ASSESSING ECONOMIC OPPORTUNITIES BETWEEN FINLAND AND CHINA THROUGH THE BELT AND ROAD INITIATIVE

Focus on BRI’s peripheral markets: Finnish industrial SMEs

Lappeenranta–Lahti University of Technology LUT

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Juha-Matti Katajamäki

Examiner(s): Professor Juha Väätänen, Post-doctoral researcher Roman Teplov

ABSTRACT

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Juha-Matti Katajamäki

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The Chinese-led economic project, "Belt and Road Initiative" (BRI), is one of the most notable contemporary global economic initiatives. In its current form, BRI aims to enhance trade between China and the rest of the world by investing in various infrastructure projects overland and on-sea. The "belt" refers to overland road and rail transportation from China to rest of Asia, all the way to Europe through the countries in between. The "road" refers to maritime trade routes and harbours in South-East Asia, South Asia, West Asia, Africa, and Europe.

In this research the geographical focus will be on Finland and China. The BRI has gained varying responses across Europe with some countries joining the initiative, while others have been more hesitant. While Europe will be analysed generally, special focus will be kept on Greece and Hungary due to their involvement in the initiative.

The purpose of this research is to assess various aspects regarding bilateral trade and foreign direct investment opportunities for Finnish small and medium sized industrial enterprises. Opportunities and challenges regarding increased bilateral trade and investments will be assessed through historical data on trade and investments between before-mentioned European countries and China, media analysis, and by interviewing Finnish institutions.

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TALOUDELLISTEN MAHDOLLISUUKSIEN ARVIOINTI SUOMEN JA KIINAN VÄLILLÄ BELT AND ROAD -HANKKEEN KAUTTA – Huomio BR-hankkeen reunamarkkinoille: Suomalaiset teolliset Pk-yritykset

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Kiinan johtama taloudellinen projekti ”Belt and Road -hanke” (BR-hanke) on yksi huomattavimmista globaaleista taloudellisista hankkeista. Nykyisessä muodossaan BR-hanke tähtää kaupan parantamiseen Kiinan ja muun maailman välillä sijoittamalla erilaisiin infrastruktuurihankkeisiin maa- ja meriteitse. Termin ”vyö” (belt) viittaa maitse kulkeviin auto- ja rautateihin Kiinan kautta muualle Aasiaan, aina Eurooppaan asti ottaen mukaansa välissä olevat maat. Termin ”tie” (road) viittaa meriteitse tapahtuvaan kauppaan ja satamiin Kaakkois-, Etelä-, ja Länsi-Aasiassa, sekä Afrikassa ja Euroopassa. Tässä tutkimuksessa maantieteellinen kiinnostus kohdistuu Suomeen ja Kiinaan. BR-hanke on saanut vaihtelevia vastauksia eri puolella Eurooppaa, joidenkin maiden lähtiessä mukaan, joidenkin ollessa epäilevimpiä. Euroopan markkinoita tullaan tarkastelemaan kokonaisuutena, mutta erityinen kohdistus tapahtuu Kreikkaan ja Unkariin heidän liityttyänsä mukaan hankkeeseen.

Tämän tutkimuksen tarkoituksena on arvioida erilaisia näkökantoja Kiinan ja suomalaisten pienten ja keskisuurten teollisuusyritysten kahdenväliseen kauppaan ja sijoituksiin. Mahdollisuuksia ja haasteita arvioidaan edellä mainittujen eurooppalaisten maiden ja Kiinan välisen kaupan ja sijoitusten pohjalta, mediakatsauksella, sekä haastattelemalla suomalaisia instituutioita ja agentteja nykyisten valmiuksien ja kiinnostusten kartoittamiseksi.

ABBREVIATIONS

AIIB	Asian Infrastructure Development Bank
BOT	Balance Of Trade
BRI	Belt and Road Initiative
CAI	Comprehensive Agreement on Investment
EDB	Ease of Doing Business
EP	European Parliament
EU	European Union
FDI	Foreign Direct Investment
MNE	Multinational Enterprise
MoU	Memorandum of Understanding
n.d.	No Date
NELB	New Eurasian Land Bridge
LOF	Liability of Foreignness
OBOR	One Belt One Road
PSR	Polar Silk Road
SOE	State-Owned Enterprise
SME	Small and Medium sized Enterprises
SMIE	Small and Medium sized Industrial Enterprises
WB	The World Bank
WTO	World Trade Organization

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Sincerely yours,

Juha-Matti Katajamäki

Table of contents

Figures

Tables

1 Introduction

In this first section, the practical topics of this research will be discussed. Beginning with the background of the study through which the carrying themes of this research will be introduced and continuing with a statement of the problem that explains why the background carries importance for Finnish enterprises with the aim of explaining the fundamental core of this research. The aim of the research and its questions are explained in full, followed by a brief methodology introduction to explain how the carrying questions will be researched. To gain a general understanding of this research, the most fundamental theories will be introduced and explained in brief. Towards the end, this research's delimitations and structure will be introduced.

1.1 Background of the study

China's Belt and Road Initiative (BRI) has become an economic phenomenon that is gaining increasing attention across the globe. A common alternative for the name "Belt and Road Initiative" is "One Belt, One Road initiative." For clarity, this research adopts the former name and includes the abbreviation "BRI," which will be most commonly used. Any and all references to "One Belt, One Road" or its abbreviation "OBOR" will come from literature or journal references but will be unaltered to keep the coherence of the original content intact.

In 2013, China's president, Xi Jinping, proposed the BRI while on an official visit to Kazakhstan and Indonesia. The purpose, according to the proposal, was to revitalize transport, infrastructure, and trade links along the ancient Silk Road routes. This would, naturally, also increase China's status on the international stage. As BRI aims to reach much of Europe, Asia, and Africa – regions where half of the population of the world reside – it can be argued that BRI is one of the most significant contemporary developments in global economics. (Cremer, McKern and McGuire 2020, p. 3).

At the moment, 147 countries have signed on to various projects in the BRI or have expressed an interest in doing so. These countries make up two-thirds of the world's population and 40 percent of global GDP. Most of these countries are in Asia and Africa, but some South American and European countries have become involved in recent years as well. (McBride, Berman & Chatzky 2023). No official map for the BRI has been provided, as policy makers in Beijing have been rather ambiguous about its exact routes, most likely to keep options open in a rapidly changing international environment (Mendez, Forcadell, and Horiachko 2022, p. 489).

The two European countries that will be analysed in the course of this research are Greece and Hungary. Due to their close proximity to Finland and membership in the European Union, these two nations are fit for comparison with Finland.

Greece signed an MoU with China regarding the BRI titled "Inter-Governmental Cooperation in the Joint Construction of the Belt and Road Initiative" in 2018 (MFAPRC 2018; HKTDC 2018; Tzogopoulos 2018; OBOReurope 2018). Titled a "natural partner" due to its location in the intersection of the BRI routes, Greece was one of the first developed countries in Europe to sign the MoU on BRI (EPRCHR 2020; Tzogopoulos 2018). A central location of significant importance is the city of Piraeus in Greece, near the capital Athens. The Chinese state-owned shipping company COSCO ("China Ocean Shipping Company") owns 67 percent of the Piraeus Port of Athens (Piraeus Port of Athens n.d.). COSCO has continuously invested in the Piraeus Port and transformed it into a transshipment hub in the Mediterranean region, making it a convenient docking destination with a potential access to high-speed trains that will grant access deeper into Europe (Tzogopoulos 2018). The Piraeus Port has become one of the largest ports in the Mediterranean Sea (EPRCHR 2018). The port's location is convenient considering that the Suez Canal is very close, through which ships can sail from the Mediterranean Sea to the Red Sea and all the way to the Arabian Sea and Indian Ocean, effectively allowing ships to sail from Europe to Asia without having to circumvent Africa.

The first European country to sign an MoU regarding the BRI was Hungary. In 2015, Hungary signed the "Intergovernmental Memorandum of Understanding on Jointly Building the 'Belt and Road' Initiative." (Blanchard, Carsten, and Coghill 2015; Chung 2015; De Stefano 2022; GCR 2015; PMPRCUN 2016).

A Hungarian politician, Péter Szijjártó, noted that China is a country that Hungary places great importance on. Signing the BRI MoU is consistent with Hungary's political aspirations in "the East" and that Hungary is delighted to "walk in the forefront of EU-China relations and cooperation between Central and Eastern European countries and China." (PMPRCUN 2016).

While Finland has not yet joined the BRI officially, cooperation between Finland and China around the topic has been seen. A Joint Action Plan was conducted between China and Finland that ends this year, in 2023.

In 2019, a "Joint Action Plan on bilateral partnership between China and Finland" was published with the aim on complementing the "Joint Declaration on a bilateral partnership between China and Finland" that was published in 2017 during President Xi Jinping's visit to Finland. The plan covers the years 2019-2023 and includes topics such as political and economic cooperation; sustainable growth (includes business opportunities, trade, and investments); connectivity from soft areas such as culture and sports to aviation, transportation, and networks; and social equality. (Ministry of Foreign Affairs of Finland 2019). While not directly linked to the BRI, it sets the stage for further cooperation, especially in economics, as it becomes clear throughout the stages of this research.

1.2 Statement of the problem

Finland was home to a little over 562 thousand enterprises in 2021, out of which half operated in the service industry, followed by the primary production industry and trade industries (Statistics Finland 2023a). The vast majority of enterprises in 2021 – 561,5 thousand – were enterprises that are categorized as Small and Medium sized Enterprises (SMEs), while only 636 companies employed over 250 people and, as such, were categorized as large enterprises (Statistics Finland 2023b). Nearly a fourth of Finnish industries in 2021 were in agriculture, forestry, and fishing (Statistics Finland 2023c), which was the largest sector. Indeed, the vast majority of Finnish enterprises are SMEs, and as such, are an important and fundamental part of the Finnish society.

In 2022, China was Finland's third largest trade partner in total trading, the third largest import country, and the fifth largest export country (Finnish Customs 2023, pp. 34-46). Statistically it is clear that China is an important trading partner for Finland.

It is against this background that we get to the problem behind this research. Since China is an important economic partner for Finland and SMEs in Finland construct the majority of domestic enterprises, can the BRI be viewed as an opportunity for internationalizing Finnish enterprises seeking to advance their operations in China? Does joining the initiative bring opportunities for increased economic cooperation and trade? If so, what kind of challenges can enterprises expect on the matter? How can these problems be solved?

As the BRI is still a relatively nascent initiative in Europe, not a lot of neither quantitative nor qualitative studies have been conducted on the effects of the initiative in European infrastructure projects, bilateral trade, or Sino-European relations. Since this research's main focus is on Finland, more specifically in Finnish Small and Medium Sized Industrial Enterprises (SMIEs), it will be venturing into yet unknown territories. As such, the most significant theoretical and methodological premise of this research will be in laying the groundwork for further research in regards of economic opportunities for Finnish SMIEs, policymaking and reforming the current policy environment in Finland, and may also serve as a base for further research on how Sino-Finnish cooperation evolved years after the publication of this research.

1.3 Aim of the research and research questions

The purpose of this research is to map potential opportunities and challenges for Finnish SMIEs in the BRI by analysing historical data of bilateral trade and Foreign Direct Investments (FDIs) between Greece-China and Hungary-China before and after they joined the BRI; by conducting a manual sentiment analysis on media articles; and by interviewing Finnish institutions and industry agents in order to gain a deeper understanding of how BRI is seen beyond mere numbers.

The objective is to research the impact of the BRI on European markets using quantitative and qualitative research methods and, based on the results, assess opportunities for Finnish SMIEs. In the quantitative part, the key objectives are to find out whether or not joining the BRI has had an effect on bilateral trade between specific European countries and China and how joining the initiative has affected FDIs between them and China. The objective in the qualitative part is to conduct a media analysis to gain an understanding of how the initiative has been handled as a topic, what kind of news were being reported, what kind of concrete events happened in the BRI environment, and how the future of the initiative might look.

Secondly, an interview for Finnish institutions and industry agents is conducted to find out whether the Finnish economic environment is not only able to grasp potential opportunities as they arrive, but also to find out whether or not Finnish enterprises are interested in and willing to participate in said opportunities. Furthermore, another objective is to find out what potential challenges lie in the way reaching these opportunities.

The research questions are as follows:

Q1: Does joining the BRI have an effect on bilateral trade and FDIs?

Q2: In BRI's peripheral markets such as Finland, have companies identified opportunities in the BRI and taken advantage of them?

Q3: What kind of challenges impede or obstruct companies from pursuing opportunities in the BRI?

In the end, the aim of this research is to be able to point out whether a European country joining the BRI had some kind of notable effect on its bilateral trade and FDIs with China or not. As this initiative is still relatively nascent in Finland, it could also serve as a helpful piece of practical research for policymakers, entrepreneurs, institutions, etc. when it comes to assessing if pursuing opportunities through the BRI can be seen as potentially beneficial. The scientific impact comes from creating a piece of research that adds to the very minimal amount of concrete scientific research that exists currently on BRI with European countries, including peripheral markets, in focus.

1.4 Research methodology

The research will be conducted in two ways: through quantitative and qualitative research methods. In the quantitative part, bilateral trade and foreign direct investment flows will be closely inspected between Europe / EU – China, Greece – China, Hungary – China, and Finland – China. The purpose is to find out what has happened to economic relations in the inspected time periods. While historical data is not a guarantee on what kind of opportunities Finnish SMIEs could have along the BRI, it shows in detail how economic relations have progressed strictly in numerical terms after a country has joined the initiative.

In the qualitative part, a manual sentiment analysis of media articles will be conducted. The purpose is to find out how the initiative is viewed in the media. Due to the vast amount of media material that was found during the course of the research, the focus will largely be limited to Europe, unless something of significant value is reported elsewhere.

Following the media analysis section, a report on interviews that were conducted for relevant Finnish institutions on the topic of Finnish SMIEs and the BRI. The interviews were organized in order to find out how the initiative and Finnish SMIEs' sentiments towards the Chinese markets are viewed.

Altogether, by combining quantitative and qualitative research methods, this research aims to provide a holistic answer to the question of whether the initiative is enticing for Finnish SMIEs or not. Where the quantitative research approach provides a true and fair view of what has happened economically to a nation that joined the initiative, the qualitative research approach assists in understanding the wider reality of the initiative, thus allowing us to understand the initiative and its implications more accurately.

1.5 Theoretical framework

The most crucial theories relevant within this research are the BRI, SMEs / SMIEs, bilateral trade, FDIs, and opportunities.

The Belt and Road Initiative, as coined by China's President Xi Jinping in 2013, who was inspired to name the initiative as such due to the historical Silk Route that ran 2,000 years ago, is a strategy that comprises two economic routes: the Silk Road Economic Belt that links China to much of Asia, Russia, and Europe; and the Maritime Silk Road, a sea route that connects China's coastal areas with much of Asia, the South Pacific, Eastern Africa, and Europe. The initiative has five major priorities: policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and connecting people. The Chinese name for the initiative is "一带一路", directly translated as "One Belt, One Road." (European Bank for Reconstruction and Development, n.d.). The "One Belt, One Road" (OBOR) term has been commonly used as an alternative name for the initiative and will appear in the course of this research, but for clarity, this research uses the term "Belt and Road Initiative" and its abbreviation "BRI."

When this research refers to SMEs, the following kind of enterprises are meant:

- they have less than 250 employees;
- they have either an annual turnover maximum of 50 million euros or an annual balance-sheet total not exceeding 43 million euros; and
- they are independent, as in not owned by other non-SME enterprises by more than 25 percent of the company. (Statistics Finland n.d. a).

As SMEs can refer to enterprises that offer services but no concrete goods, it is necessary to mention that this research focuses on SMIEs, that is SMEs that offer industrial goods as their main offering. Otherwise, the terms are meant to be treated as similar.

Bilateral trade refers to the exchange of goods between two nations and is often accompanied by the reduction or elimination of various trade barriers, such as tariffs and restraints (Kagan 2020). Directly linked to what the BRI stands for, inspecting bilateral trade statistics becomes fundamentally important. However, when this research refers to bilateral trade, it refers to it in its simplest form: the exchange of goods between two nations. A Foreign Direct Investment (FDI) is, as quoted, "*an ownership stake in a foreign company or project made by an investor, company, or government from another country*" (Hayes 2023). Simply put, FDIs refer to investments originating from one nation to another foreign nation.

Opportunities in colloquial terms can have multiple meanings. However, in this research, opportunities are defined solely on economic terms, from access to new markets to access to new investments. As opportunities in economic literature have been a highly debated topic, this term will be closely analysed and defined in Chapter 2.1.

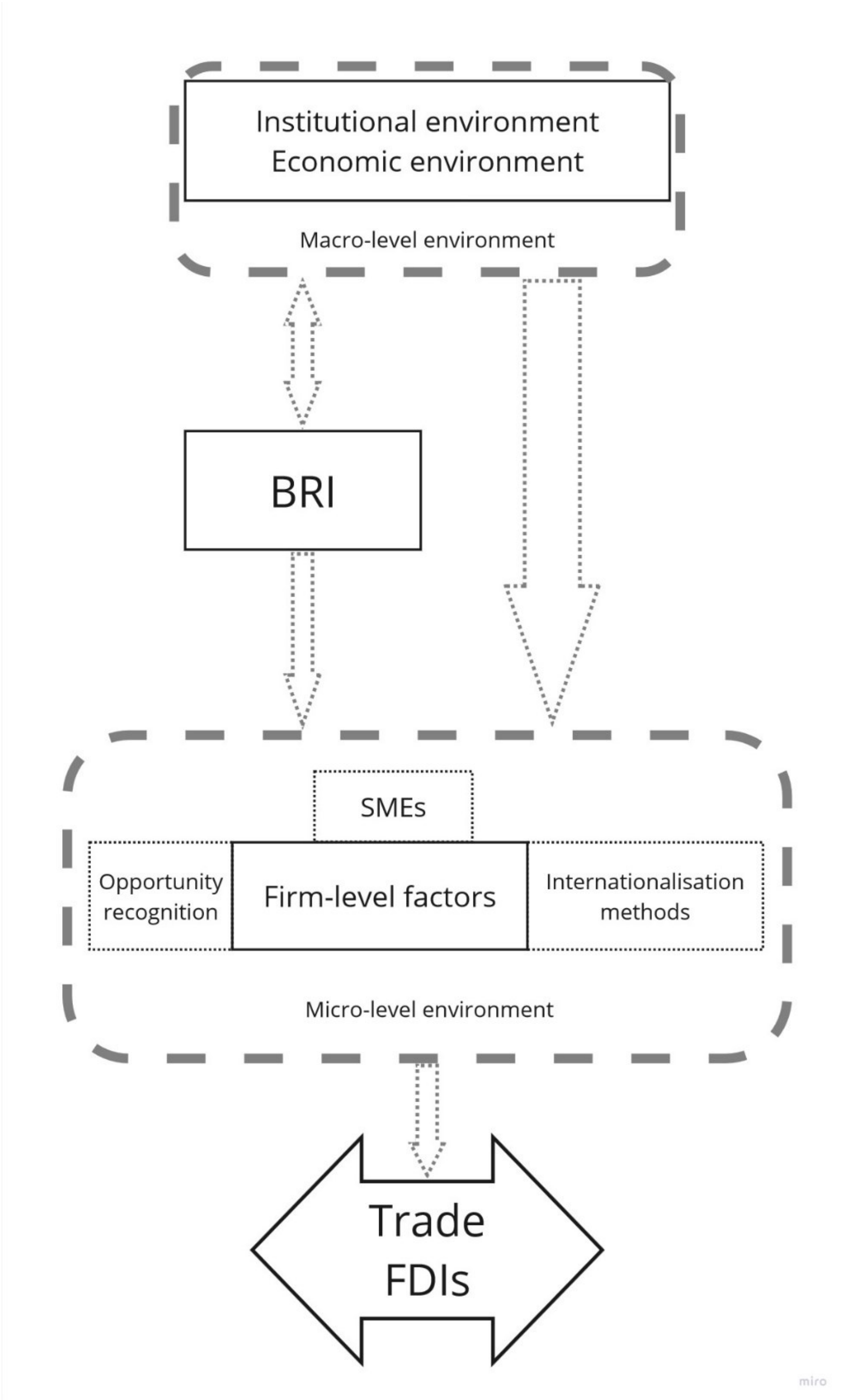


Figure 1 Research framework

1.6 Delimitations

It is commonly known that when discourse is had about China, politics becomes a sensitive topic – especially when it comes to human rights. Topics regarding human rights, intellectual property laws, foreign relations, etc. are acknowledged as challenges. However, due to the limited size and focus of this research, these topics will not be handled unless specific reasons urge otherwise.

Interviewees from Finnish institutions and agents will be anonymized. They will be simply referred to as "interviewees," "respondents," or "representatives." This is done in order to protect their identities to the fullest extent. Their responses to the interview questions will only be seen by the interviewer. Every respondent was given a chance to read what was going to be written into the research. In case they wished some parts of the interview to be removed or rewritten, their wishes were respected in full. As such, all the answers that will be presented in Chapter 6.2 have been accepted by all stakeholders involved in the interviews. Their answers represent a true and fair view of their respected organizations.

The number of institutions that participated in the interview was three. As such, the findings resulting from the interviews can be viewed as very limited.

1.7 Structure

The research begins with a literature review on what is meant by "opportunities" that are central to this research, what is international opportunity recognition and its challenges, how SMEs typically internationalize, what is the current investment climate between China and Europe and the BRI, and what is the role of institutions. After the literature review, the methodology of this research is explained in detail. When the central topics for this research and how the research will be conducted are explained, the research moves on to the quantitative part. The quantitative part will inspect how bilateral trade, foreign direct investments, and their flows have progressed throughout the inspected time periods between Europe / EU – China, Greece – China, Hungary – China, and Finland – China. After the quantitative part is completed, the research moves on to the qualitative part of the study. In it, a manual sentiment analysis will be conducted in the form of a media analysis on the topic of BRI. After the media analysis, the research moves on to institute interviews in order to get a better understanding of how the BRI is viewed in Finnish industrial institutions. After both quantitative and qualitative research is completed, a thorough analysis of the results will be conducted in order to get a better understanding of what has happened and how the future of the BRI is viewed. Discussion follows the analysis, in which the theory base of this research will be compared to the results and the research questions will be answered. The research ends with conclusions, in which the outcome of this research will be brought out in detail and the question of Finnish SMIEs' opportunities along the BRI will be answered. Figure 2 visualizes the research process.

Figure 2 Research process

2 Firm-level business opportunity recognition

This section will provide the reader with a holistic understanding of the key concepts handled in this research. It starts with opportunity recognition, followed by international opportunity recognition and challenges related to it and, finally, internationalization methods of businesses will be closely inspected.

2.1 Opportunity recognition

The definition of opportunities in classical economic research is divided into two main groups: opportunity discovery and opportunity creation.

The school of opportunity discovery argues that opportunities are objective, caused by disequilibrium in the labour market and competition where inefficiencies in the complexity of markets, networks, and technologies are present. Motivated and alert individuals will be able to perceive markets correctly and can recognize different forces and factors that affect markets, and thereby take advantage of rising opportunities. (Baggen, Mainert, Lans, Biemans, Greiff, and Mulder 2015, p. 415; Kirzner, 1997).

The school of opportunity creation argues against discovery theory by stating that opportunities are created through interactions between people in an environment and, as such, cannot be simply "discovered." Individuals create opportunities for entrepreneurship through their own skills and perceived potential based on their own interpreted realities. (Baggen et al. 2015, pp. 415-416; Alvarez, Barney and Young in Acs & Audretsch 2010, pp. 26-27). Literature suggests that opportunities, discovered or created, can be seen as a sort of dynamic phenomena that emerge from ever-changing environments. As such, they emerge consciously or unconsciously through the actions of individuals. Knowledge is a key ingredient in recognizing opportunities. Without knowledge, opportunity recognition is left to chance alone. Knowledge, however, is not available for all individuals all the time.

Eckhardt and Shane (in Acs et al. 2010, pp. 58-62) argue in their work that opportunity identification relies on people's ability to access information others may not possess, knowledge corridors where people may find streams of information through their immediate surroundings, such as occupations and social relationships, through searching discoveries, for example, from the close proximity of their knowledge base, social ties, and networks, or through cognitive abilities, including prior knowledge, that allow an alert individual to recognize an opportunity where another individual may not. While individuals working in organizations are known to receive information streams about various opportunities that individuals outside of said organizations may or may not receive, both will be able to discover new opportunities that may differ significantly from each other (Acs et al. 2010, p. 62).

Knowledge is partitioned in market economies in such a way that individuals do not share the same information about the economy. People possess day-to-day knowledge stemming from occupations, available resources, finding better ways to perform jobs, discoveries of breakthroughs in laboratories, and so forth. Knowledge is diffused in the economy and is not readily available by default to everyone, and as such, it is only possessed by certain individuals. It is in this disequilibrium of knowledge that opportunities are created in the first place. (Venkataraman in Katz and Corbett 2019, ch. 1; Hayek 1945).

> "The peculiar character of the problem of a rational economic order is determined precisely by the fact that the knowledge of the circumstances of which we must make use never exists in concentrated or integrated form, but solely as the dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess." (Hayek 1945, p. 219)

Drucker (1985, cited in Venkataraman in Katz and Corbett 2019, ch. 1) identified three sources for opportunities: inefficiencies within existing markets due to information asymmetries among market participants or limitations in technology to satisfy market needs; the emergence of changes in social, demographic, political, and economic forces; and inventions and discoveries of new knowledge.

Eckhardt and Shane (in Acs et al. 2010 p. 56) discovered four categories of sources for opportunities: considering differences in opportunities that are results of asymmetries in information between market participants and opportunities resulting from exogenous shocks of new information; comparing supply and demand side opportunities; comparing productivity-enhancing and rent-seeking opportunities; and identifying the change initiating agents that generate opportunities. For example, changes in technological advancements and regulatory environments create new information about how resources can be utilized in more valuable ways. Customer preferences also influence resource allocation because producers need to respond to consumers' changing preferences and purchasing habits. Productivity-enhancing outcomes are typically the results of successful pursuits of entrepreneurial activities that make economies more efficient, or what researchers typically imply when they talk about productive entrepreneurship. (Eckhardt and Shane in Acs et al. 2010).

Rent-seeking opportunities, on the other hand, are what Baumol (1990; Acs et al. 2010, p. 57) described as opportunities that generate personal value without social value, i.e., activities that do not enhance productivity, such as crime, piracy, and corruption. Mergers, for example, can be very productive, as when resources are recombined, new customer relationships and economies of scale are created. However, mergers can also create unproductive opportunities when a merger shifts wealth from consumers to producers when rivalry is reduced. Various entities initiate changes that may result in entrepreneurial opportunities. The type of initiator influences how these opportunities are discovered and what their values are. (Baumol 1990; Acs et al. 2010, pp. 57-58).

Klevorick et al. (1995; Acs et al. 2010, p. 58) argue that these entities can be non-commercial (e.g., governments, universities), existing commercial entities in industries (e.g., market incumbents, suppliers, and other stakeholders), and new commercial entities in industries. As can be seen, opportunities emerge from various sources for various reasons. The keys for an individual to be able to take advantage of emerging opportunities rely heavily on the individual's own capabilities to recognize these opportunities and how his or her resources are utilized. Economic literature suggests that market equilibriums are in a constant state of change, and as such, opportunities appear and disappear through entrepreneurs' actions and changing markets.

2.2 International opportunity recognition

As the focus of this research is on Finnish SMIEs, it is reasonable to address the question of how enterprises recognize opportunities. Literature suggests that when it comes to recognizing opportunities internationally, the importance of knowledge, as discussed in subchapter 2.1, becomes relevant once again. In addition, previous experience plays a large role in whether an enterprise pursues international opportunities or not.

Vahlne and Johanson (1977) believed that experiential knowledge holds crucial importance for companies when it comes to internationalizing. Whereas in domestic operations enterprises and entrepreneurs can rely on lifelong basic experiences to which specific experiences of individuals, markets, and organizations can be added, a problem emerges in international operations where such basic experiences are not present yet and, as such, must be gained through successful operations in foreign countries. They believed that experiential knowledge is increasingly important the less structured and well-defined activities and required knowledge are, especially when it comes to activities that are based on relations to other people. Experiential knowledge provides a framework for perceiving and formulating opportunities, as relying only on objective knowledge makes it impossible to create anything but theoretical opportunities. (Vahlne and Johanson 1977, p. 28).

In their research, Hilmersson and Papaioannou (2015) found that some firms systematically identify and pursue opportunities internationally based on fragments of information, while others get pulled into international markets while being mostly inactive and non-systematic. They found that experiential knowledge reduces the perceived risks and uncertainties in market entries to previously unknown markets, while a lack of prior experience resulted in overestimations of risks and required resources to exploit international opportunities. Their data showed that a pattern can be seen in the relations between prior international experience and international opportunity scouting activities. Internationally inexperienced companies often had no intention of engaging in systematic activities that pursued internationalization but rather viewed these operations as costly and too risky. Many domestic-bound companies merely responded to international orders for their products and treated these international customers the same way they treated their domestic customers, offering no customization options. Thus, these internationally inexperienced, domestic-bound companies did not actively perform global scouting operations. On the contrary, many companies that already possessed some form of previous international experience systematically and actively searched for new information, potential new markets, and market entry modes. The value of existing social networks played a large role in many SMEs that pursued internationalization, as without them, pursuing opportunities could have been considerably more challenging. The study also found that previous international experience of company leaders affected whether a company would actively scout opportunities outside of domestic markets, as these leaders were able to transfer and utilize their past experiences and leverage them for developing new opportunities. (Hilmersson and Papaioannou 2015).

Eckhardt and Shane (in Acs et al. 2010) emphasized the significance of cognitive abilities and having access to knowledge and social connections. According to their argument, only a select few persons will be aware of market process flaws, exogenous shocks to market equilibrium conditions, emerging consumer demands, etc. Due to their everyday intimate interaction with these issues, these “knowledge corridors” enable some people to recognize emerging opportunities before others. People may also recognize opportunities before others through pure intellectual curiosity. The likelihood of finding opportunities rises when information about opportunities is sought, particularly when it relates to personal interests. The quality, quantity, and speed of information regarding potential opportunities can be obtained depends on social ties and their structure. Relationships between clusters of individuals create redundant ties that let knowledge to quickly flow from an individual to larger groups, enabling all groups to quickly learn about opportunities. Non-redundant social ties to other social groups can provide access to information about opportunities that are hidden from others. Access to knowledge alone, however, does not adequately describe how entrepreneurs seize opportunities. Individuals gather prior information through their life experiences. As life experiences differ greatly between individuals, their prior knowledge also varies significantly. (Eckhardt and Shane in Acs et al. 2010, pp. 59-62).

The role of networks is important no matter where an enterprise is located, what size it is, or in what field it works in. Conducting business is, by default, a social interaction that relies on interpersonal skills and contacts. Networks allow, among other things, an enterprise to seek out opportunities.

Hilmersson and Papaioannou (2015) found that SMEs that were involved in open networks were not very active and more non-systematic in opportunity scouting. In their research, many SMEs found that a lack of resources kept them from pursuing opportunities. Their study found that SMEs in closed networks were more actively and systematically scouting for international opportunities. This phenomenon was explained by a reduced perception of risk that was influenced by stability, trust, and the long-term nature of the members of the closed networks. (Hilmersson and Papaioannou 2015, pp. 201-202). Indeed, for many SMEs that do not possess significant amounts of monetary or human resources, the role of networks may become a matter of fundamental importance, as knowledge about potential opportunities may not be acquired without them. Large multinational enterprises may conduct resource-intensive market-scouting operations that may or may not prove useful with relative ease compared to SMEs.

Research conducted by Ellis (2011) found similar results in his close inspection of over six hundred international exchange ventures in China. He found that international opportunities are often identified via entrepreneurs' social ties in open economies – that is to say in economies where international trade is more common – over in closed economies – meaning economies that are for various reasons focused on domestic business. In his study, he explained that as China's trade regime had previously been closed, many managers had not had any exposure to international trade, which in turn caused their knowledge about international trade to be limited. He hypothesized that international experience increases the use of social ties as a means for identifying international opportunities. However, notable challenges rose from geographic, psychic, and linguistic distances, indicating that networks are bound by communication horizons. (Ellis 2011). Psychic distances in business become a relevant topic when bilateral trade and FDIs are in question between Finland and China. The phenomenon of psychic distances and the liability of foreignness will be inspected in the next subchapter.

What can be gathered from this section is that SMEs, much like other enterprises, rely heavily on prior experience and individuals' personal traits to recognize opportunities internationally. The value of prior knowledge and information is extremely high. The role of social networks became a topic of interest, as they can be utilized to gain information about possible opportunities, and it can be deduced that for many internationalizing enterprises, they can act as safety nets in foreign markets. After all, in an unfamiliar environment, birds of a feather flock together.

2.3 Internationalization of SMEs

The internationalization of SMEs as a phenomenon has faced rising interest from academics in recent decades, especially in Europe and North America. Common themes around internationalization research have focused on the antecedents of SME internationalization on individual-level factors (such as networks and previous experience, international orientation, international opportunity recognition, etc.), firm-level factors (firm structure, capabilities, orientation, opportunity recognition, etc.), and environmental-level factors (domestic uncertainties). On the outcomes of SMEs internationalizations, literature has focused on similar previously mentioned individual-level factors but also accounting for the attributes of CEOs, firm-level factors (firm structure, board of directors, product innovation, FDI activity, R&D, etc.), and environmental factors. (Steinhäuser, Paula, and de Macedo-Soares 2021). In classic economic literature, a term describing how companies internationalize is the “Uppsala Model.” The term, despite its advanced age, can still quite effectively describe a typical internationalization process in enterprises.

From their empirical observations in their studies at the University of Uppsala, Vahlne and Johanson (1977) recognized that Swedish enterprises often developed their international operations in small steps instead of making rapid and extensive foreign production investments. They recognized that enterprises initiated their internationalization via export agents and later continued to establish subsidiaries. (Vahlne and Johanson 1977). Their research holds true in contemporary times in many cases, even though digitalization and globalization in general have brought new ways of conducting business into the field.

Olejnik (2014) categorized internationalizing SMEs into three classes (C) through her research: traditional SMEs (C1), born globals (C2), and born-again globals (C3). C1s typically have a 26 percent probability of only operating in neighbouring countries and are typically operated via export modes to serve foreign markets. C1s majorly favoured exporting over FDIs, with a varying “time lag” (time taken to enter foreign markets) of internationalization ranging from 0-3 years all the way to over 50 years. C2s operated via exports and FDIs somewhat equally. Their foreign sales contributed 25 percent to their total sales in 81 percent of the researched cases. The time lag in C2s was 0-3 years in 60 percent of the cases. C3s were found to be similar to C2s, with the difference that C3s started their internationalization process late, often 50+ years after the companies were founded. (Olejnik 2014, pp. 41-42).

Knight and Cavusgil (2004) defined born-globals as enterprises that seek superior international business performance from early steps after their founding by applying knowledge-based resources to outputs in multiple countries. What sets born-globals apart from traditional international enterprises is the focus on their business; from the beginning onwards, their global view of markets makes them develop needed capabilities to reach international goals (Knight and Cavusgil 2004; Cavusgil and Knight 2015).

While there are no predetermined paths for how and how fast a company will internationalize, certain strategies can be found in the literature. Foreign market entry strategies can be generally categorized, as seen in Figure 3 below.

Figure 3 Foreign market entry strategies (Glowik 2016, ch. 3.3)

Paul, Parthasarathy, and Gupta (2017) recognized multiple challenges for SMEs when it came to exports. Macro and micro problems, that is, factors beyond a company's control (macro problems), such as institutional burdens, unfavourable exchange rates, international regulations and agreements; and internal problems (micro problems), such as internal capabilities and human resources. Both macro and micro problems always affect a company's internal and external export problems. A company's lack of knowledge, capable human resources, and capabilities begets a series of challenges to exporting to unknown destinations. Lack of intangible resources, such as social networks, can further lessen a company's prospects for exports. (Paul et al. 2017, pp. 332-334).

Regarding challenges in exports and how to overcome them, Paul et al. (2017) introduced five propositions:

1. To overcome anticipated barriers at macro and micro levels, SMEs require a unique and suitable set of strategies.
2. SMEs with a strong entrepreneurial orientation are likely to excel in exports, owing to their abilities to deploy effectuation strategies and leverage their network advantages proactively.
3. A firm's probability of export success increases with its capabilities in utilizing institutional support.
4. SMEs need innovation capabilities to sustain their export success in the long run.
5. Firms that make use of their networks are more likely to succeed in exports. (Paul et al. 2017, pp. 334-336).

As entrepreneurs and enterprises seek out opportunities beyond their domestic markets, various kinds of new challenges that have not been previously faced come into question. While possessing general and specific knowledge helps a company reach success, or in the worst-case scenario, helps minimize losses, internationalizing companies will always be subject to liability of foreignness (LOF).

LOF refers to the additional costs to multinational enterprises (MNEs) stemming from conducting business abroad. Unfamiliarity with the environment, cultural, political, and economic differences, geographic distances, and similar challenges all pose additional costs and hindrances for enterprises in the process of internationalization. (Zaheer 1995; Cao and Alon 2021). While originally coined for MNEs, this research will adopt the term "LOF" to refer to all enterprises.

Generally, LOF can arise from four sources:

1. Costs from spatial distance and coordination over large distances and time zones.
2. Firm-specific costs based on an enterprise's unfamiliarity with the local environment.

3. Costs resulting from the host country's economic environment.
4. Costs from the home country's economic environment. (Zaheer 1995, p. 343).

LOF affects market entry strategies. Chen, Griffith, and Hu (2006) researched how LOF affected MNEs' market entry strategies in low- and high-LOF countries. The results indicated that MNEs from low-LOF countries typically employed resource-seeking and labour utilization market entry strategies to gain a competitive advantage in their operations. Familiarity with the market and limited spatial differences supported efficiency-seeking operations in China, especially when it came to seeking efficiency in labour-intensive operations. High-LOF countries, on the other hand, who were faced with challenges such as limited market knowledge and discriminatory attitudes from consumers, typically employed market-seeking strategies accompanied by a proactive attitude in clearing obstacles in LOF matters. (Chen et al. 2006). Their research emphasizes the role of LOF for MNEs, but their findings can be applied to SMEs to a certain extent. After all, while SMEs can respond to challenges in a more versatile way, they still require knowledge and proactive internal attitudes towards challenges in high-LOF regions. When it comes to Finland and China, the probability of challenges regarding LOF becomes unquestionable. These practical challenges hinder the possibilities of recognizing and pursuing opportunities internationally for enterprises. Practical challenges vary from occasion to occasion, and as such, a whole book could be written about them. However, LOF as a term, despite its focus on practical issues, highlights the need for prior experience and knowledge. Another important term that was mentioned in the previous subchapter, "psychic distances," becomes relevant in the course of this research.

In international business affairs, psychic distance refers to the perceived differences between a business's domestic and foreign economic environments that may discourage or even deter companies' decision-makers from executing international diversification. Many new-to-market enterprises have to learn new ways of conducting business in foreign markets, in which previous experiences and knowledge may or may not provide assistance, thus causing the businesses to experience a level of foreignness, or "psychic distance." (Child, Rodrigues, and Frynas 2009, pp 200-203). Generally, psychic distance refers to factors that hinder information flows to and from markets, such as the target country's different language, levels of education, general and business cultures, and industrial development (Vahlne and Johanson 1977, p. 24).

In their paper, Child et al. (2009) researched how executives in British SMEs with an interest in Brazil perceived aspects of distances between the two countries and how psychic distances impacted their business with Brazil. They measured “psychic distance items” such as geography, culture, language, level of education, technical and economic development, logistics, political and legal environment, regulations, and business practices and ethics. The results indicated that a great emphasis was put on business relationships, and often these relationships extended to family members as well. As a multitude of practical challenges relating to, for example, logistics, language, and legal environment issues emerged, reliance on local agents, local professionals, local employees, and partners rose. Many British interviewees found cultural practices significantly different from their own and sometimes even had to resort to questionable actions to ensure that business was being conducted. The study confirms that psychic distances do indeed have an effect on how business is conducted but acknowledges that the results vary. A particularly significant area mentioned in the research was trust-based networking, as it had a significant positive effect on creating a solid foundation for conducting business. (Child et al. 2009).

In their research, Gao, Ren, Zhang, and Sun (2016) inspected the role of network gatekeepers and how they facilitate foreign SMEs’ entry into local business networks in China. They defined network gatekeepers as those intermediary actors who can open “gated” networks that favour insiders and who can exclude passages for outsiders. Their findings indicate that home country-based gatekeepers can indeed bridge gaps in trust between outsider and insider networks of the SME exporters’ target markets. The same trust in home country-based gatekeepers accelerated the experiential learning of SME exporters about the insider networks of the target market. Their research found that gatekeepers that have an important position between outsider and insider networks have a critical role for exporters in reducing costs for market entry setups, transactions, and gaining experiential knowledge. Trust, as the research highlights, is of extreme importance in Chinese business networks. Enterprises entering Chinese markets should adapt local customs in order to build trust in local business networks. The research highlights that SME exporters should not become overly dependent on gatekeepers, as it is important for them to build their own networks in order to acquire the benefits of insidership. (Gao et al. 2016). These gatekeepers can affect how enterprises initialize their internationalization projects for foreign markets. In regard to China, a country with a significantly different culture compared to Finland and Europe in general, the role of these network gatekeepers can be considered noteworthy, as their presence can affect how Finnish companies begin (or continue) their path to Chinese markets. Networks and network gatekeepers become topics of high relevance in the institute interview section of this research.

3 Investment climate and institutional-level impacts

In this chapter, factors beyond an enterprise's control are explained. These factors are in constant change and are affected by both domestic and international factors, such as politics and changing market demands. The chapter begins with how the investment climate has changed between Europe and China in recent decades including the BRI, followed by an explanation of the role of institutions in a business's life.

3.1 Investment climate and the BRI

China's interests in Europe have been gaining more attention in recent years, but political scepticism and Russia's aggression against Ukraine have caused challenges that may hinder BRI's progress. Declared officially in 2013 as a trade and infrastructural developmental initiative (Cremer et al. 2020; Dave and Kobayashi 2018), the BRI has had a decade to grow. In this subchapter, we will take a look at how China has progressed towards Europe through Central Europe. Due to the nature of this research, this section will be Eurocentric.

European investments towards China have improved since the 1990's, as China has made attempts to close itself with "the West." In 1995, the Chinese government allowed foreign enterprises to invest in China through the stock exchange. It also allowed foreign entities to set up foreign joint stock companies and investment-oriented companies. These actions improved the investment climate and allowed foreign companies to achieve better and more efficient coordination in various activities in China. At the same time, the Chinese government updated its national regulatory framework to be more in line with international standards. From 1979 to 1994, the Chinese government promulgated over 500 regulations and laws on foreign trade and economic cooperation, out of which around 70 were directly linked to FDIs. Treaties regarding bilateral and multilateral treaties to protect and promote FDIs in China were signed with EU members during the 1980s. (Bulcke 2003, pp. 19-20).

From 1979 to 1999, China gradually opened itself to FDIs. From abolishing FDI prohibitions by introducing laws on joint ventures, civil procedures, and joint venture income taxes (1979-1982), to new regulatory measures and incentives for FDIs, increasing liberalization of market resources (1986-1988), and specific administrative arrangements for foreign investors in order to build a better investment climate (1989-1991), opening inland cities for FDIs (1992-1994), liberalizing service sectors to foreign investors (1995-1998), introducing incentive measures to attract FDIs in research and development activities, as well as revisioning FDI regulations to be more in tune with the World Trade Organization (WTO) (1999). Many foreign investment enterprises were encouraged to develop inland regions in China, and several foreign investment enterprises also received tax incentives to restructure and reorganize state-owned industrial enterprises. (Bulcke 2003, pp. 23-27; Witkowska 2019).

China made substantial changes to its FDI policies between 2001-2007, after it was accepted into the WTO in 2001. Among these changes were unification of the treatment of domestic and foreign companies, opening more sectors for FDIs (e.g., retail, wholesale, banking), and encouraging projects that take advantage of natural resources and lower labour expenses in Central and North-western China. Between 2008-2012, China unified its tax base, which caused some incentives for foreign companies to diminish except within certain industries, such as high tech. In 2013, an outward-looking strategy came into effect when "Pilot-Free Trade Zones" were established in eastern China, such as in Shanghai. China opened its economy to foreign investors, participated in high-level negotiations for bilateral investment treaties with its main partners, which at the time were the US and the European Union, and relaxed market access for foreign traders. (Witkowska 2019, pp. 88-89). In 2012, during the EU-China Summit, both parties agreed to launch negotiations for a Comprehensive Agreement on Investment (CAI) (Witkowska 2019, p. 89; European Commission, n.d.).

During the 2012 summit, the EU and China recognized the importance of international cooperation and shared common interests, agreed to take a positive view on each other's development, agreed on deepening understanding and mutual trust, emphasized the importance of promotion and protection of human rights, highlighted positive developments in bilateral trade and investments as a cornerstone of strategic partnership, and in principle agreed to deepen relationships and bilateral trade and investments (Council of the European Union 2012).

In 2020, negotiations were concluded in principle regarding CAI, and agreements were made. In the agreement, China officially committed to a "greater level than ever before" market access for investors from the European Union. China also committed to ensuring that fair treatment for EU companies in China, including in terms of state-owned enterprises, transparency of subsidies, and rules against the forced transfer of technologies. In the agreement China also agreed to provide "ambitious provisions" on sustainable development, including commitments on, for example, forced labour. (European Commission 2020). This agreement was greeted with great excitement by European leaders. After all, such a grand step in advancing Sino-European relations was the result of years of negotiations. However, in 2021, the European Parliament (EP) adopted a resolution on Chinese countersanctions to EU human rights sanctions against certain Chinese officials that were connected to human rights in Xinjiang, China, which states that the EP will not consider the agreement (CAI) until Chinese countersanctions are lifted, which means that the CAI is effectively on hold until further notice (Grieger 2023).

Historically, Europe and China have had a beneficial relationship through the Silk Road, which China now attempts to revitalize via the BRI. Through the numerous economic corridors through which China reaches the West, the New Eurasian Land Bridge (NELB) rises above all in its importance. [Note: The NELB (or alternatively named the "New Eurasian Land Bridge Economic Corridor") is an economic corridor that ranges from the eastern area of China all the way to Rotterdam, Netherlands, with many connecting routes to Southwest Europe and various routes to Russia. The main route goes through Russia, reaching Moscow (Jakubowski, Komornicki, Kowalczyk and Miszczuk 2020, p. 377)]. However, regarding the BRI, Europe is divided. These divisions came clear during the 2008 financial crisis between the richer North Europe and the indebted South Europe, where South Europe cooperated with China more than North Europe. When the Soviet Union fell, many former Soviet Bloc countries supported China's presence, and the same support and cooperation have only progressed in the 21st century. While not the most important countries for China, their support gives China leverage in Europe. Nowadays, the European Union (EU) still keeps its distance and remains suspicious of China, even though negotiations for the previously mentioned CAI were concluded in 2020. The reasoning behind these negotiations on Europe's side was that as the BRI continues to advance towards European countries, the EU seeks to increase its trade relations with China under weak economic conditions. The war in Europe also plays a part as it continues to escalate and the value of cooperation becomes greater. (Sheng and Nascimento 2021, ch. 3.4).

While primarily a trade and infrastructural development initiative, the BRI has wide-ranging security implications that reach countries deemed more insecure, such as some Arab countries. China's ambitions in Europe heavily rely on the successful development of Central Asian regions. China's ability to deliver financing more quickly compared to Western countries has allowed it to address critical needs in existing transport and energy supply routes in landlocked countries in Central Asia. As China does not pay too much attention to detailed feasibility reports nor to the socio-political or environmental effects of investments, it is able to quickly deliver desired investments to different regions. However, as no discussions of repayment schedules on Chinese investments or considerations on the capacity of target nations' ability to absorb vast amounts of debt have led to reasonable doubt on debtor nations' abilities to remain financially solvent, further negative attention has been brought to projects that have been indefinitely postponed by China, which has cast doubt on China's commitment to carry out planned investments. (Dave and Kobayashi 2018, pp. 268-272). Security concerns, be they direct challenges like wars or indirect ones like political pressure from world superpowers, affect us all. Recent years have shown that even though European countries can generally be seen as stable and safe environments to conduct business in, war has once again arrived to visit us. Russia's aggression against Ukraine has negatively affected not only the life of all Europeans but also China's ambitions.

Ukraine's geographic location gives it an important strategic position in the BRI, as it serves as a gateway between Europe and Asia. In 2011, China awarded Ukraine "strategic partner status," and in 2013, three months after Xi Jinping publicly declared the BRI, Ukrainian officials officially visited China. During that meeting, a number of agreements were signed that would affect bilateral relations for the upcoming years. After that, bilateral relationships between Ukraine and China began to grow, bringing forth a moment in time when China's importance as a trading partner and financier in Ukraine's infrastructure surged. In 2017, Ukraine's President Poroshenko, during his talks with President Xi, discussed officially endorsing the BRI via a Memorandum of Understanding (MoU). After the endorsement cooperation surged to the point where China became Ukraine's most prominent single-country trading partner in 2019. In 2021, China and Ukraine signed another agreement about boosting cooperation on infrastructure projects. During a phone call with President Xi, President Zelensky affirmed that Ukraine would become the gateway to Europe for China. Investments brought by the BRI were sorely needed in Ukraine, which had had numerous challenges with its own infrastructure. (Mendez et al. 2022, pp. 489-491). Russia's aggression towards Ukraine has had significant effects on world politics, business relationships, investments, trading, traveling, and international relationships globally. The effects are not limited to Europe, but they also have consequences for the BRI.

The war has made it difficult for China to gather funding for the BRI. Most of the funders involved in the BRI have halted financing projects that involve Moscow. Chinese-based multilateral development banks (MDBs) have publicly declared that their operations in Russia are "suspended until further notice." This applies to the World Bank, European Bank for Reconstruction and Development, and the European Investment Bank as well. If Beijing takes a clear stance against Moscow, funds might become available again for MDBs to build interconnectivity without utilizing Russia's territory. This interconnectivity, however, requires significant cooperation. This cooperation is unlikely to be had between countries that are pro-Ukraine and countries that are pro-Russia. This causes further challenges for Beijing, as the BRI relies on cooperation from all countries involved. President Xi's impression of being on Putin's side has thrown shadows of doubt against him, to the point where some question whether the BRI is really about trade relationships or a tool for Beijing to be able to manipulate BRI countries. The war has also affected global supply chains, as economic sanctions and restrictions have blocked the flow of critical components along the BRI. These hindrances have been felt heavily in Europe, where critical components and products have been traded via the NELB for years. These hindrances can be seen concretely in the automotive market, where companies like BMW and Audi have suspended their shipments of cars to China via rails in fear of Russia and Belarus confiscating their sold vehicles and taken alternative routes to reach their markets, namely by ships. (Mendez et al. 2022, pp. 492-493).

The war has had a weakening effect on free trade, as many countries have moved towards protectionism and are now restricting international trade. As the BRI depends on free trade, these actions are causing barriers to rise between nations and have severely negative implications for the initiative. The BRI is also affected on the energy and food security fronts, as China is heavily exposed in its energy needs and is reliant on Russian commodity exports. Russia is China's second-largest oil provider and third-largest gas provider. This causes Beijing to be forced to be in support of Moscow, which in turn causes further stress to BRI prospects as numerous political questions arise. The war has also caused significant challenges in food supplies, which cause serious domestic concerns for China, which is facing issues with food scarcity and expenses on agricultural commodities. (Mendez et al. 2022, pp. 494-495). With this, it becomes clear that the war can be seen as thoroughly negative for the BRI. As the war rages on during the writing of this research, the future of BRI seems like a difficult one. Many alternatives must be created for routes and business practices, and Ukraine's role as the gateway to Europe is uncertain. In the scenario where Ukraine will be able to keep its areas that connect Central Asia with Europe, its infrastructure repairs will demand such a significant amount of investment that finding funding will prove difficult. In the event that Russia gets Ukrainian territories for itself, cooperation between European countries and Russia may prove to be so difficult that investing in railroads through said territories may become a topic in the far distant future. For now, all this can be left to speculation.

In the 2010s, China-European cooperation in infrastructure projects, trade, and tourism grew steadily. The role of Chinese investments has become more important as Chinese investments have started to compete with the main EU enterprises in trade network expansions. Even during the COVID-19 pandemic, China's trade with Central and East European countries surged, and China's FDIs to said countries in energy, infrastructure, and logistics, among others, totalled up to \$3.14 billion, and FDIs to China reached \$1.72 billion. In 2020, the value of newly signed contracts for China was valued up to \$5.41 billion, and bilateral trade reached \$4.97 trillion. (Sheng and Nascimento 2021, ch. 3.4.1). When economic struggles within the EU economic area, political unsteadiness, and wars cause issues, it is natural for European leaders to be cautious of outsiders within their borders, China included.

China's motivation has been brought under scrutiny, and the BRI has sometimes been seen as a security risk for Europe due to increased exposure to Chinese investments and personnel. The Belt can bring forth "unprecedented activities" from China's security apparatus, especially in some Eurasian regions where political instability occurs. (Sheng and Nascimento 2021, ch. 3.4.2). The debate over whether Chinese investments and increasing influence are a security risk or an opportunity continues across Europe. These topics present themselves in the qualitative part of this research. What can be said, however, is that China is making its way to Europe through investments and trade, with or without the BRI. China's role in the aftermath of the Russia-Ukraine war will surely become an interesting one. China's cooperation with Russia will bring up heated debates about the overall security implications for all stakeholders (Dave and Kobayashi 2018). For Europe, literature seems to suggest that while many European nations are eager to cooperate with China, other Europeans are more hesitant and suspicious. As the focus of this research is on Finland, a Nordic country in the peripheral regions of the BRI, it is fair to take a deeper look into how this topic has evolved in the Nordics and the Arctic.

Throughout recent decades, China has expressed interest in the Arctic for its natural resources while being restricted by international laws and regulations. China has actively questioned some of these restrictions, for example, in shipping matters, where environmental regulations regarding pollution have been deemed too restrictive and the cause of higher shipping costs. China has made claims that the Arctic is open to the international community and that it has security interests in the region. Western politicians have been suspicious of China's claims and stated that the Arctic region is a low-risk area in terms of security issues. This claim is supported by an array of bilateral and regional security agreements among the international community and countries around the Arctic region. China has, despite its interests, adhered to and cooperated with the international community in Arctic matters. China is, along with Japan and South Korea, involved in Arctic development through their interests in resources, international shipping, and scientific research. (Biedermann 2020).

In 2013, President Xi announced the upgrading of the partnership between China and Finland. This future-oriented partnership was targeted towards economic cooperation in fields of investment, innovation, environment, and urbanization. In 2017, Finland's Prime Minister Sipilä exchanged visits in Helsinki and Beijing. In the latter, an expansion of joint Arctic affairs cooperation under the BRI framework was declared, inviting other Northern Europeans to join in cooperation with China. In this, China is keeping in mind its large "Arctic Corridor" railway project that would link the Polar Silk Road (PSR) to the BRI by connecting the Arctic with the Baltic Sea and, from there, continuing towards continental Europe. The connection would start from Kirkenes, Norway, to Helsinki, Finland. From Helsinki, a connection would be created through an undersea tunnel to Tallinn, Estonia, which would be the end station of the PSR. Nordic participation in BRI matters have been quite weak on the political level in recent years, as Beijing's invitations to BRI Forums have largely been ignored. In the EU and Nordic countries significant hesitancy and reluctancy towards the BRI has been seen, especially towards China's vertically integrated state-owned enterprises. Russia has been more cooperative with China in BRI and Arctic matters; for example, in 2017, Russia's Prime Minister Medvedev and China's President Xi agreed to jointly develop the PSR. (Biedermann 2020, pp. 592-594). The Polar Silk Road (PSR) ships from Eastern China all the way through Russian and North European waters to Europe (Arctic Centre, University of Lapland, n.d.).

Figure 4 The Polar Silk Route (used with permission from Arctic Centre, University of Lapland, n.d.)

China hopes to advance its interests in the Arctic through the PSR, as can be seen in the following official declaration:

> "China hopes to work with all parties to build a "Polar Silk Road" through developing the Arctic shipping routes. It encourages its enterprises to participate in the infrastructure construction for these routes and conduct commercial trial voyages in accordance with the law to pave the way for their commercial and regularized operation." (Woon 2020, p. 4; The State Council Information Office of the People's Republic of China 2018, part IV.3.1).

China’s Arctic Policy also includes exploration activities in the Arctic, environmental care, utilizing Arctic resources in a “lawful and rational manner,” participating in governance and international cooperation, and promoting peace and stability in the Arctic (The State Council Information Office of the People’s Republic of China 2018). China’s interests in the Arctic can be seen as very clear. PSR’s progress will play an important role in China’s advancement in the region, if that were to happen. How nations around the Arctic will receive China’s proactive advances remains to be seen, but for now it can be seen that the PSR links to the BRI quite closely, and Finland plays a significant role in the former. Of special interest in the topic of the connection between Finland and Estonia.

A Chinese-funded Finnish company that was working on the undersea tunnel project between Helsinki and Tallinn claimed that it would work with three Chinese companies in the design and construction of the tunnel. This integral part of the BRI would, according to signed MoU’s, be constructed by three Chinese enterprises, two of which work in railway engineering and one in communications infrastructure. A Chinese-led enterprise would act as a financier for the project. This tunnel, when ready, would cut the time from a two-hour ferry ride to just 20 minutes. According to a feasibility study published in 2017 that was funded by governments in Finland and Estonia, the tunnel could be ready in the year 2040, but the builders argued that it could be done by the end of the year 2024. (Mining Engineering 2019). Despite all the anticipation and plans, the project remains open.

China’s increasing interest in the Nordics and Finland in recent years has been met with increasing suspicion and hesitancy from European countries (Biedermann 2020; Woon 2020). China has opened up economically to Europe in recent decades and taken significant strides towards a mutually beneficial relationship. Many positive steps have been taken through years of negotiations. The investment climate has become comparatively preferable for both parties. However, as can be seen in the case of CAI, multiple challenges still exist that continue to hinder any progress. Whereas Europe has been more open to all parties, certain value-based principles continue to deter nations from emerging markets, such as China, from successfully conducting business in Europe. In regard to the BRI, a holistic view suggests that significant progress can be seen from the start of the process, but until China adopts – and concretely implements – more European human rights views, among other values, these final steps towards reaching Europe will be next to impossible to take. Suspicion and hesitancy in Europe take many forms, and often these negative attitudes can be reasonably defended. Still, the literature suggests that the investment climate towards Europe has been proactive from China's side. Central Asia has seen a growing number of Chinese investments in the past, and some European nations have been receptive as well. The Arctic region has seen growing interest from China as well. In the Nordics, especially Finland, some cooperation can be seen, and it becomes clear that China has a reason to reach North Europe through the BRI.

3.2 Role of institutions

In the previous chapter, the role of institutions such as governments became apparent, mostly due to how much power the political environment has over economic issues. Naturally, in a massive economic initiative such as the BRI, the roles of institutions become fundamental. In this section, these roles and their effects will be examined.

China has started to reform from a centrally planned economy into a more capitalistic open market since the 1980s. These changes have required notable changes in policies, laws, and regulations in the Chinese market, as well as developing different norms and cognitive mindsets that will allow participation in an open market. Moving away from a fundamentally different way of operating markets (centrally planned) to another (open markets) will take a long time, but China has made progress. For example, the central government has delegated authority to lower-level governmental units such as major cities and provincial governments, provided laws and regulations for intellectual property protection, and changed policies and regulations for foreign firms that promoted entry into Chinese markets. Currently, the weaker formal institutions China has for business practices can promote business operations via fewer formal constraints, but it also brings forth a certain level of ambiguity. This ambiguity is often overcome through informal institutions, such as social networks. In the past decade, China has enacted new laws to protect property rights and amended the existing ones to comply with the WTO. (Hitt and Xu 2016, pp. 590-591). Despite the progress, foreign companies in China still tend to face difficulties when it comes to the business environment.

China does not yet have a well-structured or transparent legal framework. This causes significant issues for foreign-owned companies. Multiple diverse regulations issued by different ministries of central and regional governments have made it clear that a hierarchical system of norms does not exist. Many Western businesses are often facing challenges in finding out which regulations directly affect them, and which do not. In addition, some unpublished regulations can, in some cases, have precedence over official regulations, which causes an increased level of ambiguity and hesitance, especially for SMEs. While the Chinese government is taking action to fix this challenge, progress is slow. (Bulcke 2003, pp. 19-20). Henrekson and Stenkula (2010) researched how public policy making affected entrepreneurial activities and found that the institutional environment does indeed directly and indirectly affect different areas of entrepreneurial activities. From the ease of starting and expanding a business through laws and regulations to what kind of regulatory barriers exist for growth and market entry, public policies support and, in some cases, hinder entrepreneurial activities. In an entrepreneurial economy, for example, entry barriers to markets are low, while in managed economies, similar barriers are seen as high. Property rights in managed economies are weak, while in entrepreneurial economies they tend to be stable and secure. (Henrekson and Stenkula in Acs et al. 2010, ch. 21).

In their research in the Latin American context, Aparicio, Urbano and Audretsch (2016) discovered that informal institutions (corruption, etc.) and formal institutions indeed played a significant role in opportunity entrepreneurship. Opportunity entrepreneurship was defined as a behaviour where an entrepreneur is able to transform knowledge into high-value-adding business (Reynolds et al. 2005, cited in Aparicio et al. 2016, p. 50). Aparicio et al. (2016, ch. 5) research found a positive relationship between institutional factors and [opportunity] entrepreneurship, a positive link between total entrepreneurial activity based on opportunities and economic growth, and stressed the importance of policymakers in long-term economic growth.

When a country's openness in economic terms comes into question, it refers to a country's lack of regulatory or other obstacles to entry for foreign enterprises. For enterprises, a country's openness can either increase or decrease the probability of entry success, depending on the amount of rivalry. (Johnson and Tellis 2008, pp. 5-6).

Johnson et al. (2008, p. 5) found three reasons why an economy's openness supports entry success for foreign enterprises:

1. Upon entry, the variety of products in markets increases, which stimulates demand.

2. The quality of offerings increases as competition increases.
3. As an economy opens, increasing competition also increases efficiency, thus lowering prices, which results in increasing demand.

Johnson et al. (2008, p. 6) also offered three reasons why an economy's openness hinders entry success for foreign enterprises:

1. Rivalry may keep margins low, thus allowing only the most efficient to succeed.
2. Rivalry increases the costs of purchases, labour expenses, and marketing activities.
3. Rivalry causes enterprises to lose their leadership positions if strategic mistakes are made. (Johnson and Tellis 2008, p. 6).

Johnson and Tellis (2008) interestingly found in their research that market entry into emerging markets is more successful for smaller than larger firms, more successful with less openness, and that joint ventures were the preferred mode of entry. In addition, economic and cultural proximity between home and host countries was found to have favoured businesses entering emerging markets. (Johnson and Tellis 2008). These results indicate that smaller enterprises tend to be more versatile and can respond to host country demands much quicker than large enterprises. Greater cultural distance, that is to say, the ways businesses are conducted, brings a hindrance to companies and closely links to the topic of LOF that was previously discussed. A country's openness can be measured. One of the ways of measuring it is the "Ease of Doing Business (EDB) score / rankings," a scoring / ranking system that was upkept by the World Bank (WB).

The EDB score helps in assessing the absolute level of regulatory performance over time. With the scoring system, gaps between a particular economy's performance and the best performance can be compared, as well as how the score has progressed over time. The score scales from 0 to 100, where 100 represents the best performance. The score takes into consideration various practical topics such as starting a business, regulatory environment issues, financial issues, etc. (World Bank Group n.d. a). The EDB rankings range from 1 to 190, where a higher EDB ranking indicates that the regulatory environment is more conducive to starting and operating a local enterprise. (World Bank Group n.d. b).

In 2020, Europe and Central Asia received a categorical region score of 73,1, whereas East Asia and the Pacific received 63,3. The worst score was seen in Sub-Saharan Africa with a 51,8 score. The highest score was in OECD high-income countries, with a score of 78,4. More specifically, China received a score of 77,9 (up from the previous year's score of 74), Finland 80,2 (up from the previous year's score of 80), Greece 68,4 (up from the previous year 67,4), and Hungary 73,4 (up from the previous year 73,2). (World Bank Group n.d. a). In EDB rankings, Finland places 20th, China 31st, Hungary 52nd, and Greece 79th. (World Bank Group n.d. b). The previously mentioned OECD is the Organisation for Economic Co-operation and Development, an organization consisting of 38 mostly Western countries but also including some South American and Asian countries (OECD n.d. a). It is evident that institutions, whether formal or informal, play a significant role in international trade and investments. Europeans share a high degree of cultural similarity and trust among themselves. With China, however, a country that has only in recent decades opened itself for foreign business, multiple challenges can be seen looming in the background. China is culturally very different from Europe, and due to some of its questionable actions in the past, a level of distrust on an institutional level can be seen. These challenges manifest themselves not only on a political level but also on a concrete level when it comes to engaging in business internationally. Particularly due to China's authoritarian government, the role of institutions becomes salient in the BRI.

4 Methodology

This research combines quantitative and qualitative research methods. This hybrid approach was chosen to ensure that a significant initiative like the BRI can be inspected using multiple available methods that will allow the initiative to be widely assessed. Approaching the phenomenon from a quantitative point of view will allow us to see what has actually happened in terms of “numbers” without any possible political or otherwise fundamentally charged attitudes to intervene with reliably researching the true effects of the BRI on bilateral trade and FDIs. Approaching the phenomenon from a qualitative perspective will allow us to understand how the BRI’s impact is viewed in news outlets, politicians’ opinions, institutions, and in general discussion. In the latter part of the research, the weight of politically inclined opinions and entrepreneurial visions will play a large role in determining how the BRI is viewed without the previously mentioned “numbers.” By combining quantitative and qualitative research methods in this manner, we are allowed to see the real impacts of the BRI on bilateral trade and FDI matters in specific nations, as well as gain a wide understanding of how the initiative has worked so far. With the findings stemming from these two research methods, research questions posed at the beginning of this research can be answered. Quantitative and qualitative research in this paper will be conducted as explained in Figure 5.

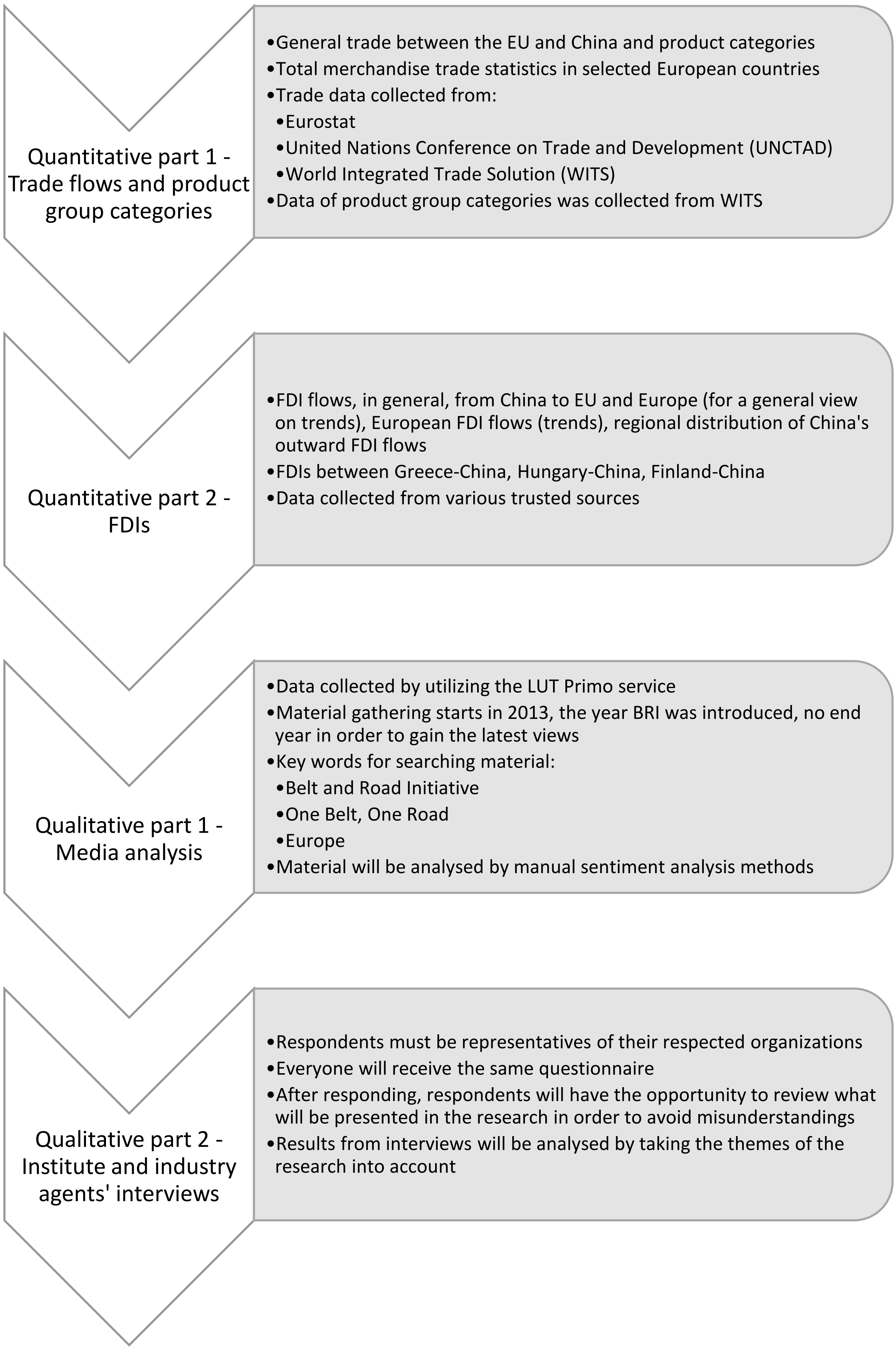


Figure 5 Research method

4.1 Quantitative research

The quantitative part of this research involves surveying historical trade data between specific European countries and China. The research will take into consideration when a specific country joined the BRI officially and the timeline involved in it. Since this research focuses on the trade of industrial products, different product categories will be highlighted, and the effects of BRI on different industrial sectors will be analysed through the survey method.

In a survey method, data and information about a specific target variable within a particular collectivity is gathered and reported in a summary, including the gathered data in quantitative form. A target variable is a specified characteristic of a collectivity, while the latter represents a group of things of a specified kind that becomes the focus of a survey, such as people, institutions, places, and time periods. (Thomas 2003, pp. 41-42). In this research, the target variables are bilateral trade (imports and exports) and FDI flows in the last 10 years before a country joined the BRI and from there onwards. The collectivity is international trade between Europe / EU and China, two specific European countries involved in BRI, and Finland.

As was mentioned in the introduction, bilateral trade refers to the exchange of goods between two nations and is often accompanied by the reduction or elimination of various trade barriers (Kagan 2020). More specifically, this research will inspect the international merchandise trade. International merchandise trade is defined as the inward and outward movement of goods from one economic territory to another, not including goods in transit (UN 1998; OECD 2016, p. 68; UNESCWA n.d.; and WTO n.d.).

The selected European countries for the quantitative part were Greece and Hungary. Reasons for these countries to be selected are the following:

1. China’s acquisition of one of the largest maritime ports in the Mediterranean Sea, located in Greece, is a significant step towards BRI’s progression towards Europe.

2. Greece and Hungary are both EU member states, which will give a chance to examine what happened when EU member states joined the BRI and compare the results to Finland, another EU member state.
3. Hungary was the first EU country to join the BRI, and as such, examining bilateral trade and FDIs over a longer period of time becomes possible.
4. Both countries have developed economies and, as such, are suitable for comparison with Finland.

4.2 Qualitative research

Qualitative research refers to collecting and interpreting information about a phenomenon without taking quantities into greater consideration. Verbal portrayals of the current status of people and events in terms of different kinds of characteristics and actions are more in focus in qualitative research. (Thomas 2003, p. 33). In this research, qualitative research will be conducted through manual sentiment analysis for media articles and semi-structured interviews directed towards Finnish institutions and agents that are involved with Finnish SMIEs.

As the BRI as a topic can bring forth many results, the following restrictions on the source material were given:

1. Only material between the years 2013 and2023 will be collected.
2. Source material language: English.
3. The main topic must be BRI / OBOR.
4. Material will be collected through the LUT Primo service.
5. The material will be analysed by manual sentiment analysis.

A manual sentiment analysis method used in this research was adopted from the research by Boukes, van de Velde, Araujo, and Vliegenthart (2020), who manually coded tones from newspaper articles and news website items and proceeded to manually analyse them. In their research, coders were instructed to assess the tones of headlines before reading the articles themselves and then continue to assess the tones of the articles in depth. They gave the coders three options to choose the tone from: (-1) negative; (0) neutral, no tone, or ambiguous; and (+1) positive. (Boukes et al. 2020, p. 89). This research will adopt a similar approach, and in the media analysis chapter, a table of sentiments will be offered as well as an analysis of how the sentiment has progressed throughout the years. The Media analysis -subchapter (6.1) handles writings from a large variety of sources. Special attention was given to ensuring that the sources are commonly seen as respectable sources, and any and all clearly politically biased writings were not included in the sources for this research. Political topics are not the focus of this research paper, but rather the economic phenomenon which in this case is the BRI.

Institute interviews -subchapter (6.2) handles interviews conducted by the researcher of this paper. Potential respondents were contacted through their respective institutions by phone calls, and, once volunteers were found, the questionnaire (Appendix 5) was sent to them via email. Every interviewee received the same questions beforehand, and their answers represent their own and their institution's views on the topics. The interviewees were not aware of other respondents, nor did they receive any other specific information that other respondents did not receive. The respondents were aware that their answers would be used in this research paper, that the paper would be public, and that they would be given the opportunity to review what the researcher had written for the final version of their answers. This decision was made to ensure that no misunderstandings would arise after the publication of this research. All respondents participated in the interviews voluntarily, and no monetary or any other form of compensation was given for participating. The interviews were conducted in July 2023 by first contacting the respective institutions, and once a willing participant was found, a short discussion about the purpose of this research was given, after which the questions were sent out via email and, once answered, were sent back to the researcher via email. All the questions can be seen in Appendix 5.

Attempts at acquiring volunteers from institutions by phone calls were conducted between June and July of 2023. In the end, volunteers were found from the Confederation of Finnish

Industries, the Finnish Forest Industries Federation, and the Technology Industries of Finland. Despite multiple attempts at reaching a wider group of volunteers from other institutions, only these three institutions agreed to participate in the interviews.

5 Trade flows and FDIs

In this chapter, trade, product category groups, and FDI stocks and flows between Europe / EU and China will be researched. In subchapter 5.1, a general view of trade flows between Europe / EU and China will be handled in order to gain an understanding of the general trend between the regions, followed by subsections where country-level research will be conducted. Subchapter 5.2 will be about FDI stocks and flows in general between Europe / EU and China, between selected BRI countries and China, and between Finland and China.

Data for trade statistics can be found in Appendix 1 – Trade flows in tables and figures; product group categories in Appendix 2 – Product groups; and FDI statistics in Appendix 3 – FDIs. References to appendices, figures, and tables in appendices will be abbreviated as A, F, and T. References to figures in this chapter will be done normally.

5.1 Trade flows

The EU has incrementally imported more goods from China in the recent decade (A1F12), while only minutely increasing exports. As such, the trade balance between the parties has been positive for China, especially in the last three years. Percentual increase in imports began rapidly growing between 2020-2022, while the same in exports surged between 2020 and 2021 but then normalized to previous averages. In 2022 alone, China was the largest source of imports in the EU. A fifth of imports to the EU came from China, almost double the number of imports compared to the second largest import source, the United States (A1F13). In 2022 exports from the EU to China (A1F14), China's role, while not the most important destination, holds an important position for the EU. The EU's top export destinations focus heavily on Western societies.

Twenty of the EU's most imported goods from China between the years 2021 and 2022 were inspected (A1T2). The table shows that while telecommunications equipment is by far the largest group of imported goods currently measured in currency, the fastest-growing group is organo-inorganic and related compounds. These compounds are generally used as catalysts in chemical reactions (OEC n.d.). The only group where imports diminished in the Top 20 was household-type equipment.

Twenty of the most exported goods from the EU to China between the years 2021 and 2022 (A1T3) showed that the most exported goods were motor cars and motor vehicles. Measured in currency, this group was by far the largest group of goods exported, and its rate of growth indicates that the pace is not about to slow down. The fastest growth was seen in the group "edible products and preparations n.e.s. (not elsewhere specified)," but this group is rather small in comparison to most exported groups. The most significant diminishing rate was seen in the group "Other meat and offal, fresh, chilled or frozen" with a rate of almost -34 percent. Groups relating to health care also saw a wide surge in exports. In general, the EU exports a considerable amount of motor vehicles, their parts, and electronics.

Results of general trends between Europe and China support findings in the literature review that showed that relationships between Europe and China have been improving in recent years, but the trends (A1F12) indicate that Europe has not been able to export goods to China as well as China has been exporting to Europe. China's "opening up to the West" seems to relate more to China "exporting more to the West."

5.1.1 Greece-China

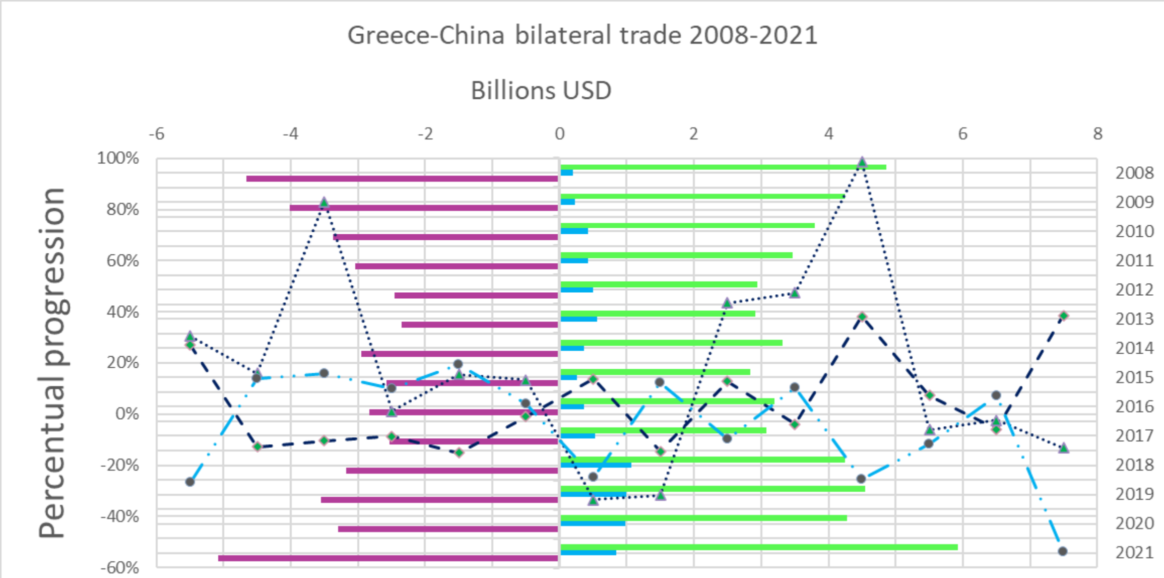
In Appendix 1, Greece's trade data for years 2007-2020, data from WITS (n.d. a) was gathered and compiled with data from UNCDATstat (n.d. b) from the years 2016-2021. To ensure reliability and comparability of data, the figures from both databases were checked to match each other.

As mentioned in the introduction, Greece signed the MoU on BRI in 2018. In this section, Greece's international merchandise trade will be inspected, followed by China's placement in Greece's bilateral trade partners, bilateral trade between Greece and China, and lastly, product groups in imports and exports will be inspected. The time frame for trade is from 2008 (year of joining BRI -10 years) to 2022 and 2010-2020 for product groups. In Appendix 1's figures and tables, Balance of Trade (BOT) will be displayed in currency and percentages. It should be noted that when the progress of BOT is shown in percentages, it refers to how the values progressed towards zero, or the "neutral" value. Trade averages for 3-year periods will be displayed.

Greece's total international merchandise trade between the years 2007 and 2022 was inspected (A1T4). Greece's BOT has been negative throughout the decade. From 2008 to 2016, imports were on the decline, whereas exports were on a slight upward trend. Since 2016, the total merchandise trend has been steadily growing, but trade balance, despite its stable trend between 2015-2020, has once again grown negatively in recent years. Data indicates that the Greek economy has heavily relied on imports but has only in the past few years been able to export more goods internationally.

Throughout 2010-2020, China's role as Greece's import partner has been significant. From 2010-2020, China as an import partner has been ranging from sixth place to third place with no major changes in positions even after joining the BRI. Germany has been the leading import partner, with over 10 percent of all imports coming from there throughout the time period. China's share of Greek imports has averaged around 5,9 percent. At the same time, China has not even been at the Top 10 as an export partner. In 2010, Greece exported only 1,5 percent of its total merchandise to China. In 2018, when Greece joined the BRI, exports to China were at 2,7 percent, after which, in 2020, it rose to 2,8 percent of total exports. Greek exports have largely focused on other European countries during the inspection. (WITS n.d. b). Joining the BRI has not made any major changes in China's role as an import partner for Greece, nor have exports grown significantly after signing the MoU. It has, however, stabilized China's position as a source for imports for Greece.

Data on Greek-China trade (A1T5 + Figure 6) show a decrease in imports, while exports have experienced some variation between 2008 and 2021. Percentual increase in exports has been notable, but as the value of these exports has remained low, even slight movements result in large variations. As such, the analysis of percentual figures is questionable. What can be said, however, is that in total, exports grew until Greece joined the initiative, after which exports began a downward trend. BOT has been negative throughout the analysed time period, but with increasing imports and diminishing exports, the trade balance has been notably negative after 2018, especially in 2021, where it was significantly negative.



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Imports	4,87	4,24	3,80	3,47	2,94	2,91	3,31	2,83	3,19	3,07	4,24	4,55	4,28	5,92
Exports	0,20	0,23	0,42	0,43	0,49	0,56	0,37	0,25	0,36	0,54	1,06	1,00	0,98	0,85
BOT	-4,67	-4,01	-3,38	-3,04	-2,45	-2,36	-2,94	-2,58	-2,83	-2,54	-3,18	-3,55	-3,30	-5,08
IMP-%	27 %	-13 %	-11 %	-9 %	-15 %	-1 %	14 %	-15 %	13 %	-4 %	38 %	7 %	-6 %	39 %
EXP-%	30 %	16 %	83 %	1 %	15 %	13 %	-34 %	-32 %	44 %	47 %	99 %	-6 %	-2 %	-13 %
BOT-%	-27 %	14 %	16 %	10 %	19 %	4 %	-25 %	12 %	-10 %	10 %	-25 %	-12 %	7 %	-54 %

Figure 6 Greece-China bilateral trade 2008-2021 (UNCDATstat n.d. b; WITS n.d. a)

Product group categories of traded goods were inspected. Greece's top imports have largely consisted of consumer goods, capital goods, and machinery and electric products (A2T10). No fundamental changes in product groups in imports can be seen, and imports in 4th and 5th places can be interpreted as normal changes in market demands. On the export side (A2T11) a similar trend can be seen. Exports have mostly consisted of raw materials, fuels, minerals, and an assortment of varying product groups that can be again interpreted as brief changes in market demands. There are no fundamental changes in product categories. These results indicate that joining the initiative did not bring opportunities for new industries for Greece, but industries before joining the BRI have remained the most traded goods.

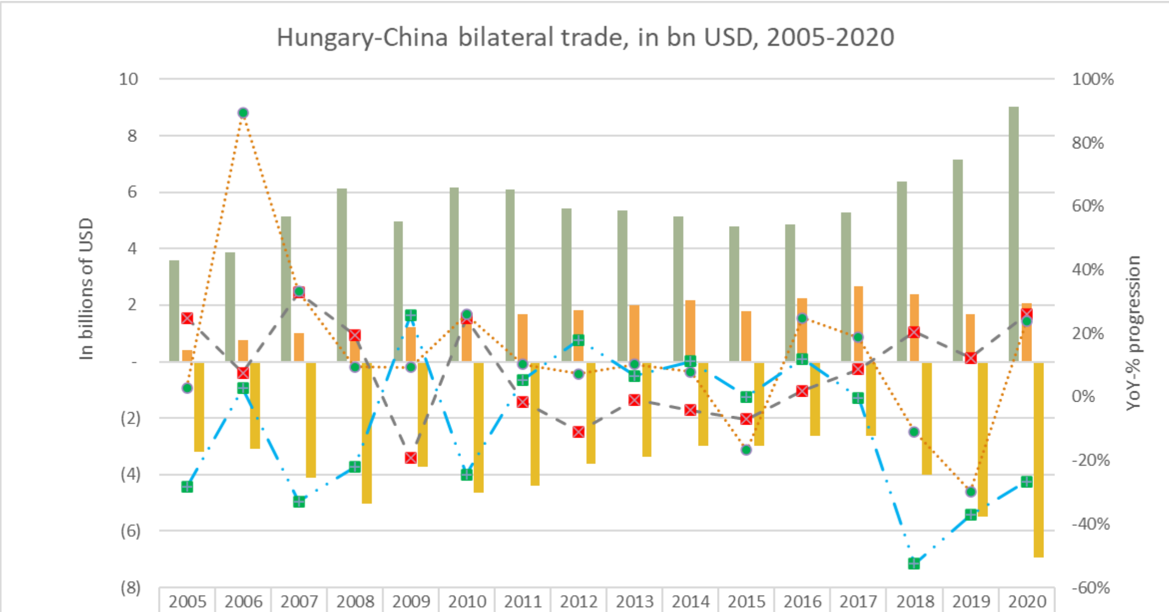
5.1.2 Hungary-China

As mentioned in the introduction, Hungary joined the BRI in 2015. As such, the time frame to be inspected is 2004-2021 for trades and 2010-2020 for product groups. Similar to how the previous section was constructed, the research will begin with Hungary's international merchandise trade, then China's placement in bilateral trade partners, bilateral trade between Hungary and China, and concluding with product categories.

In Hungary's total international merchandise trade (A1T6) imports and exports have almost gone "hand-in-hand," which causes the BOT to be rather minor. As such, the percentual analysis of BOT becomes untrustworthy, as even the slightest changes can make dramatic changes to the figures. However, a percentual analysis of imports and exports can be done. It can be argued that Hungary's international merchandise trade has grown positively since 2004, with a 13 billion US dollar growth in imports and exports to 2021, while BOT has remained largely at the same levels. A rather predictable, steady trend can be seen.

Throughout 2010-2020 China has been a significant import partner for Hungary. Before 2015, it was systematically in positions 3-6, with Hungary importing on average around 5,8 percent of its merchandise from China. Since 2015, China's position as an import country for Hungary has steadily risen to second place in 2020, reaching 7,95 percent of imports from China in 2020. Germany has been the largest import partner throughout the examined time period, with Hungary importing a fourth of its merchandise from there. In exports, China has never reached even the Top-10 in import partner status, with Hungary importing less than 2,5 percent of its merchandise from there. Germany is once again the largest export partner, with around a fourth of Hungary's merchandise being exported there. After 2015, a slight rise in exports to China could be seen (with 2016, 2,2 percent, and 2017, 2,35 percent of exports going there), but after that, China's role as an export destination has diminished to under two percent of all merchandise exports. (WITS n.d. d). Joining the BRI has added to merchandise imports from China but only had a short-lived surge in exports, after which China's position as an export partner has remained predictable and rather marginal. The rest of Europe still holds a more significant position to Hungary.

Before Hungary joined the BRI in 2015, its imports from China were mostly growing when examined over three-year periods, except between 2012-2014. When examined in two five-year periods (2005-2009 and 2010-2014), imports experienced a surge but slowed down before joining the initiative. On the export side, from Hungary to China, examined in three three-year periods, exports have grown notably. Examining two five-year periods, export growth can be seen, albeit with a slowing trend. After joining the BRI, the one full three-year period that was attained shows growth in imports and exports. After the first five-year period – the more important indicator for long-term trends – imports have grown notably, with small growth supporting exports. Unlike in Greece's case, where joining the BRI did not bring forth any major changes in bilateral trade, in Hungary's case, the opposite seems to have happened. Immediately after joining the BRI (after a 3-year period), bilateral trade experienced a slight surge. While exports have not grown but rather remained among the existing trend, imports have grown to the highest levels since 2005. A certain level of variance has been present in the trade balance, but what can be seen is that, measured in currency, BOT has remained negative for Hungary throughout the inspected time period. (A1T7 + Figure 7).



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
IMP	3.59	3.86	5.13	6.13	4.95	6.17	6.08	5.41	5.36	5.14	4.78	4.87	5.29	6.38	7.16	9.02
EXP	0.40	0.76	1.01	1.11	1.21	1.53	1.69	1.81	2.00	2.16	1.80	2.24	2.66	2.37	1.67	2.06
BOT	-3.19	-3.10	-4.11	-5.02	-3.73	-4.64	-4.39	-3.60	-3.36	-2.98	-2.98	-2.62	-2.63	-4.01	-5.49	-6.95
IMP-%	25%	8%	33%	20%	-19%	25%	-2%	-11%	-1%	-4%	-7%	2%	9%	21%	12%	26%
EXP-%	3%	90%	33%	9%	9%	26%	10%	7%	10%	8%	-17%	25%	19%	-11%	-30%	24%
BOT-%	-28%	3%	-33%	-22%	26%	-24%	5%	18%	7%	11%	0%	12%	0%	-52%	-37%	-27%

Figure 7 Hungary-China bilateral trade, in bn USD, 2005-2020 (WITS n.d. e)

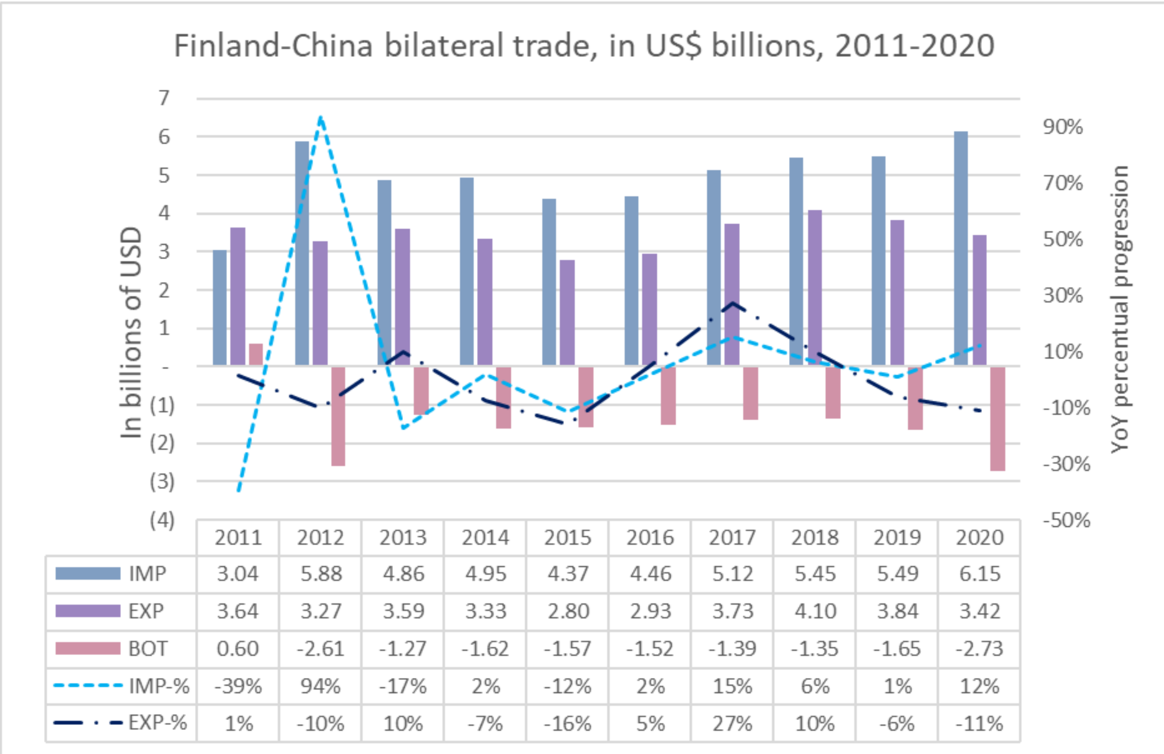
Product group categories between the years 2010 and 2020 were inspected in order to examine whether or not joining the BRI brings fundamental changes to traded goods. Hungary joining the BRI did not bring fundamental changes to what kinds of product groups were imported or exported. Some minor changes in the weights of different product groups can be seen, but whether this is due to BRI or changes in market demands is debatable. Minor changes in product groups can be seen both in exports and imports, but fundamentally, the largest groups have remained in predictable positions. (A2T12+A2T13). Much like with Greece, results indicate that joining the BRI did not bring opportunities for new industries for Hungary, but traded goods have largely remained the same.

5.1.3 Finland-China

As mentioned in the introduction, Finland has not joined the BRI. However, examining the bilateral trade between Finland and China should be done in order to gain a better understanding of potential opportunities and how they could affect Finland if it were to join the initiative. For a general view, total international merchandise trade and bilateral trade with China between the years 2011 and 2020 will be inspected.

In the inspected time period, Finland reached its peak in imports and exports in 2011, after which international trade has been steadily declining. The trade balance has been negative for Finland almost constantly, but on a minor scale. Due to that, BOT-%, the percentual progress that shows how BOT has moved year-by-year, shows some major divergences. BOT-% cannot, in this case, be seen as a reliable measure of trade balance progression. (A1T8).

Finland's imports from China have grown slowly between 2011 and 2020. Exports, on the other hand, have experienced varying results in both 3-year and 5-year time periods. The trade balance has remained mostly negative for Finland. (A1T9 + Figure 8).



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
IMP	3.04	5.88	4.86	4.95	4.37	4.46	5.12	5.45	5.49	6.15
EXP	3.64	3.27	3.59	3.33	2.80	2.93	3.73	4.10	3.84	3.42
BOT	0.60	-2.61	-1.27	-1.62	-1.57	-1.52	-1.39	-1.35	-1.65	-2.73
IMP-%	-39%	94%	-17%	2%	-12%	2%	15%	6%	1%	12%
EXP-%	1%	-10%	10%	-7%	-16%	5%	27%	10%	-6%	-11%

Figure 8 Finland-China bilateral trade, in bn USD, 2011-2020 (WITS n.d. g)

Since Finland has not joined BRI, examining how product groups have differentiated before and after joining the initiative is not relevant. However, taking a closer look into what kind of product groups have been imported and exported becomes interesting when assessing opportunities for Finnish SMIEs in the initiative.

Finland has imported three large groups: machinery and electrical machinery, capital goods, and consumer goods. On the export side, four large groups stand out: intermediate goods, capital goods, wood, and machinery and electrical machinery. (A2T14). Considering how joining the initiative has not brought any fundamental changes in product group categories for Greece and Hungary, results indicate that while traded goods can and will be subject to changing market demands, opportunities for new industries seem to be absent.

5.2 FDIs flows

To gain an overview of FDIs between Europe / EU and China, it is time to inspect how flows and stocks have progressed. Two types of FDIs will be present in this subchapter: FDI stocks and FDI flows. FDIs were already introduced in the beginning of this research: "*an ownership stake in a foreign company or project made by an investor, company, or government from another country*" (Hayes 2023). FDI stocks measure the total level of direct investment at a certain point in time; outward FDI stocks are the values of the resident investors' equities in and net loans to enterprises in reporting economies (OECD n.d. b).

FDI flows, on the other hand, record the value of cross-border transactions related to direct investments during a certain period of time. Outward flows represent transactions that increase the investments in reporting economies that investors possess, while inward flows represent those transactions that increase the investments that foreign investors have in enterprises' residents in the reporting economies. (OECD n.d. c).

5.2.1 FDIs Europe / EU – China

China's FDI stock in the EU has continuously grown since 2011, apart from 2019-2020. 2021 saw the highest investments, reaching a notable $95,9 billion. Not counting year 2020, FDIs seem to have stabilized between 2018-2021 to $90-95 billion. (A3F15).

When it comes to China's outward FDIs to all of Europe between the years 2013 and 2021, data indicates that no clear trend can be seen. During the inspected time period, FDI flows to Europe from China reached their peak in 2017 at $18,5 billion, followed by one of the weakest years with just $6,6 billion, after which a rising trend can be seen. (A3F16).

In 2021, China's outward FDI stock in developed economies favoured the EU, as 33,5 percent ($95 bn) was directed towards it, second position being held by the United States with a 26,9 percent ($77 bn) focus, and Australia coming in third with a 12 percent focus ($34 bn). At the end of 2021, China's outward FDI stocks were composed mainly of investments in developing economies (89,7 percent), with developed economies being in secondary position (10,3 percent of investments). (MOFCOMPRC et al. 2021, p. 113).

Results indicate that China is pouring most of its investments into developing economies, indicating that these regions tend to have a more favourable economic environment for China.

The most invested industries in Europe by China by the end of 2021 related to industrial industries, finance services, and real estate. In Asia, finance services, wholesale and retail trade, and industrial industries received the most investments (MOFCOMPRC et al. 2021, p. 119). These findings indicate that, while not fundamentally different, China's focus differentiates in some areas, such as the real estate focus on Europe and the mining industries in Asia.

China's global FDI flows have seen a significant change since the 1990s, especially after 2001, when it was accepted into the WTO. Outflows alone have surged significantly after 2004, reaching their peak around 2016 with over $300,000 million. Inflows, on the other hand, have not kept up, reaching their peak during the inspected time period in 2020 at a little over $150,000 million. China has been greatly investing abroad while only receiving half of the FDIs in past decade. (A3F17).

In Europe / EU context, FDI flows have been on a diminishing trend in the recent decade, except in the very recent years when FDI outflows have begun to surge. European FDI outflows reached their peak during the inspected time period in 2006 at almost $1,4 billion, after which a steep decline has happened. European FDI inflows have been rather volatile in the 2000's, and a notable decline can be seen in recent years. (A3F18).

The regional distribution of China's outward FDI flows in 2021 showed that Europe's position diminished notably for China, while Latin America grew significantly. Asia's share of China's outward FDIs remains undefeated, with a 71.6 percent share of all FDIs. Most of China's outward FDIs focused on regions where a significant portion of the world's developing and emerging economies reside. In regions where advanced economies typically exist, such as North America, Europe, and Oceania, China's outward FDIs are struggling to find targets. (A3T15). This can show an early symptom of diminishing interest and challenges in advanced economic environments for China, which can be a fundamental challenge for the BRI in the regions.

In Asia, China invested $101,19 billion (79 % of investments in Asia) in Hong Kong. In Europe, most of the FDIs went to advanced economies in the Central, Western, and Northern regions. In industrial distribution, 27,6 percent focused on Leasing and Business Services, 15,7 percent to Wholesale and Retail Trade, 15 percent to Manufacturing, and another 15 percent to Finance. At the end of 2021, over eleven thousand overseas enterprises along the BRI had been set up by Chinese domestic investors. These investments amounted to $24,15 billion, double the amount compared to 2012. (MOFCOMPRC et al. 2021, pp. 103-106).

China has been the second largest recipient of FDIs worldwide in recent years (Textor 2023b) despite China's comparatively low FDI openness (Textor 2023b; Atlantic Council and Rhodium Group n.d.). China's FDI flows between the years 2016 and 2021 showed a steady trend, with inflows steadily climbing from 2016's $127,000 million to 2021's $176,000 million, whereas outflows decreased from 2016's almost $200,000 million to 2019's $135,000 million, after which a small upward trend can be seen (A3F19). These results indicate that the total Chinese FDI flows have remained steady in recent years.

One possible explanation for the lack of surging FDIs to China could be China's relatively poor institutional environment. Compared to the world's average openness in economy, China places at the bottom tier. China's poor financial system development, market competition factors, modern innovation systems, trade openness, portfolio investment openness, and, most importantly, direct investment openness leave a lot to be desired for enterprises that wish to invest in China. (Atlantic Council et al. n.d.). It can be reasonably argued that even if enterprises from Europe / EU would desire to seek opportunities in Asia, China as a destination could easily be rejected as an option due to its institutional environment, which would inevitably cause challenges for the enterprises.

High restrictions and surging rivalry from Chinese domestic enterprises have hindered China's FDI growth since 2011. Foreign investments in China have typically favoured the manufacturing sector. (Textor 2023b). The EU's FDIs to China support this trend, as almost 55 percent of actually used FDIs focused on manufacturing, with leasing and business services falling short in second place with only 14 percent of investments (A3F20).

From Europe in general, actually used FDIs to mainland China saw a surge between 2015 and 2018 from $7 billion to $11 billion, but otherwise have remained relatively predictable between the years 2011-2021. However, after a peak record of $11 billion in 2018, actually used FDIs from Europe in mainland China have diminished to just over $7 billion in 2021. (A3F21). The trend can be seen as negative.

After the COVID-19 pandemic, FDIs from the EU and UK into China have become more concentrated in terms of which companies invest in what sectors and where these companies originate from. Larger enterprises, especially those coming from Germany, continue to invest in China while other companies are withholding their investments. Acquisitions of Chinese companies have stalled, and a diminishing number of new European companies are making their entries into China. This concentration has reached a point where the top 10 investors in 2019 represented 88 percent of European FDIs. In 2021, the share of the top 10 investors represented 71 percent of all European FDIs. (Kratz, Barkin, and Dudley 2022).

Between 2018 and 2021 69 percent of European FDIs in China focused on the following industries:

1. Automotive Equipment and Components (31 percent)
2. Food Processing and Distribution (14 percent)
3. Pharmaceuticals and Biotechnology (10 percent)
4. Chemicals (9 percent)
5. Consumer Products – Manufacturing (5 percent) (Rhodium Group, cited in Kratz et al. 2022)

Research published by Rhodium Group (in Kratz et al. 2022) revealed that some changes in the top industries have naturally happened in recent years. For example, pharmaceutical products and biotechnology rose between 2018 and 2021, and “Plastics, Rubber, and Other Materials” that had previously been on the top industries no longer were on the list of the most relevant industries during said time period. The automotive industry has been a priority for decades. Since the year 2000, German companies have been increasing their FDIs to China, and in 2021, a notable 46 percent of all European FDIs to China originated from there. German enterprises were early entrants to the Chinese market, and they have received notable support from Chinese political establishments. These companies have typically focused on capital-intensive industries such as manufacturing and engineering, indicating large, fixed investments. Other European countries that deliver significant FDIs to China are the Netherlands, UK, and France. In 2021, these four countries were responsible for 89 percent of all European FDIs to China, leaving 11 percent to the rest of Europe. European automotive and chemical industries have played a fundamental role in how FDIs to China have grown. Reasons behind steady investments indicate that these enterprises have made significant profits in China, and they believe they will continue to do so, but on the other hand, they also want to secure their investments in mainland Chinese areas and remain able to respond to increasing rivalry. Chinese authorities also actively encourage foreign enterprises to localize their operations in China. (Kratz et al. 2022).

Kratz et al. (2022) conducted research that highlighted that the service sector has not been interested in China in general. Between 2018 and 2021 business services made up less than two percent of FDIs to China, and software and IT services even less than that, 0,5 percent. European enterprises' interest in acquiring Chinese companies has decreased notably in recent years, except in greenfield investments (NOTE: greenfield investments are FDIs where parent companies create subsidiaries in foreign countries and build their operations from the ground up [Chen 2020]). Europeans have been hesitant to acquire Chinese enterprises due to institutional factors and high valuations. (Kratz et al. 2022).

Chinese outbound investments globally stalled in 2021. An increase of 33 percent in Europe was seen, but a downward trajectory has been reported by research published by the Mercator Institute for China Studies (MERICS) (in Kratz, Zenglein, Sebastian, and Witzke 2022). Large Western European economies received most of Chinese investments, but the total share of Chinese state-owned investors in Europe fell to a two-decade low. Southern Europe was focused on by Chinese SOEs, especially in energy and infrastructure. However, generally, consumer products and automotives were the top sectors. Greenfield investments, especially in electric vehicle batteries, were among the two largest sectors for consumer products. These two sectors covered 59 percent of total investment value, followed by health, pharma, and biotech sectors, information and communication sectors, and energy sectors. While for years Chinese FDIs in Europe have focused on mergers and acquisitions, China has started to focus on greenfield investments more. In 2021, greenfield investments in Europe by China reached 3,3 billion euros, making up almost a third of all Chinese FDIs. At the same time, Chinese venture capital is focusing on European technology start-ups, and in 2021, 1,2 billion euros were invested mostly in large Western European nations, such as the UK and Germany. Many of the greenfield FDIs in Europe from China are focusing on electric vehicle batteries, and it is expected that the Chinese are going to continue investing in research and development sectors in Europe to answer European infrastructure needs. (Kratz et al. 2022).

In 2022, according to a study published by MERICS (in Kratz, Zenglein, Sebastian, and Witzke 2023), the trend continued as China's global outbound investments fell from the previous year to 111 billion euros, M&A dropped, and investments in Europe continued to decline. Greenfield investments, however, continued to grow and surpassed M&As, driven by investments into electric vehicle battery factories. A notable 88 percent of all investments in Europe focused on four countries: the UK, France, Germany, and Hungary. These investments are heavily related to the previously mentioned electric vehicle batteries. The two largest sectors were, as in the previous year, the consumer products, and automotive sectors. In 2022, Chinese M&A in Europe accounted for 3,4 billion euros, while greenfield investments made up 4,5 billion euros, totalling 7,9 billion euros in FDIs. For comparison, 2016 saw FDIs coming from China to Europe for 47,4 billion euros, out of which 45,9 billion euros were M&A and 1,5 billion euros were greenfield investments. (Kratz et al. 2023). The downward trend in FDIs coming from China to Europe is clear, and it can be characterized as notable. However, this trend has only been happening in recent years and could indicate nothing more than a normal change in the economic environment rather than a fundamental change in how China views European markets.

5.2.2 FDIs in BRI countries

China's outward FDI flows to all countries along the BRI between the years 2013 and 2021 have almost doubled from 2013's $12,6 billion to 2021's $24,2 billion, although some fluctuation can be seen (A3F22). When taking a closer look at the countries involved in this research, we can see some changes in FDI flows.

FDI flows from China to Greece were nominal between 2008 and 2011 at around €0,03-8 million, they reached zero million euros in 2012, after the flows spiked briefly in 2013 to €72,8 million. 2014-2017 saw a nominal increase in flows up until 2017, when a significant surge could be seen, with peak FDI flows to Greece from China reaching €215 million in 2018, the year Greece joined the initiative. After joining the initiative, however, FDI flows began to decrease at a fast pace, and the year 2022 only saw €28 million inflows to Greece.

Compared to FDI outflows from Greece to China, however, the progress has not been so notable. In fact, it can be seen that in 2018, a sharp surge in FDI outflows happened from 2017's €0,63 million to 2018's €9 million, after which flows began to decrease to negative. Throughout 2008-2017, Greek FDI outflows to China have been considerably volatile, with time periods of negative flows to only minor (<~€1 million) positive flows. Joining the initiative brought the previously mentioned slight surge in outflows, but 2022 saw a negative -0,02-million-euro outflow. (BG 2023a; BG 2023b). These findings, as visualized in Figure 9, indicate that joining the initiative will bring short-term surges in FDIs from China, but it will not fundamentally change FDI outflows to the nation.

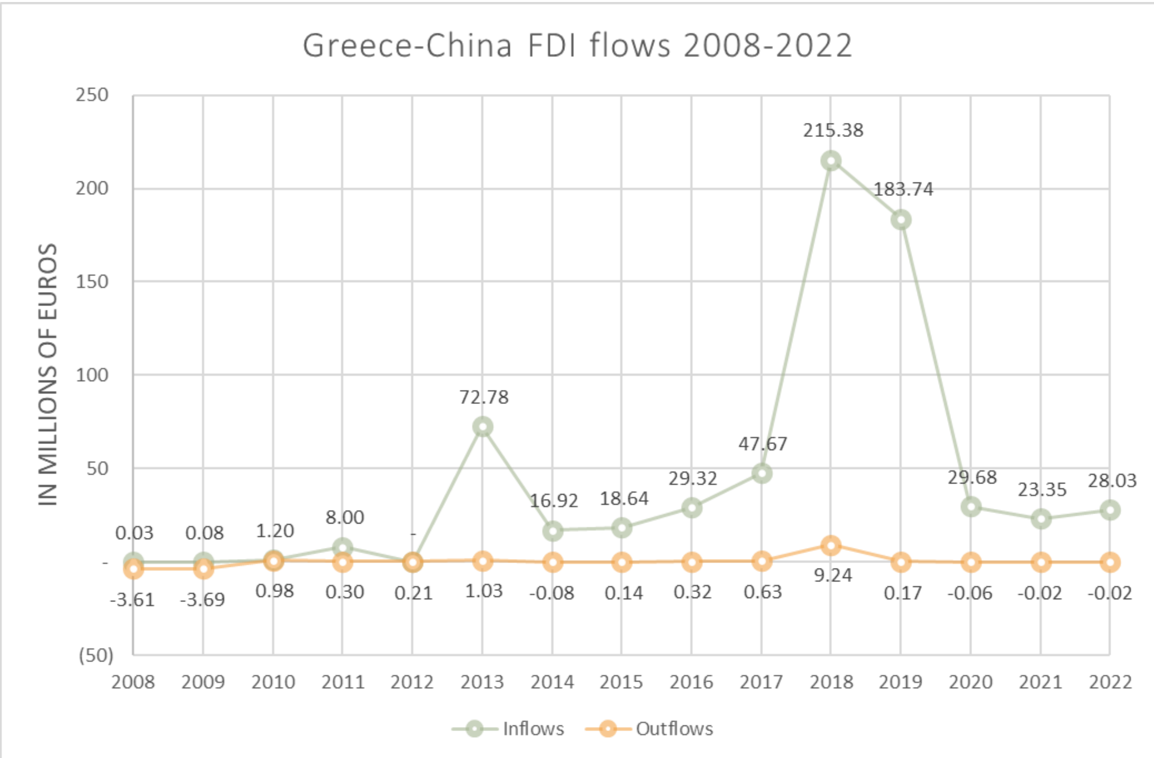


Figure 9 Greece-China FDI flows, in millions of euros, 2008-2022 (BG 2023a; BG 2023b)

FDI flows between Hungary and China from the years 2005-2021 show that inflows experienced a high level of volatility from 2008's -73 million euros to 2019's €132 million, while exports have remained in a rather stable range of €0,3 million in 2005 to -1,1 million euros. Before joining the BRI in 2015, Hungary experienced significant volatility in FDI inflows from China, ranging from 2007's €12 million to 2010's €101 million to 2011's -124 million euros. But, after joining the initiative in 2015, inflows have been growing steadily, albeit still with a notable level of variation. After joining the initiative, FDI outflows from Hungary to China saw a slight surge in 2016 to €7 million, after which outflows have steadied to range from €4 million to -2 million euros. (MNBS 2023a; MNBS 2023b). Figure 10 visualizes these findings.

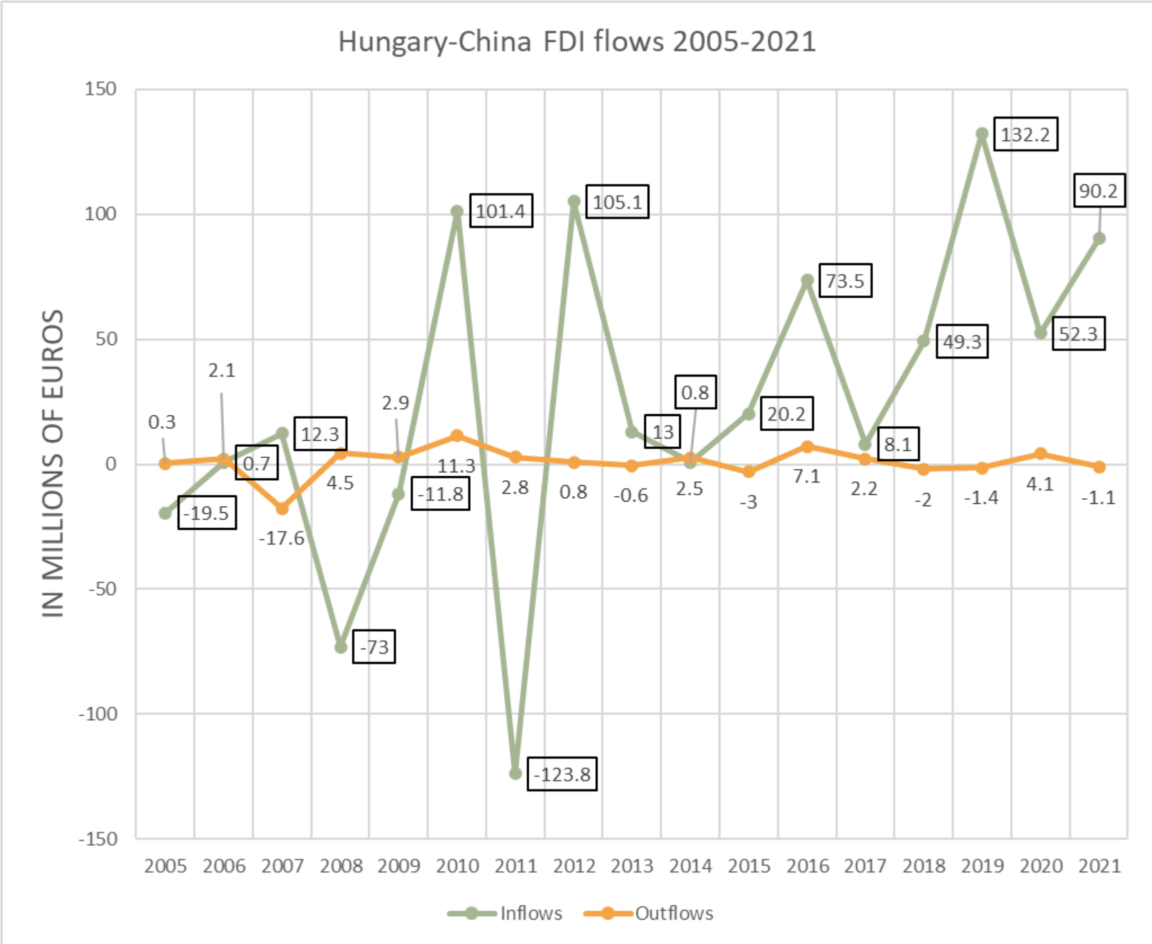


Figure 10 Hungary-China FDI flows, in millions of euros, 2005-2021 (MNBS 2023a; MNBS 2023b)

Much like what happened in Greece, joining the initiative has not fundamentally affected FDI outflows to China. A trend in FDI inflows at the early stages of joining the BRI with both case countries can be seen.

5.2.3 FDIs between Finland-China

Inward FDI stocks from China to Finland have grown in recent years. In 2019, a sudden surge in FDI reached €3,6 billion. Outward FDI stocks, on the other hand, have remained rather insignificant, experiencing a negative trend from 2013's €1,3 billion to 2021's virtually €0. (A3F23). It should be noted that A3F23 displays immediate target and investor countries, and as such, the ultimate investor might be coming from another region. When compared to China as the ultimate investor, its FDI stock in Finland can be seen in Figure 11 below. The difference between A3F22 and Figure 11 is that Figure 11 shows how China has invested in Finland through various enterprises, agents, etc. and not directly, whereas A3F23 shows how China has directly invested in Finland. As the ultimate investor, China's FDI stock in Finland has experienced volatility from 2017 to 2021, and in 2021, the total stock was €4,4 billion. These findings indicate that while China does not appear to invest directly in Finland in a notable manner, it does possess investments in Finland indirectly.

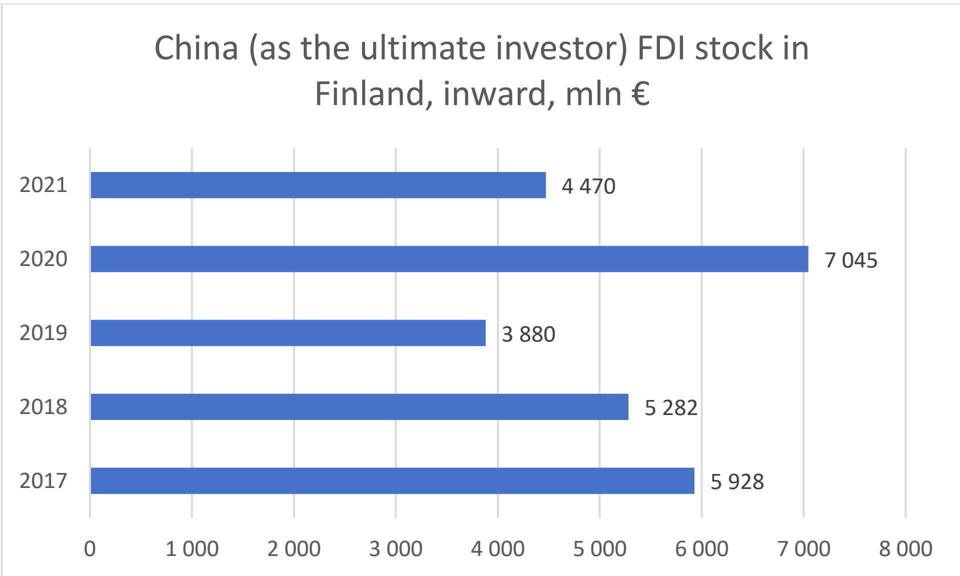


Figure 11 China (as the ultimate investor) FDI stock in Finland, inward, mln € (Statistics Finland n.d. c)

At the end of 2021, FDI stock from Finland abroad had reached 125 billion euros (equity investments valued around €128,3 bn, debt-based capital €-3,3 bn [this negative amount means that Finnish companies' liabilities to foreign subsidiaries exceeded the value of assets]). Of the largest counterparty countries for FDIs from Finland, Sweden held 28,5 billion euros, the Netherlands 21,5 billion euros, and Ireland 17,8 billion euros. Since 2013 to 2021, FDIs in Finland have grown slowly. Inward FDI stock has seen some variation from 2013 to 2021 but has eventually grown slowly to 76,2 billion euros in 2021, of which equity investments were 64,4 billion euros and debt-based capital was 11,8 billion euros. Most investments in Finland in 2021 came from Sweden with 22,9 billion euros, the Netherlands with 11,7 billion euros, and Luxembourg with 9,9 billion euros. (Statistics Finland 2022). Most of the FDIs coming to and going from Finland focuses on European countries, especially towards the neighbouring country, Sweden. China's role in FDIs in Finland, albeit notable, is not the most significant.

In 2020, out of the 5,359 subsidiaries Finland had abroad, 250 were in China. In 2021, a slight decrease was reported, as out of the 5,480 subsidiaries Finland had abroad, 249 were in China. (Statistics Finland n.d. d). These subsidiaries represent 5 percent of all Finnish foreign subsidiaries globally, generate 6,5 percent (13 billion euros) of total net sales of Finnish foreign subsidiaries, and employ 11 percent (62,600 people) of the total workforce of Finnish foreign subsidiaries. Industrial firms were the largest generators of net sales. In 2018, half of Finnish subsidiaries operated in the machinery and metal industries, 30 percent in electrical and electronics manufacturing, and the paper industry taking 10 percent of the total figures. Out of all subsidiaries in 2019, Sweden was the home of 14 percent of them, whereas China, the US, and Russia all had five percent shares. 66 percent were home to other countries. Out of net sales, 22 percent came from Sweden, 14 percent from the US, and seven percent from China. In regard to personnel, 13 percent were in Sweden, China took 11 percent, and seven percent went to the US. (Statistics Finland and BOFIT, cited in BOFIT 2021). At the same time, in 2021, China had 52 subsidiaries in Finland (Statistics Finland n.d. f).

In 2021, the largest industries for Finnish affiliates abroad in Asia and Oceania were (out of a total of 1,026) Manufacturing (480), Machinery and metal products industry (213), and Electrical and electronics industry (133). (Statistics Finland n.d. e). Out of all foreign affiliates in Finland (total of 4,751), the largest groups were Wholesale and retail trade; repair of motor vehicles and motorcycles (1,282), Manufacturing (647), and Real estate activities (603) (Statistics Finland n.d. g).

These results indicate that while Finland is not a major destination for investments for China, China does not seem to be a very significant destination for Finnish enterprises' investments either. A very minor movement in FDIs indicates that bilateral trade seems to be the status quo for the time being between the nations.

5.3 Indication of results

The results indicate that while European nations and China have experienced positive economic cooperation in forms of trade and investments, China's focus relies elsewhere for the time being.

Greece began importing more goods from China after joining the initiative, while exports experienced a diminishing trend. FDI inflows saw a rapid surge after joining but returned to previous trends. FDI outflows did not see a significant change in the long term. Joining the BRI did not fundamentally change what kind of goods were being traded.

In a similar trend, Hungary began importing more goods from China after joining the BRI, but exports increased only in a minute manner. FDI inflows stabilized after years of volatility after joining the initiative and saw an increasing trend after 2015. FDI outflows, however, have remained consistent with previous trends, and no fundamental change can be seen. Joining the initiative did not bring any notable changes in traded goods in Hungary's case either.

Holistically, the results indicate that a European nation joining the initiative will allow China to begin exporting more goods to the joining party, as well as delivering more FDIs at least in the short term. However, joining the initiative did not bring any significant changes for exported goods or their amounts for European nations. For European SMIEs these results can be seen as negative, as the initiative does not open new opportunities in forms of notably increased trade or new market opportunities for FDIs in China. On the contrary, it can be reasonably assumed that a European nation importing more goods from China will only cause increased rivalry for domestic enterprises as China introduces an increased amount of goods to European markets, which in turn will inevitably cause price fluctuations that threaten domestic enterprises' capabilities in keeping pace with rivals' offerings.

China’s increased FDIs in European nations could cause further stress for domestic SMIEs, much for the same reasons as mentioned in the previous paragraph. However, FDIs are not necessarily a hindrance for domestic SMIEs, as these FDIs can also prove to be useful for them in the case where they are searching for access to new investable capital. As such, increased FDI inflows can be seen as a double-edged sword; it may bring forth new rivalry, but it may also be a way to attain new capital.

For Finnish SMIEs the results indicate that joining the initiative would not bring any notable opportunities along the BRI. As the bilateral trade is heavily skewed in China’s favour, Finnish SMIEs would likely not benefit notably from the initiative. In a similar manner, FDIs were also skewed in China’s favour, indicating that while, in some special instances, the BRI could bring new investment opportunities to domestic operations, outbound FDIs from Finland to China would likely not experience any notable increase.

In the end, however, it seems that, economically speaking, joining the BRI is more positive for China than for the European nation that joins it. While European consumers may enjoy the increased flow of Chinese goods, European SMIEs may become wary due to the negative implications the initiative has.

6 Media analysis and institute interviews

In this chapter, media analysis and interviews with Finnish institutions and industry agents will be covered. It should be noted that all opinions expressed in these subchapters belong to their speakers and, as such, are not interlinked with each other. The chapter begins with media analysis, in which a manual sentiment analysis will be conducted in order to gain an understanding of the general sentiment towards the BRI in the media. After that, the interviews will be inspected, and, towards the end of the subchapter, a synthesis of the general themes regarding the interviews and this research will be offered.

6.1 Media analysis

All the articles referred to in this subchapter can be found in Appendix 4 – Media analysis findings in Table 16. Table 1 offers the manual sentiment analysis by showing how many of the selected 70 articles were positive (+1), neutral or ambiguous (0), or negative (-1). In addition, common themes and highlights of findings are written under numerical values. As can be seen, the sentiment during the inspected time period and selected articles amounted to a negative score. Not counting the 28 neutral scores, 16 positive articles and 29 negative articles were found. With that, the final score of -13 can be seen, indicating that the sentiment towards the BRI is generally negative. Highlights explain these findings. This subchapter handles institutional factors and the investment climate, as brought up in Chapter 3.

Table 1 Manual sentiment analysis of media analysis

+1 (16)	- BRI brings economic cooperation and “win-win” situations for stakeholders - the initiative is designed to uphold the global free trade regime and open regional cooperation - BRI upholds "Five Principles of Peaceful Coexistence”: mutual respect for each other’s sovereignty and territorial integrity, mutual nonaggression, mutual noninterference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence - multiple cooperation policies for all stakeholders - 16 East European countries invested to China soon after the initiative was launched, worth $20 million - rail services grew between Europe and China - many Central European countries supported the initiative from early on - China contributed to an EU project €315 billion, wished to continue working with EU further

	- East Europeans received invitations to invest in China and explore the BRI markets - despite general political hesitation, European banks cooperated with Chinese banks - Italy received investments for the automotive industry worth €1 billion.
0 (28)	- East European and Arab countries participated in the initiative from its early stages - the initiative is aimed not only on infrastructure, but also on industry, culture, education, and research - BRI meant to evoke trade routes to and from China - Chinese banks aggressively support the initiative domestically and internationally - few years after launch, the initiative had managed to attain a lot of positive attention and cooperation, despite sceptics' questions about China's motivation - EU received the attention in regards of the initiative positively, but remained in a "wait and see" -attitude - with the BRI comes other related projects, such as cybersecurity-focused "digital Silk Road" - significant investments into ports globally - China acquired European telecommunications enterprises - the initiative presented business opportunities for Western MNEs with well-established relationships in Beijing - an indirect challenger for the BRI, the "Global Gateway" project by the EU, began gaining attention in 2021 - Global Gateway will be based on Western values, but it still lacks proper funding.
-1 (29)	- China's influence increases - mistrust against China's motivations - Chinese enterprises and labour usually deployed in construction of infrastructure projects, leaving locals without work - China-Pakistan Economic Corridor brought political concerns over instability - Chinese SEOs were under scrutiny over malpractice in the management of overseas assets, several SEO executives under investigation for corruption - cybersecurity a major concern for China over the BRI - European diplomat claimed that the initiative is nothing more than a way for Chinese enterprises to offload excess capacity to international markets while enjoying government subsidies - Africa branded China as a neo-colonialist, and only three years after the initiative was launched, Kazakhstan limited Chinese investments and visas - China's economic power brought into question just over four years after the initiative was launched - geopolitical questions rose quickly, especially in Asia - many BRI projects remained significantly unproductive - BRI was seen as less interesting for SMEs due to the large scale of the projects, interest gained in MNEs - concerns over negative impacts of the initiative rose in developed European economies, as Chinese rivalry and potential impact on job markets became apparent - China may use the initiative to only support Chinese enterprises and create political and economic dependencies among Eastern EU states - Indian government accused China of flouting international norms, creating debt traps, harming the environment, and for disrespecting national sovereignty, "BRI is a road to subjugation" - a Pakistani newspaper revealed master plan in which China envisions surveillance systems in large Pakistani farmlands, as well as disseminating Chinese culture - in order to offer alternatives for Asian countries that had already rejected Chinese capital, Europe, supported by many Asian countries and the US, pledged to unlock cash for those Asian countries that adopt Western tendering and finance practices - just five years after the launch of the BRI, multiple countries had voiced critique against China for its dept-trap diplomacy, flooding markets with Chinese goods, and for not delivering on promises - EU voiced concerns regarding BRI projects on environmental, labour, human rights, debt sustainability, transparency, and open procurement issues

	- many European enterprises were not able to participate in BRI projects, nor did they even have a real chance for it due to predatory pricing by Chinese enterprises - ports possibly “seats of power” for China as it could use them for intelligence gathering, cybersurveillance, and extending supply lines for its military naval forces - just two years after joining the initiative, Italy began blocking Chinese investments and warning China that they (Chinese) will not interfere with Italian politics - in 2021 Chinese enthusiasm for the BRI began faltering - China found to have interfered in political affairs across Europe, for example in Greece, Hungary, and Ukraine, when it made nations rescind negative statements made from it - 2022 saw a year where the power of the initiative was brought under scrutiny, with one article claiming that funding for the initiative has become questionable - Russian aggression against Ukraine caused significant challenges for the BRI - the BRI increasingly labelled as a cooperation rather than an initiative in Chinese leaders’ speeches, as a new initiative (the Global Development Initiative) begins gaining attention - Italy most likely to abandon the BRI in 2024 with minister voicing displeasure against the initiative, further mentioning that the initiative mostly benefited China in terms of bilateral trade - nearly a decade after its launch, the BRI continues to gain notoriety due to China’s human rights violations, environmental issues, corruption, and other scandals.

Since its launch in 2013, the media has begun neutrally reporting on the BRI. East European nations were the first to embrace the initiative, often due to economic reasons. The initiative gained momentum via infrastructure projects, which of many focused on railroads and seaports. Many nations in Europe supported economic cooperation generally but remained hesitant to actually participate in concrete projects.

As the years moved on, the media began reporting on multiple negative events in various BRI projects globally, often on topics regarding corruption in Chinese SOEs, environmental challenges, and human rights violations. While the focus of this research was meant to be solely on economic topics, it became clear during this subchapter that politics and the BRI cannot be effectively separated. Indeed, it has become clear that the BRI is not an initiative that can be handled as an economic issue alone, but rather as an initiative that has politics fundamentally built within it.

The initiative has, however, brought multiple positive economic events with it. Many nations across the globe have received financing for their projects, and railroads have received a notable amount of positive attention as time has passed. Sadly, Russian aggression against Ukraine brought a significant challenge for the BRI, as Ukraine’s central location between Europe and China will cause the railroad network to become unstable and unusable for years to come. While alternative routes still exist, some of the routes go through Russia, which has quickly become the pariah among Western nations. Seaport investments will potentially bring forth many positive aspects for bilateral trade of goods, and railroads in Europe will surely strongly support the transport of goods to and from Europe. As such, despite all the challenges, BRI has been supporting the European infrastructure already. This should be taken with a healthy level of suspicion, however, as negative attention has been directed against China's motivations for procuring and investing in various ports in Europe. Whether this is nothing more than simple international business or a way for China to increase its political power in Europe remains to be seen.

After years passed in the articles, BRI seemed to be experiencing a slowdown in funding and attention from China. Chinese officials have become aware in recent years that the initiative is not seen as an enticing opportunity in many regions of the world. This became ever more apparent when China released its new initiative, the "Global Development Initiative." Chinese officials insisted that this new initiative is not meant to replace the BRI but growing global suspicion against the initiative and diminishing Chinese funding seem to contradict this.

With opposition against Chinese intentions and European alternatives, such as the "Global Gateway" project by the EU, gaining attraction, it became apparent that the BRI is currently facing significant challenges with regard to its future. Whether this is just a slow time period for the initiative or the end looming on the horizon remains to be seen, but the growing number of negative articles seem to predict that the initiative will be replaced in the coming years to a point where the BRI will not gain new targets for its projects.

All things considered, for Finnish SMIEs, findings from the articles indicate that any potential for lucrative opportunities can be deemed borderline obsolete. Institutional factors do not support Finnish SMIEs seeking opportunities in the initiative, as European sentiment is currently very negative against it. The investment climate remains ambiguous due to the fact that while China seems eager to invest in Europe, European enterprises have a difficult time attaining any notable opportunities in China or in various BRI projects.

6.2 Institute interviews

In this subchapter, responses from the interview conducted for Finnish institutions will be opened. The respondents are listed in alphabetical order by their respected institutions. Towards the end, findings and their indications will be discussed. Findings in this subchapter relate to what was discussed in Chapters 2 and 3, such as opportunities, opportunity recognition, LOF, psychic distance, enterprise internationalization, investment climate, social networks, knowledge, and institutional factors related to internationalization.

6.2.1 Confederation of Finnish Industries

China, as the world's largest market, has, and continues to be, one of the potential markets to grow in. However, many Finnish SMEs find China's market too large to enter due to a lack of domestic capabilities, even for niche market sectors. This is not the rule, however, as many Finnish SMEs have established attractive markets for them both on regional and local levels.

For many SMEs, Business Finland and its China activities provide relevant sources for information. Beyond that, many SMEs conduct business in or with China as a part of the larger ecosystem of Finnish MNEs. Information regarding potential opportunities and how to attain them varies among enterprises, and as such, no generalizable answer on how to attain it can be given.

Regarding common challenges when trading with China and Chinese companies, the respondents highlighted that predictability of the Chinese markets and their legal frameworks for businesses may change rapidly, and some Finnish SMEs may experience challenges in adopting new norms.

China currently has four Finnish Business Councils / FinnChams that are relevant networks for Finnish SMEs. When asked about possible challenges with Chinese network gatekeepers, no decisive answer could be given, as companies experience internationalization in China in a varying manner.

On how Finnish SMEs view Chinese FDIs, the respondents viewed that for a few SMEs FDIs to China may be relevant, but generally, the enterprises export and import without having business domiciles in China. The importance of Chinese partners was highlighted, as having them is seen as relevant for success. Chinese FDIs to Finland may attract a few SMEs if they are looking for new investors and partners.

Russian aggression against Ukraine has not directly affected trade and FDIs with China but indirectly. After COVID-19 lockdowns in China, many Finnish enterprises began reconsidering their supply chains with China. Over 40 percent of enterprises have increased their supply chains and de-risked their operations in China. Due to geopolitical tensions, trade and investments are affected by political risks, and while most enterprises will continue their business with China, the previously mentioned de-risking in China continues in various ways.

Regarding internationalization methods for Finnish SMEs to China, the respondents answered that direct exports and imports are the first step, and mainly with local partners. The next step may be establishing a local office or even a subsidiary in the host country. While there is no definitive answer for an ideal situation on how Finnish SMEs would internationalize their operations to China, in most cases it may be logical that the SMEs are part of the suppliers or partner networks of major Finnish enterprises that are already conducting business with China.

BRI is known as a brand among Finnish SMEs, but not well as a part of concrete tare or investment effort. However, it is known as a potential new logistics route between Finland and China. The respondents highlight railway connections that first went via Russia and are now via Iran.

6.2.2 Finnish Forest Industries Federation

Due to China being distant from Finland in regard to geography, language, business culture, and scale of markets, China may be seen as quite difficult to reach among Finnish SMEs. However, despite these challenges, the potential for growth and new market capture in Chinese markets is recognized. In addition to the previously mentioned challenges, the respondents highlight that market entry into China requires significant capital and human resources, as well as years of relentless work. *"Market entry does not happen overnight,"* they mention.

While Finnish SMIEs may generally possess some prior knowledge about China, the best way to attain experience is to spend time in the country. One needs to have vast experience with China and its market before starting an export business. Ideally, this experience is gained by spending a lot of time in the country, conducting market research, finding out if the product or service has demand in China, learning about the local business culture, and widening business networks. Often, the respondents mention, people are not able to do all the previously mentioned suggestions in advance of wanting to expand their business into China. In these cases, it is advisable to do, if not all, then most of the following preparatory work in Finland (quoted):

- "Study the market and prepare your company for new market entry by using partners such as other companies, business networks, Team Finland network, including Business Finland. One needs to thoroughly prepare before launching into any new market. This is true not only for China but also for any other market."
- "Market information, funding, a contact person in target country, network in the target country, a legal structure and strategy in place – all these things are needed before entry."

The respondents highlight that, in general, more information about China is needed in Finland. Cooperation between the public and private sectors, as well as academia and research, should be deepened and expanded.

Regarding challenges when trading with China and Chinese companies, the respondents say that enterprises face a fundamentally different language, business culture, and legal framework in China than what they are used to dealing with in Finland. It is crucial to have business partners and reliable contacts with whom one can solve issues and check that everything is being done properly.

There are multiple social and business networks that enterprises and business leaders may join. One can find them in Finland and China, but also on the European level. Many Finnish enterprises are, according to the respondents, members of these frameworks. In general, the respondents believe that Finnish people still have a lot to learn about utilizing these types of networks to their maximum benefit. It is not enough that one merely signs up as a member; active participation and contributing to the network are essential. That is also when one benefits most from the membership. As a final note on this topic, the respondents mention the following: *"Almost everything we do as human beings is based on emotion and trust.*

That is why you need to build trust and honest and reliable relationships to advance your business."

Regarding Russian aggression against Ukraine, the respondents recognize that the global trading world has changed dramatically since the war started. At the moment, geopolitics and trade cannot be separated from each other. Due to this, countries and regions (such as the EU) are basing their trade decisions on the political strategies of nations. Countries trade with like-minded countries, and those who think differently are being left outside. China has not judged Russian aggression against Ukraine and, as such, is being seen as an ally for Russia.

6.2.3 Technology Industries of Finland

In how Finnish SMIEs see the Chinese market, the representatives state that there is currently a clear and present worry about the geopolitical implications and possibility of trade wars. As the SMIEs do not possess the capacity or capabilities to follow-up or create contingency plans for such risks, they rather mitigate the impact on their businesses in many cases by reducing their commercial footprints. China accounts for 3,8 percent of product exports of the Technology Industry of Finland, i. e. China as a trade partner is currently roughly the size of Italy [SIC]. According to their estimates, for SMEs, the amount is significantly less.

Regarding recognizing opportunities for growth and new market capture, SMEs unfortunately have scarce resources for new market and growth development, and based on the respondents' experiences, they see that SMEs are currently focused on European markets with significant growth interest in US markets. It would appear that Finnish Tech-SMEs are now receiving orders for work assignments from the US that previously had been sent to China.

For opportunities in China, SMIEs are generally aware of them, but it is seen as a difficult market to operate in. Some enterprises still remember the COVID-19 restrictions and feel that they were unpredictable and had major impacts on their abilities to operate. Looking forward, such incidents may become more frequent, which will certainly also affect the companies that are buying goods from China.

When it comes to common challenges when trading with China and Chinese companies, the respondents mention that on an international landscape (i. e. not trading with China but with Chinese enterprises in Finland), the challenges are few as the modus operandi is based on Western standards, arbitration, etc. Concerns about trade wars persist. Importing from China has quality issues, as with the same specifications, Finnish enterprises deliver higher quality as compared to Chinese enterprises' goods, which may require local adaptation. Operating in China is seen as a complex matter, as cultural, legal, and business environments pose challenges for Finnish SMIEs. Intellectual property rights as a topic are often raised in discussions with Finnish entrepreneurs, according to the respondents.

Finnish Tech-SMEs do not typically receive FDIs from China. While there are some Finnish Tech-SMEs that have established operations in China, it is still rare.

Russian aggression against Ukraine has not directly affected Finnish SMIEs' trade and FDIs with China. However, an indirect effect can be seen as China's government's reaction to the war has increased hesitation around geopolitical risks.

Finnish SMIEs have generally not recognized any potential, either directly or indirectly, in the BRI. The market is still seen as a very challenging one with very significant risks.

6.2.4 Implications of interview responses

The interviews presented an opportunity to find valuable information that may not be common knowledge in Finland. When opportunities for Finnish SMIEs in the BRI are analysed, certain challenges appear.

The Chinese market is generally viewed as a challenging market to reach and operate in. Respondents highlighted challenges in LOF, experiential knowledge and knowledge in general, the institutional environment, and networks. Despite this, China as a destination for exports remained potential. While it is rather rare that Finnish SMIEs establish subsidiaries in China, it appears that it is still not impossible. The economic environment combined with the institutional environment China has, which is significantly different compared to Finland, are major factors that will continue to present challenges for Finnish SMIEs. Due to challenges regarding previously mentioned factors, adding LOF and a lack of social networks as new factors, it seems that opportunities for growth and new market capture in

China are recognized as minor. It can be deduced that, based on these interviews, Finnish SMIEs will continue to utilize contractual modes of internationalization via exports to China, but internationalizing via hierarchical modes such as establishing subsidiaries will remain rare.

As FDIs to China became a topic of little value due to how Finnish SMIEs experience Chinese markets, FDIs from China were found to be a topic that remains rather rare in the industries that were represented in this research.

BRI, as a phenomenon, has gained some minor attention in Finnish SMIEs. From the respondents, it can be inferred that while some recognize the BRI as a potential new pathway to China, the initiative as a whole remains rather unknown. As such, it appears that Finnish SMIEs do not yet possess enough knowledge about the initiative, or the knowledge is well known but seen as uninteresting.

7 Analysis of results

In this section, results from the quantitative and qualitative research will be analysed. First, results of trade and FDIs from Chapter 5 will be handled, followed by results from Chapter 6 in media analysis and institution interviews. Before diving deeper into the results, a short summary of the findings is in order.

Findings from trade and FDI data indicated that joining the BRI does not bring any notable benefits for the joining nation. In fact, the results indicate that joining the initiative majorly benefits only China, as it is then able to export an increased amount of goods to the joining nations without beginning to import goods from them in an increased manner. Similarly, FDIs seemed to only benefit China when a nation joined the initiative, as it began to invest more in the joining nation without receiving increased amounts of investments from the joining parties. When product group categories were inspected, it became clear that joining the initiative does not change what kind of goods are being traded, indicating that joining the BRI does not bring opportunities for new industries.

Media analysis revealed that findings from the quantitative research are well recognized in the inspected geographic regions. Despite initial eagerness stemming from many European and Asian nations to join the initiative, after a decade after its launch, the BRI has begun to face significantly negative sentiments. It became clear that despite the original "win-win" situation promised by China, many nations are now opposed to Chinese investments and its increased influence on politics, and multiple stakeholders have brought up concerning findings about the environmental effects of the initiative, human rights, as well as concerns about corruption within Chinese SOEs.

The interviews revealed that the initiative is not well known among Finnish SMEs, even though some have recognized the potential increased trade routes possess. Still, a notable challenge in regard to the level of knowledge Finnish SMEs have on Chinese markets became clear. China is seen as a potential market, but challenges in grasping opportunities remain prevalent.

In short, the most important findings from the research can be compressed into the following:

- Joining the BRI brings increased imports from China to the joining party but does not have any notable positive effects on exports.
- European businesses will face increased competition in their domestic markets if their countries join the initiative, as China causes disruption by flooding their markets with Chinese goods.
- Joining the initiative brings increased FDIs from China, but investments in China remain largely unaffected.
- European businesses will face difficult competition domestically and internationally with Chinese businesses, as especially Chinese SOEs are being accused of predatory pricing mechanisms in various infrastructure projects.
- International sentiment towards the BRI, especially from Europe and other Western nations, has grown negatively.
- With increasing negative sentiment against the BRI, Europe has created an alternative funding initiative that, while not a direct rival to the BRI as of yet, is gaining momentum and will likely become one.
- Finnish SMIEs have limited knowledge about the BRI and about Chinese markets.
- Finnish SMIEs need proper social networks in Chinese markets in order to diminish the burden imposed by LOF factors.

7.1 Trade and FDIs

The EU’s trade balance with China has experienced a change in the past decade. The EU continues to import more goods from China, while exports remain largely the same. This has caused the trade balance between the parties to be negative for the EU. In recent years, a fifth of imports to the EU have come from China, which has been the largest single country to bring goods into the region.

China remains the top import source for goods, while the US comes in second, but as a whole, the EU imports almost 10 percent more goods from China than the US. The EU's largest export partner is currently the US, with almost a fifth of goods flowing there, with China being the third largest export partner but with over 10 percent less in total. (Eurostat 2023). It should be noted, however, that while China is a single country, the EU is a collection of nations. As such, this holistically negative trade balance for the EU can be interpreted in various ways, for example, in a way that while it is negative for the region, single nations might have a more balanced trade balance with China. Despite this, a clear trend can be seen.

When product categories in what was imported from China to the EU and what the EU exported to China were examined, no fundamental differences could be seen. Changing market demands affected which product groups grew and which diminished, but it became clear that European nations are very interested in telecommunications equipment coming from China, while China continues to be interested in importing motor vehicles from Europe. China, as a developing market, is interested in highly advanced products from Europe, while Europe relies on China for equipment for their production plants that may or may not be highly advanced. The EU's largest export to China, motor vehicles, will likely remain a top priority for European producers, even though China has in recent years begun producing its own electric vehicles.

Greece was chosen as one of the countries to analyse due to their involvement in the BRI that began in 2018. The trade balance between Greece and the world has been notably negative for Greece, even when Greece has been importing and exporting more goods in general in recent years. Greece joining the BRI provided an interesting finding. While BRI was heavily advertised as a "win-win" solution for all stakeholders, it would appear that this did not happen in regards of the trade balance between Greece and China. In a decade before joining the initiative, the trade balance was negative for Greece, and it only deepened after 2018. In fact, while imports from China grew to their highest levels in 2021, Greek exports to China diminished after joining the initiative. When three 3-year periods before 2018 were inspected, it was revealed that imports from China continuously diminished, but exports grew significantly in two of the three periods. After 2018, in the fourth inspected 3-year period, Greek imports from China notably grew, but exports diminished, and the negative trade balance grew even further.

Hungary, the second country to be closely analysed, joined the initiative in 2015. Hungary's total international trade has steadily increased since 2005. Unlike Greece, Hungary's trade balance has been quite neutral, albeit constantly on the negative side, during the inspection. Hungary's imports and exports seem to go "hand in hand."

Much like with Greece, a similar trend can be seen between Hungary and China. Hungary's imports from China have constantly been larger than its exports during the inspected time period of 2005-2020. Before joining the initiative, Hungary's trade with China experienced some level of variation but had a steady trend. However, after joining the BRI, Hungary's imports from China began steadily growing, reaching a value of nine billion USD in 2020, almost twice the number of imports compared to 2015. On the export side, a small amount of growth can be seen, but from 2015's 1,8 billion USD exports to 2020's 2,06 billion USD, can be considered a minute change. (WITS n.d. e).

In both cases, Greece-China and Hungary-China, joining the initiative did not bring any fundamental changes to what product groups were being imported or exported. Product groups remained largely similar in bilateral trade, and not much change could be seen in the amount, which can be counted as normal changing market demands instead of completely new demands.

Finland's imports from the world between 2011 and 2020 have remained relatively stable, yet a slight diminishing can be seen. In exports, a similar trend can be seen, but with more volatility. Trade balance have remained negative for Finland throughout the examined time period, but the level of negativity is minor. (UNCDATstat n.d. c).

With China, during the same time period, imports have grown steadily year-by-year, doubling in value from 2011 to 2020. On the export side, despite a small level of variation, exports have largely remained the same. The trade balance was slightly positive for Finland in 2011, after which a steady decline to the negative side happened. In 2020, Finland imported goods worth 6,15 billion USD while exporting 3,42 billion USD worth of goods to China. The trade balance, as such, was -2,73 billion USD. Two 5-year periods were examined, and it was revealed that between 2011 and 2015 imports grew on average of five percent and exports decreased by four percent. Between 2016 and 2020, imports grew on average of seven percent while exports grew by five percent. (WITS n.d. g). Product groups have largely remained the same (WITS n.d. h).

The results for Finnish SMIEs indicate a relatively stable market potential, but one that does not currently have any significant market opportunities. Finland's largest export group, chemical industry products (21,4 percent of Finnish exports in 2022) (Finnish Customs 2023, p. 15), had some pleasant news as exports in the miscellaneous chemical products -group from the EU to China grew 18 percent from 2021 to 2022 (Eurostat 2023). The demand for what Finland exports has grown in China, indicating a potential opportunity for increased exports from Finnish businesses.

It becomes clear that the EU and the two selected BRI nations continued to import more goods from China during the inspection period. Exports remained largely the same from the EU to China, while in the case of Greece, exports dwindled, and Hungary's exports did not see a significant change. For Finland, the results are slightly different, as imports from China have largely remained the same, but with more volatility in exports compared to other inspected parties.

FDI's from China to the EU have continued to grow from 2011 to 2021 (Textor 2023a; MOFCOMPRC, NBSC, and SAFEC 2021, p. 161). From 2013 to 2021, China's FDIs to Europe have experienced a notable level of volatility, but a slight upward trend can be seen (MOFCOMPRC et al. 2021, pp. 144-147). China's FDI global outflows began surging after China was accepted into the WTO, but inflows are only partially keeping pace, reaching around half of the value compared to outflows.

Europe and EU FDI inflows have been diminishing in recent years, from 2014-2016 to 2021, while outflows reached the bottom in 2020 and began surging again. European FDI outflows reached their peak around 2007, after which a steady decline began, and even the latest surge does not match the previous peaks. (UNCDAT 2022a). Results indicate that Europe and the EU are not seen as the most enticing targets for FDIs, and outflows have only in recent years found their power back. This holds true when the regional distribution of China's outward FDI flows are inspected, as in 2021 China's interest in Europe diminished by -14,4 percent, while Latin America saw a 57 percent increase, Oceania 46,2 percent, Africa 18 percent, Asia 14 percent, and North America 3,8 percent (MOFCOMPRC et al. 2021, p. 105). Part of the reason for recent changes stems from China's low financial system development, low market competition, low modern innovation systems, lower-than-average trade openness, low direct investment openness, and very low portfolio investment openness, all of which are below open economy averages (Atlantic Council et al. n.d.). The results indicated that

China’s FDI interest is diminishing in Europe. It would seem that strategically important pieces of infrastructure, such as ports, have gained the most attention. In regard to FDIs to BRI nations, somewhat varying results were found. Globally, China’s outward FDI flows along BRI nations grew from 2013’s 12,6 billion USD to 2021’s 24,2 billion USD (MOFCOMPRC et al. 2021, p. 107). Some fluctuations could be seen YoY, but generally the flow of outward FDIs grew, which is to be expected as the initiative gained momentum.

In Greece, FDI inflows from China grew somewhat from 2008 to 2012, after which in 2013 a sudden surge could be seen. Between 2014 and 2017 inflows began gaining slight momentum until 2017-2018 – 2018 being the year Greece joined the initiative – when the inflow jumped from 2017’s 47,7 billion USD to 2018’s 215,4 billion USD. After that, the inflows started to diminish, and in 2020, the inflows stabilized to the current trend, which is around 27 billion USD per 3-year average. Greek FDI outflows to China have remained notably low, mostly around one billion USD, except in 2018, when they surged to 9,2 billion USD, after which outflows diminished and turned negative. (BG 2023a; BG 2023b). Indeed, joining the initiative did not notably affect how Greece invests in China, but vice versa, a significant effect occurred, as Chinese FDIs to Greece surged right when Greece joined the initiative. The surging trend in FDI inflows to Greece was short-lived, as in recent years the inflows have returned to previous trends.

In Hungary, somewhat similar trend could be seen, albeit with more volatility. Before 2015 – the year Hungary joined the initiative – Hungary’s FDI inflows from China ranged from the highest of 105,1 million USD to the lowest of -123,8 million USD. After 2015, inflows have continued to be positive, but with notable volatility. (MNBS 2023a; MNBS 2023b). Much like with Greece, joining the initiative made China invest more in Hungary, but in Hungarian FDI outflows to China, the trend has remained rather stable, and as such, it can be argued that joining the initiative did not have an effect on how the joining party invests in China.

In regard to FDI flows between Finland and China, the results indicated that the countries have not shared a notable history of bilateral investments. When compared to Greece and Hungary, it can be suspected that if Finland were to join the initiative, it would receive at least a short-lived surge in FDI inflows, but FDI outflows to China would largely remain in their current, rather insignificant, trends.

Findings from the quantitative research allow us to deduce that opportunities for Finnish SMIEs in the BRI can be viewed as insignificant given current trends. On some special occasions, some Finnish SMIEs may receive FDIs originating from China, but these industries will most likely serve niche offerings that China may not be able to produce itself. As such, the findings are negative for Finnish SMIEs. Joining the initiative would likely not bring new market opportunities or increased trade relationships for Finnish SMIEs in China, nor would Finnish SMIEs likely have increased opportunities for investing in China. The "win-win" situation for all stakeholders – a promise by China that was mentioned many times in the course of this research – seems to be a promise yet fulfilled. On the contrary, results indicate that joining the initiative is mostly economically beneficial for China. It should be understood, however, that the increase in imports and FDI inflows to the joining party is not coerced and, as such, can be very beneficial if the joining nation lacks something that China can offer. When it comes to Finnish SMIEs, however, it can be argued that when it comes to economic affairs, the BRI cannot be categorized as "enticing."

7.2 Media analysis and institution interviews

Ever since its launch, the BRI has faced curiosity and suspicion around the world. Many Asian nations, including those in the Middle East, were more eager to join the initiative than other geographical locations. Eastern and South European nations, especially those in more financially unstable nations, were more eager to negotiate with China than the more financially affluent Western European nations. Chinese media and officials advertised the initiative as a "win-win" for joining parties and a step towards global free trade and regional cooperation. Since the beginning, many sources have argued that the initiative is not as it is claimed to be but rather a way for China to "dump" its excess capacity for global markets, gain access to developing nations' infrastructure, and gain political power globally. China vehemently denied such attempts throughout the inspection years. It appears that the BRI is going to face increasing resistance in the future, making its future uncertain in developed nations. While it is true that China has poured a significant amount of capital into the initiative and offered loans to many nations, many debtors – especially those in developing and emerging markets – began facing major issues with loan terms. These issues turned to what many sources called "debt-trap diplomacy," where those debtors who were not able to handle their loans were forced to lease critically important infrastructure to China for long periods of time. Indeed, as analysing the media progressed, more and more warning signs began to appear. While some of these warning signs could be interpreted as nothing more than political jargon, concrete cautionary tales became more relevant. These findings indicate that as the number of warning signs from the global audience increases, many nations will opt out of the possibility of joining the initiative.

China and Europe have been connected via rails and harbours. These routes are crucially important not only for the initiative but also for all the countries that they run through. This importance has also been very clear for the Chinese, who have invested in and bought many harbours across Europe. These investments, however, have faced notable negative scrutiny across Europe. Many of the reasons behind the negative attention stem from political reasons. In fact, many nations have begun limiting what China can and cannot invest in. Africa, a region that was not deeply analysed during the collection of media material, was, in one article, said to have labelled China as a neo-colonialist.

Still, despite the negative media attention the initiative received, many European countries – two of which were inspected in a previous chapter of this research – were more than happy to join the BRI. These countries did end up receiving notable investments, such as the Piraeus port in Greece. However, in many cases, it was found that nations joining the initiative would be pressured to be more supportive of Chinese politics. Hungary and Greece, for example, decided to act against the EU when it came to human rights issues. Ukraine was also pressured to rescind its international statement condemning human rights violations in China. These findings indicate that the BRI is not only about economic opportunities; politics will also play a role in it. As such, countries in regions where Western values rule, for example, much of Europe, will become hesitant about growing Chinese influence on politics. This, in turn, does not bode well for the BRI, as it truly is not only a form of economic cooperation.

An interesting aspect was brought up in one article where SMEs were the topic: their lack of interest in the initiative stems from their view that the initiative mainly consists of large projects that these smaller enterprises were not able to handle but were rather only suitable for large MNEs. As such, the initiative remains largely unknown for many enterprises. Regarding MNEs, those large enterprises with well-established relationships in China experienced increased opportunities along the initiative. The challenge was, however, that various BRI projects had Chinese enterprises as the main contractors, and enterprises of other nationalities acted more as subcontractors. Further challenges rose when it was found that European enterprises faced significant difficulties in finding information on project tenders, which restricted them from joining the projects with their own bids. Even when many European enterprises had been able to join projects, their role was demoted to the point where they only served as providers of niche roles, as China had vertically integrated the operations so well that global rivalry was deemed pointless. Chinese enterprises' tenders were often found to be undercutting rivals to a significant extent, while some European enterprises claimed that they were being outpriced on their own turf with bids that they simply could not compete with. As the focus of this research is on Finnish SMIEs, these findings were alarming. As the vast majority of Finnish businesses are SMEs, a reasonable doubt can be thrown against the BRI about whether Finnish SMEs could compete with large Chinese SOEs and other MNEs even in domestic markets. A fair question to pose would be: if Finland decided to join the BRI, would Finnish infrastructure projects be solely left for

Chinese enterprises while Finnish SMEs would be left nothing more than a role of some minor support roles? The findings indicate that this would indeed be the reality.

Financial institutions from different regions of the world have cooperated in BRI projects. Western financial institutions decided to act against Chinese financial institutions in order to offer loans with more concrete terms instead of those coming from China's side that often had ambiguous terms, which left debtors in potentially vulnerable positions. However, as China has clearly invested more money into the initiative, are Western financial institutions able to compete with Chinese banks, who are able to deliver funds in a rapid manner with less strict loan terms? European businesses could prefer Chinese loans without understanding that the ambiguous nature of the loan terms could, in fact, become a burden on their operations. Comparing Finnish banks to Chinese banks is pointless, as the size differences are so major that the result is already clear. However, with Finnish SMIEs opportunities in the BRI in mind, would Finnish banks be able to compete with Chinese banks in order to deliver funding for Finnish businesses that wish to compete for tenders even in domestic infrastructure projects? The answer to this question can reasonably be interpreted as negligible.

Challenges for the BRI in Europe were revealed when, only two years after joining the BRI in 2021, Italy decided to begin blocking Chinese investments. Many Italian SMEs felt like the Chinese-run sub-economy in Italy was a threat to their existence and way of life. Further, public discourse against the initiative was supported by the negative implications stemming from China owning significant portions of Italy's infrastructure. In 2023, Italy's prime minister opted to abandon the initiative after it expires in 2024. The defence minister in Italy claimed that the initiative had multiplied China's exports to Italy, but Italy's exports to China had only progressed minutely. These findings are similar to what was found in the quantitative part of this research and strongly link to what many Western sources have warned about.

In 2021, China began doubting whether global support was sufficient for carrying out the BRI. Beijing saw that it needed to narrow down its global objectives and focus more on East Asia and the wider region. At the same time, reports came from Pakistan, where local vendors and suppliers claimed that China does not invest enough in promised projects and mostly utilizes Chinese raw materials, leaving the locals very little. A number of projects had stalled in Pakistan due to unfruitful negotiations and resistance towards surprisingly costly projects that caught locals off-guard. In 2022, it was reported that the trend of diminishing Chinese overseas investments continued. It was claimed that China simply had to refocus its investment strategies due to domestic economic challenges. This finding caused doubt to rise above the horizon of the BRI. Chinese leaders have seen the rising resistance in the West and began taking corrective turns. A question could be posed about whether these are just corrections in the massive initiative or signs of the BRI's end.

In recent years, the EU has created its own alternative for the BRI called "Global Gateway." It rivals the BRI in digital, transport, climate, and energy schemes. The EU had emphasised that their initiative is based on transparency and values and is more aimed at creating links than dependencies. While this project has yet to find its path properly, it has been seen as a concrete step from the European side in addressing challenges stemming from the Chinese side. This finding indicates that BRI will face further challenges in the upcoming years from the European side.

Russian aggression against Ukraine caused further challenges for the initiative. Ukraine, which was a destination for Chinese investments, now becomes a security risk for China and a hindrance for the BRI. Part of the railroads under the BRI run on Russian soil, but as European enterprises may refuse to use said rails and as political pressure against Russia increases, these rails may become virtually worthless. While other routes exist both on land and at sea, the danger of this war escalating beyond the borders of Ukraine remains a possibility. As such, significant investments in the region may prove to be too risky for BRI nations.

Nearly a decade after its launch, the initiative had become the target of political scrutiny, home to serious controversies regarding corruption and dismal performance, accusations of being nothing more than an economic and political tool for China, ecological and social issues, poor standards, and the creator of debt-trap diplomacy. Even in President Xi Jinping's speeches, the BRI was being replaced by a new initiative called the "Global Development Initiative." China emphasised that the new initiative is not created as a replacement for the BRI but rather as a form of "twin engines to enhance cooperation." Whether these are nothing more than minor issues in a vast project that is the BRI or if these are signs of the BRI reaching maturity and being on its way out, it is too early to analyse. However, it became clear during the media analysis that increasing resistance in Europe against the BRI and China can be seen, and results indicate that the initiative is heading into strong headwinds in the upcoming years. It should be kept in mind that while the findings are interesting, the media often – if not always – has a role to play in sharing news. Furthermore, the BRI is a massive project, and as such, a whole litany of challenges is expected to appear. All things considered, the media analysis revealed numerous fundamental issues in the initiative that may prove to be fatal if the initiative is not fixed properly, even when global interest in the BRI could be seen.

Interviews for Finnish institutions and agents provided interesting, "unwritten" knowledge. The high value of the respondents' input into this research is undeniable.

Cooperative modes for internationalization, for example, with joint ventures, can be seen as potential channels for Finnish SMIEs. However, as some respondents replied, Finnish SMIEs require further education about Chinese markets and Chinese business methods as a whole in order to attain deeper opportunities. While the Russia-Ukraine war has brought some indirect challenges for Finnish SMIEs, it would appear that the only direct challenge when importing from China is the question of quality of goods. On the export side, no significant direct challenges were specified, but the role of networks became holistically challenging by themselves, as without them, especially with local networks, finding potential partners is difficult. Indeed, it became apparent that, in addition to education on Chinese markets, Finnish SMIEs need to establish proper social networks with Chinese partners in order to capture market opportunities. Through social networks, Finnish SMIEs would be able to diminish LOF factors while gaining more experiential knowledge about Chinese markets and Chinese society as a whole.

BRI is not well known among Finnish SMIEs. Some businesses recognize the term and may have some level of knowledge about it, but as a whole, it would appear that the initiative is rather unknown in Finland. With what was found in the media analysis, it seems that Finnish SMIEs fit into the group of SMEs globally that see no potential in the initiative due to its projects being so massive that only MNEs with close ties to China can successfully participate in notable projects along the way.

For Finnish SMIEs, the findings from the qualitative research indicate, much like with trade and FDI issues, that opportunities for new market capture or increased trade relations with China can be viewed as insignificant. In fact, as was found in the media analysis, it can be argued that joining the initiative would be negative for Finnish SMIEs as China has been accused of flooding the markets with cheap Chinese goods, thus causing significant rivalry with domestic incumbents. In addition, it was found that China heavily prefers its own enterprises and labour forces in BRI projects, which indicates that even if Finnish SMIEs possess the necessary skills and resources to successfully conduct operations, they would be sidelined by China. In addition, there was the issue of tenders, which saw a moment where China was accused of supporting predatory pricing in public tenders that other-than-Chinese enterprises faced significant difficulties competing with. Chinese SOEs can perform predatory pricing techniques due to their government-backed finances, while European enterprises do not possess similar leverage. As Finland and China are vastly different sizes in terms of economic power, tenders would become a notable challenge for Finnish enterprises. As such, findings from both the media analysis and interviews indicate that joining the initiative could be very negative for Finland and its SMEs.

8 Discussion

Opportunities, in one way defined as those objective results caused by disequilibrium on the labour market and competition, where inefficiencies in markets, networks, and technologies reign, are discovered and grasped by alert individuals who can perceive markets correctly (Baggen, Mainert, Lans, Biemans, Greiff, and Mulder 2015, p. 415; Kirzner, 1997). Opportunities, that in other way defined are those constructed via interactions between people in an environment that are not discovered but created through people's own skills and perceived potential based on their own realities (Beggen et al. 2015, pp. 415-416; Alvarez, Barney and Young 2010, pp. 26-27, cited in Acs & Audretsch 2010). For opportunities to be realized in a concrete manner, knowledge reigns as a key resource. As Eckhardt and Shane (cited in Acs et al. 2010, pp. 58-62) argued, opportunity identification relies on people's ability to access information others may not possess. But this information is in a constant state of change. Drucker (1985, cited in Venkataraman in Katz and Corbett 2019, ch. 1) identified three sources for opportunities, all of which relate to the constant change of markets, whether it be due to inefficiencies within existing market conditions, the emergence of changes in various forces, or new knowledge. Change is constant, and what is seen as relevant and the latest information today will be deemed outdated tomorrow. The key is to remain vigilant in the face of constantly changing environments.

Vahlne and Johanson (1977) stressed the importance of experiential knowledge, as in domestic operations enterprises and entrepreneurs can rely on often lifelong experiences that may have specific experiences in them, but in international operations previous knowledge may not serve the desired purpose, in which case new basic experiences have to be gained through successful operations in foreign nations. Experiential knowledge, Vahlne and Johanson (1977) argue, becomes increasingly more important the less structured and well-defined activities and required knowledge are. This is often the case when entering previously unknown markets. Hilmersson and Papaioannou (2015) argued that while some enterprises systematically identify and pursue global opportunities based on fragments of information, others get pulled into global markets without actively pursuing opportunities themselves. They (Hilmersson and Papaioannou 2015) found in their research that experiential knowledge reduced perceived risks and uncertainties in market entries to new markets and that internationally experienced enterprises actively and systematically searched for new information, while a lack of experiential knowledge resulted in risk overestimation and a disinterested attitude towards scouting operations for new opportunities.

The role of access to information through social networks became apparent throughout the research. Eckhardt and Shane (2010, in Acs et al. 2010) argued that while some people may recognize opportunities via intellectual curiosity, some portion of the population will have access to information via their social clusters, causing certain individuals to recognize emerging opportunities before others. Hilmersson and Papaiounnou (2015) found that enterprises involved in open networks were more inactive and non-systematic in opportunity scouting, while those in closed networks were more active and systematic in scouting for international opportunities. These findings indicate that the more active enterprises and entrepreneurs are in pursuing fruitful social networks, the more access they may receive to information, which may help them in recognizing opportunities. Ellis (2011) found similar results through his research and was able to argue that utilizing networks increases marginally with international experience and that network-based opportunity recognition generally leads to better exchanges. Social networks may be difficult to acquire, however, as market entry progress may be hindered by liability of foreignness and psychic distance. Liability of foreignness can arise from costs from spatial distance, firm-specific costs based on an enterprise's unfamiliarity with local environments in foreign countries, costs resulting from the host country's environment, and even home country environment challenges (Zaheer 1995, p. 343). Psychic distances refer to perceived differences between the different characteristics of an enterprise's domestic and foreign environments, in which enterprises have to learn new ways of conducting business (Child, Rodrigues, and Frynas 2009, pp. 200-203). Further challenges in psychic distance stem from language barriers, differences in levels of education, different cultural and business practices, and industrial development (Vahlne and Johansson 1977, p. 24).

For Finnish SMIEs, opportunity identification internationally continues to face challenges based on a lack of experiential knowledge and information about the Chinese market, as became apparent in the institute interview section of this research. While many Finnish SMIEs see Chinese markets as lucrative destinations, their LOF factors can be deemed high due to their previously mentioned lack of experiential knowledge and lack of social networks. BRI, as became apparent during the interviews, remains a rather unknown initiative for many Finnish SMIEs. Findings about lack of knowledge and social networks are not surprising, considering the fact that, to this day, the number of Finnish businesses that have established operations in China is still very low. Exports, on the other hand, have been a consistent form of internationalization for Finnish businesses.

The investment climate has allowed BRI to grow. Historically, Europe and China have had a mutually beneficial relationship, even though the BRI is now a question with many possible outcomes (Sheng and Nascimento 2021, ch. 3.4). In recent decades, China has taken strides towards opening itself up for global business and FDIs (WTO 1999; Bulcke 2003, pp. 23-27; Witkowska 2019; European Commission, n.d.; European Commission 2020) and promoting international cooperation (Council of the European Union 2012). While initially China focused heavily on Asian regions, BRI's success in said regions were a necessary precursor for what could happen in Europe (Dave and Kobayashi 2018, pp. 268-270). Even though progress towards Europe was made, Russian aggression against Ukraine caused significant challenges for the initiative (Mendez et al. 2022, pp. 492-495), and as the war continues, alternative routes that do not go through Ukraine or even possibly Russia for many stakeholders have to be created and maintained. Further challenges for Chinese attempts at reaching Europe arise when China's interest in the Arctic raises suspicion in the international community (Biedermann 2020) that causes political division. Findings from the qualitative part of this research indicated that the investment climate has turned rather negative, not only towards China but towards BRI as well. The results brought up numerous issues on debt-trap diplomacy, corruption, environmental issues, political pressure, etc. As such, while Europe and China have grown closer in recent decades, we can reasonably argue that BRI has not helped the two parties grow closer. Quite the opposite, in fact.

More locally, Finland, China, and other Northern European nations continue to have discussions over the Polar Silk Road and the BRI (Biedermann 2020, pp. 592-594), but it is reasonable to expect that these topics will continue to take time before anything, if anything, can be concluded. China, however, remains hopeful that work towards achieving commercial and regularized operations in the Arctic continues (Woon 2020, p.4; The State Council Information Office of the People's Republic of China 2018, part IV.3.1). A tunnel between Finland and Estonia has been planned (Mining Engineering 2019), but the project remains open. The findings indicate that despite Finland's geographical position in the peripheral markets of the BRI, attempts to integrate Finland into it have been made by the

Chinese. Their motivation to reach Finland is understandable, as politically, Finland and China have not had any major challenges, bilateral trade is steady, and Finland's geographic position offers plenty of enticing opportunities for infrastructure projects.

Despite the positive progress of the investment climate, the results leave room for desire. Even though Europe's and China's trade and FDI relations have continued to grow in recent decades, joining the BRI was not much of a "win-win" situation for all stakeholders. Findings indicate that joining the initiative brings significant changes to how much a country imports from China, but exports to China tend to stay on previous trends. In a similar manner, after joining the initiative, countries experienced a growing amount of FDI inflows from China, but FDI outflows to China did not see a significant change. Joining the initiative did not fundamentally change what products were traded, indicating that joining the initiative does not bring new opportunities for new industries, but trade factors remain as they were before the BRI was introduced to their nations. Results holistically indicate that a nation joining the initiative mostly brings new opportunities for growth for China, although receiving FDIs and loans from China can have a positive impact on those who receive the capital if the loan itself can be handled. Indeed, acquiring new capital can bring prosperous opportunities, but if the loan becomes unbearable, results indicate that the danger of losing critical infrastructure becomes a possibility.

As the BRI is a global project, the roles of institutions became apparent during the course of the research. Research conducted by Aparicio et al. (2016) revealed that both informal and formal institutions indeed had a crucial role in opportunity entrepreneurship, and as a positive relationship between institutional factors and entrepreneurship was found, the importance of policymakers in long-term economic growth was stressed. Institutional environments affect both directly and indirectly various areas of entrepreneurial activities, from beginning to expansion and everything in between (Henrekson and Stenkula, cited in Acs et al. 2010, ch. 21). While the institutional environment in China has been progressing towards a more open environment since the 1980s (Hitt and Xu 2016, pp. 590-591), notable challenges persist for foreign-owned enterprises (Bulcke 2003, pp. 19-20). These findings directly affect Finnish SMIEs' opportunities in the BRI, as Finland has a large gap between itself and China geographically, culturally, and institutionally. However, despite the challenges, Johnson and Tellis' (2008) finding was positive, as they found that market entry into emerging markets was more successful for smaller than larger firms and more successful with less openness, but negative in the sense that successful entries into foreign markets were supported by economic and cultural proximity between home and host nations. While Finnish SMIEs can be assumed to be able to adapt in changing environments more successfully compared to large enterprises, the cultural and economic differences between Finland and China are significant. Still, Finland's EDB score of 80,2 and China's EDB score of 77,9 reveal that despite challenges, no fundamental problems can be found that would restrict any attempts to be made. Even with the challenging results from interviews in regard to lack of social networks, that is to say, "informal institutions," Finland does have some business networks, "formal institutions," that will assist domestic SMIEs in their operations. These findings indicated that Finland does not by default have any such factors that would obstruct grasping opportunities within the BRI, but clear hindrances were found.

Internationalization methods for enterprises have been a topic of interest for researchers for decades. The classic "Uppsala Model" developed by Vahlne and Johanson (1997) has remained a steady method of explaining how companies begin internationalizing their operations. Digitalization has brought new opportunities along that have made the model, while not completely obsolete, face a need for updating. The three classes for internationalizing SMEs, as presented by Olejnik (2014), were traditional SMEs, born globals, and born-again globals. Glowik (2016, ch. 3.3) defined three foreign market entry strategies: contractual modes (such as indirect and direct exports, contract manufacturing, etc.), hierarchical modes (acquisitions, FDIs), and cooperative modes (strategic alliances, international joint ventures). When it comes to BRI and China, results indicated that Finnish SMIEs will very likely continue to prefer contractual modes of internationalizing. Many businesses internationally were invited to assist Chinese SOEs through contractual and cooperative modes in various infrastructure projects, but as became clear when FDIs were inspected, hierarchical modes of internationalization to China will remain in previous trends, as the BRI was not found to open new opportunities generally.

What significantly affects how internationalization processes are conducted relates to macro and micro problems. Paul et al. (2017) defined macro problems as factors beyond a company's control, such as institutional burdens, currency exchange rates, international regulations and agreements; and micro problems as a company's internal factors, such as internal capabilities and human resources. Paul et al. (2017, pp. 334-336) further suggested that to overcome anticipated barriers at macro and micro levels, a unique and suitable set of strategies are required within SMEs, as well as strong entrepreneurial orientation, institutional support, innovation capabilities, and networks. However, even if an SME has suitable internal capabilities and domestic institutions support them, once they reach foreign markets, they are subject to the liability of foreignness (LOF). This factor greatly affects how a company conducts market entry strategies, as was mentioned in Chen et al. (2006) research, which found that while low-LOF markets were more easy to operate in and resource-seeking and labour utilization market entry strategies were able to be utilized, high-LOF markets proved to be difficult to enter due to limited market knowledge and discriminatory attitudes from local consumers, and in these markets market-seeking strategies accompanied with proactive attitudes in clearing LOF-obstacles were employed. MNEs, despite their massive power compared to SMEs, may not be able to respond to changing environments as rapidly as smaller rivals.

As previously mentioned, Finland and China are fundamentally quite different markets. While networks can clearly have positive aspects for those joining them, access to them may prove difficult. Business networks in China often have network gatekeepers, as researched by Gao et al. (2016), whose role is to open so-called "gated networks" that favour insiders. Despite their somewhat negative-sounding nature, they have their usefulness. They can bridge gaps in trust between outsider and insider networks, provide experiential knowledge, and help reduce costs for market entry setups and transactions (Gao et al. 2016). For Finnish SMIEs, this topic became an interesting one, and the findings were revealing. Finnish SMIEs need education on Chinese markets and its society in order to attain relevant information on how to embark on new or deeper market ventures. Finnish SMIEs were found to be struggling with social networks despite their availability. It can be argued that institutional factors have a clear effect on Finnish SMIEs. While Finland has business network institutions available that are able to support Finnish businesses, the Chinese institutional environment remains a challenging one due to its challenging nature. Finnish SMIEs experience great challenges in Chinese markets due to high psychic distances and LOF factors stemming from a lack of experiential knowledge and social networks in China.

With the results, we can assess the first research question in this paper. Question 1 asked: *"Does joining the BRI have an effect on bilateral trade and FDIs?"* Based on the results, we can argue that yes, it does. Joining the initiative will cause China to start exporting more goods to the joining party, but importing from the joining party to China remains largely unchanged. For FDIs, we can argue that yes, it does. Joining the FDI will cause China to start investing more in the joining party's country, but it does not have a notable effect on how much the joining party begins investing in China in the long term, although a slight increase could be seen in the first year after joining the BRI. The results indicated that joining the BRI is more beneficial for China than for the joining party.

The second research question asked: *"In BRI's peripheral markets such as Finland, have companies identified opportunities in the BRI and taken advantage of them?"* The results indicate that BRI is known in Finnish SMIEs on a minor scale and as a topic, but opportunities regarding it have mostly not been seen. BRI's potential trade routes from Finland to China have been recognized, but deeper cooperation within the initiative has not.

The third and final research question asked: *"What kind of challenges impede or obstruct companies from pursuing opportunities in the BRI?"* In this, multiple aspects can be found. The results indicate that Finnish SMIEs see the Chinese market as a difficult environment to operate in. Further, in addition to geographic distance, Chinese markets are seen psychically as distant as well, mostly due to institutional factors and Finnish enterprises' own lack of experiential knowledge of China and its markets. The results indicated that the most common reasons behind Finnish SMIEs having hesitation towards Chinese markets stem from economic and social factors. Internationally, SMEs have difficulties pursuing opportunities within the BRI due to economic factors, as most of the projects appeared to be too large for smaller businesses, and Chinese SOEs offered a borderline unbeatable opponent when it came to tenders.

The findings within this research have been able to offer new insights into the concrete effects of the BRI. Especially for small economies such as Finland, these findings – while rather negative in nature – are able to offer useful information when it comes to the question of whether joining the initiative would be preferable or not. As Finland is not a country with a significant amount of available capital for investments, nor does it have numerous MNEs that would be able to steer the direction of the BRI, it becomes rather clear that in its current form, the BRI is not an enticing option.

Some challenges appeared during the interviews. Despite multiple attempts to reach certain institutions and industry agents, it became clear that some of them possessed a level of hesitancy about discussing economic topics regarding China. As one institution mentioned when they politely declined the interview request, *"We do not have enough experience to discuss the matter."* Another institution representative mentioned that they were not willing to participate in the interviews due to China's sensitivity to these matters. These answers brought a level of negative curiosity towards them, but out of respect for people's privacy and their personal rights to not participate in research they are not willing to participate in, their disposition will be respected in full. However, this finding indicates that there already exists a level of discomfort in Finnish institutions towards accidentally or purposefully being critical of global events that somehow involve China. The institutions that decided to participate in the interviews, however, were able to provide useful insights about Finnish SMIEs and the BRI. As the purpose of this research is not to cause any discomfort to anyone, the respondents were offered the chance to read what was going to be written in this research in order to avoid any misunderstandings. It should be stressed that their opinions are only represented in the interview section of this research, and they may or may not share the opinions expressed anywhere else in this paper.

In the meantime, Greece and Hungary continue to work with the initiative, while the future is quite uncertain in Italy. Findings for Greece and Hungary were quite revealing about the true nature of the BRI, but as mentioned before, their importing more goods from China is not negative by default, as most of the goods are clearly something their respective citizens have a demand for. As such, increased imports should not be taken as negative aspects, but insignificant effects on exports to China should be handled with a heightened sense of curiosity.

Beyond the nations analysed within this research, further research questions could focus on whether similar effects have been seen in other European countries. What kind of direct and indirect effects can be seen in and outside Europe economically? Will the BRI become an economic "win-win" situation for all stakeholders as the initiative grows? Is there growth for the BRI, or has it reached maturity?

A research gap can be seen in what kind of political effects joining the initiative has, as this research did not take larger political issues into question. Suggested further research questions would relate to the indirect effects of FDIs between stakeholders in political terms. Does joining the initiative cause significant political change globally? Is the debt-trap issue scientifically significant and true, or simply the opposition's opinion? Does joining the initiative bring political leverage towards China for a nation, or a group of nations?

A reasonable question to pose considering Greece's history is: what could happen if Greece fails to take care of its loans from China? Are ports in Europe under political pressure? Is China gaining political power in European nations such as Greece and Hungary through the initiative? As this research focuses on the economic aspects of the initiative, we cannot delve deep into the matter, but it has become clear after the media analysis that separating politics and the BRI is quite difficult.

9 Conclusions

The purpose of this research was to assess opportunities for Finnish SMIEs in the BRI. The initiative has gained momentum and both positive and negative attention since its launch. SMEs, as already discussed in the introduction of this research, have proven to be a lifeline for the Finnish economic environment. This is due to the fact that the vast majority of Finnish enterprises can be categorized as such (Statistics Finland 2023b). It was against this background that the importance of finding answers to whether or not Finnish SMIEs can reach opportunities within the BRI became apparent.

The research began with a literature review on the carrying themes handled within this research, such as opportunities and how to gain knowledge of them, internationalization methods and their challenges, the institutional environment that guides all enterprises, whether large or small, and perhaps most importantly, the investment climate itself. We found out the many ways opportunities can be defined, how enterprises embark on their global journeys, what challenges they face and how they overcome them, and how the key driver in the BRI, China, has grown in recent decades. While it can be said that China has grown towards the West in recent decades, it also became apparent that many institutional factors continue to resist China's enthusiastic approach due to many unfortunate reasons. Originally, the goal of this research was to solely focus on economic affairs. However, as the research progressed, it became increasingly obvious that politics cannot be separated from the BRI. Indeed, BRI and politics walk hand-in-hand.

The marketed idea behind the BRI is, in lack of better academic terms, beautiful. To resurrect the ancient Silk Road and bring it to modern times in order to enhance global trade and investments. To ensure that all stakeholders that participate in the initiative will get a win-win situation between them and China. To close the wide gaps between nations and regions of the world and just trade freely. Surely no one in their right mind would oppose an initiative like this. However, as it unfortunately became clear, the true face of BRI is nothing of the sort. Instead, as was found in the quantitative and qualitative chapters of this research, the BRI has evolved into a way for China to increase its economic and political power while giving little in return. Indeed, as was found in the media analysis articles, the BRI has become a term of notorious background. Environmental catastrophes, human rights violations, socio-economic issues, corruption, scandals, and debt-trap diplomacy have begun reigning in the initiative. Hesitancy, suspicion, and outright aggression against China and its initiative have become the norm. Despite the rather negative outlook that can be found, it should be admitted that many nations, even in Europe, have gained economic assistance through the initiative.

This research began its journey with three questions in mind:

> Q1: Does joining the BRI have an effect on bilateral trade and FDIs?
>
> Q2: In BRI's peripheral markets such as Finland, have companies identified opportunities in the BRI and taken advantage of them?
>
> Q3: What kind of challenges impede or obstruct companies from pursuing opportunities in the BRI?

Joining the BRI did, in fact, have an effect on bilateral trade and FDIs. The answer, however, was negative in nature. Joining the BRI will allow China to push more goods into the markets of the joining party and gain opportunities for FDIs. As was found during the qualitative research part of this paper, many enterprises, especially those of critical importance for this research – that is to say SMEs – felt for good reasons that the BRI does not open opportunities for them. China was found to heavily prefer its own enterprises and labour forces, leaving very little, if anything, for non-Chinese stakeholders. When it comes to Finnish SMIEs, these findings were devastating. It can be reasonably assumed, based on the results, that Finnish SMIEs will not gain significant advantages if Finland decides to join the initiative. In fact, quite the opposite is true. If Finnish markets would be flooded – as was claimed by one of the sources – with Chinese goods, domestic enterprises would begin facing significant challenges in their operations. As Chinese enterprises were also accused of predatory pricing techniques, concerns over how matters would be conducted in Finland appeared.

The second question about identifying opportunities in the BRI was answered partially. As Finnish enterprises did not seem to recognize the BRI beyond its generic description, the question of whether they had taken advantage of it remained unanswered. Naturally, if Finnish SMIEs do not know or understand the mechanism behind the initiative, they cannot take advantage of it. However, Chinese markets and trade routes along the BRI were topics of interest for Finnish SMIEs.

The third question about challenges that impede or obstruct companies from pursuing opportunities in the BRI received interesting answers. As findings in the qualitative research part showed, the initiative remains rather unknown for the vast majority of smaller enterprises due to the fact that MNEs with close ties to China were mostly the ones that were able to grasp opportunities in BRI's large projects. SMEs simply did not possess enough resources to tackle these projects, nor were they able to compete with China's SOEs in pricing. It became clear through the interviews that for Finnish SMIEs, that the challenge of not possessing knowledge about Chinese markets is a clear hindrance. The market, despite Finland's and China's long history, still remains a market with many unknowns.

In the end, when research questions are finally answered, the problem of this research can now be addressed. In assessing economic opportunities between Finland and China through the Belt and Road Initiative, with a focus on BRI's so-called peripheral markets, more precisely Finnish SMIEs, I can argue the following: Based on quantitative and qualitative research, the opportunities for Finnish SMIEs within the Belt and Road Initiative are, in its current form, insignificant. Instead of carelessly joining the initiative, Finnish government officials should carefully assess whether joining the initiative would be prosperous for Finnish enterprises. Indeed, based on what this research is able to show, a healthy level of suspicion – very commonly seen in Western societies in regard to the initiative – should be held close to heart in order to avoid any unnecessary complications simply in the name of political cooperation. Finland is already the weaker stakeholder in economic terms. Joining the initiative might bring forth challenging results.

9.1 Limitations of the research

The findings in this research are able to express a true and fair view of the core problems behind the paper. However, it should be noted that the sample of countries for the quantitative part of the research was 2+1, Greece and Hungary + Finland. As such, the findings on the economic effects of joining the initiative relied only on two European nations. In the media analysis section, a manual sentiment analysis was conducted. The source material consisted of 73 articles and were mostly Eurocentric. As such, it becomes clear that the sentiment is very pro-European by default, which can skew the findings depending on how stakeholders view it. The institute interview part, despite the researcher's best attempts, ended up only consisting of three institutions / industry agents. As such, while their views well represent the views of their respected industries, the sample size leaves a lot to be hoped for when it comes to gaining a general picture of how Finnish SMIEs view the initiative.

9.2 Managerial implications

Finnish enterprises, their industry agents, and Finnish institutions in general should carefully analyse the findings in this research. More knowledge should be attained about China and its markets in order to gain (experiential) knowledge about opportunities, psychic distances, and the value of social networks in order to diminish the effects of liability of foreignness. It became apparent that many Finnish enterprises experience challenges when it comes to Chinese markets, such as how to gain access to emerging opportunities. Finnish enterprises should also find ways to safeguard their operations both domestically and internationally, find ways to collaborate with Chinese enterprises, and, if and when economic cooperation deepens between Finland and China, ensure that the emerging economic relationships are handled with mutual respect and trust.

9.3 Contribution to academic literature and future research possibilities

This research has contributed to the academic literature about the concrete effects that joining the BRI has for stakeholders. It ventured into yet unknown territories when it focused on Europe's peripheral markets in Finland and was able to successfully answer research questions related to concrete issues around the matter. This research has provided evidence on the economic effects of the initiative by focusing on two European countries. Finland's position within the BRI has been discussed during the course of this research, but the results were not supportive.

What further research should be done in the matter of the Belt and Road Initiative was already mentioned in the discussion chapter of this research. However, as was suggested, similar research on the economic consequences of joining the initiative should be conducted with a wider sample of countries from multiple regions of the world. As this research avoided political topics to some extent, a research gap on the political effects of joining the initiative exists. As the BRI has already been in process for a decade, it can be reasonably assumed that both of these topics could be addressed in further research. In addition, beyond economic and general political questions, further research could also be conducted in the form of event studies that would examine the practical effects the initiative has had on environmental, social, and socio-economic issues both globally and locally.

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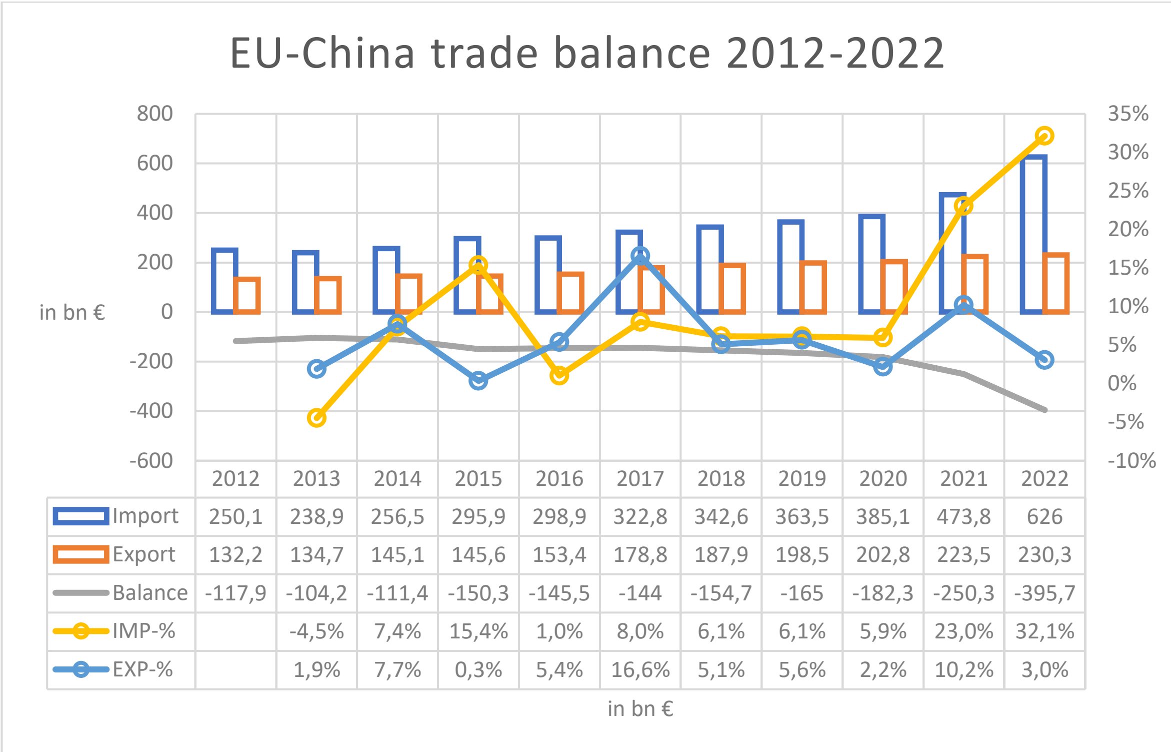
APPENDIX 1 – TRADE FLOWS IN TABLES AND FIGURES



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Import	250,1	238,9	256,5	295,9	298,9	322,8	342,6	363,5	385,1	473,8	626
Export	132,2	134,7	145,1	145,6	153,4	178,8	187,9	198,5	202,8	223,5	230,3
Balance	-117,9	-104,2	-111,4	-150,3	-145,5	-144	-154,7	-165	-182,3	-250,3	-395,7
IMP-%		-4,5%	7,4%	15,4%	1,0%	8,0%	6,1%	6,1%	5,9%	23,0%	32,1%
EXP-%		1,9%	7,7%	0,3%	5,4%	16,6%	5,1%	5,6%	2,2%	10,2%	3,0%

Figure 12 EU-China trade balance 2012-2022 (Eurostat 2023)

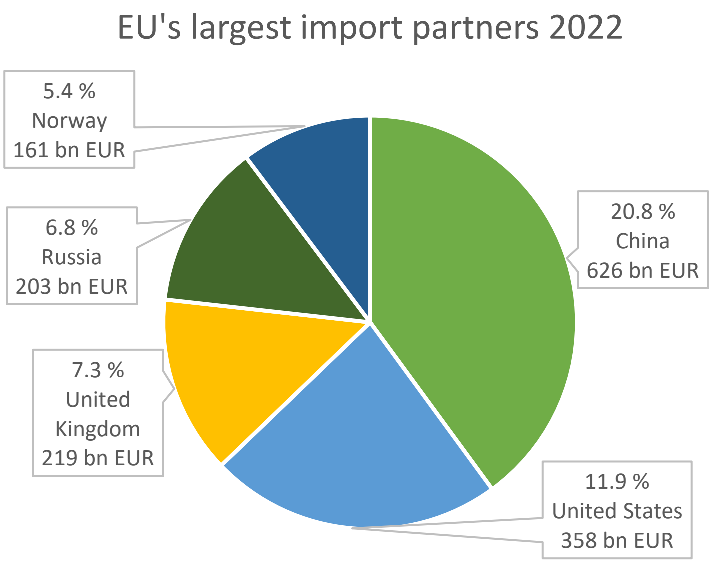


Figure 13 EU's largest import partners 2022 (Eurostat 2023)

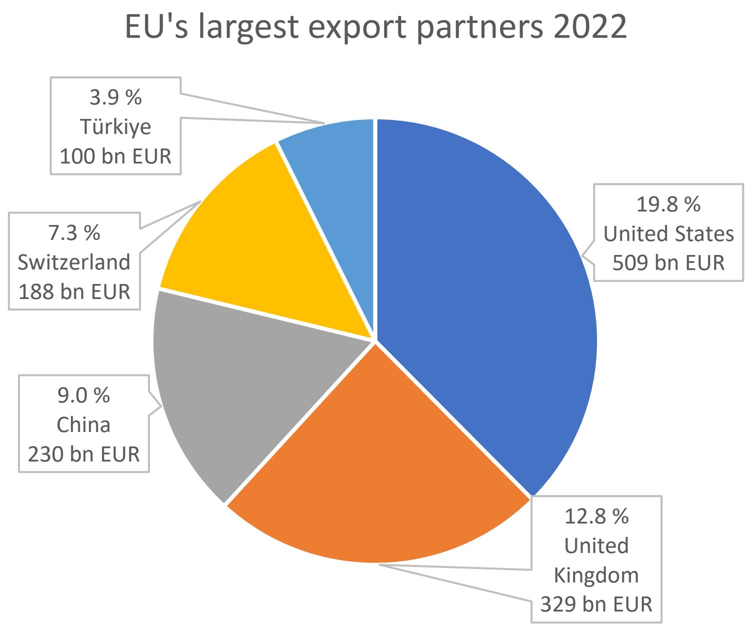


Figure 14 EU's largest export partners 2022 (Eurostat 2023)

Table 2 EU's most imported goods from China 2021-22 + YoY -change (Eurostat 2023)

	2021 (bn €)	2022 (bn €)	YoY %-change
Telecommunications equipment	59.4	62.9	5.9%
Automatic data processing machines	45.0	48.3	7.3%
Electrical machinery and apparatus	19.9	34.6	74.1%
Electronic tubes, valves and related articles	15.9	32.2	101.8%
Organo-inorganic and related compounds	6.8	28.6	318.4%
Baby carriages	17.3	19.4	12.0%
Furniture and parts thereof	13.5	14.7	8.6%
Household-type equipment	14.6	14.3	-2.1%
Electric power machinery and parts	8.4	13.9	65.0%
Electrical apparatus for electrical circuits	10.8	13.7	27.3%
Manufactures of base metal	8.9	11.3	25.9%
Articles n.e.s. of plastics	9.2	10.9	18.2%
Footwear	7.2	10.8	50.2%
Articles of apparel of textile fabrics	8.2	10.2	23.6%
Motor cars and motor vehicles	5.9	9.4	58.8%
Monitors and projectors, excl. televisions	7.7	8.8	13.7%
Lighting fixtures and fittings, n.e.s	7.4	8.3	11.9%
Miscellaneous chemical products	4.7	8.2	74.1%
Rotating electric plant and part thereof	5.5	7.8	42.0%
Heating and cooling equipment and parts	5.5	7.4	33.7%

Table 3 EU's most exported goods to China 2021-22 + YoY -change (Eurostat 2023)

	2021 (bn €)	2022 (bn €)	YoY %-change
Motor cars and motor vehicles	21.1	24.2	15.0%
Electronic tubes, valves and related articles	10.2	13.0	27.3%
Motor vehicle parts	11.2	10.8	-4.3%
Medicaments	8.3	9.8	18.5%
Other machinery	8.5	8.9	4.5%
Electrical apparatus for electrical circuits	7.7	7.9	2.3%
Measuring and other instruments	7.4	7.5	1.7%
Medicinal and pharmaceutical products	5.9	7.1	20.8%
Aircraft and associated equipment	8.0	6.9	-13.1%
Electrical machinery and apparatus	4.2	4.1	-2.8%
Telecommunications equipment	3.4	3.7	7.6%
Pumps, compressors, fans and parts	3.7	3.6	-1.1%
Edible products and preparations, n.e.s.	2.5	3.6	40.7%
Other meat and offal, fresh, chilled or frozen	5.3	3.5	-33.9%
Miscellaneous chemical products	2.5	3.0	18.1%
Taps, cocks, valves and similar appliances	3.0	2.9	-5.1%
Trunks, suitcases, etc.	2.7	2.8	3.4%
Perfumery, Cosmetic or Toilet Preparations	2.6	2.8	4.5%
Medical instruments and appliances	2.4	2.6	9.3%
Engines and motors, non-electric	2.2	2.4	12.1%

Table 4 Greece: Total merchandise trade in billions USD, 2008-2022 (UNCDAT n.d. a)

Year		2008	2009	2010	2011	2012	2013	2014
IMP		92.6	69.4	66.9	67.5	63.3	62.4	62.0
EXP		26.4	20.5	28.0	33.8	35.4	36.2	36.0
BOT		-66.2	-49.0	-39.0	-33.7	-27.9	-26.2	-26.0
IMP-%		17.9%	-25.0%	-3.7%	0.8%	-6.1%	-1.4%	-0.7%
EXP-%		11.9%	-22.4%	36.5%	21.0%	4.8%	2.2%	-0.8%
BOT-%		-20.5%	26.0%	20.4%	13.6%	17.1%	6.1%	0.6%
Year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
IMP	46.8	46.8	53.5	63.9	62.4	55.9	77.1	97.7
EXP	28.6	28.2	32.6	39.5	37.9	35.2	47.2	57.4
BOT	-18.2	-18.7	-20.9	-24.4	-24.5	-20.7	-29.9	-40.3
IMP-%	-24.5%	0.0%	14.3%	19.4%	-2.3%	-10.3%	37.8%	26.7%
EXP-%	-20.6%	-1.4%	15.9%	21.1%	-4.0%	-7.1%	34.1%	21.5%
BOT-%	29.9%	-2.3%	-11.8%	-16.8%	-0.4%	15.3%	-44.2%	-34.9%

Table 5 Greece-China bilateral merchandise trade in billions USD, 2007-2021 (UNCDAT n.d. b; WITS n.d. a)

	2008	2009	2010	2011	2012	2013	2014

IMP	4.87	4.24	3.80	3.47	2.94	2.91	3.31
EXP	0.20	0.23	0.42	0.43	0.49	0.56	0.37
BOT	-4.67	-4.01	-3.38	-3.04	-2.45	-2.36	-2.94
IMP-%	27%	-13%	-11%	-9%	-15%	-1%	14%
EXP-%	30%	16%	83%	1%	15%	13%	-34%
BOT-%	-27%	14%	16%	10%	19%	4%	-25%
Avg.				**2009-2011**			**2012-2014**
IMP-%				**-11%**			**-1%**
EXP-%				**33%**			**-2%**
BOT-%				**13%**			**-1%**
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
IMP	2.83	3.19	3.07	4.24	4.55	4.28	5.92
EXP	0.25	0.36	0.54	1.06	1.00	0.98	0.85
BOT	-2.58	-2.83	-2.54	-3.18	-3.55	-3.30	-5.08
IMP-%	-15%	13%	-4%	38%	7%	-6%	39%
EXP-%	-32%	44%	47%	99%	-6%	-2%	-13%
BOT-%	12%	-10%	10%	-25%	-12%	7%	-54%
Avg.			**2015-2017**				**2019-2021**
IMP-%			**-2%**				**13%**
EXP-%			**20%**				**-7%**
BOT-%			**4%**				**-20%**

Table 6 Hungary total international merchandise trade, in billions USD, 2005-2020 (UNCDATstat n.d. c)

Year	2005	2006	2007	2008	2009	2010	2011	2012
IMP	10,8	12,4	14,2	16,5	12,7	15,4	18,4	18,7
EXP	10,5	12,1	14,0	16,1	12,6	15,3	18,3	18,5
BOT	- 0,28	- 0,23	- 0,21	- 0,32	- 0,14	- 0,13	- 0,11	- 0,16
IMP-%	14 %	15 %	15 %	16 %	-23 %	21 %	20 %	1 %
EXP-%	14 %	15 %	16 %	15 %	-22 %	22 %	20 %	1 %
BOT-%	-8 %	17 %	7 %	-51 %	57 %	8 %	14 %	-45 %
Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
IMP	19,0	19,1	16,7	16,2	18,0	19,8	19,3	17,9
EXP	18,9	19,0	16,6	16,0	17,7	19,5	19,0	17,6
BOT	- 0,03	- 0,07	- 0,18	- 0,17	- 0,24	- 0,27	- 0,32	- 0,23
IMP-%	2 %	0 %	-12 %	-3 %	11 %	10 %	-2 %	-8 %
EXP-%	2 %	0 %	-13 %	-3 %	11 %	10 %	-3 %	-7 %
BOT-%	81 %	-122 %	-176 %	7 %	-38 %	-14 %	-20 %	28 %

Table 7 Hungary-China bilateral trade in billions USD, 2005-2020 (WITS n.d. e)

Year	2005	2006	2007	2008	2009	2010	2011
IMP	3,59	3,86	5,13	6,13	4,95	6,17	6,08
EXP	0,40	0,76	1,01	1,11	1,21	1,53	1,69
BOT	- 3,19	- 3,10	- 4,11	- 5,02	- 3,73	- 4,64	- 4,39
IMP-%	25 %	8 %	33 %	20 %	-19 %	25 %	-2 %
EXP-%	3 %	90 %	33 %	9 %	9 %	26 %	10 %
BOT-%	-28 %	3 %	-33 %	-22 %	26 %	-24 %	5 %
3-Y Avg.				2006-2008			2009-2011
IMP-%				20,0%			1,3%
EXP-%				44,1%			15,2%
BOT-%				-17,3%			2,2%
5-Y Avg.					2005-2009		
IMP-%					13,1%		
EXP-%					28,9%		
BOT-%					-10,9%		

Year	2012	2013	2014	2015	2016	2017	2018
IMP	5,41	5,36	5,14	4,78	4,87	5,29	6,38
EXP	1,81	2,00	2,16	1,80	2,24	2,66	2,37
BOT	- 3,60	- 3,36	- 2,98	- 2,98	- 2,62	- 2,63	- 4,01
IMP-%	-11 %	-1 %	-4 %	-7 %	2 %	9 %	21 %
EXP-%	7 %	10 %	8 %	-17 %	25 %	19 %	-11 %
BOT-%	18 %	7 %	11 %	0 %	12 %	0 %	-52 %
3-Y Avg.			2012-2014				2016-2018
IMP-%			-5,3%				10,4%
EXP-%			8,5%				10,9%
BOT-%			12,0%				-13,6%
5-Y Avg.			2010-2014				
IMP-%			1,4%				
EXP-%			12,4%				
BOT-%			3,4%				

Year	2019	2020
IMP	7,16	9,02
EXP	1,67	2,06
BOT	- 5,49	- 6,95
IMP-%	12 %	26 %
EXP-%	-30 %	24 %
BOT-%	-37 %	-27 %
3-Y Avg.		
IMP-%		
EXP-%		
BOT-%		
5-Y Avg.		2016-2020
IMP-%		13,9%
EXP-%		5,3%
BOT-%		-20,9%

Table 8 Finland total international merchandise trade, in US$ billions, 2010-2020 (UNCDATstat n.d. c)

Year	2011	2012	2013	2014	2015
IMP	84.26	76.47	77.59	76.77	60.43
EXP	79.14	73.08	74.45	74.33	59.82
BOT	-5.12	-3.39	-3.14	-2.43	-0.61
IMP-%	22%	-9%	1%	-1%	-21%
EXP-%	14%	-8%	2%	0%	-20%
BOT-%	-817%	34%	7%	23%	75%
Year	2016	2017	2018	2019	2020
IMP	60.84	70.59	78.62	73.72	68.27
EXP	57.91	68.07	75.87	73.47	66.22
BOT	-2.93	-2.51	-2.76	-0.25	-2.05
IMP-%	1%	16%	11%	-6%	-7%
EXP-%	-3%	18%	11%	-3%	-10%
BOT-%	-379%	14%	-10%	91%	-727%

Table 9 Finland-China bilateral trade, in US$ billions, 2011-2020 (WITS n.d. g)

Year	2011	2012	2013	2014	2015
IMP	3.04	5.88	4.86	4.95	4.37
EXP	3.64	3.27	3.59	3.33	2.80
BOT	0.60	-2.61	-1.27	-1.62	-1.57
IMP-%	-39%	94%	-17%	2%	-12%
EXP-%	1%	-10%	10%	-7%	-16%
BOT-%	142%	-532%	52%	-28%	3%
3-year avg.				2012-2014	
IMP-%				26%	
EXP-%				-3%	
BOT-%				-170%	
5-year avg.					2011-2015
IMP-%					5%
EXP-%					-4%
BOT-%					-73%
Year	2016	2017	2018	2019	2020
IMP	4.46	5.12	5.45	5.49	6.15
EXP	2.93	3.73	4.10	3.84	3.42
BOT	-1.52	-1.39	-1.35	-1.65	-2.73
IMP-%	2%	15%	6%	1%	12%
EXP-%	5%	27%	10%	-6%	-11%
BOT-%	3%	8%	3%	-23%	-65%
3-year avg.		2015-2017			2018-2020

IMP-%		2%			6%
EXP-%		5%			-2%
BOT-%		5%			-28%
5-year avg.					2016-2020
IMP-%					7%
EXP-%					5%
BOT-%					-15%

APPENDIX 2 – PRODUCT GROUPS

"PG" refers to product groups. "% of total imports / exports" refers to the share of total merchandise trade (export or import) accounted for by the product in a given year.

Table 10 Greece imports from China per product group, 2010-2020 (WITS n.d. c)

Year	PG	Imports (US$ mln.)	% of total imports
2020	Consumer goods	1,937.7	45.3
	Mach and Elec	1,837.2	43.0
	Capital goods	1,814.0	42.4
	Textiles and Clothing	661.3	15.5
	Miscellaneous	517.4	12.1
2019	Consumer goods	2,305.6	50.7
	Mach and Elec	1,635.6	36.0
	Capital goods	1,577.7	34.7
	Textiles and Clothing	884.5	19.5
	Intermediate goods	610.5	13.4
2018	Capital goods	1,867.6	44.0
	Consumer goods	1,722.4	40.6
	Mach and Elec	1,716.4	40.5
	Intermediate goods	606.7	14.3
	Miscellaneous	525.0	12.4
2017	Consumer goods	1,438.4	46.8
	Mach and Elec	1,298.3	42.3
	Capital goods	1,221.5	39.8
	Miscellaneous	440.5	14.3

	Intermediate goods	357.2	11.6
2016	Consumer goods	1,389.4	43.5
	Capital goods	1,346.3	42.1
	Mach and Elec	1,339.7	41.9
	Miscellaneous	435.0	13.6
	Intermediate goods	413.2	12.9
2015	Consumer goods	1,206.5	42.6
	Mach and Elec	1,184.7	41.8
	Capital goods	1,123.9	39.7
	Intermediate goods	456.6	16.1
	Metals	370.9	13.1
2014	Consumer goods	1,403.7	42.4
	Capital goods	1,381.2	41.7
	Mach and Elec	1,153.4	34.8
	Intermediate goods	479.8	14.5
	Miscellaneous	411.6	12.4
2013	Consumer goods	1,230.8	42.2
	Capital goods	1,216.0	41.7
	Mach and Elec	978.0	33.6
	Intermediate goods	392.7	13.5
	Transportation	359.3	12.3
2012	Capital goods	1,280.8	43.5
	Consumer goods	1,211.6	41.2
	Mach and Elec	1,200.8	40.8

	Intermediate goods	385.0	13.1
	Metals	336.6	11.4
2011	Consumer goods	1,532.0	44.2
	Capital goods	1,418.9	40.9
	Mach and Elec	1,101.5	31.8
	Intermediate goods	473.2	13.7
	Transportation	467.9	13.5
2010	Consumer goods	1,720.1	45.3
	Capital goods	1,707.6	45.0
	Transportation	967.7	25.5
	Mach and Elec	925.0	24.4
	Miscellaneous	473.3	12.5

Table 11 Greece exports to China per product group, 2010-2020 (WITS n.d. c)

Year	PG	Exports (US$ mln.)	% of total exports
2020	Consumer goods	563.7	57.8
	Fuels	494.1	50.7
	Raw materials	261.5	26.8
	Minerals	249.2	25.6
	Capital goods	123.7	12.7
2019	Consumer goods	533.3	53.4
	Fuels	468.6	46.9
	Raw materials	321.3	32.2
	Minerals	291.8	29.2
	Capital goods	107.3	10.7

2018	Consumer goods	578.1	54.4
	Fuels	524.0	49.3
	Raw materials	407.7	38.3
	Minerals	330.0	31.0
	Capital goods	51.6	4.9
2017	Raw materials	319.9	59.8
	Minerals	258.3	48.2
	Consumer goods	162.7	30.4
	Fuels	129.1	24.1
	Wood	28.6	5.3
2016	Raw materials	199.7	55.0
	Minerals	135.7	37.4
	Consumer goods	106.8	29.4
	Fuels	81.4	22.4
	Capital goods	26.4	7.3
2015	Raw materials	147.1	58.2
	Minerals	112.7	44.6
	Consumer goods	36.6	14.5
	Intermediate goods	29.0	11.5
	Mach and Elec	27.6	10.9
2014	Raw materials	203.9	55.1
	Minerals	151.2	40.8
	Consumer goods	81.5	22.0
	Fuels	54.1	14.6

	Metals	33.6	9.1
2013	Raw materials	266.5	47.8
	Consumer goods	185.3	33.3
	Minerals	160.9	28.9
	Fuels	159.7	28.7
	Metals	66.7	12.0
2012	Raw materials	282.6	57.5
	Consumer goods	128.4	26.2
	Minerals	119.3	24.3
	Fuels	110.1	22.4
	Textiles and Clothing	79.5	16.2
2011	Raw materials	291.2	68.5
	Minerals	111.3	26.2
	Textiles and Clothing	97.0	22.8
	Metals	73.8	17.4
	Consumer goods	50.1	11.8
2010	Raw materials	184.0	43.8
	Consumer goods	155.8	37.1
	Fuels	145.5	34.6
	Minerals	100.7	23.9
	Metals	78.5	18.7

Table 12 Hungary import product groups from China, in US$ billions, 2010-2020 (WITS n.d. f)

Year	PG	Imports (US$ billions)	% of total imports
2020	Capital goods	6.32	70.1

	Mach and Elec	5.11	56.7
	Consumer goods	1.90	21.1
	Miscellaneous	1.83	20.4
	Intermediate goods	0.76	8.5
2019	Mach and Elec	4.94	69.0
	Capital goods	4.89	68.3
	Consumer goods	1.53	21.4
	Intermediate goods	0.69	9.7
	Miscellaneous	0.56	7.9
2018	Mach and Elec	4.35	68.2
	Capital goods	4.17	65.4
	Consumer goods	1.58	24.8
	Intermediate goods	0.58	9.1
	Textiles and Clothing	0.41	6.4
2017	Mach and Elec	3.90	73.6
	Capital goods	3.75	70.9
	Consumer goods	1.07	20.2
	Intermediate goods	0.43	8.2
	Miscellaneous	0.31	6.0
2016	Mach and Elec	3.77	77.4
	Capital goods	3.57	73.4
	Consumer goods	0.92	18.9
	Intermediate goods	0.33	6.7
	Miscellaneous	0.29	6.0

2015	Mach and Elec	3.79	79.3
	Capital goods	3.58	75.0
	Consumer goods	0.80	16.7
	Intermediate goods	0.34	7.2
	Miscellaneous	0.26	5.5
2014	Mach and Elec	4.23	82.4
	Capital goods	3.92	76.2
	Consumer goods	0.86	16.8
	Intermediate goods	0.31	6.1
	Miscellaneous	0.26	5.0
2013	Mach and Elec	4.56	85.1
	Capital goods	4.29	80.0
	Consumer goods	0.75	13.9
	Intermediate goods	0.27	5.0
	Miscellaneous	0.23	4.3
2012	Mach and Elec	4.64	85.7
	Capital goods	4.36	80.5
	Consumer goods	0.70	12.8
	Intermediate goods	0.27	5.0
	Miscellaneous	0.24	4.4
2011	Mach and Elec	5.34	87.9
	Capital goods	4.98	81.9
	Consumer goods	0.78	12.8
	Intermediate goods	0.28	4.5

	Miscellaneous	0.15	2.5
2010	Mach and Elec	5.60	90.7
	Capital goods	5.22	84.5
	Consumer goods	0.71	11.5
	Intermediate goods	0.21	3.4
	Miscellaneous	0.13	2.2

Table 13 Hungary export product groups to China, in US$ billions, 2010-2020 (WITS n.d. f)

Year	PG	Exports (US$ billions)	% of total exports
2020	Capital goods	1.03	50.0
	Mach and Elec	0.91	44.3
	Consumer goods	0.75	36.5
	Transportation	0.41	20.0
	Intermediate goods	0.25	11.9
2019	Capital goods	0.90	53.8
	Mach and Elec	0.80	48.2
	Consumer goods	0.44	26.6
	Intermediate goods	0.28	17.1
	Miscellaneous	0.20	12.1
2018	Capital goods	1.10	46.2
	Consumer goods	1.04	43.8
	Mach and Elec	0.88	36.9
	Transportation	0.73	30.9
	Miscellaneous	0.28	11.8
2017	Consumer goods	1.21	45.6

	Capital goods	1.19	44.7
	Transportation	1.08	40.5
	Mach and Elec	0.96	35.9
	Miscellaneous	0.26	9.9
2016	Capital goods	1.01	44.9
	Consumer goods	0.98	43.8
	Mach and Elec	0.85	37.7
	Transportation	0.79	35.3
	Miscellaneous	0.22	10.0
2015	Capital goods	0.90	50.2
	Mach and Elec	0.77	43.1
	Consumer goods	0.67	37.4
	Transportation	0.52	28.9
	Miscellaneous	0.17	9.7
2014	Capital goods	1.31	61.0
	Mach and Elec	1.14	52.9
	Consumer goods	0.53	24.5
	Transportation	0.47	21.8
	Intermediate goods	0.27	12.3
2013	Capital goods	1.45	72.6
	Mach and Elec	1.29	64.4
	Consumer goods	0.36	17.8
	Transportation	0.22	10.8
	Miscellaneous	0.21	10.6

2012	Capital goods	1.47	81.3
	Mach and Elec	1.35	74.6
	Consumer goods	0.17	9.4
	Miscellaneous	0.14	7.7
	Intermediate goods	0.13	7.0
2011	Capital goods	1.34	79.7
	Mach and Elec	1.22	72.6
	Intermediate goods	0.15	9.2
	Miscellaneous	0.14	8.5
	Transportation	0.14	8.4
2010	Capital goods	1.27	82.8
	Mach and Elec	1.15	75.4
	Intermediate goods	0.14	9.4
	Transportation	0.12	8.0
	Miscellaneous	0.12	7.9

Table 14 Finland-China bilateral trade by product groups, in bn US$, 2018-2020 (WITS n.d. h)

Year	PG	Import (US$ billions)	% of total imports
2020	Mach and Elec	3.21	52.1
	Capital goods	3.12	50.7
	Consumer goods	2.59	42.1
	Textiles and Clothing	0.90	14.6
	Miscellaneous	0.77	12.5
2019	Mach and Elec	2.82	51.4
	Capital goods	2.76	50.2

	Consumer goods	2.24	40.7
	Miscellaneous	0.74	13.5
	Textiles and Clothing	0.67	12.3
2018	Mach and Elec	2.80	51.5
	Capital goods	2.71	49.8
	Consumer goods	2.25	41.3
	Miscellaneous	0.72	13.2
	Textiles and Clothing	0.70	12.8

Year	PG	Export (US$ billions)	% of total exports
2020	Intermediate goods	1.54	44.9
	Capital goods	1.36	39.7
	Wood	1.12	32.9
	Mach and Elec	1.08	31.5
	Miscellaneous	0.35	10.1
2019	Intermediate goods	1.75	45.5
	Capital goods	1.44	37.5
	Wood	1.30	33.7
	Mach and Elec	1.16	30.3
	Raw materials	0.42	11.0
2018	Intermediate goods	1.95	47.6
	Capital goods	1.51	36.7
	Wood	1.46	35.7
	Mach and Elec	1.23	29.9
	Raw materials	0.39	9.6

APPENDIX 3 – FDIs

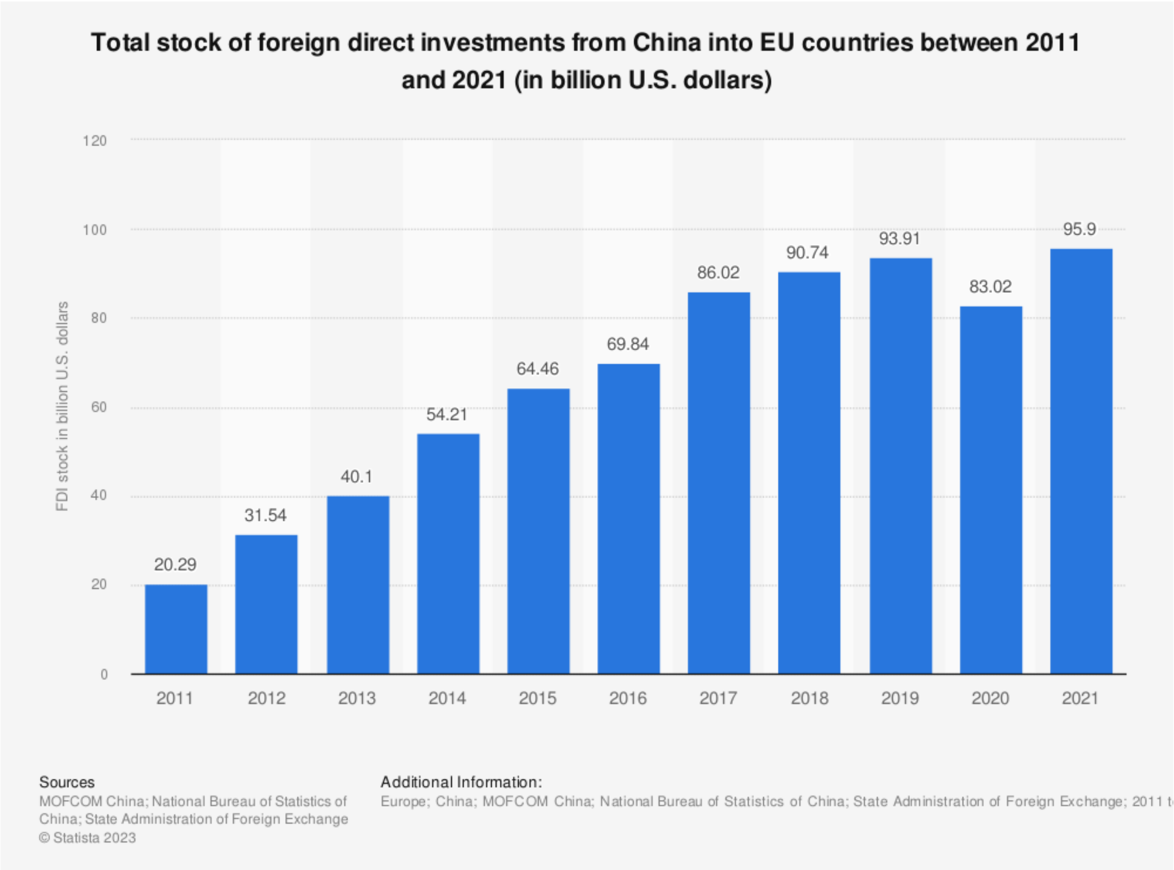


Figure 15 Total stock of FDIs from China to EU, 2011-2021 (Textor 2023a; MOFCOMPRC, NBSC, and SAFEC 2021, p. 161)

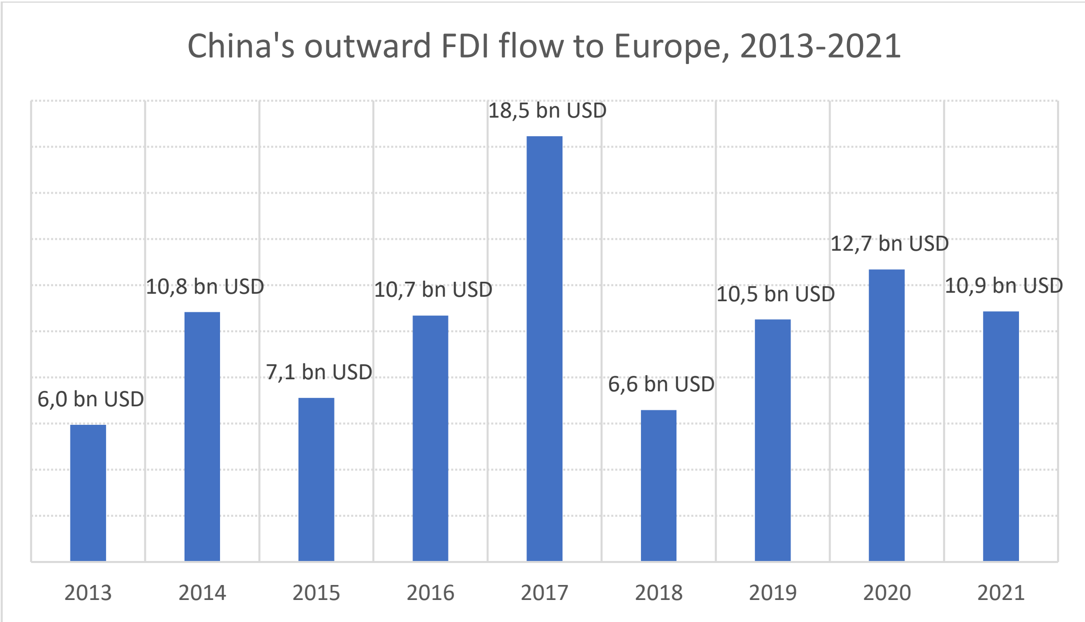


Figure 16 China's outward FDI flow to Europe, 2013-2021 (MOFCOMPRC et al. 2021, pp. 144-147)

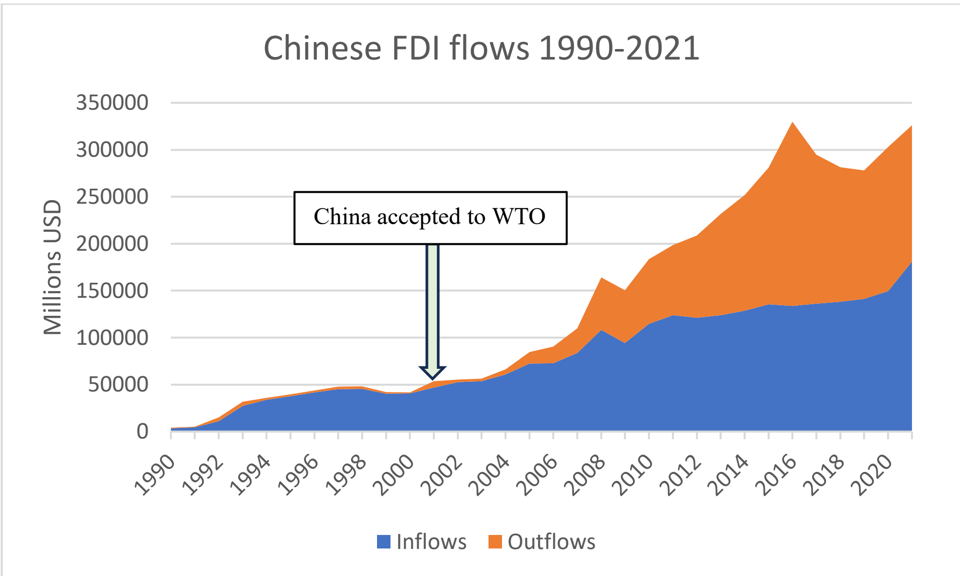


Figure 17 China FDI flows 1990-2021 (UNCDAT 2022a)

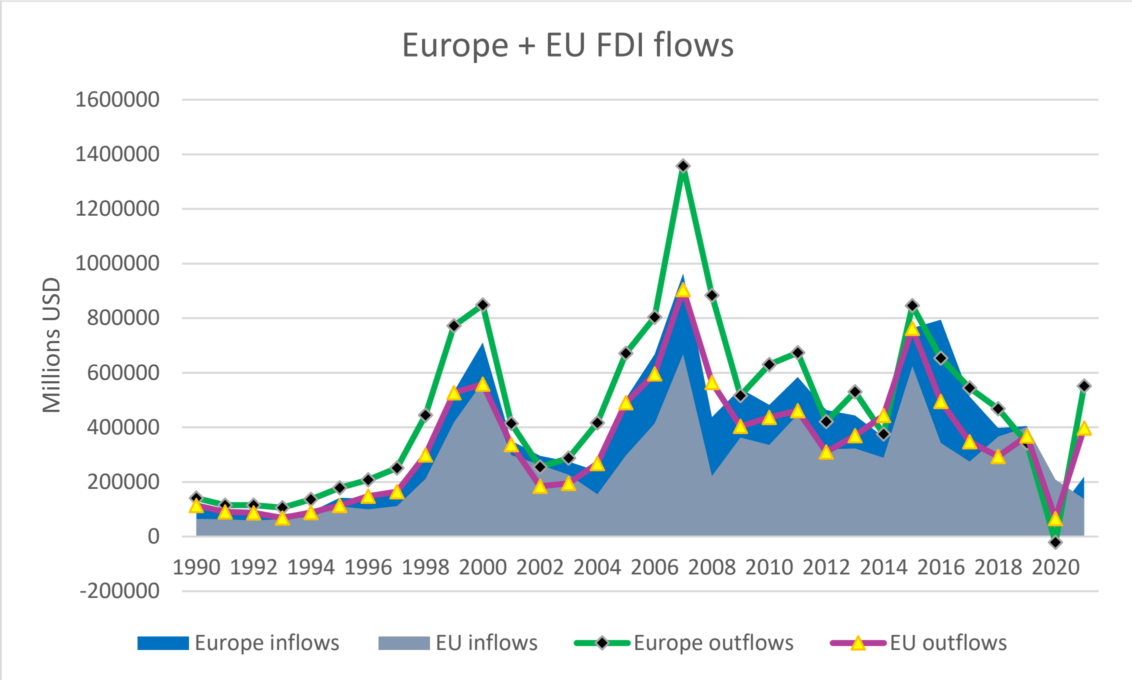


Figure 18 Europe + EU FDI flows 1990-2021 (UNCDAT 2022a)

Table 15 Regional distribution of China's outward FDI flows, 2021 (MOFCOMPRC et al. 2021, p. 105)

Continent	Amount	YoY growth rate (%)	Share (%)
Asia	128.1 bn USD	14.0%	71.6%
Europe	10.9 bn USD	-14.4%	6.1%
Africa	5.0 bn USD	18.0%	2.8%
North America	6.6 bn USD	3.8%	3.7%
Latin America	26.2 bn USD	57.0%	14.6%
Oceania	2.1 bn USD	46.2%	1.2%
Total	178.8 bn USD		100.0%

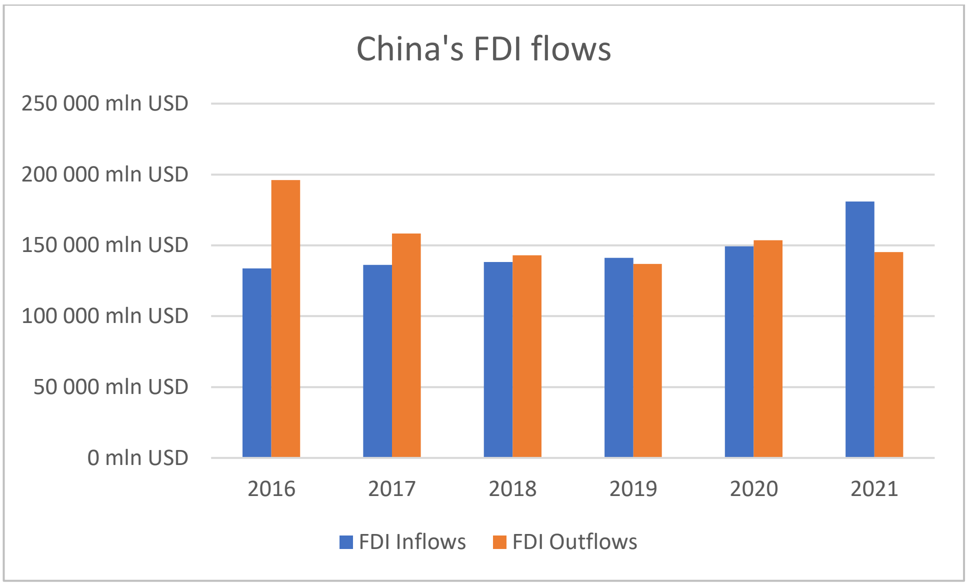


Figure 19 China's FDI flows 2016-2021 (UNCDAT 2022b, p. 211)

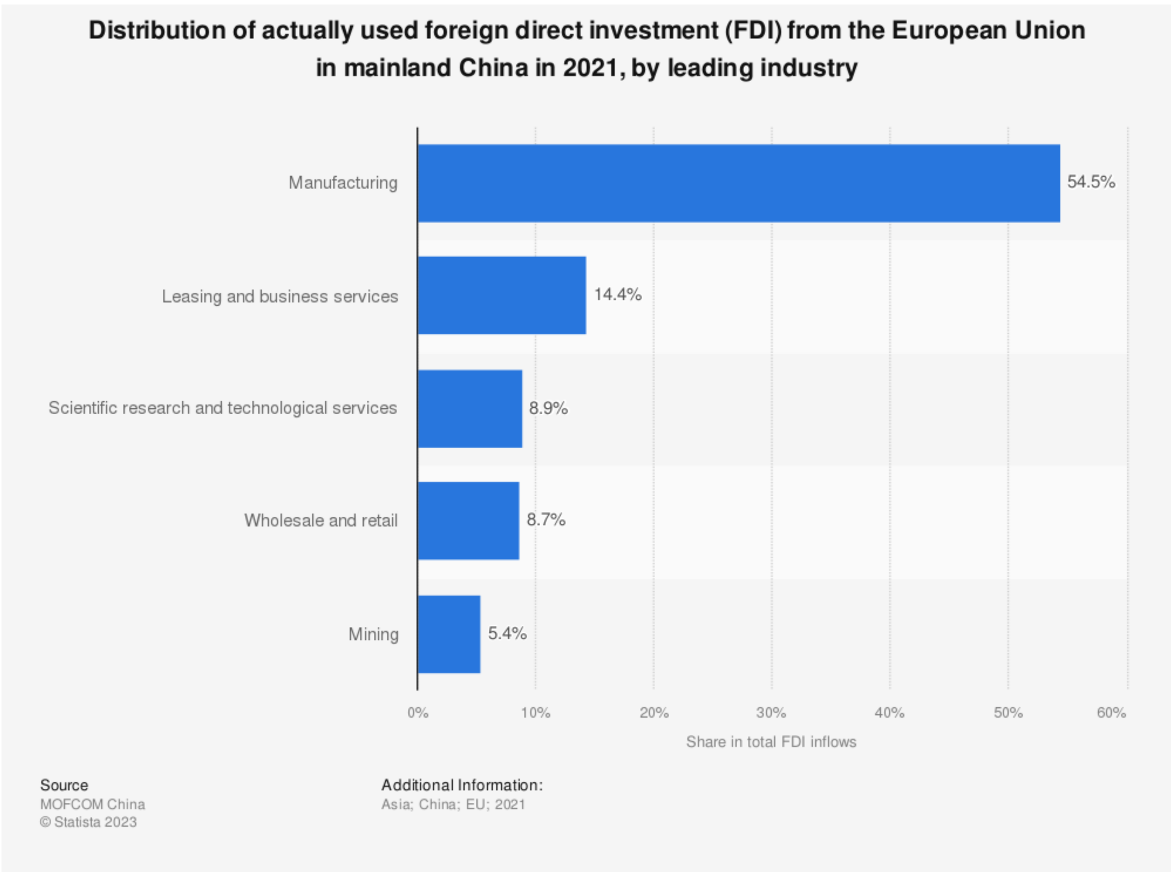


Figure 20 EUs actually used FDIs in China, 2021 by leading industry (MOFCOMPRC 2022 cited in Textor 2023c)

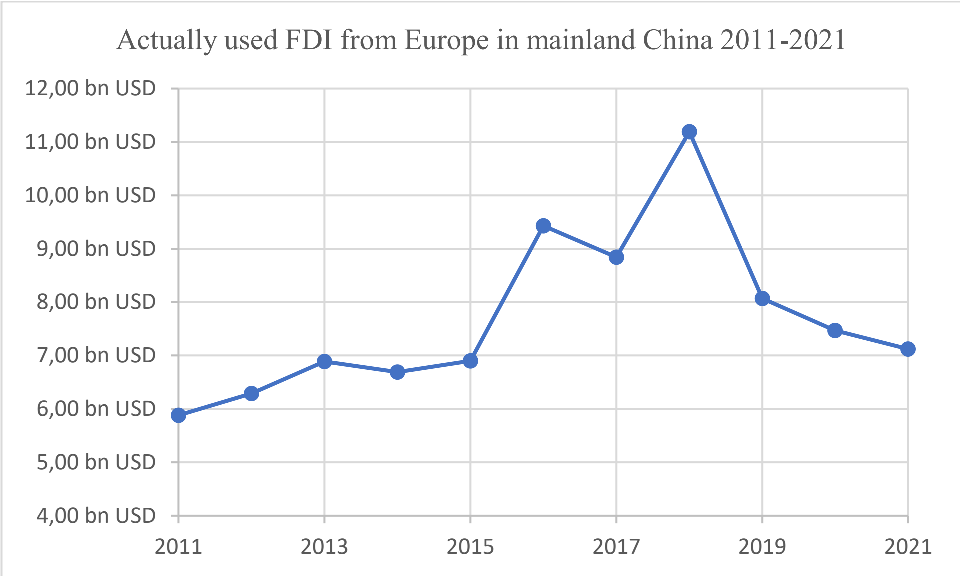


Figure 21 Actually used FDIs Europe-China, 2011-2021 (NBSC, MOFCOMPRC, and SAFEC cited in Textor 2022)

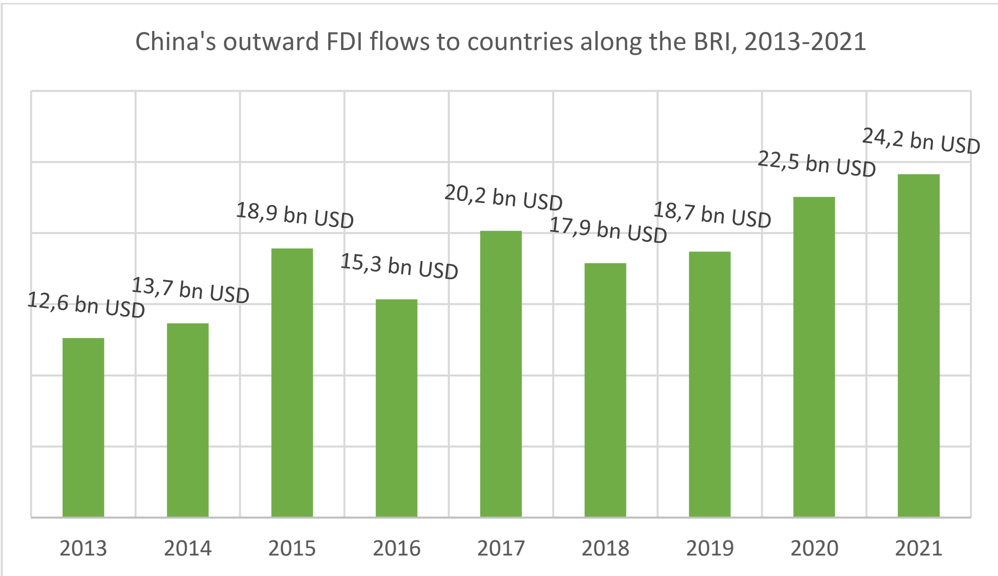


Figure 22 China's outward FDI flows to countries along the BRI, 2013-2021 (MOFCOMPRC et al. 2021, p. 107)

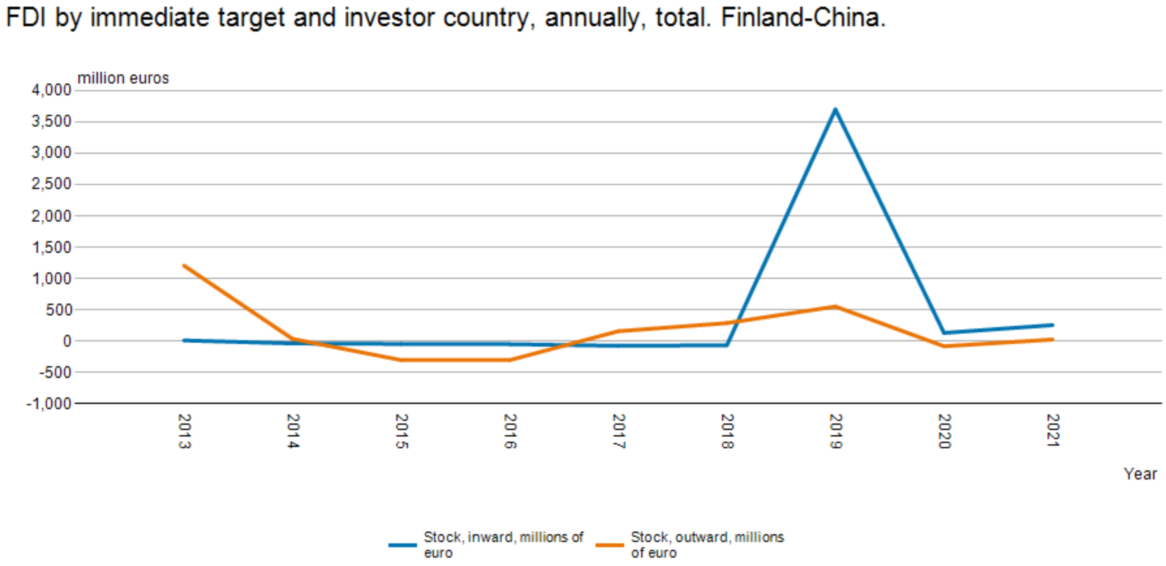


Figure 23 FDI stock Finland-China 2013-2021 (Statistics Finland n.d. b)

APPENDIX 4 – MEDIA ANALYSIS FINDINGS

Sources for these articles can be found towards the end of this appendix. They are presented in order of appearance. +1, 0, and -1 in Table 16 refer to the manual sentiment analysis.

Table 16 Media analysis between years 2014-2023

News article, author	Source	Year	Main points
”One Belt, One Road: China intensifies economic diplomacy”	The Financial Express; Dhaka, Bangladesh	2014	- The ”New Silk Road” and the “Maritime Silk Road” are modern networks of infrastructure that will help “break the connectivity bottleneck” that has hindered development in developing countries in Asia and beyond. - Researchers and officials from China hold the view that this initiative will help deepen economic cooperation between and among stakeholders and enhancing their political and security cooperation. - OBOR will be a win-win situation for all stakeholders, as economic development and better relationships follow. - Concerns over flooding foreign markets with Chinese goods, ‘drowning’ nascent industries in weaker countries, Chinese access to technology, and Chinese workforce abroad exist… Beijing claims that it has no intention of seeking influence and dominance in Asia. - Western media displays concern of questionable motives over China’s westward moves. +1
"Albania, China hold conference to promote bilateral ties"	BBC Monitoring Europe; London, England / Shekulli; Tiran, Albania	2014	- China and Albania intensify relations on OBOR. - Chinese interest towards Albanian infrastructure, energy, oil, ports, logistics. - Advanced stage for establishing a free economic area in Durres. - Chinese business representatives expand mining business in Albania. 0
“Unlocking strategic competition”, Yinhong, Shi	China Daily, US edition; New York, USA	2014	- China faces uncertainties in diplomacy, especially the US and neighbouring states as they are locked in strategic competition. - Possibility of a clash between a rising power and an existing one.

			- As China rises, it is reasonable for it to express its demands for more strategic rights through diplomacy. - Sino-US frictions mainly caused by China's troubles with its neighbours, some of which were caused by the US. China needs to turn these neighbours into friends, partners, even allies. - China needs to cultivate a favourable neighbouring environment in the long run and concentrate strategic resources on core interests. One way to do these is via the BRI. - To ease the US' suspicion, China needs to push on strategic, economic, and other measures to curb neighbours' antagonism. 0
"Asia economy: One belt, one road"	EIU ViewsWire, New York, USA	2015	- [BRI], labelled as the "Chinese Marshall Plan," mimics the post-second world war US model of gaining influence through trade and development assistance. - Basic idea is to promote infrastructure development, but this strategy can also increase China's influence [abroad] while indirectly supporting its domestic economy by boosting trade and creating business opportunities abroad for Chinese companies. - Many Asian countries are happy to receive Chinese money, but mistrust towards China's motivations remain apparent. This mistrust from China's neighbours is fuelled by China's aggressive stances on territorial disputes, and neighbouring countries' fears of receiving immigration from China. - In terms of soft power, the US remains more powerful than China in Asia, even when the US is known to meddle in regional politics. - In the long term, if OBOR is successful in boosting infrastructure development and trade, better links will help to support economic growth and trade, thus reducing political tensions, which is great for China. -1
"China sees UAE as key link to Arab world - foreign minister"	BBC Monitoring Asia Pacific; London / Xinhua news agency (New China News Agency);	2015	- The United Arab Emirates (UAE) would like to serve as the gateway to better ties between China and countries in the Gulf region and the Arab world, according to an UAE senior official. - Dubai ruler / UAE prime minister welcomes investments and travellers from China and says that the UAE is ready to join China in carrying out Belt and Road initiatives.

	Beijing, China		- China interested in increasing strategic partnership with UAE. - Foreign minister of China hoped that traditional cooperation between the countries can be expanded to more emerging sectors and industries. - China ready to work with the UAE regarding global and regional affairs to safeguard the legitimate rights of developing nations. +1
"China Lays Out Path to 'One Belt, One Road'"	Dow Jones Institutional News; New York, USA	2015	- Chinese officials released an action plan regarding the [BRI]. - Plan mentions that financing for BRI projects come from a variety of sources and that [BRI] is not just all about roads, rails and ports, but also about constructing oil and natural-gas pipelines, fibre-optic networks, information technology, new energy and biotechnology. - The plan calls for customs and other regulations that could inhibit trade and investments to be "smoothed out." 0
"Initiative offers road map for peace, prosperity"	China Daily, US edition; New York, USA	2015	- BRI a systematic project which should meet the interests of all and efforts should be made to integrate the development strategies of the countries along the Belt and Road. - [BRI] is designed to uphold the global free trade regime and the open world economy in the spirit of open regional cooperation. - China aims at integrating itself deeper into the world economic system. - [BRI] upholds "Five Principles of Peaceful Coexistence": mutual respect for each other's sovereignty and territorial integrity, mutual nonaggression, mutual noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. - Cooperation policies: policy coordination, facility connectivity, unimpeded trade (including, for example, customs cooperation such as information exchange, mutual recognition of regulations, mutual assistance in law enforcement, eliminating investment barriers, increasing cooperation in exploring and developing conventional energy sources, improving division of labour and distribution of industrial chains, increasing openness of service industries, and new modes of investment cooperation) financial integration (and regulation), people-to-people bond (such as

			media cooperation, student exchanges and jointly running schools, exchange of prevention and treatment technologies, cooperation in science and technology, establishing joint labs, international technology transfer centres, and increasing exchanges and cooperation with major political parties as well as NGOs). +1
"China Pulls Reins to Aim Banks Toward Its Goals", Lingling, Wei	Wall Street Journal, Europe; Brussels, Belgium	2015	- [The BRI] is meant to evoke trade routes to and from China, regional governments and policy analysts see this as an illustration of China's ambition to challenge the US on international affairs. - Policy banks to finance OBOR with one mission: to help carry out Beijing's economic orders and support Chinese enterprises when they internationalize. - In recent years two of three major policy banks have aggressively pursued commercially oriented deals, such as financing leveraged buyouts in foreign markets. 0
"Lender bets on global growth in changing world of finance", Xueqing, Jiang	China Daily, US edition; New York, USA	2015	- With the implementation of OBOR initiatives, a possible free trade area for the Asia-Pacific region and acceleration of renminbi internationalization creates opportunities for Chinese banks. - Chinese banks' overseas units cooperate with the world's 500 largest enterprises by revenue and providing cross-border financing to Chinese companies' overseas acquisitions. - Bank of China will follow national strategies, enhance its international operations, and try to become the 'financial arteries' of OBOR initiatives, as well as the first choice for business related to free trade zones. 0
"PAKISTAN/CHINA: Economic corridor carries major risks"	Oxford Analytica Daily Brief Service	2015	- Development of China-Pakistan Economic Corridor (CPEC) could bring up to 46 billion dollars in investments to infrastructure for international trade connectivity. - Major projects would boost Pakistan's economy, indirectly causing other countries to want to court China for inclusion in [the BRI] for economic engagement as they see funds flowing to Pakistan. - Pakistan sits at an economic junction that would offer China optimal access westwards to the Middle East, Africa, and Europe.

			- Pakistan’s ports, for example Gwadar that was built and now operated by China, would be stop-offs branching off the maritime ‘road.’ - Energy sector expected to take a considerable share of the 46 billion dollars investment, as Pakistan suffers from chronic energy shortages. - Politically sensitive topics arise, as Chinese companies and labour will be deployed in the construction of infrastructure projects, as Pakistani workers will desire jobs as well, which may cause resentment in some quarters where the presence of Chinese workers would appear disproportionate. - CPEC will add to the concerns of foreign policy and security strategists due to growing Chinese influence in sensitive regions and Chinese expansionism. - Pakistan faces political instability and insurgencies, which could also affect Chinese projects and workers, even though Pakistan has promised to deliver on security forces. -1
“Tighter corporate governance norms for SOEs on cards”, Xiang, Li	China Daily, US edition; New York, USA	2015	- [China’s] anti-graft authority has revealed that the risk of potential malpractice in the management of overseas assets owned by state-owned enterprises (SEOs) remains unacceptably strong. - The Central Commission of Disciplinary Inspection released results of an investigation into some of China’s largest SEOs, including those in telecommunications, aviation, energy, and transportation sectors. - Officials recognize the need for tougher levels of corporate governance and more effective management of overseas assets. - A former national deputy auditor-in-chief had said that virtually no audit had been carried out to China’s SEOs’ overseas assets. - Independent third-party auditing firms appointed to conduct comprehensive reviews of the portfolio. - Several SEO executives under investigation for corruption. - China Enterprise Reform and Development Society vice-president said that too many loopholes existed that could lead to corruption and abuse of power in SOEs overseas managements. -1

"Where all Silk Roads lead", Banyan	The Economist; London, England	2015	- China had promised $50 billion to Asian Infrastructure Investment Bank (AIIB), 47 countries applied to join as founding shareholders. - Further $40 billion earmarked for a "Silk Road Fund." - Chinese firms hope to win many of the engineering projects that the [BRI] connectivity will demand. - Improved transport links will benefit Chinese exporters. - [China] helping its neighbours' development will create new markets. - China insists that [the BRI] is not comparable to the US' Marshall Plan, because these initiatives benefit all of humanity and are a "win-win" for stakeholders. - While many Central Asian countries welcome Chinese investments, many South-East Asian countries remain sceptical. 0
"China-CEEC Expo to Foster Economic Ties with Central and Eastern Europe"	Canada NewsWire; Ottawa, Canada / Ningbo Municipal Bureau of News, China	2015	- City of Ningbo, Zhejiang province, China holds the first China-CEEC (Central and East European Countries) Investment and Trade Expo. - Theme of "expanding opening-up and cooperation and jointly building the Silk Road." - Attended by government leaders and representatives of business enterprises from 16 CEE countries. - By the end of 2014, Ningbo approved 72 foreign investment projects from 16 CEECs with a total contractual value of $156 million. During the same period, 34 Ningbo enterprises were given permissions to invest in 16 CEECs with a total investment value of $20 million. +1
"China/Belgium: China, Belgium economic hubs ink deals to expand investment, trade"	Asia News Monitor; Bangkok, Thailand	2015	- China's economic hub Shanghai and Belgian port city of Antwerp signed a series of business deals. - Number of MoU were signed, both sides expressed welcome to each other's investments. - Agreements in cooperation of official bilateral information exchange mechanisms and efforts to expand bilateral direct trade were made, as well as reconfirming a trade target of ten percent annual growth between Belgium and China. - Chemical and oil industry representatives intended to support the exchange of practices and developments in relevant technology areas,

			IT, and other management processes so as to play roles in the Belt and Road initiatives. - Mayor of Antwerp calls for the two sides to cement cooperation for common interests. +1
“DHL adds services to fast-growing China-Europe rail network”, Knowler, Greg	Journal of Commerce; New York, USA	2015	- DHL Global Forwarding added a twice-weekly rail service from Zhengzhou, China, to Hamburg, Germany. - The company moved quickly to take advantage of the increased interest in the China-European rail route following Beijing’s launch of the OBOR. - The service goes via Poland, offering delivery time reductions of between 10 to 21 days compared to sea freight. - CEO of DHL Global Forwarding Asia Pacific said China’s OBOR strategy encouraged DHL to develop additional routes because of the initiative’s focus on enhancing connections between Asia and Europe and promoting international trade. - CEO of DHL Global Forwarding China said that offering multiple loading points across China had created business opportunities for many industries, and investments for expanding these networks to further increase the opportunities will be made. - While the rail option is considerably more expensive compared to sea freight, it is much faster and still cheaper than air freight. - Rail connections can go via the “trans-Kazakh West Corridor” from Chengdu, China, to Lodz, Poland, or via the “trans-Siberian North Corridor” from Suzhou, China, to Warsaw, Poland. - China’s Foreign Affairs Ministry said in its report on the OBOR strategy that the focus is to build a new Eurasian Land Bridge and developing China-Mongolia-Russia, China-Central Asia-West Asia, and China-Indochina Peninsula economic corridors by taking advantage of international transport routes, relying on core cities along the Belt and Road and using key economic industrial parks as cooperation platforms. +1
“China, Poland vows to boost trade ties”	BBC Monitoring Asia Pacific; London / Xinhua (New China News	2015	- Polish foreign minister voices strong support for the BRI and is looking forward to carrying concrete cooperation to deepen relations. - Vice-President of China said he looked forward to boosting bilateral relationships of the countries through trade, environment protection, finance, and exchanges at local government level.

	Agency); Beijing, China		- The Polish delegation in China consisted of business leaders from food, environment, IT, and transportation sectors. One of their main tasks was to seek more Chinese investments in Poland. - For the BRI, Poland is in a strategic position. Foreign minister said discussions were underway between Chengdu, China, and Lodz, Poland, about dedicated cargo transport centres between the two cities. - Surging trade between China and Poland was seen in 2014, greatly surpassing the average growth rates between China and European continent. - Cooperation with Poland could bring China opportunities to other European countries, and Poland could receive more investments from China, better infrastructure, and greater geo-political influence in the region. +1
“The EU and China: A solid partnership - Speech by President Juncker at the EU-China Business Summit”	M2 Presswire / Normans Media Ltd; Coventry, England	2015	- EU and China have one of the world’s largest trading relationships, one million euros per day. In 2014 alone traded goods were worth 470 billion euros. - The EU is a strong and reliable partner for China. - Asia, China, and Europe could benefit from OBOR. “*We see the project as an open hand, an invitation to connect China and Europe better than ever before.*” - Opportunities for both parties must be generated. - Europe faced economic uncertainties, investments fell, China is welcomed to invest. Level playing field for investor to China must be had. - EU places high value on human rights, but Juncker does not want to “lecture China on human rights.” 0
“CMA CGM to sign $1 billion financing agreement with China Ex-Im Bank”, Barnard, Bruce	Journal of Commerce; New York, USA	2015	- CMA CGM signed a $1 billion financing agreement with the Export-Import Bank of China. - The world’s third largest carrier said that the agreement provides for loans and guarantees for ship and container orders from China, strategic investments. - The carrier will also sign an agreement with China Merchant Holdings to examine joint investments in OBOR. The holding company has a 49 percent stake in the carrier’s Terminal Link container port unit.

			0
“Investment floods into China's One Belt, One Road strategy”, Knowler, Greg	Journal of Commerce; New York, USA	2015	- China International Trust and Investment Corporation (CITIC) to invest 300 projects, worth $113 billion, stretching from Singapore to Turkmenistan to various road, railway, oil and gas pipeline, power grid, internet network, and maritime link projects. - Barclays Research states that the countries in question collectively accounted for almost 22 percent of Chinese exports in 2014 and supplied 37 percent of China’s commodity imports. - CITIC believes that developing the [BRI] can significantly improve longer-term trade outlook for China. 0
“Antwerp works to capitalize on China's 'One Belt, One Road' strategy”, Barnard, Bruce	Journal of Commerce; New York, USA	2015	- Europe’s second largest container port in Antwerp, Belgium, recognizes it has the potential to be very important for the [BRI]. - The Port Authority signed a collaboration agreement with China Development Bank and Chengtong Holdings Group to locate a site in Antwerp for establishing an EU-Africa-International trade and logistics hub. - Belgium applied to join the new Asian Infrastructure Development Bank, the main financier of BRI. 0
“Digital Silk Road linked to 'Net Plus'”, Huanxin, Zhao	China Daily, US Edition; New York, USA	2015	- Internet-based businesses and media were asked to actively engage in the BRI by building a “digital Silk Road” within and beyond China’s borders. - The expansion should be undertaken in addition to implementing China’s Internet Plus -plan, whereby everything would be connected to a broadband network. - The vice-minister of the Cyberspace Administration of China urged internet enterprises to join the interconnectivity efforts prompted by the BRI by investing in network infrastructures, thus speeding up the construction of a digital Silk Road. 0
“Risks growing for cybersecurity”, Li, Wenfang and Zhang, Yi	China Daily, US Edition; New York, USA	2015	- More action should be taken to safeguard cybersecurity, government officials and experts said at an Internet media forum in China. - “*… the use of the Internet by terrorists, religious extremists and extremist forces in certain areas has helped them infiltrate more areas*”, said vice-minister of the Cyberspace Administration of China, Ren Xianliang.

			- The Chinese government had intensified efforts to increase internet security, especially after Edward Snowden leaked information about US' extensive surveillance program. A "central internet security leading group" was set up in 2015 with President Xi Jinping as their head. - Ren warned that cybersecurity had become one of the main challenges for the BRI. - A professor at Renmin University of China's School of International Relations said that China is facing significant challenges in maintaining order and security on the internet. -1
"China port giants pour $1 billion into Turkish terminal", Knowler, Greg	Journal of Commerce; New York, USA	2015	- China's two largest port operators, COSCO Pacific and China Merchants Holdings (International), as well as a third investor, invested $920 million for a controlling stake (64,5 percent) in a Turkish container terminal. - Terminal in question is the third largest in Turkey. 0
"China Announces Contribution To Investment Plan For Europe"	RTTNews; New York, USA	2015	- China announced its intention to contribute to the Investment Plan for Europe and cooperate with the EU more closely. - China, as a first non-EU country to contribute to the plan, pledged €315 billion. - The two sides agreed to set up a joint working group to increase cooperation in investments. The working group include experts from China's Silk Road Fund, the Commission, and the European Investment Bank. - The European Commission and the Chinese government signed an MoU on the EU-China Connectivity Platform to enhance synergies between the BRI and EU's connectivity initiatives. +1
"Belt and Road to spur Chinese firms' European push" Zhong, Nan	China Daily, US Edition; New York, USA	2015	- Through the BRI, Chinese companies seek to establish quality manufacturing facilities, infrastructure projects, and research and development centres in Europe. - Central and Eastern European offer growing demand in upgrading their industrial structures and infrastructure. - In 2014 China, Serbia, Hungary, and Macedonia agreed to build a land-sea express route linking a Greek port and Hungary, aiming to speed up transportation between China and Europe. 0

"China's long and winding new Silk Road: Analysts say the mega project will be tough to implement and faces many hurdles", Mangin, Virginie	The Business Times; Singapore	2016	- More than exerting influence overseas, China aims with the OBOR to solve domestic economic issues, geopolitical issues, and domestic social issues. - A European diplomat states that OBOR is a domestic matter for China; it is about ensuring energy resources, investments, and markets. - Chinese enterprises see the BRI as a way to offload excess capacity and brand local products overseas while benefiting from government subsidies. - Anhui Province's director-general said: "*We have to upgrade our industries. We now have a limited market inside China; we have to go out.*" - Analysts and experts question whether China's trading partners need that many Chinese goods, or if the OBOR will solve China's geopolitical issues, stating that not only is it a waste of money for [Chinese] banks and SOEs, it may even bring China more unwanted problems in politically instable regions. - European diplomats are not very interested, stating that while they understand why Eastern Europe may be interested in the BRI, questions about how the rest of Europe could benefit still exist. - Increasing signs of China's neighbours becoming wary of its over-reaching influence, as a decade in Africa branded China as a neo-colonialist, and Kazakhstan limited Chinese investments and visas. -1
"CITIC Telecom CPC Acquires Telecommunication Assets of Linx Telecommunications"	CAN Newswire; Singapore	2016	- Chinese CITIC Telecom International CPC acquired telecommunication business of Linx Telecommunications, a European company. - The deal includes Linx's 470-kilometre optic fibre network in the Baltic Sea, Linx's network operations centres in Moscow, Russia, and Tallinn, Estonia, as well as Linx's data centre in Tallinn, which serves as Estonia's largest Internet Exchange (TLL-IX). - The acquisition extends CITIC Telecom CPC's footprint to Central Asia and Eastern Europe markets. The corporation already has operations in Asia-Pacific, North America, and Western Europe. - The corporation aims at capturing opportunities along BRI countries. - Linx Communications had invested in construction of extensive networks that reached

			countries around the Baltic Sea, including Sweden, Finland, and Estonia. It was able to serve MNEs with data services. 0
"United Kingdom : EBRD, Silk Road Fund agree to cooperate"	MENA Report; London, England	2016	- The European Bank for Reconstruction and Development (EBRD) and the Silk Road Fund reached a cooperation agreement. - A MoU was signed in Beijing, China. - In the MoU the EBRD and the Silk Road Fund agree to boost cooperation at an institutional level and to inform each other of co-investment opportunities in their common regions of operations. +1
"China, Greece to build port in belt, road initiative"	BBC Monitoring Asia Pacific; London, England / Xinhua (New China News Agency); Beijing, China	2016	- China and Greece vowed to implement the Piraeus port project and make it an important support for their bilateral cooperation on the BRI. - Chinese President Xi Jinping told Greek Prime Minister Alexis Tsipras, that China hopes to work with Greece to build the port into the biggest transshipment port of containers in the Mediterranean. - Tsipras said that Greece is ready to integrate its development strategy with the BRI. +1
"China/United Kingdom: China launches first freight train to London"	Asia News Monitor; Bangkok, Thailand / Thai News Service Group	2017	- China launched its first freight train from its eastern Zhejiang Province to London, England. - Traveling for around 18 days and more than 12,000 kilometres, China Railway Corporation said that this service will improve China-Britain ties and strengthen connectivity with Western Europe while serving China's BRI. 0
"UK seeks role in China's Belt and Road plans"	BBC Monitoring Asia Pacific; London, England / Xinhua (New China News Agency)	2017	- British Ambassador states that Britain is looking forward to making a significant and practical contribution to the BRI. - She further states that whereas Chinese enterprises possess experience in infrastructure development, British enterprises could contribute in forms of engineering, project design, sustainable and green growth, and management and consultancy. - According to statistics provided by the Chinese embassy in Britain, from 2004 to 2014, Britain's exports to China grew from $4,8 billion to $23,6 billion. In 2016, bilateral trade in goods between the countries reached $74,3 billion.

			- The ambassador states that Britain remains an open economy and she sees more opportunities with China in areas of innovation, research and development, and sustainable and green growth. +1
"Hong Kong : Hong Kong serves as "super-connector" between Slovenia and Mainland China under Belt and Road Initiative"	MENA Report; London, England / SyndiGate Media Inc	2017	- Secretary of Commerce and Economic Development Mr Gregory So claims during his speech in Ljubljana, Slovenia, that Hong Kong plays an important role as a "super-connector" between Mainland China and Slovenia under the BRI. - Slovenian businesses can extend their reach to the Far East by making use of the advantages present in Hong Kong, as the city is an international gateway to Mainland China, Mr So adds, inviting Slovenian businesses to go to the city and "tapping the massive Belt and Road markets." +1
"Serbia: I Advocate Even Stronger Economic Cooperation With China"	MENA Report; London, England	2017	- Serbian President Tomislav Nikolic stated during a meeting with a member of the Politburo of the Communist Party of China that Chinese investments had given a new momentum to Serbia's heavy industry, and that he advocated the establishment of even stronger economic cooperation between the countries. - Representatives from both sides said that they hoped the two countries would succeed in realizing numerous economic projects in the future, concurred that OBOR represented a great opportunity for all countries included. - Serbia claimed to be prepared to provide full assistance to all countries that were interested in establishing better cooperation with China. +1
"The Folly of Investing in China's 'One Belt, One Road'; Beijing seeks foreign money for an infrastructure-led growth model just as the initiative begins to fail.", McCabe, Patrick	Wall Street Journal (Online); New York, USA	2017	- Author of the article claimed investors should be wary of OBOR. - Author claimed OBOR and AIIB raise geostrategic questions: *"What risks will OBOR recipients incur when all roads lead to Beijing? How will China extract its pound of flesh from developing nations who borrow but cannot repay? Will OBOR facilitate China's overseas military basing?"* - As the [BRI] was announced in 2013 when China's double-digit GDP growth seemed unstoppable, the initiative's financial assumptions became unrealistic for contemporary times.

			- 2017 sees a time when China's GDP target is 6,5 percent, and then only through massive expansion in borrowing. - China spent trillions of dollars to "prop up" its stock market and currency with questionable results, and its foreign-currency reserves had fallen by more than €1 trillion since their peak in 2014. - China's debt-to-GDP had reached 282 percent from 150 percent over the last decade, while the country's capital outflows reached €725 billion, indicating sceptical views for future growth prospects from the country's citizens. - OBOR outlays "snowballed" as huge ventures with dubious returns took ever-growing amounts of China's finances. - The People's Liberation Army built "armadas of advanced warplanes, warships, and missiles," while China spent billions to encase coral reefs in concrete in disputed South China Sea. - China's politically directed investments in excess infrastructure, "zombie" firms, vanity projects, and tens of billions in uncollectable loans to countries such as Venezuela, Libya, Brazil, and Bolivia were "notoriously unproductive." - The author refers to a 2016 study from the Center for Strategic and International Studies that stated that Chinese officials privately expected to lose 30 percent of their investments in Central Asia, 50 percent in Myanmar, and up to 80 percent in Pakistan. - The author refers to a 2016 study from Oxford University that stated that unless China is able to find better alternatives for its loans, it will be heading into a financial crisis. -1
"Belt and Road Initiative takes advantage of Polish hospitality"	China Business Newswire; Beijing, China	2017	- A direct cargo railway connection between Lodz, Poland, and Chengdu, the capital of China's Sichuan Province had been opened. 0
"Understanding Europe's Interest in China's Belt and Road Initiative", Lai, Suetyi	Carnegie Endowment for International Peace – Articles;	2017	- The author claims that EU's lack of interest towards the BRI from the beginning was due to Europe's internal challenges (i. e. debt and refugee crisis), and in a similar manner the hesitancy to join the AIIB was namely due to pressure from USA, concerns that AIIB becoming a rival to existing development-related

	Washington, USA		international institutions, and concerns over the China-led bank's interest towards holding up high standards for good governance or environmental and social protections. - For many European actors, the reserved attitudes changed once they learned concrete details about the BRI. - European policy experts had expressed views that China is trying to repackage old projects under the new BRI framework rather than creating new ones. - European actors that had expressed most interest towards the BRI were city and provincial governments and large companies, as these actors believed that the initiative would bring new economic opportunities via increased trade and investments from China, as well as new opportunities in markets across Central Asia and Africa. - BRI was viewed less interesting by SMEs, as they viewed the initiative as mainly consisting of projects that were large in scale and focusing on infrastructure construction, transportation, and public procurement. As such, these projects were only feasible for large enterprises, such as MNEs. - EU members in Southern Europe had been most open for the initiative, while Western European nations were the most cautious. - A scholar from Europe and the European Parliament had stated that Germany is worried about the initiative's potentially negative impacts on EU's investment rules and political solidarity between member states. The author claims that one of the reasons could also be due to fears of competition from Chinese industries and negative impacts on job markets in developed European economies. - Interest towards the BRI in Europe is mainly held within EU elites, as otherwise the initiative remains largely unknown for the general public. -1
”Western Firms Bet Big on China's Billion-Dollar Infrastructure Project; Honeywell, GE and Caterpillar are set to benefit from international 'One Belt, One	Wall Street Journal (Online); New York, USA	2017	- OBOR presents giant business opportunities for Western enterprises – if they already have deep ties in China. - MNEs with well-established relationships in Beijing moved forward with plans to participate in the OBOR. - While Chinese enterprises may be the main contractors for projects within the initiative, they will be subcontracting to other, often times

Road' effort", Trentmann, Nina			Western, enterprises with decades of experience in integrating technology across borders. 0
"We should all join China on One Belt, One Road: East Asia Forum", Vines, David	The Australian Financial Review; Melbourne, Australia	2017	- The author, despite supporting the initiative, highlights two risks within it: the AIIB may encourage countries with which it carries out investments to lean towards China, making OBOR become no more than a gigantic instrument of supply-chain management for China, creating jobs that only support the Chinese economy; and the initiative may allow China to create political and economic dependencies among the poorer eastern EU states, using the massive infrastructure investments to exert political leverage in favour of China. - The author mentions, that despite the risks, there is a chance that if the world refuses to cooperate with China, then China could decide to use its "financial muscle" to only benefit itself. -1
"EIB confirms support for Belt and Road initiative"	Pivotal Sources; New Delhi, India	2017	- The European Investment Bank (EIB) formally agreed to support the BRI. - An MoU was signed by the representatives of Asian Development Bank, the AIIB, European Bank for Reconstruction and Development, the New Development Bank, the WB, and the EIB. - It was expected that projects supported under the initiative would include support for both sustainable and inclusive investment across a range of schemes that were strengthened through open competition. +1
"One Belt, One Road, One Boycott", Dhume, Sadanand	The Wall Street Journal Asia; Hong Kong	2017	- Indian government has accused China of flouting international norms, creating dangerous debt traps for unsuspecting nations, potentially harming the environment, and disrespecting national sovereignty. - An influential Delhi-based commentator claimed that the BRI is "a road to subjugation" for India. - A Pakistani newspaper published a master plan, in which Beijing envisions leasing thousands of acres of Pakistani farmland, in which a surveillance system would be built to monitor cities such as Karachi and Peshawar, as well as using specially laid fibre-optic cables to disseminate Chinese culture. -1
"Deutsche Bank to support Chinas	Financial Services	2017	- Germany's biggest lender, Deutsche Bank, stated that it would support three billion dollars

One Belt One Road”	Monitor Worldwide; Amman, Jordan		of development projects in partnership with China Development Bank over the next five years. - An MoU was signed, where both parties expressed interest in promoting the renminbi’s internationalization and financing economic cooperation between Germany, China, and other BRI countries. +1
“Santander partners with Bank of Shanghai on 'Belt and Road' initiative”	Banking Newslink; Farnham, England / Shillito Market Intelligence Ltd	2018	- Banco Santander and Bank of Shanghai signed an agreement for strategic cooperation on the BRI, with specific focus on Europe and Latin America. - The banks will jointly provide financial services to Chinese companies in their overseas investments. 0
“China Development Bank and Standard Chartered Sign MoU to Fund Belt and Road Initiative Projects”	M2 Presswire; Coventry, England / Normans Media Ltd	2018	- China Development Bank and Standard Chartered signed an MoU, thus formalising their strategic partnership for facilitating trade and investments relating to the BRI. - Standard Chartered was involved in over 50 BRI projects in 2017. 0
“European and Asian Nations Join U.S.'s Economic Pushback Against China; Free-market countries align to counter Beijing's state-backed capitalism, particularly its Belt-and-Road Initiative”, Peker, Emre and Areddy, James	Wall Street Journal (Online); New York, USA	2018	- European and Asian countries boosted US’ campaign to counter China’s efforts to project its economic clout. - 28-member EU, Norway, Switzerland, and 21 Asian countries (China included) pledged to uphold market principles and international standards for infrastructure projects. - The Asia-Europe Meeting statement said that leaders agreed to promote transparency, level playing fields, and innovative funding mechanisms. - The agreement’s unstated target is the BRI, against which critics say enrich Chinese enterprises and bolster Beijing’s international clout at the expense of its neighbours. - Led by the EU and Japan, US allies seek to seize on China’s trade fight with the US to expand in Asian markets. - China’s rivals said that Beijing shuts them out by forcing noncompetitive bids in exchange for Chinese-financed development projects. - EU officials hoped that Asian countries would adopt Western standards as they start to question Chinese practices, and the Japanese

			Prime Minister expressed support for the EU's initiative. - BRI had faced pushback, as Malaysia's prime minister suspended $22 billion in projects, Sri Lanka struggled under $1 billion worth of Chinese dept and granted a state-run enterprise from China a 99-year lease to run a port, and Pakistan had to turn to the International Monetary Fund for financial assistance. - Europe pledged to unlock cash for Asian countries that adopt Western tendering and finance practices, as the EU mobilized over $8 billion of funding in Asia for 2014-2020, and the commission proposed to increase its external investment budget to $69 billion for 2021-2027 for Europe-Asia infrastructure investments. - A senior EU official said: *"Some countries are changing their mind or realizing that China's generous money can sometimes be poisonous. Let's hope more and more countries will join, and it will force China to change the way it acts. It will not happen overnight."* -1
"Pakistan Pushes China to Realign Goals in Its Belt-and-Road Initiative; New government, led by Imran Khan, presses Beijing to take on poverty-alleviating initiatives and building factories", Shah, Saeed	Wall Street Journal (Online); New York, USA	2018	- A new government in Pakistan is pushing China to establish new factories and poverty-alleviation initiatives in Pakistan, instead of only large infrastructure programs that have so far been on focus. - China has been facing growing criticism and pushback on the BRI across a range of countries ranging from Malaysia to Montenegro. - Washington expressed concern that China is trying to gain global influence via "debt-trap diplomacy" where it lends money to countries that are not able to pay it back. - Pakistan and China worked on ways to improve the trade balance, as Pakistan experienced a "flood" of Chinese imports that created significant challenges for local industries. - Both countries rejected the criticism that the BRI has added to Pakistan's debt and trade-balance challenges. Pakistan faced a situation where it was forced to consider seeking bailout money from the International Monetary Fund. - No Chinese manufacturing was relocated to Pakistan, despite expectations. Of the nine planned "special economic zones" for Chinese industry, none were established due to Pakistani provinces not agreeing to incentives demanded by China.

			- Despite notable expectations towards Pakistan's port of Gwadar which was supposed to play a central role in shipping between China and Pakistan, no industry started there, nor did the construction of the city's planned airport or power plant begun. Instead, chronic shortage of water and inadequate electricity remains. -1
"Cracks in Belt and Road Initiative", Hussain, Imtiaz	The Financial Express; Dhaka, Bangladesh	2018	- Sri Lanka defaulted on its $1,6 billion debt to China relating to construction of the Hambantota Port. Upon default, a state corporation, China Merchant Ports Holdings (CMPort) taking a 70 percent stake of the port as collateral on a 99-year lease in 2017. In addition, CMPort gained access to 6,000 hectares of the adjoining industrial park. - Pakistan's Gwadar Port mirrors similar event, as $1,62 billion of Chinese investments poured in, while the Gwadar Special Economic Zone covering 2,292 acres was leased to China until 2059. - Traditional merchants in Pakistan were being priced out and out-flooded in their markets by Chinese low-waged products. - Burma faced similar challenges, as they borrowed $9 billion from China for the Kyaukpku Port and economic zone, and now faced a situation where the Burmese government only owned 30 percent of the port, rest belonging to China. - Malaysia suspended $22 billion worth of Chinese investments on three projects. -1
"Europe's Emerging Approach to China's Belt and Road Initiative", Brattberg, Erik and Soula, Etienne	Carnegie Endowment for International Peace – Articles; Washington, USA	2018	- EU High Representative for Foreign Affairs and Security Policy released EU's strategy for connecting Europe and Asia, marking a step towards a cohesive approach towards the BRI. - In Europe, Chinese FDIs have surged from under €1 billion in 2008 to €35 billion in 2016, which is more than triple the amount compared to what amount goes to China from Europe. Majority of these investments went to Western Europe. - In many European countries that had to privatize their national assets, including critical infrastructure, to gather money, China had concluded "advantageous deals" with governments. One example of this is the Port of Piraeus in Greece. - Some of these activities have allowed China to gain a political foothold, thus enabling it to

influence EU policies: in 2016, Greece and Hungary sought to block any direct references to China in an EU statement about Permanent Court of Arbitration's ruling in The Hague that struck down its legal claims in the South China Sea; in 2017, Greece had blocked an EU statement at the UN Human Rights Council criticizing its human rights record; also in 2017, Hungary refused to sign a joint letter denouncing the reported torture of lawyers that were detained in China, thus breaking EU consensus.

- The article points out a risk that through BRI's opaque and unaccountable mode of operation when investing and financing regional infrastructure projects, vulnerable economies may face potentially unsustainable levels of debt. Further risks arise, according to the article, that China would be able to gain control over strategically important infrastructure, such as airports and telecommunications systems, through which cyber espionage and organized crime could happen. Risks relating to diverting global trade flows to a more Sinocentric direction are pointed out.
- In 2018, ambassadors from all EU member states except Hungary signed a statement that said, that BRI runs counter to the EU agenda for liberalizing trade and pushes the balance of power in favour of subsidized Chinese enterprises. Few countries have decided to start supporting the BRI after this statement.
- The EU voiced concerns regarding BRI projects on issues such as environment, lack of respect for labour, human rights standards, debt sustainability, insufficient transparency, and open procurement.
- In 2017 at the Belt and Road Forum in Beijing, European Commission Vice President Jyrki Katainen acknowledged the opportunities presented by increased connectivity between China and Europe but stated that the EU would only endorse the BRI if China adhered to principles such as openness, transparency, interoperability, and sustainability.
- Several EU politicians had declared their concerns over the BRI or refused to endorse it due to the initiative's negative aspects.

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”Britain calls China's Belt and Road Initiative a 'vision'”	Trend News, English; Baku, Azerbaijan / Reuters	2019	- British finance minister Philip Hammond said during a summit in Beijing, China, that Britain is committed in realizing the potential of the BRI. - He said that for the initiative to turn into a sustainable reality, the BRI must work for everyone. - While he offered British expertise in project financing, he mentioned that to unlock that private finance and to reassure investors, a recognized infrastructure asset class for the initiative’s projects must be created with standardized contract terms and dutiful reporting. - He said: *“Our offer is to bring together the best of Chinese manufacturing, engineering and construction, with the best of British project design and legal, technical and financial services expertise, as we promise the golden era of U.K.-China relations to deliver world class sustainable infrastructure for the 21st century.”* 0
“History meets the future: Italy joins the Belt and Road Initiative”	PR Newswire; New York, USA	2019	- Italy signed an MoU to become part of the BRI. - Still impacted by the debt crisis, Italy needed external cooperation to stimulate economic growth. - Media sources showed concerns that Italy could yield to pressure from outside countries and that the agreement between China and Italy would be a “shrinking one.” - Upgrading of port construction along the coast of the Adriatic Sea would provide a “huge capacity” of Sino-Italian trade cooperation, and China’s vast market will provide “fair opportunities” for Italian enterprises. 0
“Perils of China’s ‘Belt and Road’ initiative” Parthasarathy, G.	Businessline; Chennai, India	2019	- The article immediately claims that by using aid as a leverage, China was exploiting developing nations and establishing dominance in the Indian Ocean. - Developing nations found themselves handing over substantial tracts of territory and natural resources to the Chinese with little development for indigenous skills and expertise. - China had secured its first military base in the East African Port of Djibouti. - International concern over Kenya, as China was involved in a strategic port in Mombasa and in building a railway to Nairobi that would link the port to the capital. China was the largest lender to Kenya with debt liabilities amounting to $42

			billion, and if Kenya was unable to handle the debt, it would have to make "concessions." - The article brings up Sri Lanka as an example, stating that when the country was unable to repay its debts to China, it was forced to concede substantial control of the Hambantota Port with a 99-year lease to China. - Colombo was compelled to allow Chinese nuclear submarines to berth in Colombo. -1
"China: Xi Signals Change in Belt and Road Initiative Amid Criticism"	Asia News Monitor; Bangkok, Thailand	2019	- Chinese President Xi Jinping stated that his government was conscious of the criticism by developed and Asian countries. - China would modify the BRI to deal with issues regarding transparency, environmental risks, corruption, and debts. - A "debt-sustainability framework" to encourage compliance with international standards in infrastructure contracting was announced. - President Xi invited foreign and private sector partners to contribute funding to China-backed infrastructure projects. 0
"The Freight Railway Route From China To Europe Is Not Generating Business Volume"	Benzinga Newswires; Southfield, Michigan, USA	2019	- State-run China Railway admitted that several of the intermodal containers on trains connecting China to Europe ran empty. - Problem "largely eliminated" in 2018 when new regulations restricted the number of empty containers to 10 percent per train. - In 2019 two percent of intermodal containers heading to Europe were empty compared to six percent in 2018, 18 percent of containers returning to China were empty compared to 29 percent in 2018. - China offered subsidies to domestic exporters: until 2018 a standard of 50 percent subsidy for all shipments by rail between China and Europe, lowered to 40 percent in 2019, Beijing intended to phase out subsidies by the year 2022. - Problems exist, as most exporters prefer maritime shipping as it is considerably cheaper than using railways and only takes around 10 days longer. 0
"China: China Belt and Road Initiative a hard nut to crack for European firms"	Asia News Monitor / Thai News Service Group;	2020	- The EU Chamber of Commerce in China stated that European companies' access to projects within the BRI "leaves much to be desired." - The institution, which represents over 1,700 member companies and operates in nine cities across China, released a survey. In the survey

	Bangkok, Thailand / DW – Deutsche Welle		European enterprises stated that while they had been eager to contribute to the initiative, they had faced a variety of barriers, such as being unable to access information on project tenders. The enterprises further noted that BRI-related projects were rarely transparent with only a few companies having learned about relevant investment opportunities through publicly available information on procurement, and nearly all respondents said that they were brought in by either their Chinese business partners, or by the government of China. - Lack of transparency made multilateral lenders such as the WB and the AIIB "keeping a low profile" in regards of BRI-projects due to their strict criteria for investments, hence almost all of the financing came from either Chinese banks or Chinese enterprises. - Most of European enterprises who had managed to become involved had only played niche roles by supplying specific technologies or by contributing their expertise in emerging markets. - 40 percent of respondents saw vertical integration of Chinese state-owned companies, which enabled them to provide all relevant activities for the BRI-projects. - IT-sector was in special focus, as China had withheld licenses for overseas tech companies to operate in its markets for decades, but was now exporting its own technological standards overseas, often through end-to-end Chinese providers that left no room for international rivalry in hardware and software chains. -1
"The Dark Shadow of Chinese Globalization Falls Over Italy", O'Dea, Christopher R.	CE Think Tank Newswire; Miami, Florida, USA	2020	- The author claims that China has reverse-engineered the logic of conquest: by quietly acquiring a global network of commercial ports from countries and investors unable or unwilling to maintain their critical economic infrastructure, Chinese SOEs now control a base of network of the sort that previous global hegemons obtained through military victory, and China would accelerate its efforts in using economic leverage to pull host countries deeper into China's orbit with the help of the COVID-19 pandemic. - Italy signed an MoU on the BRI with China in 2019 and proceeded to sign nearly 20 agreements to build new port and road infrastructure, initiate scientific cooperation in

			space science and technology, boost exports of foods, and to gain FDIs from China. - Surveillance drones, disinfection robots, AI-powered epidemic-forecasting systems, no-contact technology for online education, new factories to make fabric for protective masks, and masks themselves brought China significant export opportunities during the pandemic. - The author claims that provision of seemingly humanitarian aid to Italy and other Mediterranean nations was, in fact, a practical move by China to protect some of its largest and strategically valuable overseas investments as well as an attempt to gain more geopolitical power. - By targeting economically weak nations, Chinese enterprises bought contracts that would grant them rights in rebuilding and managing ports, container-handling facilities, railways, and roads for decades, the author claims. - Chinese SOEs and Chinese-allied enterprises now control a commercial network that connects South / Southeast China to major consumer markets in North America, Latin America, Africa, and Europe. Contracts for operating the ports and logistics sites are ongoing for decades. - Main container ports in Spain, Italy, and Greece are controlled by COSCO, or "China Ocean Shipping Company", a SOE. - Included in the MoU signed by Italy and China are terms calling on Italy to accept financing from the AIIB, to establish a strategic partnership between Bank of China and one of Italy's main investment banks, and for the ministries of finance from China and Italy to collaborate on financial and structural reforms. - The author states that as ports are "seats of power," China could use the ports under its control for intelligence gathering, cybersurveillance, and extending supply lines for its military naval forces. -1
"Chinese Companies Win Billions in European Taxpayer-Funded Contracts; European contractors say	Wall Street Journal (Online); New York, USA	2020	- According to an analysis by the Wall Street Journal, Chinese state-backed enterprises had significantly increased their presence in Europe's public-procurement markets in 2019. - The markets are one of the world's largest, valued by EU officials at around €2 trillion annually. The bloc invites enterprises globally to

Beijing-backed conglomerates undercut rivals in the EU's public-procurement market", Michaels, Daniel	bid on building its roads, bridges, power grids, and rail networks. - In 2020, Chinese enterprises landed tenders valued at almost €2 billion, doubling their wins in any previous years. - European enterprises claim that they are being out-priced on their own turf by conglomerates owned or subsidized by China via predatory pricing with bids that were up to 30 percent below rival offers. - The chief economist for Asia-Pacific at French bank Natixis claimed that European taxpayers were paying the Chinese government to build their infrastructure, which in turn weakens taxpaying European enterprises. - China restricts foreign enterprises from winning government-funded procurements domestically, much like the US often does. However, American enterprises operate and are financed on commercial terms, while many Chinese enterprises receive a significant boost from their government. - Director general of the European Construction Industry Federation said that when numbers on bids are looked at, prices that no private enterprise could compete with are seen. - Chinese Premier said on a visit to Europe in 2019 that Chinese companies would abide by EU contracting standards and rules. - The article claims that international infrastructure contracting is growing in importance for Chinese enterprises, particularly as part of the BRI. - The article points out a controversial tender win for China, where a Chinese bidder undercut three rivals by 48-66 percents in building a subway tunnel in Stockholm, Sweden. - European enterprises acquired by Chinese investors had won contracts for German rail equipment, French sanitation-system maintenance, and Italian coastal patrol boats. - Chinese construction contractors that had sourced their industrial machinery from German mid-sized, often family-owned engineering companies, now were able to buy comparable equipment from state-funded Chinese conglomerates that benefitted from vast economies of scale and produced everything in-house. -1

"Rome and Beijing: Divorce Italian style?"	The New Presence (Online); Prague, Czech Republic / EUROZINE	2021	- Due to transatlanticism, security risks, and domestic resentment, Italy's enthusiasm for Chinese investments cooled down. - In 2019, when President Xi Jinping visited Rome, Italy signed an MoU on the BRI with China. At the same time, the Chinese president signed some 30 economic memoranda on Chinese investments in Italy. - In 2021, the Italian government blocked two major Chinese investments and supported NATO's stern warnings about China's coercive policies. - Italy's foreign minister stated: *"Italy is a strong trade partner of China; we have historic relations, but they will not interfere with the relationship we have with the US and NATO."* - Italy's advanced and centrally located infrastructure was a key target for Chinese buyers, as 35 percent of the country's electrical grid and 49 percent of the port of Vado fell into Chinese ownership, and high-profile Italian enterprises such as Telecom Italia, UniCredit, Pirelli tires, and some enterprises in entertainment, hospitality, and sports had significant Chinese partners or ownership. - The article claims that in recent years two of China's partners, Hungary and Greece, had "watered down" or blocked EU resolutions on Hong Kong and the South China Sea. - The Italian public had long been negative against China due to antipathy towards the Chinese community in Italy. Many Italians resented the Chinese-run sub-economy due to it being a threat to local labour, Italian SMEs, and to the "Italian way of life." - The director of a port in Venice stated: *"[The BRI is] a huge design aimed at controlling trade flows and controlling the main global value chains. If you control those, you don't need to control any army anymore."* - Italy's ports and economy have not seen a significant value added from the BRI. - During 2017-2018 the European Commission, the European Parliament, and most EU ambassadors criticized the China's BRI policies and imbalances in trade and investment deals. - In 2019 the EU labelled China as an economic rival and called attention to the rapid, unregulated growth of Chinese investments in

			the bloc, lack of reciprocity, the role of SOEs, and issues of national security. - Italy, France, and Germany called for additional protection at the EU level. - In 2020 Brussels issued a comprehensive report on all foreign investments not originating in the EU, in which it was revealed that Chinese partners who controlled 5,000 enterprises in 2007, held over 28,000 in 2017. -1
"Beijing sets new course", Jie, Yu	World Today; London, England	2021	- Due to weaker growth forecast for China's major export markets, Beijing concluded that relying exclusively on global demand for domestic manufacturing exports is not sustainable. - Worsening Sino-US relations and increasingly difficult access to overseas markets for Chinese companies caused Chinese leadership to reassess their sources for growth. - Regarding the BRI, Beijing realized that passion for the initiative is not being shared abroad, partly due to serious risks involved in it. - In China's 14th Five-Year Plan covering the years 2021-2025 focus on domestic economic challenges, their management, and China's position in the Asia-Pacific region is highlighted. - In the plan, the BRI is seldom mentioned, and no new state capital has been raised for its projects since 2019. - Beijing needed to narrow down its objectives and steer its focus on East Asia and the wider region, and as China signed a Regional Comprehensive Economic Pact, which is a free-trade agreement among fifteen Asia-Pacific nations including China, Beijing had an incentive to pivot its priorities on foreign affairs to its neighbours, further away from Eastern Europe and the Middle East. -1
"Silk EV And FAW Launch Global Joint Venture To Develop Hongqi 'S' Series Of Ultra-Luxury New Energy Sports Vehicles: First joint venture between China and Italy in the super premium and	PR Newswire; New York, USA	2021	- Silk EV, a global automotive engineering and design company, and FAW, China's largest car manufacturer, announced the launching of a joint venture to develop a series of high-end sports vehicles for China and global markets. - A vehicle series, according to the announcement, would be designed and manufactured in the heart of Italy's Motor Valley. - As development of the vehicle series continues, production would be both in Italy and China.

premium auto segment”			- The joint venture between Italy and China had a commitment of over €1 billion. - The Chairman and Party Secretary of FAW Group said that this joint venture marks a major milestone under the BRI for China, Italy, and the global automotive industry. +1
“China-Pakistan Belt and Road Initiative Hits Buffers”	Energy Update; Karachi, Pakistan	2021	- According to an interviewee, local vendors and suppliers have not benefited from the China-Pakistan Economic Corridor (CPEC), a BRI project. - President of Gwadar’s Rural Community Development Council said: *“China only procures sand and gravel locally for construction projects, all other raw materials are imported from China leaving very little for local industry.”* - The main road to Gwadar Port was blocked by thousands of protesters who demanded basic amenities, water, power, and access to the sea. - FDIs and trade reported as diminishing, with Chinese manufactured goods and materials exports to Pakistan down 40 percent between the years 2016-2020. - Number of projects stalled, as China was meant to lend $6 billion, but unresolved differences between the two countries’ governments had brought negotiations, and the projects, into a halt. - Islamabad, capital of Pakistan, alarmed by the costliness of Chinese projects, as a CPEC power project was 25 percent more expensive than the international norm. - Economic cooperation faced challenges, as terrorist attacks on Chinese interests bring instability. -1
“Tension mounting between China and the West”, Zamir, Muhammad	The Financial Express; Dhaka, Bangladesh	2021	- EU’s “Global Gateway” initiative is a multi-billion USD project that challenges the BRI. - The global investment plan rivals the BRI in digital, transport, climate, and energy schemes, and it is regarded as part of the West’s attempts to counter Chinese influence globally. - The EU was researching how it could leverage billions of euros that would be drawn from member states, financial institutions, and the private sector. - Analysts remarked that this initiative could be considered the first notable effort by the EU to “put packages together and figure out financing mechanisms” so that nations considering loans from China would have an alternative.

			- The EU had emphasized that its effort would be transparent, values-based, and aimed at creating links instead of dependencies. - The article claims that EU-China relations have suffered due to sanctions and counter sanctions over human rights issues. 0
"Estonian ex-diplomat: China gaining foothold in Ukraine"	BBC Monitoring European; London, England	2021	- As Ukraine is stuck between Russian aggression and the West's stance on corruption, Ukraine is facing pressure to do more business with China. - In 2021, Ukraine's President Volodymyr Zelensky signed a partnership agreement with China, making Ukraine part of the BRI. - While unspecific, China's interest and readiness to invest in Ukrainian railways, seaports, airports, and its telecom infrastructure becomes clear. - The signing became as a surprise, as earlier in the year Ukraine refused to sell its space company [sic] (the article notes that it was, in fact, an aero engine and industrial gas turbine company) to China. - Ukraine rescinded its signature under the international statement that condemned human rights violations in Xinjiang, China, which the article links to the pressure Ukraine was facing from China, which threatened to restrict trade and not deliver Ukraine the COVID-19 vaccines which Ukraine had already paid. - Ukraine had not received enough connections nor support from the EU or USA for developing its economy, which, according to the article, stem from Ukraine's rampant corruption. - China's interest in Ukraine's defence industry and agricultural input are highlighted, especially as China tried to acquire agricultural land from multiple countries. - China had begun to set various BRI projects on hold due to, for example, corruption scandals, violations of labour laws, and disregard of environmental regulations, which involved 35 percent of the initiative's projects. -1
"World: Can the EU's global investment scheme rival China's Belt and Road?"	Asia News Monitor; Bangkok, Thailand / Thai News Service Group / DW -	2021	- The EU promised investments to Southeast Asian countries, when their values-based regulations on transparency and good governance are met. - These investments are part of EU's new Global Gateway initiative, which aims to mobilize up to $339 billion in infrastructure investments abroad by the year 2027.

	Deutsche Welle		- The initiative gathers funds from a combination of EU funds, investments from member states, and capital raised by European investment banks. - European Commission President Ursula von der Leyen said in a statement: *“We will support smart investments in quality infrastructure, respecting the highest social and environmental standards, in line with the EU's democratic values. The Global Gateway Strategy is a template for how Europe can build more resilient connections with the world.”* - While not a direct rival to China’s BRI, it is assumed in the article that this is at least an indirect form of it. - EU ambassador to the Association of Southeast Asian Nations (ASEAN) bloc stated: *“[Global Gateway] of particular importance in Southeast Asia. This will include strengthening cooperation on climate change and protecting the environment, boosting trade competitiveness and resilient supply chains, on sustainable infrastructure and green finance, digital transformation, as well as people-to-people exchanges."* - China had already provided $740 billion worth of BRI projects in Southeast Asia alone. - A researcher on Southeast Asian strategic affairs at The Australian National University had stated, that the EU’s investment scheme would face challenges in Southeast Asia, as its values-based approach may not be well received by authoritarian regimes and China’s BRI does not have similar restrictions. - Despite not being able to rival the BRI on scale, EU may find synergies in Southeast Asia with USA and Japan. 0
“Have we passed peak China?”, Wilson, Elliot	Euromoney	2022	- Two years into the COVID-19 era sees a time where China’s overseas lending to developing nations has collapsed. - The Asian Development Bank reckons China’s FDIs to Asia halved between the years 2019-2020, from $56,6 billion to $29,7 billion. - Outbound mergers and acquisitions, M&As, have also dwindled in Asia in mainland China’s corporates from $32,7 billion in 2017 to $10,8 billion in 2021. In Africa deal-flows fell from $5,24 billion in 2016 to $1,38 billion in 2021. Latin America follows the trend with $15 billion in 2017 to $1,25 billion in 2021. Middle East saw

			diminishing investments from mainland China as well, as 2016 saw a $5,2 billion in FDIs but in 2020 only $100 million. Similar trend in Latin America, where Chinese FDIs to the region became to a halt in 2020-2021. - The article claims that China was facing significant economic challenges, partly due to notable COVID-19 restrictions, but not fully because of them, and now had to redirect capital from foreign to domestic projects. - China's policy banks had faced a series of scams, corruption issues, and scandals. President Xi Jinping's anti-corruption measures were creating further delays for new loan approvals. - Western officials and non-governmental organizations made "damning accusations" which in their own turn caused China's lending abroad to face challenges. - Whether the BRI has come to a complete halt or is just repositioning, the article ends with the following quote: *"The abundance of capital that fuelled the BRI isn't there anymore."* -1
"War in Ukraine threatens BRI, disrupts China-Europe rail freight"	Euromoney; London, England	2022	- The New Eurasian Land Bridge (NELB), a BRI-linked overland trade super-connector that runs 10,900 kilometres from Rotterdam to Lianyungang, became a route of questionable promise after Russia attacked Ukraine as it runs en route from Holland to China via Poland, Belarus, and Russia. - 78 freight routes connected Europe to China, reaching 180 cities in 23 European countries with a total value of two-way overland trade in 2021 reaching $74,9 billion. - This vital link in the global supply chain is now under questionable future, as European enterprises may discontinue using this route, indicating major challenges for already-faltering BRI. - According to a source in the article, if European enterprises cannot work with Russian Railways – a key player in the route – the New Silk Route transit through Russia becomes impossible. - A San Francisco-based freight forwarding and customs broker said that it had ceased accepting bookings on its China-Europe Trans-Siberian railroad services, effective immediately. - While freight continues to move along the rails, exporters on both ends and the financial

			institutions that finance them would face a fraught operating environment. -1
“What Will Russia’s Invasion of Ukraine Mean for China’s Belt and Road?”, Forough, Mohammadbagher	The Diplomat; Tokyo, Japan	2022	- The Russian landmass was the most reliable land-route for China to reach Europe, but due to Russia’s aggression against Ukraine, the article claims, these land connectivity dreams have been “killed.” - The 17+1, a cooperation platform within the BRI for China (1) and Central and Eastern European countries (17) was already facing setbacks due to political reasons, but due to the war any short- to medium-term prospects for a robust 17+1 platform disappeared. - China-EU connectivity will have to rely more on maritime shipping over railroads. - BRI can, however, bypass Russia and reach Europe via other corridors, such as the Central Asia-West Asia corridor that goes through the Caspian region, Iran, and Turkey, or alternatively via the China-Pakistan Economic Corridor, which is also connected to Iran and Turkey via roads and railways. Other corridors beyond these two exist, indicating ample opportunities for BRI connection between Europe and China. 0
“World: China's Belt and Road Initiative (BRI) under serious pressure ahead of 20th Chinese Communist Party Congress”	Asia News Monitor / Thai News Service Group; Bangkok, Thailand	2022	- The BRI has faced much controversy due to its dismal performance resulting from mismanagement, debt crises, and corruption in debtor countries. - While the multi-billion-dollar initiative aims to link Southeast Asia, Central Asia, the Gulf region, Africa, and Europe with networks of land and sea routes, global critique for its design flaws such as lack of transparency in loans, insufficient project risk management, lack of studies on environmental and social impacts leading to protests, corruption, chronic delays have risen. Further questions and debates have circled the initiative regarding the sustainability of high-profile infrastructure projects and collateral clauses, in which China may have the right to seize strategic assets in countries that default on their loans. - Chinese Foreign Ministry stated that the Chinese debt trap is a lie made up by the US and some Western nations. China has signed BRI cooperation documents with 149 countries and 32 international organizations, adopted over 3,000 cooperation projects worth nearly $1

			trillion of investments, and implementing the G20 Debt Service Suspension Initiative. - BRI countries might have hidden debts and undisclosed liabilities up to $365 billion. - Chinese state banks that are lending to the BRI are experiencing challenges with bad debts. - As global financial institutions are tightening their debt monitoring, China has become more cautious about BRI financing with its big policy banks growing increasingly concerned about borrowers' ability to repay loans. - According to experts, the BRI will be adjusted, and it may shrink from a strategic vision of economic cooperation across land and sea to a regional multilateral cooperation initiative, or completely abandoned on a gradual basis. -1
"What Happened to the Belt and Road Initiative?", Brînză, Andreea	The Diplomat; Tokyo, Japan	2022	- Nearly a decade after its launch, the BRI is slowly vanishing from Chinese leaders' speeches, replaced with a new initiative, the "Global Development Initiative" (GDI). - President Xi Jinping no longer spoke about the BRI in his speeches in 2022, apart from brief mentions such as "advancing high quality Belt and Road cooperation." - In 2017 and 2019 President Xi Jinping was using the Belt and Road Forum to welcome global leaders to Beijing, but in the past years there has been no presidential forums, but rather lower-level forums. - The GDI was launched during President Xi's speech at the U.N. General Assembly in 2021. The article claims that this new initiative is as vague as BRI used to be, and it is about promoting development in parallel with the U.N. 2030 Agenda for Sustainable Development by improving people's lives, helping developing countries, driving innovation, and being a link between people and nature. - The author claims that as BRI's image has been negatively affected by accusations of debt traps, colonialism, ecological issues, and poor standards, China is using this new initiative to replace the tarnished image of BRI while staying fundamentally the same. - China emphasized that it does not want to replace the BRI with the GDI, but rather they are "twin engines to enhance cooperation in traditional areas and foster new highlights" and

			that it will form synergies with other initiatives, such as the BRI. - The BRI increasingly called the "Belt and Road cooperation" rather than initiative. -1
"European response to China's Belt and Road initiative has yet to find its way"	CE Noticias Financieras, English edition; Latin America / Translated by Content Engine LLC; Miami, Florida, USA	2023	- After the announcement of the BRI, European nations remained quiet. This could be, according to the article, due to Europe preferring to wait and see the implications of the initiative, or because they were waiting to form a consensus on the matter overreacting individually. - In 2021, EU announced the Global Gateway, which was labelled as the EU's new infrastructure drive that would be an alternative for the BRI. - Up to $318 billion by 2027 for modern infrastructure projects outside of the EU was promised. - A comparison to China's BRI is given, which amounted to $1 trillion. - The EU and the US are concentrating on the Global Gateway, which would be based on a model of democratic rules, sustainable objectives, and financial transparency. - After a year since the European project was announced, no official or "on the ground" movements can be seen. - Among European parliamentarians, uncertainty of not knowing where the funds for the project come from remains. 0
"DF Connecting to China | The Belt and Road Initiative falters", Kynge, James	The Financial Times Ltd. / CE Noticias Financieras, English edition; x / Translated by Content Engine LLC; Miami, Florida, USA	2023	- China has expanded its bailout loans as BRI falters after debt write-offs, scandalous projects, and allegations of corruption. - According to a study, China granted bailout loans for developing countries worth up to $104 billion between 2019-2021, a figure as large as the country's bailout loans in two previous decades. - Between 2000-2021, China conducted 128 bailout operations in 22 debtor countries for a total value of $240 billion, according to a study by AidData, WB, Harvard Kenney School, and the Kiel Institute for the World Economy. - China refuses to participate in multilateral debt resolution programs despite its membership in the International Monetary Fund (IMF), preferring the bilateral approach with its debtors. -1
"Italy: Italy abandons the 'Belt	Asia News Monitor /	2023	- Italy facing challenging decisions, as it balances its relationships with China and United States.

and Road' initiative”	Thai News Service Group; Bangkok, Thailand / Euronews		- Italy’s prime minister has opted for abandoning the BRI that is set to expire in 2024 and forming closer relationship with the US. - A professor of international relations at Rome’s LUISS-Guido Carli University explained, that while the signed MoU is not a contract and therefore has no legal implications nor duties that the two parties must comply with, it is above all an agreement between the parties that has political significance for China and Italy. - Remaining in the “Chinese orbit of influence” is challenging for the White House, but the Italian prime minister does not want to damage Italian enterprises by definitively distancing her government from China, indicating that alternative agreements could be signed with Beijing. - US President Joe Biden launched an economic recovery plan worth up to $6,8 trillion. Italy distancing itself from China is not only due to political reasons, but economic reasons as well, as Italian enterprises want to involve themselves on the American project. -1
“Environmental damage from Belt and Road Initiative projects on rise [World News]”, Dipanjan, Roy Chaudhury	The Economic Times; New Delhi, India / Bennett, Coleman & Company Limited	2023	- BRI projects have had a negative impact on the environmental in all the countries where they have been implemented, the article claims. - Reports state that the initiative increased the environmental crisis in vulnerable regions by increasing air and water pollution and have led to water shortage and soil erosion. - WB reports that large BRI projects expose the countries and their local communities to environmental and social risks, with similar studies and critique coming from World Wildlife Fund (WWF), HSBC, and European Foundation for South Asian Studies (EFSAS). - A report from the Collective on Chinese Financing and Investments, Human Rights and the Environment (CICDHA), that analysed 26 projects in multiple South American countries, stated that the Chinese-funded infrastructure, energy, and mining projects had contributed to deforestation and water pollution, and also noted that many of the projects had damaged local watersheds either by polluting them with cyanide, metabisulfite and peroxide, or by interfering with water flows that resulted in droughts or flooding.

			- Between 2021-2022, 39 Chinese mining enterprises were implicated in 102 cases of alleged human rights and environmental violations, according to a report published by the NGO Business & Human Rights Resource Centre. - As China is acting domestically to achieve goals of the Paris Climate Accord, it is relocating polluting industries to other partner countries. - The article continues to claim that China ignores the Environmental Impact Assessment when it is undertaking projects internationally. - A Chinese-backed hydropower project along the Mekong River, which passes through Cambodia, Laos, Myanmar, Thailand, and Vietnam, caused river flow changes that blocked fish migration that led to a loss of livelihood for many communities that lived off the river. Similar reports coming from Indonesia in construction of a dam. - The article claims that China plans to invest in the Polar Silk Road for shipping and drilling lanes. Greenpeace states that drilling Arctic oil would lead to over 5 degrees Celsius of global warming. - 80 percent of China's overseas energy investments through the BRI are made of fossil fuels. -1
"Italy just slammed China's trillion-dollar Belt and Road Initiative, saying it was an 'atrocious' decision to join and that it's barely benefited from the deal", Kai, Xiang Teo	Business Insider, US edition; New York, USA	2023	- Italy's defence minister "slammed" his country's decision to join the BRI, describing it "improvised and atrocious." - Italy joined the BRI in 2019 as the largest economy to do so and is the only G7 country involved but is now contemplating on a diplomatic exit by the end of 2023. - The defence minister stated that the pact had multiplied China's exports to Italy, but little progress had been seen in exports from Italy to China. - Italy's exports to China rose from €13 billion in 2019 to €16,4 billion in 2022, while China's exports to Italy rose from €31,7 billion in 2019 to €57,5 billion in 2022. - Italy and China's deal expires in 2024 but will automatically renew unless either country informs the other otherwise. - Eurasia Group analyst said that Italy is likely to exit the BRI by the end of the year, as Italy's prime minister's priority is to bolster her standing with Washington and other allies. -1

"X-Ray of the Belt and Road Initiative"	CE Noticias Financieras, English edition; Latin America / Translated by Content Engine LLC; Miami, Florida, USA	2023	- In the first six months of 2023, China's commitments to the 148 BRI countries show around 102 bilateral agreements worth up to $43,3 billion, equivalent to 60 percent of the investment pledges the country made in all of 2022. - Since its inception in 2013, the initiative has accumulated investment commitments of over $1 trillion in 148 countries, of which over half are in infrastructure construction contracts, rest in non-financial investments. - China's BRI investments operated in 45 nations in 2023, of which 24 nations receive infrastructure investments and 29 receiving construction commitments. - Highest receivers so far have been Saudi Arabia, Tanzania, and United Arab Emirates. - BRI has seen strong expansion in sub-Saharan Africa and South America, with the former seeing a 130 percent YoY increase in Chinese financial investments, and a 69 percent increase in construction contracts, while South American nations saw no construction commitments but a 227 percent growth in financial investments. - At a sector level BRI remains focused on energy and transportation, but agriculture and energy sectors were the fastest growers for Chinese investments. - Following China's $7,6 billion investment announcement in building a battery plant to Hungary in 2022, technology category declined in a YoY comparison. - 2023 sees a notable investment in Serbia to two automobile factories, a chemical materials plant and a copper processing plant in Saudi Arabia, a wind turbine factory in Brazil, and lithium mines in Mali and Zimbabwe. - Approximately 41 percent of China's overseas energy investment commitments were in solar and wind power in the first half of 2023, in addition to an additional 14 percent in hydropower, 45 percent of energy investments going to oil and gas projects, followed by "a handful" of coal plant projects. 0

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APPENDIX 5 – INTERVIEW QUESTIONS

1. How do Finnish SMIEs generally see the Chinese market?

2. In regards of opportunities for growth and new market capture, are possible opportunities recognized?

3. Do Finnish SMIEs generally possess knowledge or prior experience about opportunities in China?

    1. If so, how has prior knowledge or experience been attained?

4. Are there any common challenges when trading with China and Chinese companies?

    1. If so, what kind? How are these challenges solved?

5. Do Finnish SMIEs commonly have social networks or other similar network structures in Chinese industries prior to market entry?

    1. If so, what kind? Where did they acquire them?

    2. Do Finnish SMIEs experience challenges with Chinese network gatekeepers, or have they found them useful?

6. Do Finnish SMIEs experience negative aspects upon market entry, such as liability of foreignness?

    1. If so, what are typical challenges?

    2. How are these challenges solved?

7. How do Finnish SMIEs view FDIs to and from China?

8. Has Russian aggression against Ukraine affected trade and FDIs with China?

9. How do Finnish and Chinese formal and informal institutional environments affect trade and FDIs with China?

10. What kind of internationalization methods do Finnish SMIEs prefer, and why?

    1. What affects these choices?

    2. In an ideal situation, how would Finnish SMIEs internationalize to China?

11. How is the BRI viewed in general?

12. With BRI approaching Europe, have Finnish SMIEs identified any potential in it, either directly to China or along the BRI countries?

    1. If yes: What kind?

    2. If not: Why?

13. Anything that should be noted in regards of Finnish SMIEs' opportunities in China, and in case Finland joins the BRI?