Rome Joins the Belt and Road Initiative: Implications for the Development of Trieste and Italy's Position in Chinese Foreign Policy

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Abstract

In March of 2019, during a visit from Chinese leader Xi Jinping to Rome, Italy became the first G7 country to sign on to China’s Belt and Road Initiative (BRI), generating an intense reaction from allies. The non-binding Memorandum of Understanding (MOU) included 29 deals, a number of which were signed between private Italian and Chinese companies on the sidelines of Xi’s visit. One of the most important of these deals was between the Chinese SOE China Communications Construction Company (CCCC) and the Trieste Port Authority. The deal promised increased cooperation and investment in a number of areas. Optimists on both sides claimed it marked the start of Trieste’s path towards becoming the “Singapore of the Adriatic.” Critics warned that the Chinese would overrun Trieste and gradually make Italy dependent on Beijing through predatory lending, or worse, seize control of strategic Italian assets. Almost two years later, the reality is far from both of these extremes. Two of the major questions that this research aims to answer are: What were the different parties’ motivations for signing the deal; and, using Trieste as a case study, what is Beijing’s goal in Italy?

This research suggests that there was a myriad of parties involved, with a range of different motivations. The two most visible actors, the Chinese and Italian governments, both sought political and economic gains. As of late 2020, only Beijing appears to have gained anything of substance from the deal in the form of increased credibility for the BRI. Gaining this credibility appears to have been Beijing’s short-term goal, considering deals signed with the Port of Trieste have mostly stalled. Beijing’s long-term goals in Italy reflect China’s foreign policy goals more broadly, which revolve around the achievement of great power status.
Chapter One

Introduction

The BRI

In 2013, during a state visit to Kazakhstan, Chinese President Xi Jinping proposed the construction of a “Silk Road Economic Belt,” reminiscent of the ancient Silk Road which connected East Asia with South Asia, Persia, the Arabian Peninsula, East Africa and Southern Europe from the 2nd century BCE until the 18th century. Since then, this modern “Silk Road” (initially called One Belt One Road in English [yi dai yi lu 一带一路], but later changed to the Belt and Road Initiative, or BRI for short) has come to encompass roughly 140 countries, involving two thirds of the world’s population.¹ The BRI is considered a centerpiece of Xi Jinping’s foreign policy, and is deeply connected to the CCP’s concept of the “China Dream” (zhongguo meng 中国梦), essentially the rejuvenation of the Chinese nation.²

The BRI is one of the most ambitious infrastructure projects ever conceived, consisting of both the overland “Silk Road Economic Belt” and the “Maritime Silk Road.” The former refers to Beijing’s vision for a vast new network of high-speed railways, highways, energy pipelines, and expedited border crossings throughout the Eurasian supercontinent. The latter refers to a series of ports, which are either being constructed from scratch or renovated and upgraded, and are meant to facilitate an increase in maritime trade. The “Belt” and the “Road” are

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connected where railways and highways meet ports, for example in Pakistan at the port of Gwadar. This is also the hope for Italy’s northeastern port of Trieste, where the “Belt” running through Central and Eastern Europe has the potential to connect with the maritime “Road” at the port. The enormous scale of the BRI makes it an extremely important project for every country in the world, even those not signed up to the initiative. This is because the BRI has the potential to reorganize global trade.

Beijing launched this ambitious initiative for several reasons. First and foremost, the Belt and Road Initiative is a major step towards rearranging global influence around China, making it the “Middle Kingdom” once again. This is not necessarily a nefarious goal, as it is usually portrayed in Western media. For hundreds of years, China was one of the strongest and richest countries in the world, far surpassing European countries in economic wealth and productivity. Only after the industrial revolution did this change, as the Chinese failed to adapt and were overtaken in strength by Western powers. This failure to adapt facilitated what the Chinese government frequently refers to as the “Century of Humiliation” which China suffered at the hands of Western powers and Japan, who forced the Chinese to sign unequal treaties and give unfair concessions. When the People’s Republic of China was established in 1949, Mao Zedong declared that the Chinese people had “stood up,” ending this century of humiliation. Mao gave the Chinese independence from foreign intervention, the first step towards restoring China’s greatness. Then Deng Xiaoping’s reforms beginning in the late 1970’s made the country rich. Now Xi Jinping will make China strong, powerful, and influential on the world stage. The BRI is seen as working towards this goal. Therefore, the BRI is one of the final steps towards restoring China’s natural status on the world stage, as the most populous country on the planet. This is what is meant by the “China Dream.”
Some suggest that the BRI reflects Xi Jinping’s desire to “do something big,” and contribute to his personal historical legacy. Achieving a sense of national rejuvenation and pushing China into a world leadership role to rival the United States may indeed put Xi into a similar category of Chinese historical legacy as Deng Xiaoping and Mao himself. Xi has said that the time has come for China to embrace “big-country diplomacy” (daguo waijiao 大国外交), meaning China should make its voice heard on the international stage and act as a world leader. Thus, Xi’s personal goals for China and his own legacy are also likely motivators for the BRI.

Aside from this longstanding goal of national rejuvenation, there are other more immediate concerns which make the BRI a useful foreign policy initiative for Beijing. For one, numerous construction projects around the globe, which are usually carried out by Chinese companies, allow the Chinese government to send large numbers of Chinese workers abroad (there were 263,659 Chinese workers in Africa alone in 2015). This alleviates domestic pressure arising from unemployment. Another benefit of the BRI for China is that increased connectivity will allow Chinese firms to enter new foreign markets, which serves as a partial solution to production overcapacity in sectors such as steel, cement, and coal. Entering new markets may also help to prevent potential future economic downturn that would likely arise from a shrinking domestic market. As China’s working age population shrinks in coming years,

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the domestic market will shrink alongside it. New foreign markets will help to make up for a smaller Chinese market.

Beijing also sees investment opportunities in Central and South Asia, which suffer from a dearth of infrastructure investment. During the time of the original Silk Road, Central Asian countries were an epicenter of globalization, connecting East and West. Wealth, religion, and cultural traditions were mixed and spread throughout Central Asia. The Crusades; however, along with Mongol invasions, curbed trade and use of the Silk Road. Today, the economies of Central Asian countries are not well integrated, and they are heavily dependent on remittances from Russia. An exporter to Kazakhstan, for example, needs an average of five days to prepare documentation and four to get through customs, at a total cost of nearly US$700. In total, intra-regional trade makes up around 10% of cross-border commerce. This lack of connectivity provides investment opportunities for Chinese SOE’s in infrastructure building, as well as for Chinese firms who would benefit from easier trade with Central Asian countries.

To fund this initiative, Beijing has pledged roughly US$1 trillion. Estimates of how much Beijing has already spent range from US$200 billion to US$450 billion. Some of the difference in these estimates comes from differing definitions of investment, but either way it’s clear that

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8 Sebastian Krapohl and Alexandra Vasileva-Dienes, “The Region That Isn’t: China, Russia and the Failure of Regional Integration in Central Asia”
China has not yet come close to the trillion-dollar mark. Also, issues such as a trade war with the United States, which necessitates increased spending at home and occupies the minds of Chinese leaders, as well as the COVID-19 pandemic, have likely put a damper on Chinese ODI, meaning it could be years before Beijing is able to invest the amount that it has pledged.\(^\text{10}\)

**Research Question**

One of the most interesting recent developments in regard to the BRI has been Italy’s participation. Italy is the first Group of Seven (G7) country to join the initiative, and the largest economy so far to join. Italy’s entrance into the BRI was controversial, both among Italy’s allies and within the Italian government itself. Many Europeans hoped for a unified approach towards China and the BRI, but for various reasons which I will explore in later chapters, Rome mostly ignored European and American concerns about joining the BRI.

Arguably the most important deal resulting from Italy’s entrance to the BRI was that between the Italian Port of Trieste and a Chinese SOE. The port of Trieste is a strategically located port in Italy’s northeast, only several miles from the borders with Slovenia and Croatia, and historically one of the most important ports in Europe. It is one of the closest ports to the center of Europe, and its location in the Mediterranean allows ships coming from Asia to transit through the Suez Canal and reach the European mainland much quicker than if they were to continue on towards popular Northern European ports such as Rotterdam or Hamburg, saving

roughly 5 days in total transit. Despite its strategic location, today Trieste is not even one of the top 20 busiest ports in Europe when ranked by cargo capacity, i.e., TEUs handled. Beijing has expressed interest in developing several Italian ports, but Trieste in particular is seen by many as having great potential for growth.

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There are two main questions driving this research. First, what was each party’s motivation for signing the March 2019 MOU? As previously stated, the deal came as a shock to Allies and confused many observers. Understanding which parties were involved, and what each of their motivations were will hopefully bring clarity to such an important but confusing event. Secondly, what is Beijing’s goal in Italy? This second question is of course related to the first, in that Beijing’s overarching goals for Italy informed its reasoning for signing the MOU. Many observers have speculated as to what Beijing truly wants in Italy; and these guesses vary widely. Some claim that China simply wanted a signature and media attention, both to lend credibility to the BRI through the participation of an important country such as Italy, as well as to frustrate the U.S. and European alliance network, which China sees as a major strategic competitor. Others believe Beijing is genuinely interested in investing heavily in Italy, turning Italy into a signature BRI partner in Europe. By researching Chinese involvement in Trieste, potentially one of the most important areas of future Chinese-Italian cooperation, this research aims to shine light on Beijing’s true goals and strategy in Italy as a whole. Furthermore, insight into Beijing’s intentions in Italy might be able to tell us something about the BRI and Chinese foreign policy more broadly.

These two main questions also raise several sub-questions, such as: what parties were involved in bringing the MOU to fruition? Are their interests mostly economic, political, strategic, or a combination of these? What are the implications of these motivations? Are the actors involved genuinely interested in completing every agreement signed? Who finances these projects, and how have various deals progressed so far? How does this compare with other ports which China developed in previous years? Is Trieste different? If so, why?
In the early stages of my research, my hypothesis was that Beijing was mostly interested in achieving political gains by signing the MOU, at least in the near term (1-3 years). This research largely confirms this hypothesis, as there has been little cooperation between Chinese SOE’s and the Port of Trieste since Xi Jinping’s visit to Rome in March of 2019.

As for China’s goals in Italy, I hypothesized that China would aim to make Trieste, and perhaps Italy more broadly, a hotspot for Chinese investment. This could potentially turn the port of Trieste into another example of how successful Chinese investments could be, similar to Piraeus in Greece. It’s unclear whether this could happen in the future, considering the “short term” of 1-3 years has still not passed. And while political gains appear to have been Beijing’s main motivation in the short term, economic cooperation under the banner of the BRI may still occur in the years to come. Beijing could make considerable economic and strategic gains by investing in Italy and Trieste in particular; but economic cooperation has been delayed for several reasons, such as a new Italian government and the COVID-19 pandemic. If these hurdles are removed in the future, investment could very well take place. That being said, there is evidence that China is already seeking other routes (or referring back to old ones) to achieve what it was looking for in Trieste.

Literature Review of the BRI

Scholars have approached the BRI from many angles, but one of the most important aspects of the BRI is how it fits in China’s broader foreign policy. As was noted in the introduction, the BRI is Xi Jinping’s signature foreign policy initiative; and it represents an attempt to realize the “China Dream.” Mingjiang Li argues that the “China Dream” is “the pursuit of a comprehensive superpower status,” which is “part of China’s grand strategy.”14 Initiating a major project such as the BRI, which aims to boost infrastructure investment and trade opportunities around the globe, positions China as a global leader; and yields economic, geopolitical, and prestige gains for Beijing. These are the benefits which Chinese leaders hope will project their country to superpower status. Beijing’s “grand strategy” of national rejuvenation hinges largely on these foreign policy goals and China’s status in the global order. Therefore, China’s pursuit of great power status, or its more comprehensive goal of national rejuvenation, is seen by many scholars as the most important driver of the BRI.

Chinese official statements about the BRI claim that the initiative is a “win-win” for every country involved, promising economic growth through infrastructure development and increased connectivity and trade. The initiative is often couched in rosy terms, stressing inclusivity, balance, and equity in dealing with other nations; calling this the “Chinese approach” to the developments of today.15 Official publications also usually cite impressive

statistics about the BRI, such as how many people will receive benefits, or how many billions of dollars will be invested.

Another phrase which Beijing often uses when discussing the BRI is a “community of common destiny.”16 This term, first expressed by Hu Jintao but adopted and propelled by Xi Jinping, originally referred to economic and security integration in China’s border regions, but it has increasingly come to mean Eurasia and the global community more widely. In short, a “community of common destiny” refers to a new international order based on mutual cooperation and trust between nations. Beijing contrasts their approach to a Western concept of international relations in which countries allegedly value their own needs first and engage in zero-sum competition, what Beijing refers to as the “Cold-War mentality.”17 Prominent Chinese scholar Wang Yiwei describes a “community of shared destiny” as being composed of two parts: a “community of shared interests,” and a “community of shared responsibilities.” A “community of shared interests” refers to economic cooperation and interdependence, while a “community of shared responsibilities” refers to mutual trust in the political and security spheres.18 The two combine to form the “Chinese approach” to international relations.

Outside of official rhetoric, some Chinese scholars have expressed their view that the BRI is a response to the U.S. “pivot” to Asia, introduced by President Obama in 2011. The “pivot” or “rebalance to Asia” promised deeper U.S. involvement in Asia in the economic, political, and security realms.\(^{19}\) Zhang Yunling, director of international studies at the Chinese Academy of Social Sciences (CASS), argues: “With its long-term interests in mind, China sees OBOR as a grand strategy. In my view, it can be considered China’s ‘pivot to the West.’”\(^{20}\) Qiao Liang, a retired PLA Airforce Major General, characterized the BRI as a “hedging strategy against the eastward move of the U.S.”\(^{21}\)

There is also much scholarship discussing China’s possible underlying economic motivations for the BRI, some of which have already been mentioned. These include employing industrial overcapacity in sectors such as steel, cement, and aluminum; sustaining GDP growth, providing capital for struggling Chinese SOE’s; developing China’s relatively poor western provinces, such as Xinjiang; and promoting the use of the renminbi currency internationally.\(^{22}\) Some scholars see the BRI as a continuation of China’s “going out” policy, which aimed to alleviate many of these same issues.\(^{23}\) The policy, which was announced in 1999, led to an explosion of Chinese ODI which reached US$100 billion in 2015.\(^{24}\)


\(^{24}\) Ibid.
In contrast to Beijing’s optimistic portrayal of the BRI, many observers see the BRI as a “debt trap” or a neo-colonialist strategy. The classic case used to portray the BRI as a debt trap is the port of Hambantota in Sri Lanka, which was built by the Chinese even though previous feasibility studies done by Canadian and Danish companies showed the location would not likely be profitable. The port was in fact not profitable, and soon after completion, inability to pay the debt taken on from the construction of the port, among other Chinese projects in Sri Lanka, led the Sri Lankan government to lease the port and surrounding land to Beijing for 99 years. The narrative, popularized through mainstream media, is that China is using debt to gain hegemonic control over countries participating in the BRI, and that deals like this are often the end goal for Beijing.25 This portrayal does not only appear in the media, however. After it was introduced by mostly South Asian scholars, it was picked up by some Western think-tanks.26 Other scholarly reports have pushed back against this claim; however, highlighting the agency of the host countries, and the attractiveness of Chinese state capitalism.27

Concerns about high levels of debt or Chinese “neo-colonialism” are present in Europe as well, where scholars have argued that Chinese investments in several countries have given Beijing sway in the EU.28 An oft-cited example of this is the two EU statements, in July 2016 and

June 2017, which were blocked by Greece and a few other EU countries with strong ties to China. The first statement followed the International Arbitration Court ruling on the South China Sea, which was unfavorable to China. The EU initially drafted a statement in support of the ruling; however, it had to be seriously watered down after Greece, Croatia, and Hungary blocked it. Athens also blocked the second statement in 2017, which concerned China’s human rights record, calling it “unconstructive criticism of China.”29 Recent inclusion of Italy into the BRI has fueled this debate about Chinese influence in Europe and the implications of the BRI, with some scholars arguing that Chinese influence in Italy could work to widen fractures within the EU.30

This “debt-diplomacy” narrative ties into debates about security concerns which may arise from the BRI. Scholars and government officials in a number of countries see the expansion of Chinese influence as well as Chinese involvement in hard infrastructure in foreign countries as evidence of China’s military ambitions. This is especially true for the “Maritime Silk Road” aspect of the BRI, which some observers see as building a network of ports which could one day be used by the Chinese military. These ports stretch from the South China Sea to the Arabian Sea, and together are said to create a “string of pearls,” which would surround India

and expand the reach of the PLA Navy. Some observers have even expressed this same concern in regard to Europe, most recently due to the inclusion of Italy into the BRI.

Chinese scholars have also debated the security implications of the BRI from China’s perspective; and in general they are ambivalent. Some analysts see the BRI as a way to promote stability and create a more secure environment in states bordering China by addressing the underlying sources of conflict and building mutual trust. The BRI also has the potential to increase China’s energy security by diversifying sources of oil and natural gas. However, others have highlighted the security concerns that are bound to arise (or have already arisen) during the implementation of the BRI, ranging from terrorism to strategic competition from the U.S., Japan, and India.

Other observers discuss the merits of the BRI, citing the massive need for infrastructure investment in Asia. Most of this scholarship portrays the BRI as an important opportunity, especially for developing countries, while also highlighting the risks and discussing potential reforms which would increase the likelihood of success in implementing the BRI. These reforms...

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include increased transparency, open procurement, more emphasis on debt sustainability, and mitigation of environmental and social issues that have accompanied some previous BRI projects. Some scholars also cite the BRI’s successes to date, such as the Port of Piraeus in Greece, which increased shipping volumes by 700% in 10 years under Chinese ownership. The port has become one of the biggest in the Mediterranean, and COSCO (the Chinese SOE which owns a majority stake in the port) expects Piraeus to become one of the largest in Europe in coming years. Some scholars have also noted; however, that investments in Piraeus mostly began after the 2008 financial crisis, long before the BRI was announced. Piraeus was absorbed into the BRI after the fact, a practice which is not uncommon, and which highlights the fluid, undefined nature of the BRI.

Chapter Two

Italy Joins the BRI

March 2019 Memorandum of Understanding

In March of 2019, during a high-profile visit from Chinese leader Xi Jinping to Rome, Italy became the first G7 country to join China’s Belt and Road Initiative. Deputy Prime Minister Luigi Di Maio signed a Memorandum of Understanding (MOU) with the chairman of China’s National Development and Reform Commission, He Lifeng, pledging cooperation in six areas: policy


dialogue; transport, logistics and infrastructure; unimpeded trade and investment; financial cooperation; people-to-people connectivity; and “green” development. The first paragraph of the MOU emphasizes the two countries’ intent to synergize the Belt and Road Initiative with priorities identified in the Investment Plan for Europe and the Trans-European Networks.39 The MOU also mentions that the two countries will keep in mind discussions in the EU-China Connectivity Platform, an EU-wide platform that has many of the same goals as those listed in the Italy-China MOU, which as we will see creates issues between Italy and the EU.40 The MOU is non-binding, and unlike a treaty or contract, it is simply a statement of intent. Additionally, on the sidelines of Xi’s visit, a total of 29 deals were signed between institutional and commercial actors in China and Italy.41 These include cooperation in the banking sector; promotion of Italian exports in agribusiness and food processing, gas turbines and steel plants, and luxury goods. Some of these deals, such as in the energy sector, are legally binding.42

One of the most talked about deals that came on the sidelines of the MOU was between the Chinese SOE China Communications Construction Company (CCCC) and the Trieste Port

Authority. The MOU signed between the Port of Trieste and CCCC has three components. The most anticipated one concerns CCCC’s participation in the “Trihub” project, which is being carried out jointly by the Port and Rete Ferroviaria Italiana (RFI) S.p.A., the Italian railway infrastructure manager. The goal of the project is to connect the port with Cervignano and Villa Opicina, two major hubs in the port’s surrounding area, mainly by revamping existing substations such as Servolo and Aquilinia. The cost of the project is €200 million, of which €160 million has already been financed by the port authority and RFI. CCCC is expected to pay for part or all of the remaining €40 million. Of the three components of the deal signed between CCCC and the Port of Trieste, this is the only one that calls for Chinese investment in Italian infrastructure. The second component gives the Port of Trieste the option to acquire a minority stake in a multimodal terminal that CCCC is constructing in Košice, Slovakia, which is already connected to Trieste by rail. The third aspect of the deal concerns the creation of logistics hubs in Chinese ports for the purpose of facilitating exports from small and medium-sized Italian enterprises to China. While not part of the MOU, there was also talk of investment from another Chinese SOE, China Merchants Group (CMG), into a new logistics platform that had been planned for the Port of Trieste for several years. This would also consist of Chinese money being spent on an Italian asset, though no details of these talks were released.

Reactions to the MOU

The deal between CCCC and the Port of Trieste promised increased cooperation and investment in a number of areas; and optimists on both sides claimed it could be the beginning of Trieste’s path towards becoming the “Singapore of the Adriatic.” Critics claim that the Chinese would overrun Trieste and gradually make Italy dependent on Beijing through predatory lending, or worse, seize control of strategic Italian assets. Both extremes appeared exaggerated even before the deal was signed, and the reality has turned out far less dramatic. Some noted that increased economic cooperation could have been pursued outside the framework of the BRI.

Brussels and Washington were both put out by Rome’s courting of Beijing. The United States has repeatedly denounced the BRI as a strategic initiative which aims to establish hegemony over participating countries through predatory lending practices and by creating economic dependency on China. Prior to Xi’s visit to Rome, the official Twitter account for the White House National Security Council tweeted, “Italy is a major global economy and a great investment destination. Endorsing BRI lends legitimacy to China’s predatory approach to investment and will bring no benefits to the Italian people.” There were also rumors that the new cooperation between Italy and China would include Chinese involvement in construction of Italy’s 5G telecommunications network, something that Washington has been working to

prevent throughout Europe.\textsuperscript{48} The United States sees Chinese 5G technology, specifically Huawei Technologies, as a means for the Chinese government to collect data on European citizens; and American officials have warned that Chinese tech could compromise information sharing and cooperation between the U.S. and its European allies. The Italian government picked up on this aspect of American concern in particular, and officials apparently moved to cut the majority of references to telecommunications networks from the MOU at the insistence of the United States, though the word telecommunications does still appear once under the section on infrastructure cooperation.\textsuperscript{49}

Within the European Union, even before news broke of Italy joining the BRI, there have been calls for a more unified and coherent strategy towards Beijing and Chinese investments. Chinese companies in recent years have increasingly made bids for stakes in large, strategic European companies, which alarmed some Europeans. Many also viewed China’s engagement with the “16+1” countries of Eastern and Central Europe (which includes both EU Member States and non-Member States) as an attempt to divide Europe.\textsuperscript{50} Since word broke that Rome intended to sign an MOU to join China’s Belt and Road Initiative, these calls for unity have greatly increased, with some calling the Italy MOU a wake-up call for Europe. Only a week before the signing, the European Commission published a joint communication in which it


\textsuperscript{49} Silvia Borrelli, “Italy Plans Scaled-Back Silk Road Agreement,” POLITICO (POLITICO, April 18, 2019), \url{https://www.politico.eu/article/italy-plans-scaled-back-silk-road-agreement/}.

\textsuperscript{50} Lee Jeong-ho, “Growing EU Doubts over China Loom Large over Xi’s Visit to France,” \textit{South China Morning Post}, March 25, 2019, \url{https://www.scmp.com/news/china/diplomacy/article/3003201/growing-european-doubts-over-china-loom-large-over-president}. 
labeled China a “systemic rival.” The paper criticized Italy’s engagement with China specifically, and summarized the attitude of those countries opposed to the deal, saying “There is a growing appreciation in Europe that the balance of challenges and opportunities presented by China has shifted,” and “Neither the EU nor any of its member states can effectively achieve their aims with China without full unity.”

The MOU also creates legal concerns vis-à-vis Italy’s commitments under the European Union. In particular, if the intentions spelled out in the MOU were to progress into binding agreements, Italy risks violating the EU’s exclusive competence in trade matters (the Common Commercial Policy) and the duty of sincere cooperation (as stipulated in Article 4(3) of the Treaty on European Union [TEU]). The EU’s exclusive competence in trade matters means that only the EU is capable of acting internationally in regard to trade policy. Member States themselves cannot pursue bilateral trade deals with foreign countries; and this includes foreign direct investment. Additionally, under the duty of sincere cooperation, EU Member States are to “refrain from any measure which could jeopardize the attainment of the Union’s objectives.” In the past, the Court of Justice of the European Union has interpreted this obligation widely, including in cases where EU Member States negotiate with third countries

52 Ibid.
parallel to the European Union and on the same subject matter.\textsuperscript{55} Considering the EU and China began trade and investment negotiations in 2013 and adopted the EU-China 2020 Strategic Agenda for Cooperation, and began negotiating connectivity deals in 2015 when the EU-China Connectivity platform was established (with some of the same goals listed in the Italy-China MOU), any bilateral trade deals between China and Italy would likely be seen as a violation of this obligation.\textsuperscript{56}

Again, the agreement between Italy and China at present is a political commitment, not a legal one. However, if Rome takes steps to formalize the agreement and begins negotiating binding international agreements, this could put Italy at odds with its commitments to the EU, thereby exacerbation current tensions and disunity in Europe.

**Actors Involved in Italy’s Entrance to the BRI**

In order to understand how and why Italy shirked these concerns from Allies and critics and came to join the BRI, it is useful to look at the parties involved in the deal. There were several actors involved, all of whom had their own motivations for pursuing a MOU between Italy and China.

One of the main drivers of the deal was the Italian government. Italian motivations for signing onto the BRI included primarily economic needs, as well as specific political conditions which allowed for such a deal to come to fruition.


Italy in early 2019 was governed by a relatively anti-establishment, Eurosceptic coalition that was at times unstable and chaotic.\(^{57}\) The coalition, made up of the League (formerly Northern League), and the Five Star Movement, both parties which are relatively inexperienced and new to power, made for a peculiar dynamic in which particular personalities were able to drive the government’s agenda to an unusual degree. The main architect of the deal was Luigi Di Maio, Minister for Economic Development and leader of the Five Star Movement, together with one of his undersecretaries Michele Geraci. Geraci, who spent a decade working in academia in Shanghai, firmly believes that increased economic cooperation with China is the best and only way forward for Italy, and he has been working towards this end since he has been in office.\(^{58}\)

Characteristics of this coalition government, such as inexperienced leaders, ambiguities in foreign policy, lack of communication between coalition partners, and overall political clumsiness, allowed for engagement with China and the BRI in a way which was previously unlikely. Major policy differences and a lack of coordination between the League and Five Star Movement in particular made it difficult for the government to properly oversee the China Task Force (an initiative launched by Di Maio and Geraci tasked with expanding relations with China). As a result, the government underestimated the consequences of joining the BRI and the impact it would have on Italy’s relationship with the U.S. and E.U.

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Economic considerations were an even more significant factor in influencing the
government’s decision to join the BRI. In the last quarter of 2018, Italy fell into its third
recession in a decade.\(^5^9\) Italy’s economic stagnation was a central issue for the new governing
coalition, which came to power in June of 2018 promising big spending to boost the economy.
These proposals for increased government spending in 2019 became difficult to implement;
however, mainly because their proposed budget was rejected by the EU, and had to be
readjusted after a two-month standoff with Brussels. To pursue their goals for the economy,
the government needed funding; and since they couldn’t get it from the EU, they saw China as
an attractive partner.

Another goal of the Italian government in an attempt to reverse Italy’s economic
recession was to find new markets to export Italian products while the Italian domestic market
remained stagnant. The large Chinese population, combined with a growing middle class in
China, made China an extremely attractive market. Chinese consumers increasingly demand the
luxury goods which Italy is famous for, and Rome hopes to leverage this demand to promote its
“made in Italy” brand.\(^6^0\) Additionally, while not a concern at the time the MOU was signed, the
COVID-19 pandemic has likely increased the Italian government’s willingness to cooperate

\(^{59}\) Graeme Wearden and Phillip Inman, “Italy Slips into Recession for Third Time in a Decade,”
The Guardian (Guardian News and Media, January 31, 2019),

\(^{60}\) Miles Johnson, “Why Would Italy Endorse China’s Belt and Road Initiative?,” Financial Times,
March 21, 2019, https://www.ft.com/content/f0af46b0-4b2d-11e9-8b7f-d49067e0f50d.
closely with China, as Italy’s GDP is projected to fall 11.25% in 2020 due to lockdown measures put in place to combat the virus.61

Aside from the immediate need for an economic boost brought on by the recession, the Italian government saw a longstanding imbalance in the trade flows from Italy to China, as well as an imbalance between Italian exports to China and the exports of other European countries to China. Twenty years ago, Italy’s share of Chinese imports was 1.9%, whereas today it’s only around 0.9%.62 Germany and France, who both criticized the deal, have much larger trade relationships with China than Italy does. The Italian government likely saw participation in the BRI as a way to regain some of this lost ground in the commercial relationship with China. The MOU also comes at a time when the EU was attempting to create a unified approach to enhancing ties between Europe and Asia through the EU-China Strategic Outlook, which was meant to create a framework for European cooperation with China. By signing onto the BRI, Italy hoped to leverage its political weight in Europe to gain a competitive advantage over other large EU economies in dealing with China. Trieste is central to these interests, in the sense that Italy hoped to use Chinese cash to further develop the port’s infrastructure, and because they hoped that increased cooperation between China and the port would facilitate a boost in Italian exports to China.

The second actor involved is really two actors, which are different but also very intertwined: the Chinese government and Chinese state-owned enterprises (SOE’s). Chinese SOE’s, while owned by the state, pursue their own interests in that they are motivated by

62 Ibid.
profits, like any large corporation. Their general orientation; however, is determined by Beijing; and they work to further the CCP’s interests while pursuing profits. In fact, Chinese SOE’s have developed BRI departments to ensure that the project’s mandate is considered in their investment decisions.63 Therefore, the two actor’s motivations differ slightly, but they are often pursuing the same goal. This is the case with Trieste, as Chinese SOE’s want to grow their investments as well as increase their opportunities for shipping and potential construction contracts in the Baltic-Adriatic Corridor; and the Chinese government wants to increase connectivity to these same markets in order to prevent future economic challenges, such as a decreasing working-age population in China, and therefore a smaller Chinese market.64

The Chinese government is essentially interested in pursuing all of the same goals that led it to launch to BRI in the first place, such as creating the aforementioned buffer against a shrinking market of consumers at home by finding new markets abroad, as well as asserting itself on a global stage in an effort to begin to shift the center of global focus back towards China, which the CCP views as the natural order of the world. In relation to Italy more specifically, the CCP was interested in the boost in legitimacy that the BRI would receive by incorporating Italy, which is a major European economy, as well as a G7 country and a founding member of NATO. Upon signing the MOU in March, Italy became the largest economy to join the BRI. Chinese cooperation with Italy, and Trieste in particular, could lead to increased access for Chinese products in Europe, which is the final destination of the BRI and still the largest consumer market for Chinese goods.

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Another benefit for Beijing is that the deal worked to frustrate the U.S.-Europe alliance. By signing an agreement with a major U.S. ally, after Washington urged their ally not to do so, China is working to chip away at the U.S. alliance network.\(^{65}\) In short, Italy’s integration into the BRI reiterates China’s message that the BRI is legitimate, and it is unstoppable, despite opposition from the U.S. and other countries.

Two key participants involved in the deal, which can also be discussed together, are the economic actors in Italy and the Trieste Port Authority. These two groups cooperated to push for the Trieste-CCCC deal, in hopes of increasing activity out of the port. While increased port traffic is obviously in the interest of the port authority, Italian companies also promoted the deal in the hopes of increasing their own exports to China. Small and medium sized Italian firms (which make up the majority of Italy’s companies), have in recent decades formed what have been characterized as “investment promotion communities,” (IPC’s) made up of public institutions, public-private actors, and private consultancies.\(^{66}\) These IPC’s were initially active in promoting exports to Central and Eastern Europe, but have since emerged in other regions, including China. Italian firms have had difficulty exporting to China in recent years due partially to a lack of framework for trade with China, and this community of actors, which includes the port authority and private businesses, hoped that a deal with CCCC would facilitate exports. The MOU began to define standards for trade with China, and was therefore welcomed by Italian

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firms. An increase in exports to China is also in the Italian government’s interest, as it builds support from firms while also helping to dispel narratives that participation in the BRI will only benefit the Chinese. This is why, as we saw in the MOU, and as we will see when discussing how the agreement has progressed so far, an increase in exports is one aspect that has received significant attention from the Italian side. An example of an economic actor that coordinated with the port authority concerning the deal is wine producers. China is a relatively large wine market, and Italian wine producers are underrepresented there. For example, though France only barely surpasses Italy in wine production, it exports more than 5 times as much wine to China.67

As was mentioned before, the Port Authority was mostly interested in increasing traffic to the port. They were also interested in securing some Chinese funding for infrastructure development, namely the Trihub project, but the primary interest was bringing in more ships, according to Zeno D’Agostino, President of the Port Systems Authority of the Adriatic, which encompasses Trieste as well as the smaller nearby port of Monfalcone.68 According to D’Agostino, of Italy’s imports by sea, “less than 2 percent have come from mainland China in recent years as measured by tonnage.”69 The port authority sees an increase in traffic as an important complement to the development of the rail infrastructure, and since most of that development is already funded, the port is mainly hoping that cooperation with China will bring more ships their way.

69 Ibid.
Chapter Three

Chinese Investment in Trieste

Implementation

With the different parties and their interests in mind, we can look at how the projects agreed to in the MOU have progressed so far. First, it is worth noting that in the 19 months since the signing of the deal, there has been no mention of Chinese money flowing into the port of Trieste in the form of investments. And while not much time has elapsed, and there is still the potential for CCCC to invest going forward, the investments that have been proposed so far only amounted to a small portion of the cost of the infrastructure. Port Authority president D’Agostino predicted that CCCC would invest $20 million at most into the Trihub project. As far as CMG’s potential investment in a logistics platform, there is little prospect of this moving forward, considering a German company bought a majority stake in the platform in September of 2020. Therefore, fears that the Chinese would gain any significant degree of control over the port or increase Italy’s already-high debt seem unfounded.

Despite the lack of progress on CCCC’s involvement in Trihub, the project, which is part of the EU-China Connectivity Platform, is still likely to be completed in the near future. As was previously mentioned, the majority of the financing is not coming from the Chinese. In fact, construction on Campo Marzio, the port’s main rail hub, began in late 2019; and the line

\[70\] Ibid.
connecting it with Villa Opicina was opened in March of 2020.\textsuperscript{71} Construction on the Aquilinia-Servola station will begin soon, according to D’Agostino.\textsuperscript{72} This new rail capacity, which also creates massive storage capacity by connecting the port with two large storage hubs, will be influential in the port’s growth. Trieste has already seen impressive growth in recent years, hitting a record 9% increase in containers handled and doubling train traffic from 2014 to 2019, and this is expected to continue.\textsuperscript{73}

As for the intermodal port in Košice, shortly after the MOU was signed, D’Agostino seemed optimistic, saying there had been progress, but that work was still ongoing on the Slovenian and Chinese side; therefore, there have been no investments from the Italian side yet.\textsuperscript{74} However, in a video conference organized by the Associazione Luoghi Comuni which took place in late April 2020, the general secretary of the Trieste Port Authority, Mario Sommariva, said cooperation on this project had, for now, stopped; though he did not give a definite reason as to why.\textsuperscript{75}

The major development concerning the March MOU between Trieste and CCCC is likely to come from the third component of the deal, which concerned increasing Italian exports to

\textsuperscript{74} “Sino-Italian Pact Will Promote Exports,” 2019.
China, particularly of wine. This too might take some time to fully materialize, but there have been signs of tangible progress so far, which cannot be said for the two other aspects of the MOU. In early November 2019, Italian Minister of Foreign Affairs Luigi Di Maio visited Shanghai, and reported that CCCC had pledged to invest in two logistics platforms in the Shanghai and Guangdong area that would promote Italian exports, especially agri-business. In an interview, D’Agostino highlighted this aspect of the deal with China, claiming that control of the port of Trieste was not an issue, and that the port authority’s main objective was to create growth opportunities for Italian export companies.

One of the major benefactors of this development will be wine producers, who were an integral part of the port authority’s vision from the start. It is worth noting however, that due to the trade war with the United States and now the COVID-19 pandemic, there is a sentiment among the Chinese population that the economy is beginning to struggle. Therefore the Chinese wine market is currently in a slight decline, and is expected to stay flat or further decline for the next two to three years. However there are still opportunities for Italian wineries, primarily because their share of the Chinese market is still small and has room to grow; and also because the Chinese market appears to be maturing, with consumers shifting more towards quality wines, such as Italian wines, rather than low-end brands. This dynamic

77 Ibid.
79 Rachel Arthur, “China’s Wine Market: 'The Latest Data Is Starting to Show Us What China Will Look like as a Mature Market',' beveragedaily.com (William Reed Business Media Ltd., June 14,
means that while these new logistics platforms have the potential to boost exports of a major
Italian product, other factors may hamper growth.

Though not officially a part of the MOU, talk of CMG’s involvement in a logistics hub at
Trieste was squashed after Hamburg port operator Hamburger Hafen und Logistik (HHLA)
bought a majority stake in the terminal, called the Piattaforma Logistica Trieste (PLT).\textsuperscript{80} This is a
major development, as it means that Beijing’s ability to expand significantly into the ports
infrastructure is now limited.

**Why Have Projects Stalled?**

Since the signing in March 2019, there has only been significant progress on one of the
three components of the MOU; and even this one component has not yet been fully realized.
While the port has continued to grow and thrive regardless of a lack of progress with Chinese
SOE’s, it is interesting that all of the proposed Chinese investments in Trieste have stalled so
far; and it will likely take time before they materialize, if they ever do materialize at all.

There are several possible reasons for this, one of the most important being the
changing political landscape in Italy. In September of 2019, a new government was sworn in,
which immediately took steps to roll back the previous government’s pro-China stance. During
its very first meeting, the new government used its special regulatory powers to examine
foreign investment in strategic sectors and critical infrastructure, including a number of supply

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\textsuperscript{80} “HHLA Invests in Multi-Purpose Facility at Port of Trieste,” Container Management, October
deals for 5G networks that involved Chinese companies Huawei and ZTE. Though this scrutiny certainly constituted a more critical stance towards China than the previous government, Luigi Di Maio, the main proponent of the BRI MOU with China, was made foreign minister. These moves signaled the new government’s more balanced approach to China, one which is not inimical to Beijing but gives more weight to EU and American concerns than did the previous government. Beijing is hopeful that Italy will keep a relatively pro-China stance going forward, and therefore has been restrained in its public response to increased scrutiny from Rome. For Trieste though, these political changes mean that BRI cooperation could suffer.

Related to the issue of the Italian government is the June 2020 revocation of the President of the Trieste Port Authority, Zeno D’Agostino, from his position by Italy’s National Anti-Corruption Authority (ANAC). This surprising declaration was made on the basis of D’Agostino’s position as honorary president of Trieste’s cruise terminal operator, which was said to be in conflict with his role as president of the Port Authority. D’Agostino had held the post of Port Authority President since 2016, and there was speculation that all agreements since then, including the BRI MOU, would become null and void. This ruling didn’t last long; however, as both D’Agostino and the port administration filed a lawsuit with the regional court in Rome (the tribunale amministrativo regionale or TAR), which canceled the ANAC provision

82 Roberto Srelz, “Port of Trieste, Zeno D’Agostino’s positions were declared incompatible with each other. Anac’s surreal decision,” *Trieste All News*, June 5, 2020, https://www.triesteallnews.it/2020/06/05/port-of-trieste-zeno-dagostinos-positions-were-declared-incompatible-with-each-other-anacs-surreal-decision/.
and returned D’Agostino to his post before the end of June.\textsuperscript{84} This episode, though short-lived, likely gave Beijing another reason to reconsider investments in Trieste.

Another potential hindrance is Washington’s addition of CCCC (the Chinese SOE with which Trieste Port Authority signed the MOU) to the U.S. Bureau of Industry and Security (BIS) Entity List in August of 2020, which effectively blacklists the company from the American market.\textsuperscript{85} While this doesn’t exclude Italian companies from working with CCCC, it adds to concerns about whether further implementation of the BRI MOU is a good idea, and has created a discussion as to whether the agreement will ever move forward.\textsuperscript{86}

Chinese domestic economic issues, resulting from a trade war with the U.S. as well as the COVID-19 pandemic, also likely hamper Chinese investment in the port. These two events have taken a toll on the Chinese economy as well as occupied the minds of CCP leaders. Tariffs on Chinese goods hurt Chinese firms, exacerbating an economic slowdown that had already begun before the trade war or the COVID-19 pandemic. Stuart Harris, in his book \textit{China’s Foreign Policy} notes that “as is true of other countries, domestic issues and values influence China’s involvement in the international system.”\textsuperscript{87} Thus, Beijing may be less likely to invest

\begin{itemize}
\item \textsuperscript{86} Zeno Saracino, “Porto Di Trieste, USA Boicottano La CCCC. La Via Della Seta in...,” Trieste All News, September 17, 2020, \url{https://www.triesteallnews.it/2020/09/17/porto-di-trieste-usa-boicottano-la-cccc-la-via-della-seta-in-pericolo/}.
\item \textsuperscript{87} Stuart Harris, \textit{China’s Foreign Policy} (Cambridge, UK: Polity Press, 2014), 171.
\end{itemize}
abroad while the Chinese economy is facing an increasingly uncertain situation. Though the trade war was already in full swing in March when the deal was signed, it would make sense for the Chinese side to be slow to follow-up on investments in Italy when they are already facing these difficult issues at home, issues which have now been compounded due to the pandemic.

Another potential reason for the lack of progress is the political dispute over Trieste’s status as a Free Port. Shortly after the Second World War in 1947, the port and the territory in its entirety were declared a free entity in the Treaty of Peace. The Trieste NGO, an organization which fights to uphold this status, accuses Rome of directly violating this agreement, which it formally adheres to, by imposing Italian taxes in the territory, or appointing an Italian from outside Trieste as head of the port authority, for example.

With the introduction of the BRI, Trieste’s status and the economic privileges that theoretically come with it have become even more hotly debated. The issue has even been raised at the UN level in recent years, and could complicate operations should a UN country, such as the United States (China’s main strategic competitor), petition the UN to uphold the sovereignty of the territory of Trieste. As China looks to make slight adjustments in its BRI strategy going forward, one of which is to avoid friction with local populations in project areas, Beijing might prefer to wait until this issue of control is resolved before investing in Trieste.

Instead, China could diversify its investments by developing the nearby ports of Koper in

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Slovenia and Rijeka in Croatia. All three of these Northern-Adriatic ports are viable options for China as they can support the Adriatic-Baltic Corridor; however, they all need further development of their rail connections. Rijeka already has funding from the EU to further develop its railways, and Slovenia signed up to the BRI in June 2019 with the hopes of gaining Chinese funding for its rail development, particularly the Koper-Divaca route.\(^91\)

As previously mentioned, increasing Italian exports to China is the one component of the MOU which has made significant progress, but even this has not yet fully materialized. Presently, the main obstacle to increasing wine exports through Trieste is COVID-19. Talks among Italian producers, traders, and their Chinese counterparts, scheduled to take place in early 2020, had to be postponed due to the outbreak of COVID-19.\(^92\) However, in the aforementioned video conference, which took place in late April 2020, the general secretary of the Trieste Port Authority said, “what has been sown, even in a very complex situation, continues and relations have not ceased.”\(^93\) While he admitted that cooperation on the intermodal port in Košice and the Trihub project had basically stopped, he was optimistic about Italian wine exports to China.


Chapter Four

Conclusion

The involvement of Italy, and particularly Trieste, in the BRI may help China diversify its investments and trade routes into Western Europe in the future, but the major benefit Beijing receives from the MOU is political by cooperating with a G7 country under the framework of the BRI. This was likely Beijing’s main motivation, and any economic motivations that followed this political incentive have mostly disappeared since March 2019. This differs from BRI involvement in some other countries, in which political gains certainly played a role, but economic or strategic gains appear to have been the major driving force behind deals and investments. This highlights a key aspect of the BRI that has been discussed before and was apparent relatively early on in the BRI’s existence, which is that it is a very fluid initiative with diverse and changing goals. The political gains can be reaped early by signing the MOU with Italy, and potential economic gains (such as could be gained from investing in Trieste) can be pursued in the future when the time is right.

As for Trieste, the port will likely continue to expand its operations, but mostly based off the initiative of the port authority, using EU funds or investments from private European companies, rather than Chinese banks. Port traffic will likely grow, as an increase in communication between the Trieste Port Authority and Chinese SOE’s, as well as the increase in publicity the port received from the high-profile BRI MOU, will continue to bring more ships to Trieste. The port had been growing since before the BRI MOU; and the Chinese are one of many potential investors, which was made clear when HHLA took over the logistics port that China Merchants Group had been interested in.
If Beijing does decide to pursue opportunities in Trieste in the near future (though this seems unlikely), the port could represent a potential next step for Chinese political and economic expansion into Europe, and the BRI MOU lays the groundwork for increased cooperation between Chinese and Italian companies. This latter point appears to be an important characteristic of Chinese MOU’s and the BRI in general, one which confuses outside observers who see no merit in hundreds of MOU’s which never lead to tangible investment. MOU’s, while not always fulfilled or followed through with, lay the groundwork for Chinese companies to do business in various countries. Even if the projects in the MOU are ignored and other projects are later pursued, the MOU represents a base for cooperation and gives a green light to Chinese firms looking to expand into a certain country. Going forward, this may be the case for Trieste and Italy in general. Another potential reason for the high number of MOU’s is that Chinese officials who manage to get BRI MOU’s signed can expect to advance in their career. BRI MOU’s may advance Beijing’s narrative that the BRI is successful and welcomed around the world, and therefore the MOU’s are in Beijing’s interest, but this does not mean every string is pulled from Beijing. Individual Chinese officials on the ground, most of whom presumably seek career advancement, have agency and make up one element of what drives the BRI forward. It’s unlikely that the MOU with Italy was put together by one enterprising Chinese official, however. Seeing as it is the largest economy to join the BRI, Beijing was likely paying close attention to any developments. Still, the agency of Chinese officials (not to mention that of the host country) is an important and often overlooked aspect of what propels the BRI; and observers tend to assume that the leadership in Beijing is always the primary driver.
As for my second research question, Beijing doesn’t appear to have much of a goal for Trieste or Italy at present. In March of 2019, Beijing’s goal for Italy could have been summed up by explaining Beijing’s goals for the EU and Europe as a whole, which is to increase China’s economic and geopolitical footprint in the region. An increased footprint means more political influence, as well as a bigger market for Chinese goods. These are essentially two of China’s biggest foreign policy goals in every region of the world, as Beijing seeks to make China a world leader. Both political and economic influence, which often go hand in hand, are important for China to fulfill this role and re-center itself on the global stage, which Beijing sees as the natural world order.

Economic expansion into the lucrative EU market helps alleviate China’s domestic concerns, such as overcapacity in some sectors; as well as prevent future ones, such as a shrinking domestic market. With economic ties comes political influence as well. Even before the advent of the BRI, scholars have noted that China’s international influence “comes largely from its economic strength.”94 This became evident in Europe after the aforementioned EU proposals condemning China were blocked by Greece. Athens’ defense of Beijing in the EU came as a direct result of its economic relationship with China. Increased political influence in Europe would benefit Beijing as it seeks to reorganize global governance in a way that it feels is more equitable to China and less centered around the West. Beijing has other interests in Europe as well, which are narrower but no less important, such as securing new sources of oil and seafood imports. At the time of the MOU signing, Beijing likely saw Italy as another avenue into Europe, and thus another opportunity to achieve its goals in the region.

China’s attempts to achieve this goal appear to be shifting away from Italy; however, due to the reasons listed in chapter three. These include instability on the Italian side, in the form of frequently changing governments and a lack of clarity as to Trieste’s political status. The revocation of the president of the Port Authority, with whom the Chinese had negotiated the MOU deals, also fuels the idea in the minds of the Chinese that Italians are difficult to work with, and that Italy isn’t a stable place for Chinese investment.95

Furthermore, Chinese domestic economic issues force Beijing to reconsider how much money it can spend in far-away places. A downturn in the Chinese economy, which preceded COVID-19 but was certainly exacerbated by the pandemic, has forced Beijing to subsidize some industries and focus more of its attention at home. While BRI investments may prevent economic problems in the future, spending billions abroad is increasingly difficult in the present. China’s foreign exchange reserves are also not as large as they were in earlier years of the BRI. At the beginning of the BRI, China’s foreign exchange reserves were rising, peaking at around USD$4 trillion in 2014. 2016 was a peak year for BRI construction projects; and since then, foreign exchange reserves have fallen and stabilized around USD$3.1 trillion.96 While these reserves are still quite large, Beijing has to be more scrutinizing in how it spends its money.

The COVID-19 pandemic has exacerbated the stall in progress, by shutting down economies around the world, keeping people from work, and forcing governments to divert

attention from other endeavors. Deals which were already proceeding quite slowly were brought to a halt. The only component of the MOU which was seeing progress at the beginning of the pandemic, the logistics platforms in China meant to increase Italian exports to China, was brought to a standstill when meetings had to be canceled due to the virus. In a meeting with Italian Foreign Minister Luigi Di Maio in August of 2020, Chinese Foreign Minister Wang Yi said that the two sides must renew their strategic partnership in the wake of the pandemic, but he didn’t mention any specifics; and Italy has since experienced another wave of COVID-19 infections and another lockdown.97

In the face of all these issues, China will likely look elsewhere to advance its foreign policy goals in Europe. In fact, it appears this is already happening, as China has increased its investments in Piraeus, in an attempt to fill the role which Trieste could have played in China’s trade routes. In early November 2020, COSCO acquired a 60% stake in Greek rail company Pearl S.A., giving Beijing the ability to improve rail connections from Piraeus to the China-Europe Land-Sea Express Line, and thus bypass Trieste as a gateway into Europe.98 Beijing could also seek to increase cooperation with the previously mentioned ports of Koper in Slovenia and Rijeka in Croatia. While Beijing has several options going forward for advancing its foreign policy goals in Europe, it appears that Italy is not at the top of the list.


Roberto Srelz, “Port of Trieste, Zeno D’Agostino’s positions were declared incompatible with each other. Anac’s surreal decision.,” Trieste All News, June 5, 2020, https://www.triesteallnews.it/2020/06/05/port-of-trieste-zeno-dagostinos-positions-were-declared-incompatible-with-each-other-anacs-surreal-decision/


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