

# **A Sea of Opportunities: The EU and China in the Mediterranean**

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Asia's new economic and political strength—particularly China's—and its increasing economic ties with Europe are giving the Mediterranean region an opportunity to once again be the place in the world where “things happen.” This opportunity is amplified by rapid economic growth in Africa, the countries' of which, in the past decade, have exploited the discovery of new oil and gas fields and developed such sectors as mining, fishing, and agriculture. Now Africa is a key supplier to China and a growing market for Chinese and European goods.

However, this new Mediterranean centrality should not be taken for granted. New economic links, trade, and investments must be built, because the Mediterranean Sea is not the only way to link Europe and Asia. Mediterranean ports face tough competition from Northern European ports, and this could become even tougher with a potential permanent opening of a new sea route through the Arctic. Today this route is opened for a few weeks per year, but if expected climate changes continue, this route could become profitable. Another source of competition that could arise is from the new railways that are connecting and expected to connect China and Europe. Today the number of rail routes is still small, but that could increase in the near future thanks to new railway tracks and new agreements among the countries crossed by the railway networks. These routes will be a competitive threat to the economies of the Mediterranean region, especially for the transport of

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high-value-added goods that need a shorter time to market. How will Europe face these challenges?

The recent enlargement of the Suez Canal allows the passage of almost any of the world's largest operating container ships. This has been a very important event and increased the performance of all Mediterranean ports. However, there are very few ports that can handle ships that carry seventeen thousand containers. These ships need to be able to stop in more than a few ports to maintain profitability. There is also a need for modern logistics infrastructure and for assembly and production sites in ports that are fast-handling and fast-customs-clearing operations. An even smaller number of ports will be able to compete in the future, due to the economies of scale that characterize this industry, and the selection process will influence the economic performances of entire countries. The substantial growth of Port of Piraeus activities after its acquisition by China Ocean Shipping (COSCO) tells us that the new competitive process has already started.

In order for this process to take full shape and provide the necessary long-term stability for the region, we need both a peaceful evolution of the political environment of the Mediterranean and Middle East and stronger relations between Europe and China. The economic links between Europe and China need to be stable and durable in order to create a safe and efficient Mediterranean Sea. Investment in infrastructure such as ports, highways, and railways, as well as in productive activities that can benefit from the new infrastructures, needs a stable environment. China learned this lesson when it suffered from the collapse of its investments in Libya during the Arab Spring.

It is clear that China and Europe share the same interests in stabilizing the Mediterranean. Of course, for Europe there are additional interests, consequent to the historical links and the geographical proximity to Africa. Among other things, Europe has to take account of the hundreds of millions of African citizens who are trying to migrate to Europe from sub-Saharan Africa in order to escape poverty. Without a stable North Africa, an increasing tide of migrants will try to come to Europe, putting their own lives in danger and creating increasing difficulties for recipient European countries. China, on its side, needs stability in this area not only to guarantee its own investments and some of the most important destination markets for Chinese goods but also to avoid political disruption that could easily move to areas

much closer to domestic Chinese interests. For example, a destabilization of the sphere of influence of Turkey due to the turmoil of the eastern Mediterranean could directly influence China through Xinjiang province. Economics and politics together push China and the European Union to cooperate for the stability of the Mediterranean Sea.

Strengthening economic ties, investment, and trade agreements between the EU and China would be an important step toward creating and sustaining stability. Increasing bilateral trade and helping growth will benefit all the Mediterranean countries. However, we cannot forget that there are many difficulties to overcome; there are many sectors closed to EU investments in China, and it is not clear if China is ready to change its policy. It cannot be accepted, for example, that a Chinese company can invest in the EU telecommunication service network while an EU company cannot invest similarly in China in the same sector or that a Chinese car producer can buy 100 percent of an EU car maker while the reverse is limited to 50 percent. Intellectual property rights and all the related matters are an additional difficult problem to tackle.

To sum up, there are great opportunities, but there are also great difficulties. There are joint investments that could be made easier to implement; for example, North African countries need a network of infrastructure to create a real economic African market that would also connect to sub-Saharan countries. Europe and China could put together money, technologies, and political ties to support such a venture. While in the past China could develop an Africa strategy without taking into consideration the role of Europe, today it is not so easy. Among other reasons, this is a consequence of the worsening perception of the Chinese presence in many African countries. Concerning the possibility of EU-Chinese cooperation on political issues, China still follows its policy of nonintervention in the domestic affairs of other countries. However, even China had to intervene recently in South Sudan to protect its own people and investments.

Clearly many divergent interests exist inside the EU as well. It is necessary to remember how the different views between Northern and Southern European countries make it difficult for them to share the same goals and, as a consequence, to come to consensus on policy. It is clear that China and Europe share the same interests in the peaceful development of the Mediter-

anean area, but it also clear that this shared interest is not enough to create the conditions required to ensure peaceful development. In the past few years, conflicts and disruptions have increased sharply in the region. It is difficult to foresee a joint Chinese and European action alleviate the existing tensions. To share the same interests does not always mean sharing the same solutions.

The complex international environment is an obstacle to systematic cooperation even in the foreseeable future. My personal wish is that, tackling the problems one by one, we can prepare the field for a future long-term shared strategy.

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