
Poland – A Gate to the EU or a Bottleneck in the Belt and Road Initiative

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Abstract:

Purpose: The research aims to analyse mutual relations between Poland and China in the context of the Belt and Road Initiative (BRI), assess Poland's involvement in this China-led project and identify the most significant factors affecting the cooperation between both countries. The multidimensional analysis is based on a set of criteria, which are in line with the BRI's focus areas. The article discusses the achievements so far, current challenges and prospects for further Polish-Chinese cooperation in the institutional, logistics and infrastructural, trade, investment and financial dimensions, and people-to-people contacts as well.

Design/Methodology/Approach: Both qualitative and quantitative methods are used to achieve the above-mentioned objectives.

Findings: The authors identify and assess the main areas of Poland's activity in the BRI. They also point out potential solutions to the main problems related to Poland benefiting by this project.

Practical Implications: Solutions falling within the scope of logistics and infrastructure can be quickly implemented and in a short time give an answer to the bottleneck problem within the BRI.

Originality/Value: The article provides a comprehensive analysis of Poland-China relations in the context of the BRI and Poland's engagement in the BRI. In this paper, the authors describe institutional, logistics and infrastructural, trade, investment, financial and people-to-people relations between China and Poland.

Keywords: Belt and Road Initiative, China and Poland, bottleneck, international logistics.

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1. Introduction

Currently, we are witnessing the emergence of a new world order in which China is going to play an important role. Undoubtedly, China aspires to become a global power and is quite willing to be economically and politically more active in all the regions of the world. In 2013, in order to sustain the Chinese economic development, Xi Jinping proposed the Belt and Road Initiative (BRI, One Belt One Road Initiative, New Silk Road). This initiative comprises the land-based Silk Road Economic Belt and the sea-based 21st Century Maritime Silk Road. Since its announcement, the concept has been gradually gaining in importance and has finally become a key instrument of the Chinese foreign policy and a significant element of economic development strategy (Kostecka-Tomaszewska, 2018). The vision outlined by Xi Jinping (Wu and Zhang, 2013; Belt and Road Portal, 2013) is based on five main dimensions: policy coordination between the nations along the New Silk Road, modernisation of land infrastructure across the Eurasian continent, investment and trade facilitation, financial integration and people-to-people contacts (NDRC, MOFA and MOFCOM, 2015).

The Chinese win-win concept particularly appeals to economically less developed countries and regions. It presents them with a vision of rapid development and overcoming the development gap in relation to highly developed countries. Poland, among the EU countries, belongs to less developed countries, and its Eastern regions are still in the need of new driving factors for development. For this reason, Poland belongs to the group of these European countries where the concept of the BRI meets with a favourable response. Being a connecting element between China and the European Union, it would like to be an integral part of this initiative. However, both from the perspective of Poland and other countries concerned, e.g. Lithuania, Latvia, Hungary, Romania and Greece, it is important to properly assess their potential, opportunities and actions that should be taken immediately so that the BRI concept brings notable effects to their economies (Nazarko, Czerewacz-Filipowicz and Kuźmicz, 2017; Czerewacz-Filipowicz, 2019).

The research aims to analyse mutual relations between Poland and China in the context of the Belt and Road Initiative (BRI), assess Poland's involvement in this China-led project and identify the most significant factors affecting the cooperation between both countries. The multidimensional analysis is based on a set of criteria, which are in line with the BRI's focus areas. The article discusses the achievements so far, current challenges and prospects for further Polish-Chinese cooperation in the institutional, logistics and infrastructural, trade, investment and financial dimensions, and people-to-people contacts as well.

Both qualitative and quantitative methods are used to achieve the above-mentioned objectives. Each of the five areas analyzed uses its own specific research methods. The main tool used in the part on institutionalisation of cooperation within the BRI is a critical literature analysis. The research on logistics and infrastructure dimensions

employs a logical construct method as well as literature studies. The part of the research covering trade and investment is based on both statistical methods and literature analysis. In turn, a leading research tool on which the research on people-to-people relations is based is a survey form. An adopted dividing line concerns the period from 2013, i.e. since the introduction of the new idea in the international arena.

2. Literature Review

Announced in 2013 by President of the People Republic of China Xi Jinping the Belt and Road Initiative in forms of the Silk Road Economic Belt (SREB) and the 21st Century Maritime Silk Road (Wu and Zhang, 2013; Yu and Chang, 2018) is not a typical regional integration agreement. It does not take classic forms or stages of integration in line with the classification of Bella Balassa (1961, 1971). In theory, the BRI cannot be classified as part of theories combining the logics of political and economic integration (Mattli, 1999; Marinov, 2015). As a result, the instruments elaborated within these theories cannot be used directly to research it. The BRI is based on five main dimensions: policy coordination between the nations, modernisation of land infrastructure, investment and trade facilitation, financial integration and people-to-people contacts (NDRC, MOFA and MOFCOM, 2015).

Researching each of the dimensions requires separate instruments. The research challenge is not only the BRI's multidimensionality and territorial scope, but also its complexity on the infrastructure and logistics level. The BRI is a giant logistics project comprising roads, railroads, harbours, and airports. The Initiative will connect Asia with Europe and Africa through corridors, land bridges, maritime bridgeheads and a net of dedicated power plants (Seele, Jia and Helbing, 2019). The BRI acts as a great magnet attracting countries thanks to a win-win concept offering participating countries fruitful development cooperation thanks to the Chinese patient capital located in the BRI countries (Lin and Wang, 2017).

This vision strongly influences the Central and Eastern European countries wishing to bridge the development gap between them and Western European countries (Voinescu and Moisoiu, 2019). From the Polish perspective, the most important role is played by the BRI's land connections running through the territory of the Eurasian Economic Union. However, this gives rise to a lot of problems. First, there has still been no common ground between the EU and the EAEU. This directly translates into numerous bottlenecks in transport infrastructure on the EU-EAEU border (Lobyrev *et al.*, 2018; Czerewacz-Filipowicz, 2019). Second, the junction and overlapping of three important initiatives of the EU, the EAEU and the BRI provokes a need for harmonious and stable relations between them. In the case of the EAEU and China, they have agreed to pursue convergence between the BRI and the EAEU (Bond, 2017). The EU institutions do not clearly see the bottleneck problem within the BRI, which is visible in many EU documents and studies (Gleave, 2018).

Since the BRI is largely based on infrastructure conditions, a bottleneck theory is widely used in doing research on individual elements of the initiative. In most cases, bottlenecks are analyzed in relation to production systems (Kikolski, 2016) and transport route capacity (Chen and Ahn, 2018; Chen *et al.*, 2019). As part of the BRI, the main goals of the initiative are related to the implementation of numerous large-scale investments that are to reduce and/or eliminate bottlenecks in trade by improving infrastructure (Liu *et al.*, 2018). Considering the level of infrastructural development in the countries associated with the Initiative, removing infrastructure bottlenecks may be the most important condition for regional integration and economic development (Zhai, 2018; Wen *et al.*, 2019). From the perspective of Central and Eastern European countries, a quick solution to the bottleneck problem may determine the course of the BRI through their territory or the choice of an alternative solution (Nazarko, Czerewacz-Filipowicz and Kuźmierz, 2017), which is why Poland will have to confront this problem (Czerewacz-Filipowicz, 2019).

3. Poland's Involvement in the Belt and Road Initiative

3.1 Institutionalization of Cooperation within the BRI

The institutionalization of relations between Poland and China within the Belt and Road Initiative can be considered in three dimensions. Firstly, through China's dialogue with the European Union, secondly, as an element of "17+1" relations and thirdly, as bilateral relations. As a member state of the European Union, Poland does not have the power to independently sign agreements liberalizing economic relations with third countries. At the institutional level, therefore, it has limited opportunities, although it can develop economic and political dialogue, cooperation at the level of local government, diplomatic relations and cultural ones as well.

In China's relations with the EU, the year 2013 was a breakthrough one. The EU-China 2020 Strategic Agenda for Cooperation was signed and a dialogue on the Investment Agreement was initiated. The EU-China 2020 Strategic Agenda for Cooperation has set out a general framework for cooperation in the following areas: peace and security, prosperity (trade and investment, industry and information, agriculture, transport and infrastructure), sustainable development (research, technology and innovation, space and space, energy, urbanization, climate change and environmental protection, oceans, regional policy, social development, public policy, cooperation), people-to-people contacts (youth culture and education, supporting personal exchange (EU-China 2020 Strategic Agenda for Cooperation).

Bilateral declarations on cooperation were specified on June 20, 2015 at the EU-China Summit, where both parties signed a statement declaring commitment and mutual interest for the initiative: "Silk Road Economic Belt" and "21st Century Maritime Silk Road" (EU-China Summit joint statement. The way forward after forty years of EU-China cooperation). Currently, in terms of the instruments settled, the EU and China are discussing policies and issues regarding trade and investment in a range of

dialogues: the annual EU-China Summits: taking place in the form of presidential level exchange on enhancing policy coordination on a number of issues, including trade; the EU-China High Level Economic and Trade Dialogues: in form of the EU vice-president and the Chinese Vice Premier meetings to discuss issues, accompanied by EU Commissioners and Chinese Ministers; Joint Committee on Trade: annual ministerial-level meetings; Trade and Investment Policy Dialogue: Director-General level meeting; economic and Trade Working Groups: expert-to-expert discussions (European Commission, 2019).

China has assigned a special role in the BRI to the countries of Central and Eastern Europe. Although they are not the most important economic partners of the Middle Kingdom, they are characterized by several undeniable advantages, which include geographical location and greater determination to cooperate with China. This determination results from lower level of economic development of these countries than it is in the “old EU”, and thus a search for new beneficial economic alliances.

An initiative aimed at involving Central and Eastern European countries in the development of the BRI is the “16+1” formula, China's proposal of 2012, currently “17+1”. The block is formed by a group of 17 countries, mainly the former communist ones, including: Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Albania, Macedonia and Greece. The institutionalization of the “17+1” formula is manifested in particular through: the establishment of the Permanent Secretariat at the Chinese Ministry of Foreign Affairs (2012), the Permanent Secretariat for Investment in Warsaw (2014) as well as several sector associations and organizations coordinated by individual countries. The main motive behind the establishment of the “16+1” initiative is the fact of perceiving the territory of Central and Eastern Europe as a “bridgehead” for expansion towards Western Europe (Huang and Liu, 2017). In addition, China believes that Central and Eastern European countries could play an important role in shaping positive EU-China relations. In turn, from the perspective of Central and Eastern European countries, this region could be a kind of hub on the BRI, while contributing to the development of individual countries and cities of the region. As part of the “17+1” initiative, in Poland, the following was created: Contact Mechanism for the Investment Promotion Agencies of China and CEE Countries, China-CEEC Joint Chamber of Commerce and the Coordinating Secretariat for Maritime Affairs “17+1”.

Currently, political dialogue between Poland and China is taking place at both central and local government level. Intergovernmental relations are mainly based on strategic dialogue, Intergovernmental Committees or prime ministers’ summits; at the local level, events such as: Poland-China Regional Forum, which is a platform for establishing contacts between local authorities, businesses, universities and cultural institutions. The most important events of recent years having a significant impact on mutual relations were: the official visit of Chinese President Hu Jintao in Poland in

June 2004; a statement on the strategic partnership between Poland and China in 2011; Xi Jinping's visit to Poland on 19-21 June 2016 which has opened a new chapter in the history of the Polish-Chinese economic relations. Over the years 2004-2019, a number of agreements and statements were signed; memoranda, agreements regarding, among others, exports of selected goods, water management, tourism, electromobility, nuclear energy, supporting the BRI (Ministry of Foreign Affairs Republic of Poland, 2019). However, Poland has not had a strategy to shape bilateral relations with China yet.

3.2 Logistics and Infrastructure

Poland has a number of attributes that, on the one hand, enable it to play an important role in co-creating the BRI and, on the other hand, derive significant economic benefits from this initiative. Poland's greatest asset is its geographical location, which means that goods that are transported between the EU and China by land, through the Polish territory only cross two customs borders: China - the EAEU (Eurasian Economic Union) and the EAEU - the EU. According to the strategy and scope of the Belt and Road Initiative issued by the National Development and Reform Commission (NDRC) in March 2015 there were six major corridors between China and the EU and other European and Asian countries. Proposed by Xi Jinping economic corridors are China-Mongolia-Russia, China-Central Asia-West Asia, The New Eurasia Land Bridge, China-Pakistan, China-Indochina Peninsula and Bangladesh-China-India-Myanmar (NDRC, MOFA and MOFCOM, 2015).

Analyzing the course of these corridors, it can be seen that the shortest, fastest and burdened with the fewest number of problems land route from China to the European Union goes through Poland. This is called the Northern Corridor, which uses the Russian Trans-Siberian railway, starting in Kazakhstan. Passing through Russia, the Northern Corridor then goes through Belarus to Poland as a gateway to the EU. This corridor is currently being used. It passes through the smallest number of countries, therefore it involves a minimum number of border crossings and only two customs borders. In the case of the Central Corridor, the route also goes from China through Kazakhstan to the Kazakh port in Caspian in Aktau. Sea connections reach the newly built Azeri port Alat. Then, it goes through the South Caucasus and reaches Europe through Turkey.

The main disadvantages of this corridor are intermodality at the Caspian border crossing and frozen conflicts in the Caucasus (Czerewacz-Filipowicz and Konopelko, 2017). The Southern Corridor, in turn, starts from Kazakhstan, runs through Turkmenistan or Kyrgyzstan and Tajikistan to Iran. Through Iran, it reaches Turkey and then connects to Europe. The main disadvantages of this corridor are the large number of border crossings and political instability in the region. It should be noted that for each corridor a large number of branches, bypasses and possible alternatives are possible. The intensity of trade between China and the EU means that there is a great need to develop particular branches. For the time being, the most favourable on

the BRI land leg are all variants of the Northern Corridor, but excluding those that could lead through the territory of Ukraine. Due to the conflict between Russia and Ukraine as well as a tense situation and armed conflicts in eastern Ukraine, the corridors leading through this country are closed.

Therefore, Poland could become a gate to the European Union and the BRI logistics hub. However, the problem is the capacity of the Polish-Belarusian border on rail routes. As a "legacy" after Poland's being one of the former Communist and Socialist states, there are still border crossing points with a wide (1520 mm) and normal (1435 mm) track gauge. Before the year 1989, they were an important element of infrastructure enabling railway connections with the USSR. Currently, after revitalization, they could become a huge asset of this country in transport from and to China. At present, the BRI is the safest, shortest and most popular rail route connected by the Małaszewicze logistics hub, servicing all international rail transport through the Terespol-Brest border crossing. However, the BRI dynamics means that the bandwidth of this border crossing is definitely insufficient. In addition, the joint of the Polish-Belarusian border is indicated as a bottleneck and one of the most serious problems of the BRI rail branches (Lobyrev *et al.*, 2018, Czerewacz-Filipowicz, 2019). The expansion of the Terespol-Brest border crossing and the logistics center in Małaszewicze seems to be insufficient to solve this problem.

However, Poland has four other border crossings with Belarus that could be expanded and used to clear the BRI rail routes. Two of them Kuźnica Białostocka-Grodno and Siemianówka-Świsłocz have not only wide and normal gauge tracks but they are also beginning to be used for checking Chinese trains. In turn, in the case of the Czeremcha-Wysokolitowsk border crossing, they should definitely be revitalized. Whereas Zubki Białostockie-Bieresławica is a border crossing that has re-arranged the rails on the existing railway embankment. The expansion and clearing of border crossings in the Podlasie Voivodship could have spectacular effects as Via Carpatia and Via Baltica as well as Rail Baltica pass through it. The shortest route from Berlin to Moscow also goes through the Podlaskie region. To clear it, the S8 Warsaw-Białystok expressway should be extended by another 55 km to the very border in Kuźnica Białostocka.

These activities, as well as their coordination, require a coherent Polish strategy as well as skilful actions integrating it with the strategy of the European Union. The problem of the Polish-Belarusian border is also that it is the EU-EAEU border, and these two groupings have not yet reached any agreements on transport or transport routes. What is more, an embargo in relations between Russia and the EU means that the majority of the EU and Russian products cannot exceed this limit. Polish carriers, who used to be leaders in transcontinental transport before the Ukrainian crisis, have limited possibilities of providing their services as well.

The benefits associated with a geographical location of Poland also relate to the fact that this country has a significant border with Germany, China's most important trading partner in the EU. Therefore, the China-Germany exchange in land version should run through Poland. Like the transit of goods to Great Britain, the Netherlands, France, Spain and other important Chinese partners in the EU.

Geographical location cannot of course be the only factor taken into account when assessing Poland's logistics capabilities in the BRI. Several neighbouring countries of Central and Eastern Europe have a similar location and, as mentioned before, branches from the BRI routes may be looking for new solutions, e.g. in Lithuania to the port of Klaipėda or in countries such as Hungary, Bulgaria and Romania. An important factor determining the role that particular countries will play in the Belt and Road Initiative is the accessibility of various forms of transport. Poland has access to the sea and several well-developed ports. In the context of cargo, Gdańsk should be particularly important here. The Chinese trade relations with the countries of the Baltic Sea or Great Britain could therefore be served by Poland. However, this requires clearing and revitalizing rail connections from the Polish-Belarusian border to Gdańsk. A quick effect in this respect could be achieved by revitalizing the Gdańsk-Białystok rail connection, enabling rail transport of goods crossing the EU border in Kuźnica Białostocka, and perhaps also in Siemianówka or Czeremcha.

Another important aspect is the handling of transactions carried out by air connections. The railway handles only 5-7% of all transactions within the BRI. Sensitive goods often require air transport despite high costs. A New Central Polish Airport project is being implemented in Poland, which is to be located near Łódź and offer a completely new quality of cargo connections. Its location and good communication with both the eastern border of Poland and the EU's main transport routes could be an important asset in building Poland's position as an important logistics hub of the BRI.

The Logistics Performance Index of Poland has improved significantly in recent years. In this respect, in 2010 Poland took the 31st place, and in 2018 it was the 28th place. Noteworthy is not only the improvement of the LPI overall index (3.44 in 2010 and 3.54 in 2018), but mainly indicators such as infrastructure (2.98 in 2010 and 3.21 in 2018) and international shipment (3.22 in 2010 and 3.68 in 2018) (World Bank, 2019).

3.3 Trade, Investment and Financial Cooperation between Poland and China

An assessment of the degree of Poland's involvement in the BRI as well as the benefits of economic cooperation with China imposes a penetrating analysis of the dynamics and structure of trade exchange and also the dynamics and specificity of the Chinese direct investment. On the one hand, the analysis will enable to illustrate the extent to which China meets Poland's expectations and needs but, on the other hand, it will indicate to what extent China is guided only by its own interests.

China is the largest exporter and second largest importer in the world. In 2018, the value of China's trade in goods amounted to USD 4,629 billion, including exports reaching USD 2,494 billion, while imports - USD 2,135 billion. As a result, China achieved a trade surplus of USD 359 billion. Most countries in the world have a trade deficit with China. It is exactly the same for Poland (ITC, 2019). China is the largest trade partner of Poland among the Asian countries and the second source of imports after Germany. In 2018, China's share in Poland's total imports was 11.6%, while the value of bilateral trade amounted to almost USD 33.8 billion. The balance of trade has traditionally been unfavourable to Poland. The Polish exports to China amounted to USD 2.5 billion, whereas the value of imports from China amounted to USD 31.3 billion. This means that Poland's exports to China is 12.5 times less than its imports from China (Statistics Poland, 2019).

For many years, the growing negative trade balance between Poland and China has been a problem in economic relations between these countries. In spite of the efforts of the Polish side, the value of Polish exports to China is relatively low and accounts to 0.9% of the total Polish exports. As a result, the Chinese market in 2018 was the 21st among export directions for Polish products (Statistics Poland, 2019). Simultaneously, Poland was the 59th source of imports for China. The share of goods imported from Poland to China amounted to 0.17% of all the Chinese imports (ITC, 2019). Considering the potential of the Chinese market (i.e. 1.4 billion potential consumers), it can be undoubtedly concluded that the presence of Polish goods in China has been definitely too small so far.

When analyzing the structure of trade between Poland and China, it can be observed that the commodity structure of Poland's exports to China is dominated by 4 groups of goods. The most important commodity groups in exports include machinery and mechanical appliances as well as electrical and electrotechnical equipment (29.5%), base metals and articles thereof (26.8%), plastics and rubber and articles thereof (8.3%) and miscellaneous manufactured articles eg. furniture, toys, games and sports requisites etc. (7.7%). Furthermore, agri-food products (6%) are also an important part of exports (Statistics Poland, 2019). In 2018, copper and articles thereof with a 22.4% share in total exports of Poland, were the most important types of goods exported to China, followed by machinery and mechanical appliances (16.2%), electrical machinery and equipment as well as parts of thereof (13.3%), furniture (7.%), rubber and articles thereof (4.5%), optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus (4.2%), vehicles other than railway or tramway rolling stock, and parts and accessories thereof (4.1%), plastics and articles thereof (3.8%) and food such as dairy produce, birds' eggs and natural honey (2.4%) (ITC, 2019). In turn, in the commodity structure of Poland's imports from China, the largest share is held by machinery and mechanical appliances as well as electrical and electrotechnical equipment (50%), textiles and textile article (11%) and miscellaneous manufactured articles e.g. furniture, toys, games and sports requisites etc. (10%). In 2018, the largest deficit Poland had in trade with China took

place in the electromechanical sector (Statistics Poland, 2019). Such a structure of trade means that the majority of products imported from China to Poland can be transported using rail container transport (e.g. electronics, textiles, toys, furniture) rather than exported (e.g. raw materials, agri-food products). The main reason is that unit container transport costs are calculated on the basis of volume and weight. The higher ones are in the following sectors such as: raw materials, building materials and agri-food products and lower in the case of many processed goods.

Poland's trade cooperation with China has for many years been based on the exchange of raw materials for processed goods. In the years 2013-2018, invariably, the most important products imported from China were machinery and mechanical appliances, electrical and electrotechnical equipment, textiles and textile article and furniture and toys. However, in the Polish exports at that time an important role was still being played by base metals and articles thereof (38.32% in 2013 and 26.8% in 2018) as well as plastics and rubber and articles thereof (7.2% and 8.3%, respectively).

At the same time, it should be noted that the Polish and Chinese economies are in many respects more competitive than complementary. Polish enterprises have got to compete in the local market with goods imported from China, which, due to lower production costs in China, are often much cheaper than goods produced in Poland. Parallel to it, this is the same reason why Polish companies are not able to successfully compete for customers on the Chinese market. Therefore, in order to enter the Chinese market and increase exports, Polish companies should choose niches in which they could specialize and adapt their offer to the needs of Chinese consumers and market requirements.

It should be emphatically said that, at present, China is definitely one of the priority export directions for Polish goods. Industries that may contribute to reducing the trade deficit with China in the future include: medical equipment, machinery and equipment, cosmetics, IT / ITC, biotechnology and pharmaceuticals, fashion industry, yachts and boats, furniture, food, car and aviation parts (Ministry of Investment and Economic Development, 2017). It is precisely in these areas that Polish companies should be seeking for their opportunities to develop exports. So far, the largest intensification of promotional activities and parallelly Poland's greatest hopes for a greater share in the Chinese market can be seen in the field of agri-food products. Nevertheless, it needs to be highlighted that a serious problem in trade relations with China in the field of food is a necessity to obtain licenses and complicated rules for product certification.

Currently, most of the traded goods are created as a result of cooperation between companies operating in various countries. As a result, the entire production process is divided into stages, each of which has a specific value added. Fragmentation of production and the rise of global value chains (GVCs) means that measuring the benefits of foreign trade should not be limited to measuring trade flows or the structure of trade goods. To appraise the benefits of foreign trade, it is important to isolate

domestic added value embodied in exports of intermediates and final goods (UNCTAD, 2013). At present, both the Polish economy and the Chinese one are an integral part of global value chains. Firstly, both countries are taking advantage of imported goods and services for domestic production, which is then exported (backward participation). Secondly, they are important suppliers of intermediate goods used by trading partners to produce goods for exports (forward participation) (OECD, 2019).

Concomitantly, it should be remarked that the distribution of benefits within global value chains depends on the ability to capture more valuable (i.e. more profitable) production stages, i.e. those characterized by the greatest value added. To date, China has been a participant in global value chains, having been managed by international corporations from highly developed countries. At the moment, however, it is using the BRI to create production networks that will enable China to use them in accordance with its own interests. So far, the role of Poland comes down to a role of supplier of raw materials as part of the Chinese-led global value chains involving countries lying along the New Silk Road to cooperate. When it comes to foreign investment, the BRI has not brought any significant upsurge in the Chinese FDI in Poland. Although, for a number of years, Poland has been one of the most attractive foreign direct investment (FDI) destinations for Chinese companies in Central and Eastern Europe (CEE).

However, the Chinese FDI to Poland started to increase significantly after the country joined the European Union (EU) in 2004 (MOFCOM, NBS and SAFE, 2011, 2018). As a result, Poland is the largest host country in the CEE region for the FDI from China. According to the Chinese statistics, the amount of the Chinese FDI stock in Poland equalled to USD 523.73 mln at the end of 2018, which accounted for 23% of the total Chinese capital invested in the region. However, it should be noted that the CEE countries received insignificant amounts of Chinese investment. China's outward FDI stock in the region reached only USD 2.27 bln, accounting for only 0.11% of the total Chinese investment abroad (MOFCOM, NBS and SAFE, 2018).

It is also worth noting that official statistics provided by the National Bank of Poland (NBP) and China's Ministry of Commerce (MOFCOM) on the Chinese OFDI in Poland are not consistent. However, both datasets confirm that the Chinese OFDI in Poland is growing (MOFCOM, NBS and SAFE, 2018; NBP, 2019). Nevertheless, despite the growth of Chinese investment in Poland over the past few years, China's relative share of FDI stock in Poland is still meagre. According to the figures of the National Bank of Poland (NBP), in 2018 only 0.13% of the FDI stock in Poland came from China. At the end of 2018, China was the 30th largest investor in Poland in terms of FDI stock, having invested USD 297.4 mln, compared with USD 48.77 bln invested in Poland by the leading investor – the Netherlands (NBP, 2019).

Moreover, it is necessary to stress that for legal and tax reasons, many foreign companies decide to enter the Polish market through companies registered in other

countries, e.g. in Hong Kong, the Netherlands or Luxembourg. Furthermore, the ownership structures of international companies are becoming increasingly complex and foreign direct investment can now be made by various entities located in different countries, within the enterprise structure, before they reach their destination. In such cases, it can be extremely complicated to identify the ultimate investing country. Unfortunately, the data presented by the Polish National Bank as well as the data of equivalent institutions in other countries, do not comprise the original source of capital. They take into consideration only the last country through which invested capital passes before entering the national economy.

Meanwhile, according to data from the Rhodium Group, the cumulative amount of Chinese investment in Poland reached EUR 1.4 bln at the end of 2018 (Hanemann, Huotari and Kratz, 2019). This amount is much higher than the values reported by the NBP and MOFCOM. The difference is due to the methodology used. Statistics provided by Rhodium cover acquisitions and greenfield projects made by ultimately Chinese-owned companies, while the NBP's dataset on the Chinese direct investment transactions in Poland does not include investments made by Chinese companies that are registered in other countries outside of China. In turn, according to the OECD that gathers data based on the ultimate investing country the total value of the Chinese FDI in Poland amounted to USD 826.5 mln at the end of 2017 (OECD, 2019).

So far, among the main foreign investors operating in Poland have been the following Chinese companies such as China Everbright International, Chunxing Group, Haoneng, Hongbo, Huawei, LiuGong Machinery, Min Hoong Development, Nuctech, Shaanxi Ligeance Mineral Resources, Shanxi Yuncheng Plate-making Group, Sino Frontier Properties, Suzhou Victory Precision Manufacture Co, TCL Corporation, Tri-Ring Group, TPV Technology Ltd, Wanhua BorsodChem, WH Group Limited and ZTE Corporation (Polish Investment and Trade Agency, 2019; American Enterprise Institute and Heritage Foundation, 2019). A sector embracing the biggest number of Chinese investment in Poland is manufacturing, especially production of electronics (TPV Displays Polska, TCL Operations Polska), production of all types of X-ray scanners (Nuctech Warsaw), production of labels and food wrappers (Haoneng), publishing and printing (Shanxi Yuncheng Plate-making Group), manufacturing of heavy construction equipment (LiuGong Machinery), production of parts and accessories for motor vehicles (Gardner Aerospace), production of electric lightening equipment (Hangbo Clean Energy), food processing (in 2017, WH Group Limited took control of Animex, the largest producer of meat and meat products in Poland, and in 2018, Zhonglu Fruit Juice took over the largest producer of apple juice concentrate and NFC juices in Poland, Appol).

In turn, Zhangjiagang Guotai Huarong New Chemical Materials is working out a plan of building in Poland one of the largest facilities in Europe producing electrolyte for lithium batteries used in electric cars. Aside from manufacturing activities, the investments of Chinese enterprises in Poland also cover such sectors as construction (Sino Frontier Properties), waste treatment and renewable energy resources (the

takeover of Novago by China Everbright International), hotels and real estate (Min Hoong Development Co., Jin Jang International bought the French company Louvre Hotels Group which owns several hotels in Poland), IT (ZTE, Huawei), logistics (Logicor) as well as wholesale and retail trade. Moreover, Chinese firms provide financial (eg. the Bank of China, Industrial and Commercial Bank of China, China Construction Bank and Haitong Bank) and legal services (eg. Dacheng, Yingke and Jingsh) as well. Furthermore, Chinese companies are increasingly willing to take part in public tenders for infrastructure projects in the field of transport and energy (eg. Sinohydro, Shanghai Electric Power Construction and Stecol – subsidiary companies of Power Construction Corporation of China i.e. PowerChina, Pinggao Group – subsidiary of State Grid Corporation of China).

Chinese enterprises deciding to start a business in Poland are usually the highest link in a production process and form their network of suppliers and subcontractors. Regarding the entry mode, the investors are both taking Polish companies over and starting new projects in Poland. However, they tend to choose the form of acquisitions while investing in Poland, whereas Poland is rather interested in greenfield investments, as they create new jobs and are more beneficial in terms of economic development. Until now, the main motive of most Chinese investments in Poland was to benefit from the position in the market already gained by an acquired company and readiness to gain access to both the Polish and EU sales market. However, as part of investment, modern technology has also been transferred.

The sectors of Chinese investors' activity are in line with long-term development strategies of China such as the BRI and Made in China 2025. The Chinese motives behind the BRI cover among others promoting Chinese overseas investment and moving up the global value chains (Kostecka-Tomaszewska, 2018). In turn, the latter one assumes the development of virtually all high-tech industries that strongly contribute to economic growth in advanced economies: new information technology, numerical control tools and robotics, aerospace equipment, ocean engineering equipment and high-tech ships, railway equipment, energy saving and new energy vehicles, power equipment, new materials, medical devices and agricultural machinery ("Made in China 2025" plan unveiled, 2015).

These strategic sectors determine the directions and profile of China's outward FDI. At the same time, it should be emphasized that focus areas of Made in China 2025 are in line with the Strategy for Responsible Development adopted by the Polish government in 2017, which indicates key industries in the context of Poland's economic development. Strategic sectors that have a chance to become future driving factors of the Polish economy include, among others the following sectors: means of transport production e.g. e-buses, rail vehicles or specialist vessels, sector of professional electronics e.g. smart energy meters, inverters, vehicle chargers or sensors, sector of specialist telecommunication and information technologies e.g. fintech, machine and building automation, cybersecurity, computer games or

bioinformatics, aviation and space sector e.g. drones or satellite components, sector of drugs production, medicinal products and modern medical services, sector of mining systems, sector of raw material recovery, sector of eco-buildings, sector of high-quality foods and sector of military systems (Ministry of Investment and Economic Development, 2017). It means that the leading industries in China are in line with Poland's priorities. This circumstance might generate opportunities for cooperation between Chinese and Polish companies.

In comparison with Western European countries, due to lower labour costs, Poland is an attractive location from the perspective of foreign investors. This creates opportunities for the development of cooperation within the BRI and the inflow of Chinese investments to sectors in which Chinese companies seem to have problems accessing the EU market. Poland can be used as a bridge to China's expansion to the markets of other EU countries thanks to bypassing customs and other barriers on the EU border. Poland has a chance to attract Chinese investments because it can offer a qualified workforce and lower costs than the more developed European countries.

However, the government is expected to prepare appropriate legal solutions and a marketing campaign to attract Chinese investors. Concomitantly, the main driving factor of the Polish-Chinese cooperation within the BRI is supposed to focus the cooperation on the development of industries that are part of long-term development plans of both Poland and China.

Financial integration is also crucial components of the BRI. In recent years, cooperation between Poland and China in this field has been gradually deepening. The manifestation of this is the fact that the largest Chinese financial institutions have their branches in Poland. For several years, banks such as the Bank of China (BoC), Industrial and Commercial Bank of China (ICBC), China Construction Bank (CCB) and Haitong Bank have been operating in Poland (PFSA, 2019). Moreover, in 2016, the Polish government issued three-year renminbi-denominated bonds worth three billion yuan on the Chinese market. In this regard, Poland is the first European country which issued its government bonds in China (Liu, 2016).

3.4 People-to-People Relations

The last key field of cooperation as envisaged by the BRI is people-to-people relations. According to the Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road this focus area covers, among other things, the development of cultural and educational exchanges, expanding the scale of tourism as well as increasing research cooperation to name only a few (NDRC, MOFA and MOFCOM, 2015). There has been some improvement over the past few years in the above-mentioned areas.

In 2018, Poland was visited by 158 thousand tourists from China (an increase of 14.5% compared with the previous year). According to the Polish Tourism

Organisation's research Poland is perceived by the Chinese as a large and important country in Europe. Moreover, Poland is considered to be a safe country, and this is one of the most important factors determining the choice of travel destination for Chinese tourists. To visit Poland, the Chinese usually choose organised trips around Central Europe, during which the Czech Republic, Hungary and Slovakia, or the Baltic States are also visited. It should be emphasized that from the perspective of the Chinese tourism industry, Poland's tourism assets, the diversity of offer and a high level of tourist services put this country first among "new" destinations in Europe. This is confirmed by numerous awards received in 2018 such as the Top 10 Most Popular Destination awarded by National Tourism Magazine, The Most Popular Tourist Destination Award won at the Guangzhou Fair, Emerging Vacation Destination in 2018 handed by China Travel Agent magazine and The Most Popular Tourism Destination Award awarded at the fair in Shenzhen (PTO, 2019).

As a part of deepening mutual relations, both countries have also been developing cooperation at the academic level. Many Polish universities have signed agreements on cooperation with Chinese ones. Additionally, to promote the Chinese language, culture as well as a positive image of China around the world, the Confucius Institutes have been established at universities outside of China. Currently, there are 6 Confucius Institutes and 1 Confucius Classroom in Poland (Confucius Institute Headquarters, 2019).

With regards to scientific cooperation, in 2018, the Polish National Science Centre (NCN) and the National Natural Science Foundation of China (NSFC) invited researchers from both countries to submit proposals of collaborative research projects under the SHENG competition. This joint initiative has given an opportunity to gain funding for Polish-Chinese teams for basic research in all fields of the Natural, Life, Management, Engineering sciences as well as Economics and Psychology (NCN, 2018). As a result of the first edition of the SHENG competition, funding was awarded to 30 joint Polish-Chinese research projects (NCN, 2019).

The attitude of Poles to China is also worth considering. According to the Pew Research Center's latest Global Attitudes Survey conducted in 2019, Poles have an increasingly positive attitude towards China. Since 2018, 11% of Poles have changed their opinion about China to be positive. In 2019, more Poles had favourable (47%) than unfavourable views of China (34%). Furthermore, younger people tend to have a more positive stance on China than the older generation in Poland (Silver, Devlin and Huang, 2019). The positive attitude of young Poles towards China was also confirmed by a survey conducted at Białystok universities in 2019. It was conducted on a group of 493 students. 61% were women and 39% were men. They were mainly students of economics, international economic relations from the University of Białystok and management, logistics from Białystok University of Technology (BUT). The survey concerned an assessment of the attractiveness of the Chinese culture and products by Polish students. In addition, students were asked about the

following issues: whether or not they would like to work in Chinese enterprises, whether or not they would be willing to visit China or if they have a liking for the Chinese. Noteworthy is the fact that students from China study at both universities, and every year a group of them (Bialystok University of Technology) spends a month at the Chinese school of Management of Zhejiang University Ningbo Institute of Technology as part of the summer school, while students from China come to the Faculty of Engineering Management at BUT as part of the summer school as well (Szpilko, 2017).

The survey clearly shows what impact direct contacts between the Polish and Chinese students (as well as academic teachers) have on the perception of China, the BRI and Chinese products. Over 69% of respondents declare that they like Chinese people (total yes and rather yes). Over 70% would like to visit China and 20% would like to work for a Chinese company. The surveyed students are eager to buy Chinese clothing products, toys, gadgets, electronic products and some processed food products (e.g. soy sauce).

On the other hand, however, they rather avoid using Chinese products from the following sectors: medical, partly cosmetic as well as unprocessed food products (e.g. vegetables, fish, etc.). A desire for learning the Chinese language is declared by 9% of the surveyed students. At the same time, there is a strong correlation between students who know more about the BRI and/or China and their willingness to work in Chinese enterprises and learn Chinese. A similar relationship occurs among students who have visited China, have had classes with Chinese students or have been lectured by academic teachers from China. The knowledge of first-year students who have never come across the BRI topics in their classes is poor. 20% of them declare that they have never heard of the initiative. The students mostly show any lack of willingness to work in Chinese enterprises and do not see the need to learn Chinese as well. On this basis, it can be distinctly concluded that universities, research and teaching centers play a very important role in shaping opinions on the BRI.

4. Conclusions

Poland has a considerable logistic, structural, economic, geographical and population potential in the context of the development of the BRI initiative. Poland's capabilities related to the BRI are identified both in the works of Polish researchers (Nazarko, Czerewacz-Filipowicz and Kuźmicz, 2018; Krukowska, Kłaczyński, Kostecka-Tomaszewska, 2018) and in the research conducted by international research teams (Lobyrev et al., 2018) as well as international organizations such as the Eurasian Development Bank. The research presented in the article confirms part of the theses appearing in the literature indicating at the same time new opportunities and threats related to Poland's participation in the BRI.

At the institutional level, Poland has participated in a number of agreements (e.g. "17+1"). Effective implementation of the instruments that are offered by particular

agreements would enable significant benefits to be gained from participating in the BRI. The main problem identified by the authors at this level, however, is that Poland is not taking advantage of these instruments, and in the last 3 years Polish authorities have not made any important step towards using the BRI.

At the logistics and business level, Poland has an excellent geographical location on the route of main land transport corridors running from China to the EU. The greater part of Poland's Eastern border is also the external border of the EU. The current Terespol-Brest border crossing and the logistics center in Małaszewicze is the main dry transshipment port on the BRI land leg from China to the EU. The transshipment capacity of both the border crossing and the dry port are far insufficient in the context of the dynamics of the BRI development and constitute a bottleneck. The bottlenecks on the Polish-Belarusian border are a very serious problem. They result not only from the fact that it is the interface between the EU and the EAEU.

Although the lack of an economic agreement and any level of cooperation between the EU and the EAEU are a problem in the development of the BRI land connections (due to the problem of clearing the Polish eastern border), a much more serious problem is the lack of strategy to solve the problem of bottlenecks on the part of the Polish authorities. In their research, the authors identify several practical options for clearing the Polish-Belarusian border in the Podlaskie Voivodeship. However, decisions must be taken in Poland at the government level. The Marshal's Office of the Podlasie Voivodship undertakes actions related to clearing both rail and road routes, but some decisions, e.g. the inclusion of the Białystok-Kuźnica Białostocka road section into Trans-European Transport Networks must be taken in Brussels, and the support of central authorities is required.

On the other hand, the location of the railway track on the existing and previously used railway embankment in Ząbki Białostockie requires a decision at the government level and talks with the Belarusian authorities. It is disturbing that people from Belarus, including even from Grodno, who travel to Białystok often decide to cross the border with the EU in Lithuania and drive an additional 200 km to avoid queuing on the Polish-Belarusian border. This one example perfectly shows what scale of the problem we are dealing with. Since the economy and market abhor a vacuum, the BRI will certainly find bypasses and alternative land and road connections. However, this may eliminate Poland from the mainstream transcontinental transport routes. Delaying decisions in this regard seems to be highly dangerous, it may be too late for Poland to participate in the BRI providing measurable benefits.

On the other hand, resolute steps should also be taken not to let Poland become only a transit country in the BRI. Considering the population and processes taking place in China, among other things, rapid urbanization and the increase in citizens' affluence, it can be said that this is one of the most promising consumer markets in the world. The middle class is quickly increasing in size, which generates demand for luxury

goods, furniture and interior furnishings as well as high quality food. However, the key question is who will deliver these goods to China. For the time being, Poland is an insignificant source of imports. For many years, an essential problem in economic relations between the countries has been a significant asymmetry in trade weighted in favour of China. The only way to solve this problem is to increase the recognition of Polish products in China. However, the effectiveness of promotional activities depends on the support of government institutions, as Poland is dominated by small and medium enterprises which often do not have sufficient capital to independently run a promotional campaign in China. In addition, access to the Chinese market is burdened with numerous barriers that can only be eliminated through intensive political dialogue. What is more, the structure of the enterprise sector in Poland is also one of the reasons for China's relatively small capital involvement in this country.

The investment activity of Chinese corporations around the world is mainly focused on acquisitions of large reputable companies as well as advanced technologies. There are relatively few companies in Poland that may be interesting from the point of view of China. On the other hand, however, due to having resources in the form of a qualified workforce and relatively low labour costs compared to Western European countries, Poland has a chance to attract Chinese greenfield investments. However, it is necessary that the Polish government should be actively involved in this field, as Poland competes against other Central and Eastern European countries for the Chinese capital.

As the survey conducted by the authors shows, in terms of culture, the Polish society is prepared for the participation in the BRI. However, developing of cooperation between Polish and Chinese universities and research facilities is advisable and very much needed. The survey shows that students who have participated in internships, summer schools or classes on the BRI have become a kind of ambassadors of the BRI in the region and the country. On the basis of observations, the authors also diagnose an interesting regularity, namely students who have had an internship in China or developed research topics related to the BRI, after entering the labour market have very often initiated economic relations within the BRI in their enterprises.

The authors conclude that to make the most of the opportunities which are being carried by the BRI, Poland should definitely create a vision and plan of action to indicate how it might involve itself in this Chinese project.

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