"Worse than Cocaine"

Assessing the Impact of Alibaba's Mega-Hub in Liege, Belgium

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Main observations:

1) Despite its image as a champion of entrepreneurialism, Alibaba has always been expected to help advance Chinese state capitalism.

2) It has formed several strategic alliances with Chinese state-owned or state-dominated companies, and fulfils a very important role in Chinese technology, trade, and industrial policies.

3) As China's Belt and Road Initiative (BRI) sought to gain more access to foreign markets, Alibaba and its World Electronic Trade Platform (eWTP) have been instrumental in this new open-door policy.

4) In attracting Alibaba to Liege Airport, the Belgian government showed itself oblivious to this broader strategic context. Despite Chinese policy aiming at other objectives, it insisted that Alibaba's investment in Liege would create export opportunities for Belgium small and middle-large companies.

5) Several years after the start of Alibaba's activities at Liege Airport, air-transported trade between Belgium and China has only become more unbalanced. The business-to-consumer traffic consists almost exclusively of imports from China.

6) While the Belgian government expected eWTP to make trade more transparent, customs services remain unequipped to guarantee safety and proper taxation. Customs officials consider the Chinese e-commerce traffic even more difficult to administer than illicit drugs trafficking, and Chinese companies more inventive than drugs traffickers.

7) As such, Alibaba's activity in Liege testifies of unrealistic policy. It undermines safety, trade, and environmental standards, both at the national level and at the European level.

Introduction

Alibaba is China's largest e-commerce company. In 2016, it announced that it would expand its activities in Belgium, initially by establishing an export hub for small and middle large Belgian companies. It was celebrated as a sign that China was rolling out its digital Silk Road and that Europe was set to benefit from this. In the subsequent years, it also explored the possible construction of an important logistics hub. In 2018, Alibaba agreed that its logistics branch, called Cainiao, would build a large logistics centre at the airport of Liege, also called Bierset, located in a region characterized by relatively high unemployment and deindustrialization. The airport of Liege, at that time, was already one of Europe's largest cargo airports and one of the few airports in Europe operating 24/7.

The Airport of Liege promised to make a large terrain available, at the detriment of other foreign investors that were also interested in the project. Expectations were high at the time. One of the poorer regions in Belgium, the local government expected that Alibaba would create 3,000 jobs, of which 900 direct jobs.[1] The national government also explained that Alibaba's arrival would generate precious opportunities for Belgian exporters to penetrate the Chinese market. Moreover, Alibaba's global digital platform would give a boost to the efforts of local small and medium enterprises to internationalize their efforts. Expectedly, more cargo flights have been arriving from China at Liege airport since 2018. In 2021, Alibaba opened its eHub, a warehouse of 30,000 m2, a first step towards a facility that was expected to expand to 220,000m2. Few of the initial promises materialized. Only a small number of direct jobs have been created. Belgian companies hardly increased their exports via Alibaba's hub in Liege. Meanwhile, customs agents are engulfed with hundreds of millions of Alibaba packages, unable to inspect them properly. A senior customs official summarized: "This is worse than cocaine!"[2]

This paper reconstructs how this came about and identifies three important explanations. First, Belgium naively assumed that it dealt with an innovative private company, whereas Alibaba remains a spider in the web of state capitalism. Critical reflection about its role was undesired at the time of initial negotiations. Second, there was no assessment of any kind about the extent to which Belgium companies could effectively export via Alibaba. Promoting exports through Alibaba was a pledge rather than a policy, leave alone a strategy. There was no realistic analysis in that regard of how trade flows would develop and how it could be avoided that the Alibaba project would exacerbate the problem of unbalanced trade that already existed between Belgium and China. Finally, there was no realistic calculation of how much efforts the flood of business-to-consumer goods would require in terms of customs capacity. "We were overwhelmed," an official in the Ministry of Finance summarized.[3]

At the fundaments, the unbalanced and overwhelming traffic via Alibaba in Liege reflects a profound disequilibrium. On the one hand, we find a small, industrially stagnant country, desperate to attract foreign investments, yet unequipped to prepare and handle a large project like Alibaba. On the other hand, we find a large company, which eagerly played Belgium off against other European countries and only had to establish the connection between Europe's consumer market and China's glutted factories for a flash flood of goods to materialize. In that regard this case reflects a stage of naivety in Europe towards China. But it also reveals the sheer incapacity of policymakers to come to grips with the downside of Chinese state capitalism.

This paper is meant to be a case study in that regard. It draws from data about Alibaba's trade flows in Liege, from Chinese policy documents about e-commerce, and from exchanges with about a dozen of insiders that permit to reconstruct the process that led to the establishment of Alibaba in Liege. Some of the interviewees were involved in the negotiations between 2015 and 2018; others handled the activities of Alibaba in Liege at the time of writing this paper. The text provides insights that are relevant for policymakers, but also contributes to the broader debate about EU-China relations and the tension between open markets and Chinese state capitalism.

Market versus state

"We were all entranced by him," an official recollects about a meeting between Alibaba's founder, Jack Ma, and the King of Belgium during the latter's visit to China in 2015, "We thought that he was like Steve Jobs, a hero, and when he said that he looked for a place in Europe, we wanted to be that place. No, we had to be that place."[4] In the months following the visit, officials tried to find out more about Alibaba's expectations for Europe. There was some nervousness, because the Dutch government was also making overtures.[5] As the King was said to have "a good chemistry" with Mr. Ma, the government encouraged further exchanges during the meeting of the World Economic Forum in Davos, in January 2016. The overall perception of Alibaba was that of a high-tech multinational, a harbinger of China's opening-up. "Politicians considered Alibaba like any other large multinational company, which had a lot to offer in terms of its technology and innovation."[6]

Prime Minister Charles Michel, 2020: *"I am excited to welcome eWTP to Belgium and the commitment of Alibaba to improve the competitiveness of Belgian and European firms on the global stage in this partnership. This will be a huge opportunity to boost exports and bring wide reaching economic benefits to society, including employment opportunities to Liege. Participation in eWTP underlines our country's vision to help local small and medium-sized companies to be more competitive in the global marketplace."*

Between 2016 and 2018, when Alibaba made its first entrance in Belgium, none of the main government services formulated reservations or were concerned about the relation between Alibaba and the Chinese government, or its role in China's economic system. Officials spoken with for the preparation of this paper were not aware of any in-depth analysis by the Belgian government at that time about the company's significance in China's state capitalism. In a memo of the Ministry of Foreign Affairs of 2019, it was expected that the presence of companies like Alibaba would allow Belgium to build a modern and open framework that benefited stakeholders in Belgium, and that it was a very good thing that the region around Liege was catching up by attracting high-tech players like Alibaba.[7]

Still, it became increasingly clear between 2016 and 2018 that the Chinese government had no intention to set Alibaba free as a normally functioning private company. Already early on, state banks helped it grow. In 2012, the China Investment Corporation, the China Development Bank, and CITIC Capital, all bought shares. The China Development Bank also agreed on a $1 billion loan. In 2014, Alibaba was allowed an indirect IPO on the New York Stock exchange, that generated US$ 20 billion. The condition remained that foreign investors would not buy direct shares from Alibaba, but from an investment vehicle, without voting rights.[8] So, foreigners were allowed to invest, but not to own. In fintech and cloud computing, good for about twenty percent of Alibaba's revenues, the Chinese market remained highly protected. Branches like Alipay and Ant all developed close connections with state banks and insurance funds. Cainiao, the logistics arm, was set up in 2017 with a US$ 1.2 billion credit line of state-owned China Life Insurance. From the moment that Alibaba became too influential, the state intervened, side-lining Jack Ma, and forcing it to give up some of its activities. That happened in 2018, at the same moment that Belgium did everything to make it invest in Liege. Alibaba has never been state controlled, but it was state-shielded, partially-stated financed, and is increasingly state-guided. In 2023, the Chinese government acquired a golden share in Alibaba, increasing its grip on the company.

Alibaba became an important node of state-controlled activities: from logistics, tofinance and manufacturing. In maritime shipping, Alibaba has alliances with state-owned China Merchants and COSCO Shipping. In Belgium, Alibaba's Cainiao has an agreement with COSCO Shipping in which the latter takes care of intercontinental transport and the former manages the forwarding to the hinterland. In air transport, Alibaba's Cainiao bought a 15 percent stake in state-owned Air China Cargo. Beijing has instructed its logistics companies to overcome China's current "problem of insufficient independent and controllable capabilities" in air freighting. "China has only 190 all-cargo aircrafts," it argues, "A quarter of Fedex."[9] Alibaba also has a strategic alliance with state-owned China Railway (CRC), the world's biggest railway operator. China Railway was established with the aim of building a competitor for European companies like Deutsche Bahn.[10] CRC is China's main stakeholder in the China-Europe Railway Express, a flagship project that is part of the Belt and Road Initiative.[11] In road transport, Cainiao has a programme to develop self-driving trucks, together with state-owned SAIC and Dongfeng. Cainiao became a shareholder in several road freight companies, such as ZTO Express, which already offers mid-mile delivery in Europe, operating from Hungary, YTO Express, which expands mainly from Spain, and STO express, which has a hub in Belgium. In 2019, Alibaba became a shareholder of 4PX Express, one of China's biggest road transport companies. In addition, Alibaba has joined forces with the State Post Bureau to promote last-mile delivery activities abroad."[12] Their first objective will be to expand in the Chinese markets. STO, for instance, states it wants to gain "a quarter of the China-related market share from big global delivery firms like DHL, UPS, TNT and FedEx in the next one or two years, as its fees are only half theirs."[13] In the long run, their ambition is also to seize a bigger share in the European market. "In the past two years, we have begun our expansion in

Southeast Asia, and will continue to expand our presence in Europe and the United States."

In the financial sector, numerous Chinese state-owned banks have worked with Alibaba to commercialize fintech products, including Alipay: Agricultural Development Bank of China, ICBC, CCB, CMB, Ping An Bank, Postal Savings Bank of China, Bank of Shanghai and Industrial Bank. The other way around, Alibaba also signed agreements to commercialize products of state-owned banks. China Construction Bank, for instance, has a strategic cooperation agreement that allows Alibaba to offer the Bank's wealth management products on its payment platform Alipay and wealth management platform Ant Fortune. In 2020, Bank of China inked a new agreement with Alibaba to develop a new ecosystem for internet banking. In the digital domain, Alibaba works with state-owned ZTE to develop its 100G transmission network and has bought ZTE software to expand its cloud computing. State-controlled Huawei on the one hand competes with Alibaba in cloud services, but on the other also set up an alliance to advance systems and standards for the metaverse, and Huawei agreed to feature content of Alibaba's Youku on its pre-installed video apps. With Xiaomi, it develops wearable devices that are linked to the users' identity, to "make wireless payments with the wristband as well as a variety of other implementations such as opening hotel room doors or buying cinema tickets". Since 2016, Alibaba partners with state-owned China Telecom and China Unicom to build data centres.

Chinese policy papers, such as the five-year programmes for e-commerce continually emphasized the importance of closer cooperation between e-commerce platforms and other Chinese companies. Alibaba, considered a "key enterprise", thus acts like a system integrator.[14] It should lead a "formation of dragons to the sea."[15] The Ministry of Commerce specified that e-commerce firms will "help expand market share along entire value chain from marketing to payment, from logistics to financial services and along the complete industrial chain."[16] They are also instructed to aim at independence and to make a contribution to the state's power. "E-commerce will turn into a key driving force for our country's economic, scientific, technological, and comprehensive power," the government explains, "(This will happen) through independent innovation in... 5G, big data, the internet of things, artificial intelligence, and virtual reality."[17]

It is curious that while it became increasingly clear that Alibaba was expected to act as a system integrator for a raft of strategic and often state-controlled activities, that the Belgian government kept referring to it as a normally functioning private company. Despite even the side-lining of Jack Ma, no reflection was ordered inside the government to study the relevance of Alibaba in China's economic policies and the possible consequences in terms of unfair competition in Europe. It confirms that it is not evident for small open states like Belgium, to come to grips with the downsides of Chinese investments. It also illustrates that while China actively stimulated horizontal alliances between key companies and a proactive strategy towards global supply chains, the approach of the Belgian government was fragmented and reactive.

Imports versus exports

"Our expectation was that we would get a part of the Chinese market," an official explained, "That we would export a lot of chocolate and beer."[18] Alibaba cultivated those expectations. In February 2016, it announced that it would open an Alibaba-embassy in Belgium, "a physical contact point to lead Belgian producers to Chinese consumers." It vowed to recruit a hundred experts to that end.[19] "The King was really convinced that he was working for the good of Belgian exporters," an official explained, "And what officials from different departments seemed to have in mind, was indeed to help companies export to China. Everybody reiterated it." In May, Jack Ma visited Brussels. He was received by the King in the Castle of Laeken, together with a European Commissioner and Belgian business representatives.[20] The argument remained that Alibaba would support Belgian companies: "The intention is to support Belgian companies to access the Chinese market."[21] Beer and chocolates were expected to figure prominently during Alibaba's shopping festival that year. During that visit, Ma also met the Prime Minister, Charles Michel. The Prime Minister suggested that Alibaba would help small and middle-large companies penetrate the Chinese market.

Very little efforts were however made to effectively help small and medium large enterprises to export via Alibaba. It was not clear either at that point when and how Alibaba would hire the 100 employees for its hub in Brussels.[22] Only a few companies, Colruyt and JBC, made concrete plans to use the platform, among others, for exporting – Cara Pils.[23] After Alibaba announced its plans to invest in Liege, the government maintained that it would particularly give a boost to Belgian small and middle-large companies and that exports would also be stimulated. "Everyone was mobilized: from the Prime Minister's office to the Palace."[24] In May 2018, Vice-Prime Minister Kris Peeters travelled to Shanghai and met with Alibaba Group CEO; in July 2018 Jack Ma met with the King and the Prime Minister in Belgium. Export opportunities and local employment remained the main justification of putting so much effort into Alibaba's project.[25]

The previous section detailed the mismatch between the Belgian perception of Alibaba as a private company and its role in China's state capitalism. In case of the impact of trade, there was also a clear mismatch between the Belgian hope for export to China, and the fact that every Chinese policy on e-commerce prioritized export to Europe. As the Chinese consumer market grew slower than investment in production, cross-border e-commerce became an "important channel to solve overcapacity."[26] In a paper on e-commerce, the State Council clearly put export first and proposed to promote e-commerce in the framework of the New Silk Road.[27] Policy documents explained that e-commerce was not considered by Chinese policy as an opportunity to help foreign companies, but to bypass foreign companies. "The most important feature of B2C e-commerce is the ability to bypass intermediaries such as distributors or wholesalers."[28] It cuts out foreign intermediaries, another policy document stated, and gives manufacturers greater profits to Chinese brands.[29] E-commerce had to help promote these Chinese brands abroad to facilitate Chinese companies' global expansion.[30]

Many Chinese policy documents related to e-commerce were released before or around the time of Alibaba's first contacts and negotiations with the Belgian government. These documents were public and very transparent about the policy expectations. Officials involved in or with insight into the exchanges between Belgium and Alibaba have no knowledge about a possible review of the Chinese trade policy behind e-commerce and Alibaba in particular. "There just was no interest at the political level," a politician declared, "They wanted the deal done. Alibaba was in the backyard of the Prime Minister's home. He wanted to score that deal badly. Besides, we had very limited staff to bother about reading texts in Mandarin Chinese anyhow."[31] In 2020, the foreign minister defended the deal as follows: "Alibaba's arrival has directly and indirectly created job opportunities, and also promoted two-way development, allowing small and medium-sized enterprises to export their products to the Chinese market, which was not easy to enter."[32]

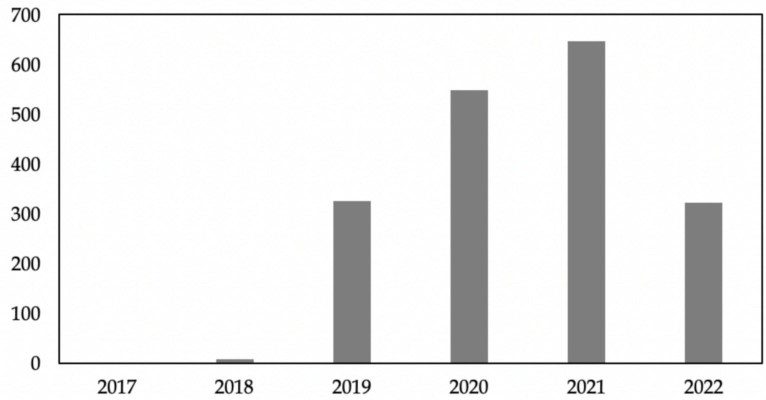

Chart. E-commerce packages delivered at Liege Airport (million items). *Source:* Belgian Customs.

But that statement was unfounded. There is no evidence that Alibaba's investment in Liege has helped small and medium-sized enterprises to export more to China. In the years following the establishment of Alibaba's activities in Belgium, Chinese exports via the airport of Liege exploded. Customs data reveals that the Alibaba traffic in Liege surged from 384,973 packages in 2017 to 649,969,780 in 2021. While this data does not differentiate between export and import, a senior customs official declared: "It concerns only import figures. We have very little export via e-commerce and absolutely none via Alibaba."[33] In practice, a large part of the incoming aircrafts from China are loaded with business-to-consumer, or B2C, packages, mostly ordered via e-commerce platforms. Of those platforms, Alibaba's was the largest. The return load consists mostly of business-to-business, or B2B, freight unrelated to Alibaba, mainly exports from Belgium's large pharmaceutical and chemical industry. And even this load is insufficient to match that imported from the Chinese e-commerce traffic. In 2021, the unloaded weight was 21 percent larger than the loaded weight.

		2020 & 2021
Value of air transported goods (EUR, bn, for Belgium)	Unloaded	12
	Loaded	9
Weight of air transported goods (kg, mn, for Liege)	Import	225
	Export	181

Table. Trade indicators for Belgium and Liege. *Source*: Eurostat.

The trade value reflects this imbalance. No specific datasets are available for the value of the traffic in Liege. Yet, an estimation is possible. Liege represents 91 percent of Belgium's total trade by air with China; the airport of Brussels the other 9 percent. Since Alibaba's arrival, the value of trade by aircraft became increasingly unbalanced. In 2020, Belgium's deficit was 151 million euros, in 2021 1,4 billion euros, and in 2022 1,8 billion euros.[34] Indeed, some of Alibaba's traffic via Liege is bound for other European member states, but this transit is not included in the national trade statistics. Besides its activities at the airport, Alibaba also agreed to develop trade by railway. In case of the trade by railway, however, the imbalance is even larger. In 2020 and 2021, total imports valued 1.8 billion; exports 383 million.[35] Hence, Alibaba's arrival in Belgium has undeniably contributed to more unbalanced trade. Customs officials are also firm that virtually no Belgian companies export via Alibaba's e-commerce platforms, contrarily to what was promised. Moreover, even the platform meant to promote Belgian exports to China, promised by Jack Ma to the King in 2016, in the end, did not materialize. The assertion of government leaders that Alibaba has helped to advance more balanced trade is thus off the mark.

Customs versus tsunami

Critical conditions for the success of Alibaba were smooth administration and customs. To that end, Alibaba launched the World Electronic Trade Platform, eWTP in 2016. It explained that the platform would lower the threshold for small companies to trade internationally. Participation in eWTP was a hard condition from Alibaba to invest in Liege. In December 2018, the Belgian government accepted to be part of eWTP. Prime Minister CharlesMichel commented: "I am excited to welcome eWTP to Belgium and the commitment of Alibaba to improve the competitiveness of Belgian and European firms."[36] From Alibaba's perspective, the main expectation was to obtain flexible and fast customs treatment at Liege airport.[37] The customs declaration and clearance would be digitalized, and the status of the package would be tracked in real time. Belgian politicians explained that eWTP would make trade more transparent and facilitate the work of the customs service.[38]

Yet, eWTP was controversial. Belgium was the third country worldwide to sign up to serve as a hub for eWTP, after Malaysia and Rwanda. To date, it remains the only European and even Western country on the eWTP.[39] First of all, the lowering of customs barriers was expected to benefit Chinese exporters much more than exporters in partner countries. Experts warned that eWTP was set to replace the digital dependencies of many smaller countries on American companies with new dependencies on Chinese companies, like Alibaba.[40] It was also suspected that it would absorb partner countries into networks that would allow China to build data dominance. "Alibaba is neither innocent nor purely a Samaritan endeavour but rather, its key strategy is to ensure its future commercial success through the acquisition of data," concluded PricewaterhouseCoopers, a consultant.[41] "As their platforms grow, Alibaba and Ant are helping to write the rules for how small businesses engage in international trade," it was assessed, "Between them, Alibaba and Ant provide key logistics, payments, and ecommerce capabilities to the eHubs, positioning them as matchmakers between the global market and small businesses."[42] These broader concerns were not considered by the Belgian government at that time. The argument remained that eWTP was necessary to attract Alibaba to Liege and that it would help Belgian customs.

Officials were also doubtful about that argument, though. While eWTP would facilitate clearance, it would still not ease the challenge of inspecting very large amounts of packages. "At government level there was an agreement to offer flexible customs services, so the pressure on our service to provide that flexibility was larger than average," explained a senior customs official, "It was very clear, however, that neither the Chinese partners, nor AWEX (the trade facilitation agency of the Walloon Region) had a lot of knowledge about the regulation... We needed to explain them ten times the same things."[43] Initially, customs expected Alibaba to adopt the so-called RPA-model, which is a business-to-business-to-consumer approach, practiced by peers like Amazon. RPA means that vendors stock a part of their goods in a central warehouse and that Amazon imports everything customs-cleared. That did not happen this way with Alibaba, which held on to a business-to-consumer approach. One of Alibaba's representatives in Belgium explained that the very business model depended on "very small batches, a very high frequency, and a very high degree of fragmentation."[44] Furthermore, the primary goal of the Chinese government, as it was explained, remained to use Alibaba as a channel for small companies to get directly to European consumers.

Customs services at Liege airport have continuously suffered from a lack of personnel. It lead to a strike in 2018. The Alibaba traffic exacerbated these problems. "It was a tsunami." The number of customs officials and the information systems were not sufficient from the start. "There was chaos," a customs officials summarized, "We were not prepared for the expansion. We did not have enough people. Now that we can recruit some more, it takes an effort to train them and to keep them."[45] A colleague added: "We had an explosion of declarations to over 650 million items. We would have achieved 1 billion if there was no Covid."[46] In practice, this literally means hundreds of millions of separate packages, many of them of a low value, to the extent that it is impossible to control them thoroughly." Often you have a pallet with hundreds of packages, in in each package you will then have different products," it was explained, "But the information about those products is often unclear or not correct."[47] The most common problems are undervaluation on the product declarations and counterfeit. "The product label says lighters, while it contains mobile phones," an official explained, "Some operate better than the drugs mafia. They sabotage our control and package things so that you must sort everything out. It takes hours and sometimes weeks to check one container."[48] Another official confirmed: "This is a form of mafia and it is way more sophisticated than the cocaine mafia. It is very flexible and inventive. It is like with drugs mafias. They continuously test you and find alternative ways."[49]

In 2021, the customs service went on strike again. That year, it also tried to control more aggressively against under-valuation, concealment and omissions. "It costs us blood, sweat and tears." Many Chinese exporters are organized in a way that makes it very difficult to trace them. Around that time Chinese media bitterly complained about the more stringent customs approach and some fines imposed on Chinese freight forwarders, calling it a farce. Eighteen Chinese trading firms signed a letter of complaint: "Many sellers expressed deep sympathy for the parties involved." A customs official commented: "It was a roller coaster. At the beginning, we were restrained because there was not enough knowledge. Subsequently, they cooperated. But, then, it became once again more difficult. We wanted them (Alibaba) to take their responsibility."[50] By 2022, about 19 percent of Alibaba packages were physically checked.[51] Packages with a value lower than 150 euros are also controlled less frequently.

The customs service at Liege airport was already overwhelmed by Chinese e-commerce; the arrival of Alibaba overburdened that capacity even more. Proper customs inspection is vital, to protect consumer safety and economic interests. As an open state, Belgium struggles continuously between the growing volume of trade and the limited customs capabilities. In 2018, 150 customs agents worked at Liege Airport; by 2022 this had increased to 300. Ironically, the customs service remains a more important employer at Liege Airport than Alibaba. Another 300 agents are asked for the short term. To carry out proper controls, the customs branch in Liege would require 1,000 officers; more than the 900 jobs promised by Alibaba.

Conclusions

At the end of 2022, about seven years after the first exchanges between Alibaba and the Belgian government, the Chinese e-commerce company employed about 250 workers at the airport of Liege. It operates a 30,000 m2 warehouse and has started to make plans for an expansion of 90,000m2.[52] Daily flights would then increase from four to fifteen. The vast size of this project notwithstanding, Alibaba did not deliver on some of its initial promises. Most importantly, we found no evidence that its e-commerce platform helped small and middle-large Belgian companies to export more to the Chinese market, as both Alibaba and senior Belgian politicians advertised. Its business-to-consumer model almost exclusively ships Chinese goods to European consumers. Even the business-to-business freight that fills most of the planes bound for China does not match the freight bound for Belgium. This marks a very significant trade imbalance. The imbalance in weight is mirrored by an imbalance in value. Airfreight between China and Belgium generated a culminated trade deficit for Belgium of 3 billion euros. Furthermore, the "tsunami" of Chinese business-to-consumer goods causes a burden for the customs service. Despite investments in its capacity, the service still reports major shortages to be able to properly control the freight passing through Liege airport. Moreover, despite years of efforts, Chinese exporters are so adaptable and well organized, that fighting counterfeit and undervaluation is said to be at least as difficult as fighting the drugs mafia.

At the core of this problem is a mismatch between the role that Alibaba plays in China's export policy and the expectations of the Belgian government. Conversations with officials involved in or with knowledge of the exchanges with Alibaba since 2015 suggest a lack of proper investigation and impact assessment. Public promises of Belgian government leaders that Alibaba would help develop a balanced trade relationship and particularly help small and middle-large companies to export to China was opposite to with the instructions of the Chinese government to export, to bypass European companies, and to advance China's dominance along international supply chains. In addition, the praise for Alibaba as a harbinger of innovation and entrepreneurialism illustrates a lack of understanding of the role the company plays in Chinese state capitalism: its role in support of the manufacturing sector, its position as a system integrator in a state-dominated economy, and its many strategic alliances with state-owned enterprises.

Indeed, officials approached for this paper indicated that government leaders did not give the instruction for an in-depth review of Alibaba's function, Chinese policy about e-commerce and its possible impact on Sino-Belgian trade. Capacity for relevant administrations to do so proactively, was also very limited. In addition, the regional government was very keen on demonstrating that the presence of Alibaba could boost an area that was plagued by deindustrialization and high unemployment. The presence of a so-called high-tech multinational was expected to make the region more attractive. The Prime Minister's office and the Ministry of Foreign Affairs at that time were both led by politicians from that region, and the officials interviewed indicated that this added a lot more impetus.

The case of Alibaba in Liege is relevant in the broader European context. It shows how a lack of a balanced assessment of Chinese investors can lead to unrealistic expectations and poor policy. It also reveals how China has used Alibaba as a facade of entrepreneurialism to advance important objectives with regard to industrial growth and exports towards Europe. Projects like Alibaba in Liege undermine efforts at the level of the European Union to make trade with China more balanced and to work towards reciprocity. It also helps sustain competition between European member states to become China's gateway to the European internal market, which evidently undermines Europe's collective bargaining position towards Beijing. This paper did not elaborate on the environmental consequences of this large-scale e-commerce, the impact of vast inflows of often poor-quality products, the CO2 emissions of air-transported goods, and of the enormous road-transport that Alibaba now generates around Liege Airport. Yet, also at that level, the desire of member states like Belgium to encourage air-transported trade of consumer goods comes at the detriment of European efforts to develop a more sustainable industry and to reduce the external costs of trade. In case of Belgium, it is particularly curious that a member state that depends so heavily on a resilient European market, has actively pursued a project that undermines that very resilience.

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