



CHINESE GEO-ECONOMICS AND STRATEGIC INTERESTS IN THE BROADER MEDITERRANEAN REGION

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ABSTRACT

The Maritime Silk Road as part of China's Belt and Road Initiative (BRI) aims to entail the construction of large industrial infrastructure. Particularly port locations abroad are chosen as part of China's wider strategic effort to redirect shipping routes and play a stronger role in international shipping. These ports are likely being identified for economic, strategic and geopolitical reasons. That is why China is also trying to acquire critical infrastructure, reconstruct ports and thus expand its political and economic influence in the strategically important Mediterranean region. Although at present it seems to be difficult to identify a detailed Chinese strategy which would apply to the whole Mediterranean region, this case study aims to take a wider look at the geostrategic importance of the Mediterranean for China, digging deeper into the structural aspects of China's military and diplomatic presence in the region, particularly the country's attitude towards strategic infrastructure share taking, such as ports and its maritime access to the Mediterranean. The main rationale of the study examines how China exerts influence and projects power in the Mediterranean.

INTRODUCTION

The project of ‘building’ a Maritime Silk Road as part of the BRI was put forward by Chinese President Xi Jinping in 2013. The Maritime Silk Road aims to entail ‘The construction of large industrial parks and special economic zones (SEZs), coupled with manufacturing plants within these areas. From the view of the Chinese political leadership, the Maritime Silk Road aims to witness further investment in shipping, construction, energy, commerce, tourism, information technology, biotechnology and alternative energy.’¹ According to The Blueprint of the 13th Five Year Plan of the National Economy and Social Development (2017-2021), China intends to implement the Belt and Road Initiative (BRI) ‘for an overall opening-up pattern of connectivity joining both the land-locked powers and the marine states, and both Eurasia and Africa. Efforts will be made to promote interconnectivity of infrastructure (railways, highways, sea lanes and air facilities) and unobstructed shipping lanes, to jointly construct corridors (also ports) for international economic cooperation.’² Particularly port locations in Asia and Europe are chosen as part of China’s wider strategic effort to redirect shipping routes ‘and play a stronger role in international shipping, and to increase trade via Chinese-built and operated container ports. This is guaranteed through Chinese port ownership, leasing, construction, and long-term management.’³ These ports are likely being identified for economic, strategic and geopolitical reasons.⁴ By investing largely into critical infrastructure in foreign countries, it cannot be denied that China intends to use its political power to boost its political influence globally when heading towards a ‘restructuring of global economic governance’. Based on

¹ Farooq, M., S., Yuan, T., Zhu, J., and Feroze, N., 2018. Kenya and the 21st Century Maritime Silk Road. Implications for China-Africa Relations, *China Quarterly of International Strategic Studies*, Vol. 4, No. 3, World Century Publishing Corporation and Shanghai Institute for International Studies, pp. 401-418, p. 406.

² Sun, D., and Zoubir, Yahia., 2017. ‘Development First’: China’s Investment in Seaport Constructions and Operations along the Maritime Silk Road, *Asian Journal of Middle Eastern and Islamic Studies*, 11:3, Routledge, London, pp. 35-47, p. 39.

³ Nouwens, V., 2019. China’s 21st Century Maritime Silk Road. Implications for the UK, Occasional Paper, Royal United Services Institute for Defence and Security Studies, London, p. I.

⁴ *Ibid*, p. 6.

that objective, the Xi Jinping administration has come up with slogans such as the construction of a ‘new type of international relations.’⁵ The research questions this paper is asking to consider are as follows:

- What are the strategic objectives of China in the Mediterranean?
- What concrete actions has China taken to achieve these goals in the past decade?
- What role do military, economic, diplomatic, cultural, information and political domains play in Chinese strategy in the region?
- How and to what extent does China project power in the Mediterranean?
- Who are China’s main allies/supporters/relations in the Mediterranean?

Although at present it seems to be difficult to identify a detailed Chinese strategy which would apply to the whole Mediterranean region,⁶ this case study aims to take a wider look at the geostrategic importance of the Mediterranean for China, digging deeper into the structural aspects of China’s military and diplomatic presence in the region, particularly the country’s attitude towards strategic infrastructure share taking, such as ports and its maritime access to the Mediterranean. The main rationale of the study⁷ examines how China exerts influence and projects power in the Mediterranean. The opinions expressed in this study are the responsibility of the author alone.

⁵ NIDS China Security Report, 2019. China’s Strategy for reshaping the Asian Order and Its Ramifications, Tokyo 2020, p. 2.

⁶ Ekman, A., 2018. China in the Mediterranean: An Emerging Presence, Notes de l’Ifri, Institut français des relations internationales, Paris, February 2018, p. 3.

⁷ Originally, this study was drafted as a food for thought paper commissioned by The Hybrid Centre of Excellence (Hybrid CoE) – European Centre for Countering Hybrid Threats based in Finland. The Hybrid CoE is an autonomous, network-based international organisation countering hybrid threats. The approval to publish this paper was granted in consultation with the Hybrid CoE in March 2022.

1. A NEW ECONOMIC-MILITARY APPROACH?

Since the end of the Cold War, military bases in the Indian Ocean, Eastern Africa and the Mediterranean Sea 'have been key instruments for Western nations to project naval power: For instance, in 2017, over 30,000 troops were stationed by the US in nine countries and regions around the Indian Ocean and the Mediterranean Sea. Among whom about 10,000 had been stationed in Qatar; in 2017, France and Britain had been deploying about 3,500 troops, respectively, in that same area. Italy, too, had deployed several hundred troops, while Japan had stationed 500 sailors since it established its first overseas military base in Djibouti in 2009.⁸ As a naval base, according to a British book on 'Imperial Military Geography', its importance is two-fold:

- It is the first stepping-stone in the line of communication between different coastlines;
- It is the first outpost giving a fleet a central station for the defence of routes, even when they are used commercially.⁹

The new Chinese expansion in ports across Eurasia and Africa seemingly could be partly compared with British global economic and geopolitical strategies during its imperial centuries, when Great Britain was 'the receiving and distributing centre', 'the heart', and the lines of sea communication were the 'arteries': 'The existence of the great industrial centres of England, the movement of raw materials from the outlying parts of the Empire necessary for peace and war, and of troops and supplies to any point which is attacked, all depend on the maintenance of these lines of communication.'¹⁰ Furthermore, the defence of these lines of communication relied on two factors: 'a navy to guard, and the holding of positions from which that navy can most effectively carry out its work. In other words, it rests on the naval strength of a country applied by means of its geographical situation, and the suitable bases for operations,

⁸ Sun, D., and Zoubir, Y., 2017: 'Development First': China's Investment in Seaport Constructions and Operations along the Maritime Silk Road, *Asian Journal of Middle Eastern and Islamic Studies*, 11:3, Routledge, London, pp. 35-47, p. 36.

⁹ Cole, D.H., Capt., 1925: *Imperial Military Geography*, Third Edition, Sifton Praed & Co. Ltd, London, p. 113.

¹⁰ *Ibid*, p. 64.

victualling, fuelling, etc., which it possesses. The defence depends not on either of these factors singly but on both combined.’¹¹

Contrary to the US, Russian, British and French foreign strategies of installing naval bases and stationing troops overseas, China ‘tends to extend a geo-economic presence and pursue economic opportunities, a development-driven model of ‘Beijing Consensus’.¹² Since the end of the Cold War, especially European countries have placed emphasis on ‘democracy governance’, arguing that free elections and political democratisation are preconditions for economic revitalisation and social process. China, however, disregards this ‘European Consensus’, arguing that for developing countries, development is more urgent and crucial than democracy, ‘bread is more important than the ballot box’.¹³ Therefore, ‘China’s participation in the Indian Ocean, Eastern Africa and the Mediterranean seaport constructions indicate that China is a builder for a ‘better world’, not a destroyer of ‘an old world’ as America, the UK and France did in terms of ‘regime change’ and ‘humanitarian intervention’.¹⁴

Historically, China was a pure land power, its economic and military presence along the Maritime Silk Road ‘is a relatively new phenomenon’.¹⁵ Additionally, China indeed also has been aware that it must be able to evacuate its nationals in at-risk areas, including the Mediterranean, more independently and quickly than before. In 2011, China’s first significant military action in the region took place, when the People’s Liberation Army (PLA) helped to evacuate thousands of Chinese workers from Libya before NATO airstrikes began.¹⁶ China had to hastily evacuate more than 35,000 nationals in Libya. It could not have done

¹¹ Ibid, p. 40.

¹² Sun, D., and Zoubir, Y., 2017. ‘Development First’: China’s Investment in Seaport Constructions and Operations along the Maritime Silk Road, *Asian Journal of Middle Eastern and Islamic Studies*, 11:3, Routledge, London, pp. 35-47, p. 36.

¹³ Ibid, p. 40.

¹⁴ Ibid.

¹⁵ Sun, D., and Zoubir, Y., 2017. ‘Development First’: China’s Investment in Seaport Constructions and Operations along the Maritime Silk Road, *Asian Journal of Middle Eastern and Islamic Studies*, 11:3, Routledge, London, pp. 35-47, p. 36.

¹⁶ Ghafar, A. A., and Jacobs, A. L., 2019. Beijing strengthens its presence in the Maghreb, Monday, September 9th, 2019, Brookings, <https://www.brookings.edu/opinions/beijing-strengthens-its-presence-in-the-maghreb/> (accessed November 24th, 2020).

so without the help of European countries, and particularly Greece, the country which most of the evacuees had to transit through.¹⁷ In March 2015, China also had to quickly evacuate nearly 600 nationals from civil-war-torn Yemen and China ‘could still have to do so in the future in other Mediterranean countries, given the high number of Chinese workers in the region. Since these events, the Chinese navy has been aware that it must strengthen its presence in the region to be able to carry out new evacuations.’¹⁸ In 2017, China opened its first overseas military base in Djibouti, putting the Eastern Mediterranean coast within reach of its navy and air force. In January 2018, two warships from the 27th Chinese naval escort stopped by Algiers for a four-day ‘friendly visit’ as part of a four-month tour.¹⁹

During the last ten years, China has also been launching military exercises in and close to Europe. In 2013, China committed one of its most impressive-looking warships, the 689-foot-long *Jinggangshan*, to the Eastern Mediterranean to sortie with Russian vessels – at the height of the Syrian civil war.²⁰ In May 2015, for instance, China carried out joint military drills for ten days in the Eastern Mediterranean Sea alongside Russia for the first time.²¹ In July 2017, Russian and Chinese navies also carried out joint exercises in the Baltic Sea.

However, China’s Maritime Silk Road Initiative and particularly its participation in the commercial seaport constructions ostensibly aims to provide a great opportunity for its military forces to deploy globally in order to provide public goods, engage in international peacekeeping, provide military training, humanitarian aid, consular protection, convoy for commercial ships, and engage in joint military rehearsals. Beijing

¹⁷ Ekman, A., 2018. China in the Mediterranean: An Emerging Presence, Notes de l’Ifri, Institut français des relations internationales, Paris, February 2018, p. 19.

¹⁸ Ibid.

¹⁹ Ghafar, A. A., and Jacobs, A. L., 2019. Beijing strengthens its presence in the Maghreb, Monday, September 9th, 2019, Brookings, <https://www.brookings.edu/opinions/beijing-strengthens-its-presence-in-the-maghreb/> (accessed November 24th, 2020).

²⁰ Chang, G. G., 2020. China In The Mediterranean, Friday, January 10th, 2020, Hoover Institution, Strategika – Conflicts of the Past as Lessons for the Present, Issue 62, <https://www.hoover.org/research/china-mediterranean> (accessed November 24th, 2020).

²¹ Müller-Markus, C., 2016. China Moors in the Mediterranean: A Sea of Opportunities for Europe?, CIDB notes internacionales No 156, Barcelona Centre for International Affairs, October 2016, https://www.cidob.org/en/publications/publication_series/notes_internacionales/nl_15 (accessed November 24th, 2020).

highlighted that, as one of the permanent members of the UN Security Council, China has the duty to maintain world peace, protect its overseas expatriates and supply public goods for the rest of the world.²²

From the Chinese political leadership's standpoint, seaport construction abroad serves 'as the symbol of achievement.' Furthermore, the Indian Ocean, African and Mediterranean countries are promising markets with business opportunities for China's redundant industrial capacities. Unlike those countries, China boasts a complete industrial system, advanced technology and rich capital, as well as a relative advantage to export its commodities and services to drive its domestic economy.²³ The seaport construction is one of the keys to the BRI: 'Through investments, the Chinese reckon that they could promote interconnectivity between China and the Eurasian and African counties for a new type of globalisation.'²⁴ However, 'China considers it vital to ensure its routes to Europe, its most important trade destination, with Piraeus as the geo-economic hub.'²⁵ Thus, 'the port of Piraeus is the anchor, the centrepiece, of the Chinese presence in the Mediterranean.'²⁶

²² Sun, D., and Zoubir, Y., 2017. 'Development First': China's Investment in Seaport Constructions and Operations along the Maritime Silk Road, *Asian Journal of Middle Eastern and Islamic Studies*, 11:3, Routledge, London, pp. 35-47, p. 40.

²³ *Ibid*, p. 40.

²⁴ *Ibid*, p. 41.

²⁵ Müller-Markus, C., 2016. China Moors in the Mediterranean: A Sea of Opportunities for Europe?, *CIDB notes internacionales No 156*, Barcelona Centre for International Affairs, October 2016, https://www.cidob.org/en/publications/publication_series/notes_internacionales/nl_15 (accessed November 24th, 2020).

²⁶ Chang, G. G., 2020. China In The Mediterranean, Friday, January 10th, 2020, Hoover Institution, *Strategika – Conflicts of the Past as Lessons for the Present*, Issue 62, <https://www.hoover.org/research/china-mediterranean> (accessed November 24th, 2020).

2. PIRAEUS – “THE PEARL OF THE MEDITERRANEAN”

China aims to link Southern Europe together with Central and Northern Europe by huge investments into traffic infrastructure. The overland transport corridor that links the Greek port of Piraeus with the Czech Republic, and that is part of the BRI, was established by COSCO in close cooperation with both HP (Hewlett-Packard, USA), and Foxconn, Taiwan.²⁷ China's interest in the Port of Piraeus first became apparent in the 1990s, when China Shipping Container Lines (CSCL – a subsidiary of China Shipping, which was acquired by COSCO in 2016) concluded a contract with the Piraeus Port Authority (PPA) to use Piraeus for transshipment.²⁸ This significantly predates the BRI which was first announced by Chinese President Xi Jinping in 2013. Around the time or not long after this contract expired in 2001, COSCO expressed an interest to develop and enlarge Piraeus as a transshipment hub. A high-level contract between COSCO and the Greek government was established in 2006, when COSCO's chairman met with the Greek prime minister. On November 25th, 2008, after a tendering process, COSCO signed an agreement with the PPA to operate and develop piers (later terminals) two and three of the Piraeus Container Terminal (PCT). The agreement was signed in Athens in the presence of (then) Chinese President Hu Jintao and Greek Prime Minister Kostas Karamanlis. COSCO obtained a 35-year lease contract and franchise rights²⁹ in return for an initial payment of 50 million euros, a percentage of annual revenues and an annual lease fee. Moreover, COSCO promised to invest additional sums in developing the two terminals. In order to operate terminals two and three, COSCO created a new entity, Piraeus Container Terminal (PCT), which constituted the company's first wholly-owned terminal subsidiary outside of China.³⁰ COSCO stated that the company 'is confident

²⁷ Van der Putten, F-P., 2019. European seaports and Chinese strategic influence. The relevance of the Maritime Silk Road for the Netherlands, Clingendael Report, Netherlands Institute of International Relations, The Hague, December 2019, p. 8.

²⁸ Ibid, p. 10.

²⁹ Chang, G. G., 2020. China In The Mediterranean, Friday, January 10th, 2020, Hoover Institution, Strategika – Conflicts of the Past as Lessons for the Present, Issue 62, <https://www.hoover.org/research/china-mediterranean> (accessed November 24th, 2020).

³⁰ Van der Putten, F-P., 2019. European seaports and Chinese strategic influence. The relevance of the Maritime Silk Road for the Netherlands, Clingendael Report, Netherlands Institute of International Relations, The Hague, December 2019, p. 10.

that Piraeus Terminal can be developed as a major transshipment centre in the Mediterranean region and as a gateway to Southern Europe.’

³¹ In 2016, the Greek government – forced to do so to repay its debt to the International Money Fund (IMF) and the European Union – sold its majority stake in the PPA.³² The sale followed a bidding process from which COSCO emerged as the sole bidder. On August 10th, 2016, the Greek government transferred 51 percent of the company’s shares to COSCO in return for 280.5 million euros. Part of the agreement was that COSCO purchased a further 16 percent of the PPA’s shares from the Greek state at 88 million euros in 2021. Under COSCO’s leadership the PPA announced it would invest at least 294 million euros into port improvements. COSCO now has four main subsidiary firms in Greece. The two main holdings are the PPA (which operates terminal one and all non-container parts of the port) and PCT (which operates terminals two and three of the container terminal).³³

Moreover, COSCO is also increasingly focused on developing the port from a major transshipment hub into a significant entry/exit point for overland trade between Piraeus and Central Europe. To this end, it has been developing the so-called China-Europe Land-Sea Express Route (LSER).³⁴ As stated by COSCO, ‘By connecting its shipping routes with China-Europe Railway Express, the Company strived to develop itself into a one-stop service provider linking the Silk Road Economic Belt and the 21st Century Maritime Silk Road.’³⁵ Furthermore, a map on the wall of the PPA office suggests that COSCO’s ambition is to establish the LSER as a north-south transport corridor from Piraeus up to Hamburg via the Balkans, Hungary, Austria, Czech Republic, Poland and Germany.³⁶ In late 2017, COSCO established Ocean Rail Logistics, a Greek subsidiary aimed at becoming the platform to link rail and sea transport via Piraeus. In November 2019, COSCO acquired a 60 percent share in Piraeus Europe Asia Rail Logistics (PEARL), a railway and logistics services company also based at Piraeus. COSCO intends to use PEARL to develop further the China-Europe Land-Sea Express Route. Shortly

³¹ Ibid, p. 10.

³² Ibid, p. 11.

³³ Ibid, p. 12.

³⁴ Ibid, p. 12.

³⁵ Ibid, p. 13.

³⁶ Ibid, p. 13.

thereafter, COSCO announced that it would take a 15 percent-stake in Rail Cargo Terminal BILK (BILK: Budapesti Intermodális Logisztikai Központ), a railway terminal in Budapest/Hungary with a capacity of 230,000 TEUs (twenty-foot equivalent unit) annually. Yet another initiative by COSCO launched in November of 2019 is the Rijeka Land Sea Express, that consists of a maritime shipping link between Piraeus and the port of Rijeka/Croatia, as well as block trains from Rijeka to Budapest and to Belgrade/Serbia.³⁷

In October 2019, Greece's Port Planning and Development Committee approved most of the PPA's plans for port improvement. The plans, which amount to 612 million euros, involve, among other things, a new cruise terminal, new car terminal, four hotels, and new storage facilities. With these huge investments, COSCO is planning to convert the port into the biggest commercial harbour and boost it to become an unrivalled hub of growing Asia-Europe trade. And, with the acquisition of Piraeus at the gate of Europe, China strongly enters the heart of Europe.³⁸ Part of these activities are planned to be financed through a 140 million euro loan from the European Development Bank (EIB) – backed by a guarantee from the China Export-Import Bank.³⁹ Additionally, 'one of the first things COSCO did in Piraeus was to arrange to have Huawei Technologies, China's champion telecom-equipment manufacturer install an IT network and communications system.'⁴⁰ So far, Greece is by far the country with which China has pushed maritime cooperation projects the furthest, particularly during 2015, when it was decreed as the 'China-Greece Maritime Cooperation Year.'⁴¹ However, further similar 'camel's nose-in-the-tent-tactics' through Chinese 'port construction diplomacy' can be expected in Mediterranean countries, for instance, in Italy.⁴²

³⁷ Ibid, p. 13.

³⁸ Khushnam P. N., 2020. China's String of Pearls in Eastern Mediterranean and its implications, 04/06/2020, World Geostrategic Insights (WGI), <https://wgi.world/china-s-string-of-pearls-in-eastern-mediterranean-and-its-implications>, (accessed November 24th, 2020).

³⁹ Van der Putten, F-P., 2019. European seaports and Chinese strategic influence. The relevance of the Maritime Silk Road for the Netherlands, Clingendael Report, Netherlands Institute of International Relations, The Hague, December 2019, p. 14.

⁴⁰ Chang, G. G., 2020. China In The Mediterranean, Friday, January 10th, 2020, Hoover Institution, Strategika – Conflicts of the Past as Lessons for the Present, Issue 62, <https://www.hoover.org/research/china-mediterranean> (accessed November 24th, 2020).

⁴¹ Ekman, A., 2018. China in the Mediterranean: An Emerging Presence, Notes de l'Ifri, Institut français des relations internationales, Paris, February 2018, p. 10.

⁴² Ibid.

3. CHINA'S SEAPORT CONSTRUCTIONS AND OPERATIONS IN EUROPE – A COMPREHENSIVE APPROACH

In March 2019, Italy signed a BRI memorandum of understanding with China. Thus, Italy became the first of the Group of Seven Nations (G7) to sign up for the BRI, and the Italian ports of Genoa and Trieste signed cooperation agreements with the state-owned China Communications Construction Company (CCCC). In June 2019, at the Transport Logistic fair in Munich, the Italian port of Genoa signed a cooperation agreement with the Chinese port of Shenzhen.⁴³ Together, in 2019, China's COSCO Shipping Ports and Qingdao Port International Development already had a 49.9 percent stake in two terminals in Genoa.⁴⁴

China COSCO Shipping, for instance, is the world's largest overall shipping company, the third largest container carrier, and the fifth largest port terminal operator.⁴⁵ This huge company derives its relevance from the fact that it is both a leading shipping company and a major investor in northern Mediterranean ports. In EU countries, COSCO owns minority stakes in container terminals in Antwerp, Rotterdam, and Las Palmas. COSCO has controlling stakes in container terminals in Piraeus, Valencia, Bilbao and Zeebrugge.⁴⁶ In Spain, COSCO has a 51 percent stake in, and managerial control of, COSCO Shipping Ports (Spain) Terminals, which owns and operates the largest terminals in Valencia and Bilbao. In Zeebrugge, COSCO owns 90 percent of the only terminal operator, COSCO Shipping Ports Zeebrugge Terminal.⁴⁷

The company COSCO was established in 1961 by the Chinese government as a state-owned enterprise for overseas shipping. Its main activities include 'bulk and container shipping, port management, logistics, shipping finance, shipbuilding and repairs, ship and crew management,

⁴³ Belt and Road News, 2019. Europe Continues to Welcome Chinese Investments in its Ports, June 22nd, 2019, <https://www.beltandroad.news/2019/06/22/europe-continues-to-welcome-chinese-investments-in-its-ports> (accessed November 24th, 2020).

⁴⁴ Ibid.

⁴⁵ Van der Putten, F-P., 2019. European seaports and Chinese strategic influence. The relevance of the Maritime Silk Road for the Netherlands, Clingendael Report, Netherlands Institute of International Relations, The Hague, December 2019, p. 4.

⁴⁶ Ibid, p. 5.

⁴⁷ Ibid, p. 5.

and real estate and hotel management.’⁴⁸ In 2016, COSCO expanded substantially in size when it acquired China Shipping, another major state-owned firm that was founded in 1997. In 2018, COSCO acquired a 50.46 percent share in Orient Overseas Container Line (International) Ltd., the Hong Kong company that owns container carrier Orient Overseas Container Line (OOCL). COSCO’s company headquarters are in Shanghai.⁴⁹ Other major China and Hong Kong companies with current and recent port investments in the EU and southern Mediterranean countries are as follows:⁵⁰

- China Merchants Group (established in 1872 during the Qing dynasty, based in Hong Kong): this company is China’s oldest multinational enterprise. Like COSCO, it is a state-owned enterprise with major subsidiaries listed on stock exchanges. The company refers to BRI as the core of its internationalisation strategy. Its subsidiary, China Merchants Port Holdings (CMP), is the world’s sixth-largest port terminal operator. In 2013, CMP took a 49 percent stake, in return for 400 million US dollars, in Terminal Link, a joint venture with the French shipping firm CMA CGM. Through Terminal Link, CMP has minority stakes in 13 terminals worldwide, including Antwerp/Belgium, Montoir/France, Dunkirk/France, Le Havre/France, Fos/France, Thessaloniki/Greece and Marsaxlokk/Malta. On November 25th, 2019, CMP and CMA CGM announced that Terminal Link would purchase CMA CGM’s stakes in ten terminals that were previously not part of Terminal Link.⁵¹
- CK Hutchison Holdings, which is a conglomerate that is registered in the Cayman Islands and headquartered in Hong Kong. Its ports subsidiary, Hutchison Port Holdings (HPH) is the second-largest port terminal operator in the world and has stakes in terminals in Rotterdam/The Netherlands, Stockholm/Sweden, Barcelona/Spain, Felixstowe/UK, Harwich/UK, Kent/UK and Gdynia/Poland. In addition, it operates inland terminals in Duisburg/Germany, Venlo/The Netherlands, Amsterdam/The Netherlands, Moerdijk/The

⁴⁸ Ibid, p. 5.

⁴⁹ Ibid, p. 5.

⁵⁰ Ibid, pp. 6 to 7.

⁵¹ Ibid, p. 6.

Netherlands and Willebroek/Belgium. HPH is the largest terminal operator in Rotterdam. The Singaporean state-owned enterprise Port of Singapore Authority (PSA), which is the largest terminal operator worldwide, has a 20 percent stake in HPH.⁵²

- Shanghai International Port Group (SIPG) is majority-owned by the government of Shanghai and 15 percent-owned by COSCO. SIPG is the operator of all public terminals in the Port of Shanghai, the world's largest container port. SIPG owns 9.9 percent of Orient Overseas (International) Ltd. (OOIL), the Hong Kong-based company that owns OOCL and that itself is majority-owned by COSCO. Until 2017, SIPG had a 25 percent stake in the Zeebrugge container terminal, which was then acquired by COSCO. SIPG currently has no port investments in the EU.⁵³

Since 2013, China has been launching several sub-regional initiatives involving countries in the Mediterranean region. In February 2013, Beijing organised a conference in Rome bringing together representatives from the Ministry of Agriculture (including several ministers) of six Southern European countries (Italy, Spain, Portugal, Greece, Cyprus and Malta) and China for the first time with the aim to strengthen agricultural cooperation between the participating states. In November 2015 at Xiamen, the State Oceanic Administration and the Chinese Ministry of Foreign Affairs organised another meeting with these same six Southern European countries, this time focusing on maritime cooperation. This meeting – the first of this type – known as the ‘Forum of Marine Cooperation between China and South European Countries’ – brought high-level officials and experts on maritime issues together. At the end of this forum, and gradually over the last few years, China has developed ‘Comprehensive Maritime Cooperation’ partnerships with Greece, Italy, Spain, Portugal, Cyprus and Malta including the construction or development of ports, industrial parks in the surrounding areas, transport networks, tourism and fishing.⁵⁴ Cooperation between China and these six European countries – and primarily Greece – would form ‘the European extension of the maritime route according to Chinese

⁵² Ibid, p. 7.

⁵³ Ibid, p. 8.

⁵⁴ Ekman, A., 2018. China in the Mediterranean: An Emerging Presence, Notes de l’Ifri, Institut français des relations internationales, Paris, February 2018, p. 9.

officials. The objective, according to the official jargon, is to create a 'China-Indian Ocean – Africa – Mediterranean Sea Blue Economic Passage.'⁵⁵

⁵⁵ Ibid, pp. 9 and 10.

4. CHINESE PORT AND INFRASTRUCTURE PROJECTS IN THE EASTERN MEDITERRANEAN

In 2015, Shanghai International Port Group (SIPG) won the tender to build a container port in Haifa/Israel. SIPG now intends to expand the Container Terminal of Haifa Port. China's concession in Haifa, lasting 25 years, began in 2021.⁵⁶ However, Israel opened the Chinese-operated shipping port terminal in Haifa Bay on September 1st, 2021. In addition, a Chinese government-owned firm, Pan Mediterranean Engineering Company (PMEC) – part of China Harbour Engineering Company (CHEC) – has won a tender to upgrade Ashdod's main dock. Haifa is Israel's busiest port and the base of its main naval fleets. Israeli submarines, widely reported to be capable of launching nuclear missiles, are docked there,⁵⁷ also the US Sixth Fleet considered it as homeport, several ships visit the port every year. In addition, US ships visit the Israeli port of Ashdod. The US Sixth Fleet, headquartered in Naples/Italy, conducts many joint exercises like *Noble Dina*, *Noble Melinda* and *Juniper Cobra* exercises with the Israeli navy in the strategic Mediterranean Sea.⁵⁸ Thus, Chinese port infrastructure constructions cause security concerns, especially in the US, which relate to 'dual-use technology, such as artificial intelligence and cyber-security products, which could be used for surveillance and intelligence purposes.'⁵⁹ As key allies in the region, Israel and the US share some of the most sensitive intelligence. Therefore, the US administration has been apprehensive 'from the very beginning.'⁶⁰ Furthermore, port handling could give China access to Israeli-US military communications. In a move to renew business links, however, Israel has constituted an advisory committee to evaluate the national security risks from prospective foreign investments. Around 11 out of 92 Chinese business deals in Israel were found concerning, such as the expansion of

⁵⁶ Chang, G. G., 2020. China In The Mediterranean, Friday, Jan 10, 2020, Hoover Institution, Strategika – Conflicts of the Past as Lessons for the Present, Issue 62, <https://www.hoover.org/research/china-mediterranean> (accessed November 24th, 2020).

⁵⁷ The Economist, 2018. Israel and China. Too open for business?, The Economist, October 13th, 2018, pp. 33-34, p. 33.

⁵⁸ Khushnam P. N., 2020. China's String of Pearls in Eastern Mediterranean and its implications, 04/06/2020, World Geostrategic Insights (WGI), <https://wgi.world/china-s-string-of-pearls-in-eastern-mediterranean-and-its-implications>, (accessed November 24th, 2020).

⁵⁹ The Economist, 2018. Israel and China. Too open for business?, The Economist, October 13th, 2018, pp. 33-34, p. 33.

⁶⁰ Ibid.

the Ashdod Port, partial construction and operation of the port of Haifa, construction and operation of the Tel Aviv light rail, and the digging of the Carmel Tunnels near Haifa.⁶¹

The Chinese concern is also ‘not trying to hide the fact that about three billion US dollars (including equipment and leasing costs) has so far been invested in the new Haifa Bayport project, with the aim of integrating it into the BRI.’⁶² From a Chinese standpoint, Israel’s role would have been pivotal in the BRI ‘as a tech powerhouse and a key destination.’⁶³ After construction, the planned capacity for the entire Haifa port area is 1.86 million containers per year. Haifa will be the newest and most advanced port in the Mediterranean, according to the SIPG’s president at a conference in January 2020.⁶⁴ Haifa Bayport’s infrastructure ‘is already installed, and includes huge remote-controlled cranes ready to handle the largest container ships in the world, autonomous smart power supply systems, robotic transport systems, 5G wireless communication networks, and more.’⁶⁵

Next in the series of Chinese port constructions is Tripoli/Lebanon. The China Harbour Engineering Company Ltd. (CHEC) is at work in the deep seaport of Tripoli to upgrade it so that it can accommodate larger vessels. In addition, to enable the port to perform the new role, another firm, Qingdao Haixi Heavy-Duty Machinery Co., sold two 28-storey container cranes so that it is capable of serving 700 containers per day.⁶⁶ The capacity check was performed by the docking of a huge container vessel of COSCO in December 2018 and a formal inauguration of a new maritime route between China and the Mediterranean was made. The

⁶¹ Siddiqui, S., 2020. US Puts the Brakes on Burgeoning Israel-China Ties, Belt and Road News, June 14th, 2020, <https://www.beltandroadnews/2020/06/14/us-puts-the-brakes-on-burgeoning-israel-china-ties> (accessed November 24th, 2020).

⁶² Ben-Gedalyahu, D., 2020. Could China take all in Haifa Bay?, Globes, October 26th, 2020 17:05, <https://en.globes.co.il/en/article-could-china-take-all-in-haifa-bay-1001347140> (accessed November 24th, 2020).

⁶³ Siddiqui, S., 2020. US Puts the Brakes on Burgeoning Israel-China Ties, Belt and Road News, June 14th, 2020, <https://www.beltandroadnews/2020/06/14/us-puts-the-brakes-on-burgeoning-israel-china-ties> (accessed November 24th, 2020).

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ Khushnam P. N., 2020. China’s String of Pearls in Eastern Mediterranean and its implications, 04/06/2020, World Geostrategic Insights (WGI), <https://wgi.world/china-s-string-of-pearls-in-eastern-mediterranean-and-its-implications>, (accessed November 24th, 2020).

Chinese government is trying to make Tripoli part of the BRI and turn it into a special economic zone, and an important transshipment point between Chinese and European markets. Chinese construction companies are planning to connect Tripoli Port with developed transportation networks by building an advanced railway connecting it with Beirut and further to Homs and Aleppo in Syria. The port is being equipped with the latest technology and infrastructure and by 2022 it will become a strategic logistics location of the whole region and for land routes connecting the Mediterranean to Central Asia what China intends is to avoid Suez transit and reduce time.⁶⁷ In addition, China is in close negotiation with the Syrian government to establish a maritime industries city between Tartous and Latakia with a vision to control the Syrian coastline as per the Syrian-Chinese Business Council. Thus, gradual Chinese involvement in Syrian reconstruction will likely give Beijing access to its strategic ports of Tartous and Latakia.⁶⁸

As well, China enjoys good economic relations with Turkey, which is also planning to increase the volume of cooperation with the BRI-related countries in terms of enabling the Middle Corridor – a crucial part of the BRI – to be a more attractive route. In November 2016, Beijing and Ankara signed a memorandum of understanding on harmonising their BRI and the Middle Corridor’s Initiatives to cooperate on key projects.⁶⁹ This Turkish proactive policy aims to set up a transport route from Anatolia to the Caspian Sea, further on to Central Asia and China. With the completion of the Baku-Tbilisi-Kars (BTK) railway link, Turkey has connected its national railways to the Trans-Caspian International Transport Route (TITR) – an important part of the China-Turkey-Europe transit corridor.⁷⁰ The Middle Corridor lies at the heart of the BRI also linking Turkey to Georgia and Azerbaijan via rail, crossing the Caspian Sea and reaching China through Turkmenistan and Kazakhstan. Other investment projects undertaken by Turkey as part of the Middle Corridor include the Yavuz Sultan Selim Bridge over the

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Guo, X., and Fidan, G., 2018. China’s Belt and Road Initiative (BRI) and Turkey’s Middle Corridor: ‘Win-Win Cooperation?’, June 26th, 2018, <https://www.mei.edu/publications/chinas-belt-and-road-initiative-bri-and-turkeys-middle-corridor-win-win-cooperation> (accessed November 24th, 2020).

⁷⁰ Ibid.

Bosporus, the Eurasia Tunnel and Marmaray, the Çanakkale 1915 Bridge over the Dardanelles, high-speed railways, logistics hubs and communication infrastructure.⁷¹ Filyos is planned to serve as the port for the corridor reaching from central Konya and Iskenderun provinces on the country's southern border, opening to the Mediterranean. The railway project with its Gebze-Sabiha Gökçen Airport – Yavuz Sultan Selim Bridge – Istanbul Airport – Halkalı connections will constitute one of the most important links at the European part of the Silk Railway route passing through Turkey.⁷² The Istanbul-Ankara high speed railway, which has been operating since July 2014, was also constructed within the scope of the Sino-Turkish partnership. The project was funded by China with a 750 million US dollar loan, it was the first high-speed railway project of a Chinese company abroad.⁷³ China-Germany Railway Project manager Gao Tian highlighted that Istanbul is a significant hub for the BRI project: 'Therefore, we want to establish closer cooperation with Turkey'.⁷⁴ He explained that the modern Silk Road project includes a southern line that will pass through Kazakhstan and arrive in Baku. From Baku, the line will reach Istanbul and Europe, Gao stated. Thus, a train that leaves Xian arrives in Germany within 16 to 18 days. Each day, four to five trains are planned to depart from Xian and each train will transport 141 containers. In addition to railway transport, Chinese goods will also be transported to Turkish ports via the Maritime Silk Road project. In September 2015, Chinese giant container terminal operator COSCO Pacific, along with China Merchants Holdings International and China Investment Corporation, acquired Turkey's third-largest port, the Kumport terminal in Istanbul, for 940 million US dollars. The company holds a 65 percent stake in the port.⁷⁵ Additional ancillary projects to help develop the Middle Corridor include Turkey's Hunutlu Thermal Power Plant project, worth nearly 1.7 billion US dollars. This project was announced in September 2019 and is aimed at ensuring the country's

⁷¹ Ay, H., 2020, Turkey to build regional transit hub port in Eastern Mediterranean, Daily Sabah, October 28th, 2020 1:23 pm, <https://www.dailysabah.com/business/transportation/turkey-to-build-regional-transit-hub-port-in-eastern-mediterranean> (accessed November 24th, 2020).

⁷² Ibid.

⁷³ Daily Sabah, 2018. China calls for more cooperation with Turkey to boost 'Belt and Road' project, Daily Sabah, October 3rd, 2018 12:00 am, <https://www.dailysabah.com/economy/2018/10/03/china-calls-for-more-cooperation-with-turkey-to-boost-belt-and-road-project> (accessed November 24th, 2020).

⁷⁴ Ibid.

⁷⁵ Ibid.

long-term energy security after its completion.⁷⁶ Issues of insolvency have already impacted Chinese-funded projects. Yavuz Sultan Selim Bridge, one of the tallest in the world, was financed by China to the tune of 2.7 billion US dollars. When it became clear the owner would not be able to pay it back, the bridge was sold to Chinese investors for 688 million US dollars.⁷⁷

⁷⁶ Imtilak Real Estate, China's Largest Investment in Turkey, 2019-09-30, last update 2022-01-05, <https://www.imtilak.net/en/articles/chinese-investments-in-turkey> (accessed July 25th, 2022).

⁷⁷ Raily News, Yavuz Sultan Selim Bridge sold to Chinese for 688 million dollars, 29/12/2019, <https://en.rayhaber.com/2019/12/Yavuz-Sultan-Selim-Koprus-was-sold-to-the-demon-for-688-million-dollars/> (accessed July 25th, 2022).

5. CHINESE INFRASTRUCTURE INVESTMENTS IN NORTH AFRICA

In September 2017, the BRICS Summit was held in Xiamen, which initiated the ‘5+9’ mode (BRICS plus nine emerging market countries and developing countries). The summit provided an important communication platform for emerging market countries and developing countries to exchange experiences of development., ‘thereby facilitating them to find their own developmental paths and promoting South-South cooperation.’⁷⁸ In July 2018, during the 8th Ministerial Meeting of the Sino-Arab Cooperation Forum held in Beijing, the foreign ministers of more than 20 Arab countries and China jointly issued the Declaration of Action on China-Arab States’ Belt and Road Cooperation, and on several other documents.⁷⁹ In North Africa, Beijing established a Comprehensive Strategic Partnership with Algeria, as well as with Egypt, in 2014, and a Strategic Partnership with Morocco in 2016.⁸⁰

In recent years, Chinese companies have also invested in ports in North Africa, e.g. in Cherchell/Algeria, in Port Said and in Alexandria/Egypt, in Tangier and in Casablanca/Morocco.⁸¹ Since King Mohammed VI visited China in 2016, investment and trade with Chinese companies has increased in Morocco. Thus, the Tangiers Med Port complex became the largest container port in Africa, ahead of rivals Port Said/Egypt and Durban/South Africa. Chinese companies, such as telecommunications giant Huawei, plan to establish regional logistical headquarters there. China Communications Construction Company (CCCC) and its subsidiary China Road and Bridge Cooperation signed a memorandum of understanding with the Moroccan government on April 26th, 2019, in Beijing during the Belt and Road Forum to construct the Mohammed

⁷⁸ Chen, J., 2018. Strategic Synergy between Egypt ‘Vision 2030’ and China’s ‘Belt and Road’ Initiative, *Outlines of Global Transformations: Politics, Economics, Law*, Vol. 11, No 5, Shanghai, pp. 219-235, p. 223.

⁷⁹ Ibid.

⁸⁰ Ghafar, A. A., and Jacobs, A. L., 2019. Beijing strengthens its presence in the Maghreb, Monday, September 9th, 2019, Brookings, <https://www.brookings.edu/opinions/beijing-strengthens-its-presence-in-the-maghreb/> (accessed November 24th, 2020).

⁸¹ Ibid.

VI Tangier Tech City, which shall include several industrial zones.⁸² The new developer aims to take over existing plans: ‘The business case is that 200 Chinese companies will open factories, generating around 10 billion US dollars in investment and creating 100,000 jobs. The attraction will be Morocco’s free trade agreement with the EU and the US, as well as the growing African market.’⁸³ Tangier would be supported by the modern port of Tangier Med, the motorway network, a high-speed train line and industrial and logistics areas.⁸⁴ In Morocco, China is also considering investing in the development of a Marrakech-Agadir railway line.⁸⁵ In 2016, the China Railway Bridge Engineering Group completed its construction of the 950-meter, cable-stayed King Mohammed VI bridge between Rabat and Salé, the longest cable-stayed bridge in Africa.⁸⁶ With the opening of its new terminals in late June 2019, Tangier Med became the Mediterranean’s largest port, surpassing Spain’s Algeciras and Valencia ports in container capacities. With the six million twenty-foot equivalent unit (TEU) capacity of Tangier Med 2, the Tangier Med port’s total container capacity stands at nine million TEU.⁸⁷ On the 10th anniversary of the port’s opening, Rabat announced a 10 billion US dollar investment project, named Mohammed VI Tangiers Tech City, which is set to host 200 factories by 2029, making Morocco Africa’s largest Chinese industrial platform.⁸⁸ China’s plan was also to elevate Morocco as one of the top 20 global tourist destinations by 2020. China’s other interests in Morocco include investments in the Kenitra Atlantic Free Zone and in the Casablanca Finance City. Under the BRI, China ‘has committed to encourage its industrial enterprises to invest in Morocco in the automotive, textile, electrical goods, aviation, mining and renewable

⁸² GCR (Global Construction Review), 2019. Tangier tech city plans revived with selection of Chinese giant CCCC, May 1st, 2019, <https://www.globalconstructionreview.com/news/tangier-tech-city-plans-revived-selection-of-chinese-giant-cccc> (accessed November 24th, 2020).

⁸³ Ibid.

⁸⁴ Ibid.

⁸⁵ Ekman, A., 2018. China in the Mediterranean: An Emerging Presence, Notes de l’Ifri, Institut français des relations internationales, Paris, February 2018, pp. 14 and 15.

⁸⁶ Tanchum, M., 2020. Morocco’s Africa-to-Europe Commercial Corridor: Gatekeeper of an emerging trans-regional strategic architecture, AIES Fokus 8/2020, Austria Institut für Europa- und Sicherheitspolitik, Hainburg / Donau, p. 3.

⁸⁷ Ibid, p. 2.

⁸⁸ Ghafar, A. A, and Jacobs, A. L., 2019. Beijing strengthens its presence in the Maghreb, Monday, September 9th, 2019, Brookings, <https://www.brookings.edu/opinions/beijing-strengthens-its-presence-in-the-maghreb/> (accessed November 24th, 2020).

energy sectors.⁸⁹ In addition, Chinese auto manufacturing companies have signed agreements with the Moroccan government to build various manufacturing plants.⁹⁰

In August 2015, the new Suez Canal was successfully opened. Chinese companies such as the China Harbour Engineering Company Ltd (CHEC) and the Sino Hydro Group Ltd. participated in the construction of the new Suez Canal in the fields of energy, railway and electronics. In August 2018, CHEC started the construction of the Sokhna Port to the south of the Suez Canal.⁹¹ In January 2016, Chinese President Xi Jinping visited Egypt, both leaders reached an agreement on the Five-Year Implementation Program of the People's Republic of China and the Arab Republic of Egypt strengthening the Comprehensive Strategic Partnership between the two countries on the basis of the establishment of a comprehensive strategic partnership made in 2014.

Furthermore, both heads of state also made detailed plans and a program for the development and cooperation of Sino-Egyptian relations in the five years to come and in the memorandum of understanding of the Government of the People's Republic of China and the Government of the Arab Republic of Egypt on Jointly Promoting the Silk Road Economic Belt and the 21st-Century Maritime Silk Road, covering bilateral cooperation on 80 items of ten major projects involving politics, economy (construction of infrastructure) and trade, technology (e.g. aeronautics and astronautics), finance, military and security, energy (electricity) and oil and gas industrial cooperation, culture, climate change etc.⁹² In 2017 and 2018, China's direct and indirect investment in Egypt had reached about seven billion US dollars, and created more than 10,000 jobs. In 2018, the flagship project of Chinese-Egyptian cooperation – TEDA Suez Economic and Trade Cooperation Zone – has attracted 68 enterprises for settlement, with the investment of about one billion US dollars.

⁸⁹ Nyongesa, G., 2019. Morocco's ties with China give big boost to tourism, China Daily Global, Updated: October 18th, 2019, 09:12, <https://www.chinadaily.com.cn/a/201910/18/NS55da9116ea310ef3e35571306.html> (accessed November 24th, 2020).

⁹⁰ Ibid.

⁹¹ Chen, J., 2018. Strategic Synergy between Egypt 'Vision 2030' and China's 'Belt and Road' Initiative, *Outlines of Global Transformations: Politics, Economics, Law*, Vol. 11, No 5, Shanghai, pp. 219-235, p. 226.

⁹² Ibid, p. 225.

More than 2,000 employment opportunities have been created for local people.⁹³

Before the outbreak of the coronavirus in late 2019, the number of Chinese tourists to Egypt had been increasing year by year. Two Confucius Institutes and three Confucius Classrooms have been built by China and Egypt, with nearly 2,000 registered students. The scale of international students in both countries has been expanding. In 2018, there were more than 1,000 Egyptian students studying in China, and more than 2,300 Chinese students studying in Egypt. Egypt in 2018 ranked the first in West Asian and North African countries in terms of the number of Chinese students.⁹⁴ The number of direct flights between China and Egypt also significantly increased during this period of time, also many Chinese films and television programmes became popular in Egypt.⁹⁵ In September 2018, Egyptian President Abdel-Fattah al-Sisi attended the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) and held talks with Chinese President Xi Jinping. Xi pointed out that China regarded Egypt as an important and long-term cooperative partner in the co-building of the BRI, and was willing to synergise the BRI and the development strategies of Egypt ‘Vision 2030’ and the ‘Suez Canal Corridor Development’, ‘thus promoting the pragmatic cooperation of the two countries and strengthening their cooperation on the security of counter-terrorism.’⁹⁶ In Egypt, Chinese companies and banks intend to finance real estate and infrastructure projects for the new administrative capital northeast of Cairo, a petrochemical plant, a possible water treatment and storage station, and a coal-fired power station.⁹⁷ In the construction of the new capital of Egypt, China played a vital role. The two sides signed a package of contracts, involving the construction of the National Convention Centre, the Parliament Building, the Convention and Exhibition Town, and the Office Buildings of 12

⁹³ Ibid, p. 229.

⁹⁴ Ibid, p. 230.

⁹⁵ Ibid.

⁹⁶ Ibid, p. 223.

⁹⁷ Ghafar, A. A., and Jacobs, A. L., 2019. Beijing strengthens its presence in the Maghreb, Monday, September 9th, 2019, Brookings, <https://www.brookings.edu/opinions/beijing-strengthens-its-presence-in-the-maghreb/> (accessed November 24th, 2020).

Ministries.⁹⁸ China has become the largest trading partner of Egypt, and it mainly exports mechanical and electrical products, vehicles and their accessories, steel and steel products, plastics and their products, and textiles to Egypt; and imports crude oil, liquefied petroleum gas, stone and agricultural products from Egypt. Egypt also expanded its exportation of agricultural products to China in 2017; from January to September, the value of imported fresh oranges from Egypt reached 80 million US dollars, with a year-on-year growth rate of 208 percent.⁹⁹

After the outbreak of the civil war in Libya in 2011, China had to evacuate its citizens and drop important projects and investments. However, its Libyan oil purchases have more than doubled since 2017. The Chinese government has repeatedly stated that China is willing to participate in the reconstruction effort once peace is restored.¹⁰⁰ China has maintained business interests in Libya since long before the conflict in Libya began in 2011. Chinese companies engaged in various infrastructure activities, and Libya sent considerable capital to China in return. By 2011, China had 75 companies conducting roughly 18.8 billion US dollars worth of business in Libya. These activities involved more than 35,000 Chinese labourers working across 50 projects, ranging from residential and railway construction to telecommunications and hydropower ventures. Most notably, in the year leading up to Libya's revolution, Libya was providing three percent of China's crude oil supply – that is, three percent of the supply for the world's second-largest consumer, constituting roughly 150,000 barrels per day; or one-tenth of Libya's crude exports.¹⁰¹ All of China's top state oil firms – CNPC, Sinopec Group and CNOOC – had standing infrastructure projects in Libya.¹⁰²

⁹⁸ Chen, J., 2018. Strategic Synergy between Egypt 'Vision 2030' and China's 'Belt and Road' Initiative, *Outlines of Global Transformations: Politics, Economics, Law*, Vol. 11, No 5, Shanghai, pp. 219-235, p. 226.

⁹⁹ *Ibid.*, p. 228.

¹⁰⁰ Ghafar, A. A., and Jacobs, A. L., 2019. Beijing strengthens its presence in the Maghreb, Monday, September 9th, 2019, Brookings, <https://www.brookings.edu/opinions/beijing-strengthens-its-presence-in-the-maghreb/> (accessed November 24th, 2020).

¹⁰¹ Wehrey, F., and Alkoutami, S., 2020. China's Balancing Act in Libya, Carnegie Endowment for International Peace, May 10th, 2020, <https://carnegieendowment.org/2020/05/10/china-s-balancing-act-in-libya-pub-81757> (accessed November 24th, 2020).

¹⁰² *Ibid.*

In Algeria, China is interested in vast oil and gas reserves. Chinese imports are the highest in the Maghreb region, recorded at 7.85 billion US dollars in 2018.¹⁰³ China became Algeria's top trade partner in 2013, surpassing France. Chinese companies are primarily interested in the construction, housing, and energy sectors. Major construction projects, such as the Algiers Opera House, the Sheraton Hotel, the Great Mosque of Algiers and the East-West Highway, mark the landscape. These activities have brought in thousands of workers and merchants who have established a 'Chinatown' in the district of Boushaki, in the eastern suburbs of Algiers.¹⁰⁴ Despite setbacks, the government of Algeria is eager to restart construction of the port of El Hamdania, in Cherchell, due to its strategic importance. Located 90 miles from Algiers, Algeria envisions the Port of El Hamdania as a regional hub for North Africa in the Mediterranean, competing with Morocco's Tangier Med Port. A memorandum of understanding for the project was signed in January 2016, which committed the China State Construction Engineering Company (CSCEC), China Harbour Engineering Company (CHEC), and the Algerian Port Authority to the project. In exchange for Chinese financing, the agreement handed the port's operations to the Chinese for the first 25 years.¹⁰⁵

China is also seeking to deepen its trade with Tunisia. During the FOCAC summit in Beijing in September 2018, the Tunisian delegation signed agreements with China for various projects, including turning the port of Zarzis into an economic and commercial centre; the construction of a railway line linking Médenine, a region rich in minerals in Gabès, the heart of the petrochemical and processing industry of phosphates, and Zarzis; establishing a production plant for SAIC Motor Corporation Ltd., a Chinese state-owned company, to build and export cars to the countries around the Mediterranean and in Africa. In addition, China

¹⁰³ Ghafar, A. A., and Jacobs, A. L., 2019. Beijing strengthens its presence in the Maghreb, Monday, September 9th, 2019, Brookings, <https://www.brookings.edu/opinions/beijing-strengthens-its-presence-in-the-maghreb/> (accessed November 24th, 2020).

¹⁰⁴ Ibid.

¹⁰⁵ US Department of Commerce / International Trade Administration, 2019, Algeria's El Hamdania Port, <https://www.trade.gov/market-intelligence/algerias-el-hamdania-cherchell-project> (accessed November 24th, 2020).

is currently building a hydraulic dam in the Kef region.¹⁰⁶ Tunisia has also called upon Chinese expertise to build a solar power plant. Tunisia is a country with huge unexploited capacity in this sector and plans to develop at least 835 megawatts of solar power plants by 2030.¹⁰⁷ In July 2019, Tunisia signed a memorandum of understanding with Chinese corporations with expertise in renewables to develop solar energy and to continue importing equipment and products from China. Two months before, China and Tunisia announced their intention to develop their security cooperation in health services and training for Tunisia's military. The Tunisian armed force has been in cooperation with China since 2013 'to boost its operational capabilities in the fight against terrorism and other illegal activities.'¹⁰⁸

¹⁰⁶ Zoubir, Y. H., 2020. Expanding Sino-Maghreb Relations. Morocco and Tunisia, Chatham House, February 2020, <https://www.chathamhouse.org/2020/02/expanding-sino-maghreb-relations/4-tunisia-and-morocco> (accessed November 24th, 2020).

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

CONCLUSIONS

China has made ‘a concerted push into ports’ in the Mediterranean region.¹⁰⁹ Chinese companies are already in pursuit of developing and upgrading ports in the whole region and to run or hold stakes in a dozen European ports.¹¹⁰ Hence the 2017 BRI action plan states: ‘Chinese enterprises will be guided to participate in the construction and operation of ports. Projects for the planning and construction of submarine cables will be jointly advanced to improve connectivity in international communications.’¹¹¹ Therefore, Chinese investments in submarine cables are ‘rapidly accelerating’ in the Mediterranean region as much as in other regions as part of the BRI, whose action plan, published in 2015, explicitly mentions telecommunications, and especially submarine cables, as a priority sector for future investments. Since 2018, Huawei Marine Networks has been increasing investments, it has mainly developed the ‘Hannibal’ cable, connecting Tunisia to Italy in 2009 and another, connecting Libya to Greece since 2010.¹¹²

Chinese ‘port diplomacy’ projects in the Northern Mediterranean region are entry points for the purpose of consolidating a more comprehensive type of cooperation (both economic and political) with sub-regions in Europe. For instance, the so-called and former ‘16+1’ (now ‘14+1’) model (Greece joined this forum in 2019 in an enhanced ‘17+1’ format, Lithuania said on May 22nd, 2021 it was quitting the ‘17+1’ format, so this cooperation had been continued again in a ‘16+1’ model until Estonia and Latvia decided on August 11th, 2022 to quit this forum due to deep

¹⁰⁹ Chang, G G., 2020. China In The Mediterranean, Friday, January 10th, 2020, Hoover Institution, Strategika – Conflicts of the Past as Lessons for the Present, Issue 62, <https://www.hoover.org/research/china-mediterranean> (accessed November 24th, 2020).

¹¹⁰ Ibid.

¹¹¹ State Council of the People’s Republic of China, Vision for Maritime Cooperation under the Belt and Road Initiative, June 20th, 2017, quoted by: Ekman, Alice (2018): China in the Mediterranean: An Emerging Presence, Notes de l’Ifri, Institut français des relations internationales, Paris, February 2018, p. 16.

¹¹² Ekman, A., 2018. China in the Mediterranean: An Emerging Presence, Notes de l’Ifri, Institut français des relations internationales, Paris, February 2018, p. 17.

concerns over China's ties with Russia when waging war with Ukraine),¹¹³ an annual forum which was created at China's initiative at the format's inaugural Warsaw 2012 summit, brings together China and 16 Central and Eastern European (CEE) countries (among these, EU member states and non-members). Greece decided to join this cooperation forum 'for an obvious reason: to explore more opportunities for closer economic collaboration with China and the countries in the Southeast, Central and Eastern Europe' aiming to promote 'connectivity across the globe in implementing the Belt and Road Initiative. Knowledge is the key to its success.'¹¹⁴ Thus the Chinese government is also financing high-speed rail connections between the port of Piraeus, Belgrade and Budapest. This project should reduce freight transport times from the Suez Canal – where the expansion in 2015 allowed traffic between the Red Sea and the Mediterranean Sea to increase – to Western Europe.¹¹⁵ Despite this format, China still handles its economic affairs on a bilateral basis. '14+1' is neither a multilateral forum nor a bilateral one: It is an exercise of 'multilateral bilateralism', with China 'acting as a hub in the middle.'¹¹⁶ However, the continuous Chinese investments in the European port infrastructure open new trade routes 'towards not only the North, but also in all directions of the Mediterranean and beyond.'¹¹⁷

Furthermore, in July 2019, the White Paper titled 'China's National Defence in the New Era' highlighted the crucial role of world shipping routes – the sea lines of communication (SLOC) – for China and the People's Liberation Army (PLA):

¹¹³ Tzogopoulos, G. N., 2019. From the '17+1' to a new vision for the Mediterranean, November 15th, 2019, http://www.china.org.cn/opinion/2019-11/15/content_75411083.htm (accessed November 24th, 2020); and Stuart Lau (2022), Down to 14+1: Estonia and Latvia quit China's club in Eastern Europe, August 11, 2022 / 4.59 PM, <https://www.politico.eu/article/down-to-14-1-estonia-and-latvia-quit-chinas-club-in-eastern-europe> (accessed August 13th, 2022)

¹¹⁴ Ibid.

¹¹⁵ Ekman, A., 2018. China in the Mediterranean: An Emerging Presence, Notes de l'Ifri, Institut français des relations internationales, Paris, February 2018, p. 16.

¹¹⁶ Karásková, I., 2020. Engaging China in 17+1: Outline of ACT Strategy, AMO – Association for International Affairs (2020): Authors: Karásková, Ivana; Bachulska, Alicja; Szunomár, Ágnes; Vladisavljev, Stefan; Běrzina-Čerenkova, Una Aleksandra; Andrijauskas, Konstantinas; Karindi, Liisi; Leonte Andreea; Pejić, Nina; Šebok, Filip; Prague, April 2020, pp. 11-13, p. 11.

¹¹⁷ Tzogopoulos, G. N., 2019. From the '17+1' to a new vision for the Mediterranean, November 15th, 2019, http://www.china.org.cn/opinion/2019-11/15/content_75411083.htm (accessed November 24th, 2020).

‘The PLA actively promotes international security and military cooperation and refines relevant mechanisms for protecting China’s overseas interests. To address deficiencies in overseas operations and support, it builds far seas forces, develops overseas logistical facilities, and enhances capabilities in accomplishing diversified military tasks. The PLA conducts vessel protection operations, maintains the security of strategic SLOCs, and carries out overseas evacuation and maritime rights protection operations. In August 2017, the PLA Djibouti Support Base entered service. The base has provided equipment for the maintenance of four escort task groups, offered medical services for over 100 officers and sailors on board, conducted joint medical exercises with foreign militaries, and donated over 600 teaching aids to local schools.’¹¹⁸

China is trying to enhance its economic power policy globally. Nevertheless, scepticism on Chinese investments globally raised concern due to growing risks of increasing financial and economic dependence on China’s ‘socialist market economy’ and therefore becoming an instrument for China’s economic and geopolitical expansion. However, this study provides two conclusions as follows:

- First, EU Mediterranean countries are recommended to strengthen the mechanism for screening foreign investment which is already set up by a new EU regulation aimed at urging governments to carefully consider the potential ‘security or public order’ effects of foreign direct investments in ‘critical infrastructure, critical technologies and critical inputs.’¹¹⁹ The category of critical infrastructure shall include seaports and the investments by Chinese (state-owned) firms in ports and their possible strategic impacts. Chinese involvement in Mediterranean seaports is likely to acquire a geopolitical significance that goes far beyond bilateral relationships.
- Second, today, a response to the threat of expanding Chinese influence in the form of shutting Chinese companies out does not seem impossible. European governments could argue such a move with the

¹¹⁸ The State Council Information Office of the People’s Republic of China, 2019. White Paper, ‘China’s National Defence in the New Era’, July 24th, 2019, Foreign Languages Press Co. Ltd, Beijing, p. 15.

¹¹⁹ Van der Putten, F-P 2019. European seaports and Chinese strategic influence. The relevance of the Maritime Silk Road for the Netherlands, Clingendael Report, Netherlands Institute of International Relations, The Hague, December 2019, p. 3.

protection of strategic infrastructure. However, in dealing with China, as proposed by a Czech think tank, a three-pronged ACT (adapt – counter – target) strategy, modelled on the realities of Chinese-CEE and Chinese-Mediterranean forums, could be suggested. Therefore, national and international strategies ‘need to assess the existing and potential scope of China’s presence, define priorities as well as risks stemming from this phenomenon, and implement or address them through subsequent politics.’¹²⁰

China aims to internationalise and develop its centrally-defined priorities. Chinese commercial interests in the Mediterranean – namely the construction and up-grading of port infrastructure – are surely the building blocks of its BRI and the Maritime Silk Route ‘vision facilitating its trade across Asia and Europe, but it also augments its naval presence to counter risk to its trade, interests, and global pursuit of power.’¹²¹ However, the Chinese government no longer hesitates to underline European weaknesses and to position itself as an alternative market to Mediterranean countries. China could perhaps find an efficient way to better bridge its policies towards Africa, Europe and the Middle East. From a Chinese standpoint: ‘The Mediterranean, a destination of the ancient Silk Road, needs to dream of a better future and China is able to contribute to its realisation.’¹²² International forums together with China are part of the BRI, the most important foreign and economic policy project of the Communist Party of China, the ‘crown jewel’ of all projects.¹²³ Thus, BRI ‘will make tactical adjustments, not strategic’, as Wang Jun, a former director of the Information Department at the China Centre for International Economic Exchange, stated.¹²⁴

¹²⁰ Karásková, I., 2020. Engaging China in 17+1: Outline of ACT Strategy, AMO – Association for International Affairs (2020): Authors: Karásková, Ivana; Bachulska, Alicja; Szunomár, Ágnes; Vladislavljev, Stefan; Běrzina-Čerenkova, Una Aleksandra; Andrijauskas, Konstantinas; Karindi, Liisi; Leonte Andreea; Pejić, Nina; Šebok, Filip; Prague, April 2020, pp. 11-13, p. 12.

¹²¹ Khushnam P. N., 2020. China’s String of Pearls in Eastern Mediterranean and its implications, 04/06/2020, World Geostrategic Insights (WGI), <https://wgi.world/china-s-string-of-pearls-in-eastern-mediterranean-and-its-implications>, (accessed November 24th, 2020).

¹²² Tzogopoulos, G. N., 2019. From the ‘17+1’ to a new vision for the Mediterranean, November 15th, 2019, http://www.china.org.cn/opinion/2019-11/15/content_75411083.htm (accessed November 24th, 2020).

¹²³ CNTG, 2019. Chinese International Broadcast, ‘Restructuring of global economic governance’, Beijing, April 26th, 2019, 06.00 to 07.00 a.m. US East Coast (Boston) time.

¹²⁴ Perlez, J., 2019. China tries to loosen its Belt and Road-plan, The New York Times International Edition, April 27th-28th, 2019, pp. 1 and 7, p. 1.

Since the mid-1990s, Chinese scholars also realised that the EU had also been planning to invest comprehensively into North African and Eastern Mediterranean infrastructure (highways, railways, ports, airports) and to increase cultural and people-to-people contacts at the economic and academic level¹²⁵ – but some of these processes have not yielded fruitful results: Political challenges in this complex region overshadowed such as the Palestinian-Israeli and Iranian-Israeli conflicts, instability in Libya and in Syria, the American-Russian rivalry in the region, the migrant and refugee crisis and terrorism only complicated the situation. Even relations between Greece and Turkey are still strained, and the possibility of a military accident around Cyprus seems to be possible due to disputes on gas and oil fields close to Cyprus. A comprehensive Chinese approach to connect all the Mediterranean region therefore seems to be hard to realise – perhaps in the long run.

In just two decades, China has strengthened its position in the broader Mediterranean region. However, it is still too early to reach a definitive conclusion about the implications of this comprehensive engagement.

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¹²⁵ Hauser, G., 2006. The Mediterranean Dialogue. A Transatlantic Approach, CRiSSMA Working Paper N. 9 – 2006, Centro di ricerche sul sistema sud e il mediterraneo allargato / Research Centre on the Southern System and wider Mediterranean, Pubblicazioni dell'I.S.U Università Cattolica, Milano / Milan, pp. 23-31.

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