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THE CHINESE BELT AND ROAD INITIATIVE AS A CHALLENGE TO THE PROCESS OF INTEGRATION OF THE EUROPEAN COMMUNITY – THE CASE OF ITALY

Keywords: The Chinese Belt, European Union, Italy

ABSTRACT: The aim of the article is to analyze the impact of the Belt and Road Initiative on the integrity of the EU community. The research problem boils down to the following questions: Has this initiative contributed to increasing the influence of the PRC in Europe? How did the EU react to Chinese ideas? What was Italy's reaction to Chinese proposals and declarations? The article uses the descriptive method and a case study. The first part of the article will focus on the analysis of the intensification of Chinese activity in Europe by demonstrating cases of buy-outs of Old Continet's key companies by PRC enterprises. The Belt and Road initiative and Chinese projects will be then briefly described. Aiming to demonstrate the impact of the initiative "Belt and Road" on the EU was selected for detailed analysis of Italy due to the geographical location of the country, long-term cooperation within the framework of the European Union and the fact that Italy was the first member of the G7, who "joined" Initiative Belt and Road. In the last part, the author will try to determine whether China has influence on the process of disintegration of the EU.

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INTRODUCTION

There is no doubt that the People's Republic of China is seeking to strengthen its position as a global superpower and an important trading partner. To this end, the leader of China, Xi Jinping, proposed a project which in Chinese was called *yidai yilu*, i.e. the One Belt One Road project, currently referred to as the Belt and Road Initiative[2]. This is an economic development strategy based on new infrastructure projects aimed at strengthening regional and global trade relations. It contributes to increasing China's influence in various regions of the world. In this respect, the European Union is becoming a very important, if not indispensable, partner for the further development of the Chinese project. At the same time, it is the institutions of the European Union and its member countries that are expected to come up with a holistic approach to this issue. The EU – a 'communicating vessels' with many problems of its own – is clearly divided. Divergences between countries in the areas of immigration, the euro zone, free trade agreements and foreign policy-making are still very apparent, and the road to consensus and compromise is still a long one. While the Belt and Road Initiative was initially seen as a real opportunity for economic recovery in Europe, it has recently raised new concerns and is increasingly presented in the debates as a potential danger to the Old Continent.

The aim of the article is to analyze the impact of the Belt and Road Initiative on the integrity of the EU community. The research problem boils down to the following questions: Has this initiative contributed to increasing the influence of the PRC in Europe? How did the EU react to Chinese ideas? What was the individual reaction of member states to Chinese proposals and declarations? The article uses the descriptive method and a case study. The hypothesis of the article is that the involvement of individual countries in the Chinese Belt and Road initiative contrib-

[2] At the end of 2015, the Central Committee of the CCP issued guidelines on the standardization of English translation of the name, demanding that the term 'initiative' be used in conjunction with the Belt and Trail. In addition, it is reserved not to use the words 'strategy', 'project', 'program' and 'agenda' in the English translation (Xie 2015).

utes to the process of EU dissolution given that developing a coherent approach to the disturbing actions of China proves especially difficult on such a wide scale. Not to mention the fact that he level of involvement of some EU members (e.g. Italy) in relations with China is sometimes higher (more advanced) than the external policy followed by the EU as a whole. The article uses the descriptive method and a case study. Aiming to demonstrate the impact of the initiative "Belt and Road" on the EU was selected for detailed analysis of Italy due to the geographical location of the country, long-term cooperation within the framework of the European Union and the fact that Italy was the first member of the G7, who 'joined' Initiative Belt and Road. For years, the European direction in Italy's foreign policy was based on the pursuit of cooperation and expressed Italy's desire for a multilateral approach. However, the lack of continuation in the policy towards European partners was noticeable when a coalition composed of two parties came to power: the Five Star Movement and the League. The feeling of 'abandonment' in the euro crisis and then the migration crisis fueled the disappointment of Italians towards the EU. An interesting prospect is therefore to pay attention especially to Italy.

CHINA'S RISING ECONOMIC AND POLITICAL ACTIVITY IN EUROPE

It can be said that 2017 was an important year in relations between the parties, since the European Union became China's largest trading partner while for the EU China ascended to the position of the second largest trading partner after the United States (Puślecki, 2012, p. 27–40). Today, the volume of trade between the PRC and the EU exceeds 1,5 billion EUR per day (China-EU – international 2019). However, despite growing trade between Europe and China, the EU still faces a significant trade deficit, which rose to 185 billion EUR in 2018 (Extra – EU trade 2019). There is no doubt that the growing trade deficit has been caused by growing Chinese world-range exports and the phenomenon of European products being displaced by the flooding of "made in China" goods.

Chinese business leaders are increasingly purchasing well-known brands which are to help them increase sales on the domestic market and provide them with new technologies. The largest transaction to date has been the purchase by ChemChina of the Swiss company Syngenta, a well-known manufacturer of plant protection products for 43 billion USD. In 2015, the same Chinese company acquired the Italian tyre manufacturer Pirelli & C for 7,7 billion USD. The transaction was made possible by the Silk Road Fund, a Chinese state owned investment fund established in 2014. In 2016, a Chinese domestic appliances manufacturer, Midea, invested 5 billion USD in the German leader in industrial robots Kuka Robotics AG (Zeneli, 2019). It was then that German leaders began to notice the danger of the buyout of companies from key sectors of their domestic economy. However, the best known case in point was the acquisition of the majority of shares (51%) in the Greek port of Piraeus in 2016 by the largest shipping company in the world, COSCO or China Ocean Shipping Company. Some of these acquisitions give rise to serious concerns because some companies/locations have a strategic value for a given country. In the long run, the divestment of companies leading in innovation and technology may cause serious problems to these countries.

A FEW WORDS ON THE BELT AND ROAD INITIATIVE

More than eight years ago, on September 7, 2013, during a speech at Nazarbayev University in Astana, Chinese President Xi Jinping announced the launch of the One Belt One Road project, now known as the Belt and Road Initiative. Since then, it has been strongly promoted by the PRC to the point that, during the 19th Congress of the Communist Party of China, it was included in the revised Constitution of the CCP as one of the main strategic objectives of the country, which increased the Initiative's importance and at the same time committed the party to continue to implement it in the long term (Resolution 2017). The Belt and Road Initiative is the fruit of Chinese economic growth and constitutes a response to the American domination in the Asia-Pacific region. The Belt and Road concept consists of two components: land and sea[3]. Importantly, there are no strict rules yet. Chinese diplomats emphasize that they base their actions on the principle of mutual benefit, and that the Initiative is inclusive and flexible.

China wants to build and upgrade roads, railways, ports and other infrastructure to increase trade with over 70 countries stretching from the Baltic Sea to the Pacific. According to Kevin Sneader, analyst from McKinsey Global Institute, the idea of the New Silk Road has the potential to be the world's largest platform for regional cooperation covering nearly 65% of the world's population and accounting for about 35% of global GDP (Sneader, 2016). In the years 2013–2018, investments worth over 90 billion USD were made under its auspices. The concept envisages investments worth more than 4 trillion dollars (Cavanna ,2018). It is worth noting that as many as 125 countries and 29 international organisations have so far signed 173 agreements concerning various instruments of cooperation under the BRI.

Among the main objectives of the Belt and Road Initiative, as pointed to by Jeff Smith, are: (1) the export of Chinese surplus production capacity; (2) the increase in the production and export of high quality Chinese products; (3) the bridging of the economic development gap between the underdeveloped western periphery of China and the country's prosperous east coast; (4) the counter-terrorism measures (e.g. in the Chinese province of Xinjiang); (5) the internationalisation of the Chinese currency (e.g. by developing financial relations with neighbours); (6) ensuring energy security (e.g. diversification of Chinese energy import routes, investments in mines, oil and gas projects and agricultural areas abroad); (7) countering of the American vision of regional order (Tomaszewska, 2019, p. 154).

[3] More on the Belt and Road Initiative and its impact on the international relations in the Asia and the Pacific region see: Góralczyk, 2018; Kupś et al., 2021; Marszałek-Kawa, 2014; Marszałek-Kawa, Dmochowski, 2018).

CHINA'S ENCOURAGEMENT OF OTHER LEVELS OF MULTILATERAL COOPERATION IN EUROPE

One of the sources of funding for the BRI is the Asian Infrastructure Investment Bank (AIIB), which was established on 24 October 2014 under an international treaty. Its initial capital is 100 billion dollars. It is the first Multilateral Development Bank (MDB) to be established by China, whose key objective is to provide financial support by granting preferential loans primarily for the construction of infrastructure in Eurasia. At present, the Asian Infrastructure Investment Bank comprises 97 countries and 27 potential members who may soon also join the AIIB (Presentation about Asian 2019). Of the 57 founding members of the China-led Asian Infrastructure Investment Bank, 13 were from the EU, including four G7 countries (Germany, France, United Kingdom and Italy). Currently 17 EU members form part of the AIIB. The largest regional shareholders of AIIB are: China (30.9%), India (8.7%), Russia (6.8%), South Korea (3.9%) and Australia (3.8%). The five largest non-regional shareholders owning relatively high shares in AIIB include the following EU countries: Germany (4.7%), France (3.5%), Great Britain (3.2%), Italy (2.7%) and Spain (1.8%) (Ibidem: 8).

Another level of multilateral cooperation is the project (16+1), which is a platform for dialogue between China and sixteen countries of Central and Eastern Europe. This initiative meets with great disapproval especially from the countries of the "core" of the EU, e.g. Germany. In the context of this cooperation, there are even allegations of intentional division of the European Union by Beijing and attempts at fostering Chinese lobbing in the EU (Kaczmarski 2015). The initiative was proposed by former Chinese President Hu Jintao in Warsaw in 2012. It includes China, as well as 11 EU members (Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Romania, Bulgaria) and 5 non-EU countries (Montenegro, Bosnia and Herzegovina, Albania, Macedonia, Serbia) (Ibidem). The group's mission is to identify the leaders in cooperation with China in the region. Chinese actions in the 16+1 project can be considered as a process of testing various models of economic cooperation. The assessment of selected countries within the 16+1 project is marked by a feeling of disappointment resulting from the effects of cooperation with China to date: a low volume of investments and a growing foreign trade deficit (Mierzejewski, Kowalski, Ciborek, 2018, p. 8). Importantly, the eighth 16+1 project summit in Dubrovnik, Croatia, saw the first expansion of this group since its creation. Greece was encouraged to join the group, transforming the existing cooperation forum into 17+1. This action can be seen as contributing to the fragmentation of the European Community. The invitation of one of the members of the European Union – which at that time was in conflict with Berlin and Paris, among other things, on EU policy towards China – should be read as an attempt by Beijing to stimulate tensions in Europe.

THE EU'S RESPONSE TO THE CHINESE BELT AND ROAD INITIATIVE

The European Union has still not developed a unified approach to the Chinese Belt and Road Initiative. At the same time, EU member states and European financial institutions such as the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) are already involved in the implementation of the Initiative in many different ways (Skala-Kuhmann, 2019). Since its launch, the initiative has been the subject of discussion in many European capitals, including Brussels. Critical voices in the intra-EU debate have described the BRI as the People's Republic of China geopolitical strategy to achieve global dominance. One of the main objections to the BRI was that it would go against European interests, e.g. increase competition in its internal market. The BRI has also been criticised for the lack of an official definition of the geographical scope and rules for the realisation of projects. Furthermore, it was claimed that the implementation of the initiative takes place mainly bilaterally with China as the dominant party.

During the prestigious China's first Belt and Road Forum in May 2017, European Commission representatives managed to convince most EU countries not to sign a joint declaration on financing infrastructure by pointing to the lack of transparency of the project. Some concerns were repeatedly expressed about Beijing's 'divide and rule' policy towards the EU (Saarela, 2018, p. 10). Divergences in the EU could also be seen in Beijing in April 2018, when 27 out of 28 ambassadors of EU member states published a report containing concerns about the BRI – a project which was highlighted at the time as contradictory to the EU's trade liberalization agenda and one that would mainly favour the development of subsidized Chinese companies (Heide et al., 2018).

In July 2018, at the EU-China Summit, a joint statement was issued which made a clear reference to the BRI (Saarela, 2018, p 7–8). More specifically, its aim was to put pressure on Beijing in the context of the application of European standards and norms regulating the financing of infrastructure construction works, both in Central and Eastern Europe and in non-EU countries. It also reiterated the willingness to seek synergies in the context of the implementation of the BRI, the Investment Plan for Europe and the project of an extensive Trans-European Transport Network (Joint statement 2018). In September 2018 the European External Action Service (EEAS) and the European Commission presented an EU plan for connecting Asia with the Old Continent. The authors called it "Connecting Europe and Asia: Building blocks for an EU Strategy" (Wspólny Komunikat, 2018). The document has been presented as a European way of improving communication infrastructure and has very broadly defined EU objectives in various areas related to transport, digital and energy communications. However, the strategy does not provide any hint as to what is the EU position in terms of the extent to which it wants to engage in BRI.

Importantly, also in 2018, the European Commission and EU member states agreed on a framework for a better control of foreign direct investment. This proposal was subsequently approved by the European Parliament and can be now seen as a tool for a more coherent and uniform approach of EU policy in the area of FDI. However, the European Commission's document, issued in March 2019 under the name of "EU-China – A Strategic Outlook" in which China is referred to as "an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance", became a particular expression of the tightening of EU policy (EU-China – A strategic 2019). At the same time, the document also refers to this country as a 'partner'. The report uses the words 'engage' and 'engagement' 13 times in total, much more often than words referring to competition or rivalry issues (Chen, Hu 2019). This underlines that negotiations are at the heart of the EU's diplomacy with China. It stresses that a common EU approach to 5G networks is also needed to address potential security problems in critical digital infrastructure. The EU thus suggested that it would no longer negotiate with China. Instead, it will implement fully its own screening or restrict Chinese companies' access to EU tenders (Kamiński et al., 2019).

The April 2019 EU-China Summit confirmed the willingness of both sides to improve cooperation between Europe and China. Leaders reaffirmed their commitment to strengthen the partnership through the comprehensive implementation of the "EU-China 2020 Strategic Agenda for Cooperation". The Summit was considered a breakthrough as China committed to no longer force foreign companies operating on its territory to share know-how and to establish Forced Technology Transfer as a condition for investment.

THE REACTION OF THE EU MEMBER STATES TO THE CHINESE INITIATIVE, WITH PARTICULAR REGARD TO THE ITALIAN CASE

In terms of political declarations, China treats the European Union as one of the most important players in the international arena. Nevertheless, the 'divide and rule' is still a fundamental component of Beijing's policy towards the EU. Bilateral relations with three countries considered to be regional powers (Germany, France and the United Kingdom) are particularly noticeable. The statistics reveal that the main beneficiaries from Chinese direct investments are not the CEEC, but the core ones-UK (23%), Germany (19%), Italy (13%), and France (11%) (Kavalski, Mayer, 2019). It seems that European countries can be classified according to three main criteria in terms of their approach to the Belt and Road Initiative: 1) those that are of exceptional strategic importance for the implementation of the BRI projects and infrastructure and have expressed their willingness to participate in the initiative, 2) those that are interested in Chinese BRI cooperation proposals but have been so far acting as mere observers of Chinese activities, 3) and those that are openly sceptical and suspicious of the initiative.

The Belt and Road Initiative has become attractive to some EU member states through prestigious projects in the rail transport sector (Jakóbowski et al., 2018, p. 84). However, it is worrying that some EU member states look uncritically at China from the perspective of economic opportunities, playing down possible risks, such as financial debt. The assumption that close political ties with Beijing are the key to greater economic opportunities hinders the EU's efforts to develop a common strategy. An approach based on the conviction that a political alliance with China will translate into privileged economic treatment may prove fatal. After all, these countries cannot be certain that they will be treated on an equal footing with China in their bilateral relations. The Chinese government can eventually pursue only its own particular interests, regardless of whether memoranda, strategic partnerships or any other agreements have been signed.

However, there are also countries that are becoming increasingly sceptical and point to excessive dependence on Chinese imports and an unsustainable pattern of trade with China. In addition, another concern is the growing debt dynamics of countries receiving financial assistance. The majority of the beneficiaries of the initiative welcome the financing of infrastructure from China, but also expect transparency and fair competition.

Hungary was the first European country to sign a memorandum of understanding within the scope of BRI in 2015. By 2019, another 22 European countries had joined the Initiative, and in March 2019 Italy and Luxembourg also expressed their willingness to participate in the project. One can generalise for example, that Germany is showing concern and economic interest in the implementation of the BRI. In the context of European cooperation, Germany is in favour of using the EU-China communications platform to ensure that the BRI is in line with EU rules and standards. Berlin sees the platform as a tool for co-designing new economic corridors between Europe and China. Germany also supported the work of the new internal working group of the European External Action

Service, which aimed at developing a European vision for Eurasian links beyond mere infrastructure projects (Goulard, 2017). Paris and Berlin also supported Brussels' call for an 'EU-wide' approach to China (Poggetti, 2019). In France, there is a willingness to develop economic relations with the PRC. In March 2019, during President Xi Jinping's visit to France, President Macron signed 15 business transactions worth about 45 billion USD, including sale of 300 Airbus aircraft, but he carefully noted that France did not 'join' the BRI. The Netherlands and Spain, for example, are interested in and cautiously awaiting the approach to the subject. The CEE countries are characterised by a rather 'observational' approach, which is now perhaps combined with a sense of disappointment.

A CASE OF CHINESE-ITALIAN RELATIONS

An interesting example of bilateral relations is the Italian-Chinese one. Italy is the first G7 country to join the Belt and Road Initiative and sign the "Memorandum of Understanding between China and Italy". The conclusion of the agreement took place on 23 March 2019 during the visit of Chinese Chairman Xi Jinping to Rome. The Parties in the MoU expressed their wish to strengthen the strategic partnership on the basis of the promotion of peace, security and sustainable development (Memorandum of Understanding 2019). In addition, 29 bilateral agreements were set out in which China committed to invest more than 2.5 billion EUR in Italy. Financing is to be channelled primarily to agriculture, as well as to the financial and energy sectors. Italian companies were also offered better access to the Chinese market. For Beijing, due to its strategic location, Italian seaports are the key to the functioning of the European part of the Belt and Road Initiative. However, it is worrying that Chinese state-owned shipbuilding and construction consortia will receive very extensive powers under the new agreements to expand, refurbish and partially manage the port infrastructure in Trieste, Bari and Genoa (Mazzini, 2019).

Italy hopes to boost its economy through enhanced trade and investment links with China. Yet there are also some more politically motivated reasons. The current government is inspired by anti-establishment sentiment while the EU is seen as following the conventional order (Kuo, 2019). Brussels and Berlin (even Paris) fear that Rome may undermine a firm European attitude towards China (Zeneli, 2019). The Italian government thus runs the risk of being politically isolated from the EU. However, in the current situation, Italy also runs the risk of remaining a weaker partner in its bilateral relations with China. The BRI provides new external market opportunities mainly for Chinese state-owned companies and their capital, at the expense of host countries where the projects are carried out. China can use its capacity to take control of strategically important infrastructure points in Italy. There are concerns that this could lead Italy to an even greater financial vulnerability. While participation in the BRI will indeed initially open up new areas of cooperation for Italian companies, it may become problematic in the longer term. Italian companies are generally small and medium sized. They may therefore have problems competing with Chinese giants in their domestic market (Prodi, 2014, p. 171–200). It is also worrying that when the EU tried to implement a mechanism to control Chinese investments in strategic areas for the whole community, Italy abstained on this mechanism. This is a significant change from the previous Italian government of the Democratic Party (PD) coalition led by Paolo Gentiloni, who, in cooperation with the German and French governments, pointed to the need to implement such a mechanism in a letter sent to the European Commission in February 2017, highlighting growing concerns about Chinese investment in Europe (Prodi, 2014, p. 171–200).

Italy is the first country in which the COVID-19 virus quickly spread. As a result of this virus, more than 20,000 Italians have died, and the Italian economy will probably experience the deepest recession in history (Capriati, Zeneli, 2020). Italy has received medical support from the European Union, individual member states, the United States, but primarily from China. Chinese President Xi Jinping during a conversation with Italian Prime Minister Giuseppe Conte mentioned the need to create the "Health Silk Road". Around midnight on March 12, a Chinese plane landed in Rome with nine medical experts and 31 tons of medical equipment. The Five Stars Movement, a particularly active promoter of the Italian role in the Belt and Road initiative, helped develop the Chinese narrative of mask diplomacy. He strengthened the public narrative praising China for their medical support.

Although on March 13, 2020, the European Commission took action to at least help the Italian economy, but so far no medical assistance from member states has appeared. It should be recalled that Italy has already had a problem with a lack of solidarity in Europe. During the refugee crisis in 2015, some countries had already refused to help Italy. The coronavirus crisis is similar to the refugee crisis: countries that are not directly affected are mostly not willing to help (Braw 2020). As a result of the helpless statements of the President of the European Central Bank Christine Lagarde and the President of the European Commission Ursula von der Leyen, as many as 49 percent of Italians want their country to leave the EU, an increase of 20 percentage points from November 2018 (Un sondaggio, 2020). The Italian case shows that while the BRI was still being debated by European decision-makers without a clear answer from Brussels, the member states of the European Union, as can be seen, started to cooperate with the BRI at many different levels.

On the one hand, China values Italy's position as a bridge between different regions involved in the BRI and sees the country as an interesting destination for investments. On the other hand, Italy soon identified the BRI as an opportunity for gaining greater access to the Chinese market and for attracting Chinese investments into the country. The alarming fact is that, Italy's approach to China and the BRI seems to be still largely reactive: what is missing is a long-term vision for the future of Italy's relations with a rising power that is going to exercise growing influence – both in economic and political terms – in Europe and in the Mediterranean region (Dossi, 2020: 12). It appears that the main problem with BRI is that Italy may prove unable to exploit the possible benefits generated by improved connectivity and its geographic location and, consequently, may become increasingly logistically marginal (Fardella, Prodi, 2017, p. 135).

INFLUENCE OF BRI ON EU INTEGRATION

Until recently, Chinese infrastructure investments in Europe were directed to individual EU countries rather than to the EU as a whole. Member states have been more proactive in addressing this issue, which in general has clearly distorted the integration of this institution. There is a tendency for EU member states to favour bilateral relations with China (One Belt, One Road 2016). The gradual implementation of the Belt and Road Initiative has some important implications for the way countries will continue to exist in the international arena. China's activity in rebuilding transport networks and hubs in countries such as Afghanistan and Pakistan, as well as in the Central Asia region as a whole, will have a major impact on the future global relations of the EU. It should be borne in mind that some European countries continue to exert economic and financial influence in non-European regions such as Africa, Latin America and South Asia. In all these areas, Europe's presence continues to be manifested mainly through ongoing investment in infrastructure projects, which, in particular in sub-Saharan Africa, takes place under the European External Investment Plan. The BRI will also have an impact on the European Union through the countries bordering this organisation, which are important participants in the Initiative.

The European Union will need to develop a comprehensive strategy, transcending traditional diplomacy, security and defence policy, in a whole range of new areas, in line with its priorities in the European Union Global Strategy (EUGS). The growing influence of China in some of the member states participating in the BRI may require a strengthening of the EU's internal cohesion policy, in particular in peripheral member states.

Despite their scepticism about the growing power of China, Europeans are trying to avoid openly supporting either the American or the Chinese side. So far, there is no tendency to introduce extensive bans on Chinese investments. Both China and the EU must define their common goals. The time has come for the EU and China to decide to step up their efforts without losing the chance of international cooperation. However, Europe must defend its sovereignty while investing in new technological industries that can compete with China's large state-owned enterprises. It should not be forgotten that Chinese R&D spending exceeds EU spending, with China investing more than 2% of its GDP on R&D, thus showing the most rigorous growth in R&D (representing almost one third of global R&D expenditure between 2000 and 2015) and committing itself to soon reach 3% of GDP. While there is no doubt that the customs war between China and the USA – launched under Donald Trump's presidency, in which Washington accuses Beijing of technology theft and other unfair trading practices will slow down the process, it is unlikely that the trend will reverse (Jaworska, 2019). According to the National Science Foundation, China's R&D spending grew at an average rate of 18% per annum between 2010 and 2015. China's rapid growth in R&D investment means that the PRC is likely to keep its leading role in this area over the next five to ten years.

The challenges posed by the PRC require European unity, because no member state has the resources and potential to negotiate individually with such a superpower. China's assessment of the integration processes taking place in Europe reflects its twofold strategy. In order to achieve some of its pragmatic objectives, China has an interest in maintaining weakness and growing divisions within the EU, which allows it to 'play' with individual countries in Europe according to its own rules. Beijing benefits from existing divisions and each individual country's efforts to ensure the best possible bilateral relations. Different national policies allow Chinese investors to bypass EU barriers. However, the break-up of the European Community is not in China's interest, largely due to the economic importance of Europe as a potential ally in the context of China-American competition.

CONCLUSIONS

Adequate European Union policy towards China requires careful examination of its interests and future-oriented thinking. The European Union must consider a more coordinated process for implementing its external policies. A compromise between member states and the European Union as a whole is needed. It is possible that this will require the former to adopt a slightly different attitude, and, as a community, to carry out institutional reforms such as the introduction of qualified majority voting in the European Council. In order to reach an agreement, Europe needs open dialogue: not only with decision-makers, but also with the public, the academic world and think tanks. Filling the gaps in knowledge and perception of China throughout the Old Continent is a necessary step. After all, it is crucial to get to know a partner in order to develop an appropriate strategy for one's actions, so as not to be exploited. The European Union should therefore lead debates on China's development and on the possible opportunities and threats for its domestic economies. This is necessary for countries where information on China is currently largely financed or managed by Beijing. Protecting European interests in the continent's relations with China through a long-term common EU strategy is essential. In their actions, the European Union and China must aim to implement solutions based on the 'win-win' principle, the essence of which will be transparency and compliance with mutually agreed trade rules. China must prove by its actual actions that its investments and acquisitions are not intended to "buy Europe out". These measures must clearly show China's real intentions. Both sides should stress the importance of cooperation in research and development as well as of the investment and technology exchange.

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