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„BELT AND ROAD INITIATIVE" AND „GLOBAL GATE WAY INITIATIVE" IN COMPARISON

Abstract. At the end of 2021, the freight rates for container ships were USD 16,000 per 40-foot container. The same container cost only about $2000 two years earlier. This is good for shipping companies, but importers need to be able to bear such freight costs. This is currently leading to considerations of reorganizing the supply chains and thus the spatial structure of the international production facilities (the international division of labour).

However, this in turn must also take into account the expected effects of China's "Belt and Road Initiative" and the European Union's "Global Gate Way" initiative. This paper focuses on concepts, the similarities and the differences of this initiatives and their possible effects on the changes in the world economy in the future. Their chances of realization are also critically examined. Both initiatives will have enormous problems financing their ambitious programs. Planning, political and organizational problems will arise. Primarily due to the complexity of the decision-making apparatus in China and in the European Union. In the first case, caused by the high degree of centralization and the autocratic political structures. In the second case, due to the extreme decentralization and the low political power of the decision-makers on the European level.

Keywords: Freight rates, World trade, Chinese Belt Road Initiative, Global Gateway Initiative, European Union, Chines and European Development Policy

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Introduction. The year 2021 has brought significant shocks to world trade. Above all, there is the interruption of the usual transport routes due to the closure of important ports caused by the Covid crisis in China, which has led to supply bottlenecks and production losses especially in the European industry.

The indicator for this is the significant increase in freight rates and the resulting increase in production costs and inflation rates.

This has shown that the globalization of economic relations can also trigger negative effects that have a global effect due to their close interlocking. For this reason, the usefulness and security of the current world economic order is often doubted and a rethink is called for.

Irrespective of these current developments, Chinese and Europeans are beginning to establish new trade relationships and new trade routes that may have serious implications for the world economy. They want to integrate world regions into the existing relationship that have so far been rather marginal, although they have significant development potential. This article deals with this complexes.

Freight rates show weaknesses in the current supply chains. Freight rates in world trade at sea reached a high at the end of 2021. The price per 40-foot container was USD 16,000. The same container cost about $2000 a little less than 18 months ago. This is good for shipping companies, but entrepreneurs and importers have to be able to bear such freight costs.

In 2022, container rates will definitely remain at a very high level. There are several reasons for this. Due to the Suez Canal blockade [Flocke, Goebel 2021] by the "Ever Given" and the corona-related port closures in China, there are still considerable bottlenecks. As a result of the resulting worldwide restrictions for consumers, the demand for transport services is still very high.

Another reason is the shipping companies new freight rate model. Fearing the expected collapse of the high-price phase, They are tying their customers into new, comparatively cheap, long-term contracts. In a certain way the high price level is thus preserved. These new contracts are of interest to customers at the moment, because if they sign up for an annual contract, a container will cost 14,000 or 15,000 USD. But if the customers bind themselves with a two- or three-year rate, freight-rates will be significantly cheaper at a level of 6000 or 7000 USD. Nevertheless, this is good business for shipowners because these prices are still three to four times higher than before the crisis.

Freight rates will only be temporarily high. Since 2005, the Shanghai Container Freight Index SCFI [Shanghai Container Freight Index] has been showing the weekly freight rates of container transports that start from Shanghai, the world's largest container port. A freight container from China to Europe cost between USD 15,000 and 16,000 at the end of 2021.

However, prices will not remain at this high level. One reason is the stricter environmental standards of the International Maritime Organization (IMO) [International Maritime Organization], which will apply from 2023. Due to higher taxes, they make old container ships uneconomical. On the other hand, around four million additional TEU are coming onto the market due to the launching of many new ships. That corresponds to about 20 percent of the current global fleet. The usual standard container is abbreviated as TEU “Twenty-foot Equivalent Unit” (20-foot container) [Logistic know how, 2014]. Even if uneconomic ships are phased out, the supply of spare container ship capacity is expected to outstrip global demand in the medium term.

At the same time, however, the demand for transport capacities will also shrink, because when people move freely again, they will consume fewer general cargo and demand more services. From then on, freight rates will fall again. Nevertheless, they will probably be higher than before the crisis, mainly because of the shipowners' livelihoods.

Reallocation of production facilities. More and more European companies are realizing that the import of goods from China is too expensive because of the transport costs. Especially with cheap goods, the container price often exceeds the value of the goods. An importer who has 500,000 euros or more transported in one container is not interested in that. For him, the transport costs only amount to a few cents per piece. Entire industries actually are considering whether shipping across the globe still makes economic sense. Incidentally, this also applies to ecological reasons.

Some companies are relocating to India or Bangladesh to save transport costs. Others bring production back to Europe straight away, which especially can benefit Eastern European countries in particular those which are not members of the European Union. The goods could then be transported by truck or on small ships.

If companies bring production closer to their locations, they can also improve their CO2 balance, because the long sea route is included in the calculation of the environmental impact.

The supply chains will therefore change. This will be especially the case for companies importing goods with a low product value per piece, some of them have been producing in China for decades.

This also has to do with the fact that they are not only suffering from high container prices, but also from raw material prices that are currently three to four times higher than in the past. This can also lead to increasing domestic production in the European Union and its periphery again.

The "consciousness economy" [Stopp, 2022; Dźwigoł 2015,2018,2021a,2021b]. The CO2 problem plays a very important role here. If a producer brings parts of the production back to Europe, he has significantly more control over delivery times and costs. Thanks to modern production facilities, he can also save significantly more CO2. In the case of goods from Asia, not only the transport to Europe causes higher CO2 emissions, but often also lower environmental and production standards in the Asian industries.

Actually a "greener" awareness is not only reaching consumers, but also the producing companies. Producing as cheaply as possible and then importing may soon be a thing of the past. Market observers are therefore assuming that the container freight market, especially in trade with China and South-East-Asia, will collapse in the medium term. In the long term, nevertheless the rate level is expected not to fall below the pre-corona level.

Chinese politicians have definitely recognized these dangers which are forced by the actual crisis. In view of its ambitious national development goals, China's politicians are therefore focusing on large-scale projects that are intended to expand the volume of Chinese trade into new spheres.

The Belt and Road Initiative (BRI). The Belt and Road Initiative is planned as a transcontinental long-term policy and investment program. It aims at infrastructure development and acceleration of the economic integration of countries along the route of the historic Silk Road. The Initiative was unveiled in 2013 known as OBOR – One Belt One Road.

According to the official outline in 2015, "the Belt and Road Initiative aims to promote the connectivity of Asian, European and African continents and their adjacent seas, to establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multi-tiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries." [Jie, Wallace 2021, Budziewicz-Guźlecka, Drożdż 2022; Drożdż, Mróz-Malik, Kopiczko 2021b; Banasik, Miśkiewicz, Cholewa-Domanagić, Janik, Kozłowski, 2022].

"Silk Road Economic Belt" Initiative is a global initiative but puts a major focus on countries in Asia, following the historic Silk Road [The National Geographic Society, 2020], Eastern Europe, the Middle East and including Eastern Africa. It is a long-term vision for the infrastructural development and economic cooperation of Eurasia and is spanning six development corridors.

The so called New Eurasian Land Bridge Economic Corridor (NELBEC),

the China – Mongolia – Russia Economic Corridor (CMREC),

the China – Central Asia – West Asia Economic Corridor (CCWAEC),

the China – Indochina Peninsula Economic Corridor (CICPEC),

the Bangladesh – China – India – Myanmar Economic Corridor (BCIMEC) and finally the China – Pakistan Economic Corridor (CPEC).

This region is mainly composed of emerging markets. According to the Belt and Road Portal [Belt Road Portal 2021], currently 71 countries are taking part in the Initiative. They are representing more than a third of the world`s GDP and two thirds of the world`s population.

The land based "Silk Road Economic Belt" is added by "21st Century Maritime Silk Road" [Ghiasy, Su, Saalman 2018]. It connects China to Southeast Asia, Indonesia, India, the Arabian peninsula, Somalia, Egypt and Europe, encompassing the South China Sea, Strait of Malacca, Indian Ocean, Gulf of Bengal, Arabian Sea, Persian Gulf and the Red Sea.

Another project is the "Polar Silk Road" [Nakano, 2018]. It is part of China`s Arctic strategy and its ambition to develop a "Polar Silk Road" under the "Belt and Road Initiative".

The land based Silk Road Economic Belt, the 21st Century Maritime Silk Road and the Polar Silk Road cannot be considered separately. They are complements to each other regarding the strategic integration of the regions.

The official Belt and Road Initiative outline promotes the joint formulation of development plans and measures for advancing cross-national or regional cooperation between the countries involved. To realize it, intergovernmental cooperation, multi-level macro policy exchange, communication mechanisms and policy support for the implementation of the large-scale projects and the coordination in monetary policy are needed. It also needs exchange and establishment of communication mechanisms, improvement of connectivity of infrastructure construction plans and technical standards systems. Furthermore reduction of investment and trade barriers, promotion of regional economic integration, coordination and set-up of financing institutions and last but not least cultural and academic exchange and dialogue and media cooperation are necessary conditions. Finally this would be an economic integration process, totally new for Chinese politicians.

Coordination of the Initiative. The Initiative has no formal institutionalized body and its implementation includes multiple actors and stakeholders. The overseeing body of the Belt and Road Initiative is the "Office of the Leading Group on Promoting the Implementation of Belt and Road Initiative which is under the National Development and Reform Commission (NDRC) [The US-China Business Council, 2018]. The leading group is in charge of guiding and coordinating work related to the initiative. Chair of the leading group is the Executive Vice Premier of the State Council. He is also the Deputy head of the leading group.

An important role in the implementation of the Belt and Road Initiative plays China`s new State International Development Cooperation Agency (CIDCA) [Daily 2018; Drożdż, Mróz-Malik 2017, 2020; Drożdż 2019]. The agency was unveiled 2018 and will be responsible for strategic guidelines and policies on foreign aid. It will be answerable to the State Council and according to State Council will serve the country's global strategies.

Various Chinese governmental agencies are involved in the formulation and implementation of the Belt and Road Initiative. To complement the Belt and Road Initiative blueprint, almost all provinces in China such have elaborated own Belt and Road Initiative implementation plans. Their coordination may cause enormous problems within the complex structures of the Chinese central planning system.

To fully fund the total Belt and Road Initiative project volume of estimated USD 4 to 8 trillion, diverse funding channels such as BRI bonds, private capital investment and public-private partnerships (PPP) but also State-Owned Enterprise (SOE) investment will be crucial for the success of the Initiative [Houtari, 2018; Drozdz, Marszalek-Kawa, Miskiewicz, Szczepanska-Waszczyna 2020a; Drożdż, Szczerba, Kruszyński 2020b].

However, it is also important that the rigidities that still exist due to the bureaucratic central planning system do not become an obstacle to the planned large-scale projects. Here one relies on the relieving effect of increasing digitization in business, politics and society. A Chinese form of e-government is expected to have greater administrative capacity and administrative modernization [Gankova-Ivanova, 2018]. The future will show if this will be the case.

Vulnerability of the Chinese trade routes. Goods are transported to Europe mainly by sea. Transport by ship may be relatively cheap but also prone to risks. Because of the geographic situation, this sea route is easy to block. For example, after the founding of the People's Republic of China in

1949, Taiwan imposed a naval blockade in 1954. All goods traffic by sea from and to China no longer functioned.

A ship going from China to the world has to go from the Chinese coast through the East China Sea to America or Latin America and through the South China Sea to Africa and Europe. This gateways to the world via sea has some bottlenecks, e.g. between South Korea and Japan, at the Philippines, near Malaysia and Singapore, in the Arabian Sea and through the Suez Canal to the Mediterranean. A military blockade would be easy to set up in the South China Sea between Malaysia and Singapore. This would hit the Chinese economy enormously. Without thinking about military action, the economic damage caused by the 5-day blockade caused by the accident of the ship "Ever Given" on the Suez Canal already shows the possible consequences.

The New Silk Road is a land route through which such naval blockades can be circumvented. Here China has to be on good terms with the transit countries. For the same reason, China is building rail routes to Pakistan and investing in a deep sea port in Myanmar, effectively expanding the Silk Road by sea. The goods can be loaded onto ships from ports in Pakistan and Myanmar. The state-owned Chinese shipping company Cosco (China Ocean Shipping (Group) Company) [COSCO SHIPPING Lines Co., 2022] took over a 67 percent stake in Greece's largest port of Piraeus in 2016 for the next 36 years. Thus, China hopes to be able to keep goods traffic to Europe, despite possible conflicts in the southern Chinese sea area.

In order to secure these trade routes, China is expanding its military fleet with cruisers and aircraft carriers and has already set up its first military base outside the country in Djibouti. Year after year, China increases arms spending with the aim of defending its economic interests militarily if necessary. However, it is doubtful whether this would be possible without trade on the other trade routes collapsing.

Chinese geopolitics a contribution to global prosperity. European trading partners in particular have benefited from the Chinese Belt and Road Initiative for the past 5 years. In Germany, on the site of the former Krupp Rheinhausen steel works, a new DUISPORT was created. The city of Duisburg is creating new jobs as a result. Initially, the trains only ran twice a week. Today there are 35 to 40 trains per week and the trend is increasing. Duisburg has become a hub for transhipment of goods that arrive in Duisburg by rail from China and depart via Duisburg from Europe to China. Business circles expect that the volume of trade due to rail transport will continue to increase in the coming years. But this route may also interrupted by the transit countries.

Overall, it can be said that the Belt and Road Initiative is very important for China to ensure its continued economic growth [Lang, Melnychenko, 2016a; Furmaniak, Gauden, Patrykiejew, Miśkiewicz, Kowalczyk 2019]. It is therefore of great importance in many Chinese regions for increasing their prosperity. This in turn is also in the long-term interest of Europeans and in particular of Germany, which is also heavily dependent on exports.

It is also in favour of Europe when China sets development impulses through its economic activities in Central Asia and Africa. In a globalized world with its close trade links, this is of direct, material benefit to all who actively participate. Trade requires at least two partners who both benefit, otherwise they would not trade.

It is precisely this dependence of everyone on everyone that ultimately may protect us from massive military conflicts. As the sketched instability of the Chinese trade routes shows, military conflicts would largely paralyze the advantageous world trade system that guarantees the currently high level of welfare in the world. In this respect one can certainly hope that a functioning Belt and Road Initiative will induce the politicians in the area to refrain from military action. Geopolitics as an extension of trade routes is trade policy and fair trade between strong partners promotes the prosperity of all! [Lang, 1966; Drab-Kurowska, Drożdż 2021; Drozdz, Miskiewicz, Pokrzywniak, Elzanowski 2019; Dzwigol, Trushkina, Kwilinski 2021].

The Global Gateway Initiative. On 1st December 2021, the European Union (EU) unveiled the "Global Gateway Initiative". Its plan is to support infrastructure development around the world. Between 2021-2027 this would mobilise EUR300 (=USD 402) billion for connectivity projects, notably in the digital, climate and energy, transport, health, education and research sectors.

To provide an alternative to the Chinese approach to global infrastructure development, some G7 leaders committed to "a values-driven, high standard, and transparent" set of infrastructure partnerships in June 2021. It is the US's Build Back Better World [Powell, 2021], the UK's Clean Green Initiative [Williams, 2021; Dzwigoł, Dzwigoł–Barosz,Zhyvko, Miskiewicz, Pushak 2021b] and the European Union's Global Gateway. The European Commission pitched it as a template for how Europe can build more resilient connections with the world.

The European Union and EU countries already are the world's leading providers of Official Development Assistance (ODA). Official development assistance (ODA) is defined by the OECD Development Assistance Committee (DAC). This is an arm of the Organization founded in 1961 by the Organisation for Economic Co-operation and Development (OECD) to better organize and execute its agenda. It also has the duty of innovating and monitoring future and ongoing development projects. It acts as a government aid that promotes and specifically targets the economic development and welfare of developing countries. Europe disbursed EUR66.8 (=USD 89,5) billion in 2020, which is 46% of world's total.

But Europe needs not new resources, Europe needs to use existing ones more strategically. To further put things into perspective, between 2014 and 2018 the European Union and EU countries provided around EUR350 (=USD395) billion in Official Development Assistance (ODA) grant equivalent, while the Belt and Road Initiative (BRI) – against which the Global Gateway is being compared – provided around EUR200 - EUR400 (USD 268 – USD 536) billion in loans, according to different estimates of the American Enterprise Institute [American Enterprise Institute, 2022] and United Nations Conference on Trade and Development (UNCTAD). Given that as grant represents a much bigger financial contribution than a loan. Europe's role as a donor is thus more significant than that of China or any other country [Zhu]. This is an important difference between the Chinese and the European Initiative.

Reducing fragmentation in EU global action. The problem is that European Union action in the field is fragmented into countless initiatives, undertaken at both Union and national levels. As clearly outlined by the High-Level Group of "Wise Persons" on the European financial architecture for development, this has led to overlaps, gaps, inefficiencies and lack of geopolitical stance. It shows the well-known basic problem of the Unions activities in nearly all political fields. The European Union has recently taken two steps to reduce this fragmentation and increase the coherence of its external action. First it has combined its funding for the neighbourhood and international development into a unique instrument, the Neighbourhood, Development and International Cooperation Instrument (NDICI) [Publications Office of the European Union], endowed with EUR79.5 (=USD106,5) billion for the period 2021-2027.

Second it has launched the "Team Europe" package, which combines resources from the European Union, EU countries, the European Investment Bank (EIB) [European Investment Bank, 2022] and the European Bank for Reconstruction and Development (EBRD) [European Bank for Reconstruction and Development, 1991], to provide around EUR40 (=USD53,6) billion to partner countries to deal with the health and socio-economic consequences of the Covid-19 pandemic.

The Global Gateway Initiative, which will also be delivered via Team Europe initiatives, represents another important step in this process of consolidation of Europe's development finance. It is an important one because of its focus on the strategic issue of infrastructure development and connectivity. The question will be how this strategic coordination between EU countries and EU institutions and financial institutions will work. The attempt to improve that coordination is positive, but whether it will succeed remains open.

On the grants-versus-loans discussion. It is also important to clarify that the loans provided in the framework of the Chinese Belt and Road Initiative have often contributed to economic instability in the initiative's partner countries. There is evidence that Chinese Belt and Road Initiative lending practices have increased indebtedness to alarming levels in some of these countries.

Even before COVID-19 Crisis, the World Bank estimated that nearly a third of the initiative's partner nations were at high risk of debt distress [Furmaniak, Gauden, Patrykiejew, Szymański, Miśkiewicz, Kowalczyk 2019]. Chinese Belt and Road Initiative doubtless represents one of factors behind this debt pressure. There are clear examples of its megaprojects having significantly worsened the macroeconomic situation of countries, like Djibouti, Kyrgyzstan, Laos, Maldives, Mongolia, Montenegro, Pakistan and Tajikistan. FOM analysis of the financing of 100 Chinese projects overseas highlighted that cancellation, acceleration, and stabilization clauses in Chinese contracts potentially allow the lenders to influence debtors as well as domestic and foreign policies. This makes clear, that Cina aims to dominate this countries also economically and politically.

The Global Gateway in numbers EUR300 (=USD 402) billion. This is the overall investment that the initiative seeks to mobilise between 2021 and 2027. Lack of fresh EU funds aside, there is scepticism about the ability of European Union's guarantees to really crowd-in private investment. This represents a classical criticism of the union´s guarantee schemes, where the leverage effect is generally between 10-15. For example, the "Juncker Plan" or "EU Infrastructure Investment Plan" [Belhajjam, Cohen, 2021 sought to leverage EUR315 (=USD422,1) billions of private investments on the basis of EUR21 billion of EU guarantees (a factor of 15), while the investment framework of the recently launched NDICI seeks to leverage EUR500 (=USD670) billions of private investments on the basis of EUR53 (=USD71,0) billions of EU guarantees (a factor of 10).

The Juncker Plan is an European Union wide and comprehensive response to the investment shortfall. The Plan's financial component the "European Fund for Strategic Investments (EFSI)", is managed by the European Investment Bank (EIB) and the European Investment Fund (EIF). In comparison to these crowding-in factors, the expected leverage factor of the Global Gateway is a lot smaller. The EU component is foreseen to mobilise EUR135 (=USD180,9) billions of private investment on the basis of EUR40 (=USD53,6) billions of EU guarantees (a factor of 3.4). This looks reasonable, as what private investors want before they invest in developing countries is just political risk insurance.

After all, the World Bank and other development banks have always made an extensive use of guarantees to mobilise private-sector resources for development projects. The financial structure of Global Gateway aims to mobilise infrastructure development investments of up to EUR300 (=USD402) billion in the period 2021-2027. This sum is composed of EUR135 (=USD180,9) billion in investment foreseen under the European Fund for Sustainable Development plus (EFSD+) [Programme Statements, 2021]. In this Fund the European Union provides EUR40 (=USD53,6) billion in guarantee capacity – of which EUR26.7 (=USD 35,8) billion via European Investment Bank and EUR13 (=USD17,4) billion via a EFSD+ new window dedicated to Global Gateway, targeting national financing and development finance institutions etc. Existing programmes such as the Pre-Accession

Assistance (IPA) III, Interreg, Invest EU and Horizon Europe will also be used to mobilise resources under Global Gateway.

To complete this financial tool kit, the European Union is exploring the option of creating a "European Export Credit Facility" to complement existing credit arrangements by EU countries and increase its overall power in this area. In this respect, the Global Gateway, with its focus on limiting risks of debt distress in partner countries, seems to provide a more reliable alternative for global infrastructure development.

First, as already mentioned, the European Union funding model is a mix of grants, soft loans and guarantees aimed at crowding-in private sector investments, while the Belt and Road Initiative exclusively focuses on loans! Second, the European Union requires partner countries to adhere to the rule of law, upholding high standards of human, social and workers' rights, as well as a respect for international norms and standards of intellectual property. This contrasts with China's lending practices, where contracts often include stabilisation clauses challenging human rights and sustainable development policies.

Lending contracts of both the China Development Bank [China Development Bank, 2022] and the Export-Import Bank of China (Eximbank) [The Export-Import Bank of China 2022] include stabilisation clauses that "create carve-outs within the rule of law, limit the borrower's self-governance, and potentially block state-of-the-art environmental, public health, labour, and other potentially vital and popular regulations" [Tagliapietra, 2021; Furmaniak, Gauden, Patrykiejew, Miśkiewicz, Kowalczyk 2019]. This might also help explain why the Belt and Road Initiative is perceived negatively in certain countries.

Beyond money. Focusing on expertise and technical support It is also important to underline that the Global Gateway has a strong focus on expertise, alongside financial assistance. This is important, because creating an enabling environment to attract investment in partner countries with support for reform of regulatory frameworks, or technical support for the development of infrastructure projects. It is also important to ensure the scale and long-term durability of development actions, beyond individual infrastructure projects. Global and domestic benefits Infrastructure investments are the best and only way of turning sustainable development goals into practice. Climate action requires renewable energy plants, power grids and electric-vehicle charging infrastructure. Health requires hospitals, education requires schools or connectivity requires ports.

By promoting Europe's values in the world, the Global Gateway can thus also become the export arm of a new industrial policy of the European Union. It can help meet the European Union's international pledges, such as on climate finance, by supporting partner countries in the implementation of their sustainable development agendas. It can also enable EU industry to enter new growing markets, a win for European industrial policy [Lang, Melnychenko, 2016b; Lyulyov, Vakulenko, Pimonenko, Kwilinski,Dzwigol, Dzwigol-Barosz 2021]. On top of this, it can help economic development in the European Union's partner countries, providing an invaluable foreign policy dividend for the European Union. In geopolitical terms, the Global Gateway can help the European Union to get a better position in the global infrastructure and connectivity competition. Rule-based cooperation focused on a clear set of priorities represents an attractive alternative to the Chinese Belt and Road Initiative in several partner countries, starting in Africa. By scaling up cooperation on economic and social infrastructure projects, the European Union thus has an opportunity to promote its values and vision of sustainability in a way that is tangible and long-lasting [Lang, Melnychenko, 2016c; Coban, Lewicki, Sendek-Matysiak, Łosiewicz, Drożdż, Miśkiewicz, 2022]. The main challenge will be to align all European players to cooperate.

Conclusions. Due to ongoing supply problems, more and more companies intend to turn their backs on long-distance trade with East Asia. Excessive freight rates have made the goods from the local production facilities too expensive since the corona crisis.

This applies in particular to low-value mass-produced products, in which the transport costs make up a high proportion of the value. In addition, we expect that the hitherto cheap production in the current supplier countries of East Asia will come to an end due to rising costs. Furthermore, avoiding long-distance transport with the less environmentally friendly ships currently available fits into a strategy to improve the CO2 balance. Bringing production back to Europe therefore seems increasingly advantageous again. High-quality products will continue to dominate long-distance trade in the future, because the transport costs per piece only account for a small proportion of the value [Furmaniak, Gauden, Leżańska, Miśkiewicz, Błajet-Kosicka, Kowalczyk 2021]. Low-value products, on the other hand, will again be produced more cost-effectively in geographical proximity to buyers and consumers. Countries in Eastern and South-eastern Europe could benefit from this at the expense of East and Southeast Asian countries.

This in turn harbours considerable dangers for China's ambitious development goals and increases the pressure there to push ahead with projects such as the Belt and Road Initiative. This is primarily aimed at the hitherto little developed markets in Central Asia, but also at the countries of Africa. It is designed to increase combined land-sea trade while increasing Chinese influence in Eurasia and Africa. Both regions are also the focus of the European Global Gateway Initiative. With this initiative, the European Union is attempting to secure its interests vis-à-vis China and future world trading partners in Central Asia and especially in Africa, and to expand trade relations.

At first glance, both initiatives are expected to have a huge impact on the global economy due to their gigantic financial and investment dimensions. Countries in Central Asia, Southeast Asia and Africa are already experiencing significant changes in their economies as a result of the first realized investment projects. On the one hand, there are effects on employment and the development of production, income and demand. On the other hand, there are increasing financial and political dependencies resulting from the unusual and at the same time considerable dominance of Chinese activities in these countries [Cyfert, Chwiłkowska-Kubala, Szumowski, Miśkiewicz 2021]. This is also of considerable importance for China, because in view of its rapidly aging population and the still high proportion of underdeveloped parts of the country with low per capita income by international comparison, the economic success of the initiative is ultimately of the utmost existential importance for China itself, especially since the country is taking on enormous financial burdens. To ensure this organizationally, Chinese politics relies on the mobilization of broad sections of the Chinese leadership apparatus in politics and business. In addition, the focus is on attracting private investors.

Against this background, the European Global Gateway Initiative can be seen as a relatively late reaction to China's initiative [Miśkiewicz 2019; Pająk, Kvilinskyi, Fasiecka, Miśkiewicz 2017]. On the one hand, it is about securing Europe and its economy against the growing competitor China in the long term. On the other hand, it is about participating in the development of the relatively underdeveloped regions of the world in Africa, Asia and South America.

However, the European Union is also taking on a huge burden of financing and organization, relying on the experience of its institutions with earlier development projects. However, these were not always successful and this also raised fears that the new initiative could possibly fail due to the complexity of the bureaucratic decision-making processes in the European Union [Kharazishvili, Kwilinski, Sukhodolia, Dzwigol, Bobro, Kotowicz 2021a; Kharazishvili, Kwilinski, Dzwigol, Liashenko 2021b; Kwilinski, Lyulyov, Dzwigol, Vakulenko, Pimonenko 2022].

In addition, the management of the Covid crisis to date has already accumulated considerable debt, the financing of which on the capital markets could compete with the financing of the Global Gateway Initiative. Claims of individual EU members against the EU budget could be a cause of further problems in the realization of the initiative.

In summary, it must be said that both China and the European Union have no alternative to implementing their initiatives. China needs the success to continue its own development into a society with broad relative prosperity. However, the fact that it is simultaneously trying to achieve economic and political hegemony over its partner countries could develop to its disadvantage in competition with the European Union. The European Union also needs success in order to ensure the long-term security of the level of prosperity achieved in the past [Kwilinski, Dzwigol, Dementyev 2020; Lewicki, Drozdz 2021; Coban, Lewicki, Miśkiewicz, Drożdż 2022]. Because of their very similar goals, both partners should therefore have a common interest in ensuring that the success of their initiatives is not jeopardized by disruptive political or even warlike trouble spots in the world. If the Belt and Road Initiative and the Global Gateway Initiative can be implemented under peaceful conditions, even to a large extent, it will be a win-win situation for China, Europe and the rest of the world.

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