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## UKRAINE AND CHINA'S BELT AND ROAD INITIATIVE<sup>4</sup>

**Abstract.** *This article is a brief overview of Ukraine's relationship to China's Belt and Road Initiative. This includes a summary of the Belt and Initiative itself, including its background, major features and goals. The basic foundations of Ukraine-China relations and Ukraine's connection to the Belt and Road Initiative are presented in the study.*

**Keywords:** Ukraine, China, bilateral relations, Belt and Road Initiative.

**Introduction.** By the signing of the Association Agreement with the European Union in 2014, Ukraine committed itself to deepening its integration with the European Union. This involved political and economic association, as well as creating a deep free trade area. However, despite this commitment to go down the path of European integration, at the same time, Ukraine since attaining independent statehood has also sought to expand its relations with various countries in its immediate region and beyond, one of these being China. One plan in particular which has been attractive to Ukraine is China's Belt and Road Initiative. Here there shall be a brief survey of this project, including its background, features and goals. The basic foundations of Ukraine-China relations shall be summarized, as well as the possibilities for Ukraine to engage with China within the broader framework of the Belt and Road Initiative. Ukraine, though not a full member of the European Union, is now strongly associated and aligned with it in terms of its orientation. Ukraine's engagement with the Belt and Road Initiative illustrates how countries politically and economically associated with the European Union simultaneously engage and seek cooperation with non-EU member states in pursuit of their national interests. Keeping in my mind that 2019 shall be the „Year of China” in Ukraine,<sup>5</sup> the author considers a study of these important developments both timely and relevant.

**The Belt and Road Initiative.** The Belt and Road Initiative, also known as the One Road, One Belt Initiative, can be said to have been launched with a speech that Chinese President Xi Jinping made at the Nazarbayev University in Astana, Kazakshtan, on September 7 2013.<sup>6</sup> At this event, President Xi said that “To forge closer economic ties, deepen cooperation and expand development space in the Eurasian region, we should take an innovative approach and jointly build an

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<sup>5</sup> Kyiv Post: China becomes a key trade partner, investor in Ukraine, January 12 2018, <https://www.kyivpost.com/business/china-becomes-key-trade-partner-investor-ukraine.html>

<sup>6</sup> The State Council Information Office of the People's Republic of China: President Xi's statements on the Belt and Road Initiative, 17 April 2017, <http://www.scio.gov.cn/31773/35507/35520/Document/1548585/1548585.htm>.

economic belt along the Silk Road.” Furthermore, President Xi stated that “This will be a great undertaking, benefiting the people of all countries along the route. To turn this into a reality, we may start with work in individual areas and link them up over time to cover the whole region.”<sup>7</sup>

President Xi laid out five steps necessary for creating such an economic belt, which are: the improvement of the communication of policy, the improvement of road connectivity, the promotion of unhindered trade, money circulation enhancement and to increase the understanding between the various different peoples in the region.<sup>8</sup>

The Belt and Road is based on 6 corridors in particular:<sup>9</sup>

- New Eurasian Land Bridge, running from Western China to Western Russia;
- China – Mongolia – Russia Corridor, running from Northern China to Eastern Russia;
- China – Central Asia – West Asia Corridor, running from Western China to Turkey;
- China – Indochina Peninsula Corridor, running from Southern China to Singapore;
- China – Pakistan Corridor, running from South-Western China to Pakistan;
- Bangladesh – China – India – Myanmar Corridor, running from Southern China to India;

The Belt and Road Initiative may be described as an open-access model. An official government statement affirms that “The Initiative is open for cooperation. It covers, but is not limited to, the area of the ancient Silk Road. It is open to all countries, and international and regional organizations for engagement, so that the results of the concerted efforts will benefit wider areas.”<sup>10</sup>

An important component of the Belt and Road Initiative is concept of the 21<sup>st</sup>-century Maritime Silk Road, which is usually described as running from the Chinese Coast over Singapore and India to the Mediterranean.<sup>11</sup> However, in fact it has been envisaged that it may even extend as far south as Australia and the Oceania region.<sup>12</sup> This concept was announced on the world stage for the first time when President Xi addressed the Indonesian Parliament on 2 October 2013.<sup>13</sup> He stated that “Southeast Asia has since ancient times been an important hub along the ancient Maritime Silk Road. China will strengthen maritime cooperation with

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<sup>7</sup> Michelle Witte: Xi Jinping Calls for Regional Cooperation Via New Silk Road, The Astana Times, <https://astanatimes.com/2013/09/xi-jinping-calls-for-regional-cooperation-via-new-silk-road/>, 11 September 2013.

<sup>8</sup> Ibid.

<sup>9</sup> Abdul Ruff: China’s New Silk Road project and South Asia, The Independent, 21 December 2017, <http://www.theindependentbd.com/arcprint/details/128977/2017-12-21>.

<sup>10</sup> National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People’s Republic of China, with State Council authorization: Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road, March 2015, [http://en.ndrc.gov.cn/newsrelease/201503/t20150330\\_669367.html](http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html)

<sup>11</sup> Ibid.

<sup>12</sup> Elena Collinson and Simone van Nieuwenhuizen: Australia and the Belt and Road Initiative: A Survey of Developments 2013-September 2017, Australia-China Relations Institute, 31 December 2017, <http://www.australiachinarelations.org/content/australia-and-belt-and-road-initiative-survey-developments-2013-september-2017>

<sup>13</sup> Péter Klemensits: China and the 21st Century New Maritime Silk Road, Belt & Road Center Hungary, 23 October 2017, <http://beltandroadcenter.org/2017/10/23/china-and-the-21st-century-new-maritime-silk-road/>.

ASEAN countries to make good use of the China-ASEAN Maritime Cooperation Fund set up by the Chinese government and vigorously develop maritime partnership in a joint effort to build the Maritime Silk Road of the 21st century.”<sup>14</sup>

Furthermore, another project strongly connected to the abovementioned initiatives is the Polar or Ice Silk Road. This involves the development of new arctic shipping lanes as a result of the effects of global warming, which has led to acceleration of the snow and ice melting in the Arctic region.<sup>15</sup> The Chinese government’s white paper „China’s Arctic Policy” states that, „The Silk Road Economic Belt and the 21st-century Maritime Silk Road (Belt and Road Initiative), an important cooperation initiative of China, will bring opportunities for parties concerned to jointly build a “Polar Silk Road”, and facilitate connectivity and sustainable economic and social development of the Arctic.”<sup>16</sup> In relation to the economic potential of such a development, the white paper states that “...with the ice melted, conditions for the development of the Arctic may be gradually changed, offering opportunities for the commercial use of sea routes and development of resources in the region.”<sup>17</sup>

Another component of the Belt and Road Initiative is the Digital Silk Road. Chen Zhaoxiong, China’s vice-minister for industry and information technology said that, "We will actively promote the digital Silk Road to construct a community of common destiny in cyberspace".<sup>18</sup> This includes expanding broadband access, promoting digital transformation, encouraging cooperation in the area of e-commerce and international standardization.<sup>19</sup> One manifestation of the Digital Silk Road concept is China extending its own satellite –navigation system BeiDou to countries participating in the Belt and Road initiative.<sup>20</sup>

In Europe an important development within the context of the broader Belt and Road Initiative is the 16 + 1 format, which includes China and Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and The former Yugoslav Republic of Macedonia.<sup>21</sup> Participating at these summits as observers have been Austria, Belarus, Greece, Switzerland, the European Union and the European Bank for Reconstruction and Development.<sup>22</sup> This initiative was

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<sup>14</sup> Speech by Chinese President Xi Jinping to Indonesian Parliament, ASEAN-China Centre, 3 October 2013, [http://www.asean-china-center.org/english/2013-10/03/c\\_133062675.htm](http://www.asean-china-center.org/english/2013-10/03/c_133062675.htm).

<sup>15</sup> The State Council Information Office of the People’s Republic of China: China’s Arctic Policy, 26 January 2018, [http://english.gov.cn/archive/white\\_paper/2018/01/26/content\\_281476026660336.htm](http://english.gov.cn/archive/white_paper/2018/01/26/content_281476026660336.htm).

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Andrew Moody and Cheng Yu: Digital Silk Road forges strong links, China Daily, [http://www.chinadaily.com.cn/business/4thwic/2017-12/05/content\\_35207841.htm](http://www.chinadaily.com.cn/business/4thwic/2017-12/05/content_35207841.htm).

<sup>19</sup> Steven Viney, Ning Pan, and Jason Fang: One Belt, One Road: China heralds 'Digital Silk Road'; foresees internet-era power shift soon, ABC News, <http://www.abc.net.au/news/2017-12-05/china-presents-foundations-of-digital-silk-road-at-internet-meet/9223710>.

<sup>20</sup> Colby Smith: A digital Silk Road, The Economist, <http://www.theworldin.com/article/14433/edition2018digital-silk-road>

<sup>21</sup> Meeting of China-CEEC Business Council and Business Organizations Latvia 2017: About 16 + 1, <http://ceec-china-latvia.org/page/about>.

<sup>22</sup> ERT International: Greece observer at the 6th CEEC Summit in Hungary, 2017, <http://int.ert.gr/greece-observer-at-the-6th-ceec-summit-in-hungary/>

launched in 2012,<sup>23</sup> with the aim of intensifying the links between China and states in Central and Eastern Europe in such areas as investment, transportation, finance, education, culture and science.<sup>24</sup> This involves a yearly summit, the last of which was held in Budapest last year, and the next one presently scheduled for Bulgaria this year.<sup>25</sup>

**Ukraine-China Relations and the Belt and Road Initiative.** Upon attaining independence from the Soviet Union, the young Ukrainian state began to create a foreign policy which set out its aims and priorities in relation its geopolitical environment. It soon became the general consensus that Ukraine should pursue European integration,<sup>26</sup> however, at the same time, this was balanced by a multivector approach being employed in its general approach to the pursuit of its external relations.<sup>27</sup> For example, the 1990 Declaration of State Sovereignty of Ukraine proclaimed that Ukraine would be „a permanently neutral state”,<sup>28</sup> and later the 1993 Fundamental Guidelines advocated the principle that the country have a multidimensional foreign policy.<sup>29</sup> This attempt at pursuing a multivector policy while also being committed to European integration has manifested itself in different ways since the time that Ukraine attained independent statehood, one of which in the country’s pursuit of its relations with the People’s Republic of China.

On December 27 1991 China recognized Ukraine’s independence, and diplomatic relations were established between the two countries on 4 January 1992.<sup>30</sup> The legal basis of the Ukrainian-Chinese relationship includes over 300 documents.<sup>31</sup> One of these is the 1992 Economic Cooperation Agreement between Ukraine and China, which regulates trade between the two countries.<sup>32</sup> Other key documents relating to economic relations include the 1992 agreement on scientific and technological cooperation and the 1993 agreement on encouragement and mutual protection of investments.<sup>33</sup> As things stand at the present time, China is

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<sup>23</sup> Eszter Zalan: Hungary-Serbia railway launched at China summit, Euobserver, 29 November 2017, <https://euobserver.com/eu-china/140068>.

<sup>24</sup> About 16 + 1 op. cit.

<sup>25</sup> Noinvite.com: Beijing Says that the Meeting with Eastern European in Sofia is not Postponed, 13 March 2018, <http://www.noinvite.com/articles/188663/Beijing+Says+that+the+Meeting+with+Eastern+Europe+in+Sofia+is+not+Postponed>

<sup>26</sup> Taras Kuzio: Slawophiles versus Westernizers: Foreign Policy Orientations in Ukraine. In: Kurt R Spillmann, Andreas Wenger, and Derek Müller (eds.): *Between Russia and the West: Foreign and Security Policy of Independent Ukraine*, Bern, Peter Lang, 1999, 56.

<sup>27</sup> Maria Raquel Freire: The Russian Federation and the CIS. In: Edward A. Kolodziej and Roger E. Kanet (eds.): *From Superpower to Besieged Global Power: Restoring World Order After the Failure of the Bush Doctrine*. Athens and London: The University of Georgia Press, 2008, 163.

<sup>28</sup> Article IX, [http://static.rada.gov.ua/site/postanova\\_eng/Declaration\\_of\\_State\\_Sovereignty\\_of\\_Ukraine\\_rev1.htm](http://static.rada.gov.ua/site/postanova_eng/Declaration_of_State_Sovereignty_of_Ukraine_rev1.htm)

<sup>29</sup> Igor Lyubashenko: *Sources of misunderstanding: Intervening variables influencing the effectiveness of the European Neighbourhood Policy towards Eastern states*. In: Elzbieta Stadmüller – Klaus Bachmann (eds.): *The EU’s Shifting Borders: Theoretical approaches and policy implications in the new neighbourhood*, Routledge: London and New York, 2012, 90.

<sup>30</sup> Embassy of Ukraine to the People’s Republic of China: Political relations between Ukraine and China, <http://china.mfa.gov.ua/en/ukraine-cn/diplomacy>

<sup>31</sup> Embassy of Ukraine to the People’s Republic of China: Legal basis of Ukraine and China, <http://china.mfa.gov.ua/en/ukraine-cn/legal-acts>

<sup>32</sup> Embassy of Ukraine to the People’s Republic of China: Trade and economic relations between Ukraine and China, <http://china.mfa.gov.ua/en/ukraine-cn/trade>

<sup>33</sup> Embassy of Ukraine to the People’s Republic of China: Legal basis of Ukraine and China, op. cit.

Ukraine's third largest trade partner, after the European Union and Russia<sup>34</sup> and in terms of trade between the two countries, in 2017 it rose by 18 percent, reaching \$7.68 billion.<sup>35</sup>

Additionally, in more recent times other documents have been signed that establish the present framework of Ukraine-China relations.<sup>36</sup> These include the Joint Declaration on the Establishment and Development of Strategic Partnership Relations between Ukraine and the People's Republic of China, signed in June 2011; the Treaty on Friendship and Cooperation between Ukraine and the People's Republic of China, the Joint Declaration to further deepen the strategic partnership, and the Program of the development of strategic partnership between Ukraine and China in 2014-2018, all three of which were signed in 2013.<sup>37</sup>

An important development in the relationship was the establishment of the China-Ukraine Intergovernmental Commission on Cooperation, which was brought into being in 2011, the aim of which is to strengthen bilateral relations between the two countries.<sup>38</sup> It has become a central mechanism in planning and coordinating cooperation between Ukraine and China.<sup>39</sup> On December 5 2017 China and Ukraine during the third session of the China-Ukraine Intergovernmental Commission on Cooperation signed an action plan which aims to build the Silk Road Economic Belt and the 21<sup>st</sup>-century Maritime Silk Road.<sup>40</sup> On the same date, Mai Kai, vice-premier of China, announced that joint projects shall be undertaken by Ukraine and China that shall total \$7 billion.<sup>41</sup> These include, among others, the plan for Chinese companies to build a new metro line in the capital Kyiv worth \$2 billion and a \$500 million loan to be provided by the China Civil Engineering Construction Corporation in order to provide housing mortgages at an affordable level, and the same corporation also plans to construct a passenger railway that would connect Kyiv with Boryspil International Airport, a project worth \$400.<sup>42</sup>

Ukraine's importance to the broader Belt and Road Initiative is linked to its potential as a vital transit country, being located at the crossroads between East and West.<sup>43</sup> This is magnified by Ukraine's Deep and Comprehensive Free Trade agreement with the European Union.<sup>44</sup> Vice -Premier Ma Kai has stated that in the context of the Belt and Road Initiative, China consider's Ukraine „as one of the

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<sup>34</sup> Kyiv Post op. cit.

<sup>35</sup> Ibid.

<sup>36</sup> Embassy of Ukraine to the People's Republic of China: Political relations between Ukraine and China, op. cit.

<sup>37</sup> Embassy of Ukraine to the People's Republic of China: Legal basis of Ukraine and China, op. cit.

<sup>38</sup> UNIAN Information Agency: Ukraine and China created Intergovernmental commission on cooperation, 20 April 2011, <https://www.unian.info/politics/486088-ukraine-and-china-created-intergovernmental-commission-on-cooperation.html>

<sup>39</sup> Xinhua: China, Ukraine sign slew of agreements, including on Belt and Road, 5 December 2017, [http://www.xinhuanet.com/english/2017-12/05/c\\_136802960.htm](http://www.xinhuanet.com/english/2017-12/05/c_136802960.htm)

<sup>40</sup> Ibid.

<sup>41</sup> Kyiv Post op. cit.

<sup>42</sup> Ibid.

<sup>43</sup> Xinhua: Belt and Road Initiative holds vast development opportunities for Ukraine: First Vice PM, Xinhuanet, 10 October 2017, [http://www.xinhuanet.com/english/2017-10/04/c\\_136658920.htm](http://www.xinhuanet.com/english/2017-10/04/c_136658920.htm)

<sup>44</sup> Olena Mykal: Why China Is Interested in Ukraine, The Diplomat, 10 March 2016, <https://thediplomat.com/2016/03/why-china-is-interested-in-ukraine/>

logistics and industrial hubs on the way to the European Union.”<sup>45</sup> The deputy prime minister of Ukraine, Gennady Zubko, also said that "The Silk Road is an investment artery that connects Central Asia, the largest producer of goods, with the rest of the world. Ukraine is the first European country on this path, and we must fully take the advantage of this position."<sup>46</sup> For example, Ukraine's geographic proximity to the European Union involves the possibility of attracting businesses from China interested in investing in the manufacturing sector, with the goal of ultimately exporting to the European Union.<sup>47</sup> Ukrainian leaders have also seen the Belt and Road Initiative as an opportunity for Ukraine to attract new investments, enter new markets and develop the country's infrastructure.<sup>48</sup> It has been estimated that the 21<sup>st</sup> Century Silk Road from China to Ukraine could measure 5, 471 kilometers, with one of its lines potentially going from China through to Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, and then on to the Black Sea, finally reaching Ukraine's Chernomorsk port.<sup>49</sup> It is worth noting that the China Harbor Engineering Company won the tender for a dredging project at the Chernomorsk port, signing an agreement for the implementation of this project on April 6 2018.<sup>50</sup>

Ukraine has also sought to cooperate with neighbouring countries within the context of the Belt and Road Initiative. One example is its willingness to join the abovementioned 16 + 1 platform.<sup>51</sup> First Vice Speaker of the Ukrainian parliament, Iryna Gerashchenko, stated that "It is very important for Ukraine to join the "16+1" format and become a full member of the Silk Road project".<sup>52</sup> Another example of the possibility for cooperation with countries in its region within the framework of the Belt and Road Initiative relates to Georgia, which has also signed an Association Agreement with the European Union.<sup>53</sup> The two countries have expressed the view that they should jointly utilize their geographic and transport potential in order to make themselves vital links along the Belt and Road.<sup>54</sup> It has been expressed that the fact that Ukraine has a functioning free trade regime with the European Union and that fact that Georgia signed a free trade deal with China in May 2017 aids in achieving such a goal.<sup>55</sup> It is also noteworthy that in March this year at the 11<sup>th</sup> Europe-Ukraine Forum in Poland, one of the major

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<sup>45</sup> Interfax-Ukraine: Ukraine, China implementing some joint projects for \$7 bln, 5 December 2017, <http://en.interfax.com.ua/news/economic/467312.html>

<sup>46</sup> Xinhua: Spotlight: Ukraine seeks to join „16+1” mechanism for participation in China's Silk Road initiative, 8 November 2016, [http://www.xinhuanet.com/english/2016-11/08/c\\_135812518.htm](http://www.xinhuanet.com/english/2016-11/08/c_135812518.htm)

<sup>47</sup> Mykal op. cit.

<sup>48</sup> Xinhua: Belt and Road Initiative holds vast development opportunities for Ukraine, op. cit.

<sup>49</sup> Andrey Buzarov: Ukraine and China: Seeking Economic Opportunity within a Framework of Risk, Wilson Center, 21 February 2018, <https://www.wilsoncenter.org/blog-post/ukraine-and-china-seeking-economic-opportunity-within-framework-risk>.

<sup>50</sup> Xinhua: Chinese company wins tender to upgrade Ukraine's Black Sea port, 14 March 2018, [http://www.xinhuanet.com/english/2018-03/14/c\\_137039281.htm](http://www.xinhuanet.com/english/2018-03/14/c_137039281.htm); Xinhua: Chinese company signs deal to upgrade Ukraine's Black Sea port, 7 April 2018, [http://www.xinhuanet.com/english/2018-04/07/c\\_137092619.htm](http://www.xinhuanet.com/english/2018-04/07/c_137092619.htm)

<sup>51</sup> Xinhua: Spotlight, op. cit.

<sup>52</sup> Ibid.

<sup>53</sup> Xinhua: Ukraine, Georgia to promote cooperation under Belt-Road Initiative, 21 November 2017, Xinhuanet, [http://www.xinhuanet.com/english/2017-11/27/c\\_136783248.htm](http://www.xinhuanet.com/english/2017-11/27/c_136783248.htm)

<sup>54</sup> Ibid.

<sup>55</sup> Ibid.

topics discussed related to the Belt and Road Initiative.<sup>56</sup> At this event the Polish Infrastructure Minister Andrzej Adamczyk discussed the possibility of extending Poland's A4 highway to Ukraine, a highway which is also of importance to Belarus and Central Asian countries as well.<sup>57</sup>

**Conclusion.** It can be said that Ukraine's participation in the Belt and Road Initiative and its desire to deepen its relations with China are a manifestation of the country's multivector foreign policy which it has on the whole pursued since attaining its independence. This is a policy which has been committed to European integration, which can be seen in particular by the country's signing the Association Agreement with the European Union, while attempting to cooperate and deepen relations with other countries and regions as well. Indeed, Ukraine's association with the European Union is seen favourably from the perspective of China. Due to its important geographical and geopolitical location, it can be assumed that China will attempt to deepen its relations with Ukraine, and that Ukraine will welcome this, due to the benefits that may potentially come to the country as a result.

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<sup>56</sup> Xinhua: Belt and Road Initiative discussed during Europe-Ukraine Forum, 14 March 2018, [http://www.xinhuanet.com/english/2018-03/14/c\\_137039309.htm](http://www.xinhuanet.com/english/2018-03/14/c_137039309.htm)

<sup>57</sup> Ibid.