

# Silk Road on the Central and Eastern Europe Angle

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## Outline of Speech at Silk Road Forum

### 1. The various dimensions of One Road One Belt program and Poland interests

Poland is interested in all three dimensions of the great Chinese vision One Belt One road:

- Political as it's totally new phenomenon to observe multilateral aspirations of China,
- Economic as Poland may seriously benefit from strengthening economies along The New Silk Road resulting from Chinese involvement

- Logistic as Poland should aspire to the role of the hub of China - EU trade both as far as land and sea transport is concerned.

That's why Poland gets actively involved into various Chinese initiatives starting from semi regional 16 plus 1 concept finishing with becoming founding member of the AIIB-the project aimed at the reconstruction of global financial order.

However it should be admitted political climate between Poland and China is dramatically better than economic results achieved so far.

## Let's try to find out what could be the reasons

### 2. China has not been in a hurry to Central and Eastern Europe.

China got for years completely different priorities: first, deep and painful internal reforms, then successful expansion to Asia, Africa and Latin America, finally - west of Europe. The experience of CEE socio-economic transformation after 1989, including the Polish one, didn't appear too interesting to the Chinese opinion as not applicable for Beijing realities. Only, when part of the nations of the region consolidated its position within the united Europe, China firmly moved towards the east of the continent.

China seems to be determined to make a way from forgotten part of Europe to new important political and economic destination as quickly as possible. We are witnessing exciting process of rediscovery the hibernated for Beijing CEE and formulating new policies towards the region. Paradoxically, Chinese policymakers and business community have to learn about their old days allies from the very beginning.

The temptation is to reach for easy solution. In this case the easy solution's name is to treat CEE as an integral camp. The point is CEE is heavily fragmented, enough to take non-EU Balkan states hungry for any source to finance their outdated infrastructure and Poland- for number of years the greatest and successful beneficiary of Europeans funds for developing rails, roads and energy. There is no doubt? China should use versatile and diversified set of measures to various parts of the region.

The challenges appear on the CEE side too. For Poland the major is: how to grasp new opportunities while the last decades nation's economy has been heavily Europe oriented and just now only, as a result of the smart coping with the crisis, the economy is strong enough to get out from the European cocoon.

There is a long way to go as the starting point is not too impressive: all China outbound investments to CEE are equal to Chinese investments in Sweden, while CEE investments to China are equal to Austrians.

Poland represents 40 percent of the economic potential of the region and it means a very special burden and obligation as far as developing relations with China is concerned.

The political relations between the two countries are as good as never before .The politicians from both sides made their homework brilliantly but the economic relations lag behind the political ones.

The asymmetry in trade balance is indisputable: one to eleven. No one sane dreams about the parity but improvement should be reached . The way to improvement is not curbing Chinese exports but increasing the Polish exports as the country has a lot to offer being number one exporter of processed food in Europe, industrial hub for environmental, automotive, aviation and mining technology.

The Chinese investments in Poland are growing steadily including recent acquisitions of countries' top construction machinery and bearings plants. The Chinese flag is waving over the famous aviation valley.

The Chinese corporations Sinhydro and State Grid Pinggao win the major infrastructure tenders while number of others are bidding for energy projects.

3. Since 1989 transformation Poland got different governments: liberal, socialist, conservative but all of them stick to the principle of the open gate for foreign capital. The foreign capital doesn't matter if it comes from east, west, north or south.

Poland is on daily basis proving how highly ranked is developing relations with China for the Polish government and business leaders.

The Polish side created special set of instruments to encourage business development with China including special competence center: Poland - China Cooperation Center. This unique Center is designed to help Chinese investors to get into Poland as smoothly as possible, to assist? to deal with cross-cultural barriers as understanding European system of public procurement, labor and environmental law. But first of all, the mission of the Center is spread information on the real face of the Polish economy as the information gap is the major obstacle for bringing more Chinese businesses to Poland. Just few years ago, on the eve of Shanghai Expo, almost? one third of questioned we're not sure if Poland is in Europe, voting for Russia.

The special governmental program Go China has been launched for the other way traffic.

4. The major commodity of Poland is its economic, financial and political stability and predictability- the features so much desired by China during turbulent economic season in Europe.

Poles are Chinese of Europe- exclaimed Poland's ex-president having in mind that both nations are seeking pragmatical solutions.

**Central and East Europeans should not resent China's success, they should celebrate it as the opportunity.**

According to recent World Bank report Poland's economy is underway of its best period during last one thousand years. The nation's success, finally, after dozen years of hardships, in the areas where all modern nations are seeking success - economy, civilization progress, well being - brings Poles closer to its dream of being at the helm of Europe in prosperity. Chinese leadership is? putting into life the idea of rejuvenation of? China - with China dream. China's and Poland's dreams could go together.