

## Beijing calls for new 'Silk Road' between China and Europe

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Wang Yi Press Conference. Beijing, 8 March. [Chinese Foreign Ministry]

**Chinese Foreign Minister Wang Yi called to boost European trade links on Sunday (8 March), as the European Commission mulls Beijing's market economy status within the World Trade Organisation (WTO).**

Minister Wang Yi held a press briefing on China's foreign policy on the fringes of a plenary session of the 12th National People's Congress, China's 2,987-member strong legislative body.

"The emphasis [of Chinese foreign policy] will be on promoting infrastructural connectivity, and building overland economic corridors and pillars of maritime cooperation," said Wang in relation to China's so-called "belt-and-road" priorities.

"Belt and road" refers to Chinese President Xi Jinping's plan to connect Asia and Europe. The 'belt' refers to a trade route stretching by land from Xi'an in northwest China, through Central Asia, Iran, Iraq, Syria, and Turkey, before crossing the Bosphorus into northwest Europe, passing through Germany and the Netherlands, to Italy.

The 'road' refers to a maritime link stretching by sea from China through the Indian Ocean, around Africa to the Mediterranean, meeting the "belt"-based land road in Venice, the medieval European starting point of the ancient silk road to Cathay.

## **Market status impacts on fines, prestige**

The call comes as the EU executive mulls China's market economy status (MES) within the WTO, the Geneva-based body which arbitrates global trade. China was categorised as a non-market economy when it was admitted to WTO membership in 2001.

The issue is up for review in 2016, however, with some legal interpretations suggesting that China should automatically receive MES next year.

Such MES within the WTO has an impact on the level of sanctions, such as fines awarded against offending countries within the WTO system. For example, non-market economy status countries can expect higher fines in respect of proven trade dumping compared with their MES counterparts. China is keen to shrug off its outsider non-MES position for practical reasons, but also to bolster its general prestige within the body.

“The Commission has been continually examining China's progress in reforming its economy towards market principles for a number of years now to determine whether or not China can be considered as a market economy in trade defence investigations,” a spokesman for the EU executive told EurActiv.

## **Not there yet, says the Commission**

There is no WTO-wide approach to granting MES, so each member nation or bloc undertakes its own decision-making process as it sees fit.

“To date, our analysis has shown that China does not meet all the MES criteria,” the Commission spokesman added.

The issue of China's market economy status, and whether an automatic grant might be considered “requires detailed reflection by the Commission”, he said.

Trade analysts anticipate that the EU executive will indicate a decision-making roadmap before the summer, but this comes against a tense political backdrop, as Europe is keen to garner Chinese investment, especially in connection to the digital economy, a source of growing friction with the US.

**“There is mounting evidence that the real competitive challenge for Europe will come from the east, especially China, which is taking a protectionist and**

**expansionist approach to securing its future digital dominance,” according to a recent (23 February) [commentary piece](#) for Project Syndicate.**

**The article was written by Robert Atkinson, founder of the Information Technology and Innovation Foundation – a Washington-based think tank, and Paul Hofheinz, the president of Brussels-based think tank The Lisbon Council.**

**“If the European Union and the US do not collaborate to limit China on this front, they risk leaving the playing field wide open to a regulatory regime based on principles that directly controvert the fundamental values the West's two largest economies share,” Atkinson and Hofheinz said.**

### **Tense political backdrop as Europe seeks investment**

“We are confident that the ‘belt-and-road’ initiative will win even more support and deliver even more ‘early harvests’, so as to catalyse the revitalisation of the Eurasian continent as a whole,” said Wang in his press conference.

Asked to comment on comparisons between China's "Belt-and-Road" plan and the Marshall Plan - through which the US delivered billions of dollars of aid to Europe in the aftermath of the Second World War - Wang replied: “It ['Belt and road'] is a product of inclusive cooperation, not a tool of geopolitics, and must not be viewed with the outdated Cold War mentality.”

The EU-China relationship went otherwise unmentioned during the briefing. Foreign Minister Wang subsequently discussed Chinese President Xi Jinping’s scheduled visit Washington later this year at the invitation of the White House; healthy Sino-Russian relations; poor Sino-Japanese relations; Afghanistan, Africa, Myanmar and India.

Asked about Chinese activity on islands and reefs in the South China Sea – a source of friction in the Asia-Pacific region - Wang said: “We are not like some countries, who engage in illegal construction in another person's house. And we do not accept criticism from others when we are merely building facilities in our own yard.”