controlled by central governments or local authorities as they were regarded as strategic assets or, at least, central to national economies. However, over the past 40-50 years many ports and port authorities have been fully or partially privatised, a process driven by ideology or economic necessity. Piraeus is an example of the latter. There are four reasons why investments in a foreign commercial port might be regarded as an asset: security, political, economic, or commercial, but to what extent do these apply to the Chinese investments in Piraeus and Rotterdam?

Security

The potential security or military aspects of BRI/MSRI have given rise to concerns, particularly the extent to which commercial ports might be used to support Chinese naval activities, not just as fully-fledged naval bases but also as providers of services. However, International Law and The UN Convention on the Law of the Sea 1982 (UNCLOS), to which China and all the EU member states are parties, do not include general rights of innocent passage of foreign ships through internal waters nor access to ports but, if allowed entrance to a foreign port, a ship comes under the jurisdiction of the coastal state. Access by commercial ships is normally granted by bilateral or multilateral agreements but these do not cover war ships, which must seek so-called diplomatic clearance from the coastal state before entry (Aust, 2010, pp278-280 & 296). Therefore, China's navy does not automatically acquire special benefits from Chinese ownership and/or control of European ports. Port ownership or control per se is not a strategic geopolitical asset.

Political

State controlled FDI can potentially accord the investing state political leverage over the host country's domestic and foreign policy, and academic papers as well as media interest have dealt with China's political leverage in Europe: have Dalai Lama been welcomed, which countries have condemned China's human rights records, which have promoted screening of FDI etc, and how has China responded?

In the case of the Netherlands there are no known instances of Chinese influence on domestic or foreign policy. Dalai Lama has visited eight times, meeting high level government ministers and officials, apart from his last visit in 2018, when he was guest of the Dutch church. The Dutch government has persistently and publicly criticised China's human rights record, bilaterally and in international fora, without any noticeable repercussions, except once in 1989, when China cancelled a visit from a high-level Dutch trade mission (ETNC, 2018, pp59-62). Foreign investments are subjected to a national screening regime, which is in the process of being updated and extended, even if the Netherlands did not actively champion the recent EU Directive on screening.

Greece, on the other hand, has no national screening regime and, together with several other member states, it raised concerns about the EU directive. Dalai Lama has never visited Greece but there are no indications that China has had any influence on this. However, in 2016 EU's joint statement endorsing the South China Sea Arbitration Tribunal's ruling was toned down at the insistence of Greece, Hungary and Croatia (ETNC,2016, p10). Furthermore, at the session of the United Nations Human Rights Council in June 2017 the EU, for the first time, did not make a common statement regarding human rights violations in certain countries, including China, due to objections from Greece. According to newspaper reports Greece blocked the EU statement as "unproductive criticism", preferring to discuss human rights violations with China at private, bilateral meetings (NY Times, 2017). However, EU has subsequently referred to China's human rights violations, latest in its statement at the Human Rights Council in March 2019. Finally, COSCO's majority ownership and control of Piraeus could potentially complicate Greece's ability to implement economic sanctions. A problem, particularly because COSCO is state-owned.

Concerns about China's potential leverage in EU and the member states are not unfounded but influence seems to vary, dependent on the circumstances of the individual country. While China seems to exert little, if any, political influence in the Netherlands, Greece is different. Using Blackwill's and Harris' analytical framework, it is perhaps not so much a question of

China's superior "geoeconomic endowments" but rather Greece's lack of "endowments". However, as far as influence on EU's external policy is concerned, China only needs political leverage in a single member state as foreign policy initiatives require unanimous approval.

Economic

One of the objectives of MSRI is to construct and/or own ports, thereby employing China's surplus capacity, acquiring new technology and paving the way for increased trade and other infrastructure developments in the host country. Also, ownership contributes to trade security, as control of ports is part of the maritime value chain.

Strategic ports are gateways to resource rich areas or dense consumer areas, they can be hub ports along shipping routes and chokepoints, or open new possibilities for alternative routes (Merk, 2017, p75). Rotterdam is a prime example of a strategic port, a gateway to important consumer areas and a transit hub, offering easy access to the most densely populated and industrialised areas in North-western Europe through a developed and well-functioning transport infrastructure, including feeder container companies, canals and railways. The reasons why Hutchison and COSCO have invested the port and China has chosen Rotterdam as terminal for one of its BRI rail corridors. Rotterdam does not offer direct opportunities for new developments and construction projects but it allows access to highly sophisticated port technology, particularly through Hutchison's ownership of ECT.

The economic reasons behind the Chinese investments in Piraeus are less obvious. Piraeus was not a strategic port in 2009, it was not on the main shipping route from China to Europe and it lacked a developed network of transport infrastructure in Greece and beyond. However, COSCO's engagement in Piraeus is part of China's plan to create a new "gateway to Europe", an attempt to change the pattern of container shipping away from the traditional dominance of North-western European ports by opening a new, alternative route to Eastern and Central Europe, supported by major, new high-speed rail projects. Piraeus is now the third largest container port in the Mediterranean, and COSCO's latest 2018 master investment plan reflects China's MSRI strategy of building industrial parks, including economic and free trade zones, around Chinese controlled ports; Piraeus is the first example in Europe.

Furthermore, the development of Piraeus' ferry and cruise business tie in with Beijing's BRI strategy of developing people-to-people bonds and promoting Chinese culture and tourism in Europe. Therefore, COSCO's investments in Piraeus are more likely to be dictated by China's efforts to gain leverage in EU, taking advantage of Greece's size, its place in the Mediterranean, its maritime traditions and, not least, its serious economic and political difficulties.

Commercial

Ownership of ports is regarded as an asset by both geopolitical and geoeconomic studies, Blackwill and Harris use the Port of Gwadar in Pakistan as an example. However, HPH's and COSCO SPL's investments in Rotterdam do not accord China any military advantages nor do they seem to create political leverage vis-à-vis the Netherlands. While there are sound economic reasons for Chinese interest in Rotterdam, the actual reasons for these investments might be commercial. Despite their unique relationships with Beijing, HPH and COSCO SPL are also commercial enterprises driven by the need to generate income and profit and their investments in Rotterdam are undoubtedly both profitable and advantageous. Not only does COSCO SPL gain priority in allocation of berths and port services, it also has some control as to access, cost and protection against sanctions. For HPH, Rotterdam is a natural fit in their global strategy.

Piraeus is different, COSCO's short to medium term commercial advantages are not obvious. COSCO SPL's investments and its latest plans for major expansions do not seem to provide significant commercial gains as long as the onward transit network is not in place. It remains cheaper to use Rotterdam, despite the sailing time for containerships from China to Piraeus being nine days shorter and saving 25% of fuel cost. Onwards rail transport from Piraeus to Eastern and Central Europe, either through the Western Balkan or Bulgaria and Rumania, is slow, difficult and expensive; not all are members of EU, the networks are old and have different rail track gauges. Also, China's plans for a high-speed railway between Athens, Beograd and Budapest with onwards connections in Central Europe were put on hold by the EU in 2017. Even with an improved rail network, using Piraeus as a transit hub is still not likely to be cost effective, a large, modern containership carries more than 20,000 TEU and each train only 80-150 TEU. Transporting containers by rail, while faster, is substantially more expensive, with some estimates reckoning the cost per TEU by rail is between 2.5 and 5 times the cost by ship and others claiming it is only cost effective, if the value of the cargo is more than €85,000 per TEU (European Parliament, 2018, pp53 & 56).

5.4. EU's response to Chinese investments

Contrary to BRI's rail corridors, the potential implications of MSRI in EU, port investments in particular, have attracted limited interest beyond maritime transport circles. However, recently the EU and some member states, Germany and France in particular, have acknowledged the need to protect strategic assets, particularly critical technologies, infrastructure and sensitive information, while remaining open and welcoming to FDI. In February 2019 the EU approved a Directive setting out a framework for screening of FDI, encouraging the member states and the Commission to cooperate on protection against foreign investments, which might affect security and public interests, particularly state-controlled FDI, but leaving the final approval to the individual members. So far only half of the member states, including the Netherlands, have national screening regimes, while nine, including Greece, have no plans to introduce these (MERICS, 2019, pp16-17).

Also, in March 2019 the EU Commission issued a paper on "EU-China – A Strategic Outlook" drawing up an action plan for future cooperation with China, listing 10 recommendations for the European Council to endorse and pursue in the forthcoming negotiations with China about a comprehensive investment agreement. The paper refers to China as an "economic competitor" and "systemic rival" and recommends the EU "address the distortive effects of foreign state ownership and state financing". Transport infrastructure is mentioned but not ports specifically (EU Commission, 2019).

5.5. BRI/MSRI in a theoretical framework

Realist and geopolitical theories focus primarily on security and political influence analysing China's recent ascent and the consequences for the relationship with the US. As argued in the Literature Review, these theories are therefore of limited value when analysing China's BRI/MSRI investments in European ports. The military aspects of MSRI have caused much concern in relation to the South China Sea and less developed countries, however, investments in commercial ports do not per se give China's navy access, this being an area regulated by International Law. Therefore, China's potential political influence in Europe is not based on military but on economic might.

Geoeconomics and economic statecraft provide a framework for analysing China's BRI/MSRI strategy in Europe. China has openly applied several of Blackwill's and Harris' seven economic tools: investments, trade, aid and sovereign loans, among others, and their geoeconomic endowments do help to explain why Greece has been more susceptible to political influence than the Netherlands. The case study of Piraeus shows that particularly smaller countries with a weak political and economic environment are vulnerable, not only to China's use of economic tools but also soft power tools as defined by Magnus, Corre and Reilly. Despite China presenting BRI/MSRI as an economic development, win-win strategy, the initiatives do help gaining political leverage and influence in some EU member states.

However, Blackwill and Harris being Americans with experience from the State Department and various academic and foreign policy think tanks are focused on US foreign policy. "War by other Means" is a declared attempt to develop an American geoeconomic strategy, which can be used successfully in response to China's and, to a lesser extent, Russia's increasing use of economic tools. As this dissertation shows, Blackwill's and Harris' geoeconomic framework can be applied analysing China's BRI/MSRI strategies but it does not comprehensively explain the Chinese activities in Europe. Their economic tools and geoeconomic endowments are essentially instruments available to and used by a liberal, democratic state and do not, for example, take into account state and non-state actors, commercial enterprises and domestic, regional authorities, which may or may not be acting under direct instructions from the central government. A particular problem in relation to this dissertation has been to determine if and when Chinese companies, state-owned or private, mainland Chinese or Hong Kong based, are acting on Beijing’s instructions or dictated by their own commercial interests.

6. Conclusion

China's BRI/MSRI strategy is the subject of extensive debates in academic, political and media circles, questioning the officially stated motives: economic, win-win projects aimed at promoting connectivity and regional development in China's western provinces, addressing domestic industrial overcapacity and capital surpluses, opening access to resources and new markets, integrating the Renminbi in the international financial system, as well as promoting maritime cooperation and connectivity. Instead the West and, increasingly, China's neighbours have focused on what they see as China's geopolitical powerplay, its attempts to create a new world order, a debt trap and cultural influence.

This dissertation has focused on MSRI, asking three interrelated questions with a view to explain why China is investing in European commercial ports, is it motivated by security issues, attempts to gain political influence or economic, above all, commercial considerations, and do the answers have implications for the EU's and the member states' response?

Based on Blackwill's and Harris' geoeconomic analytical framework and soft powers as suggested by other proponents of economic statecraft, the analysis of the two case studies of Chinese investments in Piraeus and Rotterdam shows that there is no single answer and the objectives vary between the two host countries and ports. None of the investments are determined by security/military issues and Hutchison's and COSCO's investments in Rotterdam do not show signs of an attempt by China to gain political leverage in the Netherlands. Instead, these investments are reflecting the two investors' commercial interests and wider Chinese economic considerations. On the other hand, COSCO's investments in Piraeus are not primarily determined by commercial considerations but by China's stated objectives to convert the port and, by implication, Greece, into its "gateway to Europe" as well as redirecting some container shipping routes away from North-western Europa towards the Mediterranean, i.e. political leverage and economic considerations. China's broad objectives in Greece are mirrored in its use of a wide spectrum of economic and soft power tools: investments, trade, economic aid as well as promotion of Chinese tourism and culture. Ultimately, Piraeus and Rotterdam are strategically very different and the host countries equally so, politically, economically and geographically, rendering China's geoeconomic endowments more "valuable" in Greece than in the Netherlands.

The EU and China signed a strategic partnership agreement in 2003 but despite numerous high-level meetings and initiatives as well as flourishing trade and investments, the BRI/MSRI cooperation remain bilateral, between China and the individual member states. Only this year has EU agreed a framework for screening of FDI and started negotiations with China about a comprehensive investment regime, a reflection of the member states' various needs for new FDI and lack of agreement about how to deal with China's growing economic and political influence in Europe. Keeping in mind these differences and the fact that China's BRI/MSRI strategy varies from member state to member state a mutually agreed EU policy is unlikely, at least until China's varied objectives and tools are fully understood and acknowledged.

A limited sample of two case studies does not provide comprehensive answers to the questions as to why China invests in commercial ports in Europe and what drives these investments. However, this dissertation does show that China's BRI/MSRI strategy is not dictated by security, military issues nor solely a political powerplay, as assumed by realist and geopolitical theorists. Instead the geoeconomic analytical framework provides tools to explain how China uses its economic might in pursuit of its BRI/MSRI and foreign policy strategy. However, the framework does not take into account the fundamental differences between the economic and commercial reasons for the Chinese investments in European commercial ports, nor does it distinguish between investments initiated or controlled by Beijing and those made by Chinese companies, possibly for purely commercial reasons.

Further research into the variety of reasons for Chinese investments in Europe is needed to understand China's BRI/MSRI strategy and for EU and the member states to develop comprehensive and effective responses. It is necessary to include political, economic and commercial variables, actors and dynamics at several levels as well as state-owned and private companies in mainland China and Hong Kong. A possibly way forward might be research based on the so-called Bureaucratic Political Model (BPM), using organisation theory and bureaucratic politics, as developed by Graham Allison et al. In the words of Stephen Walt, BPM does “not seek to provide a general theory of international behaviour but to identify other factors that might lead states to behave contrary to the predictions” of the major theories (Walt, 1998, p34).

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