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PREFACE

You will not earn money if you do not allow others to make money.
Confucius

The One Belt One Road Initiative is the new azimuth of the growth of the Chinese economy.

Issue number 15 of the *Review of Applied Science* (which has been published in cooperation with the Opole Confucius Institute) is entirely devoted to the economic, political and social aspects of the trans-continental railway known as the One Belt One Road, which not only created high hopes and expectations but is often a source of concern. The authors refer to the traditional shipping route of Chinese goods as the Silk Road, during the time when the most desirable and expansive goods such as silk and porcelain came to the European continent as the goods made in China at that time were synonymous with high quality and sophisticated tastes. The contemporary re-branding of the Silk Road as the One Belt One Road is both a powerful economic project as well as a challenge for China and its trade partners. The project officially announced by Xi Jinping in September 2013 at the Nazarbayeva University in Astana, supported by a \$ 40 billion fundraising campaign, is an important instrument for China's economic expansion as part of its Go Global strategy. One Belt One Road is a crowning factor in the success of the Chinese economy and China's search for new, efficient growth engines. The Silk Road Renaissance – One Belt One Road is a groundbreaking event in modern history which is thought to be at a level of importance equal to that of the industrial revolution. The project fits perfectly into the current stage of China's development, which as the world's second largest economy has the production and economic capacity to keep the One Belt One Road idea filled with content. This project opens the door for Westerners to participate in China's success. It is also an eloquent marketing element of the Middle Kingdom's strategy, referring to that period of great Chinese power. One Belt One Road has also been included in Xi Jinping's renaissance programme for the Chinese nation. The One Belt One Road Initiative, like the sage Confucius of 2500 years ago, has become a token of Chinese cultural expansion of soft power which is an element of conscious and effective participation in the process of globalization with unprecedented strength and reach.

The article written by P. Misiurski and R. Śmietański, which opens the issue number 15 of *Review of Applied Science*, presents the Silk Road throughout the eighteen centuries since its inception through the prism of a series of groundbreaking events based on the Silk Road's changing nature and function:

- Until the 3rd century the Silk Road was dominated by four empires: the Roman Empire (Mediterranean territory), the Parthian Empire (Middle East), the Kushan Empire (India, Afghanistan, and Central Asia) and the Han Empire (China).
- The period from the turn of the 7th through the end of the 8th century when the Silk Road was controlled by the Khanate of Turkey.
- After 751, as a result of the battle between the Caliphate army that defeated the Chinese army, the Chinese began to lose control over Central Asia. Consequently, the dominance over the Silk Road, until the end of its existence, was taken over by Muslim and Jewish merchants.
- The 16th century when the landline Silk Road collapsed due to the development of the merchant navy.

Authors emphasize that the ancient Silk Route was developed based on the pre-existing trade routes in Asia: “Lazurite Route” and “Jade Trail”. The Silk Road accelerated the development of the areas through which it ran. Along the entire length of the route new cities, banks and companies were established. The organization of long-distance trade forced the development of logistic infrastructure: transshipment points, specialized marketplaces and a system of stable monetary exchange agreements as well as protection of the property rights of foreign merchants. The Silk Road became a channel for the exchange of new goods and information and helped in spreading innovation between the civilizations of Eurasia as well as the penetration of religion and multiculturalism because intense and regular economic relations led also to a cultural convergence. In the second part of the article, the authors analyze the role of the contemporary concept of reactivation of the One Belt One Road Silk Road. The programme of international cooperation in the field of transportation of freight between the European Union and partner countries – Georgia, Armenia, Azerbaijan, Moldova, Ukraine, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Bulgaria, Romania and Turkey named TRACECA, is funded from the budget of the European Union. The authors analyze the determinants of China's spectacular economic growth at the turn of the 20th and 21st centuries. They focus on the high rates of internal savings, the supply of foreign capital and the positive trade balance to a large extent generated by the production of foreign corporations. The contemporary international One Belt One Road Initiative, which perfectly integrates into the era of globalization, has the chance to support the spectacular economic growth that has made China the second largest world economy. The authors point out the very location of the One Belt One Road startup station in Chendu and not on the rich Chinese coast, which is undoubtedly an element of Chinese policy that promotes not only the pace of growth, but also its sustainability. As the authors indicate, railway connections will not only shorten the time needed to transport goods from China to Europe, but is a cost-effective and equally ecologically viable alternative to maritime and air transport. Poland has a chance to play a significant role as a buffer state for Western Europe. It is favored by the geographical location and

the positive relationship with China. The authors also point out the economies of Germany, the Netherlands and Switzerland have a positive trade balance with China. This seems to prove that absorbent Chinese market can improve asymmetry in the trade balances with other European countries.

The Chinese economy has grown while becoming the EU's leading trade partner, unfortunately in the process also generating a growing imbalance in trade relationships with UE countries. M. Bernat and A. Drozd-Tereszkiwcz analyzed the causes of this phenomenon and also indicated the problem of the difference in perception of the very essence of the strategic partnership to which both EU and China aspire. The article attempts to answer the questions about the source of the growing predominance of the Middle Kingdom in trade relationships with the EU and the reasons for the growing dependence on China. At the same time, the authors examine the origins of the Chinese growth phenomenon, which they perceive as a part of a specific model of transformation known as the Beijing Consensus, which incorporates the synergy of the market mechanisms and central control, coupled with the broad openness of the economy, which is also however, at the same time deeply rooted in the country's culture. The origins of the imbalance date back to 1997. In 2010 the imbalance reached € 168.8 billion. According to the authors the sources of the imbalance include the barriers to access to the Chinese market, the lack of equality of European enterprises as investors in China, limited access to public procurement in China, and the limited protection in China of intellectual property rights. The authors also point out the difficulties in mutual commercial relationships, which is the so-called underestimation of the value of yuan as well as the essence of the different perceptions of strategic partnership for both China and EU. For the EU this is a still ongoing process, the so-called “maturing strategic partnership”, which requires content corresponding to both parties. China, however, takes the partnership for granted and accuses the European side of failing to meet all the requirements of this kind of relationship.

Y. Yavorska analyzes the source of the economic growth marathon (nearly four decades) of the Chinese tiger as being unprecedented in modern history. The author focuses primarily on the analysis of key factors conditioned by the culturally high propensity to save which along with foreign capital, is a fuel for growth, the enormous supply of cheap labor, which today is also a powerful group of affluent middle class consumers and finally the opening for economic globalization. Among the key cultural attributes, Yavorska highlights the concepts of “miànzi” (面子) – face, guānxi (關係) – interpersonal relationships, jiéjiǎn 節儉 (节俭) – savings, and rénjì héxié (人際和協) – harmonious development and the economic interaction between these concepts. Confucianism is the philosophy that binds the specific management approach which is characteristic of Asian tigers. The author indicates September 17, 2001 as a breaking point for the development of China in the age of globalization, signifying China's accession into the World Trade Organization when, after two

decades of intense absorption of foreign capital, it has become an active investor competing with western economies.

The article by M. Bernat and A. Michowska entitled “The Luxurious Dragon” examines the phenomenon of a country which in the 1970s struggled with the specter of hunger, but due to a successful economic transformation was promoted to a world leader in consumption of luxury goods. The main part of the Chinese consumption mechanism is a segment of 300 million middle-class people, which is systematically growing. The authors show the profile of Chinese consumption in its most sophisticated segment in the context of the changes taking place in the Chinese economy and society, and at the same time they identify opportunities for Polish manufacturers of luxury goods. The cultural aspect of the Chinese economy is also quite significant because of the clash of Confucian thrift and pragmatism with the prestige of the goods of the famous European brands like Louis Vuitton and Gucci. The period of over two decades of dynamic development of luxury consumption in the Middle Kingdom is also accompanied by the evident evolution of luxury consumers who now choose refined goods, yet avoid the ostentatious display of well-known brands that are perceived as a manifestation of bad taste.

M. Izdebski analyzes the political and infrastructural conditions of The One Belt One Road Initiative, whose implementation at this stage must be assessed in a theoretical and political way rather than in terms of its real economic effects, as evidenced by a series of discovered obstacles. This project was largely based on an obsolete infrastructure created in the Soviet Union, which prolongs the delivery time and raises the risk of lack of timeliness. In this respect, One Belt One Road is no longer competitive to the alternative sea route. Improving the quality of railway infrastructure is inevitable but requires capital expenditures undertaken autonomously by the participating countries or financed by Chinese funds. The second form of financing the modernization of the railway infrastructure is dependent. As a result, it allows the Chinese to use it as a bargaining chip in its relations with the countries participating in the project. Based on an analysis of the project, the political dependencies treated as a sphere of influence can exacerbate relations with the United States. This is of special significance after President Trump's take over. China's political approach to the project partners may trigger adverse reactions within the United States. The author assesses the corridor running through Kazakhstan, Russia, Belarus to Poland as the most politically stable, however not unchallenged compared to the south and central corridors which are passing through the more unstable regions of Turkey and Iraq. The author points to a number of potential unfavorable factors, such as the quality of border management, delays in supplies, corruption and embezzlement of funds, which could ultimately offset the economic benefits of a project approved at the interstate level.

The article by K. Mazur-Kajta is based on two areas of analysis: traditional and historical connections with the Silk Road and contemporary research results related to an evaluation of the One Belt One Road Initiative by the managers of

the Opole region. The author attempts to explain the process of opening China to the outside world in the context of trade. She also discusses the relative isolation of China resulting from the Chinese belief that there is no need for such outside trade relationships.

This culturally based sense of economic self-sufficiency is also reflected in the alternative name of China – “Middle Kingdom” (中国) pointing to the central location of this country on the map of the world and a strong sense of the Chinese about their superiority. Despite the barriers to internationalization which existed since ancient times, foreign trade relationships were established. Their essential element was the Silk Road. Silk as a luxury good became such a very desirable and dominant Chinese commodity in trade that the most famous commercial route includes the word “silk” in its name (丝绸之路). The modern opening of China to the world has occurred only since 1979 under the rule of Deng Xiaoping (邓小平). By initiating social and economic reforms Deng Xiaoping encouraged Chinese people to prosper and to that end he opened up China to foreign investment. In the 20th century, the international transport programme (Transport Corridor Europe-Caucasus-Asia – TRACECA) was launched. TRACECA includes 14 countries of the European Union, the Caucasus and Central Asia which were willing to cooperate in order to revive the ancient Silk Road. The One Belt One Road Initiative aims to expand the Chinese market to more consumers and to also strengthen the PRC's global position, especially towards the United States and Russia. Kajta points out that although The One Belt One Road Initiative is still at a stage in which its general assumptions and development plans need to be clarified, her research indirectly serves this purpose. The research which was conducted from December 2, 2015 to February 29, 2016 was based on a representative sample of enterprises in the Opole region. The aim of the research was to identify the expectations and plans of entrepreneurs in the Opole Silesia region in terms of establishing cooperation and an exchange of goods with the People's Republic of China and to assess their knowledge about The One Belt One Road Initiative. The study, which is described in the article, identifies a very clear need for more detailed information on The One Belt One Road and the opportunities for cooperation with Chinese partners.

W. Musialik in her article analyzes the effects of the Silk Road of the past based on the botanical changes in the European flora as a result of the introduction of plants originated from the areas of the Silk Road. The author points to specific examples of plants which, consciously or unconsciously, were transferred to Europe: peaches, Chinese sugar plant, black mulberry as a silk moth's fodder, Chinese radish, Chinese cucumbers. All of these plants which acclimatized in Europe over time originated in China.

Maria Bernat

Marcin IZDEBSKI

BARRIERS IN THE IMPLEMENTATION OF THE ONE BELT AND ONE ROAD INITIATIVE

“一带一路”的实施障碍

Abstract: The following analysis refers to the One Belt and One Road Initiative. The main emphasis has been put on the inland transportation, which is crucial for Polish economic interests. The analysis covers the progress of the project and identifies the main obstacles in its development. Non-economic costs related to the project have been indicated as a cause of decreasing the potential benefits. They include political conditions, institutional weaknesses, coordination errors, high level of corruption and high construction costs.

下文分析“一带一路”课题，重点放在那些对波兰经济利益重要的地区。分析包括项目的进程，提出其发展的主要障碍。本文指出了与该项目有关的非经济成本，这些成本可能会超过潜在的利益，如：政治情况、虚弱的机构、协调错误、严重的腐败和高建设成本。

Keywords: One Belt and One Road Initiative, political conditions, institutional weakness, corruption, coordination errors

NOWY JEDWABNY SZLAK BARIERY W REALIZACJI

Streszczenie: W opracowaniu podejmowana jest tematyka związana z Nowym Jedwabnym Szlakiem. Główny nacisk został położony na kluczową z punktu widzenia polskiego interesu gospodarczego jego lądową część. Przeanalizowano dotychczasowe postępy w realizacji projektu oraz wskazano główne przeszkody na drodze do jego powstania. Wskazano pozaekonomiczne koszty towarzyszące projektowi mogące przewyższać potencjalne korzyści tj. uwarunkowania polityczne, słabość instytucjonalną, błędy koordynacji, wysoki poziom korupcji oraz wysokie koszty budowy.

Słowa kluczowe: Nowy Jedwabny Szlak, uwarunkowania polityczne, słabość instytucjonalna, korupcja, błędy koordynacji

1. INTRODUCTION

One Belt and One Road is a term used to describe a number of planned and to some extent existing transport links, as well as the links which need to be developed between China and Europe.

The project was presented for the first time during a speech delivered in Kazakhstan by the President of People's Republic of China Xi Jinping in September 2013 and referred to the construction of land connections,

in particular the railway (Silk Road Economic Belt). During a visit of Xi Jinping to Indonesia in October 2013 a parallel concept of 21st Century Maritime Silk Road was demonstrated, which referred to maritime routes. Even though the project was announced 3 years ago, its formula is still open and its final form has not been determined yet [Kaczmarek, 2016]. The broadest plan is to cover 65 countries populated by 4.4 billion people producing 40% of the world's GDP [China's One Belt]. The following study focuses on the land section of One Belt and One Road Initiative, which is the most important in terms of Polish economic interests. This article has descriptive the effect which is based on deduction and induction. The aim of the article is to identify the main economic, institutional and political barriers that may delay or prevent from its implementation.

2. PREVIOUS IMPLEMENTATION OF ONE BELT AND ONE ROAD

Since the announcement of the construction of One Belt and One Road project, a lot of information was released in both Polish and international media. The key points of this project were discussed during the visit of Xi Jinping in Poland, which took place in June 2016 [President]. The representatives of Poland and China have cooperatively opened a new railway connection between Warsaw and Chengdu, as well as welcomed the first rail consisting of only 22 wagons [PAP]. This was the second open connection between two countries. The first one was set up in 2013 between Suzhou and Warsaw, which was shortly after the announcement of the project by Chinese leader [GoChina].

Despite many successful stories that have been announced in the media, so far the progress in the implementation of One Belt and One Road Initiative can be evaluated only symbolically and politically rather than economically. According to the data provided by Eurostat, the rail transport from China to the European Union increased from 27 thousand tonnes in 2012 to 78 thousand tonnes in 2015, while in the other way round in 2015 39 thousand tonnes of goods were sent [Eurostat]. Although there was a rapid increase in the volume of cargo transported, it still constituted a small part of trade between Europe and China. Currently, the most popular means of transportation is maritime transport, followed by air transport, which in 2015 delivered 626 thousand tons of goods from China. The cheapest form of transport is by sea. It takes 30-40 days, however in some cases it's too long, whereas the rail transport is much faster as it takes between 11-14 days being much cheaper than air transport [Nazarenko, 2016]. This demonstrates how enormous growth potential provides land transport, which in fact has not been used until recently. So far the Chinese authorities have announced significant investments through newly established financial institutions. The Asian Infrastructure Investment Bank (AIIB) is to provide \$ 100 billion for One Belt and One Road Initiative projects and 40 billion dollars for the New Silk Road Fund (NSRF) projects [Chhibber, 2016].

Additional support can also be provided by the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), which was in recent years created together with the BRICS countries. These institutions are expected to support the governments in investing in One Belt and One Road Initiative with grants and low-interest loans [Krukowska, 2016]. However, it is worth noting that only part of this amount will be used for the development of land transport infrastructure, as the other part will be used to create 21st Century Maritime Silk Road.

Current rail deliveries are based on existing infrastructure built during the Soviet Union period. The most of this infrastructure is deteriorated due to overuse, which significantly increases the delivery time. The planned infrastructure investments will allow to shorten the delivery time and thus increase the competitiveness of this type of transport. In addition, it should be acknowledged that infrastructure development should not notably increase current transport costs, as investments will be made by individual countries and they will largely bear the cost of investment rather than private companies, pending the economic benefits associated with it. Furthermore, countries can rely on partial financing of investment by China and the aforementioned financial institutions.

3. POLITICAL CONDITIONS

The One Belt and One Road Initiative is one of the key elements of Chinese foreign policy [Swaine, 2015]. Potential partners are interested in the project because of its open formula and the strength of Chinese economy. In fact, China uses this advantage as a bargaining chip in bilateral relationships. However such a state of affairs cannot last endlessly, as partners will expect the actual results to follow the declaration phrased. This requires the need of identifying a basic variant of One Belt and One Road in the near future, along with a list of accompanying projects. At the same time, the clarification of plans which are necessary for the actual implementation of the project may alleviate the relationships between the countries outside the main route.

Another challenge and potential obstacle in the implementation of One Belt and One Road Initiative is its geopolitical context [Callahan, 2016]. The project will contribute to expanding China's economic potential by increasing trade with Asia, the Middle East and Europe, which consequently develop China's political power. Additionally, the pace of China's development will be linked to the economic situation in China. This may result in a loss of support for exacerbating US policy towards China from former US allies in the region, who may be afraid of potential economic losses and political sanctions imposed by China. Aforementioned factor was particularly important after the change of administration staff in the White House after the victory of Donald Trump in the presidential elections. It should be emphasized that one of the main promises of Trump's campaign was to focus more on China and to impose customs duties on Chinese goods, as a result of the exchange rate being undercut by them.

It may be expected that such a firm rhetoric will intensify American diplomacy efforts to prevent the One Belt and One Road Initiative from being formed. Such a policy may be particularly effective against China's closest neighbors, who may be afraid of China's growing economic, military and political power.

Emphasizing various political interests of individual countries participating in the development of the One Belt and One Road Initiative is crucial, as it is likely to dominate over the potential economic benefits of the One Belt and One Road Initiative. A political instability in places through which the One Belt and One Road Initiative is to run may threaten the project. This applies in principle to each potential route. Furthermore, the most favorable from the point of view of Polish economical interest and at the same time the most politically stable variant of the northern corridor passing through Kazakhstan, Russia and Belarus to Poland, comes with a conspicuous number of threats. The most important among them is Russian politics, which in recent years has led to armed conflicts with Georgia and Ukraine, raising the potential for further conflicts with our neighbours in the future. The threat is considerable for Belarus due to the recent tensions in its relationships with Moscow, which weren't so striking in recent years. The sources of this conflict between Russia and Belarus –include: the difficult economic situation of Belarus, the warming of its relationship with the European Union and the conflict over payments for gas purchases from Russia. In addition, protests against President Lukashenka's policies have taken place recently [Reuters]. All this creates a space for internal instability of Ukraine in case of Moscow's involvement in the conflict. The difficult relationship between Russia and Poland, which resulted in the trade restrictions between the two countries and the sanctions imposed on Russia by Western states following the annexation of the Crimea, should also be highlighted. Despite all of the above, this scenario has many advantages over other solutions, i.e. a small number of borders, one track from the border with Kazakhstan to the Polish border, which is also the border of the European Union and the possibility of using existing infrastructure. The southern and central corridor passes through even more unstable regions like Iran, northern Iraq and Turkey. It should be emphasized that military activities are currently going on in the last two states and despite the successes in the fight against the Islamic State, the future of the region is not clear. Furthermore, the Turkish section of the route passes through areas inhabited by the Kurdish population, remaining in conflict with varying degrees of intensity with the Ankara government. However, following repressive measures by the government of Recep Erdoğan after a failed coup in July 2016, there is a risk of a renewed conflict [Zanotti, 2016].

The above analysis shows a number of unfavorable political conditions related to the development of the One Belt and One Road Initiative, which can dominate over the potential economic benefits. Overcoming those obstacles requires an active engagement of China in international politics and support for potential partners in addressing their problems, which is contradictory to China's current policy. In addition, such engagement would contribute to the

reconciliation between these countries and China, which in turn could result in the US counter actions aimed at preserving its influence in the region and maintaining its political status quo. The identified risks associated with political factors may result in China's reluctance to finance the implementation of the inland part of the One Belt and One Road Initiative, due to impossibility of defining the full non-economic costs associated with its implementation. Also, ignoring political risks can result in economic inefficiency of the project.

4. INSTITUTIONAL CONDITIONS

Regardless of the final shape and inland route of the One Belt and One Road Initiative, the implementation of it will involve at least a few countries. This requires an effective cooperation between partners. China became the undisputed leader of the project, given the size of its economy and the key role it plays in developing and financing the project. Such a position requires China to respect the interests of smaller partners and eliminate any discriminatory practices and perceptions by their partners as discriminatory, which can be a big challenge for Chinese diplomacy after many years of international isolation. Furthermore, the example of European Union shows how difficult the task is. Despite many years of integration and development of mechanisms which support mutual understanding, the success in some areas is yet to be reached and smaller states have a sense of ignoring their needs.

Unlike the European Union countries, the countries which are involved in developing the One Belt and One Road Initiative differ in culture, law and the level of economic development. The majority of these countries have no experience in implementing large infrastructure projects. Therefore, they require China's support, as it may provide an appropriate support in the proper implementation of the investment. This applies to all stages of the project: design, investment preparation, technical advice, execution of construction works and technical supervision. This process can be difficult and expansive because of various and poorly developed legal systems in some countries. Additionally, the implementation of such a large infrastructure project may require the local law to be adjusted to the requirements of this investment, which will additionally prolong the implementation time. It should be noted that while China has experience in large national infrastructure projects, it may not be sufficient to carry out foreign investment in all countries involved in the project. The construction of the A2 motorway in Poland by the Chinese company Covec can serve as an example, which is the first large construction project of Chinese companies in the European Union. Despite its much smaller size, the project has failed and the contractor resigned from the project, blocking Chinese companies from entering the European market for several years [Jurczyk, Mierzejewski, 2014].

Additional barriers are the cultural differences which were previously indicated. The countries involved in the One Belt and One Road Initiative belong to several distinct cultural circles. Therefore, this can result in communi-

cation problems and unintended tensions between partners, which are additional transaction costs. These tensions may in particular arise between the democratic states of Western Europe and the Asian and Near Eastern partners. On one hand, European countries which are attached to democratic values may want to continue their democracy-promoting policy, which they execute towards their neighbours [Freyburg T., 2011]. On the other hand, they may be afraid that China will promote its autocratic models [Chou, Bryant, 2015]. Furthermore, cultural tensions can result in a sustained reduction in trust between partners and prolonging decision-making process.

The One Belt and One Road Initiative investments are designed to create new, competitive terrestrial trade routes and reduce transportation costs associated with trade by shortening the delivery time between China and Europe. However, they may not bring the expected benefits due to the low quality of border management and the associated delays in delivery [Peyrouse, 2015]. An additional challenge is the high level of corruption in some countries. Despite the lack of fully reliable data on corruption due to the informal nature of corruption, the Corruption Perception Index 2016 developed by Transparency International is the most adequate measure of corruption. Of the 176 classified countries, the highest place in the ranking corresponds to the lowest level of corruption. Among the key countries participating in the One Belt and One Road Initiative, Poland was ranked in 29th position, followed by China at 79th, Russia at 131th and even higher levels of corruption occur in the Central Asian and Middle East countries, located along the central and southern corridor routes [Corruption Index, 2017]. The widespread occurrence of corruption threatens to defraud part of funds and poor quality of project implementation, following the award of contracts due to corruption rather than economic reasons. In addition, a high level of corruption refers to all levels of the government, which can result in numerous minor barriers for low- and middle-level government official in the course of investment, despite the political approval of the project at the highest levels [Lambsdorff 2007: 61].

Overcoming these institutional challenges will require the establishment of a permanent framework for cooperation based on international agreements, and perhaps setting up international institutions for this purpose. Due to the scale of the challenges, they have to go beyond the existing New Silk Road Fund and focus on expert support as well as advice on structural reforms in particular countries i.e. counteracting corruption, adapting legal systems, and effective managing of borders. However, the effectiveness of such assistance may be limited due to cultural and political differences between China and its partners.

5. SUMMARY

One Belt and One Road Initiative is an infrastructure project initiated by China in 2013 and involves many countries in Asia, the Middle East and Europe. Even though the project was announced 3 years ago, its formula is still open and its final form has not been determined yet. Political conditions seem to

be the most important obstacle in the implementation of the project. The inland route of the project is located in countries which are unstable politically and have various, often contradictory, political interests. Additionally, its implementation may contribute to a change in the balance of power in the Asian region, which may have the effect of preventing it from succeeding by the new US administration.

The countries involved in the development of the One Belt and One Road Initiative differ in culture, law and economic development. Most of them have no experience in large infrastructure projects and struggle with serious corruption, which can result both in inefficient use and defrauding some funds. Such a threat requires an effective coordination between partners and expert support from China at all stages of implementation.

The analysis shows a number of unfavorable conditions that could dominate over the potential economic benefits of establishing One Belt and One Road Initiative. Therefore underestimating all of the political and institutional risks can make the project economically unprofitable.

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