

# A Study on the Strategic Connection between "The Belt and Road Initiative" and "Juncker Plan"

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**Abstract:** "The Belt and Road Initiative" ("B&R") and "Juncker Plan" were introduced on the respective demands of China and Europe for their economic development. There are many common interests between them. Strengthening the connecting of "B&R" and "Juncker Plan" is conducive to the promotion of interconnection and production cooperation between China and Europe, the expanding of trade investment and industrial cooperation as well as a stronger all-round cooperation with the third party. It will not only create more effective demands and growth momentum for the Chinese and European economies, bring more opportunities for young people, SMEs and new technology applications in these two countries, but also inject new vitality into the world economy. The effective connecting of "B&R" and "Juncker Plan" is not only conducive to the promotion of China-EU cooperation in economic and social aspects, but also facilitate green development and the addressing of climate change, promoting China-EU development in a robust, balanced, inclusive and sustainable way.

The year 2015 marked the 40th anniversary of the establishment of diplomatic relations between China and the EU. In this year, two sides decided to push forward the connecting of "B&R" initiative and the "Juncker Plan" (European Investment Plan). This benefits the release of the great potential of China and the EU economy and injects new impetus to their economic growth, which will achieve comprehensive cooperation benefits of  $1 + 1 > 2$ .

## **1. The connecting of "B&R" and "Juncker Plan" will create more convergence of benefits.**

The strengthening of China-EU strategic cooperation and the deepening of pragmatic cooperation are not only essential to respective and sharing development of the two parts, but also conducive to the reform of the global governance system, jointly coping with global challenges and promoting peace and development for human beings. The

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connecting of “B&R” and "Juncker Plan" is a good starting point for deepening China-EU cooperation at present.

### **1.1 The connecting of infrastructure construction for China and the EU promotes the interconnection of China-EU infrastructures**

Infrastructure construction is a key area of the “Juncker Plan”. According to the EU Task Force report released in December 2014, it has an investment of €1.3 trillion in 2000 potential projects in Europe. The total value of investments made in the next three years will reach 500 billion Euros, with investments in transport infrastructure projects accounting for nearly 30%. Moreover, the EU also plans to expand the content and period of "Juncker Plan".

Facility connection is the focus of “B&R”. In the field of transportation infrastructure, China's high-speed rail equipment manufacturers are in the most mature condition for connecting with “Juncker Plans”. In the future, China and the EU can build a rail network stretching across Central Asia from Europe to China to achieve interconnection. In 2015, China's infrastructure investment in Europe was three times higher than the United States. The amount of newly contracted foreign project of Chinese enterprises in the “B&R” relevant countries reaches 92.6 billion US dollars, accounting for 44% of the new foreign contract amount during the same period.

European Commission President Juncker said that the interconnection platform could gather professional skills and strength of enterprises to achieve the coalition of China and the EU forces, setting up high-quality infrastructure. The transport infrastructure projects suitable for connecting with Juncker Plans include Trans-European transportation network, the China-Europe Continental and Sea Express, the new Eurasian Continental Bridge, etc. Take the Trans-European Transport Network (TEN-T) as an example, which was agreed in 2013, aimed to link the existing divided transport infrastructure such as roads, railways, airports and canals to form a unified transport system by 2030. B&R, Central and Eastern European countries accounted for about 1/4 of countries along the “B&R”, which is an important part of global emerging markets. Including interconnection projects of China and the Central and Eastern European countries into the EU-China infrastructure cooperation framework will not only accelerate the development of Central and Eastern Europe and balance the development of eastern, central, and western Europe, but also be a strong impetus to European integration process.

Central and Eastern European countries are the eastern gateway to Europe, 7 of which have signed “B&R” intergovernmental memorandum of understanding with China. As

the article published by President Xi Jinping in the Czech magazine *Rights*: "The "B&R" cooperation between China and Central and Eastern European countries as well as a continuous strengthening of China-EU strategic connecting bring more vigor and broader space for '16 +1 cooperation'." Peter Kazanovsky, a former member of the Polish parliament and a prominent political commentator agrees with that, who believes that "B&R" has allowed Central and Eastern Europe and China to remain unprecedentedly close. Through the "16 +1 Cooperation" and active participation in the construction of "B&R", Central and Eastern European countries and their people have traveled by the express of China's economic development. With the achievement of economic and cultural cooperation projects of the Central and Eastern European countries with China, those governments and people are benefiting from "B&R" construction and "16 + 1 cooperation". Connecting the "Juncker Plan" and "B&R" is conducive to the formation of three new International Economic Cooperation Corridors, namely Eurasian Continental Bridge, China-Mongolia-Russia corridor and China-Central Asia-West Asia corridor, improving the overall infrastructure interconnection and business environment. It also eases the problems of transport infrastructure being unconnected and unreachable or connected but unreachable or reachable but partly obstructed. It effectively connects Central Asia, West Asia, Eastern Europe, Central Europe and other regions, breaking the long-term closure of the Eurasian continent and builds an interconnected Eurasia.

Since the outbreak of the financial crisis, the EU has always been facing a weak recovery, for which insufficient investment is the main reason. Compared with the pre-crisis peak, the EU's investment in 2013 fell by 15% (about 430 billion euros). It's therefore urgent for the EU to take resolute actions to promote investment growth and stabilize economic growth. It is in this context, president Juncker put forward the "Juncker Plan" shortly after taking office, hoping to set up a total of 21 billion euros of the European Strategic Investment Fund and launch an investment of about 315 billion euros including private sectors from 2015 to 2017. In 2015, Chinese enterprises invested a total of \$14.82 billion in 49 countries along "B&R", with an increase of 18.2%, accounting for 12.6% of the total investment. According to the Ministry of Commerce in China, in 2015, internal investors have made non-financial direct investment in 6,532 overseas enterprises in 155 countries / regions, with foreign investment of \$118.02 billion and a year-on-year increase of 14.7%. A new research report issued by world's famous law office le cabinet Baker et McKenzie shows that in 2015 China continued to invest heavily in Europe and the US. The investment in the EU from China is higher than that from the US, reaching 23 billion US dollars, ranking the first with an increase of 28% over 2014. In the year of 2015, the top ten countries or regions of China's FDI flow include two members of the European Union, namely, the

Netherlands (6th) and Luxembourg (9th). By the end of 2014, China's direct investment in the EU stock had been 54.21 billion US dollars, accounting for 6.1% of the total stock.

**Table 1, the top 10 countries or regions of China's FDI flow in 2015**

Countries/Regions	Foreign Investment Attracted ( billion US dollars )	Proportion (%)	Rank
Netherlands	3.66	2.9	6
Luxembourg	1.47	1.2	9

Tip: only the EU members were listed.

**Table 2, the top 20 countries or regions of China's large-scale FDI projects in 2015**

Countries/Regions	Rank	Contracted Foreign Investment ( billion US dollars )	Project Numbers
Netherlands	7	5.38	4
Luxembourg	17	2.25	4

Tip: only the EU members were listed.

**Box 1: 2016 is the European year of Chinese capital**

France 24 television said that 2016 was the European year of Chinese capital. In half a year, the acquisition cost of China in Europe amounted 62.4 billion US dollars, while that in the last whole year was 27.7 billion US dollars (Thomson Reuters data). According to Les Echos, In the first half of this year, Europe accounted for 60% of China's overseas investment, while the Americas accounted for only 25% and Africa, Asia and South America combined accounted for only 15%.

The “Juncker Plan” gives China an institutional channel to strengthen its investment in Europe, especially the European Strategic Investment Fund under the framework which set up a channel for the third-party to participate in the plan. According to the statutes of the European Strategic Investment Fund, third parties may participate through direct investment in strategy funds, joint investment projects and investment platforms. Each form of participation will reduce doubts of the EU about China, give Chinese enterprises a better understanding of European laws and regulations and promote Chinese enterprises' investment in Europe. It objectively helps the China-EU economic and trade relations move towards a more balanced and sustainable direction and achieve the further integration of the interests of both sides.

**1.2 The connecting and cooperative development of SMEs will help to solve the severe unemployment problem in the EU**

In recent years, the EU has been faced with serious unemployment problems.

According to Eurostat data, the EU unemployment rate was 8.5% in September 2016, the lowest since June 2009. Greece and Spain suffered an unemployment rate of around 20% while that of France and Italy was more than 10%. The youth unemployment rate in the EU was 18%. Eurostat estimated that the EU unemployment rate for 2016-2017 would be 8.9% and 8.5%, respectively. One of the main objectives of the “Juncker Plan” is to promote employment growth without increasing public debt.

**Table 3, the unemployment rate of the EU from January 2008 to September 2016**

Month	Unemployment rate	Mont	Unemployment	Month	Unemployment
2008-01	6.80	2010-	9.50	2013-11	10.70
2008-02	6.80	2011-	9.50	2013-12	10.60
2008-03	6.80	2011-	9.40	2014-01	10.60
2008-04	6.80	2011-	9.40	2014-02	10.50
2008-05	6.80	2011-	9.40	2014-03	10.40
2008-06	6.90	2011-	9.50	2014-04	10.30
2008-07	6.90	2011-	9.50	2014-05	10.20
2008-08	7.00	2011-	9.60	2014-06	10.10
2008-09	7.10	2011-	9.70	2014-07	10.10
2008-10	7.20	2011-	9.80	2014-08	10.00
2008-11	7.40	2011-	9.90	2014-09	10.00
2008-12	7.70	2011-	10.00	2014-10	10.00
2009-01	8.00	2011-	10.00	2014-11	10.00
2009-02	8.30	2012-	10.00	2014-12	9.80
2009-03	8.60	2012-	10.10	2015-01	9.70
2009-04	8.80	2012-	10.30	2015-02	9.70
2009-05	8.90	2012-	10.30	2015-03	9.60
2009-06	9.00	2012-	10.40	2015-04	9.60
2009-07	9.10	2012-	10.40	2015-05	9.50
2009-08	9.20	2012-	10.50	2015-06	9.40
2009-09	9.30	2012-	10.50	2015-07	9.30
2009-10	9.40	2012-	10.60	2015-08	9.20
2009-11	9.40	2012-	10.70	2015-09	9.10
2009-12	9.50	2012-	10.70	2015-10	9.10
2010-01	9.60	2012-	10.80	2015-11	9.00
2010-02	9.60	2013-	10.90	2015-12	8.90
2010-03	9.70	2013-	10.90	2016-01	8.90
2010-04	9.70	2013-	10.90	2016-02	8.80
2010-05	9.70	2013-	10.90	2016-03	8.70
2010-06	9.60	2013-	10.90	2016-04	8.60
2010-07	9.60	2013-	10.90	2016-05	8.60
2010-08	9.50	2013-	10.90	2016-06	8.60

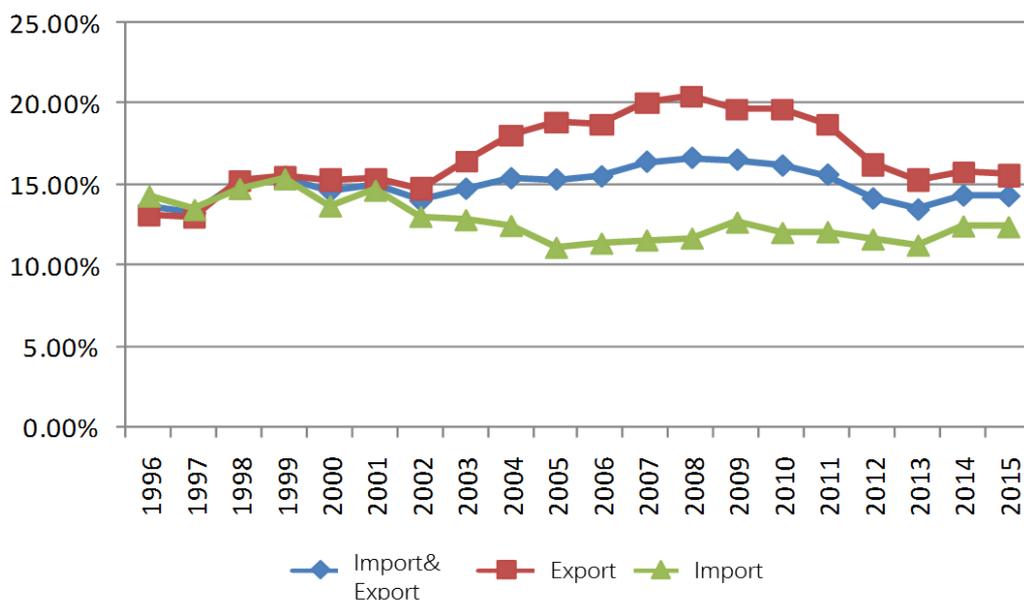
2010-09	9.60	2013-	10.80	2016-07	8.50
2010-10	9.60	2013-	10.80	2016-08	8.50
2010-11	9.60	2013-	10.70	2016-09	8.50

Data source: Wind Data

The connecting of China's import demand and the EU's export capacity of SMEs will expand and deepen the EU-China economic and trade cooperation, which helps the EU SMEs to explore Chinese market, provide job opportunities and achieve employment goals of "Juncker Plan". It is estimated that over the next five years, China will import more than 10 trillion US dollars of goods and more than 500 million person-time will go abroad for travel or visit. Chongqing-Xinjiang-Europe railway, Wuhan-Xinjiang-Europe railway, Zhengzhou-Xinjiang-Europe railway, Yiwu-Xinjiang-Europe railway, Haerbin-Europe railways and other international railways will slide across Eurasia more frequently. Antwerp port in Belgium is one of Europe's earliest ports developing detailed cooperative plans according to "B&R". In the overall downturn of international trade in 2014, goods transported through Antwerp port to or from China amounted to 10 million tons, with an annual growth rate of 16.5% and is still "rapidly growing." The chairman of "B&R" working group of Antwerp Port Authority told reporters that strengthening economic and trade relations with China should be the top priority for port of Antwerp and other European ports for the future development. In Germany, North Rhine-Westphalia Investment Promotion Director Hua Pei said the "B&R" construction had brought great business opportunities to Germany. Chongqing-Xinjiang-Europe railway, Yiwu-Xinjiang-Europe railway and other China-EU railways let freight become more convenient and make it possible to transport the likes of fresh fruit and vegetables which have strict requirements of fresh-keeping and storage for a long distance. These EU-China railways can bring more European food into Chinese kitchens. "B&R" construction will connect the Asia-Pacific economic circle and the European economic circle and is conducive to the exploitation of great potentials of Eurasia continental market. Nowadays, the EU's "Juncker Plan" relates to the development strategy of China-EU explored by "B&R"; "16 +1 cooperation" between China and Central-Eastern European countries is connected with "B&R" practices; Germany is planning the connecting mechanism of its "Industrial 4.0" with "Made in China 2025". China-EU cooperation is re-shaping the geographical and economic development of China and Europe and innovating China-EU cooperation paradigm. In addition, SMEs of the EU can also use e-commerce to expand their exports to China.

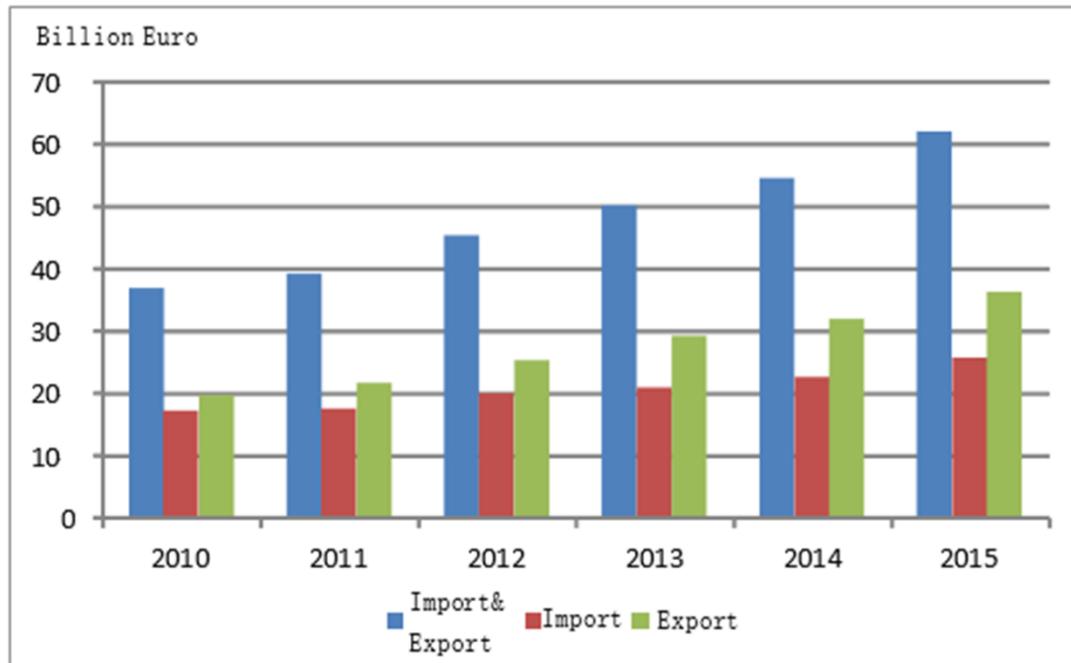
The EU is China 's largest trading partner and China is the second largest for the EU. The total import and export volume of goods between China and Europe in 2015 has

reached 564.75 billion US dollars, 8.2 times that of 2000. According to the General Administration of Customs of China, in the first half of 2016, the total volume of foreign commodity trade of China to the EU was 260.3 billion US dollars, with \$160.3 billion exports and \$100 billion imports. China is the second largest export market for the EU. According to the Eurostat, the commodity export of 27 countries to China amounted to US \$ 90.42 billion from January to June in 2016, accounting for 9.5% of their total exports.



**Figure 1: Changes of commodity import and export of China-EU proportion in 1996-2015**

At the same time, service trade of China-EU has been developing rapidly in recent years and the potential for future growth is huge. According to Eurostat statistics, in 2015 the volume of the EU service export to China was 36 billion euros, accounting for 4.4% of the total volume in EU; the import from China was 25.7 billion euros, accounting for 3.9% of total import; the surplus was 10.3 billion euro, 4.1 billion more than 2014 with an increase of 66.1%. According to Eurostat data, the EU's service trade enjoyed a steady and rapid growth for six consecutive years from 2010 to 2015. This exhibited an increase of nearly two times of the goods trade in the same period, among which export increased from 569.5 billion euros to 8112 billion with an increase of 42%. The surplus in service trade of the EU was 150.7 billion euro in 2015, mainly from telecommunications, computer, information services (58.9 billion euro) and financial services (42.3 billion euro). In 2015, China was the third largest destination for exports of services in the EU (4% of total exports), still lagging far behind the United States (26%) and Switzerland (14%) and containing great potential for future development.



Data source: Eurostat

**Figure 2: Service export and import between the EU and China from 2010 to 2015.**

### **1.3 China and the EU connect their respective competitive advantages to co-develop the third market.**

Since the EU has advanced technology while China has a huge production capacity, the combination of the two together to develop the third market will bring China and the EU new growth momentum. On July 18 2016, the EU China Trade Association President Fu Zhongsen said in the sixth Central European Forum that China and the EU could explore and exploit the third market through bilateral cooperation using “B&R”.

On the one hand, the EU countries have high-end technology and China has unparalleled manufacturing capacity and high-technology marketability, only the combination of which can win a bigger market. On June 30 2015, China and France signed the "Cooperation Agreement to Develop the Third-party Market", reaching a consensus in the field of third-party cooperation. France has the best nuclear technology in the world, with 80% of its energy provided by nuclear power. While China with mature construction and management experience, has 37% of the total world's nuclear power plants under construction. China and France are perfectly matched in the cooperation to open up third-party nuclear power market: China's most cost-effective nuclear equipment with the safest “nuclear core” of French best technology won the British nuclear power market, which achieves the transformation from “win-win” to "win-win-win". As the largest developing country, China has entered the mid-stage of industrialization, with the mid-level industrial production lines

and equipment manufacturing standard in the world. In this regard, France and other EU countries are at the high level, while most developing countries are still in the early stages of industrialization. China-EU cooperation in the development of third-party market is conducive to narrowing distances between the two ends of global industry chain and generating greater synergies. For China, it means that the stock of assets will be revitalized and the industry chain will evolve to high-end; for France, it means more exports and employment; for third-party market, it means an access to more cost-effective equipment and industrial production lines, which can meet their own needs of industrialization.

On the other hand, China plays a more obvious bridging role in the global system of labor division. On June 29 2015, Premier Li Keqiang at the seventeenth China-EU summit meeting said that people should open a new world of cooperation, achieve effective connection of “B&R” and the international capacity cooperation initiatives with the European investment plans, promote inter-connectivity and economic growth and jointly develop the third-party market. At the EU-China Business Summit, Premier Li Keqiang also pointed out that China and the EU can make breakthroughs in third-party cooperation with the emphasis on equipment manufacturing. During talks with Belgian Prime Minister Michelle, he also encouraged the two countries to carry out cooperation of trilateral international capacity and equipment manufacturing in Africa and other regions to promote the process of local industrialization. All parties responded positively to the Chinese initiatives. Belgian Prime Minister Mitchell made it clear that Belgium would like to become an important gateway for Chinese enterprises to invest in Europe and would like to make use of their respective advantages to push forward the cooperation of Belgian-China-Africa and Europe-China-Africa and to achieve common benefit. In 2016, China and Germany proposed to promote deep participation of companies in two countries into the “B&R” construction and carry out international capacity cooperation targeted at the third-party market. Joint development of third-party market is an important way to connect “B&R” and "Juncker Plan", which help to combine the advantages of China and the EU to meet the needs of developing countries with lower prices and higher quality, drive China's industrial upgrading, enlarge the EU exports and achieve complementary advantages and common benefit. With the connection of China's “B&R” and "Juncker Plan", more opportunities will occur as China and the EU co-develop third-party market. The most enduring cooperation is mutual complementary and third-party market cooperation belongs to it, which will produce the result of  $1 + 1 + 1 > 3$ : developing and developed countries with their international production capacity carrying out joint development with the third-party will mobilize global power in a wider range and may even become the key to correct the world economic downturn. Huawei, for example, having an

advantage in terms of 4G innovation has worked with Portuguese telecom operators to develop the Brazilian telecommunications market.

## **2. The Connecting of China-EU strategy should pay more attention to green development and jointly coping with climate change**

The "Paris Agreement" reached on December 12, 2015 went into effect on November 4, 2016, marking the formation of global climate governance system characterized with win-win cooperation, impartiality and rationality.

### **2.1 Uncertainty in US climate policy changes**

There are two possibilities of Trump New Deal policy in response to climate change: First, a negative attitude with the possibility of withdrawal from the "Paris Agreement"; the second is a positive attitude, together with the international community to promote the formation and improvement of global climate governance system. In fact, as an international treaty that is already in force and legally binding, the Paris Agreement does not allow arbitrary withdrawal. In order to avoid the destabilization of international agreements, the Agreement expressly provides that no contracting party may withdraw from the Agreement for a period of three years after its entry into force or until one year after the receipt of application by the Depositary. This means that the United States could withdraw from the "Paris Agreement" after at least four years.

There are three channels for the United States to opt out. First, a direct withdrawal from the Paris Agreement; the second is to withdraw from the "United Nations Framework Convention on Climate"; Third, signing domestic laws contrary to the Paris Agreement. But the withdrawal of the United States will not be a fatal blow to the system of global response to climate change. Once opting out the United Nations Framework Convention on Climate, it would be considered an automatic withdrawal from the Paris Agreement under the Convention. In accordance with the principle of "domestic law is superior to international law", Trump can also substantially abrogate the binding force of the Paris Agreement on the United States by signing laws contrary to the Paris Agreement. If the United States choose the latter two methods, undoubtedly a decisive blow would be caused to the system of global response to climate change. As we all know, the policies in US presidential election are often different from those after taking office and we expect Trump will turn to take a more active and cooperative attitude after assuming office.

### **2.2 China-EU cooperation in response to global climate change is in line with the common interests of mankind**

Climate change has become one of the most serious challenges in the world, hence

green and low-carbon development has become the trend of world development. Every country is actively changing its development mode and adjusting its structure to protect the living environment and cope with climate change. No country can be spared and leaders of all countries should conform to the world trend of development. At the same time, the world's economic growth is mainly driven by Asia and Europe, even the US negative attitude could not impede the general trend of global response to climate change.

China, the European Union, Brazil, India, Canada, Mexico and other countries and regions will continue to respond actively to climate change and resolutely carry out the Paris Agreement on the global agenda of climate governance. For the earth and mankind, the world should strengthen climate cooperation and maintain confidence in the UN climate mechanism and multilateral cooperation process. China and the EU should along with the international community continue to strengthen cooperation in addressing climate change and promote green, low-carbon and sustainable development.

### **2.3 There is common interest for China-EU cooperation in dealing with climate change**

The EU is an advocate and forerunner in tackling global climate change. In 2008, the European Parliament approved the Climate Action and Renewable Energy Package, a milestone in climate and energy policy. Since then, the European Commission proposed the "White Paper on Development of Adaption to Climate Change" to address global climate change, which included the EU's climate adaptation strategy into the EU's foreign policy, strengthening cooperation with neighboring countries and developing countries to improve their climate adaptation and resilience. On October 4th 2016, the European Parliament passed the resolution to approve the "Paris Agreement", which was also adopted by the European Council the same night. The current climate change issue has become an important means for the EU to assert a global influence.

As early as in China's NPC and CPPCC of 2014, Chinese President Xi Jinping stressed to "take the green road of development." *Views on Accelerating the Construction of Ecological Civilization, Overall Plan of Ecological Civilization System Reform* and other important documents have been issued since then, which paid more attention to the formation of green production methods and consumption patterns. The fifth Plenary Session of the 18th CPC Central Committee added the "green development" as one of the "five development concepts". From the government work reports recent years, we can see that the Chinese government always has a strong determination in the

ecological civilization construction and green development. The Chinese government did not shy away from the phenomenon of "frequent serious fog and haze in some areas". It not only faced up to it, but also offered clear solutions and governance measures. At the same time, China played an indispensable role in the promotion of the Paris Agreement and provided a valuable bridge between the developed countries and the developing countries in finding consensus in Paris.

### **3. The action program of connecting "B&R" and "Juncker plan"**

China and the EU should take full account of the development aspirations of the "B&R" and the "Juncker Plan", regarding cooperation in trade and investment as the mainstay, taking energy and environment cooperation, infrastructure cooperation, equipment manufacturing industry cooperation and technological innovation cooperation as the starting point, using financial cooperation as the link to actively promote the construction of key projects and to achieve the efficient connection of two strategies, so that the bilateral cooperation could move into a larger scale, acquire better structure and reach higher level.

#### **3.1 Build multi-level cooperation mechanism**

China and Europe should strengthen bilateral policy communication and make implementation plans and action roadmap for the "B&R" and "Juncker Plan" connection as soon as possible. China and the EU are all-round strategic partners and one of the most important economic and trade partners of each other. They should speed up negotiations on bilateral investment protection agreements and try to reach a consensus on the core issues and main provisions in 2017. It is of greater significance for the EU to actively promote bilateral investment protection agreements. China is transforming from a capital net inflow country to outflow country. Signing a bilateral investment protection agreement as soon as possible will help release the great potentials of China-EU trade and investment and boost the recovery of the EU economy. On September 1st 2016, European Union Chamber of Commerce Chairman Wu Deke at the release of *Proposals of the EU enterprises in China 2016/2017* at the EUCCC conference expressed the hope that China and the EU could complete the consultations on *China-EU Bilateral Investment Agreement* in 2017, whose contents including open market, full reciprocity, etc. At the same time, China and the EU should step up their plans ahead of time to study the feasibility of establishing a China-EU free trade area, promoting trade and investment liberalization and facilitation and linking the two major markets to further enhance bilateral economic and trade cooperation. It will also advance complementary effect of both economies and bring a wide range of benefits to the industry, consumers and all people in the EU and China.

### 3.2 Determine the priority areas of connection

At present, China and the EU are becoming e more strategically fit. *2020 EU-China strategic planning* covers more than 100 areas of cooperation. In the future, China and Europe can set infrastructure, finance, R&D and other areas as the priority areas for connecting "B&R" with "Juncker Plan", encourage Chinese enterprises with strength and good social reputation to participate in the EU's infrastructure construction and build up a new pattern of China-EU connectivity. They should give full play to the role of financial institutions such as the Asian Investment Bank, the Silk Road Fund, the European Investment Bank, the European Bank for Reconstruction and Development and so on to promote bilateral financial cooperation to a new level. Strengthen cooperation in technological innovation and deepen cooperation in such areas as smart manufacturing, aerospace, clean energy, climate change, nuclear safety, etc. Give full play to the advantages of the complementary economic structure of China and the EU, take the infrastructure interconnection project as the starting point, take the equipment manufacturing project as the main axis, create conditions to push forward key connecting projects in a down-to-earth manner, and speed up the construction of new Eurasia Land Bridge, China-Europe Land-Sea Express Route, Trans-European Transport Networks, etc.

**Box 2: China's Largest Land Port Witnessed 177 Trains from Europe in the First 11 Months of 2016.**

On December 14th 2016, Manzhouli Inspection and Quarantine Bureau of Inner Mongolia released the news that China's largest land port-Manzhouli Port had 177 trains returning from Europe in the first 11 months with a year-on-year increase of 25%. Manchuria port, located in the west of The Hulunbeir Grassland in Inner Mongolia Autonomous Region, north to Russia and west to Mongolia, is not only the traffic hub of the first Eurasian Land Bridge, the important international thoroughfare of China's access to Russia, other CIS countries and European countries, but also China 's largest land port.

China-Europe trains are international combined transportation trains of containers and others, organized by the China Railway Corporation, run in accordance with fixed number, routes, schedules and the full operation time, shuttling between China and Europe along "B&R" relevant countries. They are important carriers to deepen our economic and trade cooperation with countries along the route and a starting point to advance the construction of "B&R". By 2020, the China-Europe train integrated service system with reasonable layout, perfect facilities, stable traffic volume, convenience, high efficiency, safety and smooth operation will be basically formed according to the *China-EU Class Construction and Development Plan (2016-2020)*. China and Europe freight trains are becoming important channels as China opens up to the north, which only use a quarter of time that sea transportation does and have prices equivalent to one-fifth of air.



**Figure3 Three intercontinental freight trains in the west of China**

### **3.3 Build investment and financing connecting platform**

Debt crisis is the most severe test on the road to European integration. China has been firmly supporting the euro and European economic integration and provided the EU with maximum help within the power through the purchase of bonds, increase of imports, etc, which played a positive role in helping the euro through the most difficult time. Currency accommodation is the important pillar of “B&R”. In order to promote and deepen the financial cooperation with the countries along the route, China has frequently introduced some new measures, such as actively expanding the scale of bilateral currency exchange, setting up the Asian Infrastructure Bank, the BRIC New Development Bank and Silk Road Fund. These new financial cooperation measures are not only conducive to the financial and currency stability of countries along the route, but also provide financing services for the investment project of "B&R". At present, the major financial cities in Europe like London, Frankfurt, Paris, Luxembourg, Zurich are competing to build their offshore RMB centers. China-EU financial cooperation continues to deepen and highlights continue to occur, such as the signing of a currency swap agreement, the establishment of RMB clearing banks, the expansion of the amount of RMB qualified foreign investors, issuing offshore RMB bonds, the EU members joining the Asian Investment Bank in succession, China being included into the European Bank for Reconstruction and Development, etc. China and the EU should continue to push forward China-EU financial cooperation and create a favorable investment and financing environment for the connecting of the “Juncker Plan” and the "B&R". China-EU co-investment funds should be established as soon as possible to

enhance investment and financing cooperation of the two sides. Promote the mechanism of currency swap as well as the influence of RMB clearing banks in Europe, and improve the institution of RQFII to let financing cooperation become a strong bond for interests' convergence of the two sides. China could take advantage of the EU's sound financial infrastructure to promote the internationalization of the RMB and the EU could also make use of the offshore RMB Center to enhance their influence.

### **3.4 Strengthen energy-saving and environmental cooperation**

China-EU cooperation enjoys great prospects in energy-saving and environmental protection industries. Both the introduction of a series of policies and hard constraints indicators in China and the vigorous promotion of new technologies and products are beneficial for energy-saving and environmental protection industries. During the "thirteen Five-year Plan" period, China is going to witness a fast development of energy-saving and environmental protection industries. The EU, after years of development in energy conservation and environmental protection, has been at the forefront in some new technologies and applications such as waste disposal and recycling, water treatment and pollution control. At the same time, the EU has been strongly supporting the development and utilization of clean energy in recent years, which had remarkable results and played a leading and exemplary role in the building of global energy internet. The Chinese government has always been supporting technological exchanges and cooperation in the areas of energy conservation, emission reduction, solutions to climate change and new energy, etc. The most promising areas of development for China and Europe lie in new technologies, new energy, new materials and so on of energy-saving and environmental protection. This is also noticed by the EU members represented by Germany, whose enterprises are increasingly aware that energy saving and environmental protection should be viewed as the developmental advantages and competitiveness in the Chinese market. In the future, China and the EU should strengthen cooperation in the fields of power grid, new energy, energy efficiency of city construction and industry, etc. jointly put the energy connectivity projects into practice, facilitate the development of global energy Internet and make joint contribution to the sustainable development of human society.

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