

Panel IV Economic and Political Potentials Of the One Belt One Road

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How Eastern & Southeastern Europe Can Join in Making a Global Economic Miracle

Elke Fimmen of the Schiller Institute (Germany) spoke on Panel IV of the Schiller Institute conference, on July 1, 2018.

It is obvious, that the so-called leading nations of Western Europe finally have to do their homework and realize that only by cooperating with China's Silk Road Project, with Russia, and with the Eurasian Economic Union, can long-term prosperity, stability and peace, as we have discussed at this conference, be achieved. Peace through development is the North Star to follow—otherwise, with the old methods, Europe will blow up—and that cannot be an option.

To even propose to still extremely poor nations such as Albania and Macedonia that they set up refugee centers in exchange for EU-membership, is no policy but just mindless—and dangerous—lunacy.

Do we really want to again destabilize the still-fragile Balkan countries, after what they went through with the geopolitically motivated wars and the so-called “transformation” in the 1990s and 2000s, by insisting on old geopolitical power games and denying these nations their long-overdue economic development?

Is it not much more preferable to instead support plans such as that of Albanian President Edi Rama, who has drafted a 15-year plan for national development, including modernizing infrastructure and connecting with China's new Silk Road? And why would the EU oppose and put pressure against the project to build the long-overdue Peljesac Bridge in Croatia? Or against



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the construction of the Belgrade-Budapest high-speed railway, as a crucial component in the connection of Piraeus port in Greece through Macedonia, Serbia and Hungary with Central and Western Europe?

Will this EU-blockade and the insistence on austerity policies, such as not accepting Chinese loans for projects, contribute in *any way* to overcoming the wounds of the past and create a common future perspective for all of the populations of these countries?

Albanians still remember with horror—and we should as well—the desperation and chaos of the 1990s,

when after the collapse of the communist system, 25,000 Albanians fled to Italy on boats; then after 5 years of so-called “western market reforms,” the horrendous speculative pyramid-scheme collapsed, which cost most of the population its miniscule savings, and which led to countrywide breakdown of the social and state order, plundering by desperate people, and the deaths of more than one thousand. Finally the Organization for Security and Cooperation in Europe intervened and international peace troops from Greece, Italy, Spain, France, Turkey and Romania restored order and the basic functions of the state. In 1999, 300,000 Kosovarians fled to Albania, a country of 2.8 million with an average age of about 33 years, which posed again huge challenges to that country.

Now there is talk about a new “Albanian” Balkan route for refugees, because many refugees try to come from Greece via Albania, Montenegro, Bosnia, and then through Croatia and Slovenia, to Western Europe. Many already in Serbia—where the borders are closed

to Hungary and Croatia—are now entering Bosnia, which has a 1,000 km border with Croatia. This creates new tensions among these neighboring countries, including a new crisis coming up in Bosnia. No new camps anywhere will stop this dynamic, only real global economic development can!

In this situation, the upcoming 16+1 Central and Eastern European leaders' meeting in Sofia, Bulgaria next weekend, which will be addressed by Chinese Prime Minister Li Keqiang, provides an excellent opportunity for Western European nations to team up and support the initiatives for growth and progress, which will be discussed there, instead of continuing to stall and blackmail nations for cooperating with China.

China's successful policy reflects proven principles of economic science, which have long been neglected in the West, despite the fact that these same methods were essential for the establishment of the USA, Germany, France, Japan, and others nations, as industrial nations.

Physical economics prioritizes the *planting of productive powers of nations*, as German-American economist Friedrich List called it, as opposed to the British Empire's global financial looting and so-called "free trade."

On the contrary, in physical economy, large infrastructure projects and a focus on science and technology are key for increasing the productivity of nations. The true wealth of nations is indeed the development of the *creativity of its population*.

China's New Silk Road, or BRI, is generating a whole new Eurasian network of cross-continent infrastructure and trade ties. It has also opened up the long-overdue opportunity for Central, Eastern and South Eastern European countries, to re-industrialize their national economies and to fulfill their productive potential, in agriculture, machine-building, high technology and research (e.g., in the nuclear sector) and to finally overcome the disastrous effects of neoliberal "shock therapy" and the social and economic destruction wrought by the geopolitically instigated series of Balkan wars of the 1990s.

Docking the Belt and Road with Europe

After the crash of 2007/2008, many Eastern European countries looked for new strategic opportunities to restart their economies. While the EU imposed vicious austerity and only saved the bankrupt banks, China initiated the format 16+1 with Central and Eastern European



Defense officials of six Central European nations and Poland, agreed to better protect the borders of Schengen zone, Budapest, March 28, 2018.

Countries (CEECs) and started annual leaders' meetings, the first one in Warsaw, Poland (2012), with the next one to take place this coming weekend in Sofia, Bulgaria.

The 16 CEE countries, diverse as they are, are a crucial bridge, due to their geographical location, for making the infrastructural and economic development of Eurasia through the New Silk Road/BRI infrastructure projects work. They span Europe from north to south, between the huge Russian market and Western Europe.

In his speech at the last 16+1 Leaders' Summit in November 2017 in Budapest, Chinese Premier Li Keqiang spoke about presenting "a new blueprint for the future." He presented an ambitious program for increased China-CEEC cooperation by "docking" the Belt and Road Initiative with the development strategies of the CEECs. China, he said, is aiming for a "prospering Europe." Closer ties with the 16 countries, which include 11 European Union members, would "usefully complement" EU-China relations.

He pointed out, that the 19th Party Congress developed new guidelines and perspectives for a more open and prosperous China, thus opening more and greater opportunities to all countries in the world. The Prime Minister estimated China's imports over the next five years should total \$8 trillion, as it has moved from a phase of high-speed growth to high-quality growth.

Besides calling for accelerating key connectivity projects such as the Hungary-Serbia high-speed railway, Prime Minister Li proposed expansion of production capacity building, through economic and trade cooperation zones and by creating an industrial, value and logistics chain. He also called for the promotion of cooperation between small and medium-sized enterprises (SMEs), a sub-

ject extremely important for all CEE nations, which urgently want to develop their own high-technology industry *Mittelstand* and other productive facilities.

This approach of facilitating real growth and development through infrastructural, scientific and other productive investments, has created a new optimistic impetus in Eastern Europe and the Balkan countries, which is long overdue.

While European transport corridors were defined by the 1994 European Transport Ministers Crete conference, these projects did not get off the ground or only to an insignificant degree. Only with EU-expansion of Eastern countries after 2004, did things slowly start to move. But even today, the trans-European transport network can be best described as patchwork, with present EU-funding not providing for an integrated, high-priority approach. While real needs to bring the existing Trans-European Transport Network up to speed are today in the range of a minimum 500 billion euros between 2021 and 2030, as demanded in the recent Ljubljana Declaration by transport and related sector representatives, the budget now for the Connecting Europe Facility for Transport subsidy program will be only 30.5 billion euro. The budget for 2014-2020 is even less, at 21.3 billion euro.

On the contrary, in CEEC-China cooperation, transnational and Eurasian transport and logistics are a key feature. In May 2016, the 16+1 Secretariat for Logistical Cooperation was inaugurated in Riga, the capital of the Baltic state of Latvia; and in October 2017, the Warsaw Secretariat for Maritime Cooperation was opened. The “[Riga Declaration](#)” identifies “Adriatic-Baltic-Black Sea Seaport Cooperation” as a central issue, which should focus on the development of—

... transportation hubs involving ports and industrial parks in the coastal areas of the Adriatic, Baltic and Black Sea and along the inland waterways, working together to build industrial clusters in ports and establishing modern road, rail and river corridors to connect them. ...”

This would serve “.. the development needs of all 17 countries, and would thereby contribute to closer EU-China relations, by synergizing their specific demands and advantages for infrastructure development and industrial upgrad-



Xinhua

Chinese Premier Li Keqiang speaks to the Meeting of Heads of Government of Central and Eastern European Countries and China, in Riga, Latvia, Nov 5, 2016.

ing,... with a view to facilitating economic growth of each country and across the region ...

China will provide another \$1 billion for the second phase of capitalization of the China-Central and Eastern Europe Investment Cooperation Fund. The fund plans to invest 10 billion euro in the CEEC-region. Poland and Hungary are full members of the Asian Infrastructure Investment Bank, and Romania was accepted as a prospective member in May 2017.

These are just a few examples of such cooperation and its potential—about which you can read much more in the Schiller Institute’s just published work, *The New Silk Road Becomes the World Land-Bridge, Volume II*, on the progress of the World Land-Bridge.

Conclusion

With the global shift toward a new paradigm of “peace through economic development,” which we have been discussing during this conference, Central, Eastern and Southeastern European nations finally will be able to concentrate on the real development of their nations, instead of being abused as a geostrategic “cordon sanitaire” or military staging areas against Russia. China’s initiative for the New Silk Road has created, along with Russia and the Eurasian Economic Union, the potential for a durable peace strategy for all of Europe, Eurasia, Africa and beyond. This second chance after 1989, cannot and must not be missed by the European nations.

Let us now create a true humanist renaissance in Europe, for the benefit of the world and mankind. Thank you!