

UNIVERSITY OF TARTU  
Faculty of Social Sciences  
Johan Skytte Institute of Political Studies

Ketli Lindus

**NATIONAL PREFERENCES IN THE EUROPEAN UNION'S POLICY-  
MAKING FOR RELATIONS WITH THIRD COUNTRIES: CASE STUDY OF  
CHINA'S ONE BELT, ONE ROAD INITIATIVE**

MA thesis

Supervisor: Prof. Eiki Berg (University of Tartu)

Tartu 2018

**Author's declaration**

I have written this Master's thesis independently. All viewpoints of other authors, literary sources and data from elsewhere used for writing this paper have been referenced.

.....  
Ketli Lindus

The defence will take place on ..... at Lossi 36, Tartu, Estonia.

Opponent: .....

## **Abstract**

This thesis analyses the role of national preferences in the European Union's (hereinafter "EU") policy-making for relations with third countries. Although policy-making in the EU itself is a topic which has been thoroughly assessed by academic research through more than half a century, only a limited amount of attention has been turned to the specific question of policy-making for EU's policy relations with third countries. The said topic is of importance, as in light of the additional competences granted to the Maastricht Treaty and the Lisbon Treaty, and in light of the ongoing process of globalisation, the EU has obtained a very important role in representing its Member States in relations with third countries.

The thesis analyses the topic at hand through the example of one of the most prominent ongoing economic initiatives, China's "One Belt, One Road" (hereinafter "OBOR") initiative. More specifically, the thesis analyses the national preferences of three EU Member States, France, Germany and Poland, in relation to OBOR and the EU's policy in relation to OBOR, to ascertain how the national preferences of those three countries are represented by EU's policy, how the EU tackles conflicting national preferences and how does the role of national preferences in policy-making for relations with third countries differs from the role of national preferences in policy-making for different matters. Results show that national preferences do play an important role in the development of EU's policy for relations with third countries. The analysis further shows that in case of conflicting national preferences, certain national preferences may be cast aside upon the formulation of EU's policy, which may result in the relevant Member State disregarding the EU's policy and trying to represent its national preferences either bilaterally or through another framework. Lastly, the analysis shows that there are differences in the role of national preferences in EU's policy-making for relations with third countries, in comparison of the role of national preferences in policy-making concerning other matters. In case of relations with other countries, Member States engage in less interstate bargaining and in case of conflicting national preferences, seek other ways to represent their preferences.

## Table of contents

1. Introduction .....	5
2. Theoretical framework .....	9
2.1. Liberal Intergovernmentalism.....	9
2.2. The logic of two-level games.....	13
2.3. Role of national preference on EU's policy for relations with third countries...	16
3. Methodology.....	19
4. Empirical analysis.....	21
4.1. "One Belt, One Road" Initiative .....	21
4.2. National preferences of France with respect to OBOR.....	25
4.3. National preferences of Germany with respect to OBOR .....	31
4.4. National preferences of Poland with respect to OBOR.....	39
4.5. The development of EU's policy regarding OBOR.....	46
4.6. Consideration of the national preferences of France, Germany and Poland in the EU's policy towards OBOR.....	54
5. Conclusion.....	58
6. References .....	62

## **1. Introduction**

This thesis focuses on the phenomenon of policy-making in the European Union (hereinafter the “EU”) and more specifically, on the question of what role do national preferences of Member States play in the development of EU’s policy for relations with third countries (i.e. countries outside the EU). Although the concept of policy-making in the EU in general is a topic that has been thoroughly analysed by various researchers for over more than half a century, only a limited amount of focus has so far been turned to the specific area of EU’s policy-making concerning relations with third countries. This is so because for most of the existence of the EU, foreign policy, as well as trade with third countries and investments from third countries, have been in the sole competence of the Member States of the EU. The EU itself has mainly functioned as an organisation regulating intra-Union matters and has not developed uniformed policies for relations with third countries. Only since the Treaty of Maastricht and the Treaty of Lisbon has the EU been granted certain competences (albeit not exclusive competences) over foreign affairs, trade with third countries and investments from third countries. Therefore, the topic at hand remains largely unexplored from scholarly perspective.

Besides analysing a phenomenon which until now has largely remained unexplored, the topic of this thesis is of importance as with each year, relations between the EU and third countries gain more and more importance and by now, have become one of the key factors influencing the future prosperity of the EU. During recent decades, the geopolitical and global economic situation has changed drastically and several countries from outside the EU have become of such importance in global economy and foreign relations that only EU as single authority, not its individual Member States, has the necessary might to negotiate with them on an equal level. Furthermore, the EU itself has internally changed and due to its ageing population, as well as complex and stringent regulatory regime, cannot sustain its economic growth by internal growth alone. Therefore, developing beneficial economic relations with third countries, especially economic powerhouses like China, has become vital for ensuring the continuation of EU’s economic growth and prosperity.

As the theoretical framework for the thesis, the author shall use the theory of liberal

intergovernmentalism (hereinafter the “LI”), which has been developed by Andrew Moravcsik to explain the process of European integration (of which, development of joint EU policies is an important part). The said theory has been chosen as the theoretical basis for this thesis firstly as it is one of the prevailing theories of European integration. Secondly, out of all the theories which cover the said topic, LI turns most focus to the role of national preferences in policy-making in the EU. More specifically, in accordance with LI, national preferences are the first of three pillars of European integration, followed by interstate bargaining and institutional choice (Moravcsik & Schimmelfennig, 2009:69). In addition to LI, the author will use the two-level games theory, developed by Robert Putnam, to analyse the topic at hand. The said theory explains the interplay between the negotiations which take place on the domestic level and the negotiations that take place on the international level and thus, provides important insight to the role of national preferences in the development of EU’s policy for relations with third countries (Putnam, 1988). By using those two theories, the author will seek to understand how the various levels in the decision-making process are forming the EU’s policy for relations with third countries.

To analyse the topic at hand, the thesis will answer the following research questions:

- How do national preferences of Member States affect the EU’s policies for relations with third countries?
- In case the national preferences of different Member States for relations with third countries are conflicting, how does the EU manage the situation upon developing its policy for relations with such third countries?
- What is the role of national preferences in the development of EU’s policy for relations with third countries, in comparison with the role of national preferences in the development of European integration in general (in accordance with the theory of LI and the two-level games theory)?

To answer the research questions listed above, the author will carry out an empirical analysis which analyses the formation of the EU’s policy in relation to China’s economic and political initiative named “One Belt, One Road” (hereinafter “OBOR”). As discussed

in further detail in the subsequent chapters, OBOR is an economic development initiative proposed by China in 2013 to develop trade, economic cooperation, infrastructure links and investments between China and the countries that are located in the Western Eurasian mainland and by that, build new trade routes between China and the countries in the western Eurasian mainland (Zhao, 2016:109).

To analyse how the national preferences of the Member States of the EU have affected EU's policy regarding OBOR, the thesis will compare the positions taken by three Member States of the EU, France, Germany and Poland, concerning OBOR since the announcement of the initiative in 2013 and analyse how such positions have so far affected development of EU's position on OBOR. This will be done by analysing the actions taken, opinions expressed, as well as statements and policies issued, by France, Germany and Poland concerning OBOR since 2013, and comparing the position of those countries on OBOR with the actions taken, opinions expressed, as well as statements and policy documents issued, by the European Union since 2013. By such analysis, the author aims to understand how are the positions of the EU and the three Member States chosen for the analysis (as well as the reasoning for such positions) aligned, in what respect are they different and whether any links appear between the EU policies and the policies of the said Member States and thereby, to answer the research questions described above.

The author chose France, German and Poland for the analysis described above, firstly as these three countries have expressed different positions regarding OBOR – Poland has expressed strong support for the initiative, while France and Germany have expressed a similar cautiously supportive position, expressing that the initiative has potential to be beneficial for their countries but at the same time, care should be taken with respect to the risks associated with the said initiative. Germany has prominently supported addressing the topic on the level of the EU, which is a position with which France agrees but has not expressed so strongly. Analysing such different positions with regards to OBOR will allow to identify more clearly which of those positions, and to which extent, have shaped the positions of the EU and are reflected in the EU's position on the initiative. Secondly, the three countries were chosen for this analysis as all of them are countries

with relatively large influence in the EU and thus, it is likely that the national preferences of those countries have had an above-average effect on the policy of the EU on OBOR.

The structure of this thesis consists of three main chapters. The first of those chapters describes the theoretical background for the thesis, i.e. the theory of LI and two-level games theory, and how the said theories explain the role of national preferences in the formation of EU's policy for relations with third countries. The next main chapter entails the empirical analysis and assesses what are the national preferences of France, Germany and Poland in relation to OBOR, and what is the EU's policy towards the initiative. The third chapter analyses the results of the theoretical and empirical analysis, and describes how the national preference of France, Germany and Poland have affected and are reflected in the EU's policy formation for relations with third countries (using the example of OBOR) and how they are likely to affect such policy formation in the future.

For the theoretical part of this thesis, the author has exclusively used scholarly works regarding the theory of LI and the two-level games theory. For the empirical part of the thesis (i.e. the analysis of how the national preferences of France, Germany and Poland have affected EU's policy regarding OBOR), the author has obtained data from various primary and secondary sources which explain the national preferences of France, Germany and Poland regarding OBOR, EU's policy regarding OBOR and the rationale behind such preferences and policies. The primary sources of the empirical analysis mainly comprise of policy papers issued by institutions of France, Germany, Poland and the EU, and speeches and interviews given by spokespersons (public officials) of France, Germany, Poland and the EU. As secondary sources, various analysis, reports and articles have been used. Such sources explain the national preferences of France, Germany and Poland, and the policy of the EU regarding OBOR, based on which the author has analysed the role of national preferences in the development of EU's policy for relations with third countries.



## **2. Theoretical framework**

### **2.1. Liberal Intergovernmentalism**

The theory of LI is one of the main theories which describes integration in the EU and it is often used to explain how national preferences affect the formulation of EU's common policy on specific topics (Moravcsik, 1993:480-481). The theory was formulated in the beginning of the 1990s by Andrew Moravcsik, a professor of politics in Princeton University (*Ibid.*). The theory was developed to overcome the problems of the previously prevailed theory for describing European integration, which was the theory of neofunctionalism (*Ibid.*). LI is a hybrid theory, which combines the strongest points of the theories of liberalism and intergovernmentalism, which were previously also used to describe integration in Europe (Moravcsik, 1998:20). From the publication of the first articles concerning LI by A. Moravcsik, LI quickly became one of the prevailing theories to explain the integration of Europe and remains one of the prevailing theories for describing the process to this day (Moravcsik, 1993:480-481; Moravcsik, 1998:20).

According to the theory of LI, the main components for the forming of policy on the level of the EU are national governments, which are in the theory of LI considered as primary actors in the decision-making process on the EU level (Moravcsik, 1993:480). LI explains that national governments have a clear understanding of their aims and their needs and use the process of interstate bargaining to achieve their aims and satisfy their needs (*Ibid.*). As such, the theory of LI can be used to describe all major milestones in the process of European integration, such as the creation of the foundational treaties like the Treaty of Amsterdam and the Treaty of Lisbon but also the creation of the EU's policy towards specific policy questions, such as China's OBOR initiative (Franchino, 2012:325).

The theory of LI relies on one important assumption, which is that states are rational in their behaviour (Moravcsik & Schimmelfennig, 2009:68-69). This means that when they come across alternative ways to behave, states always choose the alternative which they rationally see as the most optimal for them. The second main assumption and consideration in relation to LI is that regardless of the importance and competences of EU institutions, the theory still views national governments as the main actors in the

politics on the EU level (*Ibid.*). This does not mean that theory disregards the role of EU's institutions in the functioning of the EU but finds that main policy considerations which affect the forming of EU's policy stem from the Member States and are brought to the level of the EU by Member States' national governments, who represent and argue for the interests of their states.

The main question which the theory of LI tries to answer is how European integration takes place and what are the driving forces behind the said process (Moravcsik & Schimmelfennig, 2009:69-70). To answer that question, LI combines the strongest sides of the theory of liberalism and the theory of intergovernmentalism (*Ibid.*). From the theory of liberalism, LI borrows the concept of national preference formation, which states that EU's joint policy is created by bringing the various preferences of Member States to the EU level, where a common policy of the EU is formed (*Ibid.*). The theory of LI develops the said understanding by adding that while it is true that EU's policy is developed on the basis of the national preferences of the Member States, the said national preferences are not straightforward and clear-cut understandings that are developed solely by governments (*Ibid.*). Instead, national preferences are a joint creation between each Member State and its society (*Ibid.*). This means that preferences that are represented on the EU level the governments of Member States are formed as a result of direct input or indirect pressure or influence from different social groups, such as enterprises and non-governmental organisations, which all have an influence on the preferences represented by the government (*Ibid.*). LI sees governments as agents who are representing the positions of the society as the principal (*Ibid.*).

The reason for why LI finds that national preference formation which takes place on the domestic level is not a sole creation of the governments of the Member States but of the larger societies of the Member States, is due to the democratic governance system applied by all Member States of the EU (Moravcsik, 1998:23). In each of the Member States, governments are formed on the basis of the results of free elections and thus, governments are forced to consider the preferences of the society in forming the national preferences they take to the level of the EU. If governments would not take the interests of the societies into account in formulating the national preference which they take to the level

of the EU, it is likely that the governments would not remain in power after the next parliamentary elections or even sooner.

From the theory of intergovernmentalism, LI adopts the understanding of how the formation of EU's policy takes place after national preference formation, on the level of the EU (Moravcsik & Schimmelfennig, 2009:69-70). Similarly, to the theory of intergovernmentalism, the theory of LI finds that interstate negotiations affect the formation of EU's policy (*Ibid.*). During interstate negotiations, governments of Member States bring their national preferences (which often vary greatly and conflict each other) to the level of the EU and they try to reach a compromise on the different national preferences (*Ibid.*). After finding a mutual compromise on the preferences, the governments form it into a joint policy (*Ibid.*).

By combining the theories of liberalism and intergovernmentalism, the theory of LI reaches an understanding that upon deciding matters related to European integration, the governments are firstly guided by national preferences which are established on the domestic level on the basis of the influence of various social group. After the national preferences are formed, they are brought to the level of the EU, where they are subject to negotiations with the governments of the other Member States, on the basis of which a joint EU policy is formed.

In developing the theory of LI, various factors which affect the results of interstate negotiations between Member States on the level of the EU have been identified. The most important of those are the following:

- The power of bargaining – the theory of LI acknowledges the differences between states and does not see states as “black boxes” (in the way that the theory of realism sees them) (Moravcsik, 1993:480-482,499). Differences between states can be attributed to various factors, such as different economic capabilities and access to other resources, different coalitions, information asymmetries, risk-appetite and so on (*Ibid.*). Due to these differences, states have different bargaining power in interstate negotiations, which in turn means that different states receive a different level of acceptance in interstate negotiations (*Ibid.*).

- Intensity of preferences – LI finds that national preferences are formed in complex processes on domestic level, which involve various social groups with different preferences (*Ibid.*). This results in preferences over different areas having different level of importance to states, which in turn means that states have a different propensity to push through their agenda in the process of interstate bargaining and have a different propensity to make compromises (*Ibid.*). The importance of preferences depends on the social pressure that states are under with respect to various policy issues (*Ibid.*).
- Unilateral alternatives and threats of non-agreement – decisions are made on the level of the EU generally only in case all Member States agree to a joint decision (in most cases, unilaterally) (*Ibid.*). Therefore, in interstate negotiations Member States must consider and compare the possible agreement to a situation where an agreement is not reached at all and an agreement can only be reached if the agreement is for all Member States better than the alternative of not reaching an agreement at all (*Ibid.*). Due to that, in all negotiations states need to consider rationally the benefits and downsides between stepping back on their preferences and still reaching a deal even though they had to put some of the preferences aside, and carrying on with no agreement at all.
- Alternative coalitions – in interstate negotiations between the EU Member States, there are possibilities to form different coalitions where they may find broader support for their preference by reaching a smaller compromise (in comparison with that which they would need to make on the EU level) or by not making any compromises at all, if all parties to the coalition share identical preferences (*Ibid.*). Being in a coalition affects the bargaining powers of states and thus, the formation of EU's policy.

Even though LI is widely accepted and used theory for describing policy-making and negotiating it on the EU level, it does not come without its critics. The most audible critics of the theory are the supporters of the theory of rational choice institutionalism (Moravcsik & Schimmelfennig, 2009:73-74). Rational choice institutionalism is described as a theory which explains that members of organisations (such as the EU)

maximise the utilisation of such organisations (Hall & Taylor, 1996:12). Such critics find that the EU itself should be relied upon as much as possible in European politics and stemming from that, they find that the theory of LI is too narrow as a theory and it concentrates only on issues that are not in the competence of the institutions of the EU (Moravcsik & Schimmelfennig, 2009:73-74). Also, the critics of LI find that it only focuses on matters to the treaties on which the EU is formed and not on policy-making in the areas in the competence of the EU (*Ibid.*).

## **2.2. The logic of two-level games**

There are a lot of similarities between the theory of LI and the theory of two-level games, developed by Robert Putnam. Putnam's two-level games theory provides that international negotiations take place on two levels – domestic level and international (interstate) level (Putnam, 1988:434). Putnam describes how these two levels influence each other upon forming an international agreement (*Ibid.*). According to the theory of two-level games, negotiations firstly commence on the national level. On the national level, domestic groups are usually the main actors in negotiations, where they pursue their interests by pressuring the government to adopt policies and take positions which favour the agenda of the said domestic groups (*Ibid.*). For the governments, it may in some cases be beneficial to join the position of the domestic groups, as that may help the government to form a coalition and obtain a stronger platform, which will help it to succeed in adopting its policies (*Ibid.*).

On the international level, national governments seek to find compromises between each other and reach a consensus among various preferences and interests (Putnam, 1988:434). The main aim of national governments on the international level is to satisfy domestic pressures (*Ibid.*). National political leaders are at participate on negotiations on two levels – on the domestic level and on the international level (*Ibid.*). International level is described by the way that national leaders come together with their counterparts from other countries and having negotiations for finding united voice in various policies (*Ibid.*). Manoeuvring in this two-level game can be complex, because national leaders have to take into account their own national preferences and also the preferences of other states to find the ideal compromise that would satisfy both sides (*Ibid.*).

When looking at the process of two-level negotiations, Putnam (1988:436) sees policy-making on the domestic and international stage take place as follows:

- Level I, where bargaining between negotiators takes place, which leads to a tentative agreement (also known as the international level) (*Ibid.*).
- Level II, where separate discussions with each group of constituents are held, regarding whether to ratify the agreement reached on the international level (also known as the national level) (*Ibid.*).

The main aim of Putnam's two-level games theory is to describe the interactive relationship between domestic politics and international relations (Li, 2005:43). Putnam's focus area is international negotiations, which involves mainly around both national and international game boards simultaneously (*Ibid.*). On the national level, the main consideration is that the government is influenced by various domestic groups who are pursuing their interests by pressuring the former to adopt policies which are favourable to domestic groups (*Ibid.*). Another important aspect is that the politicians on the national level are aiming to form coalitions amongst domestic groups to ensure their success and their long stay on their position (*Ibid.*). On the international level, however, national governments seek to maximize their own ability to satisfy pressures that comes from the domestic level and at the same time, minimize the adverse consequences of foreign development (*Ibid.*).

The above described two levels are connected together by a "win-set", which is defined by Putnam (1988:437) as a necessary majority on level II (national level), among a given constituent, to ratify the set of all possible level I (international level) agreements – that is, the necessary majority for an agreement to "win" domestic support. The key for reaching an agreement is the existence of overlapping win-sets between the negotiators (*Ibid.*). If a sufficient amount of negotiators have overlapping win-sets, they share preferences which can be put together, to make up a coalition which can push through a common understanding to reach an agreement on the EU level (*Ibid.*). As the negotiators who are present in both level I and level II negotiations are governments, Putnam's two-

level games theory focuses on governments as strategic actors in international negotiations (*Ibid.*). In accordance with Putnam's two-level games theory, international negotiations cannot be fully comprehended without understanding that participants in international agreements are simultaneously engaged in a two-level game with both domestic and international considerations affecting their decision-making (Savage & Weale, 2009:63).

Under the two-level games theory, one of the most important considerations is that solutions that are rational on one level may incur unacceptable losses on the other, often in situations of substantial complexity (Savage & Weale, 2009:65-66). However, in the age of information, actors on one level may spot and understand a move on one level, which can trigger realignments on the other, enabling them to achieve otherwise unachievable goals (*Ibid.*). This means, that either domestic or international actors can use the complex position of the government as their counterparty to their advantage and push through with the government an agreement which the government would normally not accept but may accept due to the situation on the other level (*Ibid.*). This is of course influenced by the dependency of governments of domestic groups as well as of international counterparties (*Ibid.*). The bigger the autonomy of governments from their constituents and other governments, the larger the win-set (*Ibid.*).

In accordance with the two-level games theory, the potential for agreements on an international level is determined by the scope of win-sets of a negotiator (Conceição-Heldt, 2013:580). The scope of a win-set has been found to comprise of three factors: (i) preferences and possible coalitions; (ii) political institutions at the domestic level; and (iii) negotiators' strategies at the international level (*Ibid.*). Furthermore, Putnam (1988:436-437) has found that negotiations on level I (i.e. international negotiations) are affected by: (i) uncertainty and bargaining tactics; (ii) restructuring and reverberation; and (iii) the key role played by chief negotiators (*Ibid.*). Such factors show that international negotiations (including negotiations on the level of the EU) are strongly affected by negotiations on the domestic level. The more constraints are put by domestic actors on negotiators taking part in international negotiations, the smaller is the negotiation room of negotiators at international negotiations. On the other hand, if

domestic negotiations do not prescribe narrow preferences, policies and strategies for negotiators on the international level or if on the international level otherwise enjoy large autonomy from domestic negotiations, the negotiators shall have more negotiation room and win-set on the international level, which increases the possibility that an overlapping win-set is found at international negotiations. This shows that domestic negotiations and the national preferences which are formed by such negotiations play a critical role in international negotiations.

Like with any other theory, some criticism has been raised regarding the Putnam's two-level games theory. Most such criticism focuses on the question of whether there is a role for other domestic actors besides governments in international negotiations (Li, 2005:43). Under Putnam's theory, the power to reach a deal lies with governments and thus, other domestic actors can be seen as a burden, while in practice, it is important to ensure, that the interests of domestic groups are also adequately represented on the international level (*Ibid.*). Furthermore, the theory has been criticised to not address how international negotiations affect the political and economic features of other domestic political groups (*Ibid.*).

### **2.3. Role of national preference on EU's policy for relations with third countries**

Both the theory of LI and the logic of two-level games emphasize the importance of national preferences formulation and interstate bargaining on the formation of EU's policy. When focusing on the role of national preferences on the development of EU's policy towards relations with third countries, it is important to consider from the theory of LI the aspect that national preferences which Member States take to the EU level are influenced by national preferences, which are often formed by input from a plethora of interest groups. From Putnam's two-level games theory, it is important to make note that any agreement which governments take to the level of the EU and is negotiated there, needs further ratification from domestic groups which, depending on the limitations for the autonomy of the government and the political situation, may mean that the government has rather limited room for deviating from national preferences when carrying out negotiations (interstate bargaining) on the level of the EU (Conceição-Heldt, 2013:580).



In relations with third countries, national preferences which are likely to affect the governments' positions the most are economic impact and security. For most EU countries, countries outside the EU constitute actual or potential trade partners and/or foreign investors but in certain cases, they also constitute actual or potential security risks. Those two sets of considerations are almost always represented by different interest groups, with one exception – political parties. The consideration of economic impact is mostly raised by private enterprises who either have or hope to receive work in countries regarding which EU's policy is to be formed and by political parties, who wish to gain popularity by supporting positions which support economic growth and prosperity. Therefore, where economic impact is of importance in developing EU's policy towards relations with third countries, private enterprises and political parties often engage in the national preference formation, supporting their preference for more economic cooperation and liberalisation of trade policies. In a limited number of cases, the contrary may also be true and private enterprises and political parties may form restrictive attitudes towards relations with third countries, in case the private enterprises and political parties see a need to protect the internal market from competitors from third countries.

The second case where EU's relations with third countries are strongly affected by national preferences are relations with regards to which the aspect of security arises, either security against potential threat from the third country itself, against persons that may arrive from there or against goods that may arrive from there. Where such consideration is of relevance, the most active domestic groups which engage in national preference formation are political parties who wish to present themselves as guardians of the state's security and the public in general, which is often very alert and prone to overreaction when it comes to security related discussions. In such cases, national preferences almost always push for the EU's policy towards relations with third countries to be more restrictive and thereby avoid any possibly security threats. The opposite may be true in a limited number of cases where Member States have good allies in third countries or large minorities from third countries, in which case national preferences may on the basis of domestic interest groups push towards a liberal attitude in the EU's policy for relations with third countries.

When considering the need for ratification of agreements concluded on the EU level by domestic actors, as is considered necessary by Putnam's two-level games theory, it can be said that besides the formulation of national preferences which are taken by Member States to interstate bargaining on the level of the EU, national preferences also affect the interstate bargaining process themselves as well. This is because in accordance with the theory of two-level games, Member States must always consider the need for domestic ratification upon deviating from the national preferences they initially take to the interstate bargaining in the EU. If the autonomy of the government is weak or it needs strong support in ratifying on the domestic level the agreement reached on the EU level (e.g. due to its weak political position or the high importance of the topic in question), the leverage of the government of the Member State for making concessions in the negotiations in the EU may be weak and when considering the best alternative to not reaching an agreement, the government may be better off to block a deal than to make compromises (if it is clear that such compromises will not gain support on the domestic level). In such case, national preferences have a great effect on interstate negotiations on the level of the EU and by that, influence the development of EU's policy for relations with third countries greatly. On the other hand, if the government of the Member State has high autonomy or can feel comfortable that it will obtain on the domestic level support for the compromises it makes on the EU level, the role of the national preferences of the said Member State to the development of EU's policy for relations with third countries may be somewhat smaller.

### **3. Methodology**

The research method for analysing the role of national preferences in the EU's policy-making for relations with third countries is an empirical case study and will be based on the national preferences, and their effect to EU's policy-making, in relation to one of the biggest economic initiative and cooperation project involving the EU – the One Belt, One Road (hereinafter "OBOR") initiative. OBOR is an economic development and investment initiative proposed by China in 2013, to develop trade, economic cooperation, infrastructure links and investments between China and the countries that are located in the Western Eurasian mainland, as further described in chapter 4.1 below (Zhao, 2016:109). As the initiative itself was launched only in 2013, the empirical analysis will focus on the period starting from 2013.

The empirical part of this thesis will analyse firstly the question of what are the national preferences of Member States in relation to OBOR and how such preferences have developed? This will be followed by an analysis of what is the policy of the EU in relation to OBOR and how such policy has formed? Such analysis is expected to show whether national preferences of Member States have had an effect on the EU's policy-making in relation to OBOR and if so, then how. Those results are expected to provide sufficient clarity on the topic at hand, to answer the above described research questions.

As explained above, to analyse how the national preferences of the Member States of the EU have affected EU's policy regarding OBOR, the thesis will analyse the national preferences formation of three Member States of the EU, France, Germany and Poland, in relation to OBOR. While these three countries form a small portion of all the countries in the EU, their large populations and economies might make them key Member States in the EU, whose positions have above-average effect on the EU's policy. It is possible that national preferences of certain Member States may play a smaller or larger role in the development of EU's policy for relations with third countries, depending on the precise circumstances but due to the importance of these three countries in EU politics, an analysis concerning those three countries is expected to be sufficient to show whether national preferences to have an effect on EU's policy for relations with third countries.

The analysis of the effect of national preferences of France, Germany and Poland to the policy of the EU will be done by analysing the actions taken, opinions expressed, as well as statements and policies issued, by France, Germany and Poland concerning OBOR, and comparing the position of those countries on OBOR with the actions taken, opinions expressed, as well as statements and policy documents issued, by the European Union. By such analysis, the author aims to see how are the positions of the EU and the three Member States chosen for the analysis (as well as the reasoning for such positions) aligned, in what respect are they different and whether any links appear between the EU policies and the policies of the said Member States and thereby, answer the research questions described above.

## 4. Empirical analysis

### 4.1. “One Belt, One Road” Initiative

OBOR is an initiative announced in 2013 by the President of the People’s Republic of China, Xi Jinping (Zhao, 2016:109). The initiative is predominantly an economic initiative, although some critics have also brought out that the initiative can be used by China for fulfilling its geopolitical aspirations (Sárvári & Szeidovitz, 2016:5). OBOR was initially designed to promote bilateral relations between China and its neighbours, however the focus of the plan has changed and it has evolved into a global project (Sárvári & Szeidovitz, 2016:3).

In essence, the aim of OBOR is to develop trade routes across Eurasia. The routes are predominantly aimed at creating trade corridors between China and the EU but can be expected to also facilitate trade with other countries along the routes as well (Fasslabend, 2015:297). The OBOR initiative entails the creation of a network of railways, highways, airways, seaways, oil and gas pipelines, power grids and other networks, to facilitate trade between China and the rest of Eurasia to the fullest extent (Fasslabend, 2015:296). At this time, OBOR consists of two main trade roads – one is the Silk Road, an inland belt, which runs through the Eurasian landmass from China to Europe, and the other one is the

#### **The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa**

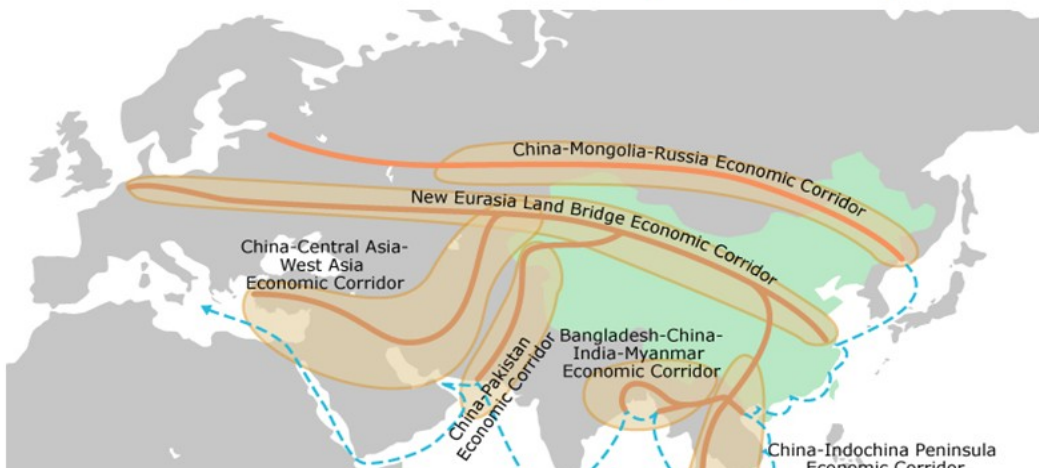


Figure 1. The Belt and Road Initiative's economic corridors. (2018). Hong Kong Trade Development Council (HKTDC) Research. Retrieved from: <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm> (10.05.2018).

Maritime Silk road, which runs from China through the Indian Ocean to Africa and then through the Red Sea to the European harbours, as shown in Figure 1 (Fasslabend, 2015:294).

While OBOR has focused on two main routes, details regarding the precise routes have not yet been agreed. Most importantly, while it is clear that one end of the routes is in China, at this time there is no agreement on the precise route the corridors will take in its western part, including in the EU (Sárvári & Szeidovitz, 2016:8). At this time, there is speculation that the OBOR corridors could have its western terminus either on the coast of the Baltic Sea or in Rotterdam, which has the biggest harbour in Europe (Sárvári & Szeidovitz, 2016:8-9).

In the subsequent analysis, the author will mostly focus on the national preferences and EU's policy in relation to the inland corridor, which is planned to be developed in the framework of OBOR. This is due to the reason that the inland corridor is at this time, and can be expected to remain, the main corridor regarding which the EU should develop a common position and regarding which, national preferences vary. While the maritime corridor does not bring about many direct investments to the EU and does not require substantial construction in the EU (apart from possible developments into harbours in the EU), development of the inland corridor will require making substantial investments into the infrastructure of EU Member States and cooperating with Chinese investors and authorities. Such investments and cooperation will affect the economies of the Member States in which the corridor will be built and will open such countries to a strong influence of China. Furthermore, at this time it seems that the OBOR project focuses more attention to the inland corridor than to the maritime corridor and thus, financing and activities related to OBOR will most likely focus on the development of the inland corridor.

As mainly an economic initiative, the underlying reason and expected effect of OBOR is considered to be the creation and improvement of trade relation between China and the rest of Eurasia (mainly the EU). Such development is sought by China firstly because Chinese economy is strongly focused on growth and OBOR can help to maintain the desired growth level. During recent years, China has struggled to maintain its previous

economic growth rate and better connections with the rest of Eurasia would facilitate to Chinese companies access to new markets – both developed markets with high purchasing power (mainly in Western Europe), as well as in less developed but rapidly developing countries (mainly in Eastern Europe and parts of Eurasia which are not members of the EU). Furthermore, maintenance of Chinese economic growth level requires providing China access to important resources, which the OBOR corridors can help to do. Although China itself is also relatively rich in natural resources, it needs even more resources than it itself can obtain from its territory and corridors connecting China with the rest of Eurasia can be expected to help achieve that.

While the OBOR project is mainly an economic initiative, it is important to note in relation to the national preference formation and the development of EU's policy in relation to OBOR, that the initiative has been also considered to be a tool of Chinese foreign policy. It is believed that one of China's aims in relation to the initiative is to further enhance its relations with the countries that are in the way of the corridors and to further promote its strong economic and geopolitical position in the world (Sárvári & Szeidovitz, 2016:8). Such factor is of great importance to the EU, which also acts as an economic and geopolitical powerhouse, as OBOR may have a strong impact on its position in the world. This is one of the reasons why many consider it important that the EU would develop and advance a joint position with respect to OBOR, which would take into account the risk as well as the opportunities related to the project.

As an initiative which is based on a mix of economic and politic aims, OBOR has been compared with the Marshall Plan, which was an initiative by the United States of America, with which the United States provided economic assistance to Western Europe after World War II (Sárvári & Szeidovitz, 2016:5). The aim of Marshall Plan was, in addition to help the reconstruction of Western European countries, to strengthen the economic position of the United States of America in Europe, prevent the escalation of the new world war by consolidation of poverty in Europe and to contain the Soviet Union (*Ibid.*). For China, the political goal of the OBOR initiative appears to be is to build strong partnership between China and the European Union, that fits its vision of the new global order, to control and keep calm the (potential) conflict zones that will be crossed by the

routes (mostly zones in Asia) and to develop the poorer regions in Western China by linking them into the world economy (Sárvári & Szeidovitz, 2016:5).

In addition to China, the OBOR initiative has also gained relatively strong attention in the EU and many EU Member States are developing or have developed positions in relation to the initiative. Strongest support for OBOR in the EU has been expressed by Eastern European Member States, whose support for the project has been associated with economic developments since the latest recession in 2007 (Hancock, 2017). Many in Eastern European Member States of the EU believe that the OBOR project has potential to help solve the economic gap in Europe and to develop adequate infrastructure in their countries, where infrastructure development is low in comparison with Western European countries (*Ibid.*). Many European countries also believe that the OBOR corridors will boost trade in Europe and make those countries more attractive to investors, which in the end will be beneficial for the development of the country (*Ibid.*).

In conclusion, it can be said that the OBOR initiative is likely the most ambitious development, trade and investment project currently ongoing in the world and has the potential to have an economic and political effect in all countries located in the OBOR corridors or around them, and possibly in other countries around the world as well. If completed, OBOR will most probably change the existing trade balances between the world's main economic blocs and will form new economic partnerships. While those changes can create growth and prosperity, it is important to bear in mind that the said initiative also carries with itself substantial risk factors. Besides ecological and financial risks related to the initiative, participants of the initiative must bear in mind that as most of the financing for the project is expected to originate from China, China will after the completion of the initiative gain substantial influence over the economies of the countries involved with the project and the OBOR initiative will give China a strong influence over the countries along the OBOR routes and at its Western terminus. As China's political aspirations are in many aspects unclear and appear to be led by a pragmatic rather than a value based approach, the said influence can have surprising and potentially unwanted effects on the countries along the OBOR routes and at its Western terminus.



#### **4.2. National preferences of France with respect to OBOR**

Similarly to many other countries, China has taken actions to promote the OBOR initiative in France, and the initiative is being discussed in France by different interest groups and politicians alike (Seaman & Ekman, 2016:21). Still, although the said discussions are taking place, it cannot be said that the topic would be amongst the key topics in France (*Ibid.*). In the beginning, after the launch of the OBOR initiative 2013, curiosity was expressed in the circle of French policy-makers but at this time, the initiative is claimed to be a secondary issue by many French policy-makers (*Ibid.*). Due to the said modesty and certain other reasons (which are discussed below), policy-makers failing to develop a clear final position regarding the initiative and thus, the number of projects that have taken place under the framework of OBOR are so far quite limited (*Ibid.*). When looking at the OBOR initiative as a whole, it can be said that investments and projects under the initiative are relatively few and far between in France, in comparison with many other European countries (especially Eastern European countries and countries in the Mediterranean region) (*Ibid.*).

So far, Sino-French cooperation with regards to OBOR has mostly been on the theoretical level and while there have been talks between the two countries regarding the OBOR initiative, such talks have not resulted in the development of a clear national preference of France regarding the topic and the agreement on any actual projects. Still, while progress is generally slow, there are a few projects related to OBOR, which have materialised in France. For example, in the framework of OBOR, the French city of Lyon recently received its first railroad delivery from the Chinese city of Wuhan (Seaman & Ekman, 2016:21). This delivery marked the opening of one of the planned railroad routes within the scope of OBOR, which is 11,300 kilometres long and which uses the trunk line of another railroad that was opened in 2012, connecting Duisburg in Germany and the Chinese city of Chongqing (*Ibid.*). Therefore, it can be said that in the lack of a clear national support for OBOR in France, at this time there is also not a strong opposition and first preliminary steps have taken to test the effects of the initiative.

Although the French government has not developed a clear and strong position concerning the OBOR initiative and its statements regarding the initiative have been

cautious and reserved about it, an opposite position has been taken by certain other interest groups, such as the local and provincial authorities of France, for example, the afore mentioned city of Lyon (Seaman & Ekman, 2016:21). Such local and provincial authorities have expressed strong interest in the OBOR initiative and expressed their wish to use the initiative to attract Chinese investment to their municipalities and to construct links with the Chinese market (*Ibid.*). Local authorities and municipalities cannot of course directly and unilaterally set national preferences as a whole and take such preferences to the level of the EU (as on the level of the EU, the government of France remains the main negotiator representing the state) but such support can be seen as an indicator to the yet undecided central government and in some time, can be expected to sway the position of the government of France as well. This is because of the fact that the support to the initiative from local municipalities is a clear indication that the initiative is expected to bring along benefits to the local municipalities of France (such as new jobs and better mobility) and if such expectations come true, it will be difficult for the central government to take a negative attitude towards the project. Furthermore, the position of local municipalities (as well as other domestic groups) is of importance, as in accordance with Putnam's two-level games theory, any agreement negotiated on the level of the EU needs ratification by domestic groups as well (Conceição-Heldt, 2013:580). Therefore, if local municipalities and/or other domestic groups support the OBOR initiative, the French government is likely inclined to support the initiative as well, as the opposite position would mean that the government would face pressure upon ratifying its agreements related to the initiative on a domestic level.

Support to OBOR from local governments of France has not come by itself and has been enhanced by China's actions. In France, China has pushed for "decentralized cooperation", for which the main focus is to reinforce ties at provincial/regional and municipal levels (Ekman & Seaman, 2015:27). For China, it is beneficial to support cooperation with less developed provinces in France, as the potential for further cooperation is greater there than in more developed provinces, which are already well connected by various trade routes (*Ibid.*). Still, regardless of a few success stories, as the one described above, such cooperation has not yet produced many actual results. As one of the key reasons, this can be attributed to the fact that while China itself is trying to

cooperate with French local municipalities, it has not allowed such local municipalities to cooperate directly with their peers in China, which the French municipalities would be interested in (*Ibid.*). Under President Xi Jinping, a clear consolidation of power has taken place in China and the central government has restricted the authority as also the initiative power of local authorities (*Ibid.*). This kind of situation hampers French efforts to create diplomacy initiatives with Chinese partners at the local level and has limited cooperation project related to OBOR (*Ibid.*).

Besides local authorities and municipalities, support for the OBOR initiative has also been expressed by other sectors of the French society. For example, as the OBOR initiative foresees substantial investments to transport, logistics and infrastructure sectors, support for the initiative has been expressed by French companies active in those sectors have supported projects initiated under the OBOR initiative, as such projects can bring along investments or other business opportunities for them as well (Ekman & Seaman, 2015:26). French enterprises can expect to participate in tenders which are to be organised for projects related to OBOR and can expected easier access to resources and easier access to other Eurasian markets, using the infrastructure which is to be developed in relation to OBOR.

To develop the national preferences of France to favour the OBOR initiative, China has taken several lobbying actions in France. Firstly, the most visibly action taken by China has been the creation of Confucius Institute of the NEOMA Business School of Rouen (located in Normandy), which is promoting OBOR projects in France by holding events on the topic (Seaman & Ekman, 2016:22). The most known event took place in June 2015 where France's then Foreign Minister Laurent Fabius gave an official speech on the topic, which to this day remains the only official speech by a French leader to directly address the OBOR initiative (*Ibid.*). In that speech, Foreign Minister Fabius gave a welcoming approach to China's initiative and expressed support to the latter's international engagement and aim to find new ways of integration and cooperation (*Ibid.*). Foreign Minister Fabius emphasized the project's benefit of bringing peace and stability to Eurasia and hoped that OBOR would provide a platform for cooperation between France and China regarding third markets, such as Africa where France has its former colonials

(*Ibid.*). Furthermore, Chinese strategy in France involves visits from Chinese officials and researchers from state-sponsored think-tanks, which are mainly aimed to educate the French society of the benefits of the OBOR initiative and explain what are the potential economic opportunities regarding the initiative (*Ibid.*). China has also asked various French actors (such as officials, researchers, business leaders and so on) to meetings where discussions and brainstorming takes place to find out what kind of cooperation France might have with China under the OBOR initiative (*Ibid.*).

Despite strong support from local authorities and municipalities, as well as from the business community, the French government, whose preferences are most important in the context of this research concerning France, as it will represent the national preferences on the level of the EU, has not taken a strong position with respect to OBOR. Generally, starting from the presidency of François Hollande, the relationship between France and China has been on the road of stabilization and economic cooperation between the two parties has increased (Ekman & Seaman, 2015:25). Still, such developments have not resulted in clearly expressed position towards OBOR and the state has not issued many comments on the topic. This has been thought to be a result of the fact that France's policy concerning China focuses greatly on the topic of human rights (*Ibid.*). As human rights are a priority for France and China still has issues regarding the respect for human rights, the French government has not been able to opt for a more pragmatic approach and express clear official support for China's OBOR initiative (*Ibid.*). China is and can be expected to remain a priority for France and France is interested in improving economic cooperation and other types of cooperation (e.g. security cooperation) with China but due to China's issues with human rights, the French government is unlikely to express strong support for OBOR in the near future.

Further to the concern with human rights, one of the biggest concern for France in developing relations with China is the fact that France has a severe trade deficit with China, which has been brought out as an important issue on the political level (Ekman & Seaman, 2015:25-26). France and China have repeatedly discussed the trade deficit and in 2013, following President Xi Jinping's visit to France, agreed to a framework which focuses on reinforcing political dialogue between the parties, reinforcing people-to-

people exchanges and rebalancing the economic relations between the parties but the said framework has not produced and is unlikely to produce any major changes in the trade imbalance between the two countries (*Ibid.*). Regardless of China's emerging domestic market, the country's economy remains largely focused on exports and thus, acting pragmatically, China is unlikely to allow for steps to address the trade imbalance (*Ibid.*). In the environment of severe trade imbalance, which has also been brought out in French political debates, the French government is unlikely to pledge support to OBOR, which has the potential to worsen the trade balance even more (*Ibid.*).

Although the French government has not yet taken a strong position in relation to OBOR and is unlikely to take it in the near future, certain statements have still been made by French politicians, which show France's cautious positions towards the initiative. In addition to the abovementioned speech by Foreign Minister Fabius, to this date, the most clear positions by French politicians have in relation to OBOR been taken by President Emmanuel Macron (Goulard, 2018). When President Macron visited China in January 2017, he declared that France wants to be part of China's OBOR initiative but did not indicate or declare any precise actions that he is willing to take to achieve that (*Ibid.*). President Macron has also expressed positions to Franco-Chinese relations in general, which have also indicated a wish to develop closer cooperation with China (*Ibid.*). He has stated that he is determined to get the partnership between the two countries into the 21<sup>st</sup> century, from which it could be read out that the aim is to have a closer cooperation between the two countries (*Ibid.*). The aims of the above referred statements by President Macron show that France is interested in the OBOR initiative and thereby keep France on the map for OBOR but the lack of direct actions related to the initiative shows that the French government is cautious of any concrete actions in relation to the initiative.

In addition to statements by President Macron and the speech by Foreign Minister Fabius, the French government has also taken certain other steps, which indicate the cautious willingness of the French government to work on the initiative. An example of such steps and concrete interactions that France have had with China on OBOR took place in February 2017, when French Prime Minister, Bernard Cazeneuve, made an official visit to China and met with Chinese President Xi Jinping and Premier Li Keqiang (Goulard,

2017). Cazeneuve's main message to China at the said meeting was that France was satisfied with the cooperation with China and would welcome more exchanges between the two parties (*Ibid.*). At the visit, the parties also signed several bilateral trade agreements, which could in the future foster trade and thereby support the OBOR initiative (*Ibid.*). Still, such steps did not include any direct agreements to facilitate OBOR and thus, cannot be considered as univocal support for the initiative by France (*Ibid.*).

Although the issues described above are unlikely to allow for clear support to OBOR by the French government, France is also unlikely to express strong general opposition to OBOR and is much more likely to retain a cautious and reserved attitude. This is because of the fact that regardless of its concerns with OBOR and China in general, OBOR also has the potential to bring along economic growth for France. Investments and business opportunities related to OBOR can possibly result in the growth of France's economy, which is a substantial concern for France and a discussion point in many political debates. Therefore, the French government is much more likely to decide on its support to various projects related to OBOR on a case-by-case basis, by assessing the pros and cons of each specific project.

The French government has instead of taking a strong position on OBOR itself, referred to a need to develop a coordinated approach towards the initiative on the level of the EU (Maurice, 2018). President Macron has explained that at this time, there is a lack of a coordinated approach towards relations with China, which would protect the interests of Europe (*Ibid.*). President Macron has explained that it is important that the EU would have more oversight on Chinese investments in strategic sectors by saying that China could not "respect a partner that decides to open its economy or its strategic sectors like in an auction" (*Ibid.*). This shows that from the perspective of the French government, developing national cooperation with China is not the preferred course of action and instead, it wishes to see that a joint EU policy towards China and OBOR would be developed. Furthermore, it seems that France is interested in EU policy-making towards OBOR and believes that the policy which should be developed by the EU would represent its national preferences as well.

In conclusion, it can be said that at this time, France has not yet developed a strong position towards OBOR and is unlikely to do it in the future as well. Instead, France is expecting the EU to develop a joint position towards the initiative, which would represent its national preferences, and would oversee that the project is carried out in accordance with the said position. France's national preferences towards OBOR are cautious but optimistic, meaning the France sees potential benefits for it in the initiative but at the same time, pays attention to the risks related thereto and does not lose focus in emphasising that OBOR and the potential benefits it bring cannot overshadow France's value-based positions towards China. France's national preferences towards the projects are affected by actors outside the French government, such as local authorities and municipalities, as well as businesses, who see an upside in the project and are likely to try and lobby the government to support the project. The French government is somewhat more cautious, meaning that while it likes to seem open towards the initiative, to benefit from the potential upsides of the initiative, it at the same time is aware of the risks related thereto, for example the worsening of the trade balance with China.

#### **4.3. National preferences of Germany with respect to OBOR**

Germany's direct bilateral relations and discussions with China are considered to be one of the most advanced, in comparison with other Member States of the EU and even such other powerhouses as France and the United Kingdom. Such intensive cooperation between the two countries is considered to have emerged due to a number of reasons, such as the emphasis and pragmatic approach of both countries towards economic growth and export opportunities, as well their approach to tie foreign policy strongly with economic considerations. This indicates that as a whole, Germany's level of cooperation with China is higher than in most other Member States of the EU and thus, the economic benefits of OBOR should be one of the highest for Germany. Still, the actual situation and Germany's national preferences towards OBOR are not so clear cut and even in Germany, the formation of national preferences regarding the initiative has proven to be a controversial topic.

In relations between Germany and China, and in the development of national preferences of Germany with respect to China, economic considerations have been the main driving

force and to a large extent, the key consideration even to this day (Huotari, 2015:30). Still, in recent years the scope of topics being considered has broadened and thus, Germany and China have started to develop strategic dialogue on other topics as well (*Ibid.*). For example, Germany has started to turn focus on China's adherence to established rules of international organisations and international relations, as well as to China's foreign policy actions (Huotari, 2015:31). This change has appeared due to a number of reasons, including the demands of the public opinion to turn focus to certain aspects of China's activities (such as the violations of human rights in China) but is still mainly connected with Germany's economic and strategic considerations (*Ibid.*).

Germany has become to realise that to protect its economic interests and maintain its export opportunities, a stable global geopolitical environment is needed and respect for the international system is required by countries whose actions could bring along instabilities (Huotari, 2015:33-34). Therefore, Germany is discussing with China the topics which go beyond trade policy, to persuade China not to take any actions which could bring along instabilities (Brechenmacher, 2017). Furthermore, Germany's discussions with China are aimed at making sure that China respects the rules of the World Trade Organisation, with which China has recently joined, to ensure that China respects the agreed upon trade rules, the breach of which would directly affect German companies with trade relations with China (*Ibid.*). This does not mean that traditional economic considerations would have lost their importance in the relations between the two countries but more that further discussion points have emerged. In other words, Germany's dialogue with China still focuses on discussions related to traditional economic and commercial policy matters but as Germany realises that its economic success is not only dependent on trade opportunities with China but China's effect on the stability of regional and global economy, Germany is also carrying out discussions to ensure such stability is not compromised. This is an important change, as such topics can easily spark tensions between the two countries. Furthermore, Germany has had to address topics such as unhealthy dependence on the Chinese market, potential for technology drainage and also the perception that openness to Chinese economic initiatives, such as OBOR, might provide new sources of friction.



The relationship between China and Germany has been labelled as a ‘strategic partnership’, which is based on regular government consultations, annual visits of German Chancellors and a large number (more than 70) dialogue mechanisms (Huotari, 2015:30). This means that in relations with China, Germany is mostly focusing on bilateral discussions and steps, and is less reliant on the EU. Such discussions have also found support from China, whose aim is to develop relations with the whole of the EU but who has found that to advance its agenda, it is beneficial to develop relations with Germany, as one of the most influential members of the EU, who can thereafter influence the policy of the EU (*Ibid.*). This shows that at least from the point of view of China, the national preferences of Germany are represented in EU’s policy and thus, it makes sense to develop relations with Germany, to advance relations with the EU as a whole.

From the perspective of Germany, the recent change in the development of the EU’s common foreign and security policy of the EU has created new questions and challenges for Member States in relation to their interaction with third countries, including with China (Cunha, 2017:4). Now that part of the competences on foreign policy are handed to the EU, it is sometimes difficult for a country like Germany to balance its position in the national and in the EU level (*Ibid.*). Due to the fact that Germany is at this day the most influential Member State of the EU and also due to the fact that it has very developed relations with China, it is seemingly very well positioned to develop its own policy toward OBOR, that would exactly reflect its own national preferences (*Ibid.*). Still, even though Germany is well positioned to advance its position on OBOR through bilateral relations with China, it must take into account that it is at the same time central to the process of European integration on the EU level and thus, from the perspective of European integration, which is also a national preference of Germany, it would be beneficial if its preferences with respect to OBOR would be represented by the EU (*Ibid.*). Still, at the same time Germany must take into account that from the perspective of European integration and the EU as a whole, there are additional preferences which must be represented when communicating with China (*Ibid.*). An example of such preference is fighting against China’s “stick and carrot” policy, by which it establishes economic hurdles to those states that take positions which are against the interests of China (for example, on topics such as Tibet and Taiwan) and offers perks to states who are adopting

a more pragmatic approach and align their positions with the vision of China (*Ibid.*). Germany itself has historically been relatively pragmatic in its foreign policy and has mostly positioned itself so that it would not be in a strong opposition to China but based on recent statements appears to have taken a position that topics like the “stick and carrot” policy must be kept on the table together with talking about economic initiatives, such as OBOR (*Ibid.*).

When looking at the formulation of Germany’s national preferences towards OBOR in more detail, it can be said that in Germany one of the most prominent supporters for the initiative, much like in France, have been local governments and municipalities (Gaspers & Lang, 2016:24-25). Regional and municipal officials in Germany have expressed strong interest towards OBOR, as they see it as an opportunity to strengthen regional economic development (Gaspers & Lang, 2016:27). Although Germany is an economically and socially developed country, it too has regions which are much less developed than others, especially regions in Eastern Germany. These regions are inclined to support the initiative, as due to the geography of Europe, most OBOR routes which would go to Western Europe would be likely to pass Eastern Germany, which would mean that investments would need to be made to the infrastructure in Eastern Germany. This would create jobs in the region and provide better access to and from the region. Furthermore, as OBOR routes would pass the region and as the region has a relatively low wage level, taking into account its skilled employees, it is likely that OBOR could help to develop industry in the region.

In addition to local municipalities, support for OBOR has been expressed by certain parts of German industry and business sector. For example, the German sea freight sector has expressed support for and interest in the initiative (Gaspers & Lang, 2016:25). Among others, Germany’s largest port in Hamburg and biggest inland port in Duisburg have welcomed the initiative and said in relation to it that they aim to attract more business from East Asia (*Ibid.*). Support for the initiative has also been expressed by other participants of German logistics sector (*Ibid.*). For example, in relation to the OBOR project, new railways have been built and existing railways have been invested in, which has gained support from German railway companies (*Ibid.*). Such logistics companies

have benefitted from both increased investments into their infrastructure, removal of bottlenecks which affect their business as well as from better ties with companies from China (*Ibid.*).

Outside the logistics sector, support for OBOR has been expressed by large companies, such as Deutsche Bank (Ebbighausen, 2017). Support from such large companies can be attributed to the fact that they are mostly highly competitive on an international level and can expect to obtain new contracts and business opportunities in relation to the initiative. Leading German financial enterprises can expect to take part in the funding of projects related to the initiative and leading German machinery companies can expect to win orders for the machinery required to build the OBOR routes and related infrastructure (*Ibid.*). Support to the initiative from large German enterprises can also be attributed to the fact that if the markets of China and other countries along the route open up in connection with the initiative, they can expect to grow their business in those countries, on the basis of their already existing high competitiveness.

Outside the logistics sector and large German enterprises from other sectors, support to OBOR has been rather low in the German private sector and most companies have kept a neutral position regarding the initiative (Ebbighausen, 2017). This is considered to be the case mainly due to the fact that OBOR itself is a project which involves many uncertainties and which involves cooperation with countries which are not sufficiently stable to allow businesses to rely on the OBOR routes and make investments related thereto at this stage (*Ibid.*). This is because OBOR has been presented as an initiative and not as a final development plan with precise deadlines and precise action plans, and as its success requires cooperation from all the countries along its routes, many of which are politically unstable (*Ibid.*). Therefore, there is a chance that the initiative may not materialise and if German businesses were to strongly count on the initiative and express vocal support for it, they could be subject to adverse consequences, should the initiative not come to life (*Ibid.*). Due to this, most German companies have taken a neutral position regarding the initiative or expressed no position at all, until the details of the initiative develop into a more precise plan (*Ibid.*).

When looking at the position of the German central government with regards to OBOR, it appears that national preferences represented by the central government consider in part the preferences of the regional and local municipalities and those of German businesses but those preferences are secondary to certain other preferences the German government has (Gaspers, 2016). More specifically, while the German government has expressed support for the potential for economic opportunities related to OBOR and has considered the risks related to the initiative, the most important preference the German government has expressed in relation to OBOR has by far been the need to develop a joint position towards the initiative on the level of the EU, and to a small extent, the OSCE and the G20 (*Ibid.*).

There are two reasons why the German government has pushed OBOR to the level of the EU. The first reason is that Germany believes that the initiative will have important geopolitical and economic implications to the countries involved in the initiative (Gaspers & Lang, 2016:28-29). Already now, the initiative has brought along tensions between Member States of the EU who support it and those who are against it. As the initiative develops, such disagreements are likely to worsen, together with the strengthening of various national preferences related to the initiative. Germany wishes to avoid such disagreements and the formulation of coalitions between certain individual Member States of the EU and China, which could deteriorate the unity of the EU (*Ibid.*). The deterioration of the unity amongst the EU Member States could have a negative impact on the political, economic and security environment of Germany and thus, the national preference of the German government is to avoid such a situation (*Ibid.*).

The second reason why the German government prefers that an unified position towards OBOR is that if implemented, the OBOR routes and related infrastructure should conform to various standards with respect to environmental requirements, technical requirements and competition law rules (Gaspers & Lang, 2016:29). Most such rules have been established on the level of the EU, by EU directives and regulations and thus, the EU would be best positioned to communicate with China over these rules and ensure their fulfilment. As OBOR related infrastructure would run across various EU countries, the EU would also be better positioned to control its build due to the fact that in such way, it

can be guaranteed that the above described rules are adhered to evenly in all Member States.

The above described position of the German government has been expressed by various prominent representatives of the German government. Such representatives have mostly expressed the position in a cautious tone, first by supporting the initiative and emphasizing the opportunities it brings, and then by turning attention to the fact that to manage the risks related thereto, the initiative must be addressed on a higher level than individual countries. For example, in 2017 Angela Merkel stated that China is a partner to Germany and Germany is interested and will work with China on the fulfilment of the OBOR initiative, to connect Eurasian trade infrastructure networks (Brechenmacher, 2017). At the same time, she noted that Germany's main aim for deepening cooperation between the two countries is to ensure that its businesses will get an equal access to Chinese markets, similarly to the access Chinese companies have to Germany's market under transparency and having common standards and rules (*Ibid.*). She further emphasized that in relation to the initiative, the German government is waiting for an EU-China investment treaty, which in the future, if the conditions are right, would expand to a full-fledged free trade agreement (*Ibid.*). This shows that in the eyes of the German government, OBOR initiative is conditionally welcomed, assuming that certain aspects regarding it are addressed and agreed on the level of the EU.

In addition to Angela Merkel, the position of the German government on OBOR has been expressed by other prominent German politicians as well. For example, State Secretary Markus Ederer has commented that OBOR would be a great platform for communication between the EU and China, possibly by using a third-party mediator, which in his opinion could be the OSCE (Auswärtiges Amt, 2016). In discussing the national preferences of Germany in relation to OBOR, Ederer has said that Germany fully supports the development of connectivity between the EU and China, as such initiative carries substantial potential for economic and political cooperation, and also prospects for trade, growth and for more exchange among the two regions (*Ibid.*). Still, despite Germany's strong economic and political power, Ederer has not pushed for any steps or discussions

between China and Germany in relation to the initiative and instead, has supported steps to be taken between China and the EU (*Ibid.*).

In addition to supporting the development of EU's position towards OBOR on the domestic level, Germany has also taken action to advance its national preferences towards OBOR on the level of the EU. In Brussels, the representatives of Germany have been lobbying for development of the "EU-China Connectivity Platform" (Gaspers, 2016). The said platform entails a working group made up of the representatives of the EU and the National Development and Reform Commission (NDRC) representing China (*Ibid.*). The said platform has been created to ensure the conformity of Chinese OBOR-related investments into Europe with EU rules and standards (*Ibid.*). Furthermore, Germany has been supportive of the creation for a new internal working group with the European External Action Service, which would focus on developing a European vision on Eurasian connectivity beyond mere infrastructure projects (*Ibid.*). Lastly, Germany has expressed support for the European Investment Bank, which is trying to provide technical support to the Asian Infrastructure Bank (AIIB) and to co-fund its projects related to OBOR (*Ibid.*). All these actions are a clear sign that Germany remains cautiously supportive for the project but focuses strongly on the advancement of its strongest national preferences relating to the project, which is that the initiative would be addressed on the level of the EU, not its individual Member States.

To sum up on Germany's national preferences relating to OBOR, it can be said that the country recognises the risks related to the initiative but considers the such risks can be overcome and thus, remains cautiously supportive of the initiative. The main consideration which Germany bears in mind in relation to OBOR is that its national preference is that the initiative would be addressed, including negotiated, monitored and regulated on the level of the EU, not on the level of individual Member States of the EU. Although Germany would itself have sufficient power to negotiate with China on the initiative alone, Germany recognises that it is in its interest if the EU would maintain a joint position regarding the initiative and the rules and principles of the EU would be applied in relation to the initiative in each Member State of the EU by the institutions of the EU, not individual Member States themselves. From Germany's actions, it can be seen that it

truly believes that the EU is the right institution to address the initiative and communicate with China regarding its future, as Germany has not limited its position to simple vague statements and instead, has expressed strong support for precise actions in the EU, which would facilitate the EU taking a stronger position in relation to OBOR.

#### **4.4. National preferences of Poland with respect to OBOR**

When comparing Poland with the previously described Germany and France, a number of differences become apparent. Such differences are likely also relevant in relation to the formulation of the national preferences of Poland with respect to OBOR and can also affect the representation of such preferences on the level of the EU. The first and the most important of such differences is that unlike Germany and France, Poland is a former Eastern Bloc country, whose economic development was severely hindered for most of the twentieth century and whose level of economic development and prosperity is still trailing behind Western European countries. This means that Poland is much more inclined to support initiatives which are likely to bring investments to the country, advance its economic growth and also improve its infrastructure, to facilitate further growth. OBOR is undoubtedly an initiative with such potential and thus, it can be assumed that Poland could be more inclined to support the initiative.

The second important difference between Poland on one side and Germany and France on the other is the that Poland is a relatively new Member State in the EU and has not been considered a leading power in the EU, whose support would be vital to the EU as a whole. On the other hand, both France and Germany have been the founding members of the EU and are expected to lead the EU's development (The European Union, 2018a). This means that unlike France and Germany, Poland does likely not feel the burden to push its own national preferences and the national preferences of the other Member States in the same direction, to achieve a consensus and show that the EU is a well-functioning organisation. Instead, Poland can quite freely express its national preferences regarding OBOR and even if they differ from those that would be in the best interests of the EU as a whole, then that would not put Poland under so much international pressure. In the context of OBOR, this means that Poland has more flexibility to establish its national

preferences towards the initiative, without having to worry about the effects of its national preferences to the EU as a whole.

The third aspect which differentiates Poland from most other Member States of the EU, including France and Germany, is that Poland is being led by an Eurosceptic party, named Law and Justice party (Szczudlik, 2016a). The views of the political party in power are of great importance in relation to the development of national preferences, as most theories of international relations, including the theory of LI, see governments as main actors in international relations and the final bodies which decide on the national preferences of the country. Being led by an Eurosceptic party influences the national preferences of Poland and pushes it to move away from involving the EU. Therefore, Poland is inclined to express and support its positions on the initiative on other levels.

Polish national preferences with respect to OBOR can be divided into two – national preferences before 2015, when the Eurosceptic Law and Justice party won both the Polish presidential and as well as the general elections, and the period after those events (Szczudlik, 2016a). Prior to the said elections, Poland was led by the liberal Civic Platform, Poland was welcoming of OBOR (taking into account that at time, the initiative was not so developed and was rather general) and supported that the initiative would be addressed in Europe on the level of the EU (*Ibid.*). On the other hand, after the above described elections, situation changed and Poland's national preferences towards the initiative changed (*Ibid.*). In the beginning of the term of Law and Justice party at the head of Polish government, there were fears that the overall cooperation between China and Poland could be hindered but it soon turned out that the new national preferences, represented by the Law and Justice party, just changed the way in which Poland wished to carry out its foreign policy, including cooperation with China on OBOR and other matters (*Ibid.*).

Under the leadership of the Law and Justice party, Polish national preferences with respect to foreign policy are as follows: (i) a strong Poland within Europe; a focus on transatlantic relations and the role of NATO as a security guarantor; (ii) cooperative relations with neighbours; and (iii) upgrading Poland's status internationally (Szczudlik,



2016a). Such national preferences no longer focus nor rely on the strong role of the EU and instead, focus on Poland individually and its ability to develop relations, mainly with its neighbours, bilaterally. This change of focus can be explained by various domestic and foreign influences. The main domestic reason for this change is the public support for Euroscepticism and the wish to lessen the power of German and France as the main forces and influencers in Europe (*Ibid.*). The main foreign influencers of Polish national preferences for foreign policy are the Eurozone debt crisis, the war in Ukraine and the migration crises (*Ibid.*). Poland and its general public have a feeling that none of those topics has been successfully dealt with by the EU and thus, Poland prefers to lead its foreign policy by itself (*Ibid.*). As an exception, Poland still strongly supports the NATO as it sees NATO as a guarantee to its security but the same does not apply to the EU, as Poland believes that it could itself lead its preferences more effectively than the EU (*Ibid.*).

In the light of those changed national preferences, Poland has increased its direct political cooperation with China (Szczudlik-Tatar, 2015:57). Now that Poland is realigning its national preferences and moving away from cooperation on the level of the EU, it has turned towards China, as a global superpower, which has sufficient resources and influence to provide Poland with the opportunities and support its desires. In relations with China, Poland wants to expand its exports to China, narrow the trade deficit with China and to attract Chinese investments into Poland (*Ibid.*). The first and last of those can be directly achieved by OBOR, as by participating in the OBOR initiative, it is probable that Poland could use the new trade routes to increase its exports to China and as the OBOR initiative could bring investments into Poland, should the OBOR routes pass through Poland.

When looking at the national preferences expressed by Polish politicians with respect to OBOR, it is evident that mostly the initiative has been supported, mainly due to the reasons described above. This support has been expressed by various high-ranking politicians. For example, in a speech held in January 2016, Polish minister of foreign affairs, Witold Waszczykowski, addressed the initiative and highlighted the opportunities it brings for Poland (Kozłowska, 2017). In 2017, Poland's now ex-Prime

Minister Beata Szydło forecasted that OBOR is an initiative that will probably dictate the economic development in the region during the coming decades and thus, should be turned attention to by Poland (*Ibid.*). These and several other speeches by high-ranking Polish officials have emphasized that good economic relations with China are a priority and a national preferences for Poland, and Poland is willing to align its foreign policy to support cooperation in economic matters, such as OBOR. Polish politicians have also emphasized that they consider it important that Poland is cooperating with China both on a bilateral level (which has been expressed by bilaterally agreed projects between the two countries, as well as the fact that Polish presidents have during recent years visited China on a multiple occasions), as well as on a regional/institutional level (Szczudlik, 2016a). Such supportive statements show that generally, Polish national preferences favour the initiative.

In addition to the Polish government, support for cooperation with China and the OBOR initiative has also been expressed by Polish local governments and municipalities (Góralczyk, 2017:158). Much like their peers in France and Germany, local governments and municipalities enjoy the luxury of focusing on the pros and cons of each specific project to their own area and as most OBOR related investments would be expected to boost the economy of the region where the investments are made without such serious negative consequences, in most cases local governments and municipalities are inclined to support investments such as those that could be made in the framework of OBOR and agree to flexible solutions to please China (*Ibid.*).

The OBOR initiative also enjoys the support of certain Polish businesses (Szczudlik, 2016b:48). Much like the businesses in France and certain businesses in Germany, several Polish companies see a potential for lucrative contracts, directly or indirectly related to OBOR, should any OBOR related project be made in their area (Szczudlik, 2016b:47). Furthermore and even more importantly, Polish businesses look forward to expanding their businesses to China and OBOR routes could help them do that (*Ibid.*). Still, regardless of support from several companies, it would not be correct to say that support for the initiative from the business community is very active and unilateral (Szczudlik, 2016b:48). Many Polish businesses lack knowledge regarding the initiative and doing

business in China in general (*Ibid.*). On an aggregate level, this has resulted a relatively moderate interest to the initiative from the Polish business sector towards China's initiative.

Still, although the OBOR initiative has obtained the support of various Polish politicians (both on the central level and the local level) and businesses and thus, Poland can be considered to support the initiative (as in accordance with the theory of LI, national preferences are in international relations represented by the preferences of national governments), in Polish public some concerns regarding the initiative have also been brought out. The most common of such concerns is that behind the curtain of economic benefits, China's true aim in relation to OBOR is to increase its political influence and assert itself as a superpower in international politics (Szczudlik, 2016a). This concern has raised doubts in the general public as to whether investments related to OBOR should be supported and allowed in Poland, as they may establish a dependency of China (*Ibid.*). Another concern expressed by the Polish public is that cooperation with China in relation to the initiative can cause problems with its other allies (*Ibid.*). The initiative has potential to affect the relations between Poland and its neighbours, as Poland is competing with its neighbours for the investments related to OBOR. Furthermore, as Chinese ambitions put it in a rivalry with other superpowers, most important Russia and the United States, supporting the initiative and aligning itself with China can cause problems in the relations between Poland and the other superpowers (*Ibid.*). Therefore, the preference of the Polish general public can be considered to be cautious of Chinese investment relating to OBOR but such preference does not enjoy the support of the Polish government which prefers to favour and support the initiative.

Now that Poland is moving away from exercising its foreign policy through the EU, Poland's support for the OBOR initiative and the negotiations related thereto with China have been carried out mostly by way of bilateral communication and by way of the 16+1 framework (Szczudlik-Tatar, 2015:56). As Poland is a Member State of the EU, it of course continues to try to express its national preferences and communicated with China on the level of the EU but in comparison with the two previously mentioned levels of communication, the EU level appears to be a lower priority for Poland (*Ibid.*). Bilateral

communications between Poland and China have in relation to OBOR have taken pace both on the level of central governments, as well as self-governmental/local platforms (for example, annual strategic dialogues, annual Poland-China Regional Forums which comprehends local governments, entrepreneurs etc.) (*Ibid.*). In such talks, support has been expressed for the initiative but so far bilateral communication between Poland and China has been rather incidental and has not led to any precise actions within the framework of OBOR (*Ibid.*).

The most used method for Poland for representing its national preferences to China has been the 16+1 framework and the various meetings that have taken part within it. The 16+1 format is an initiative proposed by China which was established in 2012 by the holding of the first 16+1 summit in Polish capital, Warsaw (Ministry of Foreign Affairs of the Republic of Latvia, 2017). The framework provides for a platform for China, 11 EU Member States from Central and Eastern Europe (Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) and five Balkan countries (Albania, Bosnia and Herzegovina, Montenegro, Serbia and Macedonia) to discuss and advance cooperation on different policy fields (*Ibid.*). The main cooperation fields envisaged to be discussed under this framework are investments, transport, finance, science, education, and culture (*Ibid.*). AS OBOR directly relates to the fields of investments and transport, and can indirectly relate to the other listed fields as well, the 16+1 framework provides a good possibility for discussing the initiative, and allows Poland to express its national preferences related thereto.

When analysing the motives of various parties to take part in the 16+1 framework, it can be said that different parties have had different aims. For China, the main aim for communicating with countries from Central and Eastern Europe, who have not been the main spokespersons for the development of EU's policies and who do not have such trade potential as larger and more developed Western European countries, such as Germany and France, has been to create trust in the CEE region and avoid any hindrances to the OBOR project from the said countries (Kratz, 2016). Furthermore, having a source of soft power implemented in CEE countries would be also beneficial for building trust for the creation of China's special financing fund for the region's development, which is also relevant for

the advancement of China's interests (*Ibid.*). For the EU Member States involved in the framework, the initiative provides a more direct access to China and allows them to freely express their national preferences to China, instead of expressing them to the EU, who would then combine the various preferences of different Member States together and would then represent them in negotiations with China (*Ibid.*). For the five non-EU Member States from the Balkans, the framework also provides an option to express their national preferences to China but for them the situation is different than for the 11 EU Member States participating in the framework, as their national preferences are not represented by the EU and thus, the framework is the only realistic option for them to represent their national preferences to China (*Ibid.*). Statistics from the years when the 16+1 framework has been active shows that the framework can be considered a success – although it is difficult to measure the representation of national preferences, the fact that exports from Central and Eastern Europe to China have imploded during the period (for example, exports from the said countries to China grew 173% during 2009-2014, which is almost twice as big as the increase of exports from the EU to China (*Ibid.*).

Although the 16+1 initiative has been largely considered a success and there has been noticeable progress in strengthening of dialogue and cooperation between the participating countries, certain problems/challenges have emerged (Stanzel, 2016). First and foremost, there is a lack of consistency regarding cooperation between China and Central and Eastern European countries (*Ibid.*). Until now, only Poland, Hungary, and the Czech Republic, have benefitted from noticeable new investments from China (*Ibid.*). This shows, that much like the EU, the national preferences of the participants of this framework and their treatment by China differs and it is difficult for the participants of the framework to develop a strong joint position with regards to China and the OBOR initiative.

To conclude, it can be said that Polish national preferences favour the OBOR initiative and do it more strongly than those of France and Germany. Such national preferences are mainly represented by Polish politicians, both on the level of the central government and the local governments and municipalities, as well as Polish businesses. The reason for this support is mainly the economic potential the initiative can bring, most importantly

through direct investments from China, as well as through increased trade possibilities. At the same time, the Polish general public is somewhat cautious regarding the initiative and is sceptical of China's intentions in relation to the initiative. The general public is fearful that China could use the initiative to assert its dominance on Poland and thus, public opinion is that Poland should think through its support for the initiative and consider the possible implications of each specific project related to the initiative. When looking at the preferences of the Polish government, which expresses the preferences on the level of the EU and the level of international politics, a distinct difference with France and Germany is that unlike them, Poland is not supportive of discussing and addressing the OBOR initiative on the level of the EU and instead, tries to develop strong bilateral relations with China and uses the 16+1 framework, where it has a much more prominent position, to address the initiative. The main reason for that approach is the fact that Poland is being led by a Eurosceptic party, which does not believe that the EU is well positioned to represent the national preferences of Poland. Therefore, on the EU level, the national preferences of Poland differ from those of France and Germany, as the latter (most prominently Germany but to a slightly small extent France) find that the initiative should be negotiated by the EU as a single institution, who could then monitor its implementation, while Poland prefers to keep the OBOR initiative off the EU's table.

#### **4.5. The development of EU's policy regarding OBOR**

Although the EU's common foreign and security policy only dates back to the Maastricht Treaty in 1992, and the EU's common commercial policy only dates back to the Lisbon Treaty in 2009, the EU has had an active discussion with China for much longer and official cooperation between the EU and China started already in 1975 (Sárvári & Szeidovitz, 2016:13). Since that time, the EU and China have discussed and developed cooperation in relation to various topics, including but not limited to economic initiatives, such as OBOR, with varying degrees of intensity, depending on how much competences the EU has had at any specific time. Prior to the Maastricht Treaty, the EU's role in relation to discussions with China was very limited, as the competence of the EU was mostly limited to trade policies. Since the Maastricht Treaty, when the Common Foreign and Security Policy was created and more so after the Lisbon Treaty, by which competence over the negotiations of foreign direct investments was formally transferred

to the EU, the EU has obtained a much greater role in discussions and negotiations with China (Meunier, 2014:996-997). Post-Lisbon Treaty, the EU has the formal competence to sign international investment agreements, which previously were in the sole competence of the Member States (Meunier, 2014:997). Such competence was transferred to the EU, as the lack of cohesive policy from different EU Member States created costs for Europe, notably in terms of bargaining leverage over market access and ability to shape international norms (*Ibid.*).

The common commercial policy under which the EU is negotiating with China's various economic initiatives, such as OBOR, is stipulated in Article 207 of the Treaty on the Functioning of the European Union (TFEU Article 207, 2009:140). The said Article states: "The common commercial policy shall be based on uniform principles, particularly with regard to changes in tariff rates, the conclusion of tariff and trade agreements relating to trade in goods and services, and the commercial aspects of intellectual property, foreign direct investment, the achievement of uniformity in measures of liberalization, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies. The common commercial policy shall be conducted in the context of the principles and objectives of the Union's external action" (*Ibid.*).

Although the EU enjoys control over the common commercial policy, this does not mean that it is not influenced by the national preferences of the Member States, as EU institutions are still under the direct or indirect control of the Member States and cannot go against the prevailing wishes of the Member States and the political agreements between the Member States. The main policy-making institutions in the EU are the Council of the European Union, the European Commission and the European Parliament (the European Union, 2018b). Main strategic and political decisions are taken on the level of the Council of the European Union, which consists of representatives of the governments of Member States, which means that the said body is under direct control of the Member States (*Ibid.*). The European Parliament is the second legislative body next to the Council of the European Union (*Ibid.*). The Parliament is mostly independent from the Member States (although indirectly there is certain influence over the Parliament, as

most Members of the Parliament are representatives of the domestic political parties) but enjoys a more limited amount of competences. The European Commission is mainly and executive body with limited legislative power, over which Member States do not enjoy direct control over but which still abides by the policies of the Council of the European Union (*Ibid.*). This means that the EU has competence to represent the joint preferences of the EU's Member States in relation to the commercial policy and negotiate agreements with third countries but in developing the common commercial policy, it is still affected by the national preferences of Member States.

According to Maull (2017:56), the EU as an institution has *sui generis* character and by the EU's policy-making process, the national preferences of various Member States are considered and integrated into a common policy of the EU. With respect to common foreign and security policy, which plays a large role in EU-China relations, next to the common commercial policy, most decisions are made by unanimous support of Member States, which means that the national preferences of all Member States must be taken into account to the extent satisfactory for the relevant Member State (*Ibid.*). The common commercial policy also takes into account the national preferences of Member States but with regards to that policy, the EU's institutions enjoy somewhat more supra-national decision power (Maull, 2017:56-57).

At this time, the main points of cooperation between the EU and China are outlined in in the document titled "China-EU 2020 Strategic Agenda for Cooperation", which was adopted in 2013 and which provides that the four main pillars on which the two superpowers cooperate on are: (i) peace and security, (ii) prosperity, (iii) sustainable development, and (iv) people-to-people exchanges (Sárvári & Szeidovitz, 2016:16). These pillars are in turn divided into sub-topics, such as trade and investment, agriculture, industry and information, transport and infrastructure, urbanization etc. (*Ibid.*). Therefore, the discussions between the EU and China are limited to a specific list of topics and should not alienate to other topics.

Although, the EU has only recently obtained competences to negotiate OBOR-like projects with China, the two superpowers can be considered to be well accustomed to



working and negotiating with each other as efficiently and successfully as possible. The EU has a strong team of diplomats and negotiator, who can negotiate with Chinese representatives on an equal level. From the perspective of EU Member States, this should be seen as positive and should support delegating the representation of their national preferences to the level of the EU, as the EU can be expected to be able to represent such national preferences as efficiently as possible.

Another strength of the EU for negotiating with China is the economic power of the EU. According to the United States Central Intelligence Agency, the European Union's gross domestic product purchasing power parity is second in the world, trailing only that of China (Central Intelligence Agency, 2017). Furthermore, the two superpowers are strong trading partners and account for a substantial part of each other's imports and exports (Sárvári & Szeidovitz, 2016:14). These two factors provide the EU with strong leverage in negotiations with China, which cannot be matched by any individual Member State of the EU. This as well means that Member States of the EU should be inclined to have the EU represent their national preferences, as the negotiation power of the EU cannot be matched by the negotiation power of themselves nor any other institution/framework where they may belong.

For China, the main benefit for negotiating certain topics with the EU, instead of individual Member States, is that once it is able to agree on something with the EU, it can trust that the agreement applies to all 28 Member States of the EU and it does not need to negotiate the same topic with each individual Member State, which could be more inclined to hang on to very specific national preferences of the said Member State. At the same time, the EU, which represents the national preferences of all 28 Member States could be more willing to negotiate and waive some specific preferences, assuming that the general solution is acceptable for the EU. Furthermore, negotiating with the EU as a whole provides China with an unique opportunity to gain access to 28 different markets which provide for China various different opportunities. Different EU countries have different strengths and weaknesses, different preferences, different economic opportunities etc., all of which could be lucrative for China and Chinese companies.

At the same time, negotiating with the EU also has its downsides for China. Most importantly, as the EU is in material respect a superpower equal to China, China is not in a position to force the EU to agree on different matters purely with its strong economic power. For China, it would be easier to assert control and force its principles on individual Member States, none of which enjoys the same negotiating power as China. Due to this, China has in some cases tried to cooperate and negotiate with individual Member States of the EU or a specific subset of Member States of the EU, for example through the 16+1 framework (Szcudlik-Tatar, 2015:56).

When looking at the EU's position with respect to OBOR more specifically, it can be said that at first, when the initiative was announced in 2013 by the President of China, Xi Jinping, much like the Member States themselves, the EU did not develop a strong position towards the initiative nor did it take any strong actions to be involved in the project nor to represent the national preferences of its Member States with respect to China (Suetyi, 2017). The EU's first meaningful statements and actions came in 2015, at the same time when the representatives of the Member States of the EU started taking positions regarding the initiative (*Ibid.*). This shows that the EU has been guided by the national preferences of its Member States, as it did not spend time and resources on the initiative at the time when the Member States themselves did not consider addressing it necessary. The EU started to turn more attention to OBOR and express statements regarding the EU's preferences towards it at the same time when its Member States, whereby it showed both China as well as the Member States of the EU that it was interested in playing a part in the discussions regarding the initiative.

During recent years, the trend has been that as China gradually reveals more precise details and plans concerning the OBOR initiative, the more precise statements concerning the initiative are issued by the Member States of the EU and the EU itself (Suetyi, 2017). By this time, the EU has expressed that it finds that OBOR brings along opportunities to enhance commerce, investments, and cooperation between the EU, China and the other countries on the OBOR routes but it also creates certain risks, which would need to be addressed (*Ibid.*).

The EU's generally positive attitude towards the initiative can most evidently be seen in by its involvement in the EU-China Connectivity Platform (Montesano & Okano-Heijmans, 2016:5). The said platform was launched in September 2015 by the European Commission to enhance synergies between the OBOR initiative and the EU's own transport and infrastructure projects and initiatives, such as the Trans-European Transport Network policy (*Ibid.*). On the level of the EU, the platform is being led and coordinated by the Directorate-General for Mobility and Transport (DG MOVE) and the European External Action Service (EEAS) (*Ibid.*). The EU-China Connectivity Platform's aim is to create synergies between EU policies and projects and China's OBOR initiative and also between the sources of funding and other areas of infrastructure (EEAS, 2016:10). The said platform is the first step towards forming EU's unified response to China and although it has yet to produce substantial actual results, such as investment agreements or framework agreements related to OBOR, even the creation of such platform should be considered a success (Montesano & Okano-Heijmans, 2016:6). By creating such platform, the EU has shown that it is truly committed to working on the OBOR initiative and is finding ways in which it could fit into the EU's own initiatives and development plans. This is important due to the fact that if built, the OBOR routes would need to work together with the rest of the infrastructure in the EU Member States, which would work as the connection between the OBOR routes and the factories, warehouses, ports and other facilities from which goods would get to the OBOR routes.

The EU's support for the initiative can also be seen in the statements made by the EU's officials. For example, the High Representative of the European Union for Foreign Affairs and Security Policy, Federica Mogherini, has stated that in her opinion OBOR initiative is seen by the EU as a positive initiative and the EU believes that this initiative has to be developed but only if it is done in accordance with international norms and if it provides non-Chinese companies an opportunity to take part in the project as well (EEAS, 2017a). Furthermore, support for the initiative has been expressed by the Vice President of the European Commission, Jyrki Katainen (EEAS, 2017b). In his speech at the Belt and Road Forum Leaders' Round Table in 2017, Jyrki Katainen, expressed support for the initiative (*Ibid.*) and brought out that the EU is interested in seeing it materialise due to the enhanced connectivity it provides between the EU, China and the other countries

on the OBOR route (*Ibid.*). In his speech, Jyrki Katainen said that the EU sees the project as a step for globalisation, which results in eliminating borders and restrictions and the enhancement of openness and creation of additional opportunities (*Ibid.*). He also addressed the fact that globalisation is something that raises concerns and fears for people and therefore, it is important that the OBOR initiative would be carried out in such way that it would help to improve people's lives (*Ibid.*). In relation to OBOR, the benefits of globalisation should be the economic growth that investments to the initiative and the new cross-border links could bring, assuming that the investments into OBOR would be carried out with emphasis on free trade, multilateralism and sustainable development (*Ibid.*). In the said speech, Mr Katainen also worded the leading principles, which in his opinion should be followed upon carrying out the OBOR initiative: "It should be an open initiative based on market rules and international standards. It should include all modes of transport, as well as digital and energy and people-to-people contacts. It should complement existing networks and policies. In the EU's case, we have decades of experience with the Trans-European Networks, which are now being extended into our neighbourhood, East and South. European and Asian infrastructure should not be designed in isolation. We need to build a true network and not a patchwork. Infrastructure networks must be interoperable. We want to bring down barriers, not create new ones. Transparency on our plans and activities must be the basis for our cooperation, and all partners should have a fair say about where the priorities lie. Multilateral frameworks like the Asia-Europe Meeting, should be used wherever possible. Sustainability is essential: projects must be economically viable, fiscally and socially responsible, as well as climate and environment-friendly. We must use the wisdom of the multilateral banks, whose decades of experience makes them an invaluable partner for new institutions such as the Asian Infrastructure Investment Bank. Finally, we should ensure that there are real benefits for all stakeholders. Not only for countries, but also for economic operators, who should have a fair chance to compete for business through open, transparent and non-discriminatory procurement procedures. A level-playing field for trade and investment is a critical condition if we want to maintain the political momentum and support for better connectivity between Europe and Asia." (EEAS, 2017b).

The said speech by Jyrki Katainen, as well as other similar speeches and statements by EU officials, show that the EU is interested and recognizes its potential but at the same time, is cautious of its risks and thus, upon expressing support for the initiative, it also brings out the conditions and principles on which the support of the EU is conditional upon. The same also shows that the EU sees a role for itself in relation to the initiative and considers it important that the initiative would be coordinated with it and its own intra-European initiatives. The EU does not consider the initiative to be something that could be discussed solely between China and certain Member States of the EU, as the initiative will in any case have an impact on the EU as a whole, even if Chinese investments will focus only on some of the Member States of the EU. The EU considers it important that the benefits of the initiative could be enjoyed by all Member States and that the initiative would not divide the EU, as has been feared to be the hidden agenda of China.

The EU's practice to express support for the OBOR initiative only conditionally, by always bringing out on which conditions their support depends on, is considered to be related to the lack of transparency concerning the initiative and the general approach of China in international relations (Suetyi, 2017). As the precise financing and ownership model of the projects which are to be carried out under the OBOR initiative have not been disclosed by China and China has during recent years engaged in using its economic power to obtain substantial influence over various regions across the globe, the EU shares the concerns expressed by various groups in Germany, France and Poland in relation to the initiative. The EU wishes to make sure that if implemented, the initiative would not prejudice the interests of the EU and its Member States, would not grant China's control over the EU and its Member States and would be carried out in accordance with the EU's rules and regulations, most importantly the rules that help to ensure fair competition, environmental protection and sustainability (*Ibid.*).

The EU is also concerned over the initiative due to the fact that China has on several occasions tried to avert discussing the initiative with the EU directly and instead, where beneficial for itself, has discussed and negotiated specific projects under the initiative with specific Member States or even their regional or local municipalities (Otero-Iglesias

*et al.*, 2015:7-8). This approach is problematic for the EU, as it creates difficulties in formulating a cohesive strategy and position for the EU (*Ibid.*). This course of action is considered to be a policy of “divide and conquer”, by which the China wishes to engage in negotiations with specific Member States, over whom China has more leverage, and reach an agreement which is more beneficial for China but may not be beneficial for the EU as a whole (Grieger, 2016).

The third concern which the EU takes into account in relation to the OBOR initiative is China’s tendency to favour its own companies upon carrying out large investment initiatives and projects, as well as to limit access of foreign companies to the Chinese market. The EU strongly supports the principle of equal competition and thus, has considered it important to stress that if OBOR related projects are to proceed, companies from the EU need to be given opportunities equal to those given to Chinese companies (Cerulus & Sheftalovich, 2018). The EU Commissioner for Trade, Cecilia Malmström, has told the European Parliament’s Trade Committee the following: “It is far too difficult for European companies to invest in China. Investment is going down, that is unfortunate, because there are discriminatory laws, lack of transparency, a lot of subsidies to their own state-owned companies, corruption, the rule of law is not functioning.” (*Ibid.*).

To show that the EU’s concerns are serious and it is willing to give up its support for the initiative if those concerns are not addressed, the EU has so far refused to agree to any specific promises or agreements that do not address the above described concerns. For example, during the EU-China summit in Beijing in 2017, the EU refused to endorse part of the OBOR initiative because it did not included commitments to social and environmental sustainability and transparency (Phillips, 2017). One high-level EU diplomat commented on this issue: “We made clear that, for Europe, the Belt and Road initiative can only be a success if it’s based on transparency and co-ownership.” (*Ibid.*).

#### **4.6. Consideration of the national preferences of France, Germany and Poland in the EU’s policy towards OBOR**

When comparing the national preferences of France, Germany and Poland with the policy of the EU towards OBOR, it can be said that the EU’s policy most profoundly takes into account the national preferences of Germany but also considers the national preferences

of France. Germany has strongly expressed its wish that the OBOR initiative would be addressed on the level of the EU instead of having thorough and conclusive negotiations on the initiative would not take place between China and individual Member States. This position has also received support from France, although the French government's position on the topic has not been expressed so profoundly and France has remained cautious for supporting the project as a whole, taking into account its concerns for certain other issues with China. The EU as well finds that the initiative should be discussed and negotiated on the level of the EU, as the EU is best positioned to carry out such negotiations and obtain the best results for the EU Member States as a whole.

Much like France and even more so Germany, the EU is afraid that negotiations between China and individual Member States could lead to China being able to “divide and conquer” the EU. This would mean that China could gain a position where it could break the EU's unity and reach agreements with individual Member States, which would grant it control over such Member States and eventually over the EU as a whole. France, German and the EU all believe that a joint and unified EU is in the interests of the Member States of the EU. Therefore, they proactively try to avoid allowing for the emergence of an opportunity for the OBOR initiative to break such unity.

Furthermore, the EU's position that support for the OBOR initiative is conditional that various principles, such as fair competition, market access, environmental protection and sustainability, are taken into account also matches the national preferences of France and Germany. All of France, Germany and the EU are worried that such principles may not be considered a priority by China, which could bring along negative consequences for the EU Member States. To make sure that such principles are followed, the EU has been refused to move forward with actions related to the OBOR initiative, unless such principles are taken into account. Such policy matches the national preferences of both France and Germany.

Unlike France and Germany, the national preferences of Poland are only partially reflected in the EU's policy towards OBOR. Similarly to the Polish government, the EU is generally welcoming towards the OBOR initiative but with regards to the specifics of

approaching the initiative, the national preferences of Poland vary greatly from those expressed by the EU. Most importantly, there are substantial differences in the positions of Poland and the EU on how and by whom should negotiations over OBOR be carried out. While the EU believes that it is best positioned to negotiate with China and represent the national preferences of Member States, Poland finds that direct bilateral negotiations between China and specific EU Member States, as well as negotiations within smaller groups, such as the 16+1 framework, are more beneficial. Being led by an Eurosceptic party, Poland believes that the EU is too bureaucratic and is unable to fully represent the national preferences of Poland, while the EU believes that it is well positioned to represent a position that takes into account the interests of all Member States.

Moreover, differences in the national preferences of the Polish government and EU lie within the question of what topics should be tied to the discussions over OBOR. Similarly to the national preferences of France and Germany, the EU wants to tie the negotiations with China with topics like fair competition, market access, environmental protection and sustainability, while the Polish government wishes to focus more on the initiative itself and the economic impact it has. In other words, the Polish government does not want to tie negotiations over the OBOR initiative with topics that can delay agreeing on the projects which are to be built within the framework of OBOR, while the EU believes that such projects cannot be built unless there is an agreement on the related topics that the EU considers important.

The EU's position on OBOR is supported in Poland by the public opinion, as the general public in Poland is also concerned over Chinese conduct and the implications of the OBOR initiative but as national preferences are in international relations expressed by national governments, this does not change the fact that Polish national preferences are largely disregarded in the EU's policy towards OBOR. This aspect has affected the relations between Poland and the EU in such way that the Polish government has not strongly opposed the EU's position on OBOR (as it does not have the support of the general public to do so) and instead, has found alternative ways (bilateral discussions and 16+1 framework) to express to China its national preferences in relation to OBOR.



In conclusion, it can be said that the EU's policy towards OBOR largely takes into account the national preferences of France and Germany but partly disregards the national preferences of Poland. This is likely the case due to three reasons. Firstly, the Eurosceptic Polish government has not devoted much effort towards emphasizing its national preferences on OBOR towards the EU and has instead sought alternative ways to advance its national preferences. Therefore, the EU has not been under much pressure to take Polish opposing national preferences into account and has been able to proceed with a policy that conflicts the national preferences of Poland. Secondly, as the national preferences of Poland differ from those of several other Member States (at least Germany and France) and the preferences of the EU itself, it would be difficult for the EU to fully take such national preferences into account and develop a policy that would represent all of them. Thirdly, as Poland is a much newer Member State of the EU, has less connections with EU officials and has less of an economic and political importance to the EU than France and Germany, the EU is under less pressure to consider the national preferences of Poland than it is to consider the national preferences of France and Germany.

## 5. Conclusion

This thesis analysed the topic of what role do the national preferences of Member States of the EU play on the development of EU's policy for relations with third countries, i.e. countries outside the EU. This topic is of relevance, as relations with third countries are becoming more and more important to ensure the protection of EU's interests abroad and to enhance trade and economic cooperation with third countries, which can help to boost the economies of the EU Member States. So far, substantial focus has been turned to the topic of EU policy-making in general but limited attention has been turned to policy-making for relations with third countries.

Such analysis was done by using the theory of LI by Andrew Moravcsik and the theory of two-level games by Robert Putnam, which provided the theoretical background for the research. The empirical analysis of the research topic was carried out on the basis of the case study of China's OBOR initiative, in relation to which the role of national preferences of France, Germany and Poland to the EU's policy towards OBOR was assessed. The OBOR initiative is a trade and investment initiative being led by China, which aims to develop trade routes across Eurasia (most importantly between China and the EU) and is thus expected to bring to EU Member States substantial investments from China. The OBOR initiative has potential to become one of the most important economic initiatives being pursued and can greatly affect the future of the EU, which means that it is material to understand how the EU's policy regarding that initiative is being formed and which national preferences the EU's policy represents.

The empirical analysis of the thesis firstly showed that while the national preferences of France, Germany and Poland regarding OBOR are still in the early stages of development, the preferences are rather different. Germany is cautiously supportive of the initiative and has said that in general, the initiative has great potential but it also brings along important risks, which must be addressed before proceeding with the initiative. France's position is similar to that of Germany but France has been somewhat more hesitant to express support for the initiative. Germany has very strongly supported the position that negotiations with China over the OBOR initiative should be carried out by the EU, not its individual Member States. This position has also been supported by France, although

not so strongly. Poland on the other hand has expressed almost unconditional support for the initiative and by its Eurosceptic government, has expressed the position that discussions and negotiations regarding initiative should be carried out by Member States themselves or other frameworks, which are less bureaucratic than the EU and represent its interests better.

The research also showed that the national preferences of France, Germany and Poland, expressed by their governments, do not always represent the preferences of domestic interest groups', such as local municipalities, business sector and the general public. For example, in France and Germany certain local municipalities have been much more keen to support the initiative than the central governments, as they see substantial economic upside from the initiative to their region. In Poland, the perception of the general public towards the initiative is much less supportive than that of the government and the national preferences represented by the central government do not represent the concerns the general public has regarding the initiative's effects on Poland. As the theory of LI explains that national preferences are in international relations represented mainly by central governments, such conflicting opinions of non-governmental interest groups have limited affect on the national preferences which the central governments influence the EU to represent. Still, as the theory of two-level games explains, any agreement made on an international level needs domestic ratification. This means that going forward, the EU's policy towards OBOR and the actions of its Member States may change, depending on the intensity of the preferences of domestic interest groups.

The analysis carried out by the thesis sought to answer three research questions. The first of those questions was how do national preferences of Member States affect the EU's policies for relations with third countries? Regarding this, the analysis showed that the EU's policy regarding OBOR almost directly reflected the national preferences of Germany and was very similar to the national preferences of France. The national preferences of Poland were due to several reasons not reflected in the EU's policy towards OBOR but regardless, in general the national preferences of Member States do play a role in the development of EU's policy for relations with third countries.

The second research question was that in case the national preferences of different Member States for relations with third countries are conflicting, how does the EU manage the situation upon developing its policy for relations with such third countries? In case of OBOR, Germany and France had rather similar national preferences, while the national preferences of Poland differed greatly. The EU's policy towards OBOR at this time largely disregards the national preferences of Poland (the only similarity is that the EU as well finds that generally the initiative has great potential), which can be attributed to the Eurosceptic government of Poland, large divide between the national preferences of Poland and those of Germany and France, as well as do the fact that Poland has less influence on EU's policy than Germany and France. Therefore, the analysis showed that in case of conflicting national preferences, the EU may disregard national preferences which greatly conflict those of other Member States, if such national preferences are not pushed too strongly (or by Member States with sufficient influence). In such case, Member States whose national preferences are not taken into account may be inclined to represent their national preferences outside the framework of the EU.

The third research question was what is the role of national preferences in the development of EU's policy for relations with third countries, in comparison with the role of national preferences in the development of European integration in general (in accordance with the theory of LI and the two-level games theory)? In relation to that question, the analysis showed that the development of EU's policy for relations with third countries is affected by the fact that the EU's common foreign and security policy and common commercial policy are still rather new and only recently been granted to the competence of the EU. While the theory of LI and the two-level game theory say that national preferences should be taken to the level of the EU, where interstate bargaining should occur, such process has at least so far not taken place in relation to OBOR. As Member States still have a large role in relations with third countries and on questions of foreign and security policy, as well as commercial policy, they are less inclined to carry out interstate bargaining on the level of the EU. Instead, in case their national preferences do not match the prevailing preferences, they are more inclined to represent their national preferences through another forum, which is more favourable for them. This is an important consideration to bear in mind by the EU, in case it wishes to develop a strong

and unified common foreign and security policy, as well as common commercial policy, which would be backed by all Member States. The EU should push for interstate bargaining on those topics on the level of the EU, to avoid a situation where certain Member States choose another forum for communicating with third countries, which could jeopardize the unity and positions represented by the EU.

In conclusion, national preferences play a substantial role in the development of EU's policy for relations with third countries and how such national preferences are addressed has a strong effect on the EU's unity and the success of the EU in representing and negotiating its positions. Relations with third countries are becoming more and more important for the EU, and the EU must ensure the protection of its interests in relation to developments which will have a substantial effect on it, including the OBOR initiative and China's rise as a superpower in general. Therefore, it is important that the formulation of EU's policy regarding such initiatives would be analysed and considered in detail and all national preferences of its Member States would be adequately addressed. To do that, it is important that all national preferences of the Member States would be understood in detail. Furthermore, to ensure the development of EU's policy in the most efficient manner, additional research should be made on the other aspects of EU's policy making for relations with third countries. Such aspects are in accordance with the theory of LI interstate bargaining and institutional choice, which in general have been thoroughly analysed by academics but which have not been assessed in relation to the specific matter of policy-making for relations with third countries.

## 6. References

Auswärtiges Amt. (2 February 2016). Implications of the One Belt, One Road Initiative for Europe and the Eurasian Continent – Rede von Staatssekretär Markus Ederer bei der Veranstaltung “Bestandsaufnahme OBOR”. Retrieved from: <https://www.auswaertiges-amt.de/de/newsroom/-/278098> (05.03.2018).

Brechenmacher, V. (05 July 2017). Merkel to Xi: Germany wants equal access to China’s markets. *Politico*. Retrieved from: <https://www.politico.eu/article/merkel-to-xi-germany-wants-equal-access-to-chinas-markets/> (05.03.2018).

Central Intelligence Agency. (2017). Country Comparison: GDP (Purchasing Power Parity). Retrieved from: <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html#ee> (18.05.2018).

Cerulus, L. & Sheftalovich, Z. (28 January 2018). Brussels vs. Beijing’s buy-out barons. *Politico*. Retrieved from: <https://www.politico.eu/article/future-of-china-relationship/> (15.04.2018)

Conceição-Heldt, E. (2013). Two-level games and trade cooperation: What do we now know? *International Politics*, 50(4), pp. 579-599.

Cunha, A. (2017). Paving the New Silk Road: The Evolution of the Sino-German Strategic Partnership. *Observatorio Politico*, pp. 1-16.

Ebbighausen, R. (17 July 2017). China’s Silk Road: a lucrative opportunity for Germany? *Deutsche Welle*. Retrieved from: <http://www.dw.com/en/chinas-silk-road-a-lucrative-opportunity-for-germany/a-39723364> (05.03.2018).

Ekman, A. & Seaman, J. (2015). France and China: A not so “special” relationship. In: Huotari, M., Otero-Iglesias, M., Seaman, J. & Ekman, A. Mapping Europe-China Relations. A Bottom-Up Approach. (2015). *The European Think-tank Network on China (ETNC)*, pp. 25-29.

European Union External Action Service (EEAS). (22 June 2016). Elements for a New EU Strategy on China. Joint Communication to the European Parliament and the Council. Retrieved from: [https://eeas.europa.eu/headquarters/headquarters-homepage/15397/elements-new-eu-strategy-china\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/15397/elements-new-eu-strategy-china_en) (05.03.2018).

European External Action Service (EEAS). (12 May 2017a). Remarks by High Representative/Vice-President Federica Mogherini at the joint press conference with Sven Mikser, Minister for Foreign Affairs of Estonia. Retrieved from: [https://eeas.europa.eu/headquarters/headquarters-homepage/26042/remarks-high-representativevice-president-federica-mogherini-joint-press-conference-sven\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/26042/remarks-high-representativevice-president-federica-mogherini-joint-press-conference-sven_en) (15.04.2018).

European External Action Service (EEAS). (16 May 2017b). European Commission Vice-President Jyrki Katainen speech at Belt and Road Forum Leaders' Round Table. Retrieved from: [https://eeas.europa.eu/delegations/china/26154/european-commission-vice-president-jyrki-katainen-speech-belt-and-road-forum-leaders-round\\_en](https://eeas.europa.eu/delegations/china/26154/european-commission-vice-president-jyrki-katainen-speech-belt-and-road-forum-leaders-round_en) (15.04.2018).

Fasslabend, W. (2015). The Silk Road: a political marketing concept for world dominance. *European View*, 14, pp. 293-302.

Franchino, F. (2012). Challenges to liberal intergovernmentalism. *European Union Politics*, 14(2), pp. 324-337.

Gaspers, J. (December, 2016). Germany Wants Europe to Help Shape China's Belt and Road Initiative. *The Diplomat*. Retrieved from: <https://thediplomat.com/2016/12/germany-wants-europe-to-help-shape-chinas-belt-and-road-initiative/> (5.03.2018).

Gaspers, J. & Lang, B. (2016). Germany and the “Belt and Road” Initiative: Tackling Geopolitical Implications through Multilateral Frameworks. In: Van der Putten, F.-P., Seaman, J., Huotari, M., Ekman, A. & Otero-Iglesias, M. (2016). Europe and China’s New Silk Roads. *The European Think-tank Network on China (ETNC)*, pp. 24-29.

Góralczyk, B. (2017). China’s interests in Central and Eastern Europe: enter the dragon. *European View*, 16, pp. 153-162.

Goulard, S. (13 January 2018). France and China’s Green Silk Roads. *The Diplomat*. Retrieved from: <https://thediplomat.com/2018/01/france-and-chinas-green-silk-roads/> (02.03.2018).

Goulard, S. (7 March 2017). France, Italy, and China’s “Belt and Road” Initiative. *The Diplomat*. Retrieved from: <https://thediplomat.com/2017/03/france-italy-and-chinas-belt-and-road-initiative/> (02.03.2018).

Grieger, G. (07 July 2016). One Belt, One Road (OBOR): China’s regional integration initiative. *European Parliament Think Tank*. Retrieved from: <http://www.europarl.europa.eu/thinktank/en/search.html?word=OBOR> (15.04.2018).

Hall, P.A. & Taylor, R.C.R. (1996). Political Science and the Three New Institutionalisms\*. *Political Studies*, XLIV, pp. 936-957.

Hancock, T. (4 May 2017). China encircles the world with One Belt, One Road strategy. *The Financial Times*. Retrieved from: <https://www.ft.com/content/0714074a-0334-11e7-aa5b-6bb07f5c8e12> (15.02.2018).

Hong Kong Trade Development Council (HKTDC) Research. (3 May 2018). The Belt and Road Initiative. Retrieved from <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm> (10.05.2018).



Huotari, M. (2015). Germany's China policy: No honeymoon forever. In: Huotari, M., Otero-Iglesias, M., Seaman, J. & Ekman, A. Mapping Europe-China Relations. A Bottom-Up Approach. (2015). *The European Think-tank Network on China (ETNC)*, pp. 30-35.

Kozłowska, K. (16.05.2017). Poland and the One Belt One Road Forum in China. *Central European Financial Observer*. Retrieved from:

<https://financialobserver.eu/daily/poland-and-the-one-belt-one-road-forum-in-china/> (05.03.2018).

Kratz, A. (2016). The Best of Both Worlds? CEE's Place in China-Europe Economic Relations. In: Kratz, A. & Stanzel, A. (14 December 2016). China's investment in influence: the future of 16+1 cooperation. *European Council on Foreign Relations*. Retrieved from:

[http://www.ecfr.eu/publications/summary/chinas\\_investment\\_in\\_influence\\_the\\_future\\_of\\_16\\_1\\_cooperation7204](http://www.ecfr.eu/publications/summary/chinas_investment_in_influence_the_future_of_16_1_cooperation7204) (05.03.2018).

Li, C. (2005). Two-Level Games, Issue Politicization and the Disarray of Taiwan's Cross-Strait Policy after the 2000 Presidential Election. *EAST ASIA*, 22(3), pp. 41-62.

Mauil, H.W. (2017). The politics of the EU: China's relationship with Europe. *Asian Journal of Comparative Politics*, 2(1), pp. 55-69.

Maurice, E. (15 January 2018). Macron's Chinese "game of influence". *EUobserver*. Retrieved from: <https://euobserver.com/eu-china/140550> (02.03.2018).

Ministry of Foreign Affairs of the Republic of Latvia. (22 February 2017). 16+1 Summit has concluded. Retrieved from: <http://www.mfa.gov.lv/en/policy/multilateral-relations/cooperation-between-central-and-eastern-european-countries-and-china> (05.03.2018).

Meunier, S. (2014). Divide and conquer? China and the cacophony of foreign investment rules in the EU. *Journal of European Public Policy*, 21, pp. 996-1016.

Montesano, F.S & Okano-Heijmans, M. (2016). Economic Diplomacy in EU-China Relations: Why Europe Needs its Own “OBOR”. *Clingendael, Netherlands Institute of International Relations Policy Brief*, pp. 1-8.

Moravcsik, A. (1993). Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach. *Journal of Common Market Studies*, 31(4), pp. 473-519.

Moravcsik, A. (1998). Choice for Europe: Social Purpose and State Power from Messina to Maastricht. *Cornell University Press*, pp. 18-85.

Moravcsik, A. & Schimmelfennig, F. (2009). LI. In: Wiener, A., Diez, T. (eds) *European Integration Theory*. *Oxford University Press*, pp. 67–87.

Otero-Iglesias, M., Seaman, J., Huotari, M. & Ekman, A. (2015). Introduction: Dissecting and re-assembling Europe-China relations. In: Huotari, M., Otero-Iglesias, M., Seaman, J. & Ekman, A. *Mapping Europe-China Relations. A Bottom-Up Approach*. (2015). *The European Think-tank Network on China (ETNC)*, pp. 7-14.

Phillips, T. (15 May 2017). EU backs away from trade statement in blow to China’s “modern Silk Road” plan. *The Guardian*. Retrieved from:

<https://www.theguardian.com/world/2017/may/15/eu-china-summit-beijing-xi-jinping-belt-and-road> (15.04.2018).

Putnam, R.D. (1988). Diplomacy and domestic politics: the logic of two-level games. *International Organization*, 42(3), pp. 427-460.

Sárvári, B. & Szeidovitz, A. (2016). The Political Economics of the New Silk Road. *Baltic Journal of European Studies*, 6(1), pp. 3-22.

Savage, D. & Weale, A. (2009). Political representation and the normative logic of two-level games. *European Political Science Review*, 1(1), pp. 63-81.

Seaman, J. & Ekman, A. (2016). France: On the Periphery of China's New Silk Roads. In: Van Der Putten, F.-P., Seaman, J., Huotari, M., Ekman, A. & Otero-Iglesias, M. Europe and China's New Silk Roads. (2016). *The European Think-tank Network on China (ETNC)*, pp. 21-23.

Stanzel, A. (2016). Introduction. In: Kratz, A. & Stanzel, A. (14 December 2016). China's investment in influence: the future of 16+1 cooperation. *European Council on Foreign Relations*. Retrieved from:  
[http://www.ecfr.eu/publications/summary/chinas\\_investment\\_in\\_influence\\_the\\_future\\_of\\_161\\_cooperation7204](http://www.ecfr.eu/publications/summary/chinas_investment_in_influence_the_future_of_161_cooperation7204) (05.03.2018).

Suetyi, L. (2017). Understanding Europe's Interest in China's Belt and Road Initiative. Carnegie Endowment for International Peace. Retrieved from:  
<http://carnegieendowment.org/2017/05/10/understanding-europe-s-interest-in-china-s-belt-and-road-initiative-pub-69920> (02.03.2018).

Szczudlik-Tatar, J. (2015). Poland-China relations: Forging a strategic partnership. In: Huotari, M., Otero-Iglesias, M., Seaman, J. & Ekman, A. Mapping Europe-China Relations. A Bottom-Up Approach. (2015). *The European Think-tank Network on China (ETNC)*, pp. 56-61.

Szczudlik, J. (2016a). When the Silk Road Meets the EU: Towards a New Era of Poland-China Relations? In: Kratz, A. & Stanzel, A. (14 December 2016). China's investment in influence: the future of 16+1 cooperation. *European Council on Foreign Relations*. Retrieved from:  
[http://www.ecfr.eu/publications/summary/chinas\\_investment\\_in\\_influence\\_the\\_future\\_of\\_161\\_cooperation7204](http://www.ecfr.eu/publications/summary/chinas_investment_in_influence_the_future_of_161_cooperation7204) (05.03.2018).

Szczudlik, J. (2016b). Poland on the Silk Road in Central Europe: To Become a Hub of Hubs?, Polish Institute of International Affairs (PISM). In: Van der Putten, F.-P., Seaman, J., Huotari, M., Ekman, A. & Otero-Iglesias, M. (2016). Europe and China's New Silk Roads. *The European Think-tank Network on China (ETNC)*, pp. 45-48.

The European Union. (2009). Consolidated Version of the Treaty on the Functioning of the European Union art. 207. Official Journal of the European Union. (7 June 2016). Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ%3AC%3A2016%3A202%3AFULL&from=EN> (18.05.2018).

The European Union. (2018a). A peaceful Europe – the beginnings of cooperation. Retrieved from: [https://europa.eu/european-union/about-eu/history/1945-1959\\_en](https://europa.eu/european-union/about-eu/history/1945-1959_en) (17.05.2018).

The European Union. (2018b). Institutions and bodies. Retrieved from: [https://europa.eu/european-union/about-eu/institutions-bodies\\_en](https://europa.eu/european-union/about-eu/institutions-bodies_en) (18.05.2018).

Zhao, M. (2016). The Belt and Road Initiative and its Implications for China-Europe Relations. *The International Spectator*, 51(4), pp. 109-118.

**Non-exclusive license to reproduce thesis and make thesis public**

I, Ketli Lindus (personal identification code 49404161512), herewith grant the University of Tartu a free permit (non-exclusive license) to:

“National Preferences in the European Union’s Policy-making for Relations with Third Countries: Case Study of China’s One Belt, One Road Initiative”,

supervised by Eiki Berg, PhD,

1. To reproduce, for the purpose of preservation and making available to the public, including for addition to the DSpace digital archives until expiry of the term of validity of the copyright.
2. To make available to the public via the web environment of the University of Tartu, including via the DSpace digital archives until expiry of the term of validity of the copyright.
3. I am aware that the rights stated in point 1 also remain with the author.
4. I confirm that granting the non-exclusive license does not infringe the intellectual property rights or rights arising from the Personal Data Protection Act.

Tartu, 21 May 2018

\_\_\_\_\_ (signature)