

Nemzetközi Kapcsolatok Tanszék

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Nemzetközi Kapcsolatok Multidiszciplináris Doktori Iskola

Trade, Investment and Politics between China and Central and Eastern Europe

Economic Necessity or a Trojan Horse?

doktori értekezés

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Budapest

2020

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List of Abbreviations

ADR: Anti-Dumping Regulations

APACCCEEC: Association for the Promotion of Agricultural Cooperation between China and the CEE Countries

Big-3: France, Germany, and the UK

BRI: Belt and Road Initiative (a.k.a. One Belt One Road, OBOR)

CEE-11: The eleven Central and Eastern European members of the EU

CPC: Communist Party of China

EC: European Council

EEC: European Economic Community

ETWG: Economic Trade Working Group

EU: European Union

FDI: Foreign Direct Investment

GDP: Gross Domestic Product

HED: High Level Economic and Trade Dialogue

IRT: international relations theory

JC: Joint Committee

MFA: Ministry of Foreign Affairs

MOFAT: Ministry of Foreign Affairs and Trade

MOFCOM: Ministry of Commerce

MTI: Hungarian News Agency

NATO: North Atlantic Treaty Organisation

NÚKIB: Czech National Cyber Security Agency

ODI: Outward Direct Investment

OECD: Organisation for Economic Cooperation and Development

OBOR: One Belt, One Road (a.k.a. Belt and Road Initiative)

PRC: People's Republic of China

TIPD: Trade and Investment Policy Dialogue

TCM: Traditional Chinese Medicine

TEN-T: Trans-European Transport Networks

UN: United Nations

UNCTAD: United Nations Conference on Trade and Development

UN GA: United Nations General Assembly

US: United States of America

V4: The Visegrád Four countries (Czechia, Hungary, Poland, and Slovakia)

WTO: World Trade Organization

Acknowledgements

I am heavily indebted to the people who directly or indirectly helped me complete the present dissertation. The following is by no means a full a list of those whom I wish to express my gratitude: first of all my supervisor Dr. László Csicsmann, Ph.D., Prof. Ágnes Szunomár, Ph.D., Prof. Viktor Eszterhai, Ph.D., Prof. Erzsébet Kaponyi, Ph.D., Prof. Nelu Bradean-Ebinger, Ph.D. and Prof. László Kiss J., Ph.D. of Corvinus University, H.E. Sándor Kusai, former ambassador of Hungary to the People's Republic of China, Prof. Gergely Salát, Ph.D. of Pázmány Péter Catholic University and Prof. Csaba Moldicz, Ph.D. of Budapest Business School and at last but absolutely not least Prof. Erzsébet N. Rózsa, Ph.D. of National University of Public University for their constant support, patience and encouragement in the long process of finalising the dissertation.

Furthermore, I would like to thank my parents and family for their help in achieving this step of my professional development.

Thank you all!

Introduction

China or the Middle Kingdom has always been one of the most significant civilisations of the world in the past five thousand years. Based on its splendid culture, technology, and economy the country dominated East Asia for millennia, and the central position of China was natural to the region before the arrival of Western powers in the late 18th century. In the last two hundred years, however, the industrial revolution, colonisation and human development of the West have overshadowed the achievements of the Middle Kingdom, and even led to the century of humiliation, when China was semi-colonised and partially dismembered first by European powers and later by the United States (US) and Japan. The decades of defeats and destruction meant a shock and social trauma to the Chinese people, and led to internal turmoil, uprisings, and civil wars. The first attempt to revitalise the nation was the so-called Hundred Days' Reform in 1898, but its failure eventually led to the fall of the empire in 1911, the birth of the Republic of China and the war against Imperial Japan. Following the demise of the Japanese Empire Mao Zedong established the People's Republic of China (PRC) and unleashed a series of failed economic reforms and class struggle. It was only in 1978 when China had another chance to restart its national economic and social development thanks to the Reform and Opening Policy of late Deng Xiaoping, followed by an unprecedented increase of the country's power and wealth in the last forty years. Thanks to Deng's reforms China's economy was growing by almost 10 per cent annually on an average between 1978 and 2008, became the largest of many markets like cars and internet, one of the top trading nations, and today it has a decisive say in global issues like environmental protection, global standards or the future of global governance. Even the global financial crisis was not severe enough to stop the growth of the Chinese economy, hence, it even accelerated its catch up with the developed countries. Consequently, the focal point of global growth and economic power has been moving away from the North-Atlantic region towards East Asia and particularly China. The country has been accumulating immense amount of wealth, foreign exchange reserves and power due to the diligence of its 1.4 billion people and the long-term developmental strategy of the government. Today the PRC is once again one of the major powers of the

world, the size of its economy is only second to the US in nominal terms, and under the rule of its current leader Xi Jinping, the country is regaining the position it believes it deserves in the centre of the world stage.

Meanwhile, the West and first of all the US has been preoccupied by expensive and mostly futile wars, accumulated enormous amounts of debt and seems to be losing its political, economic and moral influence over the World. China has been eager to have more and more say in world affairs, and events like the London Summit of the G-20 in 2008 or the COVID-19 pandemic in 2019-2020 may be understood as milestones in history by future generations, as it shed light on the new reality where global issues cannot be addressed without developing countries, and first of all without China. Some argue that the rise of Donald Trump means a new opportunity to Beijing, as growing isolationist and protectionist voices in Washington and the gradual demise of American global leadership offers an unexpected space to manoeuvre to China. As a latest development, the global corona virus pandemic may strengthen the narrative about a dysfunctional American power and an efficient China. According to the Chinese point of view, global order is in a crisis, and as the Chinese saying goes crisis means threat and opportunity at the same time. Xi Jinping's illiberal China is not afraid to grab that opportunity, what might pose the greatest challenge to the liberal international order led by the West since the end of World War 2.

The Central and Eastern European (CEE) region has obviously never played an important role in the foreign policy of China. The total population of CEE countries equals to one of the bigger provinces of the PRC, and their cumulative economic production is a fragment of the Chinese GDP. Due to their EU membership and perceived economic opportunities of CEE countries, however, Beijing has turned to the region in the last decade. Following their successful integration into the Euro-Atlantic alliance system, most of the CEE countries have also rediscovered the enormous Chinese market as a potential economic and business opportunity, while the global financial crisis and the difficulties of the European Union offered another strong impetus to strengthen the political and economic relationship with Beijing. Most CEE countries share the same problems and challenges when it comes to their China policy: growing trade imbalances, intra-CEE competition for the attention of Beijing, the concerns of the EU, rising Chinese

influence in the region and first of all the lack of tangible results after a decade of cooperation.

After ages of mutual lack of interest, China and the Central and Eastern European countries started their rapprochement in the mid 2000's. Hungary was one of the first to re-evaluate its China policies, and then Prime Minister Péter Medgyessy visited China a few months after he signed the EU accession treaty of the country in May 2003. Others have followed the Hungarian example, and China expressed its interest towards the region as well. The global and European financial and economic crisis triggered an enhanced interest on both sides, as CEE countries had to find new source of investment and trade opportunities amidst the meltdown of the EU markets, while China saw a window of opportunity to enter European markets through the region. Consequently, the Chinese government decided to establish the so-called 16+1 (as Greece joined the cooperation in 2019 it is called 17+1 today, but the present theses focuses on the original 16 members only), a cooperation mechanism between China and sixteen countries of the CEE region (Albania, Bulgaria, Bosnia and Herzegovina, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, [North]Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia).

The Hungarian government hosted the first „China-Central and Eastern European Countries Economic and Trade Forum” in Budapest in 2011 and based on its success the Chinese side decided to officially establish the 16+1 in Warsaw where the first „Meeting of Prime Ministers Poland – Central Europe – China” event was held in 2012. Besides Chinese Premier Wen Jiabao and Polish Prime Minister Donald Tusk another fifteen Central and Eastern European countries were represented by their (deputy) heads of government. As individual countries in the CEE region were too small and economically irrelevant from the Chinese perspective, it was a logical move to Beijing to create a regional level cooperation. The cumulative size of the sixteen countries (more than one hundred million inhabitants, and 1.4 trillion-dollar nominal GDP as of 2012) represent a scale of magnitude attractive even to China. From this point of view, the 16+1 cooperation can be understood as a way to reduce transaction costs to the Chinese side, as the Premier was able to meet sixteen national leaders at once, and thus cooperation and coordination was easier through the mechanism. The political benefits were clear to the CEE side too,

since without the initiative, most prime ministers of the region would have seen their Chinese counterpart once in a decade or maybe never.

Ever since the inception of the cooperation, the 16+1 has been a target of tremendous criticism. The EU and certain Western member states have been concerned of the increased level of Chinese activity in the Eastern part of the integration and afraid that Beijing might try to divide and rule the EU through the 16+1. Furthermore, EU-China relations have been deteriorating in general recently, as Europe is more and more frustrated by the rise of China, and Beijing is getting more and more disappointed by the slow progress of the EU while its own self-confidence is on the rise. The European arms embargo, human rights or the market economy status of China all mean thorny issues on the agenda, and the European perceptions of the 16+1 add further tensions to the relationship. Certain major European countries like France or Germany are concerned of the Chinese activities in the CEE region, as they see China as a competitor on a market they have always considered as their home turf. In 2012, I was attending an interesting closed-door roundtable on EU-China relations in Brussels, where a diplomat from one of the Western European countries set forth his remarkable assessment of the 16+1 initiative as he said: *“China and Central Europe were building a new Berlin Wall across the EU”*. I had the chance to attend a similar event in Brussels in December 2017, and that time I was told by the representative of another major Western country that China simply “bought off” Central and Eastern European countries and Eastern member states were “puppets on the hands of Beijing”. An article published by the Handelsblatt in April 2018 on a report prepared by EU ambassadors that sharply criticised China’s BRI (Belt and Road Initiative) project stated that only the Hungarian ambassador refused to sign the paper, because *“countries such as Hungary and Greece, which both rely on Chinese investment, have in the past shown they are susceptible to pressure from China”*. (Heide, et al., 2018) In sum, CEE governments have been accused in the recent years by their Western counterparts and by EU institutions that Eastern member states were trading the political cohesion of Europe for economic benefits from China, that is economic dependency had political consequences.

Indeed, the cooperation between China and the CEE region has been attracting significant attention in Brussels and other major EU capitals in recent years. As it will be presented

in the following chapters many argue that the lack of transparency and the semi-institutional form of the project serve Chinese interests, and that the 16+1 cooperation itself is a malign Chinese attempt to divide and rule Europe, where cash-strapped CEE countries simply open the doors of the EU to Chinese influence in exchange for economic gains. At first glance, the economic prospects of cooperation were bright: CEE countries were in need of liquidity and investment during the years of the global and Eurozone financial crisis, China was in need of new investment opportunities and new markets, and of course, both sides were eager to boost their trade relations. However, success appears less obvious if one takes a closer look.

In the following, I would like to challenge this oversimplified discourse and to point out that Chinese influence in the region is very limited if not marginal, and its source is not the economy, as despite all previous expectations Chinese economic presence is still insignificant in CEE countries, and what China has been offering is not an attractive economic alternative to the EU members of the region. I believe it is of utmost importance to understand the real causes of the pro-China movement of certain CEE countries, since a misguided and oversimplified discourse, focusing on Chinese economic offers does not catch the reality, and measured responses cannot be placed on misbeliefs.

First, CEE member states of the EU have been economically outperforming the rest of the Union: annual GDP growth averaged 2.5 percent in the region between 2012 and 2017, compared to the 1.4 percent average of the whole EU. The macroeconomic stability of the region is based on strong net exports, relatively low inflation and unemployment, and the high inflow of foreign direct investment (2 percent of their GDP annually on an average) plus the approximately EUR 150 billion in EU structural funds that CEE member states received between 2012 and 2016.

CEE countries have been enjoying a high total trade surplus in recent years, and indeed, exports to China have been growing significantly, 9 percent annually on an average since the establishment of the 16+1 cooperation. Still, the share of exports to China was as low as 1.2 percent of the total exports of CEE countries. The stock of Chinese investment still represents a very low share of the total stock of FDI in the region. Meanwhile the total stock and share of Chinese capital in the five biggest economies (Germany, the UK,

France, Italy and Spain) of the EU is significantly higher both in terms of total amount and in terms of relative share. Actually, the export dependence of Germany, the UK and of France on China is higher than any of the CEE countries. None of the countries of the region are cash-strapped or dependent on exports to or investment from China in any respect.

It is also noteworthy that public support among the population of CEE member states does not back the enthusiastic pro-China policies of some of their governments. According to the survey of Eurobarometer, only 40 percent of Hungarian and 25 percent of Czech respondents have a positive perception of China, while the EU average is 32 percent. The same applies to public discourse. In the framework of project ChinfluenCE almost 10,000 articles published on China has been analysed in the Czech Republic, Hungary and Slovakia in the period from 2010 to 2017. According to the results, negative opinions outweighed positive ones by a wide margin, while the vast majority of articles were neutral towards China. Though the Czech leadership has made a political turnaround and became a supporter of Beijing in the recent years, the public discourse is still highly critical of China, and topics like human rights and other values are high on the agenda.

Despite all the above-mentioned facts and figures, it would be hard to argue that China has not gained any political influence in certain CEE member states, as it certainly has. One of the most explicit examples is Hungary, as the current government offered its blatant support to Beijing in several cases. Budapest watered down the common statement of the EU on human rights, attended the Belt and Road Forum in Beijing, signed memorandums of understanding with China against the will of the EU and even bolstered the Chinese discourse on the South China Sea issue following the ruling of the Permanent Court of Arbitration in the Hague.

Therefore, based on the assumptions above, Hungary must have gained tremendous trade and investment opportunities in China in exchange of its political support. It has not. The amount of new Chinese direct investment that flowed in the country between 2012 and 2017 was insignificant, as low as USD 20 million, while the growth of exports to China was half of the regional average, and it is highly dominated by multinational companies.

So, what drives the pro-China development of some of the CEE countries if not lucrative economic exchanges with Beijing? One potential explanation is the personal political motivations of certain political leaders in the region. Most Czech experts regard President Miloš Zeman as the main initiator of the new China policy of the country, as he was the only EU head of state who attended a military parade in Beijing marking the end of World War 2. In Hungary, Prime Minister Viktor Orbán seems to believe that close relations to China may serve as a bargaining chip in his struggle with Brussels, and cooperation with other illiberal states, first of all with China, may help his political endeavour. Ever since Victor Ponta stepped down in Romania, the country has been barely visible on the map of the 16+1 activities, and since the Polish leadership became disappointed in 2017, Beijing-Warsaw relations have also taken a less amicable turn, what reinforces the assumption that political leaders and their interests have been playing an important role in forging the China-CEE cooperation.

If the EU is to strengthen its common China policy, Brussels and major Western member states should stop blaming CEE countries for pursuing better economic relations with China, as such arguments could be easily labelled as unfair double standards. Western companies and politicians have been eager to cooperate with China for many decades, and CEE countries should get their small slice of the pie, though not very successfully yet. The fact that the economic outcomes of China-CEE relations are considered disappointing by many, and that some leaders of the region still see Beijing as a potential ally, leads us back to the assumption that the 16+1 is a political and not economic initiative in nature. Europe must find the proper answers to address this issue, while the discourse on “cash-strapped CEE countries bought off by China” leads nowhere, or even worse, it may prove to be counterproductive. The present dissertation is based on my research of the past decade and intends to offer new results to address the above-mentioned issues and to find answers to the questions detailed in the following chapter.

1.1. Aim of the research

The aim of this work is to contribute to the literature on the link between dependence in forms of international trade and investments and the political consequences of such dependencies through an assessment of the state of bilateral relations between the PRC and Central and Eastern European Countries and its impact on the EU. That is, in the analytical section of the dissertation I focus on the effects of the 16+1 on EU-China relations, and not on the structure or nature of the initiative itself.

I have had the opportunity to observe the development of the 16+1 cooperation from the very beginning. In the past nine years, I have witnessed the many forms of criticism and even accusations put forward by EU institutions and Western member states, thus the aim of my research was to analyse the basis of such criticisms and the soundness of these accusations. As I have mentioned in the introduction the main factors to be taken into account are the political and economic exchanges between China and the CEE region. Of course, the assessment of China-CEE relations would not make too much sense without its context, EU-China relations at large. China-CEE cooperation has to be seen in the light of the relations between the EU as a whole and China. Thus, in the followings I analyse the quality, quantity and development of political and economic exchanges between China and its seventeen Central and Eastern European partners, with a special emphasis on the EU members of the region (CEE-11). Furthermore, I compare all results to the exchanges between China and some major Western member states to offer an interdisciplinary analysis of the 16+1 cooperation and to prove or to reject claims and accusations of the critics.

Based on extensive empirical analysis, the present thesis argues that, after years of intensive cooperation between China and the CEE region, available data do not support the idea of extensive, Chinese leverage based on investment or trade in CEE capital cities. When it comes to trade relations, the correlation is very weak, even negative, between the strength of political relations and trade volume. Even though previous research papers, discussed in the review of the literature, found strong links between these two factors (for

example, the Dalai Lama effect)¹, it seems that Central and Eastern Europe is less affected by that kind of Chinese economic influence, and thus most CEE governments have no reason to fear any alleged Chinese political pressure.

However, when it comes to investment relations, the picture is different. Data suggest a strong and positive correlation between the quality of bilateral political relations and Chinese investment activity in CEE countries. Even though private enterprises have invested 60 per cent of all the Chinese capital in the region, it cannot be ruled out that CEE politicians would try to attract more Chinese investment into their home countries even at the price of political requests from Beijing.

1.2. Research questions

Based on the above-mentioned developments the questions are clear: do CEE-11 governments really favour economic relations with China over the political unity of the EU, or is economic dependence translated to political consequences? On the other hand, have CEE-11 governments offered political favours to Beijing in exchange of economic benefits? Could China threaten CEE countries with the deterioration of economic relations in case of undesired political actions? Are CEE countries economically dependent on China to an extent that may influence their political actions on the EU level? Alternatively, in a more general way: Has the 16+1 cooperation really divided the EU?

Questions like these are crucial, as the proper EU level reactions to the increased Chinese activity should be based on the proper understanding of the situation. The present paper aims to reveal the impact of the 16+1 on the policies of the CEE-11 countries in the EU, and on their attitude towards China based on three fundamental research questions:

- *How important are the absolute and relative trade and investment relations or dependencies between China and the CEE-11 countries?*
- *Are there any correlations between the volume and dynamics of bilateral trade or investment relations and the quality of bilateral political relations with China?*

¹ According to the research of Andreas Fuchs and Nils-Hendrik Klann countries officially receiving the Dalai Lama at the highest political level are punished by Beijing through a reduction of their exports to China. (Fuchs & Klann, 2010)

- *Has there been any significant changes in the EU level China policy of CEE-11 countries due to the increased importance of bilateral economic relations with China?*

1.3. Hypotheses

According to the concerns of the European External Action Service and major Western EU members China might play CEE member states against the unity of the EU by offering economic benefits. The present work attempts to verify the validity of the two following assumptions: first, China may obtain political favours from CEE EU member states in exchange for export benefits; and second, China may obtain political favours from major CEE EU member states in exchange for higher levels of foreign direct investment thus disrupting the unity of the EU. To evaluate such an alleged threat to the cohesion of EU external relations and internal cohesion, the context and extent of Chinese activity in the CEE region must be understood, through the following hypotheses:

H1: If China would have been buying political support in exchange of economic advantages, its proportional economic presence had been more significant in the CEE-11 countries than in Western EU member states.

H2: If China had gained political influence in the CEE-11 countries, there would be a correlation between the quality of political relations and the quantity of economic relations with CEE-11 countries.

H3: If China had had the political influence in CEE-11 countries to divide EU level China policies, the voting habits of CEE-11 countries on the level of EU or global issues would have changed as a sign of political compliance.

1.4. Reasoning of the hypotheses

H1: As I have mentioned before (and will give examples below) institutions of the European Union and certain Western member states have been accusing the CEE-11 countries of exchanging the political unity of the EU for economic (trade and investment)

advantages from China. If this was true, it is reasonable to argue that Chinese economic presence, the stock or inflow of investment to and level of trade with CEE-11 countries would be proportionally higher than in other member states not affected by the Chinese attempt to ‘buy them on the cheap’. To put it simple, if China were successful in ‘buying-off’ CEE-11 countries, the ‘price’ would be detectable in form of Chinese investment or trade opportunities favourable to CEE-11 nations after a decade of cooperation, compared other member states.

H2: In close logical relation with H1, I argue that if one assumes CEE-11 countries have been selling political favours to China in exchange of political benefits, the countries with the best political relations with a grateful Beijing should have the most lucrative economic exchanges with China. Alternatively, it is unlikely that Beijing would willingly push its companies to invest heavily in and trade with countries having ill political relations with China. When it comes to the question how to quantify the quality of China-CEE-11 political relations, the author is in the convenient situation to rely on the analysis of the China-CEE Institute of the Chinese Academy of Social Sciences, the main scientific advisory institution of the Ministry of Foreign Affairs of the PRC on 16+1 related issues.

H3: Anti-dumping procedures are launched by the European Commission under the Anti-Dumping Regulations (ADR) in order to protect the market of the EU from third countries’ products sold at a dumping price. The procedure requires the EC to consult the Anti-Dumping Advisory Committee. This latter one consists of representatives of each member state, and though the committee’s advice does not bind the commission, its votes are important, as the European Council has the final say on the issue. Anti-dumping proceedings have been a thorny issue between the EU and the PRC, as 77 per cent of the procedures was initiated against Chinese products between 1995 and 2011. (Dunoff & Moore, 2014). The importance of the issue is well explained by the work of Scott and Jiang. According to their estimates granting market economy status and renouncing anti-dumping measures as a protective tool would endanger millions of jobs and reduce the economic output of the EU by EUR 228 billion per year. (Scott & Jiang, 2015) Others question the accuracy of these estimates, and point to the fact that only 2 per cent of total import from China were affected by anti-dumping duties in 2014, what amounts to EUR 6.5 billion only. (Sandkamp & Yalcin, 2016) No matter how wide the range of estimates

is, it is obvious that anti-dumping procedures have a significant effect on EU-China trade and hurt Chinese economic interests. I consider anti-dumping votes as a great litmus paper to prove or reject H3, as trade policy and anti-dumping proceedings are one of the most neuralgic points of EU-China relations, and the 'one country, one vote' system gives a significant voting power (40 per cent) to the CEE-11 nations, what is disproportional to their economic or demographic size in the EU. That is, anti-dumping votes are the only regular bureaucratic procedures where the decision of individual member states may have a decisive impact on issues important to Beijing. Having said that, I presume that any successful Chinese attempt to influence CEE nations through the 16+1 mechanism to disrupt EU unity would have had an impact on the voting pattern of CEE-11 countries in the period in question.

Besides anti-dumping votes, another possible way to grasp the extent the pro-Chinese attitudes of certain CEE-11 countries is to analyse their voting habits on a global level that is in the General Assembly of the United Nations (UN GA). In line with relevant literature [e.g. (Armstrong, 1981)] the records of the UN GA offer a great opportunity to monitor the behaviour of CEE-11 countries on a global level, since many of the votes are considered to be important to the EU, China or the US. Consequently, it seems to be worthwhile to check how CEE-11 countries have voted in the past decade, whether they got more aligned to Chinese interests or their allegiance is still with the West.

Of course, anti-dumping procedures and UN votes are not only way for CEE-11 countries to express their solidarity with the rest of the EU. There have been multitudes of China-related votes on *ad hoc* issues in the past decade, therefore it is necessary to offer a thorough picture of such issues and to analyse the behaviour of CEE governments on a qualitative basis.

2. Theoretical background and ontological assumptions

The search for an adequate theoretical framework is an ever-recurring issue when it comes to the analysis of the Chinese foreign policy. Many scholars argue [e.g. (Acharya & Buzan, 2010)] that explaining the actions of Beijing through Western political theories and concepts is problematic, since Asia and China is so different and unique that it cannot be

properly described or understood through the international relations theories (IRT) of the West. Consequently, it can be argued that employing Western (that is, global) theoretical concepts to analyse Chinese foreign policy may lead to false and invalid conclusions.

The contradiction may be solved using the tools and frameworks of indigenous Chinese IRT, but that would be another rocky pathway. The study of modern foreign affairs is a relatively new area of research in China, thus less developed than its Western counterpart, and there are only a handful of indigenous Chinese concepts of IRT. Most experts agree that traditional Chinese culture and its system of values may mean a significant contribution to the Chinese version of IRT, but the study and understanding of contemporary Western theoretical approaches is a priority to most Chinese scholars. Nevertheless, it needs to be understood that from the Chinese point of view, Western IRT is of foreign origin, and thus a special emphasis must be placed on the consistence of Western concepts and Chinese traditions. (Geeraerts & Jing, 2001) This present dissertation, however, may allow itself the convenience to rely on the well-known Western schools of international relations theory, since it does not attempt to explain the actions or behaviour of China, but of the CEE-11 countries.

There are several theoretical options to describe the motives and behaviour of CEE countries in their cooperation with China. One may argue that 16+1 should be analysed through the lens of liberal institutionalism. The central insight is that co-operation may be a rational, self-interested strategy for countries. Institutions promote interstate cooperation by enhancing legal liability, reducing transaction costs, increasing exchange of information, enhancing interaction, raising the reputation cost for reneging on agreements and mitigate credible commitment problems. (Keohane, 1984) Institutionalists share many of the realists' assumptions about the international system: it is anarchic; that states are self-interested; rational actors seek to survive while increasing their material conditions; and that uncertainty pervades relations between countries. Still, they believe that cooperation between nations is possible and cooperation may be rational strategy. Institutionalists argue that institutions (defined as a set of rules, norms, practices and decision-making procedures that shape expectations) are able to overcome the uncertainty that undermines co-operation. Based on the brief description of liberal institutionalism it seems like a perfect choice to describe the 16+1 cooperation in the context of EU-China

relations. Many experts argue that the 16+1 initiative is a de facto institution, one of the fundamental and well-known reasons of its foundation was to reduce transaction costs through the meeting of seventeen leaders at once, it increases exchanges between the sides, disseminates information among the involved parties etc. (Song, 2018) I believe, however, that institutionalism is not the right school of thought for this present dissertation.

First, the 16+1 is not a real institution. The Chinese side has always officially denied it, and even though it has a permanent secretariat, it is physically located in the Ministry of Foreign Affairs of the PRC, staffed only by Chinese diplomats, what does not meet the requirements and standards of an international institution. Second, as I have stated above, the aim of the dissertation is not to merely analyse the 16+1 itself, but to present its impact on and conflict with EU-China relations. That is, in the analytical section of the dissertation I focus on the effects of the 16+1 on the EU level policies of the CEE-11 countries in the context of EU-China relations, and not on the structure or nature of the initiative itself.

2.1. Why neorealism?

Based on the above-mentioned considerations the present work offers a three-level theoretical framework to reach its research goals. First, the reasoning for the use of the school of neorealism follows below, as it serves as the foundation of the theoretical background. The foreign policy of small states according to the neorealist way of thinking serves as the second layer of the theoretical framework, while the last element focuses on the theories of economic dependence and political compliance. I believe that this three-layered pyramid of intertwined theories offers an optimal and solid framework for the analytical sections of the dissertation.

I argue it is better to describe the issues surrounding the 16+1 initiative through the lenses of one of the branches of realism. Neorealism or structural realism was first described by Kenneth Waltz in his fundamental book, the Theory of International Politics in which he argues that international politics is about a struggle for power, where the main actors are the sovereign states. Structural realists or neorealists claim that the struggle for power comes from the anarchic nature of the international system. Of course, anarchy does not

mean chaos, but that there is no higher authority that can limit the actions of states. That is, nothing stops states from attacking one another, consequently, it is important for a state to maximise its power to successfully defend itself in case of an attack. (Waltz, 1979).

Structural realists have five assumptions when it comes to the power struggle among states. First, states are the primary actors of international politics and the international system is inherently anarchical by nature, as there is no supreme power states may turn to in case of threat or attack by another state, and they operate in a world in which they can only rely upon themselves. Second, states have the tools and the means to launch offensive military strikes against other states, consequently the national interest is the maximization of power in order to ensure the state's survival and the distribution of economic and military capabilities are the most important explanatory variables. Third, states can never be certain about the intentions of other states. According to the neorealist school, there are two kinds of states: revisionist states and status quo states. Revisionist states aim at changing the existing balance of power, while status quo states prefer the existing system. A state can never be sure which category the other states belong to. Fourth, the primary goal of all states is survival. Fifth, all states are rational, that is, they are capable of successfully maximising their chances for survival. In sum, in this environment states have little trust in each other, and they are constantly preoccupied by accumulating as much power as possible in order to ensure their own survival. Even alliances formed by states are only temporary, as states always put their own interests ahead of that of other states, therefore these temporary alliances do not change the true nature of the international system. Furthermore, it is important to note that structural realists do not take into account cultural and historical differences, as they claim that the system itself makes all states to act in the same way. (Dunne, et al., 2013)

Of course, the grand theory of neorealism is too broad to explain the details of CEE-11 countries behaviour and interactions with China. First, the 16+1 cooperation does not cover security issues and the primary goal of the CEE-11 countries to engage in such a cooperation with China was economic by nature and not geopolitical. Of course, one may argue that the global financial crisis and the Eurozone crises around the turn of the last decade posed serious economic threat to the region, and economic survival was at stake, while trust in the EU, other member states and the international environment in general

diminished, thus CEE-11 countries rationally sought for new ways to maximize their economic security on their own. Furthermore, the crisis created an environment where states dominated the international stage as primary actors (even in the framework of the EU, where states like Germany were at odds with other states like Greece). The desire for more even distribution or revival of economic power may also explain the decision of CEE-11 countries to turn to Beijing for help, as it will be explained later. Structural realism may also explain how CEE-11 countries formed a temporary cooperation with China in which all states have been pursuing their own interests ever since, while cultural and historical differences did not play a role at the formation of the 16+1.

The other reason I believe neorealism is the adequate framework for the present thesis is that the European Union itself views the 16+1 initiative and Chinese activities in Europe at large through the lens of neorealism, as a zero sum game, where more China in the CEE region means less Europe, where China tries to ‘divide and rule’ the EU and Beijing poses a threat to the security of Europe at least according to the perceptions of Brussels and other Western capitals. As I have mentioned before, European experts, diplomats and politicians have been criticising the 16+1 cooperation, based on the assumption that China employs a ‘divide and rule’ strategy vis-à-vis the EU through its influence in the CEE-11 countries. This is clearly a realist approach, where states play the main role in their fight to maximise their power at the expense of other states.

It is obvious, that 16+1 could be analysed through other schools of thoughts, such as (neo) liberalism in case one would prefer to focus on the forms and means of cooperation, interdependences or values. Still, as any choice of theory must reflect the nature of the object of the analysis, I believe neorealism offers the proper framework to analyse the research questions of the present thesis, the conflict between 16+1 and wider EU-China relations and the assumed use of economic hard power by Beijing to bend the political will of CEE governments.

2.2. Small states with neorealist characteristics

Having established the basis of the neorealist theoretical framework of the present dissertation now, it is time to dig deeper and to present how small states (like the CEE-11

countries) adjust their foreign policy according to the neorealist school. There is, however, a fundamental problem at the very beginning: are CEE-11 countries small states? One of the interesting aspects of the study of small states that experts have never agreed on what makes a state small, or where the threshold is between small and big states. (Szalai, 2014) Still, CEE-11 countries easily fit into the category of small states both in quantitative and qualitative terms according to several pieces of the relevant literature. (Maurice , 1973) (Vanderbosch, 1964)

What are the foreign policy motivations and considerations of small states? According to Szalai the neorealist school emphasises the importance of the international system as one of the most important influencing factors of the foreign policy of small states. The role of external forces is more important for small states than for big states. Likewise, the geographical location and their position in the international system have a major impact on their decisions as well.

As Wivel and his co-authors write the security dilemma must be understood in a broad way when it comes to small states. These countries are more vulnerable not only to geopolitical or military threats but to economic threats (crises) as well, as small states tend to be more dependent on the global economy and trade. (Wivel, et al., 2014)

Randall L. Schweller described four different foreign policy attitudes of states in the 'jungle' of the anarchic international system: lions (the leaders of the system), lambs (weak states that prefer the status quo and survival), jackals (smaller states that make alliances with big states to maximize their profits) and the wolves (strong states that are unsatisfied with the status quo). Small states may choose between the role of the lamb or the jackals in this model, that is, they may stick to their limited foreign policy capacities or seek for alliances with a big state to enjoy its strength for the sake of their own interests. (Schweller, 1994) As Szalai writes most neorealist experts label small states as jackals, as these states cannot maintain their own security therefore they inevitably seek for alliances with strong states. (Szalai, 2014)

As a next step, Wiberg identified five strategies small states may choose from: forging bilateral relations with a major power; creating alliances between two or more small states;

to join an alliance system of a major power; to maintain non-alignment and neutrality; to maintain non-alignment without declaration of neutrality. (Wiber, 1987)

Finally, besides quantitative attributes of a state, its level of development may also play a role in its foreign policy. As McGowan and Gottwald writes the level of development (modern or less modern) and the size of a country (small or big) both influence its international behaviour. As modern, developed major countries have the capacity to bend the international system according to their self-interest, they are more capable to pursue an intransigent foreign policy. Meanwhile, small states, both developed and less developed ones, tend to be more acquiescent in their foreign policy. (McGowan & Gottwald, 1975)

When it comes to the CEE-11 countries we may conclude that the region is made up of small and modern states, as their size falls into the proper category (especially compared to China or to the EU) and they are members of the EU (and of the OECD in most cases). CEE-11 countries have followed one of the above described small state strategies in their past, as they have pursued to form bilateral and multilateral security alliances (e.g. the special US-Poland relationship, NATO membership, EU integration), and their behavior also fits into the category of jackals (make alliances with big states like Western Europe or the US to maximize their profits).

But how does the 16+1 and cooperation with China fit into this theoretical framework? One may assume that CEE-11 countries as developed small states should have preferred the status quo (strong pro-EU and transatlantic commitment), instead of pursuing an activist foreign policy and a turn toward China. I believe that the economic crisis and the underlying changes in global power offer the solution to this ostensible contradiction, as the small states of the CEE-11 had to find answers to the economic existential threat and to the tectonical changes of international power relations. That is, they did not abandon the status quo, on the contrary the status quo abandoned them.

Sidenote Nr.1.: Why do illiberal states join international cooperation?

Although the neorealist approach of the present work should omit factors like the internal political system of states. In the particular case of our topic, however, the

behaviour of illiberal states like China and some of its partners in Central and Eastern Europe is an interesting question, as many would expect these countries to ostensible from international cooperation and institutions based on liberal economic and political consideration. But states, liberal and illiberal alike, may choose to participate in a multilateral cooperation if doing so is considered better serving their interests in terms of power.

Illiberal states understand the logic of power politics that shapes the institutional framework for international cooperation, thus they join multilateral organizations to minimize the cost incurred by not complying with the dominant system and to achieve their own goals with greater efficiency. Furthermore, multilateral arrangements are attractive to illiberal states because they provide an opportunity to spread alternative ideas about global governance. As Chansoo Cho states illiberal states want to be recognized as they are, and they join multilateral institutions largely because they do not have enough power yet to revise the international order as a whole. (Cho, 2012)

For China, and some illiberal members of the 16+1 cooperation recognition is indeed important, while such a multilateral cooperation may help them reach their national goals. China can spread its own narrative about the Beijing consensus, while CEE countries hoped to make economic profit and to gain political influence or at least space to manoeuvre in the European Union.

2.3. Economic dependence and political compliance

The final layer of the theoretical framework of the present dissertation focuses on the relationships between economic dependence and political compliance in international relations. It is necessary and inevitable to dig deep in this school of thought, as according to accusations the ‘original sin’ of the CEE-11 countries was their political courtship with China in hope of economic advantages. Therefore, the following section offers an insight

into the theoretical works focusing on the nexus between economic and political relations of states.

One of the fundamental works in this field is the paper of Adrienne Armstrong. She argues that nations with limited economic resources are more vulnerable to pressure from other nations and more likely to comply under stress, and her analysis should be viewed as a study of power relations. This means a clear link to neorealism and small states' theories discussed above. Armstrong's work focuses on the dynamics between economic dependence and political compliance as a consequence of dependence. Dependence are based on the following three conditions: high magnitude of a nation's investment controlled by another nation; the inability to find easy substitutes for a commodity or a trading partner; the intense demand for a commodity.

The first condition is not merely about FDI flows and stocks of a nation, but its trade relations also belong to this question. Its foreign trade and other international transactions relative to its GNP is a source of economic vulnerability and the greater the nation's volume of trade with another, the greater the loss if that market is no longer available.

The second condition is about the availability of substitutes (markets or dependence) and the cost of switching from one trade relationship to another one. A nation that concentrates its trade on a few commodities or markets may experience the most severe adjustment should trade cease. Trade dependence can be easily diminished by distributing trade among a wide range of partners and commodities. Armstrong also argues that export relations are most important from the perspective of dependence than import ties, as it is generally easier to find import substitutes than new export markets.

The third condition involves the intensity of the demand for certain commodities (or other resources, such as financial resources). A nation which exports essential commodities (e.g. crude oil) has the upper hand at the negotiating table over those nations who require that particular commodity. The more nations which demand the commodity and the fewer the nations which export it, the greater the leverage on the exporter's side. (Armstrong, 1981)

Besides regular trade Armstrong identified international aid as a source of asymmetrical, nonreciprocal form of exchange, another source of dependence and leverage. The donor

is in a dominant position, as it can terminate such aid programmes without serious consequences, while the recipient would lose an important source of wealth. Furthermore, the demand for aid is always greater than the number of nations willing to offer it, what puts the donor in a great bargaining position. From the current dissertation's point of view this is an important element of her theory, as CEE-11 countries were all hoping for Chinese financial support at the beginning of the 16+1 cooperation. Of course, it would not have been aid but financial investment, in the middle of the double crisis, it was vital for the region to find new sources of financial liquidity.

Dependence is the basis of power, where country A wields power over country B as a result of B's reliance on A. It is important to note that dependence must be one-sided, asymmetrical instead of an interdependent relationship. But this power is not necessarily translated into real action, it only means potential till country A uses it to force country B to do something it would not do otherwise. Armstrong cites the work of Knorr who has identified four possible scenarios based on the importance of certain issues:

1. The particular issue is not important to neither the dominant nation nor the dependent nation
2. The issue is not important to the dominant country, but important to the dependent one.
3. The issue is important to the dominant country, but not important to the dependent one.
4. The issue is of high importance for both parties.

Table 1: The matrix of issue importance and compliance

	Nation B (dependent)		
Nation A (dominant)	Issue importance	Low	High
	Low	Implicit use of power by nation A.	Economic power not used by nation A.

		Low compliance cost for B, compliance is an option if it is in the interest of B.	B follows its own policy without regard to its dependence on A.
	High	Implicit, possibly explicit use of power by nation A. Low compliance cost for B, high probability of compliance	Explicit use of power by nation A. B resists A's pressure if the economic burden falls short of the costs of compliance.

Source: Author's edition based on (Armstrong, 1981) and (Knorr, 1975)

Another approach to analyse relations between dominant and dependent states was described by Moses K. Tesi. The so-called 'bargaining model' explains the implications of economic dependence for a dependent country's behavior in foreign affairs is a power model built around the notion of bargaining. Although the work of Tesi revolves around the relationship between developed countries and least developed countries, its conclusions are still valid and relevant to the issue of China-CEE relations. (We should not forget that President Xi Jinping of China once labelled the 16+1 as an example of South-South relations, that is, CEE countries were not considered as developed nations by Beijing (Szczudlik, 2019)) Bargaining is practically a method to settle conflict through the process of give and take or negotiation between two parties. Both sides try to make the other side give in and adopt its position and eventually each side usually gets something, although neither may get everything it wanted. The developed country (or the dominant one according to Armstrong's terms) bring their economic resources - large and differentiated markets, technology, capital, expertise, etc. The less developed countries (or dependent) however, do not have these resources and they need access to them to achieve their development projects. The success of the dominant power in extracting compliant behavior from the dependent nation is also influenced by how vital the values at stake are to each party in each situation as Tesi writes in unison with the arguments of Armstrong and Knorr presented in Table 1. (Tesi, 1990)

In the case of China-CEE relations it is easy to admit that under the special circumstances of the global financial crisis and the Eurozone crisis, China had the upper hand as it was

offering trade and investment opportunities, while CEE economies were in desperate needs of these alternative resources as a substitute of business cooperation with collapsing Western economies.

As Neil L. Richardson writes in his book the support of the dependent countries to the dominant country “may be grudging, but it may be necessary (...) the foreign policy behavior is viewed as partial payment in exchange for the maintenance of benefits they derive from their economic ties to the dominant country.” (Richardson, 1978)

The asymmetrical relationship means that power plays an important role in such a situation. The dominant state exploits its economic advantage in the process to pressure the subordinate partner into yielding. From the point of view of the present dissertation the following arguments of Tesi based on Keohane’s work are crucial:

The dominant state can promise greater economic benefits to the dependent country as a reward and as a result get the latter to comply with its wishes or demands. Or the dependent state's compliant behavior may be based upon the anticipation that compliance would induce the dominant state to increase the economic benefits it provides. For instance, the dominant country may identify some of its own corporations and encourage them to invest in the dependent country. This may be further enhanced by tied loans or aid. On the other hand, the dominant state may employ punishments as well, as the dependent state's decision to comply with the wishes or demands of the dominant state can result from threats of punishment. Or compliance can be manifested as a precautionary measure in situations wherein threats for punishment have not been directly or explicitly made by the dominant state. The dominant state may suspend aid to the dependent country or impose trade and investment sanctions. (Tesi, 1990) (Keohane, 1967)

As Tesi summarises the policy compliance is seen to be the price paid by a less developed country for its economic dependence on its more developed and economically powerful partner. When it comes to the sources of economic dependence early research focused on aid transfers to developing countries in the Cold War era. Later the focus of analysis moved to trade and foreign investments as the main economic factors.

Of course, the bargaining model has its shortcomings as well. It assumes that the needs of dependent countries are issues relating only to economic development and social well-being, consequently their behavior toward the dominant economic partner revolves around calculations of how much trade, aid, investment, etc. will be added or cut-off as a result of this or that action. Meanwhile, the model fails to take into account other factors such as national security, prestige, ideology, etc. and leaves the impression that dependent countries would give up everything in exchange for economic development and social welfare. This argument is strongly challenged by real life experiences, but still, it serves well to describe the initial years of the 16+1 cooperation, while other factors mentioned above have started to play their role at a later stage of the initiative.

Finally, Keohane and Nye argue in their book that besides asymmetry and power, the relationship of the dominant and dependent states consists two more important factors: sensitivity and vulnerability. The first means the cost that the dependent state could suffer at the dominant state's hands before making compensatory adjustment. The latter refers to the longer run costs that the dependent country would experience even after it had adjusted its policies to the changes wrought by the dominant state. Vulnerability is more important as it denotes more enduring and cumulatively greater costs. They argue that the dominant country has to establish and maintain linkages between the domains of its superior power and the area of policy it wishes to influence in the inferior country. (Keohane & Nye, 2012) As Richardson adds in his paper, a dominant country is more interested in receiving foreign leaders' support on some issues than on others, and it would more forcefully seek the accord of its dependent partners on issues that it regards as important. When foreign policy behavior is, like foreign trade, understood as a mode of exchange, it suggests that the greatest compliance should be expected of those nations that are most trade dependent. Consequently, a positive linear relationship is expected between dependence and compliance. (Richardson & Kegley Jr., 1980)

2.4. Summary of theoretical assumptions

Based on the three-leveled pyramid of theories described above, the following conclusions may be drawn. The present dissertation employs neorealism as the foundation of its theoretical framework. Therefore, the research predominantly focuses on power relations between sovereign states as primary actors of international relations (China and the CEE

countries), although the EU cannot be left out of the analysis, however it will be understood as a state. The states in question aim to maximising their power to defend themselves, but in our case this struggle is limited to the economic space. Under the circumstances of the global financial crisis and the Eurozone crisis trust in international cooperation declined and economic survival was the primary goal of CEE countries, therefore they made rational choices to maximise their chances in form of temporary international alliances. Critics of the 16+1 cooperation also seem to employ a realist attitude when they express their concerns about the perceived intentions of Beijing to divide and rule the EU through the 16+1.

The second level of the theoretical framework focuses on the behaviour of small states. External factors and geographical location play a crucial role in the foreign policy of small states, and they are more vulnerable not only to geopolitical but to economic threats as well. Consequently, most small states behave like ‘jackals’ (smaller states that make alliances with big states to maximize their profits) or lambs (weak states that prefer the status quo and survival). I argue that the double crises of the turn of the last decade pushed most of the CEE states towards the category of jackals as they sought to find economic redemption from China. Finally, small states, both developed and less developed ones, tend to be more acquiescent in their foreign policy.

The third level of the framework introduced theoretical considerations to understand the links between economic dependence and international political compliance. This is a particularly important element as the fundamental problem the present dissertation attempts to find answer for, is the accusation that CEE-11 countries have sold out EU unity to China (political compliance) in exchange of trade and investment opportunities (economic dependence). This school of theory agrees with the works focusing on small states that nations with limited economic resources are more vulnerable to pressure from other nations and more likely to comply. Dependence is based on investment and trade relations, and such international transactions relative to its GNP are a source of economic vulnerability. Country A wields power over country B as a result of B’s reliance on A, but this power is not necessarily translated into real action or coercion if the issue is not important to the dominant state. On the other hand, even less important issues to the dominant states can influence the dependent state if that particular issue is not important

to the dependent either. Anyway, foreign policy behavior is viewed as partial payment in exchange for economic benefits. Finally, sensitivity and vulnerability also have to be taken account and a positive linear relationship is expected between dependence and compliance.

Based on the above mentioned considerations, the following details are to be checked in the analytical part of the present dissertation to validate the assumptions of neorealism, small state theories and dependence&compliance:

- CEE-11 countries acted as rational and sovereign states during the establishment of the 16+1
- Trust in the international system and the EU declined in the early 2010s
- Economic survival and power was at stake for CEE-11 countries
- 16+1 meant to be a temporary alliance without changing the international system CEE-11 countries lived in
- Cultural and historical differences were not taken into account
- CEE-11 countries behaved like small modern states (jackals)
- Trade and investment dependence forced CEE-11 countries to comply with Chinese interests
- CEE-11 countries complied with Chinese interests when the particular issue in question was important to China and/or not important to CEE-11 countries
- China employed rewards and punishments to make CEE-11 countries comply with its interests
- Greatest compliance is expected of those nations that are most trade dependent, sensitive and vulnerable vis-à-vis China.

Sidenote Nr.2.: Does neorealism explain the international behaviour of China?

As one of the most well-known foreign policy experts of China, Wang Jisi describes in his article in Foreign Affairs, the history of foreign invasions of China matters a lot to the leaders of the country. He also adds that the international strategy of the PRC was dominated by political and military security interest during the rule of Mao Zedong. In the era of Deng Xiaoping China embraced a non-confrontational foreign policy to enhance its position in the World and to consolidate the CPC's power at home, while traditional security concerns remained important. The principle of state sovereignty has played (and still plays) an important role in Beijing's foreign policy and it has never given up the option of using military force to reunite with Taiwan. Under the presidency of Hu Jintao, it was announced that China's diplomacy must safeguard the interests of sovereignty, security and development. Furthermore, as Wang describes, there were competing schools of thought on the ideal foreign policy of China. Some said the country should focus on the US as a threat to China based on the conviction that Washington and other Western powers and Japan are hostile nations, and the country should abandon its low-profile strategy. Others insisted that the country should stick to the strategy of Deng Xiaoping to keep a low profile in the international arena. (Wang, 2011)

Dai Bingguo, then state councillor for external relations elaborated on the core interests of China in his article published in December 2010. According to his words, the primary goals of Beijing were to maintain the leadership of the CPC and socialism with Chinese characteristics, to protect the sovereignty and territorial integrity and national unity of the country, and to sustain the economic and social development of China. (Dai, 2010)

International observers have been arguing that ever since President Xi Jinping came to power in 2012 China has been more assertive in its foreign relations. For the first time in its history, the Chinese leadership finally publicly articulated a coherent vision of its grand strategy when Xi made his speech at the 19th Party Congress in December 2017. According to Chen Dingding, the speech of President Xi was a clear sign that Beijing abandoned the strategy of Deng Xiaoping and he announced a 'new era'. Furthermore, the vision of Xi presents long-term goals, a new grand strategy to guide China through 2050 and to turn the country into a leading world power by the centenary of the PRC.

Chen believes that as China continues to grow and become more powerful, it will be more confident and its cultural and ideological power will increase as well to an extent where Beijing may offer solutions to other countries based on the 'Chinese model'. (Chen, 2017) Following the meeting of the National People's Congress a few months later, Zhong Feiteng of the Chinese Academy of Social Sciences analysed the results in March 2018. According to his understanding, the ultimate goal of Xi's strategy is to develop China into a state with substantial global influence. (Zhong , 2018)

President Xi Jinping delivered a remarkable speech at the 19th National Congress of the Communist Party of China on 18 October 2017. I believe his words represent the dawn of a new era, where the competition between the US and China gets to a new level and goes beyond economic or strategic competition. As Mr. Xi said:

"It means that the path, the theory, the system, and the culture of socialism with Chinese characteristics have kept developing, blazing a new trail for other developing countries to achieve modernisation. It offers a new option for other countries and nations who want to speed up their development while preserving their independence; and it offers Chinese wisdom and a Chinese approach to solving the problems facing mankind." (Xi, 2017)

In the same speech the President also said that in the 'new era' China will move closer to the centre of the World's stage and make greater contributions to mankind, and that the dream of the Chinese people is connected with the dreams of the people of other countries, and that China's international influence, ability to inspire and power to shape had risen further. Based on such statements it seems clear that China wants to play a major power's role in World affairs. In his three-hours-long speech, Xi listed the priorities of China for the upcoming years in December 2017. Many of these points offer an insight into the new foreign policy approach of the country one may expect in the upcoming years. First of all, the leading role of the party is a primary goal of the CPC. Furthermore, Xi called for a comprehensive understanding of national security. Besides the traditional core interests of the country (sovereignty, Tibet, Taiwan) Beijing intends to incorporate the South China Sea into sphere of influence and to pursue a more proactive foreign policy, in sharp contrast with Deng's strategy. (CPC, 2017)

In summary, the most important priorities of China in the last decades have always been issues such as the survival of the party (that is, the survival of the communist state, the PRC); national sovereignty; nationalism (Maoism was an atypical form of communism, nationalistic in nature, in sharp contrast with the internationalism of the Soviet style communism); the predominance of the state and pragmatism. This latter one, pragmatism is probably the best way to describe Chinese policies, especially since the era of Deng Xiaoping, as practical results have been more important than ideological concerns, and this realpolitik style has been dominating the foreign policy of the country as well.

3. Methodology and Epistemic Assumptions

Research methods employed by the present work are in accordance with the standards of the multidisciplinary doctoral school of the Corvinus University of Budapest, aimed at finding scientifically verified answers to the research questions and hypothesis of the thesis. The backbone of the research is based on *quantitative research* based on publicly available national and international statistical databases, scientific publications, and especially on the exclusive statistical analysis of publicly not available documents of the European Union. Besides the aforementioned sources, other primary and secondary sources have been used during my research, such as news releases, governmental communiques and documents, publications, interviews and background information based on my own research in the last nine years. Besides quantitative tools, qualitative methods will be employed as well to statistically analyse the strength and sophistication of economic and political relations between China and its CEE partners.

In order to evaluate such an alleged threat to the cohesion of EU external relations, the context and extent of Chinese activity in the CEE region are to be understood. The analysis of trade and investment relations starts in 2009, the first year of the global economic crisis when CEE countries experienced the first shockwaves and turned their attention toward China, and it continues to 2019. The analytical section of the paper compares Chinese

trade and investment in Central Europe to EU trade and investment in the region. In a further step, the paper analyses the development of trade dependency of individual CEE economies in contrast to their political relations with China.

The aim of the research in the case of H1 is to present the importance of the volume and dynamics of trade and investment relations with China to CEE countries in comparison to the same activities with other EU members. Trade dependence and trade magnitude will be considered of the CEE-11 countries compared to the similar data of France, Germany and the UK. In case of H2 the analysis will shed light on any potential (negative or positive) correlation between the quantities (and development) of trade and investment relations with China and the quality of bilateral political relations. In both cases, the statistical database of the United Nations Conference on Trade and Development offers all necessary data on trade to conduct a statistical analysis of bilateral relations between China and its eleven partners in the CEE region. The statistical analysis will shed light on the correlations between the quality of political relation and level of economic cooperation, including trade and investment dependence on China. As for investment relations, the paper analyses the flow of Chinese investment into CEE economies compared to the quality of their political relations with Beijing, and it also compares the relative importance of Chinese financial capital in the CEE region and in other parts of the EU. Since investor ownership structure also plays a significant role, the paper offers, lastly, a review of the background of Chinese companies with a presence in the region.

Export dependence is calculated as:

$$\text{EXD: } X_{ij}/X_i$$

Where X_{ij} = country i's merchandise exports to China

X_i = country i's total exports

Trade Magnitude is calculated as:

$$TM = X_i Y_{ij},$$

where $X_i = A_i / GNP_i$

$$Y_{ij}=A_{ij}/A_i$$

Where: TM stand for Trade Magnitude

A_i : The value of total exports and imports of nation i (CEE-11)

GNP_i : The Gross National Product of nation i (CEE-11)

X_i : (Trade Importance) The percentage of exports and imports as a part of economic production of nation i (CEE-11)

Y_{ij} : (Trade Dependence) -Amount of trade conducted with the dominant nation (China)

A_i : The value of total exports and imports of nation i (CEE-11)

A_{ij} : The value of exports and imports of nation j (CEE-11) to nation i. (China)

FDI dependence represents the share of the Chinese investment to CEE-11 countries in the GDP of CEE-11 nations and is measured as a percentage of GDP.

$$FDI_{dep} = FDI_{ij}/GDP_i * 100$$

In order to prove the last hypothesis (H3), I have requested the Council of the European Union to disclose the documentation of all China related anti-dumping votes for the period between January 2004 and April 2015. I have received and coded almost 200 documents featuring the 3000 votes of individual member states in the previously mentioned period. Based on statistical analysis I will either confirm or reject the hypothesis that pro-China votes of the CEE-11 countries must have been significantly growing in the post-16+1 period, if Beijing was indeed able to influence them through the promises of economic benefits. Since the EU's anti-dumping decisions are important to China, and CEE member states represent almost 40 per cent of voting power, any pressure from Beijing should have had an impact on voting patterns.

When it comes to the analysis of UN GA, the present work utilises UN General Assembly voting as a proxy for political influence and foreign policy using a panel of 11 EU members of the 16+1 cooperation. As international criticism and thus the research questions presume that CEE-11 countries have sold out EU unity in exchange of economic gains, the analysis focuses on issues important to the West in general. The US State Department annually publishes the voting patterns of UN member states about selected votes important to the US. Based on these sources it is possible to construct an index of voting alignment with China or the US and the EU, to see if CEE-11 countries deviated from EU positions or not. To create an index of voting alignment the present thesis follows the methodology proposed by Kilby which codes votes in which the country voted in agreement with China as 1, unmatched votes as 0 and abstentions as 0.5. The calculations treat abstention as a vote, since it can be taken to reflect a political statement. Meanwhile, absents are not included, as absenteeism can be due to a number of other factors but influence. (Kilby, 2009)

As to the sources of the thesis, the present work relies both on primary sources such as databases, EU Commission documents, official communiques and political speeches and on secondary sources such as scientific papers, policy papers and books that have been published by experts and researchers of the matter. Furthermore, given my own decade-long research on the issue, I will also rely on some of my previous works published in peer-reviewed journals or other publications.

3.1. Definition of the CEE region and the geographical limits of the research

When I started to work on China-CEE relations in 2009, one of the main methodological problem was how to define the concept of “Central and Eastern Europe” from a historical, geographical or political point of view. Terms like “Central Europe”, “Eastern Europe” or “Central and Eastern Europe” are widely used in public discourse, but their real meaning is too ambiguous or vague to rely on in a scientific work. The exact definition of the region depends on the topic or field of science in question, and unable to embrace the complexity of the cultural, ethnic, language and historical diversity of the region. That is, the concept

of “Central Europe” has been dynamically changing through the ages (Johnson, 1996), and the following definitions are the most relevant ones in contemporary political discourse.

According to Ronald Tiersky the Czech Republic, Poland, Hungary and Slovakia and their Visegrad 4 cooperation (V4) represents the core or the engine of the region (Tiersky, 2004). Others believe that “Central Europe” means a certain level in the process of Europeanisation, proven by the similar way of development in V4 countries. From a German point of view, the main theme of the Central European identity is the division line between the Western and Eastern (orthodox) Christianity. (Katzenstein, 1997)

The definitions used by major international organisations rarely focus on the historical or cultural background of the region. According to the Organisation of Economic Cooperation and Development (OECD) the CEE region comprises Albania, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia and the three Baltic states, Estonia, Latvia and Lithuania. (OECD, 2014)

The definition or concept of Central (and Eastern) Europe itself represents an independent and widely researched topic, with an extensive list of publications. When it comes to the scope of the present thesis, however, the complexity of the question was highly reduced by the simple fact that the PRC has issued a list of countries it cooperates with in the CEE region. Thus, I am in the convenient situation to rely on the Chinese understanding of the region, comprising the following countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Poland, Latvia, Lithuania, (North)Macedonia, Montenegro, Romania, Serbia, Slovakia and Slovenia. (PRC MFA, 2012) I can speculate only how China selected these countries, while it omitted some others in the region. Kosovo seems to be the most obvious case as Beijing does not recognise the sovereignty of Pristina. The picture gets a bit murkier to the East, as Moldova, Ukraine and Belarus are not a member of the cooperation either, what might be explained by Russia’s strong influence and interests in these countries. Towards the West, the picture is less foggy, China has seemingly selected all countries East of the former iron curtain (except former East Germany of course).

Although China has signed a formal cooperation agreement with 16 CEE countries, only 11 of these were EU member states at the same time. Since I would like to analyse the impact of the 16+1 cooperation on the level of the European Union, I will focus on these eleven EU member states, with a special emphasis on the key countries of the region, such as the Czech Republic, Hungary, Poland, Romania and Slovakia, the five countries representing almost 82 per cent of the GDP of CEE member states and 89 per cent of the region's \$97 billion bilateral trade with China. (UNCTAD, 2020) Furthermore, as I have mentioned before, the present thesis excludes the analysis of Greek-Chinese relations, because Athens has joined only a year ago and from a political, economic or historical point of view, Greece is not considered part of the CEE region.

3.2. The timeframe of the research

Since the present work focuses predominantly on the 16+1 cooperation, the general timeframe of the research starts in 2011 (the year of the first China-CEE meeting) and lasts until 2020. Of course, to offer a historical background to the description of political and economic relations, a brief section gives an overview of bilateral relations between China and specific CEE countries, while in case of the third hypothesis the analysis covers a pre- and post-16+1 periods as well.

3.3. The use of Chinese names and expressions

In accordance with international standards, the present dissertation employs the official Chinese pinyin system to remain Standard Chinese names and expressions.

3.4. Structure of the thesis

Following the introduction and the sections on theoretical considerations and methodology, the thesis follows a top-down approach, that is it presents EU-China relations as the macro level environment of the 16+1 in Chapter 4, then it narrows down its scope to the brief history and the general introduction of the 16+1 itself and bilateral relations between China and selected CEE countries in chapters 5 and 6 respectively. Chapter 7 introduces the social and political perceptions of China in CEE countries, while chapter 8 presents the means and fields of the 16+1 cooperation through the guidelines

published after each summit. Chapter 9 offers an insight to the literature on the connections between Chinese investments and political strings, while chapter 10 sheds light on the European concerns about the 16+1. In chapter 11, the thesis presents the empirical quantitative analysis based on statistical databases and the political ranking system. Chapter 12 takes political actions of CEE-11 countries into consideration what may seemingly contradict the findings of the databased empirical analysis. The lucky thirteenth chapter concludes the thesis and articulates recommendations to policy makers to the future development of EU-China and 16+1 relations, while chapter 14 admits certain limitations of the thesis and offers further research opportunities.

4. EU-China relations and the European context

The following chapter introduces the history and structure of EU-China relations as the wider context of the 16+1. Of course, I cannot offer a full picture of the long history and extremely complicated mechanism of EU-China relations as a whole, still it is important to shed light on the mutual interests and tensions in this relationship. Given the extent and depth of political and economic cooperation between the EU and China, it is understandable that EU institutions and some member states developed concerns regarding the 16+1, what many perceived as a challenge to the existing cooperation mechanism between Brussels and Beijing.

Individual member states of the European Union have had various relations with China over the past decades. Members of the former Eastern Bloc recognised the PRC and established official diplomatic relations with Beijing a few days after the proclamation of its establishment in early October 1949. Meanwhile, Western European states followed different paths in their relations with China. The United Kingdom was among the first to recognise the PRC in 1950 due to the special situation of Hong Kong. France made official contact with Beijing in 1966 in the framework of the independent policies of President Charles de Gaulle. Most of the Western countries, however, established diplomatic ties later in the 1970s, following the US-Chinese rapprochement. Beijing's accession to the United Nations (UN) triggered a response from the European Economic Community (EEC) since the enormous potential of the Chinese domestic market offered attractive trade and investment opportunities to the companies of the European integration. The two

sides reached an agreement to establish diplomatic ties in 1975, followed by the inflow of European capital into China, especially after the implementation of Deng Xiaoping's Reform and Opening up policy in the late 1970s. Due to the nature and competencies of the EEC trade issues stood in the focal point of bilateral relations in the next decade, until the Tiananmen shock in 1989 when the Europeans and the US introduced economic, political and military sanctions against the Chinese regime. Economic interests, however, proved to be stronger than political and value-based considerations and economic and trade sanctions were lifted by the mid-1990s. The arms embargo is still in power as of today but has a minor impact on bilateral economic relations. Following decades of rapid development EU-China trade has become one of the biggest trade relations in the world as its total value surpassed EUR 600 billion in 2019. (EU, 2019) Meanwhile EU members are among the most significant investors in China with a total stock of FDI over EUR 175 billion and the EU is the most important source of high technology for China. After decades of development EU-China relations have started to develop symptoms of deterioration in the recent decade as mutual disappointments and rising tensions poisoned economic and political relations as well. The EU shares the China related concerns of the Trump administration, though it does not share the means and methods of Washington in dealing with such issues. Trade deficit and market access is a major headache for most EU members, as it shows how easily the Chinese goods and investments penetrate the open European markets, while China still protects its own markets in various ways. The 16+1 has added one more item to the long list of looming tensions between the EU and China.

4.1. EU-China political relations

EU-China diplomatic relations celebrate their 45th anniversary in 2020, and bilateral ties have experienced both setbacks, such as the 1989 Tiananmen Square incident, and high points such as the 2003 strategic partnership in the past forty-five years. Formal relations between the European Union and China started in 1975 yet took on more importance only from the 1990s onwards with China's Reform and Opening up policy. The two sides

signed a strategic partnership in 2003 and fifteen years after this affirmation, EU–China relations are without doubt one of the most significant relations in international relations, given that the two parties represent around 30 per cent of world trade, and 25 per cent of humanity. Besides, despite significant differences in their political systems and values, China and the EU have built up an exceptionally complex collaboration at several levels, including political, strategic and economic or people-to-people dialogues. The agreement to upgrade the existing partnership between the two sides in 2003 to a strategic partnership was motivated by a “similar understanding of the post-Cold War international system and of both partners’ place within it”. (Casarini, 2012) The EU and China had similar views about the forces of globalisation, the fallout of 9/11, the growing economic interdependence between the two sides and the desire by both of them to play a more active role in global affairs. Since the first EU–China summit took place in 1998 EU–China relations have become well institutionalised as dozens of official meetings take place every year. European and Chinese statements now and again refer to their interests in each other and their common views on certain global issues, such as climate change or trade. The EU and China has expressed their mutual will for cooperation and joint action as well. For decades, there has been a mutual agreement between the two sides on partnership in sharp contrast of the more confrontational US-China relationship. (Christiansen, et al., 2019)

Meanwhile, there are major differences and clashes as well in EU-China relations, as both sides have their own historical experience and perspective. The EU and China have gone through different ways of political and economic development while their geopolitical interests are also highly different. Their political nature shows major differences as well. The EU has a legal personality and international powers, still it is not a state and therefore its behaviour on the international stage is very different from classical actors. EU level institutions have a significant level of independent power to influence the international actions of the integration, but in reality, the EU is not a ‘superstate’. Its member states have their own political and economic interest and maintain their own foreign policy and bilateral relations to China. As Christiansen and Kirchner write in their book this unique, hybrid nature of the EU makes it sometimes difficult to articulate common policies vis-à-vis other countries and traditional states like China. (Christiansen, et al., 2019)

China is also a unique country. It was invaded, massacred, colonised and war torn for a century before the communist takeover led to even more human and economic losses in the 1960s and '70s. Throughout its history, China preferred to think of itself as the centre of civilisation, with all outward entities considered barbaric and therefore necessarily inferior to the Middle Kingdom. *All under heaven* (tian xia) in traditional Chinese thinking means not only the physical world; it is a cultural concept that also incorporates morality and the workings of the universe. The classical Chinese international system, called the tributary system is essentially based on inequality, as it meant that the beings in the world, including countries, are unequal: China is at the centre point, surrounded by all else arranged in concentric circles. All under heaven form part of a great hierarchy, which, *per definitionem*, is without any conflict and comprises every country dominated by China. Traditional Chinese thinking distinguished no individual sovereign states but considered all under heaven to be part of a single whole, which is why it lacks the concept of international relations in the classical sense. (Matura, 2020)

Of course, China had to learn the realities of the Western international system through suffering in the 19th and 20th century, but thousands of years of tradition did not disappear entirely, and under Mao Zedong China tried to re-establish itself as a major power. Later, in the era of Deng Xiaoping Beijing realised the need of economic development as a prerequisite of its re-emergence to international dominance and given its spectacular growth and development Beijing has started to assert itself as a major power in the recent years. Since the EU is located far away from China, geopolitical and strategic considerations do not influence their bilateral relationship, as it is mostly focused on economic issues. Still, European countries are often remembered as colonial powers and the main actors in the so-called century of humiliation, and these historical memories have an impact on bilateral political relations even today. As Kirchner and Christiansen writes, when the EU talks about human rights, open markets and liberal democracy, or about its expectations of China being a responsible stakeholder in the international community, then the underlying assumption is that relations with Beijing would be easier for the EU if China were to become more 'like us'. Consequently, much of the China policy of the EU and its biggest member states was patronizing China to a certain extent and was

focusing on what the West wanted China to be, rather than what China itself was aspiring to. (Christiansen, et al., 2019)

For many years, the EU embraced a liberal-institutional approach in its dealing with China. EU level China policy was focusing on the mutual benefits of economic cooperation and common interest such as global stability, predictability and the deepening of globalisation. In the recent years, however, a more realist perspective has emerged in the EU and its member states. From a European perspective, the rise of China and its increasingly assertive foreign policy under Xi Jinping means a major disappointment, as the EU believed that decades of economic and political engagement with China would ultimately lead to convergence between the two sides that is China would become more like the West. The current European discourse about China is in a sharp contrast with its former cooperative attitude, as the EU and its major members have become suspicious about the intentions of Beijing, and started to think about the national interests and power of themselves. As Fox and Godement wrote it back in 2009, the EU's China strategy was based on the belief that China, under the influence of Europe would liberalise its economy, improve the rule of law and democratize its politics. This strategy produced a plethora of bilateral agreement, memorandums of understanding, summits and other high-level visits, yet as their report showed, China's foreign policy evolved in an independent way and resisted European influence. (Godement & Fox, 2009) Fox and Godement were very pessimistic about the intentions of China and EU-China relations in 2009, and when they revisited the question a decade later, they found that the EU had started to act in a more realist way vis-à-vis China, and requirements for reciprocal opening entered EU policy statements on China. (Godement & Vasselier, 2017)

In the past decade it has also become clear that China is more important for the EU and its member states than the EU is for China. It is partially a consequence of the EU's search for partners for the sake of multilateralism, as the EU needs to initiate partnerships while the independent foreign policy of China does not see such structures crucial. (Wissenbach, 2007) The asymmetry of the relationship was somewhat mitigated by China's intentions to find alliances in Europe to counter the policies of Donald Trump. The Covid-19 crisis and China's dominance in supplying medical equipment, however, reinforced the asymmetry once again.

As the EU has not been able to formulate a strong unified China policy, Beijing attaches higher importance to some of its member states than to Brussels itself. This is especially true when China sees opportunities to gain the upper hand as member states compete with each other for lucrative business opportunities with the Chinese side. That is, common objectives do not necessarily coincide with common commitments. For instance, relations between the EU and China have often encountered clashes over human rights, religious freedom, security or environmental protection, the proper application of international law, territorial integrity and non-interference in domestic affairs. One of the principle reasons for these differences is that the EU has an inherently more flexible understanding of sovereignty and is widely seen as a normative or ‘civilian’ power, while China regards sovereignty and national interest as absolute priorities of its foreign policy. (Christiansen, et al., 2019)

Despite the long relationship between China and the EU, the fundamental problem of the EU is still unresolved. As it has been mentioned above, member states have their own political and economic interests and pursue their own foreign policy and bilateral relations to China. The lack of a unified and solid China policy undermines the leverage of the EU, as China can actively exploit differences between member states by individual partnerships with EU countries. Consequently, some observers see the EU as “suffering from internal divisions, being less in political terms than the sum of its parts and lacking strategic vision.” (Christiansen, et al., 2019)

The most recent development of bilateral ties was coined by the EU’s latest assessment of relations, titled *EU-China – A strategic outlook*. To the surprise of many observers, the EU used unprecedentedly strong words to describe its relationship to Beijing:

“China is, simultaneously, in different policy areas, a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance. This requires a flexible and pragmatic whole-of-EU approach enabling a principled defence of interests and values. The tools and modalities of EU engagement with China should also be differentiated depending on the issues and policies at stake. The EU should use linkages across

different policy areas and sectors in order to exert more leverage in pursuit of its objectives.” (European Commission, 2019)

These words signal the changing attitude of the EU towards China, as it acknowledges a shift in the balance of challenges and opportunities in bilateral relations and take a more assertive approach. On May 6, 2020 EU ambassadors to Beijing published an op-ed in two major Chinese newspapers the China Daily and the People’s Daily, titled *Marking 45 years of EU-China diplomatic relations in a time of global crisis*. The authors were praising cooperation in many areas such as political, economic, financial, scientific, educational and cultural spheres and shared interests in the peaceful resolution of global conflicts, climate change mitigation, sustainable development, food and energy security, nuclear non-proliferation and social justice. However, the EU Delegation in Beijing was informed by the two media outlets that that the publication of the Op-Ed “would only be allowed by the Chinese Ministry of Foreign Affairs on the condition that a part of a sentence related to the origins and spread of the coronavirus was removed” what marked a new milestone in the deterioration of bilateral relations. (Delegation of the EU to China, 2020) European criticism of the 16+1 cooperation feeds into this emerging anti-Beijing discourse, as it sees Chinese activities in the CEE countries as a zero-sum game, where China – now claimed to be not only a partner but an economic competitor and systemic rival as well – gains more power and the EU loses its influence.

4.2. EU-China trade relations

The economic relationship between China and the EU is extensive. While the EU is China’s largest trading partner, China is the EU’s second largest, and it may catch up with the US soon.

According to the statement of the EU Delegation in Beijing, the EU seeks to promote reciprocal economic and financial exchanges between the EU and China. For the sake of proper communication, the following dialogue mechanisms have been established between the two sides:

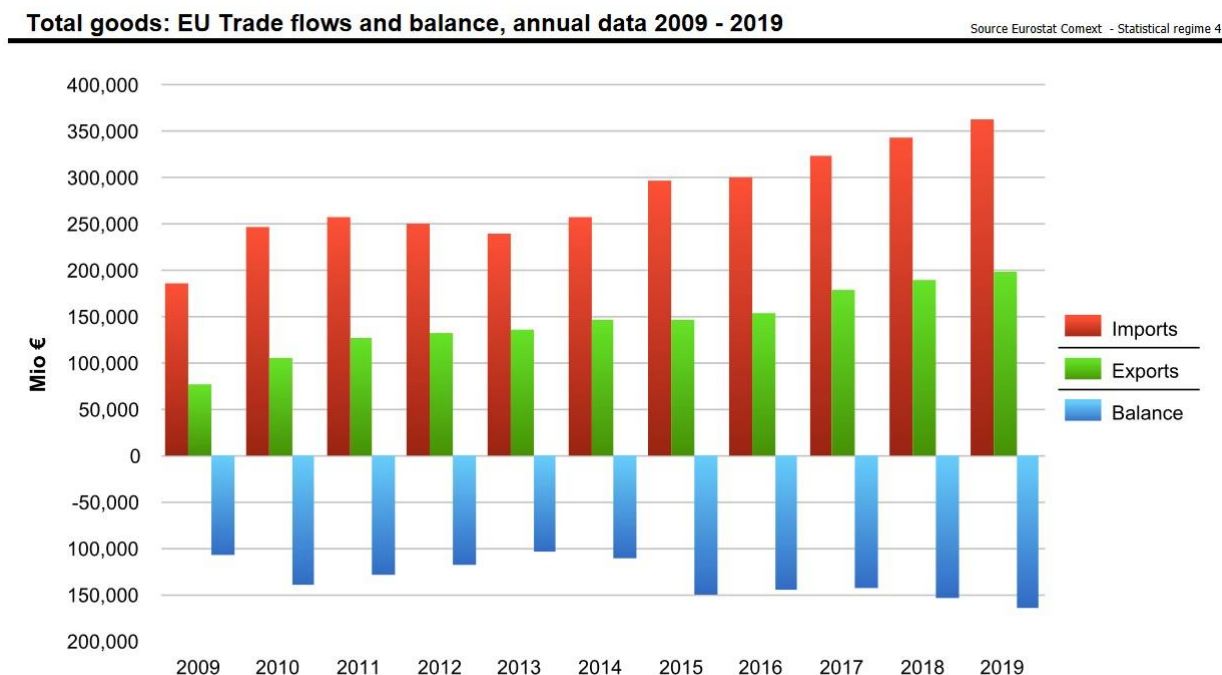
- the High-level Economic and Trade Dialogue, chaired by a Vice President on the EU side and a Vice-Premier on the Chinese side

- the Economic and Financial Dialogue between the European Commission and the European Central Bank, on one side, and the Chinese Ministry of Finance, the People's Bank of China and the Chinese financial market regulators, on the other
- the Macroeconomic Dialogue between the European Commission and the National Development and Reform Commission of China

The EU and China are the two of the biggest traders of the World thus their bilateral exchange of goods and services is of considerable size. China is the biggest source of imports to the EU, while most of the advanced technology arrives to China from the EU. As the volume of bilateral trade keeps increasing, the two actors are on due course to become each other's most important trade partner in the upcoming years. The EU is committed to open trading relations with China, and wants to ensure that China trades fairly, respects intellectual property rights and meets its obligations as a member of the World Trade Organisation. (Delegation of the European Union to China, 2016)

Since China's accession to the World Trade Organisation in 2001, the EU's goods exports to China have grown on average more than 10 percent a year and service exports by over 15 percent a year. This has resulted in ample benefits for businesses and consumers of the EU but at the same time, it has also caused some disruption in European labour and product markets, as imports from China have also grown rapidly. (Dadush, et al., 2019)

Figure 1: EU-China Trade (2009-2019)



Source: (Directorate-General for Trade, 2020)

The trade relationship between China and the EU should be understood in a general equilibrium context, rather than from a bilateral perspective. Even if China does not buy as much from the EU as it sells to the EU, the EU has an overall trade surplus, and this is made possible to some extent by the EU's exports to third parties, which have, in turn, seen their exports to China surge. (Dadush, et al., 2019)

Trade and investment related issues are discussed at the annual EU-China Summit and at the following main annual dialogues:

- the High Level Economic and Trade Dialogue (HED), chaired by a Vice President on the EU side and a Vice-Premier on the Chinese side
- the Joint Committee (JC) at Commissioner/Minister level
- the Trade and Investment Policy Dialogue (TIPD) and the Economic Trade Working Group (ETWG) at Technical level

The structure of trade between the EU and China is well developed and balanced. Based on the high added value of exchanged commodities, the relationship can be described as

trade between two developed countries, and not as trade between a developed region (the EU) and a developing country (China)

Table 2: Structure of EU trade with China

Imports 2019			Exports 2019		
Top 5 - SITC sections					
Product	Value Mio €	% Total	Product	Value Mio €	% Total
7 Machinery and transport equipment	197,352	54.5	7 Machinery and transport equipment	108,405	54.7
8 Miscellaneous manufactured articles	91,316	25.2	5 Chemicals and related prod, n.e.s.	27,592	13.9
6 Manufactured goods classified chiefly by material	43,996	12.2	8 Miscellaneous manufactured articles	20,062	10.1
5 Chemicals and related prod, n.e.s.	19,458	5.4	6 Manufactured goods classified chiefly by material	15,557	7.9
0 Food and live animals	4,714	1.3	0 Food and live animals	10,984	5.5

Source: (Directorate-General for Trade, 2020)

4.3. EU-China investment relations

The composition of Chinese foreign exchange reserves and the geographical distribution of the investments are confidential data. (Neely, 2017) Consequently, there are only estimates regarding the countries in which China has investments and the government securities of which it purchases. The situation is illustrated by the fact that even Chinese researchers and reports mainly rely on western estimates concerning their own foreign exchange reserves.

The lack of information constitutes a serious problem for both researchers and decision makers. This deficiency derives not only from fast changes and the Chinese companies' unprecedented demand for stake in European business but also from the fact that members of the EU does not provide general information about the details of investment, thus it prevents the creation of an official and frequently updated databank about it. It is difficult to identify the geographical targets of Chinese financial capital what makes the situation even more complicated. Almost 60 per cent of Chinese Outward Direct Investment (ODI) has been directed to tax havens and investment centres such as the Cayman Islands, the British Virgin Islands and Hong Kong, therefore, the route of this amount of money is problematic to track. (Huang & Xia, 2018) Nevertheless, a considerable part of this capital most probably returns to China after a "round-tripping" due to taxation matters. The exploration of this field is further complicated by the fact that China tends to use western

monetary infrastructure to conduct its fiscal transactions; it is therefore probable that an offer from London originates from a Chinese buyer.

The going global strategy (Zǒuchūqū Zhànlüè) was introduced by the Chinese government in 1999. The first years of this new approach were less successful, with some significant failures. The second half of the 2000's witnessed a tremendous increase in Chinese ODI outflows, shaken only temporarily by the global financial crisis. Over the past decades, the Chinese economy has been relying mostly on growing volumes of exports and major infrastructure investments, until the outbreak of the global crisis. The structural changes of the world economy raised the awareness of the government in Beijing that relying upon the export of low value-added manufactured goods or building more infrastructure cannot ensure the sustainable growth of the Chinese economy anymore. Instead, Chinese firms must move up on the value chain of the global manufacturing sector, and to generate more and more wealth domestically.

The economic model of China in the previous decades resulted in huge foreign exchange reserves, and the financial crisis in Europe offered a unique opportunity to utilise that capital to acquire financially distressed European firms, which were equipped with the industrial and commercial technology and know-how. Through 'Going Global' companies will exposure to mature markets, and it will force them to learn management skills and further intangible assets abundant in developed countries but scarce in China. Another reason behind the strategy was to mitigate political pressure on Renminbi exchange rates with the world, while it was indeed a better investment strategy than buying governmental bonds. The latter option was too risky during the years of the Euro zone crisis, while the opportunity to acquire European companies at low market capitalisation was tempting. (Jie, 2012)

China's investments in Europe have made front-page news on several occasions in recent years, especially in those cases when one well-established European company or another has become its target for acquisition. The fact that MG Rover, Saab and finally Volvo passed completely or partially into Chinese ownership, has aroused the interest of the press, and indeed, frequently the sources regarded as authoritative also warned of Europe's

acquisition by China. Naturally, all of these fears are exaggerated; at the same time, it is quite true that the weakness of the European economy and listed companies first during the Eurozone crises and now due to the economic downturn induced by the COVID-19 pandemic has created an excellent opportunity for Chinese companies to buy up their European competitors for various reasons.

Although Europe in general is a proponent of an open and investor-friendly business environment, concerns often arise regarding the motivation behind the Chinese purchases and their consequences. In my opinion, a lack of reliable and comprehensive information and data makes discernment difficult; knowledge of them would promote understanding of the rapidly changing situation. In addition, there also exists a serious dearth of up-to-date specialist literature, which stems on the one hand from the lack of appropriate databases, and on the other from the novelty of the Chinese economic presence. That the situation changes so rapidly that even the existing data and statistics soon become obsolete, and no pan-European data are available, represents a further obstacle.

It should be noted at the same time that even with data in the appropriate quantity and of appropriate quantity, it would be difficult to state the genuine sources of the capital flow, since in 2010 more than three quarters of Chinese operating capital exports left the People's Republic of China through Hong Kong, Luxemburg, Singapore or the British Virgin Islands and other tax havens (often only for a brief time, because the "globetrotting" of Chinese capital for reasons of taxation is a common phenomenon). Hong Kong itself received 55 percent of the flow of Chinese ODI (Outward Direct Investment).

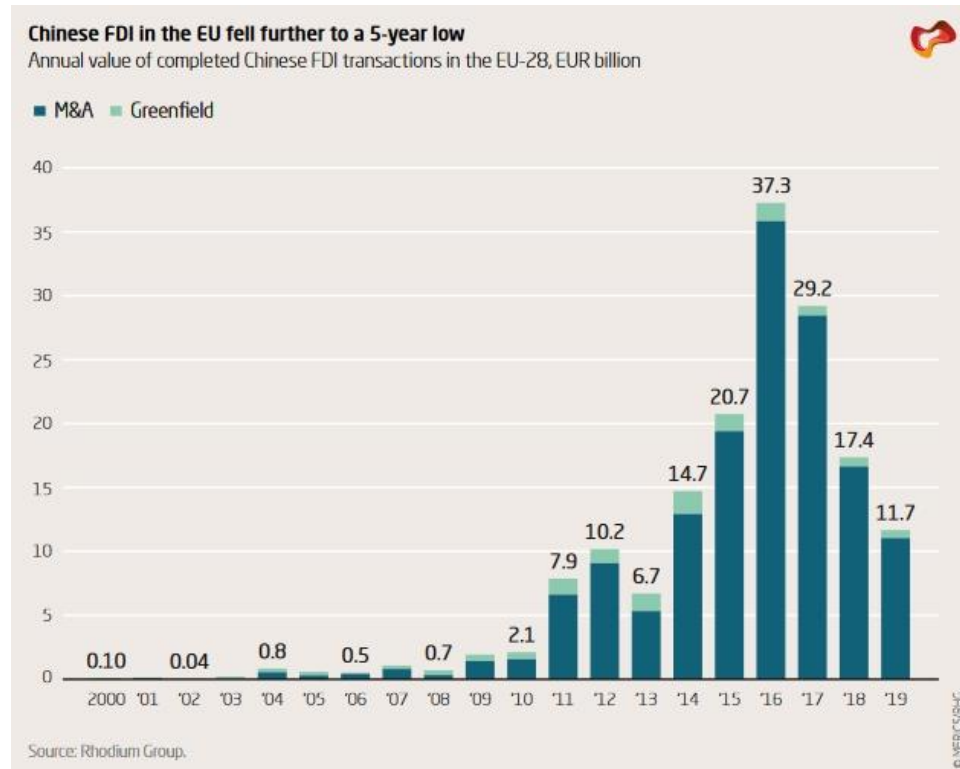
The situation is often similarly uncertain regarding foreign trade with China. Frequently quite serious deviations can be encountered among the data published by the individual (Central) European countries, Chinese sources and international organisations.

Because China's presence and investment activity in the East Central European region is a relatively new phenomenon, the number of reliable and comprehensive sources is quite low. In the area of general EU-China relations, Françoise Nicolas in her 2009 study pointed out that although China's investments in Europe are growing continuously, their percentage is infinitesimal within total operating capital in Europe. (Nicolas, 2009) According to official Chinese numbers in 2010 Chinese capital invested in the EU was USD 12.5 billion, while according to the study by Thilo Hanemann and Daniel H. Rosen,

entitled “China Invests in Europe: Patterns, Impacts and Policy Implications,” in 2011 it was USD 20.9 billion, and according to the Heritage Foundation’s China Global Investment Tracker it was USD 60.3 billion (including already signed but not yet actually implemented contracts). (MOFCOM, 2011) (Hanemann & Rosen, 2012) In other words, even in the latter case Chinese investments represented a mere 0.82 percent of all foreign operating capital invested in the European Union. In Nicolas’ opinion – and in this area the specialist literature is unanimous – the primary motivations for Chinese investments in Europe were new markets, strategic investments and technology transfer. Obtaining through acquisitions and mergers prestigious brands, as well as the know-how and logistical systems connected with them, had similar significance for them. According to Nicolas, up until then the performance and profitability of Chinese companies present in Europe had been disappointing. (At the same time, I believe that in certain cases this may also derive from the fact that Chinese companies, to gain new markets, deliberately allowed for initial losses. The trouble was caused by the prolonged European crisis, which was swelling these losses to a much larger size than planned.)

The situation, however, has significantly changed in the subsequent years, as Chinese investment skyrocketed in the EU in the 2010s. Analysts of the European Council on Foreign Relations have summarised their opinion in the first sentence of their study: “China is Buying up Europe”. (Godement, et al., 2011) Chinese investments in Europe quadrupled between 2007 and 2010 indeed and this process has even accelerated further in the recent years. The total value of Chinese investments reached 12 billion dollars by 2010 and increased astonishingly to over EUR 100 billion by 2016 and to EUR 160 billion by 2019. (Kratz, et al., 2020)

Figure 2: Chinese FDI in the EU (2000-2019)

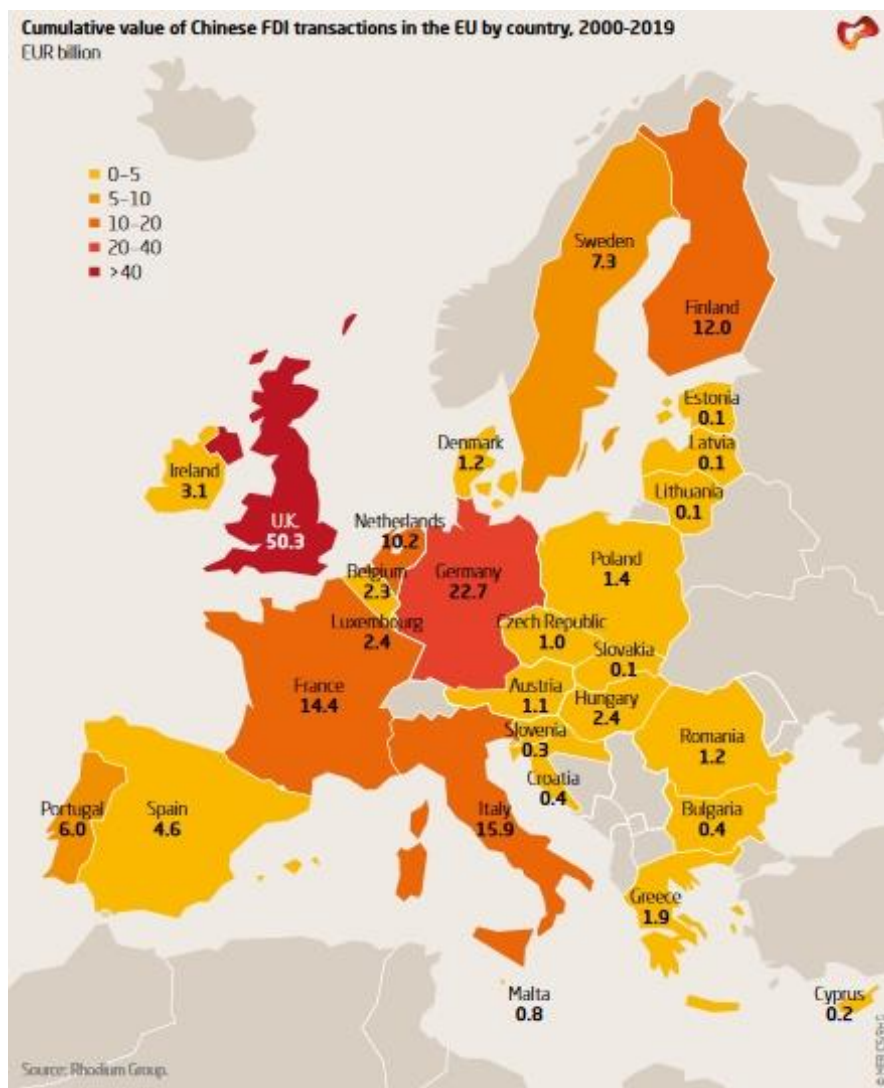


Source: (Kratz, et al., 2020)

Of course, China could not increase its investment indefinitely, and numbers have started to decrease significantly in since 2018. Beijing may have carried out cost–benefit analyses to measure up the amount that is worth investing into European economy, saving sufficient capital to be injected into the Chinese financial system even in the case of a collapse of the market in Europe and a subsequent recession of the world economy In case of a potential global depression, Beijing will be preoccupied with its own problems. Moreover, the current deflating of the real estate bubble as well as the astonishingly high degree of public of provinces and other local authorities may even lead to a domestic crisis, but also affecting the world economy.

A further significant point at issue is that aiding the previous colonial powers, the “spoilt and rich” western societies are vexing to Chinese public opinion as poverty is still a serious problem in their own country. Even though China is not a democracy, decision-making in Beijing is highly influenced by public sentiment. “Some members of the EU do not make sufficient efforts in order to resolve the crisis” – not only is this the public opinion, but also conviction (based upon personal experience) of experts of international relations, influential people in the area of foreign policy.

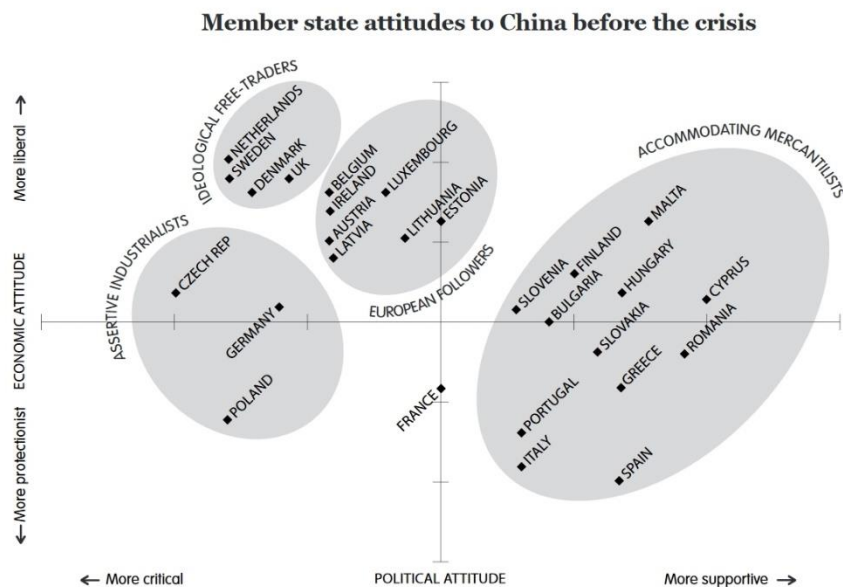
Figure 3: Stock of Chinese investment by member states (2019)



Source: (Kratz, et al., 2020)

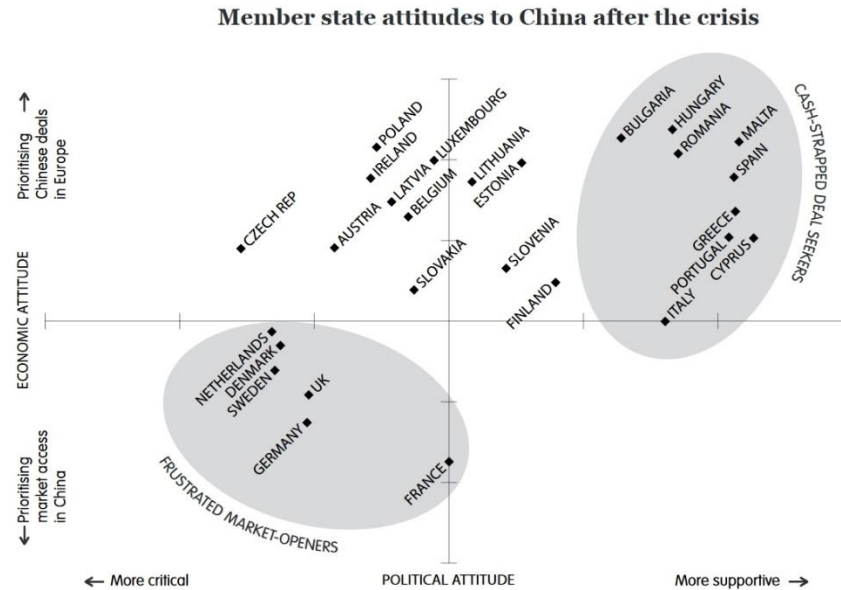
Prior to the financial and economic crisis, the EU was on the way towards establishing a substantial and strong relationship with China on a community level. This intention, however, was shaken by individual national interests that increasingly intensified in the course of the recession. The attitude of member states towards the East Asian country has polarised the EU and member states struggling with financial difficulties have been competing for Chinese connections considerably weakening each other in the process. The consequent situation could be described as “divide and rule”, even though China does not aim at dividing members of the EU – they divide themselves.

Figure 4: Member state attitudes to China before the crisis



Source: (Godement, et al., 2011)

Figure 5: Member state attitudes to China after the crisis



Source: (Godement, et al., 2011)

The two diagrams above, taken from a study widely cited both in the West and China, demonstrate that differences between the member states' political and economic points of view considering China did exist even before the crisis. Following the recession, however, a clear polarisation can be observed: member states in trouble saw China as their saviour, while the economic and commercial leaders of the EU were frightened of increasing Chinese influence and competition. Each member that could not be classified as falling into either of the (slightly constrained) categories adopted a favourable attitude towards Beijing as well.

Undoubtedly, China's economic opportunities seemed to be excellent compared to those of western societies. In addition, its ODI was growing at a high pace, and suggested that all the economic problems of Central and Eastern European countries could be solved by bilateral commercial and investment relations. However, it was an exaggeration, as it will be explained below.

Data of the United Nations Conference on Trade and Development clearly show that China's share of global ODI was hardly 1.54 per cent in the stock variable, but 5.14 per

cent in the flow variable in 2010. (For comparison: the share of the USA was approximately 23.5 per cent, while the EU owned 42 per cent.) (UNCTAD, 2020)

Moreover, only five percent of this Chinese investment's gross value was directed to Europe, though the share of the EU in the Chinese flow variable, due to cheaper European enterprises after the breakout of the crisis, was ten percent in 2010. Aggregate trade data of Central European members of the Union show that China's share is merely two percent, while its investments' value constitutes only 0.3 per cent of gross FDI transferred to the region.

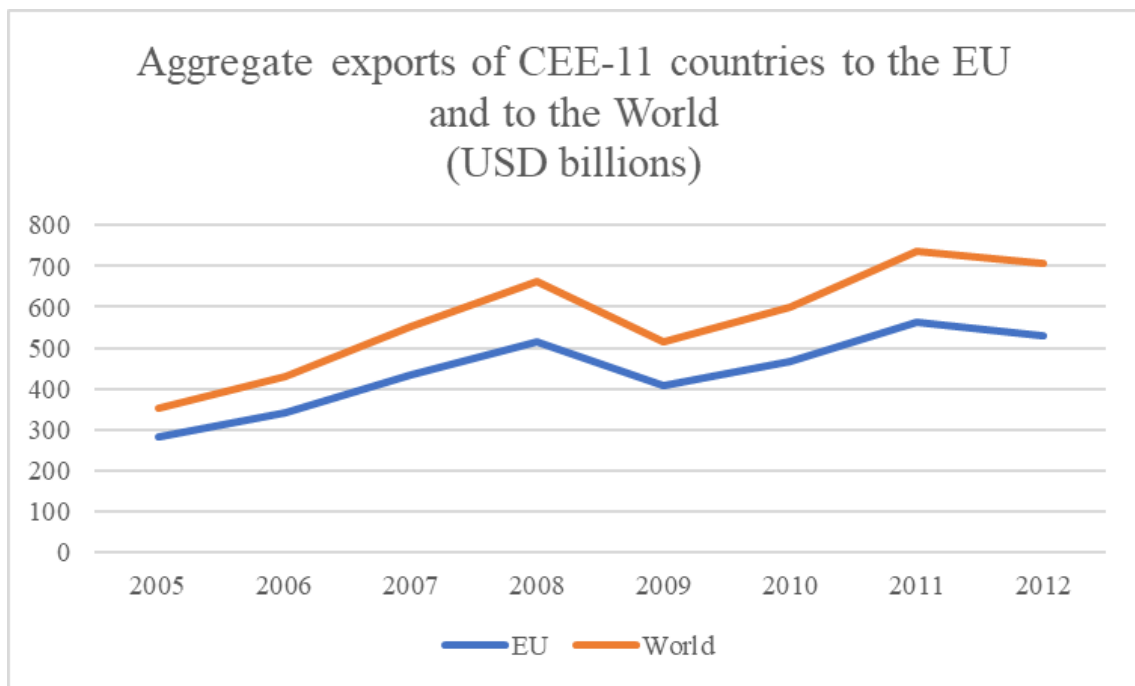
Though a significant growth was experienced in both cases in recent years, partly because of the weak base, China's presence in the Central European economy is still inconsequential – not surprisingly, considering the enormous geographical distance and the orientation of the CEE countries towards the Union. Statistics show that some 60–90 percent of the foreign trade of the Central European countries is directed to other, mostly western members of the EU. Russia, particularly due to the energy import, is also significant. As ninety percent of the world trade is seaborne, the Central European region is not expected to gain considerable importance in economic relations between the EU and China or play a prominent role in related logistics either, unless the highly debated Belt and Road Initiative and its Central European sections, such as the contested reconstruction of the railway line between Budapest and Belgrade proves to be successful eventually. The majority of Chinese merchandise is still going to arrive to Rotterdam, Hamburg, and other great Western European ports. The development of the Trans-Siberian Railway would certainly be constructive and probably even advantageous to Hungary, its channel capacity, however, is limited compared to maritime trade. In addition, it is also questionable whether the turnover connected to it could be directed towards our country.

It is clear, however, that Beijing demands huge rewards for any financial and economic aid provided for members of the EU. Chinese corporations earned a powerful interest in the operation of seaports and in ship production in Greece. At the same time, political compensation occurred for example when the Spanish EU presidency suggested lifting the arms embargo against China after Spain had benefited from financial assistance from Beijing.

5. The origins and structural problems of the 16+1 cooperation

When it comes to China, history always matters, therefore some important notes must be made on the background of China – Central and Eastern Europe relations. Before analysing patterns of interaction, a brief discussion on the background of China – CEE relations is in order. First, the fact that CEE countries were not part of the colonial incursion into China in the nineteenth and twentieth century means that political relations are free of historical tensions. Second, CEE countries were the first to establish diplomatic relations with the People's Republic of China, as early as October 1949. Later, relations were heavily influenced by the tensions between Moscow and Beijing during the Cold War. After the collapse of the Eastern Bloc, countries of the region put all their efforts into joining NATO and the EU, and China did not become a priority until the beginning of the twenty-first century. Hungary was one of the first CEE countries to 'rediscover' China right after Budapest successfully concluded its EU accession in 2003, since the socialist government of the time was more eager to re-establish good relations compared to its right-wing predecessors. All Hungarian prime ministers have visited Beijing over the course of the past decade and a half, most of them more than once. (PRC MFA, 2018) Other CEE countries such as Poland have attempted to foster better economic relations with China as well, sometimes even in spite of political tensions. (Palonka, 2010) The European financial crisis, however, set the tone for a new approach. The economic downturn gave a new impetus to China–CEE relations when traditional foreign direct investment and financial sources dried up in Europe. Weaker EU member states – in Southern, Central, and Eastern Europe – had to find new economic opportunities.

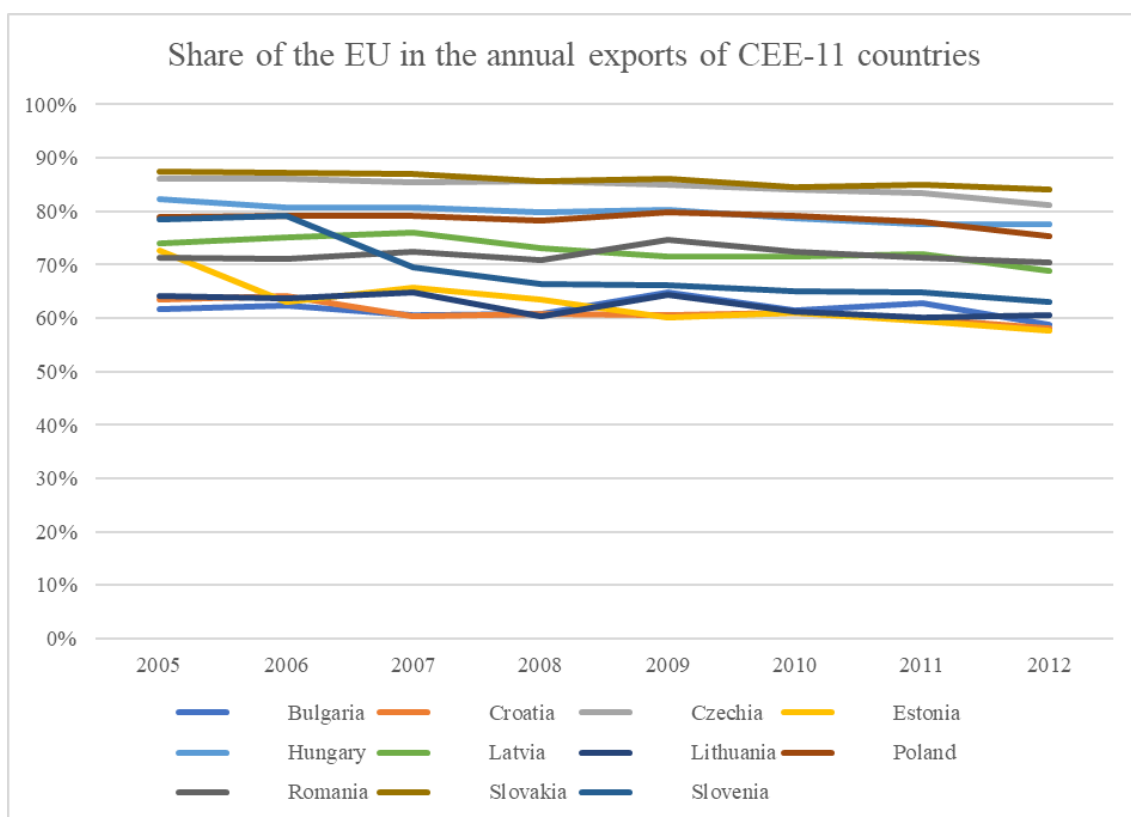
Figure 6: Aggregate exports of CEE-11 countries to the EU and to the World



Source: Author's own calculations based on (UNCTAD, 2020)

As Figure 6. presents, the global financial crisis meant a severe hit to the export industry of CEE-11 countries with a 23 per cent decline on average. Although the volume of exports returned to pre-2009 levels by 2011, a second wave of downturn trends returned in 2012 due to the Eurozone crisis. Since CEE-11 countries have developed a heavy dependence (see Figure 7.) on EU markets since the 1990s, the collapse of demand in Europe made CEE-11 countries realise their vulnerability and called for action to diversify their trade partners. As it has been stated in the theoretical framework, the security dilemma must be understood in a broad way when it comes to small states. These countries are more vulnerable not only to geopolitical or military threats but to economic threats (crises) as well, as small states tend to be more dependent on the global economy and trade. (Wivel, et al., 2014)

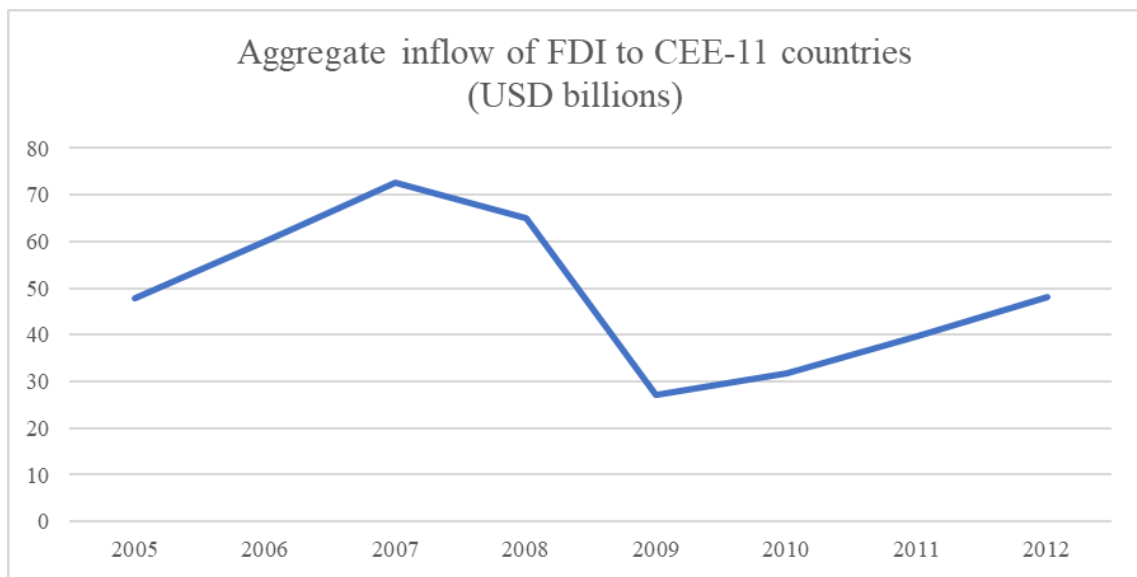
Figure 7: Share of the EU in the exports of CEE-11 countries



Source: Author's own calculations based on (UNCTAD, 2020)

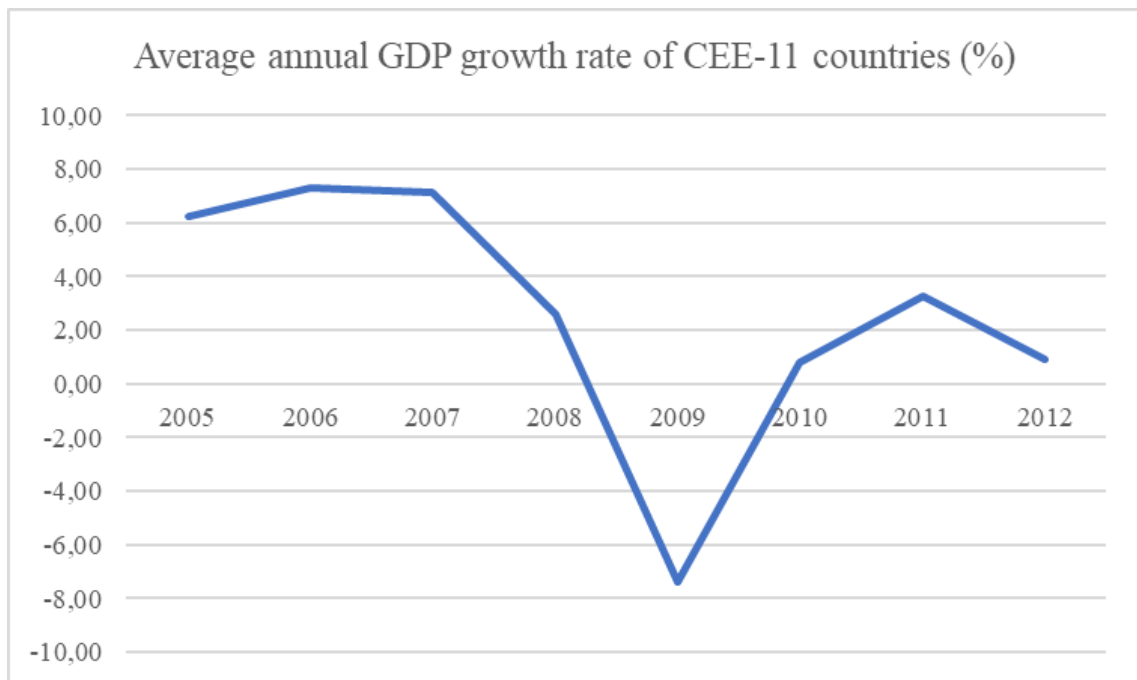
The impact of the financial and Eurozone crisis becomes even more obvious when investment relations are considered as well. Figure 8. offers an insight into the dynamics of FDI flows to the CEE-11 countries between 2005 and 2012. The sudden and severe drop (63 per cent on average) of investment inflow into the investment dependent economies of the CEE-11 countries contributed to the deep economic contraction in the region. While the average GDP growth (Figure 9.) of the region reached 7 per cent in 2006 and 2007 the pace of growth dropped to -7 per cent by 2009 and economic development remained weak and fragile for the following years.

Figure 8: Aggregate inflow of FDI to CEE-11 countries



Source: Author's own calculations based on (UNCTAD, 2020)

Figure 9: Average annual GDP growth rate of CEE-11- countries



Source: Author's own calculations based on (UNCTAD, 2020)

At the same time, China had an abundance of cheap capital and industrial overcapacity. (McNally, 2013) Therefore, to find new economic opportunities in the European markets seemed like a logical step forward. As part of an effort to revitalise relations, the

Hungarian government was pleased to host the first meeting of the Central and Eastern European countries and China in 2011. (Kong, 2015) The next meeting in Warsaw, the first real summit for the 16+1 prime ministers was a clear sign that Beijing considered the previous meeting in Budapest a success and thus decided to establish a regular mechanism of summits. The founding of the Secretariat for China–CEE Cooperation was the next milestone of the development of cooperation in September 2012, while the third meeting in Bucharest (2013) and the fourth in Belgrade (2014) and all subsequent summits (2015-Suzhou, 2016-Riga, 2017-Budapest, 2018-Sofia and 2019-Dubrovnik) have proven the commitment on both sides to carry the project forward.

The 16+1 cooperation initiative is an intergovernmental mechanism (but not institution) whose main aim is to reduce the transaction costs of interactions between China and the CEE region. In concrete terms, it is a forum where 16 CEE countries – including 11 EU members – have the opportunity to meet the Chinese premier on a regular basis. Without this mechanism, the chance for minor regional players to have bilateral talks with the Chinese PM would be minimal. At a time when German, French and British leaders visit Beijing on a regular basis to sign huge deals, such opportunities were clearly important to CEE leaders. (Godement & Fox, 2009) For Beijing, it was also more attractive to have access to the leaders of nations of 120 million people and a total nominal GDP of USD 1442 billion as of 2012 (UNCTAD, 2018) at once, instead of pursuing bilateral talks. Others perceive the mechanism to serve the purpose of socializing others to China's norms and practices, or as a process of 'laying foundations for a parallel international order and as a space where China can project its norms and ideas by embedding them in institutional arrangements, guiding documents, policies and 'shared practices'. (Song & Pavličević, 2019) Kowalski argues that China strategically places these initiatives within the premises of South–South solidarity and corresponding policies while pursuing more prosaic economic and political goals. (Kowalski, 2016)

The original and dominant purpose of '16+1 cooperation' was economic as it was explained above. Although there have been political concerns in Prague and Warsaw with regard to the status of human rights and democracy issues in China, as the economic influence of Beijing grew stronger, these reservations mostly faded away for several years, just as they have in other European capital cities. For most governments on the member

states' level it seems to be more convenient to leave these thorny issues to the European Parliament. (Rühlig, et al., 2018)

As Iulia Monica Oehler-Şincai has identified, the CEE countries joined 16+1 initiative because they are interested in the diversification of their export markets and investment/financing sources; most of them need a better infrastructure; they perceive the cooperation with a strong country outside the EU as a supplementary negotiation power inside the EU (in the process of their EU accession); some of them intend to diminish their dependency on Russian energy; some CEE countries wish to balance between Russia and Germany and increase their regional role". (Oehler-Sincai, 2018)

Based on the above-mentioned economic circumstances it is clear that Central and Eastern European countries were all interested in the cooperation with China in order to:

- increase their export volume to extra-EU destinations, first of all to China;
- attract investment (including infrastructure development) from non-EU sources, since FDI was an important source of economic growth in the region
- catch-up with Western EU members both in terms of general economic development and in terms of strong relations to China;
- carve out more political space to manoeuvre and leverage in EU and global affairs.

The first two bullet points may be easily derived from the public communication of CEE governments and from the so-called guidelines published after every single 16+1 summit (see below). As Robert Fico, then Prime Minister of Slovakia said in 2014 his part, said his country was "ready to work with China to transfer the sound development of bilateral ties into substantial cooperation, to make good use of the China-CEE Investment Cooperation Fund, while he also pledged to provide convenience for Chinese companies to increase investment and for Chinese financial institutions to set up offices in Slovakia. (Xinhua, 2014) A year before he talked about the "enormous importance of China as a trade partner" and he mentioned the benefits of the special loans for the region worth \$10 billion. (Slovak Spectator, 2013)

The Czech government was sending similar signals to Beijing at the beginning of the 16+1 cooperation. It stopped criticising Beijing's human rights record and its occupation of Tibet to increase trade with China, and to attract investors into Czechia. As then Prime

Minister Bohuslav Sobotka put it in 2014: *“If we want to get our relations with China on the same level as other EU member states, we want to follow the principles of the EU’s joint policy towards China. That includes, among other things, the One-China policy, the inseparability of Tibet, and the principle of non-intervention in China’s domestic affairs.”* (Richter, 2014)

President Miloš Zeman has been playing a pivotal but controversial role in forging better political and economic relations between Prague and Beijing. On the occasion of the historic visit of President Xi Jinping to Prague in 2016 Zeman said that he expected Chinese investment to reach 95 billion korunas in that year, and that Czech car manufacturer Skoda Auto would invest 60 billion korunas in China in the upcoming five years, while other deals on industrial zones, scientific and technological cooperation, health care and civil aviation were as well. (South China Morning Post, 2016)

The Polish leadership expressed similar thoughts in 2012. As then Prime Minister Donald Tusk said: *“It is our task in the coming hours to bring Polish-Chinese relations to a level that would make Poland a prime partner for China in this part of the world.”* The Polish government said it hoped the country would become a hub for Chinese investment in the region, while trade relations would also develop further. (Scislowska, 2012)

Viktor Orbán of Hungary has also mentioned the importance of economic cooperation with China on multiple occasions, though he seems to follow a slightly different approach. Besides economic opportunities, Mr. Orbán always mentions political cooperation and presents China as a role model for labour-based economies in contrast with Western economies based on “speculation”. As he said in one of his speeches in 2016:

“(…) we Hungarians are not enthusiastic about the export of various political and economic systems. We hold that each house has its own customs. We believe that each nation has its own character, and that this is embodied in specific and unique political systems. And this is something which should be respected. Therefore we, for our part, also look upon the Chinese political system in this spirit. The Chinese political system is a matter for the Chinese people, just as the Hungarian political system is a matter for the Hungarian people. No one has the right to interfere with this by adopting the role of a kind of self-appointed judge.” (Cabinet Office of the Prime Minister, 2016)

Besides economic considerations, there might have been another motive for CEE leaders to engage with China: their personal political interests. The 16+1 cooperation offers a unique opportunity to the political leaders of the small Central and Eastern European countries to meet with one of the most important and busiest politicians of an upcoming superpower (and to present pictures of such meetings to their home constituencies), and to attend or to organise high-profile summits. Without the 16+1 mechanism, prime ministers of the CEE region may have the chance to meet their Chinese counterpart once in a decade or two. When it comes to China–CEE relations, Richard Turcsanyi gives an excellent overview of the political background to the 16+1 cooperation. His policy paper reflects on the suspicions of Western EU members that China and its 16 CEE partners are trying to divide the EU. Turcsanyi argues that China is interested in investing in the CEE region due to favourable business opportunities, its proximity to Western Europe, and its relatively rapid economic development. The EU is a huge and attractive market; therefore, it makes sense for the Chinese side to build production sites in the relatively low-cost Eastern members of the EU. (Turcsányi, 2014)

Based on my informal discussions with Chinese experts in recent years, it is clear that Beijing wants to build stable relations with countries that are strong and influential members of the EU and not with troublemakers. It is also important to note by Fürst and Pleschová that all participant countries emphasise that ‘16+1 cooperation’ is in line with EU rules and conducted under the EU–China framework.² The 16 countries do not form a homogeneous bloc; rather, they see each other as competitors in attracting Chinese attention and, consequently, trade and investment opportunities. (Fürst & Pleschová, 2010)

What really matters today, at least according to many politicians, are trade and investment relations. (Godement & Vasselier, 2017) The total bilateral trade volume between China and the 16 CEE countries was around \$74.8 billion in 2014, or 11.8 per cent of total EU–China trade. (UNCTAD, 2020) Given that the trade dependence of CEE countries on EU markets was 60–90 per cent, it was a natural reaction to seek alternate trade routes in the thick of the European financial crisis. Although most CEE countries have a major trade

² See the chapter above about the Sofia Guidelines, Budapest Guidelines, Riga Guidelines etc.

imbalance with China, the deficit itself is not a real problem for countries such as the Czech Republic, Hungary or Slovakia, since the majority of imports from the PRC are spare parts, accessories and other inputs for CEE industrial production. Thus, the majority of imported Chinese products are re-exported to Western EU members as high-tech product parts manufactured in CEE. (Szunomár & Biedermann, 2014) Meanwhile, other countries like Poland or Serbia suffer due to the extreme level of trade deficit to China. (UNCTAD, 2020) However, when it comes to exports to China, the picture is less promising, since indigenous CEE products are rarely exported to China, mostly due to the lack of quantity or the proper financial sources of CEE companies to set up a business in China. Hungary or Slovakia are major exporters to China, but 93–99 per cent of their exported goods are produced by multinational companies and thus their respective governments have a minimal influence on the structure and volume of trade with China. (Matura, 2013)

It is difficult to grasp a clear picture of investment relations, as official statistical data are inaccurate. In the case of Hungary, for instance, Chinese FDI is around USD 600 million according to the European and Chinese statistical bureaus, while according to estimates the real number is closer to USD 2 billion (Hanemann & Huotari, 2018) or even as high as USD 3.8 billion (Scissors, 2018) as most Chinese investment flows through third countries, mostly tax havens, thus those numbers are not counted as Chinese investment. (Seaman, et al., 2017) The fundamental problem lies in the divergent economic interests of China and the CEE countries. The region would like to attract greenfield foreign direct investment to create jobs and boost production and tax incomes. (Kaczmarek & Jakóbski, 2015) At the same time, the Chinese have mostly been interested in mergers and acquisitions, and public procurement tender opportunities for infrastructure construction. (Seaman, et al., 2017) Even though Beijing is willing to provide financial solutions for infrastructure development in the region, these would be loans (such as the case of the Budapest-Belgrade railway line), not non-refundable structural and other funds as provided by the EU. Meanwhile it sparks criticism from Brussels or Berlin if CEE governments decided to finance Chinese construction companies from European funds. Further details of trade of investment relations are to be discussed in the empirical section of the dissertation.

6. Bilateral relations of China and the five most important members of the CEE-11 countries

The following chapter offers an introduction to the development of political relations between China and Czechia, Hungary, Poland, Romania and Slovakia, as these five countries have an overwhelming weight in Central and Eastern Europe, representing 70 per cent of the population, 77 per cent of the GDP and over 80 per cent of the trade and investment volumes with China in the region. Furthermore, as it was mentioned above and will be further explained below, the 16+1 cooperation is not an international institution but rather a bunch of bilateral relations. As Jakóbowski writes Chinese-led regional cooperation can be considered as nominally multilateral, as they provide venues for intergovernmental talks and policy coordination but mainly used by China to develop and manage bilateral relations with particular member countries. Relations between China and the countries of the region are managed in a bidirectional, rather than multidirectional way. (Jakóbowski, 2018) Justyna Szczudlik presents a similar approach in her paper, as she describes the 16+1 a platform or umbrella for 16 bilateral dialogues with China. She argues that the CEE countries have never set up their own secretariate for the cooperation or any other kind of joint steering committee. Thus, there is a lack of coordination between the countries of the region to bolster their cooperation with China, what would be a prerequisite of institutionalisation. (Szczudlik, 2019) Martin Hala follows the same pathway as he writes: “16+1 is not a regional bloc through which the CEE countries can coordinate their policies toward China. Rather, it is a platform for sixteen bilateral relationships with Beijing, with China afforded an overwhelming advantage in each.” (Hala, 2018) Turcsanyi takes a further step and argues that CEE countries actively approach the platform as a channel for their bilateral relations with China and that the 16 countries do not form a bloc, on the contrary, they perceive each other as rivals in attracting China’s attention. (Turcsányi, 2014)

In sum, even though the 16+1 cooperation disguises itself as an international multilateral platform, in reality it is much more like a loose network where 1+1 bilateral relations are multiplied by 16 times. Consequently, it is important to shed some light on the development of bilateral relations between China and the most significant countries of the

region, as these short case studies may reveal common patterns in their cooperation with Beijing.

6.1. Czechia-China relations

As Rudolf Fürst of the Institute of International Relations in Prague writes in his report on bilateral relations, the Czech Republic (or officially Czechia since 2016) generally follows the European mainstream, economy-focused approach towards China, though high-level political exchanges between the two sides were relatively rare until 2012-2013. Based on the principles and heritage of late President Vaclav Havel, the Czech Republic followed a charismatic human rights-oriented policy vis-à-vis Beijing following the breakup of the communist regime in 1989. The Dalai Lama has visited the country for eleven times before 2015, what also contributed to the rather frosty bilateral relationship between the early 1990s and the early 2010s. The Czech side usually presented the visits of the Dalai to Prague as private appointments or religious meetings and focused on themes of human rights and inter-cultural dialogue. (Fürst, 2015)

Following the first meeting between President Havel and the Dalai Lama in 1990, subsequent meetings with Havel (or with members of the Czech parliament and other politicians) were handled in a less official manner due to the strong protests from the Chinese Embassy in Prague. Prague faced the strongest Chinese criticism ever in 2009, when then Prime Minister Jan Fischer welcomed the Dalai Lama in his official government residence, followed by a decrease of high-level political exchanges, and even by the cancellation of the Czech PMs visit to the Shanghai Expo in 2012. As Fürst writes, the power of the ‘Tibet lobby’ became apparent when the Czech ambassador in London met the Dalai Lama in July 2012, just before the Beijing Olympic Games and, right after the launch of the 16+1 cooperation in Warsaw. In the same year, the leader of the Tibetan government in exile attended the Forum 2000 conference and he returned in 2014 again. (Fürst, 2015)

The analysis of Alice Rezkova agrees with the findings of Rudolf Fürst. As she writes, the Czech foreign policy has undergone years the most substantial change in its position towards China among all European countries in the last thirty years. First, it was a strong

defender of principles and an assertive industrialist, later it turned into a pleasing apologist and an accommodating follower in the 2010s. Though initially the relationship with China was not at the centre stage of the Czech political attention, later Prague (given the small size and openness of its economy driven by exports) had to pay attention to the growing imbalance in trade with China and untapped opportunities on the Chinese market. Czech politicians, however, had to realise soon that a high number of visits to China could not secure an exclusive access to the Chinese market. Slow progress has always been blamed on the special treatment that the Dalai Lama and other anti-mainland and anti-socialist political activists received in the Czech Republic. Even though many Czech business interest groups pushed for a more forthcoming approach towards China, the political elite held a different opinion. As Rezkova states, foreign policy in the Czech Republic is often created by strong personalities and not exactly by strategies and roadmaps, therefore, the policy towards China has always been whisked away to one or the other direction depending on the actual political set up. (Rezkova, 2020)

Turcsányi and Bajerová offer a similar view on Czech-Chinese relations adding some interesting details about the feelings of the Czech people. Since Czechs are experienced in the struggle against communism, they are able, or even morally obliged to contribute to freedom in the world. Others say according to their paper that Czech inclination towards human rights protection in Tibet is partially based on feeling of guilt among Czech people, as they did not struggle against their own authoritarian regime by themselves. Therefore, they are emotionally more inclined to stand up to other authoritarian regimes, first of all China. (Bajerová & Turcsányi, 2019)

Czech-Chinese political relations have taken a new turn in the recent months, as bilateral ties entered another phase of deterioration. The CEFC scandal or the cancellation of the sister-city agreement and direct flights between Prague and Beijing are all clear signs of fundamental problems in the relationship. When late Mr. Kubera, the speaker of the Czech senate planned to visit Taiwan in early 2020 the Chinese embassy in Prague wrote a letter in which it threatened repercussions for Czech companies including Škoda, Home Credit Group and piano manufacturer Klavíry Petrof. When the new speaker of the senate Mr. Miloš Vystrčil eventually visited Taipei, he upped the game to even higher levels as he said “I am a Taiwanese” in his address to the Taiwanese national assembly. The PRC of

course reacted in a very harsh manner and threatened Mr. Vystrčil personally. (Davidson, 2020)

However, China does not have a significant stake in the Czech economy, even President Zeman has complained about the lack of Chinese investment in the country, thus its power to punish the Czech side is rather limited. China must be careful with Skoda, as it is part of the German sphere of interest. Another Czech company, Home Credit may be more vulnerable, but it is not a strategic issue from the point of view of the Czech economy. Of course, general Czech exports to China may experience some trouble, but only 1.4 % of the Czech export goes to China. Limiting the number of Chinese tourists might be a dimension where China could hurt Czech interests, but numbers are in a free fall anyway due to COVID19. High-level visits by Chinese officials will be cancelled and political relations will freeze for sure, but as I mentioned at the beginning, that would not mean a major shock to Prague.

Chinese influence in Czechia is another interesting element of bilateral relations. As Sebok and Karaskova write in their recent report, China-Czech relations at the level of governments have been characterized by periods of ups and downs in the past 15 years, with times of mutual affection alternating with periods of cool political relations. China's approach has been mostly reactive, responding to the changes in the struggle between Czech political factions focusing on human rights and economic pragmatism. As a coincidence China's newfound interest towards CEE countries came at a time when the Czech government itself was reconsidering its approach towards Beijing. Czech Prime Minister Petr Nečas came up with the term "Dalai-Lamaism" to describe the Czech foreign policy towards China in September 2012, suggesting that the human rights-based policy followed by Czechia in the previous 20 years was a mistake. As a reaction to the changing attitude of Prague China resumed bilateral contacts, and the warming of relations culminated in the visit by President Xi Jinping in 2016. Initially the new China policy of the Czech government brought benefits for some Czech companies on the Chinese market. The period of warm bilateral ties, however, has faded quickly as the political partnership failed to deliver economic results expected by many in Czechia. Like in some other CEE countries, most of the public expectations about Chinese investment were not created by Beijing but by Czech actors following their own domestic interests. China has lost its

political support in Prague following the establishment of the new Czech government in 2017 and thus issues of human rights, Taiwan and Tibet gained public and political attention once again. The Chinese reaction was harsh to these undesirable changes. The Chinese ambassador started to criticize Czech politicians and media in an unprecedented manner of assertiveness for their comments on Taiwan, Hong Kong, Chinese telecommunication companies etc. China has even taken concrete actions to punish the ‘misbehaving’ Czech politicians and other entities. For instance, Beijing revoked its sister-city agreement with Prague in 2019, as a reaction to the pro-Taiwan actions of the new mayor of the Czech capital city. Despite the strong social and political backlash in Czechia, Beijing increased its use of threat further when the late President of the Czech Senate was planning to visit Taiwan in 2019. It is noteworthy that threats were not communicated publicly by the Chinese side, but by the President Miloš Zeman, who warned that the visit would damage Czech economic interests. In sum, China has been employing both ‘carrots’ and ‘sticks’ in its relationship with Czechia, what is in sharp contrast with its relations with Hungary. (Šebok, et al., 2020)

Though the changes in the Czech China policy were mostly based on domestic development, the US-China rivalry have had an impact on bilateral relations as well. Disappointing trade and investment record opened the way for a more cautious perception of China, while the security focused agenda and cybersecurity issues started to dominate the domestic political and media debates and brought Czechia closer to the US. Czechia regards the US as the historically-proved long-time strategic safeguard against Russian and Chinese influence. The Czech National Cyber Security Agency (NÚKIB) issued a document warning of a security threat related to Huawei and ZTE in November 2018. The following day Prime Minister Babiš issued a ban on Huawei technologies. Furthermore, Prague made efforts to follow the EU’s common stance on China in investment screening cooperation and joint cybersecurity measures. In sum, the more assertive narratives about China in Brussels, and in Washington, resonate in Czechia in both the government coalition and the opposition. (Fürst, 2020)

6.2. Hungary-China relations

Bilateral relations between Hungary and China belong to the most intriguing ones among the CEE-11 countries, as the Hungarian government has been the most persistent supporter of Beijing in the region. Given the speciality of the relationship, its analysis deserves a longer chapter.

By the beginning of the 21st century Hungary was one of the first post-socialist Central and Eastern European countries to rediscover China after spending more than a decade occupied with its EU and NATO accession processes. All of the four Hungarian prime ministers have visited Beijing during the last decade in an effort to revitalize relations. The Hungarian government was pleased to host the first meeting of the Central and Eastern European Countries and China in 2011.

Factors, like the size of the Chinese diaspora, the early positive political signals of Budapest or even the legend of Sino-Hungarian brotherhood might have played an important role in raising attention in Beijing. Indeed, Hungary is by far the largest receiver of Chinese foreign direct investment in the CEE-11 region, while the strategic location of the country may provide further economic opportunities. When it comes to trade relations, Hungary is the third most important partner of China in Central and Eastern Europe, although it has to be noted that international trade is dominated by trans-national companies to a high extent.

Like most other CEE countries, Hungary officially recognized the People's Republic of China in early October 1949. Subsequently, relations deteriorated during the Sino-Soviet split and China's Cultural Revolution. In the late 1980's the Hungarian government provided visa free entry for Chinese citizens for a few years, which had contributed to the rapid increase of the number of the Chinese diaspora in the country. Probably the relatively high number of Chinese people in Hungary (approx. 40.000 in the late 1990's) attracted the Bank of China to Budapest in 2002 and called for the opening of the Sino-Hungarian Bilingual Primary School (now secondary school as well) in 2004. The democratic transition of Hungary in 1989 affected the bilateral relation negatively once again. The

reorientation of Hungarian foreign policy, and the new ideological differences resulted in low profile contacts for more than a decade.

The 21st century has brought a new dawn to Sino-Hungarian relations, when the Hungarian government of the time realized that following the successful EU and NATO accession process of the country more priority had to be given to emerging powers as potential partners as well. Prime Minister Peter Medgyessy of the Hungarian Socialist Party visited Beijing in 2003 and Budapest created a new special envoy position for the development of Hungarian-Chinese relations and for the coordination of the China-related work of governmental institutions and the public administration. The opening to China bore its first fruit in 2004, when President Hu Jintao paid a return courtesy visit to Hungary, its most important economic partner in the CEE region at that time.

The second, third and fourth (2010-2022) Orbán governments have paid a special attention to China, due to the economic crisis in Europe. Hungary started to search for new opportunities in its recovery from recession. The so-called Eastern Opening Strategy was implemented from 2010-11 as a reaction to the crisis. Mr. Orbán established official party-to-party relations with the CPC even before the elections in 2009, and he visited China already as a prime minister at the end of 2010. This meeting was returned by Premier Wen Jiabao's visit in Budapest in May 2011, which also meant the first step to create the annual China-CEE summit. Orbán's new, pragmatist attitude towards China was kind of a surprise to most observers, since during his first term he nurtured strong anti-communist sentiments, and even met the Dalai Lama in his office in 2000.

Although the Hungarian political arena is rather divided, Sino-Hungarian relations enjoy a privileged position on all major parties' agenda. The Orbán administrations have not only continued the effort of their predecessors but also even increased it in order to forge excellent political relations with Beijing. No matter how fierce the domestic political debates are, none of the major parties questions the importance of China.

The main goal of Hungarian governmental policies towards China has always been economic in nature since 2003 to boost and possibly to restructure bilateral trade, to reduce the trade deficit and to increase the inflow of Chinese FDI in order to create jobs. However, during the clashes of the Orbán cabinet with the EU a political factor emerged

since the mid-2010s, since the potential Chinese support might have provided political capital to the Hungarian government within the EU, or at least, Mr. Orbán hoped so.

In their public communications Hungarian politicians have been overestimating the significance of the Chinese economic involvement in the country and generated exaggerated hopes and expectations in the society as well, what serves as an indirect source of Chinese influence in the country.

Economically speaking China appreciates Hungary as a part of the EU and the CEE-11 region, but does not attach special economic plans or interest exclusively to Hungary, though the ongoing reconstruction of the railway line between Budapest and Belgrade lends a special significance to the country. Through this railway project Budapest could become an important section of the Belt and Road Initiative project, but not as an individual country. It is obvious that the main business interest of China is to get a piece out of the regional infrastructure public procurement pie, and Hungary is sitting in the middle of the region.

Table 3: List of important visits, events and investments

DATE	EVENT
6 October, 1949	The P.R. of Hungary recognized the P.R.C.
1984	Establishment of the Hungarian-Chinese Economic, Trade, Technology and Scientific Cooperation Committee.
1988	Opening of the Hungarian consulate general in Shanghai
1991	Agreement on investment protection and avoidance of double taxation
1992	Agreement on visa waiver for <i>diplomatic</i> and <i>service</i> passport holders
1995	Pres. Jiang Zemin's visit to Budapest Agreement on customs cooperation Agreement on mutual civil and trade legal assistance
1999	Opening of the Hungarian consulate general in Hong Kong

2000	Closure of the Hungarian consulate general in Shanghai Bilateral agreement on cooperation and mutual understanding of the political and social differences of the two countries
2002	Opening of the first CEE branch of the Bank of China in Budapest
2003	PM Medgyessy's visit to Beijing Agreement on Hungary's Approved Destination Status (<i>ADS</i>)
2004	Pres. Hu Jintao's visit to Budapest Re-opening of the Hungarian consulate general in Shanghai Establishment of the Budapest-Beijing direct flight connection Opening of the Sino-Hungarian Bilingual Primary School in Budapest
2005	PM Gyurcsány's visit to Beijing Huawei established its regional centre in Hungary
2006	Hisense established its TV factory in Hungary
2007-2008	Hungarian Cultural Year in China
2009	VP Xi Jinping's visit to Budapest Inter-Party visit of Mr. Orbán to the CPC Closure of the Hungarian consulate general in Hong Kong
2010	PM Orbán's visit to Shanghai Opening of the Hungarian consulate general in Chongqing ZTE established its centre in Hungary Wanhua Yantai took over BorsodChem
2011	Premier Wen Jiabao's visit to Budapest to open the first China - Central and Eastern European Economic Forum
2012	Vice-premier Li Keqiang's visit to Budapest
2014-2020	PM Orbán's several visits to Beijing Re-opening of the Hungarian consulate general in Hong Kong Establishment of the Regional Center of Bank of China in Budapest

When it comes to the results of economic cooperation, the picture is less rosy, however. The Orbán government has elevated political relations with Beijing to new heights, signed a strategic partnership agreement with China in May 2017 and the ‘Opening to the East’ policy of Hungary has aimed at forging better trade and investment relations with China. The large Chinese community, the region’s only Chinese-Hungarian bilingual elementary school, the CEE headquarters of the Bank of China, among other factors point to Hungary as a primary destination of Chinese investment, at least in theory. Despite all the efforts, however, expectations regarding the potential tsunami of Chinese investment have not been met, and the country has not received any new, major Chinese investors in the past few years. Still, the government regards China as an important partner, but political calculations may play a more significant role than economic interests may. (Matura, 2015)

Still, when it comes to the stock of Chinese direct investment, Hungary enjoys a pivotal position in the CEE region, as by the end of 2019 cumulated Chinese investment in Hungary reached USD 2.5 billion, according to scientific sources, while according to government announcements it might be as high as USD 4.5 billion. (Kratz, et al., 2020) (MFA of Hungary, 2019) Whatever the actual number is, the inflow of Chinese FDI is highly concentrated – around 75 percent of the total amount is linked to a few major transactions. Besides Wanhua, major investors are Huawei, ZTE, Lenovo, Orient Solar, Sevenstar Electronics Co., BYD Electronics, Xanga, Canyi and Comlink. Unfortunately, major industrial greenfield investments are still lagging in Hungary so far.

A remarkable set of agreements were signed during the visit of Premier Wen Jiabao in Budapest back in 2011 and of then-Vice-Premier Li Keqiang in 2012, when he visited Hungary to witness the signing ceremony of seven bilateral agreements (e.g. a Chinese-built train connection between downtown Budapest and the airport; an agreement on a EUR 1 billion credit line between the China Development Bank and the Hungarian Ministry of National Economy; an agreement on SME cooperation, etc.). Yet, most of these were merely confirmed agreements of the previous year, and most of them have never been realized. None of the planned infrastructure development and joint venture investments have been realized since. In the framework of China–CEE cooperation, new

Chinese financial sources were opened for Hungary in 2013, and the Hungarian Exim Bank and its Chinese counterpart concluded an agreement on a EUR 100 million credit line for export financing. A USD 500 million “Chinese Central Eastern European Investment Fund” was also established, with a USD 30 million contribution from the Hungarian side.

A milestone was reached when China, Hungary and Serbia agreed to modernize the railway line between Budapest and Belgrade. According to the original plans, the first train should have rolled through Hungary by 2017, but construction on the Hungarian side has not even begun. The main obstacle was the infringement process, allegedly started by the European Commission concerning financial agreements between the Hungarian and Chinese sides. No surprise, the lack of transparency was one of the main concerns of the European Union. Based on what has already been announced, the Chinese investment model for the Budapest-Belgrade rail project is similar to the general pattern of One Belt, One Road (OBOR or BRI) investments: Beijing offers financial backing through a loan from its Exim Bank and hopes that Chinese companies will have the chance to modernize the railroad, establishing a transportation corridor between Piraeus in Greece and Western Europe via Macedonia, Serbia and Hungary. So far, it has not been clarified what the benefit for Hungary would be, while it seems that the Chinese side does not have to bear too high of risks: the loan and the interest rate (approx. 2.5 percent annually, according to the announcement of the Ministry of Foreign Affairs of Hungary) will be guaranteed by the Hungarian state, the construction will be carried out by a Chinese enterprise, and the railroad itself will be mostly used by Chinese cargo companies, all while failing to connect any major cities within Hungary. (Matura, 2017)

Table 4: Major Chinese Investment Successes and Failures in Hungary

Company	Sector (Target company)	Mode of investment	Year of first mention or investment	Total value (estimate, EUR million)	Result

Changshu Standard Parts Factory	screw factory (Ongai Csavargyártó Ltd.)	acquisition	1997	NA	success
Yanfeng Automotive Interiors	Automotive	greenfield	2004	25	success
Hisense	electronics (joint venture with Flextronics)	joint venture	2004	3	success but closed in 2010
Huawei	ITC	greenfield	2005	300	success
ZTE	ITC	greenfield	2005	15	success
Lenovo-Flextronics	ITC	greenfield	2009	NA	success
Sevenstar	solar panels (EnergoSolar Ltd.)	acquisition	2009	NA	success
Wanhua Group	chemicals (Borsodchem)	acquisition	2010	1600	success
Comlink	ITC	greenfield	2012	NA	success
BYD	Electric buses	greenfield	2016	20	success
China-CEE Fund	telecommunication (Invitel)	acquisition	2017	200	success
BBCA	Citric acid factory	greenfield	2012	80-200	still in progress
China Railway Group	railway reconstruction (Belgrade-Budapest)	infrastructure investment	2015	1500	still in progress
Tianshan Industrial Group	aviation industry	joint venture	2016	30	still in progress
RZBC	Citric acid factory	greenfield	2014	100?	likely failed
HNA Group	airlines (Malév Hungarian Airlines)	acquisition	2004	NA	failed

Livan Biodegradable Product	Biotechnology	greenfield	2007	18	failed
Shanghai Construction Group	Cargo Airport	greenfield	2009	NA	failed
Orient Solar	solar panels	greenfield	2011	NA	failed
Canyi	Lighting technology	greenfield	2011	30	failed
China Railway Construction Corporation	railway construction (airport to downtown)	infrastructure investment	2012	150	failed
V0	Railway construction (ring around Budapest)	infrastructure investment	2013	NA	failed

Source: compilation by the author based on media releases

Given the low number of successful projects, any clear strategic-level motivations on the Chinese side remain undiscernible. As the table above suggests, Chinese businesspeople arrived in Hungary almost a decade before Budapest introduced its ‘Opening to the East’ policy. When it comes to the corporate level, the excellent geographic location, access to EU markets, and the favourable political and investment environment are the most frequently mentioned reasons for Chinese investment in Hungary. It is indeed true that the 16+1 cooperation and the role of Hungary in it has drawn further attention to the country in China, but the increased inflow of Chinese political and business delegations has not boiled down to tangible results so far. (Matura, 2017)

With regard to trade relations, the imbalance and structure of imports and exports will remain a challenging factor. Even though we know that a significant amount of Hungarian imports from China means an important input for the domestic industry, it would be desirable to provide better opportunities to Hungarian owned companies. It seems to be clear that in the fields of merchandise trade, it is impossible to achieve a balance, however, service sector, especially tourism may contribute to a better balance. Given the fact that after the 3rd China-CEE summit in Bucharest in 2013 Hungary became responsible for tourism relations between China and the region, it is utmost important to Budapest to

utilize this opportunity, though the current COVID-19 pandemic means an obvious and serious challenge to the further growth of the number of Chinese tourists in Hungary.

Unlike in some Western European countries or the US, increased Chinese activity has not triggered any alarm in Hungarian political circles or among the wider public. To the contrary, there seems to be a cross-party agreement on the importance of relations with China, and none of the major political players opposes the opening towards Beijing. This is partly due to the relatively positive image that many Hungarians hold of the Chinese people, thus making it hard for any party to gain domestic political support through China bashing. Hence, Prime Minister Orbán has mentioned China several times as a good example of a successful ‘labour based society’, and as an alternative to Western economies ‘based on speculation’. Meanwhile, the lack of major Chinese investment in recent years obviously decreased public attention on the matter, and therefore security or political concerns have never been raised. (Matura, 2018)

Budapest was so eager to cosy up to Beijing in the recent years that the government offered important political favours to China, even against the will of the European Union. This caught the attention of many international observers when the Hungarian MFA repeated Chinese statements on the South China Sea issue in 2016, or when the prime minister signed the joint communique on the “Belt and Road Initiative” in May 2017, despite the objection of the EU and its major member states. No wonder more and more experts raise the question: will the significant amount of Hungarian international political capital invested in China ever pay-off for the economy, or does the government regard China primarily as a political ally rather than an economic one? Political opponents of the ruling party argue that government efforts to get closer to Beijing (and Moscow) are part of a game against Brussels, and economic interests play only a minor role in this story. (Matura, 2018) No matter what the intentions of the Hungarian side are, the example has been set, and countries across Central and Eastern Europe, including the Czech Republic, Poland and Slovakia, were all looking to forge closer ties with Beijing, although the tide has already started to turn in Prague, Warsaw and other regional capital cities in recent years.

When it comes to the question of Chinese influence in the region, Hungary offers particularly concerning examples. It is beyond question that the governments of Hungary and the PRC are undergoing a honeymoon in their relations. This may be surprising, as the two sides could be considered as unlikely bedfellows: a formerly moderate national liberal anti-communist crusader, now right-wing Christian-democratic Prime Minister of a small Central and Eastern European country and the President of the largest, communist-ruled state. Still, the PRC-friendly political decisions of Budapest are significant. Not only does the Orbán government not stand up to Beijing's human rights violations and persecution of ethnic and religious minorities in China, it also actively blocks multilateral mechanisms that would do so. (Marques, 2019) Hungary also defends other questionable international PRC policies. At least four times, Mr Orbán's government vetoed or threatened to veto EU decisions aimed against controversial PRC measures between. (Gotev, 2016) As mentioned, a NATO-ally, and an EU member state's minister of foreign affairs regularly calls out partner governments over real as well as assumed hypocrisy over their policy stances towards PRC; and he carefully yet enthusiastically conforms to Beijing policies. (Irish, 2019) In return, the 'long stick', that is punitive measures of the PRC is absolutely absent in Hungary. In sum, government-to-government relations are driven by two main forces: the promise of economic and business cooperation with China and Viktor Orbán's and other leaders' seemingly genuine admiration of the Chinese model. It is important to emphasize that there is no need for proactive Chinese measures to influence the China policy of Budapest, as the government of Hungary has been very supportive of Beijing. According to some unofficial diplomatic sources, the eagerness of Hungary has made China feel uncomfortable in certain cases, as the low reputation of Hungary in the EU may harm China-EU relations as well. (Matura, 2020)

Even though the Orbán government prefers to present itself the best friend of China in the region, it could not avoid to react to the rising tensions between Washington and Beijing, but it is not afraid to navigate the stormy waters between the US and China. Budapest has been cosying up to Beijing for years and is now trying to tame US requests to distance itself from China by making business deals to please President Trump. Meanwhile the government does not want to give up its close relationship with China either, despite the lack of tangible economic results. Mr. Orbán compared his foreign policy to a 'peacock's

dance' in 2012, a strategy designed to appease critics in the short term while consistently pursuing his interests in the long term, what one may call a balancing game. However, with the (geo)political return of the US to Central Europe, Washington is attempting to push Hungary back into the Western sphere of interest and to prevent it from nurturing close relations with Russia and China. The US Secretary of State, Mike Pompeo, visited Budapest in February 2019, and he made some important remarks on the dangers of Chinese influence in the Central European region, including the issue of Huawei. Despite all US diplomatic efforts, the Hungarian government does not see any national security threat associated with Huawei or the Belt and Road Initiative (BRI), and official warnings about Chinese (or US) tech risks have never been issued by its national security agencies, and the Minister of Foreign Affairs announced in November 2019 that Huawei would develop the 5G system in Hungary. Based on the Hungarian government's actions and policies, as described above, it is clear that Mr. Orbán focuses on opportunities and political manoeuvres rather than on threats and risks associated with the friction between Washington and Beijing. His strategy of having his cake and eating it at the same time seems to be working for the time being, although it is uncertain how the country would react to a potential future inflexion point in US-Chinese rivalry if a choice must be made. (Matura, 2020)

6.3. Poland-China relations

Like other CEE-11 countries, Poland was preoccupied with its Euro-Atlantic reintegration process in the decades following the change of its regime, thus China was not high on the agenda of the Polish foreign policy in the 1990s and the 2010's. China was either ignored or perceived as an authoritarian regime, while Poland perceived itself as a pioneer of democratization. Following the end of the communist regime Polish government representatives met the Dalai Lama many times, the support for the Tibet among the general public was high, and institutions like the Parliamentary Group for Tibet or the Polish-Taiwanese Parliamentary Team were established. Poland's support of both the Tibetan and Taiwanese case met with Chinese criticism of course. (Bachulska, 2020) The global financial crises, however, has changed Poland's attitudes, Polish representatives

stopped the criticism of China's domestic behaviour in 2008 and bilateral ties were upgraded to a 'strategic partnership' in 2011 at Polish President B. Komorowski's landmark visit to China. The relationship grew stronger during Premier Wen Jiabao's visit to Poland in April 2012, when the 16+1 cooperation was launched in the presence of the prime ministers of sixteen Central and Eastern European countries. As Justyna Szczudlik writes in her report local cooperation between provinces, cities, counties, and towns has gained importance in Poland's China policy. While the central government was signalling to the Chinese side that Poland was a country worth cooperating with, the real cooperation took place on the local level as regions knew better the needs of their area and could identify potential areas of cooperation. (Szczudlik, 2015)

Government-to-government cooperation intensified further following the election victory of the conservative Law and Justice Party in 2015. A year later, President Xi Jinping visited Poland and elevated bilateral ties to a strategic comprehensive partnership. The two sides signed an extensive list of cooperation agreements during Xi's visit what was a symbolic gain and helped to inflate the image of win-win cooperation promoted by Beijing. (Bachulska, 2020)

The main goals of the Polish government were articulated in speeches of government officials. China was identified as important in terms of developing relations with Asia in a speech by Minister of Foreign Affairs Radosław Sikorski in March 2012, while the importance of China was also highlighted in two statements by Minister of Foreign Affairs Grzegorz Schetyna in 2014 and in 2015, in which he noted that the Polish economy was highly focused on Europe and was therefore vulnerable to European economic cycles. Consequently, as Schetyna explained, Poland had to seek new markets and capital resources to maintain economic growth. To facilitate economic cooperation new institutions and mechanisms were set up including the 'Go China' program; the Center for Polish-Chinese Economic Cooperation within the Polish Information and Investments Agency; a new post in the Polish Embassy in Beijing; the Inter-Ministerial Committee for Coordination of the Polish-Chinese Strategic Partnership Development; the Working Group on Poland-China Local Cooperation within the Ministry of Infrastructure and Development, etc. According to Szczudlik the political and economic goals were the two main priorities in Poland's China policy: political goals were to maintain political dialogue

with China, which was considered as a prerequisite (or tool) for enhancing the primary objective economic cooperation. Economic goals included the expansion of Polish exports to China (e.g. agricultural products, food, luxury items such as jewellery etc.) to narrow the enormous trade deficit and to attract Chinese (preferably greenfield and brownfield) investment to Poland and to increase Polish investment and business activities in China. Finally, Poland (like many other CEE-11 countries) aspired to become a hub or centre of China's economic presence in Europe and an important link in the chain of the Belt and Road Initiative connecting Asia with the EU. (Szcudlik, 2015)

From a global political point of view, Warsaw tried to forge better relations with Beijing because it was afraid that not having intensive relations with the PRC might marginalise Poland in the EU and globally given the spectacular rise of China in global affairs. (Szcudlik, 2020)

Like in most other CEE-11 countries, Chinese plans for investment in Poland have never been materialised in their full extent. Significant infrastructure projects were still missing from the agenda in 2017 as the government in Warsaw insisted to keep infrastructure investments under Polish control, while economic partners like China were expected to be interested in the success of such projects. Furthermore, the infamous Covec issue³ in 2012 made the Polish side even more cautious about infrastructure cooperation with Chinese companies. Meanwhile, the Chinese side was more interested in offering credit lines combined with construction services as it can be observed in the case of the reconstruction of the Budapest-Belgrade railway line. Furthermore, Warsaw was looking for Chinese partners that might offer comparative advantages such and know-how and high technology, not simply for cash-rich investors. Even though the volume of Chinese investment has been rising in Poland, its total value (despite the high level of uncertainty of data sources) is still negligible. One of the reasons for the lack of Chinese investment in Poland is that Warsaw encourages Chinese greenfield and brownfield investment, but not necessarily mergers and acquisitions. (Szcudlik, 2017)

³ China's Covec construction firm won the bid to build two sections of Poland's main east-west highway in 2009 as its bid was extremely low less than 50 percent of what the government had budgeted. However, the company stopped the construction in a matter of weeks following the start of the construction in 2012 due to cash flow problems and the Polish road building agency cancelled the contract leading to a major scandal in Poland.

The bilateral relationship, however, had to face a set of difficulties as well. Asymmetry in market access, barriers for agricultural and agri-food products for Polish products in China, the lack of Polish access to Chinese public procurement tenders all represent significant problems in the economic relationship between the two country. From an organisational point of view, another problem was the one-way nature of relations, that is Chinese initiatives and offers were based purely on Chinese interests with a lack of reciprocity.

It seems that despite all the political hype economic cooperation between Poland and China is unsuccessful, as the Polish trade deficit keeps expanding and the Chinese investment offer is not attractive. Meanwhile, the growing assertiveness of China, such as take-overs of high-tech companies and loan-based investments have made Poland rethink its China policy. Since 2017, Warsaw voices its discontent about trade deficit, scarce 16+1 results, China–Russia cooperation, and that the strategic partnership has not met its expectations. (Szcudlik, 2020)

Since Warsaw stopped criticizing China's human rights record or any kind of issues that Beijing could perceive as threatening no 'sticks' were used by China to punish Poland. However, Beijing has started to criticize Warsaw's foreign policy and its close relations with the US. Consequently, Poland has found itself torn apart between Washington and Beijing, as some China-related were perceived as potentially deteriorative for its ties with the US. The prime example of such dilemmas is connected to the case of Huawei's presence in Poland. The Chinese tech giant has gained a foothold in Poland in recent years, but at the same time, it has also become the target of international criticism due its alleged links to the CPC and the Chinese military. The arrest of an alleged Chinese spy in January 2019, who worked for Huawei's office in Warsaw and the signing of the Polish-US Joint Declaration on 5G in September 2019, was perceived as a sign of Poland siding with the US in its battle with China over technological supremacy. (Bachulska, 2020)

Although China has employed mostly 'carrots' in its relations with Poland, Warsaw seems to be disappointed by the scarce results of the 16+1 cooperation. Furthermore, as it was presented in the theoretical background, small states tend to seek for security cooperation with major countries, and also tend to comply with interests the major state considers important. Thus, it seems to be a natural development that following its short-lived affair

with China Warsaw has eventually turned back to Washington given its own security considerations (e.g. Russia) and the fact how important the 5G question is for the US. Of course, the Polish government is aware that it needs to find a delicate balance between its own interests and that of Washington and Beijing, especially since Poland needs to develop a 5G network as soon as possible.

As Polish Prime Minister Morawiecki said Poland is *“a very pro-European nation...and at the very same time very much pro-American,”* therefore Warsaw can help bridge divides by *“translating European fears and expectations and observations into American language and vice versa. We are explaining American fears and observations to our partners in the European Council.”* (Wemer, 2020)

In sum, Poland is manoeuvring between the US and EU, while keeping the door open to cooperation with China as Justyna Szczudlik writes in her report. The US is the most important ally and security guarantor of Poland. Meanwhile Poland still sees China as a partner though Warsaw's approach has become more cautious. It tries to stick to the mainstream of the EU when it comes to its China policy and attempts to play a role as a bridge between the US and China. As a sign of political compliance with the US, the Polish MFA published on its twitter account a statement in December 2018 about commercial cyber-espionage, including that attributed to China. Furthermore, two Huawei employees from the Warsaw office were arrested on spying allegations in January 2019, what was seen by many as Polish support for Washington's China policy. (Szczudlik, 2020)

6.4. Slovakia-China relations

Slovakia did not pay too much attention to China in the 1990s and 2000s, as political differences and the great geographical distance hindered closer relations. Still, Slovak politicians had rather frequent meetings with their Chinese counterparts. Between 1993 and 2008, there were eight official visits to China from Slovakia, with the former Prime Minister Robert Fico visiting three times. Slovak officials usually avoided mentioning controversial issues given the lack of historical support for human rights issues in the Slovak society, what was in sharp contrast with the foreign policy of Czechia.

Furthermore, the cautious approach towards sensitive issues was one of the tools aimed at improving economic relations with China. (Šimalčík & Kelemen, 2020)

Slovakia has launched a new phase of its relations with China when then Prime Minister Robert Fico visited China in 2007. The two countries have signed several international agreements of economic cooperation, while Slovakia participates in the BRI and the 16+1 format as well. According to the researchers of the Central European Institute of Asian Studies Bratislava's approach towards China is a combination of fascination with the great power and exotic nature of China and the relative lack of interest due to Slovakia's strategic focus on geographically closer areas. (Kelemen, et al., 2020)

Like in the case of Czechia, Slovakia's foreign policy towards China also focussed on frequent meetings with Chinese counterparts. Slovak initiatives wished to improve economic relations with China through two specific features: the award of honours to Chinese ambassadors in Bratislava, and a cautious approach towards issues that are sensitive for China. Following its separation from Czechia in 1993, Slovakia maintained intensive political contact with China. Besides frequent high-level visits to China, high state honours have been awarded to Chinese ambassadors in Slovakia, the same honour what ambassadors of the USA, Russia or other European countries received. Furthermore, successive Slovak governments always avoided provoking China with political issues. Thus, Slovak officials abstained from criticising China for human rights violations or when the Dalai Lama visited Slovakia in 2000, none of the four highest Slovak government representatives was willing to meet with him. (Fürst & Pleschová, 2010) (It is worth remembering that Hungarian Prime Minister Viktor Orbán did meet the Dalai Lama in his office in Budapest in 2000, while he refused to meet his holiness ten years later in 2010)

Despite all political efforts, the Slovak strategy resulted neither in increased Slovak exports to China nor in a boost of Slovak investment in China. The underwhelming performance of Slovak businesses in China have been caused mainly by the large protective barriers around the Chinese market, such as protectionist policies, bureaucracy, violations of property rights, lack of connections, unclear legislation and a lack of transparency in taxation regulations . (Fürst & Pleschová, 2010) The results are

underwhelming given that the Slovak government's strategy towards China for 2017-2020 and an accompanying action plan on the development of economic relations between China and Slovakia focuses on economic considerations as the main goal of bilateral relations rather than on political or security issues. (Šimalčík & Kelemen, 2020)

Chinese companies had invested less than EUR 50 million in Slovakia by 2017, and the level of FDI from China has not reached EUR 100 million in 2019 either. Greenfield investments are rare, and as the drivers of Chinese investors are market access, reducing production costs, and technology transfer. Bratislava has tried to attract more Chinese investment to the country but without much success, as Chinese investment in Slovakia, both relative to overall FDI in Slovakia and to Chinese investment in Europe is still very low. Furthermore, Slovak media has also raised concerns that certain potential Chinese investors have tried to gain privileges through access to governing party members. The government of Robert Fico identified several potential projects but none of them has materialized due to the lacking interest on the Chinese side. (Pleschová, 2017)

China has mostly been using carrots to please the Slovak government, but Beijing has employed some sticks as well to influence local politics in the country. When Slovak President Andrej Kiska met the Dalai Lama in 2016 China's Foreign Ministry threatened retaliation against Slovakia as the meeting was breaking "the political basis of China-Slovak relations" according to their understanding. A yearlong diplomatic stalemate followed in Slovak-Chinese relations as consequence of the meeting. The relationship normalised finally at the end of 2017 following the 6th summit of the 16+1 when China started to show interest to the cooperation in railway-cargo transport and customs. It is noteworthy that Slovakia did not experience any negative impact on its economy, on the contrary, the bilateral economic exchange slightly increased during this diplomatic freeze off. Though Slovak officials became cautious to mention sensitive issues again following the freezing and tried to reopen communication channels, the new President of the country has turned the table once again. President Zuzana Čaputová did not shy away from mentioning the importance of human rights to Chinese Foreign Minister Wang Yi at their meeting in Bratislava in 2019, though her remarks simply reinstated the position of the EU on the issue, thus the Chinese side did not bother itself too much. (Šimalčík & Kelemen, 2020) A year later, however, the Slovak president voiced her support to the

Czech Republic in the face of Chinese threats to Czech Senate President following his visit to Taiwan. (TASR, 2020)

The rather weak positions of China in Slovakia are well presented by its reluctance to side with Beijing in its struggle with the US. As Turcsányi and Pleschová argue, China-related developments are not a priority to Bratislava since the role of China is limited in the country. Therefore, political will is missing to enhance relations with China, though at the same time the Slovak government does not want to antagonise China and thus it avoids publicly taking sides. Still, bilateral US-Slovak relations experienced a boom in 2019. Slovak PM Pellegrini met Donald Trump in the White House, Secretary of State Mike Pompeo visited Bratislava to convince the country to abandon Huawei as a potential developer of its 5G network. Meanwhile, Slovakia shows an increasing courage to speak out on China's human rights issues. President Andrej Kiska dined with the Dalai Lama in Bratislava in 2016, while President, Zuzana Čaputová, as it has been mentioned before, expressed her 'concerns and worries from worsening human rights situation in China, the detention of lawyers and human rights activists as well as position of ethnical and religious minorities' when she was meeting China's Foreign Minister Wang Yi in June 2019.

In sum, Slovakia is interested in strengthening its relations with China, but it perceives itself firstly as an EU member and as an ally of the US. The Slovak MFA prefers to follow joint European policies towards China, as the support for a common EU policy fits well into the pragmatic approach of a small country using its EU membership and alliance with the US as a shield against possible intervention by China. (Pleschová & Turcsányi, 2020)

6.5. Romania-China relations

Like in the case of other CEE-11 countries Romanian priorities in the 1990s were focusing on the development of a functional democratic regime and a market economy that would facilitate its accession to NATO and the EU, thus mutual interests between Romania and China were marginal, despite the close relationship between the two countries during the Cold War. It was not until the mid- and late-2000s, when the successive Romanian

governments re-evaluated their relationship with China due to its growing role in the international political and economic systems. As a sign of partisan divisions of the Romanian political landscape, the liberal-democrat governments of the 1990s and the mid- and late-2000s were the ones to focus on the promotion of economic relations with the West, while social-democrat governments pushed for better relations with China. Thus, under the social-democrat government in early-2000s that Romania signed the Economic Cooperation Agreements with China and later the Enhanced Cooperation Partnership (in 2013) to expand trade and cooperation with the Middle Kingdom in order to decrease Romania's large trade deficit. According to Simona R. Soare the Romanian MFA identified to major goals in its engagement with China: strategic interests and economic goals. The Romanian government regarded the Hu and Xi administrations' opening to the West policy and the 16+1 format and the Belt and Road Initiative as important strategic and economic opportunities for Romania through which the country could have become a regional hub connecting the Chinese 'Silk Road Economic Belt' with the EU's Danube Strategy. When it comes to the economy, Bucharest identified several opportunities in its cooperation with China. Following the economic crises around the turn of the last decade Romania was seeking to diversify its economic partners, products, and sources of FDI through developing its relations with China. The two governments have agreed to jointly build the new reactors of the Cernavodă nuclear power plant, with an overall investment of USD 6 billion over the next 10 years and other energy related project were considered as well. The development of the Port of Constanta was a priority to both sides as it could have served as an important part of the BRI. The communication sector was another major element of bilateral talks, including the role of Huawei and Lenovo in the development of Romania's IT sector. (Soare, 2015)

Sino-Romanian relations were revitalised by Prime Minister Victor Ponta's government. Mr. Ponta made his first visit to China as head of the government in 2013, a few months later Romania hosted the 16+1 Summit in November 2013. According to Popescu and Brînză the summit meant the apex of Sino-Romanian political relations and succeeded in re-positioning Romania on the list of China's closest friends in the region. The two prime ministers witnessed the signing of more than 10 memoranda of understanding on projects valued at EUR 8.5 billion at the summit. However, more than four years after the summit,

none of the investment projects was implemented and some of them were still under negotiation. (Popescu & Brînză, 2018)

Consequently, despite all the great plans, the share of Chinese direct investment represented only a tiny share (0.3–1.3 percent) of the total FDI stock in Romania by 2017. Though several major investment projects proposed by the Romanian side have been taken into consideration by the Chinese side in the past decade, but most negotiations have been eventually cancelled or moved forward very slowly as Oehler-Sincai writes in her report titled “Chinese Investment in Romania: More Lost Opportunities than Implemented Projects”. (Oehler-Sincai, 2017) No surprise that the current Romanian government has greatly reduced the significance of China in its policy. The Governmental Program for the period between 2018 and 2020 dedicates only a few sentences to China in its chapter on Foreign Policy. As Popescu and Brînză concludes previously proposed Chinese investments in Romania are on the brink of failure, and thus Romanian intentions to cooperate with China seem to decrease year by year. (Popescu & Brînză, 2018)

The above-mentioned factors have had an obvious impact on the development of Romanian foreign policy amidst the rise of US-China rivalry in recent years. Romania is strongly attached to Western political values and more inclined to support the security and economic interests of its most important non-European strategic partner, the US. Furthermore, the change of government in Romania may alter the country’s attitude towards China, since the Liberal Party is more cautious about China than its Social-Democratic predecessor, who had been the main supporters of a strong relationship with China. (Oehler-Sincai, 2020) As a clear sign of the changing tone, Romania’s economy ministry announced on May 28, 2020 that it had asked state-owned power producer Nuclearelectrica to end negotiations with the Chinese side about the construction of two reactors following six years of fruitless talks. (Reuters, 2020)

In sum, Romania intends to strengthen its cooperation with China but only if it does not generate tensions with the US or with the EU. Bucharest has intensified cooperation in the fields of education, culture and tourism, which do not pose any risks to its relations with its Western allies. Therefore, Romania tends to respond positively to US requests. The ‘Joint Statement from President of the United States Donald J. Trump and President of

Romania Klaus Iohannis' adopted in Washington DC on 20 August 2019 underscores Romania's support against both Russia and China. As it states: 'We also seek to avoid the security risks that accompany Chinese investment in 5G telecommunication networks'. Thus, even if Romania does not declare itself to be on the US side, it seems to support the US stance where directly required to do so. (Oehler-Sincai, 2020)

6.6. Summary of bilateral relations between China and five most important members of the CEE-11 countries

Based on the above presented five cases there are some conclusions to be drawn regarding the pattern of bilateral relations between China and Czechia, Hungary, Romania, and Slovakia. According to the literature the primary goals of all analysed countries within the 16+1 framework were to increase their export volume to China; to attract investment (including infrastructure development) from China, to catch-up with Western EU members both in terms of general economic development and in terms of strong relations to China, and finally to carve out more political space to manoeuvre and leverage in EU and global affairs. It means that they were open to economic cooperation with China and were ready to use political tools to enhance their chances of attracting Chinese investment and opening trade opportunities as well, as it was expected based on the theory of small states' foreign policy by Schweller, Wiberg, McGowan and Gottwald in chapter 2.2. However, the lack of tangible and substantive results in the fields of economic cooperation with China and rising tensions between the US and China have induced the analysed countries (and arguable all CEE-11 governments) to revise their relationship with Beijing and to realign their foreign policies in accordance with the needs of their traditional allies, the European Union and the United States. Having spent a decade with mostly fruitless negotiations with China, disappointment with the 16+1 has been spreading across the region in recent years, and most CEE-11 countries have started to turn towards a less enthusiastic and more cautious China policy. There is only one noticeable exception, Hungary, as Budapest still insists on maintaining strong relations with Beijing and pushing ahead with its balancing policy.

7. Social and political perceptions of China in Central and Eastern Europe

The following chapter attempts to shed some light on how certain CEE societies perceive the role China plays in the world and in the region. Based on the many years of cooperation in the 17+1 framework, one might assume that the people of Central and Eastern Europe have developed positive attitudes toward China. In the followings, I will cover media perceptions and political opinions about China.

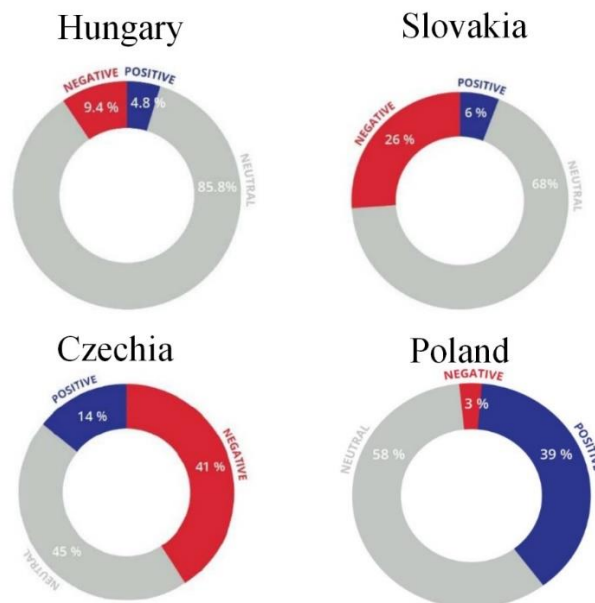
7.1. How the media depicts China in Central Europe

I have had the pleasure to be the researcher responsible for Hungary in Project Chinflu-
enCE in the past three years. The first programme of the project aimed to chart media coverage on China in Central Europe. The aim of the research was to assess the image of China and to understand how the wider public and the political elite perceive topics related to China. In the first phase of the project, we have collected, coded and analysed all printed and electronic media coverage on Chinese politics and economics in the Czech Republic, Hungary Slovakia and Poland for the period between 2010 and Q2 2017. As a result, we have created an enormous dataset based on almost 10.000 articles published in four countries. Based on our research we have found major differences between media sentiments towards China in the Czech Republic, Hungary, Slovakia and Poland. The discourse in the Czech Republic and Hungary is heavily politicized and stereotyped. As the graph below shows, Czech media sources have taken a critical perspective of China with a special focus on values such as human rights, Chinese influence, communism, censorship, Tibet and other issues in the forefront of China related coverage. Meanwhile the Hungarian media has been focusing mostly on economic issues and the development of bilateral relations, while value-based issues (human rights etc.) have almost entirely missing from the discourse. This is partially due to the strong influence of the Hungarian News Agency, as it publishes many economic data about China and other media outlets simply republish such news and articles. Furthermore, the assessment of Hungarian-Chinese relations in the media is strongly influenced by the political attitude of the given media source towards

situations must have gotten worse ever since due to the COVID-19 pandemic). The Czech media seems to be the most negative about China, what is in accordance with the general anti-authoritarian mood in Czechia. Over 41 per cent of the coverage shared negative feelings about China, while only 14 per cent were positive. The situation is similar in Slovakia, where the relative share of negative news (26%) over positive ones (6%) is even worse than in Czechia, though their total share is moderate due to the high number of neutral coverage (68%). The extremely high share of neutral news (85%) is eye-catching in the case of Hungary. As it has been explained above, most media outlets simply republish news shared by the Hungarian News Agency (MTI) and MTI focuses on miniscule economic data too. Putting MTI news aside, the Hungarian media shows a pattern similar to the Czech and Slovak cases with more negative (10%) than positive (5%) news, though the overall picture seems less negative than in the other two Central European countries. Once again, this is mostly explained by the dominance of *ab ovo* neutral economy- and business-related coverage. (Karaskova, et al., 2018)

Compared to the three other V4 countries, Poland is an outlier, at least when it comes to the share of positive news (39%) over negative news (3%), while the overall picture is still mostly neutral (58%)

Figure 11: Attitudes of China related coverage in V4 media (2010-2017)



Sources: (Karaskova, et al., 2018) & (Ostrowska, 2019)

7.2. Political discourse on China in Central Europe

In the second phase of the project, we have looked through almost thirty years of stenographic transcripts of the debate on China in the Czech and the Hungarian parliament and analysed how the attitudes of different political parties and individual politicians towards China have evolved over the past few decades. Like in the case of the media discourse, there are major differences between the Czech and Hungarian politicians' attitudes towards China. The Czech debate have experienced significant ups and downs in the past few decades, as it has gone from criticism to a more pro-Chinese period and back to a rather critical standpoint. In the Hungarian Parliament the mood has never been pro-Chinese. Right wing parties used to be fierce China bashers in opposition, but they have been neutral or even pro-Chinese since their election victory in 2010. Like the media discourse, the Hungarian parliamentary debate is ideologically less underpinned, and human rights or other values have mostly disappeared from the agenda since 2010. (Karaskova, et al., 2019)

Figure 12: Representation of Topics Mentioned in Connection to China in the Czech and Hungarian Parliaments (1990/1993 – 2019)



Source: (Karaskova, et al., 2019)

Figure 13: Polarity of Debates on China at the Czech and Hungarian Parliaments in Election Cycles (%)



Source: (Karaskova, et al., 2019)

As Figure 13 presents, Czech and Hungarian members of parliament have never been sympathetic towards China since the democratic transition in these countries (actually, since the Sino-Soviet split in the 1960s, Central and Eastern European allies of the Soviet Union were suspicious of or even hostile to China during communist times as well). The major difference between the Czech and the Hungarian case is how these attitudes have changed over the last decade. While MPs have become increasingly negative about China in Prague over time, attitudes of Hungarian MPs took a turn towards more positive attitudes in 2010. It is noteworthy, however, that the main source of anti-Chinese remarks before 2010 came from the very same MPs of Fidesz in opposition who started to embrace pro-Chinese attitudes in government following their election victory in 2010. (Karaskova, et al., 2019)

Another project about political attitudes towards China was based on research interviews with foreign policy experts of the major political parties in Visegrad Four countries. The results tell an interesting story about the limits of Chinese political influence in the region. In Slovakia, despite its cooperative policy and the pragmatist attitude of political parties towards China, there is a strong divide between the government and opposition parties. The government parties see China in purely economic terms, while most politicians of the opposition view China pragmatically and recognize the need to cooperate but they are also wary of security implications as well as China's human rights abuses.

Likewise, in Czechia parties define their position as government or opposition parties: the government pursued benefits of political and economic cooperation with China, while the opposition sought to criticize this endeavour as a mean of discrediting the governing parties. Although, due to the Czech tradition of value-oriented foreign policy and negative Czech experiences with engagement with China so far, the approach of Prague towards China is likely to remain critical.

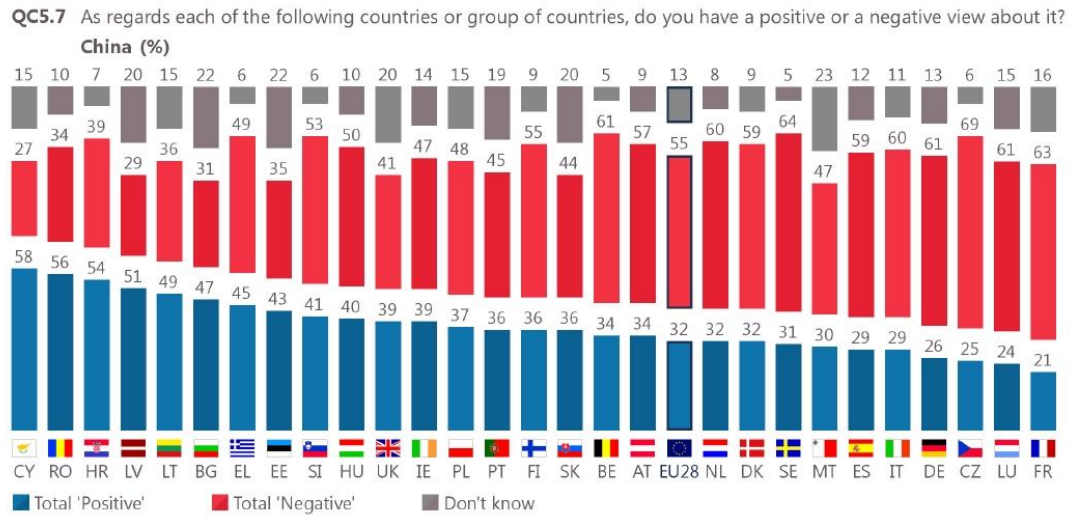
Similar to the Czech and Slovak cases, the main division line in Hungary is not along leftism and rightism, but it runs between the governing and opposition parties. Though most parties regard China as an important economic partner, opposition parties call for more caution and transparency in bilateral relations and are concerned about the domestic and international political costs of the cooperation with China.

In Poland, the government has been balancing between eagerness to attract Chinese investment and the strategic friendship with the US. Recent developments, like anti-Huawei actions of Warsaw, hint that Poland has eventually decided to abandon its temporary pro-China policies, despite the fact that a significant part of the elite on both left and right wanted Poland to become a leader of Chinese-born initiatives previously. (Simalcik, et al., 2019)

7.3. Public perceptions of China in Central Europe

Based on the long list of promised economic benefits and the pro-China attitudes of their governments one may assume that the people of Central European countries have developed positive feelings about China in the last decade. Data, however, suggest a different picture of public perceptions of China in the region. According to a pan-European survey by Eurobarometer, public support among the population of CEE member states does not back the enthusiastic pro-China policies of some of their governments. Only 40 percent of Hungarian and 25 percent of Czech respondents had a positive perception of China, while the EU average was 32 percent in 2017. There were only three CEE member states of the Union (Romania, Croatia and Latvia) where the absolute majority of the population nurtured positive views of China, while Czechs presented the highest share of anti-Chinese views (69%) in the whole EU. (see Figure 14) (Commission, 2017)

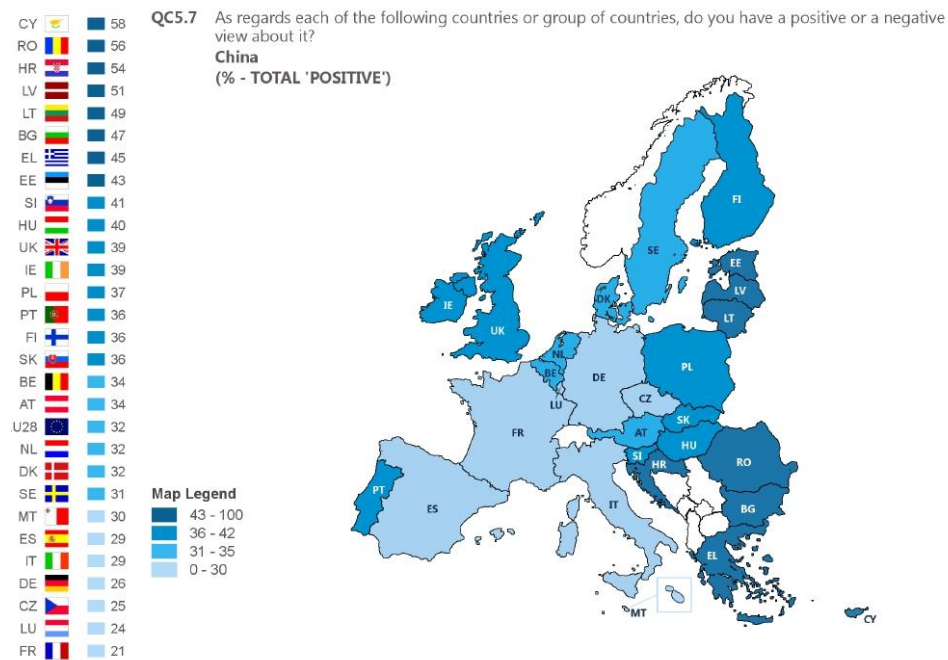
Figure 14: Public views about China in EU member states



Source: (Commission, 2017)

As Figure 14 explains, the public opinion on China was slightly more positive in CEE members of the EU (with the obvious exception of Czechia), but the correlation between the 16+1 cooperation and attitudes towards China was not significant. First, there were many non-CEE countries with relatively positive attitudes (Cyprus, Greece, the UK, Ireland, and Portugal). Second, apart from Romania, Croatia and Latvia China was not seen overwhelmingly positively in any of the CEE countries, on the contrary, negative attitudes represented the majority in five countries of the region.

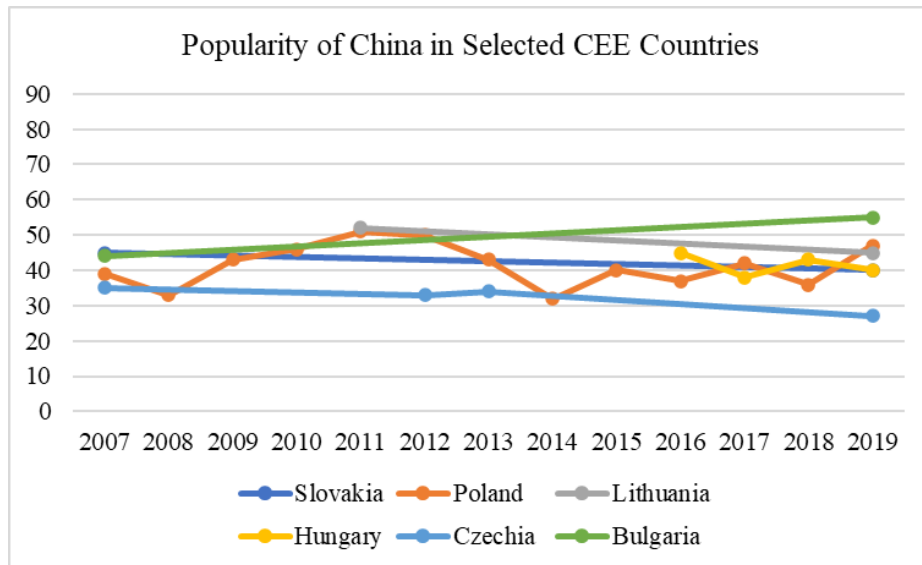
Figure 15: Spatial distribution of positive views about China in EU member states



Source: (Commission, 2017)

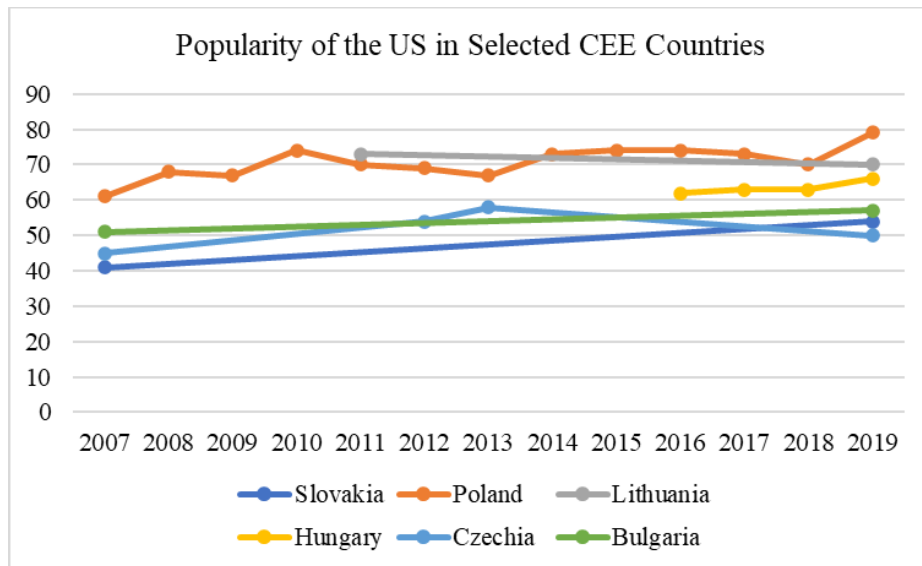
The situation has deteriorated even further in the past three years as sporadic data by Pew Research Center presents below (see Figure 16, 17 and 18). China has never been really popular in the CEE countries (except Bulgaria), but it did experience an uptick in the first half of the 2010s. In the second half of the last decade, however, its reputation started to gradually decline, and the impact of the COVID-19 crises has probably decreased the share of positive attitudes further. Meanwhile, both the United States and the European Union have been enjoying a remarkably high and stable reputation throughout the region (except Czechia) suggesting that the people of Central Europe still see the West more attractive than China. (Pew Research Center, 2020)

Figure 16: Popularity of China in selected CEE countries



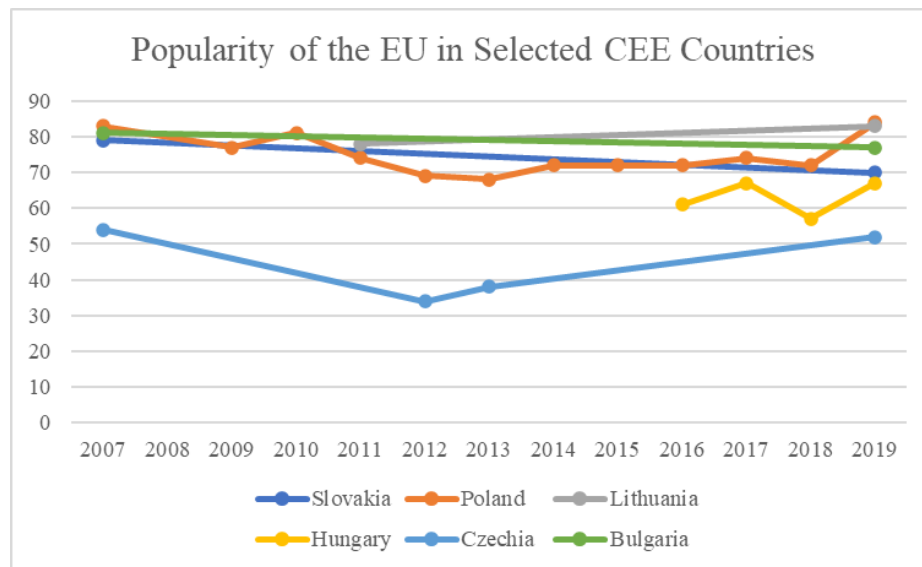
Source: The author's own graph based on: (Pew Research Center, 2020)

Figure 17: Popularity of the US in selected CEE countries



Source: The author's own graph based on: (Pew Research Center, 2020)

Figure 18: Popularity of the EU in selected CEE countries



Source: The author's own graph based on: (Pew Research Center, 2020)

7.4. Summary of social and political perceptions of China in CEE countries

Based on the previous chapters we may conclude that Chinese political and social influence in Central and Eastern Europe has its limits. The media depicts China in a mostly negative manner especially in Czechia, but in other countries as well, especially when it comes to value-based issues like human rights, political freedom, Tibet, Taiwan or communist oppression by a one-party state. Although the potential of economic and business benefits of the cooperation with China used to serve as an important source of Chinese soft-power in the region, especially in the first years of the 16+1 cooperation, the lack of tangible results (as it will be presented later) have contributed to the decline of positive media coverage.

Furthermore, despite the seemingly pro-China policies of many CEE government (see more details below) the actual influence of Beijing over CEE politics is limited by the fact that major parties tend to be pragmatic but still cautious if not concerned by or hostile towards China. Parties in government naturally support pro-China attitude in hope of economic benefits (although their individual politicians may be more cautious in the background), but opposition parties both on the left and the right side of the aisle have serious

reservations about China and they also use anti-Chinese sentiments to bash their governments.

Finally, in spite of the long list of promised economic benefits and pro-China communication of national governments, Central European publics have not developed a truly positive attitude towards China. The Czech population is the most negative about China in the whole EU, and even the most China-friendly nations favour the US and the EU over China by a wide margin. The impact of the COVID-19 pandemic is still to be researched as soon as new survey data get available.

In sum, China has failed to build a stable and reliable reputation that may serve as a source of soft power to influence the domestic and EU level politics of CEE countries.

8. The means and fields of cooperation

Based on the official ‘guidelines’ published after every summit, the following means and ways of cooperation can be observed in the 16+1 framework. It is clear that Beijing has expanded the cooperation to various fields from the benefit and has been using regular meetings, conferences, forums and semi-institutional bodies to facilitate the cooperation. The following chapter offers an overview and analysis of the bureaucratic part of the 16+1 mechanism.

8.1. Warsaw: China's Twelve Measures for Promoting Friendly Cooperation with Central and Eastern European Countries – Housekeeping measures (2012)

Following the first China-CEE summit in Warsaw in 2012, the parties published a joint document to lay the foundations and design the further steps of the 16+1 cooperation. As to the technical management of communication and coordination within the 16+1, the parties decided to set up a secretariat in China's Ministry of Foreign Affairs. In order to establish the financial background of potential economic cooperation the parties created a US\$10 billion special credit line with a focus on cooperation projects in infrastructure, high and new technologies, and the green economy. Infrastructure was such an important topic from the very beginning that an expert advisory committee on the construction of transportation network between China and CEE countries was created as well. Furthermore, the summit concluded with the setup of an investment cooperation fund

between China and CEE countries with the goal of raising US\$500 million. The document expressed the wish of the parties to boost cooperation between Chinese companies and CEE countries to establish one economic and technological zone in each state. Financial cooperation such as currency swap, local currency settlement for cross-border trade, and establishment of bank branches in each other's countries were also set as goal in the document. Tourism was another important topic in the document, thus China proposed the establishment of a tourism promotion alliance between the parties.

Besides economic and financial cooperation, China also proposed to strengthen ties in the fields of culture and education. Beijing offered to organise a forum on cultural cooperation between China and central and eastern European countries in 2013 and offered 5000 scholarships to the CEE countries in the following five years. Furthermore, China expressed its willingness to increase the number of Confucius Institutes and Confucius Classrooms programmes in the sixteen countries and to invite 1000 students to study Chinese language in China. Since the Chinese side has always regarded research and knowledge important, Beijing generously offered RMB 2 million annually to establish a research fund on relations between China and CEE countries.

While annual summits represent the main platform of political cooperation, China had some thoughts about the future as well, therefore it decided to host the first young political leaders' forum of China and CEE countries in 2013 what may be understood as a long term investment into personal relations with the next generation of CEE leaders. (MFA of PRC, 2012)

8.2. Bucharest Guidelines – The EU factor (2013)

One of the first sentences of the document published after the second summit addressed a fundamental issue, the EU. It states that the parties stressed that China-CEEC cooperation is in concord with China-EU comprehensive strategic partnership and relevant EU legislation and regulations apply to its members, what is an obvious reaction to the criticisms of Brussels, as the first document in Warsaw did not make such a statement. In exchange, however, elements of typical Chinese communication patterns or slogans have emerged in the Bucharest Guidelines for the first time, such as “offering useful experience for countries with different civilizations, systems and levels of development” or to “live

in harmony with one another and develop hand in hand” and the famous “Win-Win Cooperation for Common Development.”

The Bucharest Guidelines was the first document to carve the annual meeting of China-CEE heads of government into stone. It was also the first time to offer the specific fields of cooperation in a systematic way, namely: investment, economic and trade cooperation (section III.); financial cooperation (section IV.); Enhance cooperation in connectivity (section V.); science, technology, innovation, environmental protection and energy (section VI.); people-to-people and cultural exchanges (section VII.) and sub-national level cooperation (section VIII.). As it will be presented below, all subsequent guidelines have followed a similar structure to describe plans for cooperation.

Investment, economic and trade cooperation

According to the guidelines the parties intend to promote mutual investment and scale up economic cooperation and trade while striving to mitigate its current imbalances (an issue endemic to most CEE countries’ trade relations with China) To boost economic relations the document sets forth a plethora of upcoming events and programmes. It designates 2014 as the China-CEEC Investment and Business Promotion Year, proposes the organisation of the China-CEEC ministerial meeting on promotion of economic cooperation and trade; an expo of CEEC commodities in China; a symposium on macroeconomic policies in China; a symposium on investment promotion in China; an investment promotion event at the China International Fair for Investment and Trade; a China investment forum in the Czech Republic and the establishment of a China-CEEC liaison mechanism for investment promotion agencies. Furthermore, the document supports the establishment of a China-CEEC association of chambers of commerce, CEE countries' participation in the China International Small and Medium Enterprises Fair and the foundation of a China-CEEC association to promote agricultural cooperation.

Financial cooperation

China its CEE partners pledged to step up coordination and to encourage their financial institutions to engage in cooperation and to bring into full play the role of the US\$10 billion special credit line established in the previous year. The document also announced

the launch of the China-CEEC Investment Cooperation Fund and expressed its support to financial institutions of China and CEECs in establishing branches and developing business in each other's countries. The parties also supported the central bank of the PRC (the People's Bank of China) and the central banks of CEECs in signing agreements of currency swaps.

Connectivity

The parties discussed the possibility of building an international railway transportation corridor connecting China with CEE countries and to strengthen cooperation in infrastructure development (construction of roads, railways, ports and airports) Like in the case of general economic cooperation, China proposed various events and programmes, such as a high-level conference on transport, logistics and trade routes connecting Asia with Europe.

Science, technology, innovation, environmental protection and energy

Event proposals dominate this chapter as well. The parties agreed to organise a regular China-CEE symposium to promote innovation, technological cooperation and international technology transfer, the first symposium was held in 2014.

People-to-people and cultural exchanges and cooperation

Even more events and semi-institutional bodies were entitled to boost connections between the two sides. China pledged to organise the first China-CEEC high-level symposium of think tanks in China in December 2013.

The Secretariat for Cooperation between China and Central and Eastern European Countries invited 50 Chinese journalists and 50 CEE journalists to visit each other's countries in 2014.

China seemed to be pleased with the first China-CEEC Young Political Leaders' Forum and the China-CEEC Cultural Cooperation Forum as the parties decided to organise the event on a regular basis in every two years. Furthermore, the document supported the establishment of a China-CEEC association of tourism promotion agencies and businesses and the organisation of the China-CEEC Education Policy Dialogue

Cooperation at the sub-national level was also encouraged through the establishment of a China-CEEC association of provincial governors, joined by Chinese and CEEC provinces, states and municipalities on a voluntary basis. To facilitate exchanges another semi-institutionalised body, the China-CEEC Local Leaders' Meeting would be held once every two years. (Secretariat for Cooperation between China and CEE Countries, 2013)

8.3. Belgrade Guidelines – The Budapest-Belgrade railway (2014)

Since the publication of the Bucharest Guidelines, references to the EU have become a standard element of all subsequent guidelines. Therefore the Belgrade Guidelines also starts with statements in which participants reiterated “China-CEEC cooperation is in line with China-EU relations and reaffirmed their commitment to deepening their partnership for peace, growth, reform and civilization based on the principles of equality, respect and trust (...) and thus contributing as appropriate to the implementation of the EU-China 2020 Strategic Agenda for Cooperation.”

Connectivity

The participant (taking note of the EU regulations) supported exploring possibilities of China-CEEC infrastructure connections and welcomed the signing of agreements on the railway connecting Belgrade and Budapest. Furthermore, the guideline sets forth the strengthening of cooperation in infrastructure development including roads, railways, ports and airports. Semi-institutionalised bodies, like the China-CEEC association on transport and infrastructure cooperation in Serbia, or the Riga High Level Conference on Transport, Logistics and Trade Routes and the China-CEEC association on logistics cooperation were established as well. As a new element, the establishment of direct flights between China and CEE capital cities was mentioned in the Belgrade Guideline.

Economic cooperation, trade and investment

The parties pledged to increase mutual investment and to elevate the scale and level of economic cooperation and trade.

Further cooperation platforms were established, such as the China-CEEC Business Council in Warsaw or the Secretariat of the China-CEEC Investment Promotion Agencies Contact Mechanism in Beijing, China, and Warsaw and the China-CEEC investment and trade fair during the China International Consumer Goods Fair in Ningbo, or the China International Small and Medium Enterprises Fair. The China-CEEC association on promoting agricultural cooperation was held in Bulgaria while the 10th China-CEEC Agrottrade and Economic Cooperation Forum was organised in Hungary and the CEEC-China Forum during European Economic Congress took place in Katowice in 2015.

Financial cooperation

Regarding financial cooperation the text practically repeats what had already been stated in the previous guideline: it encourages Chinese and CEEC financial institutions to cooperate in flexible and diverse forms, to improve financing conditions for businesses and to bring into full play the role of the US\$10 billion special credit line. Furthermore, it reiterates the parties support for currency swap agreements and to facilitate local currency settlement as one of the effective means to increase trade and investment. Therefore, it encourages Chinese and CEEC businesses to use RMB as settlement currency in cross-border trade and investment

Science, technology, innovation, environmental protection and energy

The parties agreed to encourage joint research projects between China and CEE countries and to deepen people-to-people and cultural exchanges and cooperation at the sub-national level. Therefore the guidelines set forth a plethora of events, meeting and forums, such as the China-CEEC Seminar on Innovation, Technology Cooperation and International Technology Transfer in Slovakia, the establishment of the Center for Dialogue and Cooperation in energy-related projects in Romania, an expert forum on the protection of Chinese and CEEC cultural heritage in Poland, and an expert forum in the field of tangible and intangible cultural heritage management and protection in Albania, the China-CEEC summer dance camp in China, a Chinese art festival in the three Baltic countries, the China-CEEC High-Level Symposium of Think Tanks or the organisation of regular mutual visits of 50 Chinese and CEE journalists. The parties also agreed to organise the 2nd China-CEEC Cultural Cooperation Forum in 2015 and hold a China-CEEC dance

evening gala concurrently. Hungary established the China-CEEC Association of Tourism Promotion Agencies and Businesses and 2015 was designated as Year of Promotion of China-CEEC Tourism Cooperation. In this spirit the,

2nd China-CEEC High Level Conference on Tourism Cooperation was organised in Slovenia. Sofia University was acting as the first rotating coordination center on the European side for China-CEEC Higher Education Institutes Consortium.

Local governments were encouraged by the guidelines to take an active part in exchanges and cooperation in all fields under the China-CEE cooperation framework, and to run the China-CEEC Association of Governors of Provinces and Region. Therefore, the 3rd China-CEEC Local Leaders' Meeting was held China, in 2016. Furthermore, the Czech Republic organised the 1st China-CEEC health ministers' meeting in 2015 (Secretariat for Cooperation between China and CEE Countries, 2014)

8.4. Suzhou Guidelines – The BRI factor (2015)

The Suzhou Guidelines welcomed the agreement between the leaders of China and the EU on establishing the China-EU Connectivity Platform, as well as on developing synergies between the Belt and Road initiative of China and the Investment Plan for Europe, and between 16+1 cooperation and China-EU relations. This was a clear sign of the Chinese intention to gradually merge the 16+1 into the BRI. As a new step toward the institutionalisation of the 16+1, the participants supported the establishment of quarterly meetings between the Secretariat for Cooperation between China and CEE Countries and CEEC embassies in Beijing.

Connectivity

Hungary was the first EU member state to sign a Memorandum of Understanding with China to join the BRI. According to the Suzhou Guidelines, other CEE countries expressed their intention as well to have similar documents with China. As usual many events and forums were slated to boost practical cooperation between the sides: China, Hungary, Serbia and Macedonia organized the 2nd working group meeting and workshop under the Framework Agreement on Cooperation in Facilitating Customs Clearance in Budapest in 2016, Serbia established a China-CEEC association on transport and

infrastructure cooperation, Latvia founded the China-CEEC secretariat on logistics cooperation, and the 1st China-CEEC Transport Ministers' Meeting was held in Riga in 2016. Furthermore, the Participants welcomed the relaunch of direct flights between Beijing and Budapest and the start of direct flights between Beijing and Prague in addition to existing Beijing-Warsaw connection.

Economic and Financial Cooperation

Even though new agreement was not reached in Suzhou, multitudes of events were slated by the participants for the upcoming year. The 2nd China-CEEC Ministerial Meeting on Promoting Trade and Economic Cooperation and the China-CEEC Investment and Trade Expo were agreed to be held in Ningbo in 2016. Furthermore, the 3rd Meeting of the China-CEEC Investment Promotion Agencies Contact Mechanism was held in China in 2016, while Romania decided to set up a Center for Dialogue in energy-related projects. The China Investment Forum was held in the Czech Republic in 2016.

People-to-People Contacts and Cultural Exchanges

According to the Suzhou Guidelines, the secretariat continued to invite senior CEE officials for trips to China in 2016, the 4th China-CEEC Education Policy Dialogue and the 3rd meeting of China-CEEC Higher Education Institutes Consortium, the China-CEEC forum on cooperation in the field of art and the 2nd China-CEEC Summer Dance Camp were all organised in China in 2016.

Cooperation on Science, Technology and Health

The 3rd China-CEEC Seminar on Innovation, Technology Cooperation and International Technology Transfer was held in China in 2016. Suzhou was the first summit to include cooperation in the fields of health and medicine into the 16+1 cooperation, as Central and Easter European health professionals were invited to visit China in 2016 to participate in seminars on global health diplomacy.

Agricultural and Forestry Cooperation

The Suzhou Guidelines was also first of its kind as it incorporated agricultural and forestry cooperation into the framework. Thus, the China-CEEC Agrottrade and Economic

Cooperation Forum was held in China in 2016, and the summit supported Slovenia in establishing a China-CEE coordination mechanism for forestry cooperation. Furthermore, the 1st China-CEEC High-Level Meeting on Cooperation in Forestry was organised in Slovenia in May 2016. (Secretariat for Cooperation between China and CEE Countries, 2015)

8.5. Riga Guidelines – Business as usual (2016)

The Riga summit did not bring any major new elements to the 16+1 framework, it seems that the mechanism had reached its full potential by 2016. The guideline does not contain too much beyond the sheer list of planned events and forums for the next year. As it can be expected, participants reaffirmed their intention to forge an efficient, practical and lasting 16+1 cooperation (in line with relevant EU regulations) and to develop synergies between 16+1 and the EU-China Comprehensive Strategic Partnership, including the EU-China Connectivity Platform.

Trade and investment

The parties supported progress in the negotiations of the EU-China bilateral investment agreement. The China-CEEC Investment and Trade Expo was held in China in 2017, while the China Investment Forum took place in the Czech Republic. One of the minor new elements was the mentioning of cooperation in e-commerce platforms without any details, however.

Connectivity

The Participants acknowledged the importance of the EU-China Connectivity Platform and recognised the need to make efforts to develop synergies between the BRI and the relevant EU initiatives such as the Trans-European Networks. Latvia established the China-CEEC Secretariat on Logistics Cooperation in Riga and the modernization of the Bar-Belgrade railway track section was praised. According to the guidelines, the 2nd China-CEEC Transport Ministers' Meeting was held in 2017.

Industry, energy, science and technology

The summit welcomed the so called “Port Area Cooperation” between China and CEECs bordering the Baltic, Adriatic and Black Sea (also known as the Three Seas Initiative), and the establishment of China-CEEC Secretariat for Maritime Issues in Poland. The participants supported the establishment of a China-CEEC Center for Dialogue and Cooperation on Energy Projects in Romania and the development of China-CEEC Technology Transfer Center established in Bratislava, plus the organisation of the 2nd China-CEEC Conference on Innovation Cooperation in 2017.

Financial cooperation

CEE countries’ financial institutions and businesses were invited to contribute to the investment fund launched by Sino-CEE Finance Holding Company Ltd. and the participants expressed their intention to explore the possibility of establishing a China-CEEC Inter-Bank Association.

Agricultural and forestry cooperation

The 12th China-CEEC Agrottrade and Economic Cooperation Forum and the 5th Meeting of the Consultative Board of the Association for the Promotion of Agricultural Cooperation between China and CEE countries were organised according to the guidelines.

People-to-people contacts

The summit designated 2017 as Year of China-CEEC Media Cooperation in order to strengthen media exchanges, hold a forum on media cooperation and to organize mutual visits by Chinese and CEE journalists. Just like in previous years, the secretariat invited senior CEE officials for a trip to China in 2017. The 5th China-CEEC Education Policy Dialogue and the 4th meeting of China-CEEC Higher Education Institutes Consortium both took place in 2017.

Health Cooperation

The Participants supported the activities of the China-CEEC Association on the Promotion of Health Cooperation, but no further details were disclosed by the guidelines.

Local Cooperation

The 3rd working meeting of the China-CEEC Association of Provincial Governors was held in Bulgaria in 2017 and the 4th China-CEEC Local Leaders' Meeting was organised by Bulgaria in 2018. (Secretariat for Cooperation between China and CEE Countries, 2016)

8.6. Budapest Guidelines – The Trump effect? (2017)

On the fifth anniversary of the establishment of 16+1 cooperation, the participants agreed the mechanism had grown over the previous five years in the fields of politics, economy and trade, transport and logistics, connectivity, people-to-people exchanges as well as other areas.

It was the first time to have a reference to the purposes and principles of the UN Charter and multilateralism and openness in global economy in the series of guidelines, stand for multilateralism, and strive for openness in global economy. The Chinese side reaffirmed the importance of the China-EU comprehensive strategic partnership and its wishes to see a united, stable and prosperous Europe. Of course, the introduction of the guidelines praised connectivity between Europe and Asia and the Belt and Road Initiative and Belt and Road Forum for International Cooperation as well. Such novel elements may be seen as a reaction to the uncertainties in the international system following the victory of Donald Trump at the US presidential elections. Meanwhile, references to the Belt and Road Forum are aimed at the EU, as it was reluctant to send its high-ranking representatives to Beijing. (Xinhua News Agency, 2017)

Trade and investment

First in the history of 16+1 guidelines the parties stressed the importance of multilateral trading system embodied in the World Trade Organization (WTO) and its values and principles. Once again, it seems probable that China brought the issue of the WTO to the agenda of the 16+1 summit in late November 2017 in reaction to the rise of protectionism and unilateral actions under President Trump. Meanwhile, no new major agreement was reached by the parties except scheduling another round of events and forums such as the 3rd China-CEEC Ministerial Meeting on Promoting Trade and Economic Cooperation

what was held in Ningbo in 2018, the China-CEEC Investment and Trade Expo on the margins of China International Consumer Goods Fair in Ningbo in 2018, the 4th meeting of China-CEEC Investment and Trade Promotion Agencies Contact Mechanism, the China Investment Forum in the Czech Republic or the fifth meeting of China-CEEC Business Council. Furthermore, the participants supported the establishment of 16+1 Demonstration Zone for economic cooperation and trade in Ningbo and other Chinese cities and explored the possibility of the establishment of China-CEEC Economic and Trade Officials Exchange Mechanism.

Connectivity

The participants reaffirm support to the EU-China Connectivity Platform and to exploring synergies with the Belt and Road initiative and its connections to the Trans-European Transport Network. The Three Seas Initiative was mentioned once again in the document, but no further development was detailed. Croatia and Slovenia reached progress on the Mediterranean railway corridor from Port of Rijeka and Port of Koper towards other CEE countries. The guideline set forth further feasibility studies to explore the possibility of extending the Budapest-Belgrade railway line to the ports of Montenegro and Albania and to expand cooperation in development of container block trains services and combined mode transport solutions and to jointly examine options for better use of existing logistic centers and the establishment of new ones.

When it comes to events, Budapest Guidelines slated the date of the 4th China-CEEC Transport Ministers' Meeting in Belgrade, and the first CEEC-China Civil Aviation Forum in the Czech Republic both held in 2018. Furthermore, China, Hungary, Serbia and Macedonia organised the 4th working group meeting and experts' seminar on Customs Clearance Facilitation Cooperation on China-Europe Land and Sea Express as well in 2018.

Industry, energy, science and technology

China and its Central and Eastern European partners expressed their will to promote supply chain development in their respective countries, based on their comparative advantages, therefore they supported joint research on energy cooperation by the National Energy Administration of China and CEE countries. The 3rd 16+1 Conference on

Innovation Cooperation was organized in Sarajevo in 2018. As a new element, smart cities were mentioned for the first time in the series of guidelines in the one published after the summit in Budapest. Furthermore, Croatia pledged to open the 16+1 SMEs Center.

Financial cooperation

The participants welcomed the creation of Silk Road Fund by China and supported the Silk Road Fund's potential investments in CEE countries. As another sign of Chinese intentions to merge the 16+1 with the BRI, the document lauded efforts made by China Development Bank and the Export-Import Bank of China to establish Belt and Road special loans, and the efforts by Silk Road Fund and European Investment Fund to establish the China-EU Co-Investment Fund. Another important international goal of China, the internationalization of the RMB got its sentence in the document too, as the participants pledged to explore the possibility of RMB financing of projects and supported the international use of the Chinese currency. The China Development Bank established a Secretariat of the Inter-Bank Association and the Hungarian Development Bank set up a Coordination Center. One more item on the long list of events: the China-CEEC Central Bank Governors' Meeting was held in Hungary in 2018.

Agriculture, Forestry and Environment Protection Cooperation

The relevant parties encouraged the promotion of Central and Eastern European agricultural and food products in China at agricultural expos, business missions and other trade promotion such as the China International Agricultural Products Fair.

The list of events is remarkable in this field of cooperation: the 13th China-CEEC Agrottrade and Economic Cooperation Forum, the 7th meeting of the Consultative Board of the Association for Promotion of Agricultural Cooperation between China-CEEC and the 22nd international AgroBalt, the 16+1 Agriculture Investment and Equipment Cooperation Fair in Mostar were all held in 2018. Furthermore, Bulgaria established a 16+1 agricultural cooperation demonstration zone and organised the 16+1 International Agricultural Demonstration Park in 2018 in Plovdiv, the 2nd China-CEEC high-level conference on forestry cooperation were all slated. The China-CEEC Quality Testing Cooperation Dialogue and China-CEEC Trade Facilitation National Inspection

Examination Area in Ningbo and a China-CEEC Environmental Protection Cooperation Mechanism in Montenegro were all established.

People-to-People Contacts

As always, the secretariat for 16+1 cooperation continued to invite high-ranking officials from CEE countries to trips to China in 2018 as well.

P2P relations naturally mean personal contacts between people, so multiple events were established to meet the requirements: the 2nd China-CEEC Spokespersons Dialogue was held in Hungary, the 6th China-CEEC Education Policy Dialogue and the 5th meeting of China-CEEC Higher Education Institutes Consortium, the 2nd China-CEEC Arts Cooperation Forum, the 2nd China-CEEC Experts-Level Forum on Safeguarding Intangible Cultural Heritage, the 1st China-CEEC Curators Forum of Libraries Union, the 2nd 16+1 Winter Dance Camp and the 1st 16+1 Summer Jazz Camp were all held in China in 2018. The 2nd China-CEEC Cultural Heritage Forum was held in China in 2019, and the parties agreed to continue with the regular organisation of the China-CEEC Political Parties Dialogue and the China-CEEC Young Political Leaders' Forum. The 5th China-CEEC High-Level Symposium of Think Tanks took place in Macedonia in 2018. The 4th China-CEEC High-Level Conference on Tourism Cooperation was held in Dubrovnik in 2018.

Bridge of the Future China-CEEC youth camp exchanges as well got the support of the summit.

At finally yet importantly, the participants supported the China-CEEC Tourism Coordination Center in organising the 3rd China Information Day Conference in Budapest in 2018 to strengthen the touristic branding of CEE countries in China.

Health Cooperation

The guidelines set forth the establishment of the China-CEEC Human Resources for Health Cooperation Network, the China-CEEC Health Policy Research Network, the China-CEEC Public Health Cooperation Network as well as the launching of the official website of the China-CEEC Hospital Alliance. Traditional Chinese Medicine (TCM) became a focal point of health related cooperation, TCM centers had been established in the Czech Republic, Macedonia and Montenegro, while Hungary set up the Central and

Eastern European Medical, Education and Research Center for Traditional Chinese Medicine. Two major events were slated at the summit: the 4th China-CEEC Health Ministers' Forum and the China-CEEC Drug Regulatory Cooperation Forum.

Local Cooperation

The participants designated 2018 as Year of Cooperation between Local Governments and Local Enterprises. More and more CEE capitals, provinces, regions and municipalities established sister or twin city/region/municipality relations with their Chinese counterpart. Further events were set to boost local cooperation: the 4th China-CEEC Local Leaders' Meeting in Plovdiv, the 4th working group meeting of Local Provincial Governors Association and the 3rd China-CEEC Capital Mayors Forum in Serbia. (Secretariat for Cooperation between China and CEE Countries, 2017)

8.7. Sofia Guidelines – First signs of disappointments (2018)

According to the Sofia Guidelines, the parties remained committed to the principles of mutual respect, mutually beneficial cooperation and building an open world economy, making economic globalization more dynamic, inclusive and sustainable. That is, Chinese concerns about negative changes or world affairs and globalisations (i.e. Trump effect) had to be addressed by the 16+1 summit as well. Furthermore, the EU factor was another important element of concern, and the guidelines did not miss the opportunity to reiterate the importance of EU-China relations as the background of the 16+1 cooperation and that the format was in line with respective competences and existing commitments of EU members.

Strengthening 16+1 coordination

By 2018 many CEE countries have expressed their disappointment through unofficial channels. The Sofia Guidelines signals Beijing's recognition of the problem, and its intentions to review existing 16+1 cooperation mechanisms and meetings to ensure efficient use of administrative resources of Participants and to establish a more focused, result oriented approach. Mentioning 'result oriented approach' is an obvious Chinese reaction to the small amount of tangible results of the 16+1 cooperation.

Practical Cooperation in Trade, Investment and Connectivity

Likewise, the second chapter of the guidelines emphasizes the need for practical results in form of a more balanced economic partnership, based on the principles of level-playing field and equal opportunities. As always, a large number of events were meant to deepen the level of cooperation. In order to increase exports, CEE countries were invited once again to the 2nd China International Import Expo in Shanghai in 2019, while the 5th China-CEEC Investment and Trade Expo was held in Ningbo in the same year. The summit supported the work of the China-CEEC Business Council in Poland and set forth the strengthening of China-EU Connectivity Platform and container block trains services and combined mode transport solutions.

In the rest of the chapter the guidelines repeats a lot of programs mentioned in previous guidelines, such as the progress that has been made by China, Serbia and Hungary on the Belgrade-Budapest railway project, the Three Seas Initiative or the potential synergies between the Belt and Road Initiative and the Trans-European Transport Network. Even more events were slated for the sake of the cooperation, such as the China-CEEC Customs Cooperation Forum in Poland (2019), the 5 China-CEEC Transport Ministers' Meeting in Bosnia and Herzegovina (2019) or the 1st CEEC-China Civil Aviation Forum in the Czech Republic (2019).

Science, Technology, Innovation, Finance, Green Environmental Protection, Agriculture, Energy, Forestry and Health

Compared to previous guidelines the once published after the Sofia Summit took an unusual turn and squeezed science, technology, innovation, finance, environmental protection, agriculture, energy, forestry and health issues into one single chapter to repeat previous slogans and commitments and to propose many more conferences and events: the China-CEEC Science, Technology and Innovation Partnership; the China-CEEC Conference on Innovation Cooperation; the China-CEEC Innovation Capacity Building Working; the 16+1 Coordination Mechanism for SMEs, the China-CEEC SMEs Cooperation Zone and the 16+1 Environmental Protection Cooperation Mechanism, the 16+1 Smart City Coordination Center, the 16+1 Fintech Coordination Center and the 16+1 High Level Fintech Forum. The 4th 16+1 Agricultural Ministers' Meeting and the 14th

16+1 Agro-trade and Economic Cooperation Forum and the 4th China-CEEC Health Ministers' Forum also took place in 2019.

People-to-People Exchanges

The year of 2019 was declared the 16+1 Year of Education and Youth Exchange. In this framework, Beijing pledged to invite education officials and school principals to visit China for education capacity building training. In order to strengthen dialogue among CEEC and China's universities, CEE countries were invited to participate in the China Education Expo in 2019. The establishment of a 16+1 Youth Development Center was slated, and the Bridge of the Future China-CEEC Youth Exchange Camp was organized in 2019. The 7th China-CEEC Education Policy Dialogue and the 6th meeting of China-CEEC Higher Education Institutes Consortium were both held in 2019.

Tourism and culture both remained important elements of the cooperation, thus the 5th China-CEEC High-Level Conference on Tourism Cooperation was held in Riga in 2019, while the 4th China-CEEC Ministers' Forum on Culture Cooperation was organised in Macedonia. When it comes to more relaxed events the 5th Summer Dance Camp and the 3rd China-CEEC Dance Masters Workshop were held in China. Furthermore, the 4th 16+1 Cultural and Creative Industry Forum took place in Hungary, and participants supported the establishment of a 16+1 Cooperation People-to-People Exchange Experience Center in China. The list of events is far from over yet: the 2nd China-CEEC Cultural Heritage Forum, a conference on the promotion of women entrepreneurship, and the 6th China-CEEC High-Level Symposium of Think Tanks were all held in 2019.

Local cooperation was another important element of the Sofia Guidelines, so the 6th working group meeting of Local Provincial Governors Association, the 4th China-CEEC Capital Mayors Forum and the 3rd China-CEEC Mayors Forum were all held in China in 2019.

(Secretariat for Cooperation between China and CEE Countries, 2018)

8.8. Dubrovnik Guidelines – 2019

The last summit of the 16+1 was held in Croatia in 2019, where the mechanism was expanded to the 17+1 as Greece joined the team of European participants. (The summit of 2020 was postponed due to the global pandemic). Like before, the Dubrovnik Guideline once again emphasised the importance of a sustainable and open world economy, globalization, the Paris Agreement and a rules-based multilateral trading system with the World Trade Organization (WTO) at its core, what can be seen as a reaction to the protectionist actions of the Trump administration. As always, the importance of EU-China relations was reiterated by the participants, just like the emphasis on a result-oriented approach. Therefore, the heads of governments called for a review of cooperation mechanism to ensure efficient use of resources. This meant a clear adjustment by the Chinese side to the complaints and criticism by CEE governments due to the lack of tangible results of the previous years.

Connectivity

Participants of the Dubrovnik Summit pledged to step up their cooperation with third countries to promote digital economy, efficient transport connectivity and smart, sustainable, safe and secure mobility, with a special emphasis on the Investment Plan for Europe, the Trans-European Transport Networks (TEN-T) and their extensions to the Western Balkans. The Guidelines stressed the importance of cooperation in railway projects and intermodal transport solutions and logistics. The EU-China Agreement on Cooperation and Mutual Administrative Assistance in Customs Matters and of the EU-China Strategic Framework for Customs Cooperation was also mentioned in the document as an important point of reference.

Furthermore, port cooperation between China and the Central and Eastern European countries, including inland waterways and the intermodal connections and the expansion of air connections between China and CEECs were mentioned in the document as secondary objective next to railway cooperation.

Trade and investment

The Participants agreed on holding of the 3rd China International Import Expo and the 4th China-CEEC Ministerial Conference on Economic and Trade Promotion and China-CEEC Fair in China and the China Investment Forum in the Czech Republic in 2020. However, due to the pandemic most of these events had to be cancelled.

On the technical side the heads of government noted the need to pursue policies facilitating access for CEEC products into China in to build a more balanced economic partnership between CEECs and China, that is to at least mitigate enormous trade deficits on the CEE side, as it has been taking its toll in terms of political confidence in the whole cooperation mechanism.

As another possible Chinese reaction to US trade policies, the participants agreed to support necessary reforms of the WTO to address global trade challenges and to ensure its continued relevance and effectiveness. Furthermore, the participants recognized the importance of ensuring open, transparent and non-discriminatory procurement procedures and pledged that the awards of contracts would be in compliance with their respective regulations and international obligations. On the one hand such words may serve as a message to the EU that China is opening up its economy even more, on the other hand, it can be understood as a promise that Chinese infrastructure investment in the CEE region would not be hindered by protectionism or political machinations.

What noteworthy is, that the chapter on trade and investment is surprisingly short compared to previous Guidelines' similar chapters and does not propose tangible projects, what may mean that 17+1 was losing momentum.

Financial cooperation

The chapter on financial cooperation was even shorter and non-committal than the previous one. The parties agreed on some general issues, like the strengthening of cooperation among government financial regulatory authorities and to diversify the currencies used by market participants in their respective countries in their economic decisions and to include the RMB in the foreign exchange reserves is possible.

Education, youth and sports cooperation

In another anaemic chapter, the participants agreed on some education and sport related issues, such as the launching of the China-CEEC Education Capacity Building Project and the China-CEEC Joint Education Project of Institutions of Higher Education, and the China-CEEC Youth Development Center to be established in Albania. The strengthening of campus sports exchanges and cooperation including snow and ice activities and the establishment of the China-CEEC Coordination Mechanism for Sports in CEECs were among the listed activities and agreements as well.

Scientific and Technological Innovation, Energy Cooperation

According to Dubrovnik Guidelines, the participants agreed that the potential of cooperation between China and CEECs in the field of scientific and technological innovation provides opportunities and possibilities for joint projects in the fields of innovation-driven mutual investments. Furthermore, they supported mutually beneficial cooperation between China and CEECs in the energy sector and welcomed the establishment of the China-CEEC Energy Cooperation Dialogue. In addition, the possibility of launching the China-CEEC Smart City Coordination Center in Romania was also welcomed, just as the possibility of establishing the China-CEEC Blockchain Center of Excellence. The vague language of these commitments suggests that cooperation had become sluggish in these sectors as well.

Health cooperation

Besides praising previous achievements the Dubrovnik Guidelines mentioned healthcare cooperation in a very short chapter, where participants welcomed the idea that clinics, universities and research institutions in CEECs could find more cooperation opportunities with China on traditional Chinese medicine, but nothing substantial or concrete was agreed on. Of course, the COVID-19 pandemic has increased the importance of health cooperation ever since, as China has announced the establishment of a Health Silk Road and some of the members of the 17+1 held a video conference to exchange information on fighting the virus on May 13, 2020. (Xinhua, 2020)

Agriculture, forestry, water conservation and environmental protection

Participants of the summit announced that 2020 would be the Year of China-CEEC Agricultural Diversity Cooperation, although the pandemic has certainly had a negative impact on such activities. The parties pledged to work for the expansion of market access for food products and to encourage China and CEE countries to cooperate through the Association for the Promotion of Agricultural Cooperation between China and the CEE Countries (APACCCEEC), to support mutual agricultural trade promotion activities and to encourage enterprises to participate in international agricultural trade fairs in China and CEE countries.

Deepening of cooperation between government authorities on forestry research, trade, investment, and the cooperation of more Chinese and CEE universities and research institutions in the field of agriculture were among the proposed goals as well. A dialogue on water policy, and technical exchanges, experience sharing and exchanges of experience on water protection and environmental management and waste disposal were added to the list too.

People-to-people exchanges and local cooperation

The final part of the Dubrovnik Guidelines focused on P2P and local cooperation, and the first sentence of the chapter emphasised the importance of gender equality and women empowerment as a new element of cooperation, whatever it might mean. As always, Beijing reiterated its will to continue to invite high-ranking officials and journalists from CEECs to visit China. Since tourism and culture were considered one of the most important element of P2P activities, the parties agreed to have the 6th China-CEEC High-level Conference on Tourism Cooperation in CEE countries, the 3rd China-CEEC Art Cooperation Forum in Serbia, the 3rd China-CEEC Expert Forum on Intangible Cultural Heritage Protection and the 2nd China-CEEC Library Union Forum in CEE countries in 2020, though once again, the pandemic has most probably hindered the implementation of such programmes. From a theoretical point of view, the establishment of the China-CEEC Association of Publishing Houses agreements on joint film production and joint program broadcasting, personnel training and TV or radio festivals with China may increase China's soft power in the region, though its actual impact is probably very limited.

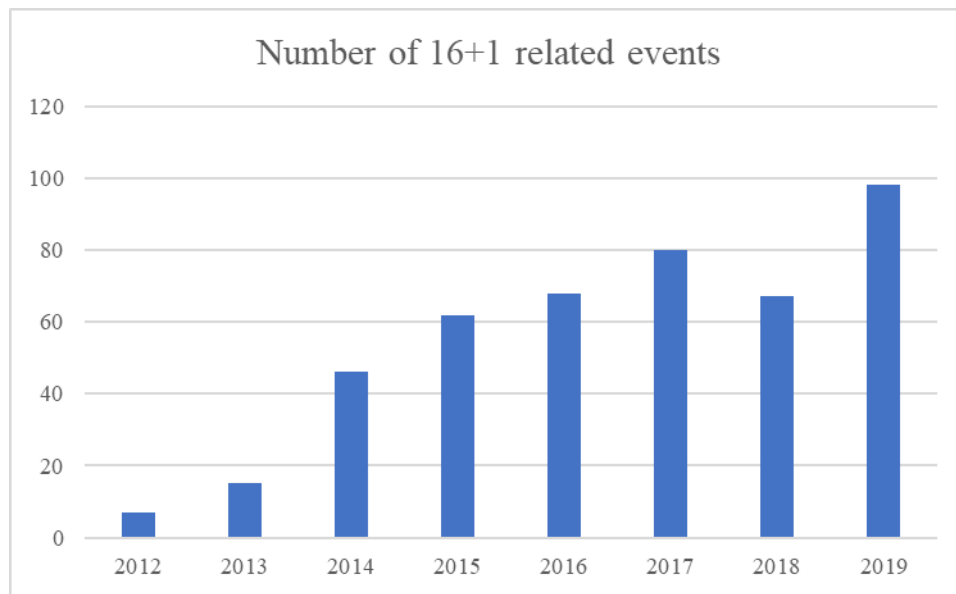
As to local cooperation, the Dubrovnik Guidelines offers a less than convincing sentence: “The participants positively comment the important role played by local cooperation in promoting the in-depth development of 16+1 Cooperation.” It seems this otherwise important element of the 17+1 framework had reached its limits by 2019 and the parties were unable to find meaningful new goals to boost local cooperation between China and its CEE partners.

(Secretariat for Cooperation between China and CEE Countries, 2019)

8.9. An overview of the cooperation mechanism based on the guidelines

The extensive description of guidelines above may seem boring and repetitious, it is important, however, to understand the tools and methods of China in the 16+1 cooperation. Many experts have argued in the recent years that the China-CEE cooperation is a major disappointment, and the lack of tangible results means an existential threat to the mechanism. These critical remarks are based on a Western approach, where results should manifest in the realms of the economy in a relatively short period. Western politicians, even in the CEE countries have to prove to their voters until the next elections that cooperation with China was an initiative what payed. Meanwhile, the Chinese approach is based on plans for long-term cooperation (with results in decades, instead of years), and on building connections. It is a common sense in the fields of cross-cultural management that the Chinese make friendship first and business later. When we look at the history of the 16+1 cooperation from a Chinese angle, it is a major success, as the parties have organised over four hundred activities (See Annex Nr. 1 and Figure 8.), ranging from summits of the heads of governments or presidents of the central banks, through the meetings of local leaders and universities to the somewhat funny but still important international dance and art events. It means that China has presented its success story and its capacities to thousands of Central European people, mostly to the elite of these societies in a mere 8-10 years.

Figure 19: Number of 16+1 related events (2012-2019)



Source: The author's compilation

As the table below presents (Table 5) the structure of guidelines published after each summit has not been carved into stone, the number of chapters and titles have changed from year to year. Still, the order of titles may offer some insight into the main motives and preferences of the involved parties. (Based on anecdotal sources of diplomats, the text has always been proposed by the Chinese side, and CEE governments recommended amendments. This implies that the text reflects mostly upon China's interests and intentions.)

First, the importance of the EU has been mentioned since the second summit in Bucharest, as a clear reaction to the criticisms by the EU.

Second, connectivity, trade and investment have always been the topics mentioned first and in the longest form in the guidelines, followed by financial and other business related issues what suggest that the 16+1 cooperation was economic, and business oriented from the very beginning. It is noteworthy that political cooperation has never been mentioned explicitly, though some of the events organised under the framework were inherently political (e.g. conferences of young political leaders)

Third, people-to-people and local cooperation has always been at the very bottom of the agenda, though many events of the 17+1 focused on building personal connections

between the societies of the involved parties. This latter issue is particularly under-researched and calls for higher levels of scholarly and political attention, as it may have long-term implications on China-CEE relations. Building *guanxi* (personal connections) is one of the primary goals of the Chinese foreign policy, and the West has barely paid attention to it.

Table 5: The main structure of guidelines

	Warsaw (2012)	Bucharest (2013)	Belgrade (2014)	Suzhou (2015)	Riga (2016)	Budapest (2017)	Sofia (2018)	Dubrovnik (2019)
EU?	-	EU was mentioned	EU was mentioned	EU was mentioned	EU was mentioned	EU was mentioned	EU was mentioned	EU was mentioned
1.	-	Promote investment, economic and trade cooperation	Enhance cooperation on connectivity	Cooperation on connectivity	Trade and investment	Trade and investment	Deepening Practical Cooperation in Trade, Investment and Connectivity.	Connectivity
2.	-	Expand financial cooperation	Promote economic cooperation, trade and investment	Economic and Financial Cooperation	Connectivity	Connectivity	Cultivating New Drivers for Cooperation in Science, Technology, Innovation, Finance, Green Environmental Protection, Agriculture, Energy, Forestry and Health	Trade and investment
3.	-	Enhance cooperation in connectivity	Expand financial cooperation	Agricultural and Forestry Cooperation	Cooperation in industry, energy, science and technology	Cooperation on industry, energy, science and technology	Expanding People-to-People Exchanges	Financial cooperation
4.	-	Expand cooperation in science, technology, innovation, environmental protection and energy	Expand cooperation in science, technology, innovation, environmental protection, and energy	Cooperation on Science, Technology and Health	Financial cooperation	Financial cooperation	-	Education, youth, and sports cooperation
5.	-	Promote dynamic people-to-people and cultural exchanges and cooperation	Deepen people-to-people and cultural exchanges and cooperation at the sub-national level	People-to-People Contacts and Cultural Exchanges	Agricultural and forestry cooperation	Agriculture, Forestry and Environment Protection Cooperation	-	Scientific and Technological Innovation, Energy Cooperation
6.	-	Cooperation at the sub-national level	-	Cooperation at the Local Level	People-to-people contacts	People-to-People Contacts	-	Health cooperation
7.	-	-	-	-	Health Cooperation	Health Cooperation	-	Agriculture, forestry, water conservation and environmental protection cooperation
8.	-	-	-	-	Local Cooperation	Local Cooperation	-	People-to-people exchanges and cooperation
9.	-	-	-	-	-	-	-	Local cooperation

9. Chinese investments and political strings

The following section presents some thoughts on the links between political and economic relations with China in general. It is utmost important to present relevant literature on this specific topic, since one of the main concerns about the 16+1 cooperation has been potential correlation between Chinese investment in and the pro-China EU level policies of CEE-11 countries as it was described in the hypotheses.

Fuchs and Klann's paper on the 'Dalai Lama effect' on international trade provides an excellent initial approach to the political economy of bilateral relations with China. Based on their empirical analysis of links between trade and political relations, the authors conclude that deteriorating political relations with China (specifically brought about by high-level government meetings with the Dalai Lama) led to a considerable reduction in exports to China, mainly machinery and transport equipment. Their findings suggest that China does use economic (trade) sanctions in the event of political tensions with other countries, but the deterioration of trade exists predominantly for those goods that are sold in the course of state visits and trade missions to China paid by high-level representatives of the given countries. Meanwhile the Dalai Lama effect on raw materials or mineral fuels is weak or non-existent. The authors conclude that bilateral relations are of deep importance for trade with China, and that the increasing economic power of China is likely to result in the growing importance of trade as a foreign policy tool. Political relations do have an impact on bilateral trade, with the extent of this influence varying between political regimes. Governments in free market economies still set the rules as a legal framework under which firms import and export, while governments in managed economies directly negotiate the terms of trade case by case (Fuchs & Klann, 2010).

Filippov and Saebi write about the three main motives of China's investment strategy. Macroeconomic reasons, such as the enormous quantity of foreign exchange reserves, impel China to engage in investment abroad. Business motives also play a part, since major Chinese companies seek international opportunities to expand, gain experience, and survive competition both at home and abroad. The third motive is political: China wants to build political influence around the world. According to the authors, Europe must acknowledge the perils inherent in the strong political influence that the Chinese government exerts over Chinese companies. Thus, Chinese investment in the

EU potentially exposes EU integration to political leverage from Beijing. (Filippov & Saebi, 2008)

In their paper on political relations and Chinese outbound foreign direct investment, Li and Liang argue that international relations do play an important role in Chinese outbound investment. They identify the reasons and mechanisms by which China's political relations with potential hosts significantly influence firm investment decisions. According to their analysis, Chinese ODI is more likely to flow to countries with which the Chinese government has better political relations, as companies calculate that this will result in better treatment and protection of their investments. (Li & Liang, 2012)

Brown and Wood draw an even more worrying picture in their book on Chinese ODI. They believe that the Communist Party of China and thus the government of the PRC itself see investments abroad as a national strategic issue, not a purely economic or commercial one. Through their global investment patterns, Chinese enterprises pursue the interests of the party and the state as well, and strategic considerations are thus an important driving force behind the growth of Chinese ODI. (Wood & Brown, 2009)

Sophie Meunier warned the EU in her report that Chinese OFDI may come with implicit strings attached and could potentially act as a Trojan Horse affecting European norms and policies. To avoid it, as she recommended Europeans should have presented a unified response so that China could not end up ruling by dividing and carving out concessions. (Meunier, 2012) Meunier and her co-authors pointed to a concerning development that the Czech Republic had shown signs of increasing distance from the Dalai Lama after years of close relations, thus providing circumstantial evidence that Chinese pressure there may be changing Prague's behaviour — and maybe confirmation of the fears of political conditionality. (Meunier, et al., 2014)

There have been reports on the potential connection between Chinese investment and political influence in other parts of the world as well. Actually, Africa or Southeast Asia may serve as a better test ground for such research, as China has been economically present in these regions for a much longer time. As Chheang writes about the political economy of Chinese investment in Cambodia, the country's economic overdependence and power asymmetry have enabled China to exert political leverage, especially on international issues affecting China's core national interest. Although Beijing has claimed

that their investment has no strings attached, there is a close link between economic ties and political influence. (Chheang, 2017)

As Szunomár and Biedermann wrote in 2014, Chinese investment in Central and Eastern Europe constitutes a relatively small share of China's total FDI in Europe and is quite a new phenomenon. However, we observe rising inflows of Chinese FDI into the region, which are currently expected to increase due to the recent political developments between China and several countries in the region, especially Hungary and Poland. (Szunomár & Biedermann, 2014) However, as the data presented in the next chapters proves, the once expected inflow of Chinese capital has never materialised in the CEE countries. Still, as it was presented above, the concerns about the potential of Chinese influence based on investment and other economic activities are valid.

10. The EU factor: concerns of Brussels and other major Western countries

The following chapter offers an insight into the concerns and suspicions of EU institutions and Western European EU member states. Given the political nature of these concerns, it is not easy to find relevant sources to cite on the matter. Still, based on media coverage and the public communication of EU institutions it is clear that the 16+1 cooperation and the increased level of Chinese activity has triggered some alarm bells in the EU, and contributed to a sometimes highly distorted and misguided or even biased discourse on the China-CEE cooperation. As Long Jing of the China Institute of International Studies writes: the EU was concerned that China might try to achieve the political objective of dividing the EU through economic means. The regrouping EU members according to their attitudes towards China meant to weaken the consistency of EU foreign policy. Furthermore, Germany, as a major power and the largest economic partner of CEE countries, has been paying close attention to China's cooperation efforts in the region. (Long, 2014)

Below I present some quotes from relevant EU level institutions and media outlets in which they expressed their concerns or thinly veiled accusations about the 16+1 cooperation.

“Political relations with China may have ‘improved’ in the particular case of Hungary, as Orban openly declared China a success model while at the same time denouncing liberal democracy as a model for global competitiveness. Consequently, China may profit from such positions within the EU, as ‘good relations’ with a number of countries such as Hungary, may soften the EU’s trade policy and allow China to receive a proper market economy status from the EU, for instance. In any case, the EU’s challenge will be to reflect upon its major principles and values as much as its interests vis-à-vis China. Coordination among Member States and EU institutions will be key to a coherent approach that informs EU-China relations not only in the EU-China Strategic Dialogue, but also in the individual bilateral relations between EU Member States and China. At the same time, the Western Balkan countries which will eventually join the EU, should also feel embraced and convinced by the EU’s approach towards China.” (DG for External Policies, 2015)

I was told personally, several times by Western colleagues and partners that China has “bought-off Central Europe”. As a Belgian diplomat phrased it in Brussels in November 2013: *“China and its CEE partners are building a new Berlin Wall across the EU”*. Moreover, as a German industrial representative said once again in Brussels in December 2017: *“China has bought-off CEECs and these countries are puppets on the hand of Beijing.”* Such arguments are unfounded on the one hand but prove the depth of misunderstandings and suspicions about the 16+1 on the other.

Researchers have echoed similar concerns. As Turcsányi wrote in 2014 relations between China and the Central and Eastern European countries had attracted attention around Europe for supposedly affecting the united stance of the EU and there were voices talking about the new dividing line in Europe and China’s ‘divide and conquer’ strategy. According to these voices, it was against the EU good practices to develop a separate institutionalised relation with a third state. (Turcsányi, 2014)

European media has published numerous negative comments about the 16+1 as well. The Handelsblatt, a leading German daily wrote on April 17, 2018: *“EU officials said China was trying to divide Europe to strengthen its hand in relations with individual member states. Countries such as Hungary and Greece, which both rely on Chinese investment, have in the past shown they’re susceptible to pressure from China.”*

As the researcher of the European Parliamentary Research Service stated in 2017 the 16+1 format was “controversial, given the concerns expressed about arrangements being in conflict with EU law and about a perceived erosion of EU norms, values and unity.” (Grieger, 2017)

Another briefing of the European Parliament stated the 16+1 format was an attractive tool for China to increase its political influence on CEECs and allowed China to mould CEECs into political allies willing to support Chinese core interests at EU level. According to the briefing some EU members of the 16+1 have given priority to Chinese political interests over EU interests by holding dissenting positions on the South China Sea issue, the situation of human rights in China, the BRI, the market economy status issue and a potential EU-level FDI screening mechanism. Furthermore, some member states have used the 16+1 format as a bargaining chip within the EU and may have raised their profile in competition with other CEECs, to curry favour with China. (Grieger, 2018)

The EP briefing presents the following table based on the work of Monica Oehler-Sincai (Oehler-Şincai, 2017) to explain the attitudes of CEE countries towards China. The Visegrad Four countries were regarded as the most EU sceptic and the friendliest to China at the same time.

Table 6: CEE-11 cooperation intensity in the 16+1 and position as regards the EU

Cooperation intensity in the 16+1 format	Country	Position towards the EU
Active participants ('champions', 'leaders')	Czech Republic, Hungary, Poland, and Serbia	All are euro-sceptic and all are China's strategic partners
Ambitious partners	Bulgaria, Latvia, FYR Macedonia, Romania and Slovenia	Most are euro-optimists/euro-moderates (Bulgaria is euro-sceptic)
Followers	Croatia, Estonia, Lithuania and Slovakia	Euro-optimists/euro-moderates
Laggards	Albania, Bosnia-Herzegovina and Montenegro	Euro-optimists/euro-moderates

Source: (Grieger, 2018) and (Oehler-Şincai, 2017)

11. Empirical Analysis

11.1. Quality of political relations between China and the CEE countries

To analyse the correlations between the economic and political relations of the CEE-11 countries to China two types of datasets are in need. First, statistical data on trade and investment relations are relatively easy to find and to comprehend. The second type of data, however, is somewhat trickier, as it is not easy to quantify the quality of political relations. In order to understand China's assessment of its political relations with CEE countries, Liu Zuokui's paper is a key source. Liu introduced a new ranking system to evaluate CEE countries from a Chinese perspective. Most relevant to this study is his 'bilateral relationship indicator', which includes partnership treaties, top leader visits, mutual public favourability, and investment and trade treaties. The maximum score of this indicator is 30 points, thus Poland (28), Hungary (27) and Romania (26) have the best bilateral (political) relations with China, while Slovakia (21) is lagging behind, and the Czech Republic (18) sits at the bottom of the ranking (see Table 7). (Liu, 2014) This is not surprising, given the many political issues between Prague and Beijing in the fields of human rights and Tibet. (Fürst & Pleschová, 2010) Of course, such a ranking represents the situation in a certain period, but it certainly gives a proper foundation for further analysis, especially since the overall situation did not change until 2018 as it was presented in the chapters on bilateral relations above.

Table 7: The quality of bilateral relations between China and the CEE countries

<i>Rank</i>	<i>Country</i>	<i>Score</i>	<i>Political environment</i>	<i>Economical environment</i>	<i>Social environment</i>	<i>Bilateral relations</i>	<i>Rating</i>
1	Poland	88	24	18	18	28	Very good
2	Hungary	79	20	16	16	27	Good
3	Czech	78	24	18	18	18	
4	Slovakia	77	24	16	16	21	
5	Romania	76	18	16	16	26	
6	Serbia	76	18	14	16	28	
7	Estonia	70	20	16	16	18	Not Bad
8	Latvia	70	20	16	16	18	
9	Lithuania	70	20	16	16	18	
10	Croatia	68	20	14	16	18	
11	Bulgaria	67	18	14	15	20	
12	Slovenia	66	20	12	16	18	
13	Montenegro	65	18	14	15	18	
14	Macedonia	65	18	14	15	18	
15	Albania	64	17	14	15	18	Not Good
16	BiH	62	15	14	15	18	

Source: Liu, Z. (2014)

Liu's paper also provides insight into the motives for Chinese investment in CEE countries. According to his understanding, the turmoil in the EU triggered by the Greek debt crisis offered a 'window of opportunity' to China. Should the economic situation improve in the EU, CEE countries would turn back to their traditional Western European partners, the Eurozone would resume growth, and thus investment opportunities for non-EU countries like China would eventually diminish (as it actually did happen before the COVID-19 pandemic). Poland was the largest and therefore most appealing country for Chinese investors in the CEE region. Liu emphasises the economic and geographic advantages of CEE members of the EU. According to Liu, better political relations with China mean better investment opportunities for CEE countries like Poland, Hungary, Slovakia and Romania and Serbia. He stresses that tensions in Czech–Chinese bilateral relations have had a negative effect on Chinese FDI flows into the country. It is important to note that EU membership was not necessarily attractive to Chinese companies, since it meant (and still means) more regulations, and China had some bad experiences with EU regulations in Poland when the Chinese construction company COVEC failed to deliver on its very first infrastructure-building project in Europe.⁴ Meanwhile non-EU member countries like Serbia could provide more opportunities, or at least low-hanging fruits. According to Liu, China did not invest in all CEE countries equally, as it was paying more attention to countries with better investment advantages, more balanced 'composite indicators', or with 'geographical advantages'. EU members like Hungary and Poland attracted Chinese investment with the promise of further expansion opportunities into bigger EU markets. Hungary attracted more Chinese-funded institutions and Chinese business than any other country in the CEE region. (Matura, 2017) Liu mentions as well that some people believed that Chinese investment policies were politically driven and that CEE members of the EU would push Brussels to make decisions beneficial to China. The other most important paper on the political relations between China and individual CEE countries is the assessment of Chen and Yang, researchers at the CASS Institute of European Studies. Their paper uses econometric models to calculate the indicators in the 'Bilateral Relationship' module, based on the numerical value distribution from '0'

⁴ For more details see: The motorway that China couldn't build. Voxeurop (<https://voxeurop.eu/en/content/article/716731-motorway-china-couldnt-build>)

(worst) to '10' (best). The indicator 'Political Cooperation' is based on the following third-level indices: partnership; high-level relationships; diplomatic visits; and joint statements. Though their methodology is different from Liu's assessment, the results and the priority order of countries in the fields of political relations with Beijing are mostly the same: Poland (10), Hungary (9.83), Serbia (9.81), Croatia (5.68), Albania (5.47), Czech Republic (5.46), Romania (5.23), Macedonia (3.74), Bulgaria (3.08), Bosnia & Hercegovina (2.2.), Slovakia (1.9), Lithuania (1.58), Estonia (1.54), Montenegro (0.93), Slovenia (0.79) and Latvia (0). (Chen & Yang, 2016) Since both Liu's work in 2014 and the paper of Chen and Yang in 2016 came to the same conclusion, it seems valid to base correlation analysis on their numbers in the following chapters.

11.2. Trade relations

In the following paragraphs, I focus on the development of CEE-11 exports to China while I mostly omit import data. As it has been presented above, the 16+1 was perceived by most CEE-11 countries as an opportunity to boost their export opportunities to tackle the economic struggles of the global financial crisis and the Eurozone crisis, thus import relations are less significant from our present point of view.

Based on the trend witnessed in the past decade, the volume of trade between the 16+1 region and China increased significantly, but that is characterised mostly by the serious adverse balance of the countries of the region. The reality of the trade deficit vis-à-vis China in the case of certain countries – including Hungary – is nuanced by the fact that a significant (though hard to measure) proportion of imported products ends up re-exported to Western Europe built into the product manufactured by the country in question. At the same time it is also true that the majority of the exports of states capable of showing more significant exports to China – Hungary among them – is generated by the multinational corporations present there, which allows one to conclude that the small- and medium-sized company sector of the 16+1 is still hardly capable of meeting the challenges of the Chinese market.

In the area of trade relations – unsurprisingly – essentially all of the Central European countries are struggling with an enormous foreign trade deficit in their trade with China. The eleven EU member states in the region on average import 6-7 times more from the

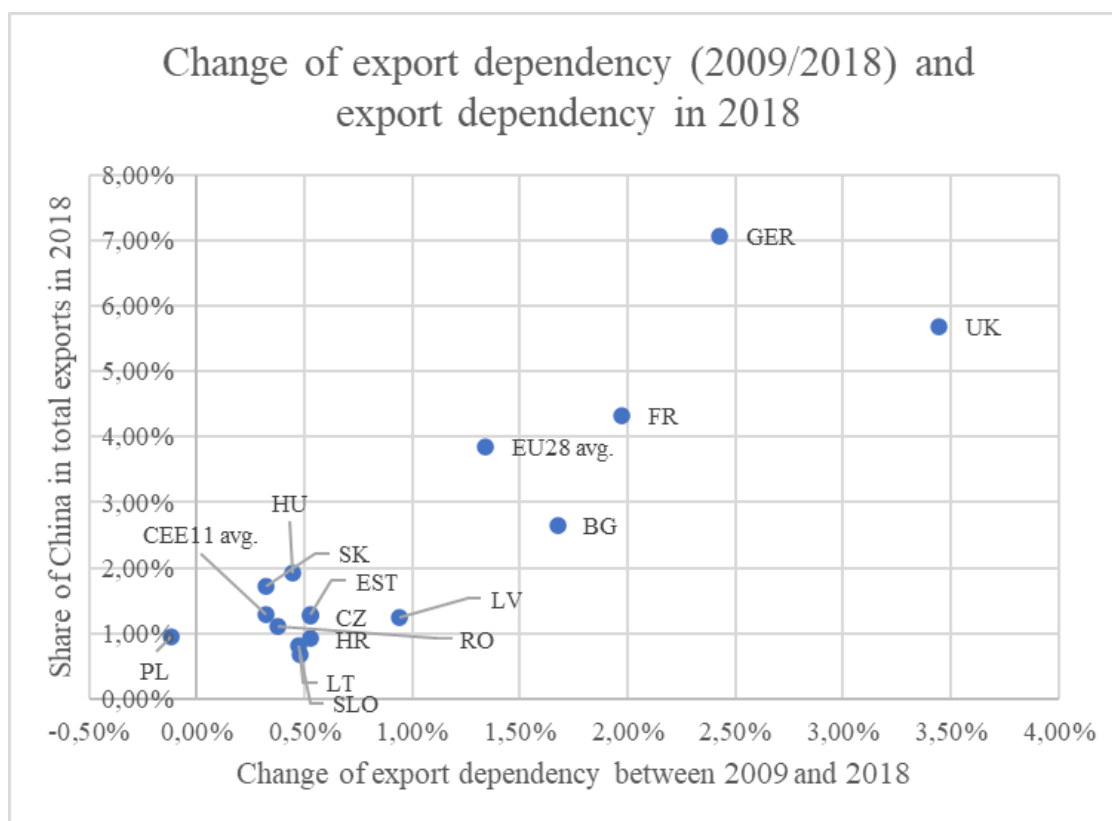
PRC than export, but in the case of China's biggest regional trade partner, Poland the ratio is as much as 12:1. This is startling even if according to assessments a significant portion of Chinese import goods – though the exact proportion is unknown – ultimately end up re-exported westward as part of the products of Central and Eastern European countries. During the negotiations with Chinese leaders, the leaders of the states in the region one after the other received promises of a shift in foreign trade in a more balanced direction. The fulfilment of this, however, for the time being appears to be a vain hope: the so-called “empty container phenomenon,” that is, the nightmare of logistical experts, when the containers loaded with merchandise arriving from China head for home empty for lack of export items, apparently continues to exist. In vain does the Chinese market await Central and Eastern European goods, since there is hardly a local product that could be competitively exported to China. Yet it would be necessary to identify those gaps in the market through which the states of the region could become capable of increasing the export of their products to China, because the growth of their traditional western market is very slow. In the meantime, the Chinese relationship in the foreign trade of the Central and Eastern European countries – at least compared with the rhetorical zeal – represents a surprisingly small slice, merely 4 percent on average; in other words, there is plenty of room for growth, which occurs at a rapid pace – albeit mostly in the area of imports. At the same time, comprehensive research that also includes Germany in the equation could yield important results, since 30.7 per cent of total EU–China trade (and 48 per cent of EU exports) is transacted by Germany alone, while for the majority of Central European countries, too, Berlin is the most important foreign trading partner. (Eurostat, 2020) It is difficult to measure, but likely that some of Central European exports bound for Germany ultimately end up in China integrated into German products. Finally, it is worth making clear that the countries of the 16+1, especially its EU member states, form such an integral part of the European economy (they carry out 60–90 percent of their foreign trade with the EU) that not even a turn to the East and close cooperation with China is capable of actually changing this.

Based on the literature, one might conclude that the deterioration of bilateral political relations means lower levels of bilateral trade between China and any given country. Conversely, better political relations seem to imply better trade relations, and CEE countries might therefore be eager to satisfy political requests from the Chinese side in

light of potential trade retaliation, such as the reduction of imports by China. Second, according to the findings of Fuchs and Klann (Fuchs & Klann, 2010) countries with higher levels of exports in the category of machinery and transport equipment are more vulnerable to potential Chinese trade sanctions, and thus these countries are more likely to accommodate themselves to Chinese political expectations or requests. In the following section, I analyse the dynamism and product structure of trade relations between the PRC and CEE countries in comparison with the three most important Western European economies, France, Germany and the United Kingdom between 2009 and 2018. This period starts with the first year of the global financial downturn, when CEE countries turned to China to offset the effects of the crisis.

CEE countries more than doubled their exports to the PRC between 2009 and 2018. (UNCTAD, 2020) However, despite this seemingly rapid development the relative importance of China has barely increased, as its average share in CEE-11's total export climbed from 0.97 per cent to a mere 1.3 per cent. At the same time Germany, France and the UK boosted their exports to China from 4.64 per cent to 7.07 per cent, from 2.36 per cent to 4.33 per cent and from 2.24 per cent to 5.69 per cent, respectively as a share of their total exports, and the EU-28 as a whole has experienced a similar trend as the share of China climbed from 2.52 per cent in 2009 to 3.86 per cent in 2018 (UNCTAD, 2020) Bulgaria has the highest level of export dependency (2.65 per cent) on China amongst the EU members of the 16+1 initiative as of 2018, and thus CEE-11 countries are far less dependent on China than any of the three major Western European economies. If we compare data over the years 2009 to 2018, the major CEE economy, Poland, slightly decreased its export dependency on China, though it was considered as one of the leading nations of the 16+1. As Figure 20 presents China was a less important export partner to all CEE-11 countries than to the rest of the EU and to Germany, France and the UK. Likewise, the dynamism of the growth of export dependency in CEE-11 countries lagged behind the EU average and the German, French and British case, that is, China has become more important to the latter ones between 2009 and 2018 than to the CEE-11 countries.

Figure 20: The change of export dependency and export dependency in 2018

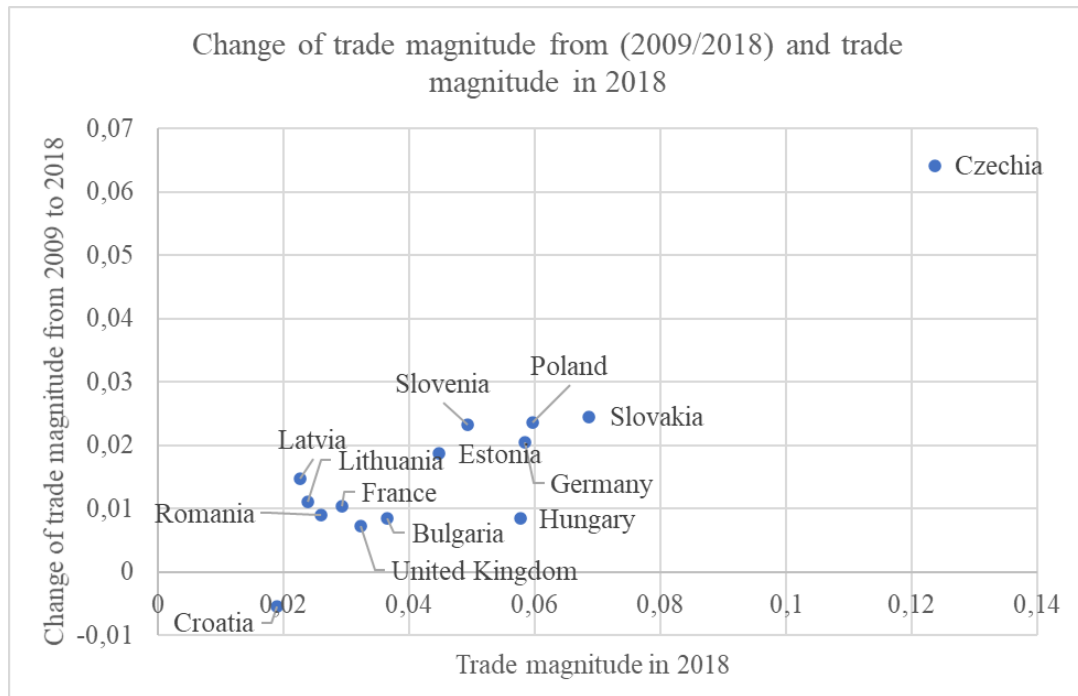


Source: the author's calculations based on (UNCTAD, 2020)

When it comes to the changes in trade magnitude, the picture is somewhat different (see Figure 21 below). There are three groups to be identified on the figure. First, the biggest group consists most of the CEE-11 countries and France, Germany, and the UK. For all of these countries the importance of China as a trade partner had increased between 2009 and 2018, though its overall level of significance is still limited. The two other groups have one single member. For Croatia China had become relatively less important, while for Czechia it became significantly more important than to any other CEE-11 countries. The case of Croatia can be simply explained by the fact that the overall trade of the country was growing faster than its trade with China. In the case of Czechia, the remarkable increase is due to the fast growth of imports from China, as its value increased by 150 per cent in the analysed timeframe. This, however, also explains why trade magnitude is a less valuable source of information from our present point of view. As it includes import data, it distorts and exaggerates the importance of China for the CEE-11 economies, as the

ultimate economic and political goal of CEE-11 countries is to increase their exports to China and not their imports. Therefore, I will focus on data based on export dependency in the following chapter, as it better grasps the issue what really matters to CEE-11 nations.

Figure 21: Change of trade magnitude from and trade magnitude in 2018

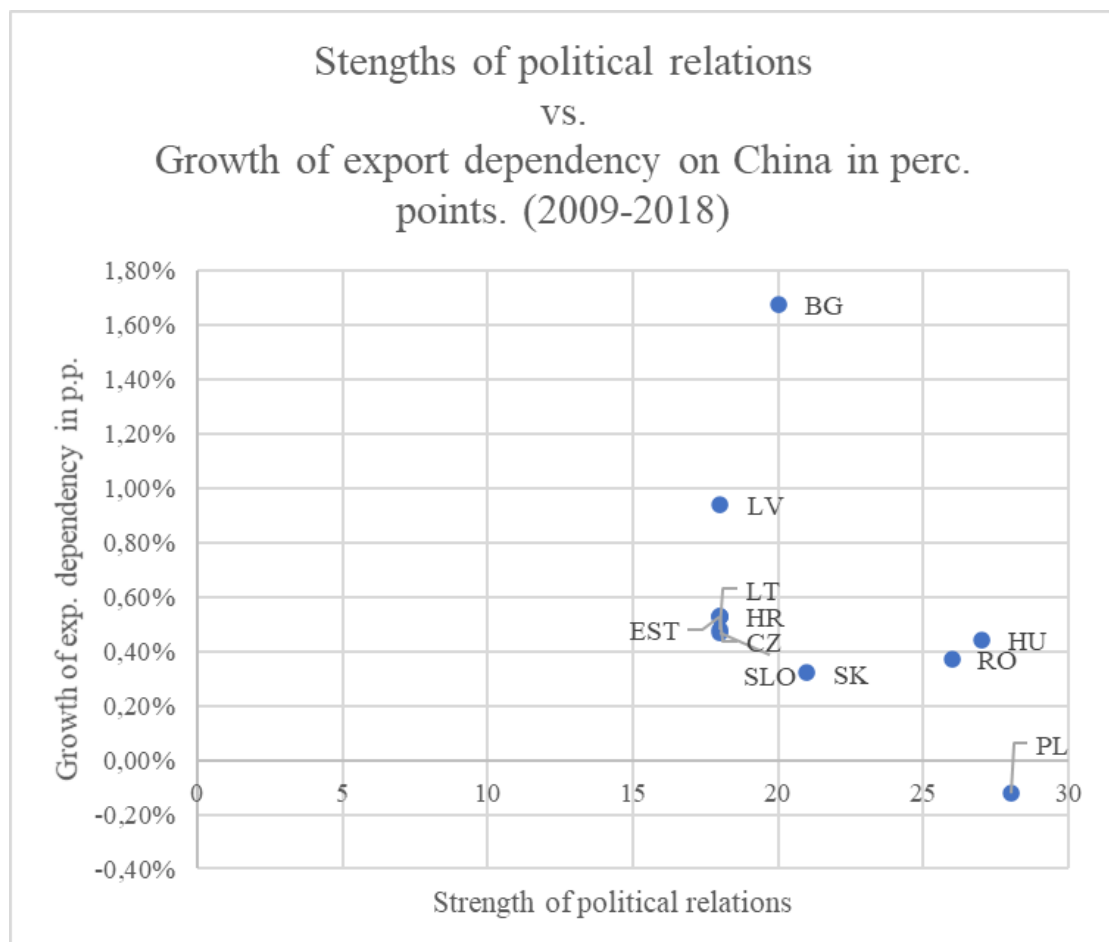


Source: the author's calculations based on (UNCTAD, 2020)

Have CEE member states worked to foster better political relations with China in hope of better trade relations, even though EU observers perceive this as a possible threat to cohesion of the EU's stance on China? If the answer is 'yes', there must be a clear pattern of the connection between political relations and the development of export relations vis-à-vis China. Based on the CASS evaluation of bilateral political relations (Liu, 2014) and UNCTAD trade data on the period between 2009 and 2018, it is hard to find such a pattern. The following chart compares the strength of political relations based on the scale created by Liu Zuokui (to a maximum of 30 points) with the development of exports to China between 2009 and 2018 as a share of total exports for the CEE-11 countries (see Figure 21). The correlation between political relations and trade development is weak, statistically insignificant and even negative! Thus, countries with the best political

connections to Beijing have experienced the lowest increase of exports to China, while other, politically low-ranking countries have enjoyed relatively high growth of export dependency on China. The figure has even slightly dropped in the case of Poland though it enjoys the highest score in terms of bilateral political relations. The reason I employ export dependency data instead of data on the growth of exports to China is to filter out the impact of the general growth of exports and to rather focus on the relative importance of China in the export structure of the CEE-11 countries.

Figure 22: The strength of political relations vs. the growth of export dependency on China



Source: the author's calculations based on (UNCTAD, 2020) and (Liu, 2014)

Consequently, I argue that the impact of the quality of political relations on the development of bilateral trade relations between China and the 16 CEE countries is either

very low or non-existent. This assumption can be bolstered by concrete cases: the Czech Republic has been considered a political troublemaker by the PRC, and the meeting of the Czech Prime Minister with the Dalai Lama in 2009 triggered deep concerns in Beijing and was followed by a three-year ‘cold period’ of bilateral relations. (Fürst, 2015) Still, Czech exports to China grew slightly in 2012, while total Czech world exports dropped by 3.7 per cent. Poland also used to be politically more critical of China, and when the Dalai Lama visited Warsaw in 2008, the Speaker of the Senate welcomed him.⁵ Nevertheless, total Polish exports to China grew by 14.9 per cent from 2008 to 2009 and by 11 per cent from 2009 to 2010, while the exports of the ‘machinery and transport equipment’ product group — considered to be the most sensitive to direct punitive manipulation by Beijing according to Fuchs and Klann (Fuchs & Klann, 2010) — experienced a remarkable 29.3 per cent increase.

The lack of positive (-0.43) correlation between political relations and trade development is even more surprising when trade structure is also taken into consideration, especially with regard to ‘machinery and transport equipment’ as the most significant product group of most CEE countries’ exports to China, namely the top five partners of China in the region. The main export products of Slovakia (93.2per cent), Hungary (74.4per cent), the Czech Republic (63.3per cent), Romania (38.1per cent) and Poland (27.8per cent) all fall into this category. (UNCTAD, 2020)

To confirm the importance of bilateral relations I verified the correlations between trade development and the three other CASS ranking factors. Political environment, economic environment and social environment all have a weak and negative, statistically insignificant ($r = -0.33$; -0.26 ; -0.5 , respectively) correlation with trade development, which supports the assumption that none of these factors has had a considerable impact on China–CEE trade relations.

⁵ *Dignitaries Met 2005 – 2010*, available at: <https://www.dalailama.com/the-dalai-lama/events-and-awards/dignitaries-met/dignitaries-met-2005-2010> accessed: 28 November 2018.

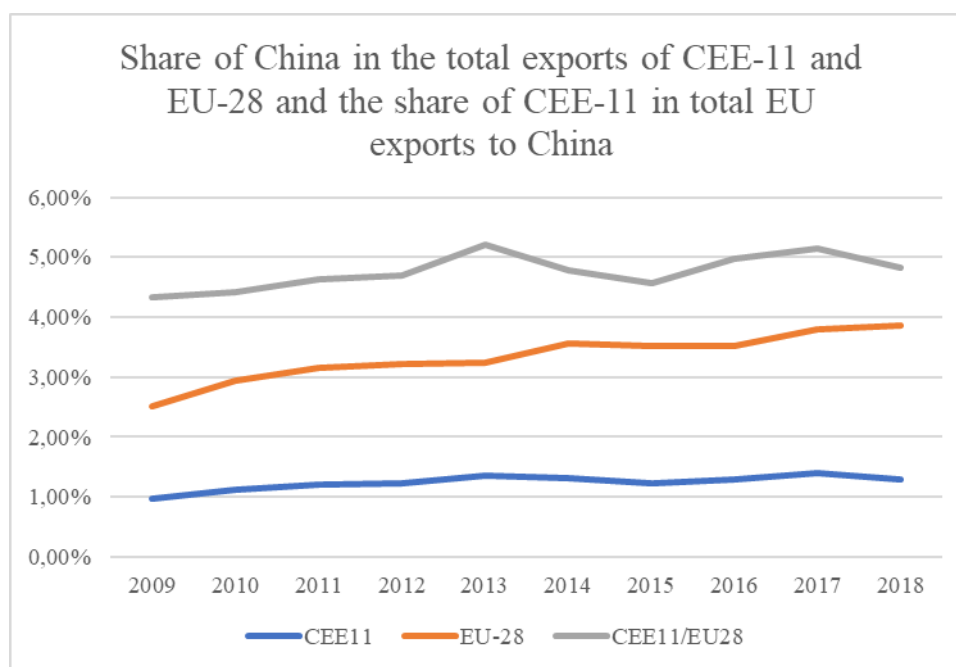
To sum up, based on UNCTAD data and the CASS political ranking system, no positive correlation between the quality of political relations and the success of trade can be found after ten years of intensifying China – CEE relations. The most plausible explanation is that a large share of CEE exports of machinery and transport equipment to China is produced by (Western) multinational companies, and thus bilateral political or economic relations between China and any given CEE country cannot have any serious impact on the total volume of exports, since China does not want or dare to engage in a conflict with the home country of those MNCs.

For instance, Beijing could not, or did not want to, retaliate against the Czech Republic for high-level meetings with the Dalai Lama, since any action would have had repercussions mainly for the Volkswagen Group of Germany rather than for genuine Czech interests. As Éltető and Toporowski state, although Polish trade with Asia seems to be less influenced by global value chains, that is, there are less Polish exporters owned by multinational companies, while the Czech Republic, Hungary and Slovakia are small, therefore their integration into multinational networks determines their trade. This undermines the presumption that, in pursuit of political gains, Beijing could blackmail the CEE member states of the EU with the threat of trade reduction. (Éltető & Toporowski, 2013)

Though it is not closely related to the hypotheses of the present dissertation one may also conclude that the 16+1 cooperation has failed to substantially boost the importance of China among the export partners of the CEE-11 countries. As Figure 22 presents, CEE-11 countries barely increased the share of China in their total exports (blue line), although nominally they exported twice as much in 2018 than in 2009. However, their overall export performance was booming in the given period, thus the share of China increased slightly only. Meanwhile, the EU-28 was able to significantly increase the share of China in its total exports (orange line), while nominally, they also doubled their export volume to China, what means that the importance of other export partners had to decrease. The real proof of the failure of the 16+1 is represented by the grey line, as it shows that the CEE-11 countries could not significantly increase their share in total EU exports to China,

as it had grown from 4.3 per cent in 2009 to 4.8 per cent in 2018, while the share of CEE-11 countries in the total exports of the EU to the world amounted to 14.3 per cent in that year.

Figure 23: Share of China in the total exports of CEE-11 and EU-28 and the share of CEE-11 in total EU exports to China



Source: author's calculation based on (UNCTAD, 2020)

Meanwhile, the 16+1 seems to be more successful from the point of view of Chinese trade interests. While EU import from China increased by 55 per cent between 2009 and 2018, in the case of CEE-11 countries it skyrocketed by 103 per cent on average with extreme increases in the case of Poland (126%), Czechia (147%), Estonia (169%) and Latvia (193%). Consequently, the trade balance of most CEE-11 countries has nosedived in the past decade, the deficit doubled on average and reached USD 70 billion in 2018.

11.3. Investment relations

In their study, Haico Ebberts and Jianhong Zhang pointed out that the member states of the EU, including the Central and Easter European region, created a favourable investment environment in connection with the introduction of the Chinese “Going out” strategy in

order to attract as much Chinese capital as possible. The 16+1 was particularly interested in this opportunity, and this was why they attempted, with the help of tax concessions, relief from customs duties, industrial parks and agreements on avoiding double taxation, to strengthen their ability to attract operating capital. (Ebberts & Zhang, 2010) The Czech Republic, Hungary, Poland and Romania signed bilateral taxation agreements with China. Despite all this, Europe represented a quite small slice in the total Chinese foreign direct investment (5 percent according to Chinese figures), which was particularly striking if we take into consideration the EU's weight in the global economy. The situation, however, has changed tremendously in subsequent years as it was presented in chapter 4.3. and Chinese investment skyrocketed in the European Union. Nevertheless, its spatial distribution was far from even, as Western European member states have received much more investment from China and CEE countries. (See Figure 3 in chapter 4.3)

In connection with the correlation between economic and political relations (or the lack thereof, to be more precise), Rudolf Fürst and Gabriela Pleschová have reached an interesting conclusion. In their opinion, China's relations with the Czech Republic and Slovakia, and its activity in Central Europe in general, form part of that broader strategy that aims to strengthen bilateral relations with the smaller, less critical EU member states. Their truly noteworthy determination, however, is that ideological differences, and even the more critical tone, have no particular effect on business relations with China. While Prague previously had struck a substantially more forceful tone with China in connection with the defence of human rights or the question of Taiwan than had Bratislava, Czech–Chinese economic relations suffered no disadvantage whatsoever compared to Slovak–Chinese relations. (Fürst & Pleschová, 2010) All this is contradicted somewhat by the research of Andreas Fuchs and Nils-Hendrik Klann, according to which receiving the Dalai Lama, for example, sets back the given country's exports to China by 8–16 percent, for a duration of about two years, as it has been mentioned before. (Fuchs & Klann, 2010) China's activity in Central Europe gives cause for concern, according to one of the best-known China researchers in Western Europe, Francois Godement. The professor at Science Po, who observes developments from a pan-European perspective, concluded in his article on the Warsaw summit, that the rapprochement of the Central European states to China is strengthening the forces pulling the Union apart. (Godement, 2012) Instead, a unitary, EU-level China strategy, to be worked out by the EC, would be needed; at the

same time, he acknowledges that the large member states – including the United Kingdom and Germany – keep mostly their own economic interests in view when it comes to their ties with China.

A rare example of a regional-level overview of Chinese–Central European relations is the publication of the Polish Central & Eastern Europe Development Institute, which places mostly investment relations under the microscope. This study was one of the first tangible signs that Poland, shaking off its previous lethargy, is attempting full steam to make up for lost time in its relations with China. As the authors also frequently point out, it was surprising and at once unacceptable to the Polish side that although their homeland was striving for a regional leading role in every area, in Hungary substantially more Chinese investment(s) had come about thus far. The study makes no secret of the fact that Warsaw's aim was to strive for primacy in the region. (Central & Eastern Europe Development Institute, 2012) In the interests of this goal, Polish foreign policy, which in any event has serious material and human resources at its disposal, was doing particularly much.

Chinese investment motivations

The question is what economic opportunities China sees in the Central European region (in the broad sense), meaning those sixteen countries whose leaders attended the summit meeting with the Chinese premier in April 2012 in Warsaw. It is an often mentioned and at once obvious fact that the EU membership of the Central European countries enhanced their political and economic role in the eyes of China. At the same time, it must also be pointed out that five of the participating countries (Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia) are not EU member states, nevertheless, from a Chinese viewpoint they are to be regarded as belonging to the region; in the Chinese foreign ministry they have significance in the work of the secretariat responsible for maintaining relations with the region, too. (People's Daily, 2012) All the while Ukraine and Belarus did not figure on the list of invitees – probably not unrelated to their relations with Moscow.

An additional, often voiced argument in connection with China's role in the region is that it views the states of the region as a sort of gateway to the entire EU; indeed, the countries in the region themselves would like to portray themselves in this capacity in the eyes of

Beijing. The trouble with this approach is that it is nonsensical and uninterpretable, or at the very least, none of the parties concerned has given it any real substance. On the one hand, one of the biggest markets for Chinese goods has long been the European Union – the gateways of this trade are the large Western seaports and container terminals. That is, from this aspect there are already ample gateways and logistical centres. On the other hand, Chinese direct investments have also found their way to Western Europe, whereas up until now only a small proportion of this has arrived in the Central and East European region. It may also happen that Chinese companies, hoping for a laxer regulatory environment compared with that in the west (e.g., in the area of labour law) might move production to the new EU members states, availing themselves of the opportunities provided by the cheaper labour (although these expectations have failed to materialise in the past decade), or they might appear in the area of infrastructural investments, relying on the “tailwind” of local governments and the seductive power of their unrealistically low bids. Based on all this, at present the goals of certain CEE countries such as being “China’s centre in Central Europe” can hardly be viewed as anything more than a mere rhetorical device, if only because from a Chinese perspective nothing justifies concentrating on a single country instead of creating positions in every corner of the region. Taking into account the size of Central and Eastern Europe and the quantity of available Chinese resources, this easily fits within China’s means.

In my view, the most realistic Chinese motivation was in fact the simplest solution: European economic players, weakened by the world economic and mainly the euro crisis, represented an excellent acquisition target for Chinese companies. In connection with the Central European region, it is worth adding that because of the crisis the previous financing arriving from western EU members dried up by 2012, meaning a sort of market vacuum formed in the region, which in an almost natural way attracted the Chinese side struggling with a capital surplus. According to news reports, the most enticing point in the business offers of the Chinese companies was frequently the fact that they at the same time might also bring the financial blueprint with them, naturally in the form of Chinese financial institutions. According to diplomatic sources, this process severely hurt western companies’ interests in the region because while traditionally it was them who supplied and implemented significant investments in Central Europe, the drying up of western financial resources played into the hands of the Chinese in the early 2010s, or at least many feared such consequences.

Looking at the overall picture, it should be noted that the Chinese were in fact not only willing to lend financial support and credit; it was an economic necessity as well for them. The enormous domestic savings rate, the huge foreign trade surplus of the previous decades and the PRC's status as a net importer of capital had accumulated a currency reserve of nearly USD 3.300 billion by 2012, which eventually become inconvenient for the Chinese government. Although the exact figures constituted a state secret, experts agreed that at least 60–70 percent of these reserves were in dollar-based assets, while an additional 20–30 percent of them were in euros. (Hu, 2010) China could not invest a sum of this size even in its own economy – indeed, not even a fraction of this – without it ramping up the number one enemy, inflation. Nevertheless, they could keep a sum equivalent to twenty-three years of Hungarian GDP under the mattress: it is not safe, and with a sum of this size, the conservative asset management strategy generates enormous alternative costs. That is, it was a much more profitable decision (and, in the long run, one that generates considerable influence) to invest a substantial portion of the reserves in the real economy of foreign states than to keep it in state bonds barely earning interest. Amidst the above economic circumstances, the Chinese “Go Global” strategy, i.e., the global spread of domestic Chinese giant companies largely protected from market competition and strengthened in state-subsidised market conditions, was gaining momentum. It was to this process that the Chinese capital surplus could provide enormous help, and this was how Chinese companies were able through bank partners to also offer financial backing in addition to their business offers, and thanks to the extremely low Chinese lending rates easily finance their own activity as well. All this contributed in large part to the fact that China's outward direct investment (ODI) was increasing dynamically year by year.

According to research examining the overall picture of Chinese global investment activity, for the Chinese side the most important thing was to obtain new markets, access raw materials and energy sources, and carry out strategic acquisitions. According to Roland Berger's survey, cited in Nicolas's 2009 study, 56 percent of Chinese investors indicated seeking new markets as the main investment priority, while 16 percent of them indicated the acquisition of new technologies and brands. Regarding investments in Europe, obviously the main Chinese motivation may have been the desire for raw materials so much as it is to gain markets and acquire new technologies and know-how. Already quite early on, in 2005, the prestigious British car manufacturer MG was purchased by Chinese

investors, while a significant share of Volvo was acquired in 2009, just to mention only the most spectacular acquisitions.

The EU's crisis in the early 2010s, however, helped Chinese investors during their acquisitions not only through the weakening of companies, but also through the reduction of the EU's cohesion. This phenomenon was perceptible in the Central European region as well, where a competition developed among the states of the region about which of them was capable of attracting more Chinese resources. Naturally, the leadership in Beijing was also aware of all this, but (as Godement also noted) preserving the unity of the EU was not part of the Chinese leaders' job description.

Contrary to common opinions and expectations, the number and value of executed Chinese investments in Central Europe continues to be insignificant compared to all of the invested capital. On the basis of the data of UNCTAD Stat, a total of about USD 827 billion of FDI arrived in the eleven Central and Eastern European EU member states until 2019, while the value of Chinese investments amounted to barely USD 7.5 billion dollars, meaning that their share was 0.9 per cent (though it has increased significantly from the level of 0.12 per cent in 2010). The inflow of Chinese capital greatly accelerated in the first half of the 2010s: whereas in 2010, Chinese capital invested in Hungary amounted to USD 465 million (according to Chinese sources), today that figure stands at EUR 2.5 billion. (MOFCOM, 2011) (Kratz, et al., 2020)

Of course, one must not overlook the fact that in the critical, capital-poor environment of the era of the global and Eurozone crisis, when the traditional sources of finance dried up, even the relatively little actual Chinese investment and capital inflow was perceived as a significant help to the Central and Eastern European economies. Once again, based only on the data of UNCTAD Stat, the decline of capital inflow into the Central European region is clearly visible: while in 2007 over 70 billion dollars arrived in the region, by 2010 this sum had declined to 29.3 billion dollars. (UNCTAD, 2020)

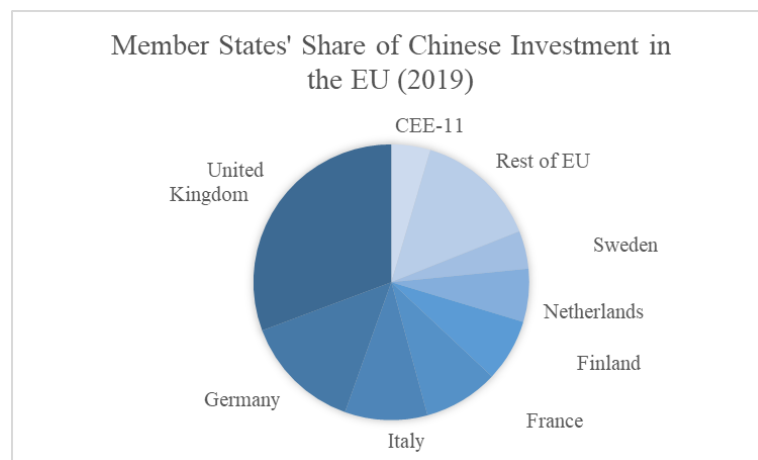
At the same time, the flow of capital from China into the region during the crisis may have meant great help in the area of creating or preserving jobs. In Warsaw, the Chinese premier offered the region a total credit line of EUR 10 billion, which, although not a negligible sum, would form only a small part of the operating capital normally arriving in the region. Especially if out of this EUR 10 billion Beijing in fact were to finance the investments of Chinese companies in the region, as certain reports indicate.

Beijing is in the comfortable position of being able to negotiate with many small countries, which compete with one another for Chinese investments. In the course of regional-level research those areas should be determined where the economies of the countries concerned are complementary, and thus could offer Chinese investors territorially and sectorally integrated packages, as well as the areas there is room for healthy competition.

Meanwhile, it would be worth thinking on a regional level if for no other reason than because some of the production sectors preparing to withdraw from China due to the necessities of economic processes, COVID-19 responses and US-China tensions could be enticed to the 16+1 region.

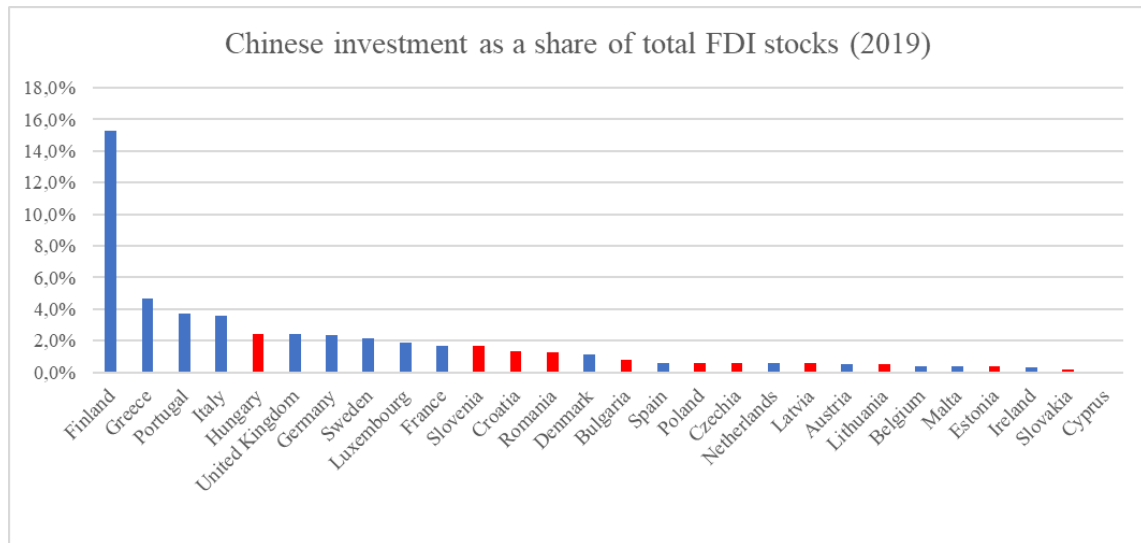
First, it is necessary to emphasise that available data on investment is ambiguous. Consequently, it is extremely difficult to provide a reliable picture of Chinese investment activities in Europe or the 16+1 region. Once again, in the case of Hungary the stock of Chinese FDI in the country is around USD 600 million according to EU and Chinese statistical bureaus, while the figure is likely to be closer to USD 2.5 billion, while the Hungarian government mentions USD 4.2 billion. (MOFAT of Hungary, 2019) Still, it can be stated that CEE-11 countries have received only a small fraction, 4.8 per cent of all the Chinese investment in the EU (see Figure23) When it comes to the share of Chinese investment as a share of total FDI, Finland has an exceptionally high level, followed by Greece, Portugal and Italy (see Figure 24), while CEE-11 countries are well below EU average, with the exception of Hungary. (Kratz, et al., 2020)

Figure 24: Member states' share of Chinese investment in the EU



Source: The author's calculations based on (Kratz, et al., 2020)

Figure 25: Chinese investment as a share of total FDI stocks (2019)

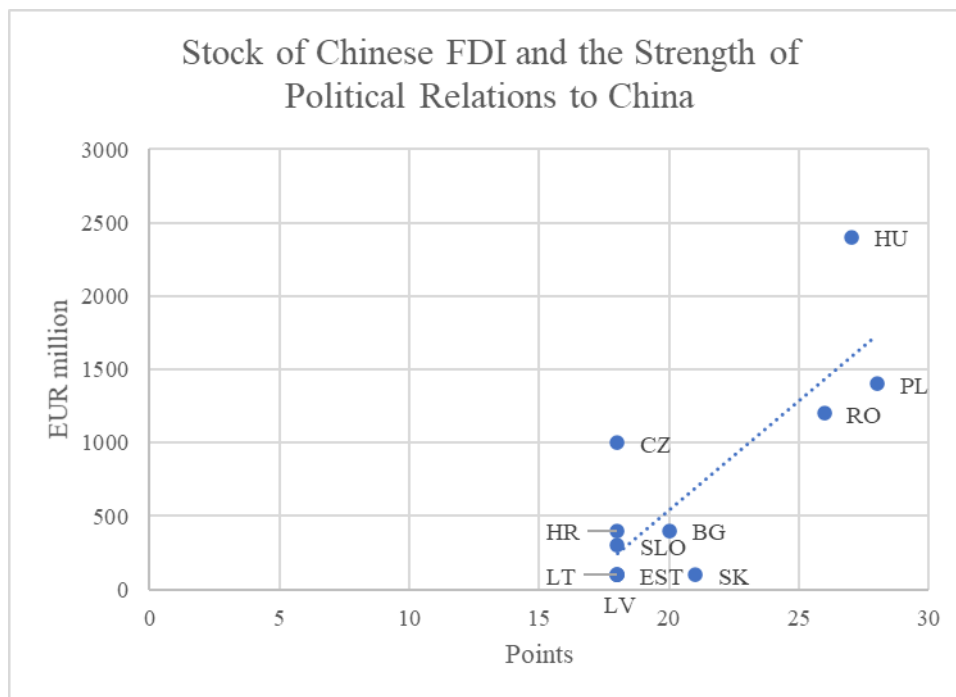


Source: The author's calculations based on (Kratz, et al., 2020) & (UNCTAD, 2020)

Based on the available data I present a chart comparing Chinese investment in CEE countries to their political relations with Beijing. Unlike in the case of trade relations, the picture is clear: there is a strong and positive, statistically significant correlation ($r=0.81$) between the two variables (see Figure 25). Countries with stronger political relations have higher levels of Chinese investment. The result is in line with the general findings of Li and Liang that Chinese investment is more likely to flow to countries with which the Chinese government has better political relations, in hope of better treatment and protection of their investments. (Li & Liang, 2012) It is also in line with Liu Zuokui's paper stating that better political relations with China mean better investment opportunities for CEE countries. (Liu, 2014) However, there is one important detail, which makes the picture less obvious: if timing is also taken into account, then Hungary appears as a special case. Even though Budapest has stronger political relations with Beijing than any other CEE-11 country and hosts by far the highest level of Chinese investment in the region, Hungary has barely received new, major Chinese investors since the beginning of its Eastern Opening Policy (a governmental attempt to attract more investment from emerging markets, and particularly from China to decrease the country's dependence on EU markets) and since the establishment of 16+1 cooperation. Furthermore, the size of countries with higher level of Chinese investment may also have explanatory power. The

four bigger CEE-11 countries (Czechia, Hungary, Poland and Romania) have been more successful in attracting Chinese investors than the smaller member states of the region, as their bigger economies may have offered better investment opportunities to Chinese companies. This latter understanding may explain the curious case of Czechia, where Chinese investment is not insignificant despite the low quality of political relations.

Figure 26: Stock of Chinese FDI and the strength of political relations to China



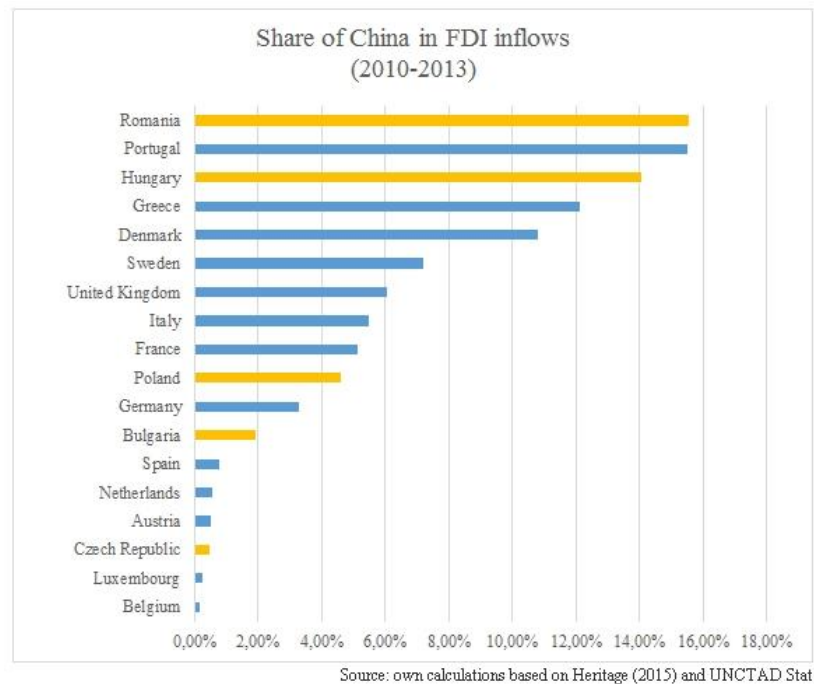
Source: The author's own calculations based on (Liu, 2014) & (Kratz, et al., 2020)

It must be underlined, however, that results say nothing about causality between the two factors. The level of investment could be either a cause or a consequence of the quality of political relations, although the reality might be somewhere in-between. However, the ambiguity of the relationship between politics and investment might not restrain CEE-11 politicians from offering political concessions in exchange for attracting new investment projects. This scenario obviously cannot be ruled out, therefore it is worth verifying the relative importance of the inflow of Chinese investment between 2010 and 2013 (see Figure 26).

Among CEE countries, Romania and Hungary received, in relative terms, the most investment from China as a share of their total FDI inflow between 2010 and 2013.

(Heritage, 2015). It is important to mention that Hungary barely attracted new major Chinese investors after 2010. The inflow of Chinese FDI after 2010 is simply the prolonged result of investment decisions made by companies present in the country prior to 2010. However, Chinese investment did not contribute to a great extent to the FDI inflow in the CEE-11 countries except Romania, while it played an important role in Portugal, Greece, Sweden and France and in the United Kingdom in the years between 2010 and 2013.

Figure 27: Share of China in FDI inflows (2010-2013)



To confirm the importance of investment relations, I verified the correlations between investment in individual CEE countries and the three other CASS ranking factors. The political environment has a weak, statistically insignificant and negative effect ($r = -0.13$); the economic environment has a weak but positive effect ($r = 0.15$); and the social environment has a weak and positive ($r = 0.10$) correlation with investment, all statistically insignificant, which supports the assumption that bilateral relations have had by far the greatest impact on China–CEE investment relations.

In summary, better political relations with China do indeed mean that CEE countries are better able to attract Chinese investment, but the overall level of Chinese investment in CEE-11 countries is minimal. It is also notable that the size of the host economy seems to be less relevant than other factors, except when it comes to very small countries. Poland, the largest economy in the region, has attracted only a fraction of the Chinese investment in Hungary, and Belgrade and Bucharest have also been more successful than Warsaw. The result is also in line with Liu's statement (Liu, 2014) with regard to the impact of unfavourable Prague–

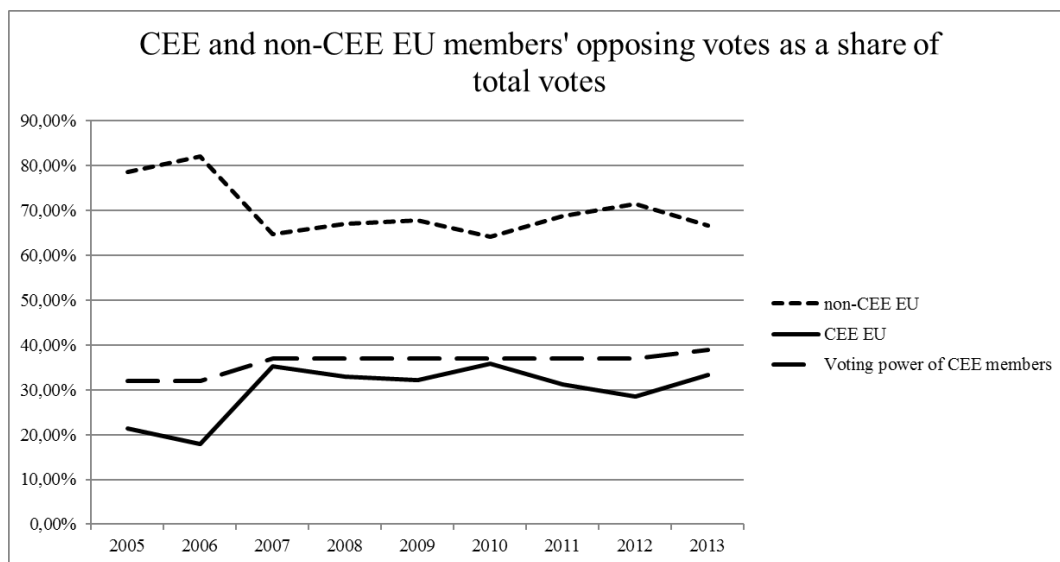
11.4. Voting habits as a form of political compliance on EU and global level

11.4.1. Voting on EU anti-dumping measures against China

Probably the strongest argument is to be derived from the statistics of votes and decisions on China in the Council of the European Union. Following EU public information rules instituted in Regulation (EC) No 1049/2001 it was possible to receive voting data from the Directorate-General of Communication and Document Management of the Council of the European Union, although votes were kept secret for many years without clear legal explanations. (Nordström, 2011) The following analysis is based on 191 relevant documents on anti-dumping votes between 2005 and 2014, that is to compare pre-16+1 period with the period following the establishment of the 16+1 when expectations about the inflow of Chinese capital and new business opportunities were at their peak. (Council, 2015) By processing the above-mentioned papers, 113 concrete cases were identified, where anti-dumping measures were proposed to be either imposed or extended. Member states cast almost 3000 votes altogether during this period, of which 600 opposed the implementation or extension of anti-dumping measures, while the rest is either supported or abstained. In order to evaluate the development of CEE EU members' voting habits between 2005 and 2014, the opposing votes were divided into non-CEE and CEE members of the EU. Decisions on anti-dumping measures represent one of the rare cases where even CEE EU member states could influence EU–China relations, since each country has an equal say, that is, one vote. (European Council, 2004) At the same time,

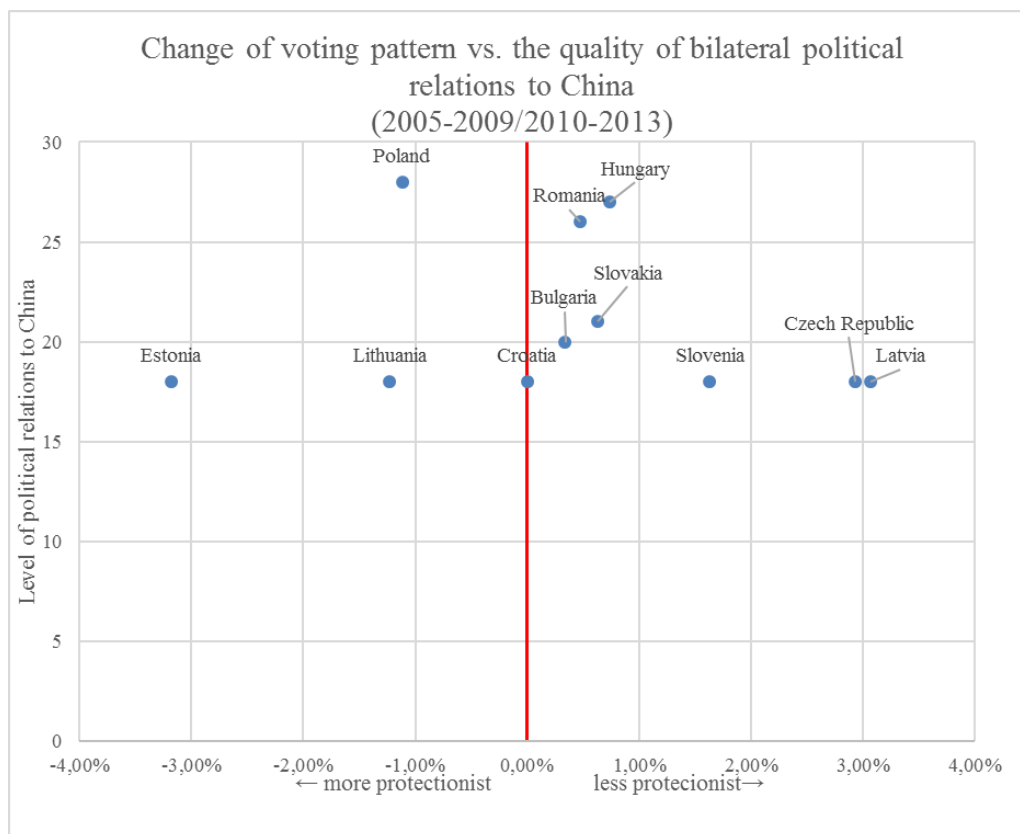
anti-dumping issues are of great importance to Beijing, and disputes are easily politicised. (Bièvre & Eckhardt, 2010) Thus, based on H3 (*If China had had the political influence in CEE-11 countries to divide EU level China policies, the voting habits of CEE-11 countries on the level of EU or global issues would have changed as a sign of political compliance.*) if China had ever tried to use its alleged political leverage over CEE countries, this would have had a visible impact on their voting habits in the period under study. A more pro-China approach from CEE countries would have meant more ‘opposing’ votes, that is, a less protectionist standpoint following the establishment of the 16+1 cooperation. However, the data do not support this assumption.

Figure 28: CEE and non-CEE EU member's opposing votes as a share of total votes



Source: The author's own calculations based on (Council, 2015)

Figure 29: Change of voting patterns vs. the quality of political relations to China



Source: The author's own calculations based on (Council, 2015)

Two important conclusions can be drawn based on Figure 27. First, CEE EU members have generally always been more protectionist than other member states. Their share of 'opposing' votes has always been below their potential group voting power (2004: 8/25; 2007: 10/27; 2013: 11/28). Second, their tendency to reject proposals to impose anti-dumping measures against China has not increased since the initial intensification of China–CEE relations and the actual establishment of the 16+1 initiative, that is, the first years of the 2010s.

The picture becomes even more surprising if one considers country-level results. CEE countries with the worst bilateral political relations with China (18 points on the CASS scale) are the strongest opponents of imposing anti-dumping measures on China. Meanwhile, countries with the best bilateral political relations with Beijing have voted the least against anti-dumping measures. In other words, the Czech Republic, Latvia, Slovenia

and Estonia together were responsible for 85 per cent of all opposing CEE votes between 2005 and 2013, while China's 'best friends' Hungary, Poland and Romania represented a mere 5.5 per cent of opposing votes, based on the documents of the Council of the European Union I received for the purpose of this very paper. It is also important to note that all countries have a stable record of voting patterns: as either opponents or supporters of anti-dumping measures, their position remained more or less the same in the period 2005-2014. In Figure 28, countries are positioned according to the change of their share in the total of opposing votes, comparing the period 2005–2009 to the period 2010–2013. The position of Poland, Hungary and Romania does not change significantly. Other countries less important to China, such as Latvia or Estonia, become either slightly less or, on the contrary, more protectionist; however, the magnitude of change is very modest.

11.4.2. Voting habits of CEE-11 countries in the UN

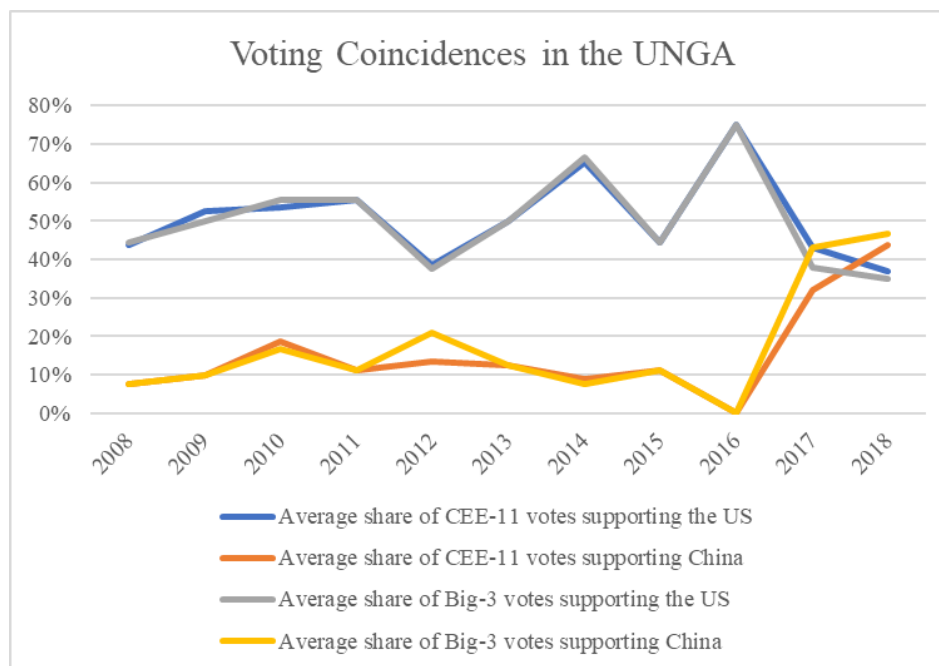
Since post-2014 data on EU anti-dumping measures are unfortunately unavailable for public research, I employ another method, following the footsteps of relevant literature to analyse the political behaviour of CEE-11 countries vis-à-vis China in the global context. Based on H3 political compliance of CEE-11 countries may have taken the form of increased level of support to China on the global stage, that is in the voting of the General Assembly of the United Nations when China and the U.S. or the EU have different positions toward resolutions deemed important by the U.S. The work of Wu, Pan and Fu shows that the volume of trade or aid from China increases the likelihood of UN members to vote in line with China on issues when the U.S. deems important and yet China votes against the U.S. The authors state that China's rising share and promising prospect in global economy makes a third state more likely to bid for China in the U.S. - China contestations. Furthermore, they argue that domestic citizens build foreign policy bonding with China, as their states are economically getting more dependent on China. (Wu, et al., 2016) My results do not contradict their findings, but reinforce the result of the analysis of votes on anti-dumping measures, that is CEE-11 countries have not changed their attitude towards China in hope of economic benefits, and their foreign policy shows no sign of political compliance in the UNGA.

The U.S. Department of State publishes an annual report titled United States Practices in the United Nations, where some of the UN resolutions are marked 'important' to express

the policy preferences of Washington. The analysis shows that in case of these important votes US and China tends to have diverging interests, as their votes coincided in a mere 12.5 per cent of the cases between 2008 and 2018. Like in the case of anti-dumping votes I compared data of pre-16+1 years to post-16+1 year (between 2008 and 2018) to see any potential changes of voting habits of 16+1 countries as a possible sign of political compliance with China. In the analysis, I set CEE-11 countries vote for the UN resolutions important to the US and also the US and China cast the opposite votes. That is, CEE-11 states are forced to choose between the US and China so that I can judge whether China successfully forced CEE-11 countries into political compliance or not.

I have identified 144 cases between 2008 and 2014 earmarked important by the US State Department. Out of these 144 votes there were only 18 when the US and China cast the same votes, therefore the remaining 126 occasions offer ample source of data for statistical analysis. I coded altogether 2350 votes of the US, China, the CEE-11 states and EU's Big-3 (France, Germany and the United Kingdom), and filtered out the 18 occasions of US-Chinese agreement (12,5 per cent of total occasions), and 9 occasions when the Big-3 did not cast the same ballot. As a result, I analysed the remaining 117 occasions and 2197 votes, when US and Chinese votes diverged (thus CEE-11 had to choose sides) while the EU Big-3 voted the same.

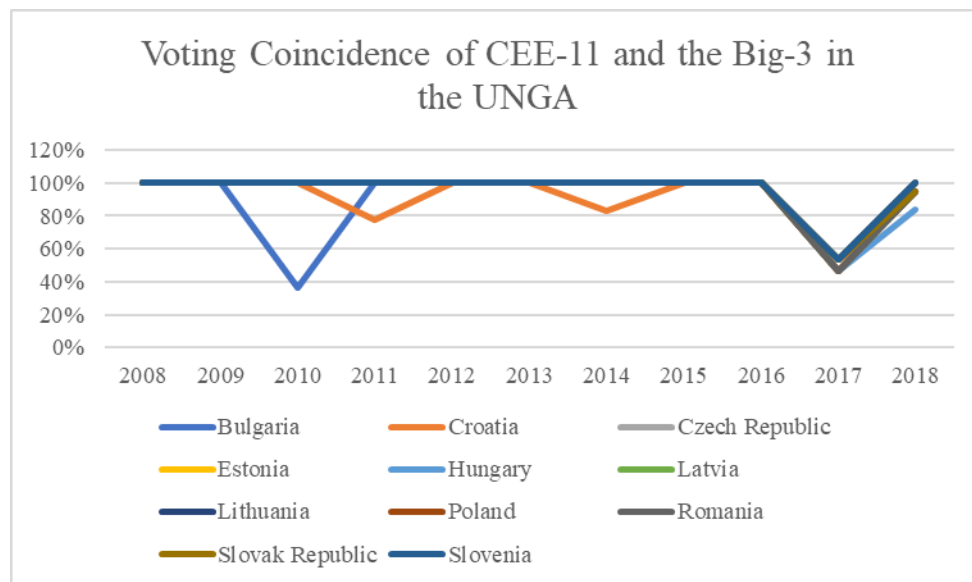
Figure 30: Voting coincidences in the UN



Source: The author's own calculations based on (US Department of State 2008-2018)

The results speak for themselves. CEE-11 countries supported the US side (or abstained) in 51 per cent of the votes (blue line), while supported China only in 15 per cent of the votes (red line) in the UNGA. Furthermore, as Figure 29 shows their attitude did not change in the post-16+1 period significantly until 2017-2018. However, the sudden drop in the share of CEE-11 votes favouring the US has nothing to do with political compliance for the sake of economic benefits from China. As it can be seen the CEE-11 has in almost every case voted together with the Big-3 of the EU (green and lilac lines), as Central and Eastern European countries and France, Germany and the United Kingdom have cast the same vote in 94 per cent of the cases.

Figure 31: Voting coincidence of CEE-11 and the Big-3 in the UN



Source: The author's own calculations based on (US Department of State 2008-2018)

As Figure 30 shows above, CEE-11 countries have closely followed the political directions of the core members of the EU, voting coincidence is either 100 per cent or close to it in most years, and the number of occasions when CEE countries diverged from the common EU position was very low, except the year of 2017.⁶

⁶ The reason for the dip of voting coincidence between CEE-11 countries and the Big-3 is not clear, but there is a high probability of errors of data source of the US State Department.

In sum, based on the above presented data, it can be stated that CEE-11 countries have not changed their pro-Western attitudes in the post-16+1 period in the European Union nor in the United Nations General Assembly. Political compliance with Chinese interests cannot be observed, CEE-11 countries casted their votes according to EU and US interests in the analysed period.

12. Are CEE countries completely innocent?

Even though the above presented findings suggest that CEE-11 countries have never really abandoned their pro-EU and pro-Western attitudes and their trade and investment relations are significantly lower than of most Western EU member states, there are some thorny political issues that support the idea of political compliance on their side. The following chapter attempts to explain such issues.

As a briefing written to the European Parliament writes the 16+1 format has expanded China's political influence in the CEE-11, as it has spurred the political alignment of some countries of the region to China's core interest, including territorial integrity (no meeting with the Dalai Lama are allowed), sovereignty over the South China Sea and silence on human right issues. (Grieger, 2017) It is indeed true that some CEE-11 countries have taken positions at odds with the common position of the EU in certain cases. It was reported that Hungary (a landlocked country) and Croatia were the biggest obstacle when it came to the formulation of the EU's response to the Permanent Court of Arbitration's ruling against China on South China Sea issues. As Francois Godement of the European Council on Foreign Relations writes Hungary was determined to fight for China inside the Council, what may be an evidence of the success of Chinese bilateral lobbying. (Godement, 2016) Prime Minister Orbán announced in April 2015 that Hungary had decided to join the China-led Asian Infrastructure Investment Bank (AIIB), in spite of strong US efforts to prevent its allies joining the Chinese-led bank. Furthermore Hungary was the first EU member state to officially sign-up for China's mega project, the Belt and Road Initiative in 2015, despite European scepticism about the project. (Chung, 2015) Hungary has engaged with China in the highly debated reconstruction of the Budapest-Belgrade railway line, despite concerns of the EU. (Du Bois & BIRTHA, 2015) In 2016,

Budapest openly supported the idea to afford China the market economy status by the European Union, though the EU itself rejected the proposal. (MOFAT Hungary, 2016) Once again, Hungary derailed the EU's consensus to sign a joint letter about lawyers being reportedly tortured under arrest in China in March 2017 according to reports. (Torres, 2017) A year later, the Hungarian ambassador in Beijing was the only one not to sign a document denouncing the Belt and Road Initiative of China for hampering free trade and giving an advantage to Chinese companies. All the other 27 ambassadors signed the document. (Elmer, 2018) As another briefing to the European Parliament frames the 16+1 cooperation the 16+1 format allows China to mould CEE-11 countries into political allies willing to support Chinese core interests at EU level, while on the other side some countries of the region have used the 16+1 format as a bargaining chip within the EU. (Grieger, 2018) As Thorsten Brenner and his co-authors write in their report on the advance of authoritarianism in the EU: *"Hungary's Prime Minister Viktor Orbán, who has openly advocated building an 'illiberal state on national foundations' against the EU model of liberal democracy, is a prominent example. In October 2016, Orbán addressed the China-CEE Political Parties Dialogue in Budapest. In a speech openly critical of EU integration, he endorsed Beijing's position, which rejects universal values and norms based on claims that each country needs a system that fits its unique national conditions. This view contrasts strikingly with the EU's commitment to promote the universality of human rights. As such, Orbán's remarks only thinly disguised his sympathy for China's alternative illiberal-authoritarian model of governance."* (Benner, et al., 2018) Although it is not Hungary alone getting closer to China, but the change in the political standing of Viktor Orbán over the last decades is the most remarkable across the region as it was presented in Chapter 6.2.

To a lesser extent but other CEE-11 countries have expressed their support towards China as well. President Miloš Zeman of Czechia was the only EU head of state who attended a military parade in Beijing marking the end of World War Two, and he is one of the major advocates of pro-Chinese politics in his country, however, his power is limited and the rest of the political spectrum and the society has deep reservations about China as it was presented in Chapter 6.1.

Though it is not one of the main questions of the present dissertation, still it is an interesting conundrum what makes certain CEE-11 countries interested in the cooperation with China despite the lack of substantial economic results. One possible answer what

deserves further research is that the main drivers of the pro-China policy of certain CEE-11 countries are not economic or national strategic considerations but the individual political interests of their leaders. As it has been presented, CEE-11 societies do not support the pro-China attitude, economic results are disappointing, still Mr. Orbán, Mr. Zeman, Mr. Ponta of Romania and some other leaders tried to get closer to Beijing. It has to be noted, however, that most CEE-11 countries became disappointed by the 16+1 cooperation by the last years of the 2010s, and many of them turned away from China. Even Mr. Zeman announced first to skip the next 16+1 summit due to the lack of economic result (though later he made up his mind). (Lau, 2020)

In sum, the following actions of the CEE-11 countries may be considered as a sign of political compliance:

- Some CEE-11 countries blocked the joint EU declaration on the South China Sea issue
- Hungary has subtly supported the Chinese stance on the South China Sea issue
- Hungary (and Greece, the most recent member of the 17+1) blocked EU statements criticizing China's human right records.
- Hungary refused to sign a joint letter denouncing the reported torture of detained lawyers in China.
- Zeman, Orban et al. attended the Belt and Road Forum and signed agreements the EU did not support.
- Hungary was the first EU country to join the BRI
- The Hungarian ambassador refused to sign the BRI report of EU ambassadors in Beijing.

As it can be seen, Hungary is one of the most problematic countries from the point of view of the unity of the EU. However, I have to point to the fact that none of the Hungarian political gestures to China is economic by nature. That is, Budapest has been ready to support issues important to China but not to the Hungarian government and does not cost a penny to the EU (and Germany in particular). This is perfectly in line with the theories of Knorr and Armstrong, as they argue that the probability of political compliance is

higher when the issue in question is important to the dominant country, but not important to the dependent one. (see Table 1.)

13. Conclusions and recommendations

13.1. Revisiting the theoretical background in light of the empirical findings

In the following section, I review the theoretical foundations and how empirical results reflect on the theories employed in the present dissertation. The first layer of the theoretical construction is structural realism as it has been explained in Chapter 2.1. Structural realists have five assumptions about states. States are the primary actors of international politics and the international system is inherently anarchical by nature; the national interest is the maximization of power in order to ensure the state's survival; states can never be certain about the intentions of other states; the primary goal of all states is survival, and finally all states are rational, that is, they are capable of successfully maximising their chances for survival. The international environment leaves little room for trust among states, even alliances are only temporary. (Dunne, et al., 2013) The global financial crisis and the Eurozone crises around the turn of the last decade posed serious economic threat to the region, and economic survival was at stake, while trust in the EU, other member states and the international environment in general diminished, thus CEE-11 states rationally sought for new ways to maximize their economic security on their own, plus the desire for more even distribution or revival of economic power may also explain the decision of CEE-11 countries' turn towards Beijing. Structural realism also explains how CEE-11 countries formed a temporary cooperation with China in which all states have been pursuing their own interests ever since. Furthermore, as it was presented, the European Union itself perceives the 16+1 initiative and Chinese activities in Europe as a zero sum game, where more China in the CEE region means less Europe, where China tries to 'divide and rule' the EU and Beijing poses a threat to the security of Europe. Furthermore, political actions of many CEE-11 countries clearly followed a realist approach, where states play the main role in their fight to maximize their power at the expense of other states. The most obvious examples were the actions of Hungary or Czechia to use China as a bargaining chip in its intra-EU struggles.

The second layer of the theoretical construction focused on the foreign policy behaviour of small states. As Szalai the neorealist school emphasises the importance of the international system as one of the most important influencing factors of the foreign policy of small states. The role of external forces is more important for small states than for big states. Likewise, the geographical location and their position in the international system have a major impact on their decisions as well. (Szalai, 2014) In case of the 16+1 the role of external forces is obvious. The EU, China and lately the US have all upped their presence in the region in the past decade, while the global financial and the Eurozone crisis both served as the 'original sin' what pushed CEE-11 countries towards alternatives, first of all towards the PRC. As Wiwel and his colleagues write small states are more vulnerable not only to geopolitical or military threats but to economic threats (crises) as well, as small states tend to be more dependent on the global economy and trade. (Wivel, et al., 2014) Following the logic of Randall L. Schweller we may conclude that most CEE-11 countries behaved like jackals, that is, they made (pseudo) alliances with big states, in our case with China, to maximize their profits. When it comes to the question of political compliance, the work of McGowan and Gottwald explains the pro-China attitude of CEE-11 countries, as small states, both developed and less developed ones, tend to be more acquiescent in their foreign policy. (McGowan & Gottwald, 1975) As it has been presented, many CEE-11 government offered political gifts and gestures to China in the past decade, though these gestures were always political by nature, and did not harm the core economic interests of the EU. This ostensible contradiction is indirectly explained by the results of the empirical analysis: despite all efforts to boost their relations with China, CEE-11 countries still belong to the Western alliance system in terms of trade and investment, public opinion and of course in terms of security and defense as well. Consequently, their affair with China is only temporary, a short lived opportunistic endeavour.

The third layer of the theoretical construction focuses on the nexus between economic and political relations of states. According to the work of Armstrong dependence is based on the following three conditions: high magnitude of a nation's investment controlled by another nation; the inability to find easy substitutes for a commodity or a trading partner and the intense demand for a commodity. Armstrong also argues that export relations are most important from the perspective of dependence than import ties, as it is generally easier to find import substitutes than new export markets. As it has been presented in the

empirical sections, none of the above mentioned three conditions play a significant role in China-CEE relations. Chinese investment in CEE-11 countries is marginal, China is not a major export partner of CEE-11 countries, and there is no commodity in bilateral trade of high importance. Of course, one may argue, that at the beginning of the 16+1 cooperation, the economic situation of CEE countries was so desperate that the potential of Chinese investment seemed to be the only source of foreign capital, it was hard to find substitute trading partners, and there was an intense demand for financial capital and trade opportunities in CEE-11 countries.

Another aspect of the behaviour of CEE-11 countries can be perfectly explained by the theory of Armstrong and Knorr. Political gestures of CEE-11 governments to China were possible despite the lack of tangible economic benefits, because such issues (South China Sea, human rights, Western concerns about the BRI etc.) have low importance to CEE-11 governments, while their importance is relatively high to China. In other words, it did not cost too much to Budapest or Prague to make some spectacular but cheap gestures to Beijing. Meanwhile, CEE-11 countries stucked to the Western interests when it really mattered, such as the case of anti-dumping proceedings or UNGA votes.

Meanwhile, the work of Tesi and Keohane on the bargaining model and the ideas of Keohane and Nye on asymmetry and power all explain how the 16+1 has actually failed to create real and substantial Chinese political influence in the region. As they argue the dominant state can promise greater economic benefits to the dependent country as a reward and as a result get the latter to comply with its wishes or demands. Or the dependent state's compliant behavior may be based upon the anticipation that compliance would induce the dominant state to increase the economic benefits it provides. As Tesi summarises the policy compliance is seen to be the price paid by a less developed country for its economic dependence on its more developed and economically powerful partner. (Tesi, 1990) (Keohane, 1967) Keohane and Nye argue in their book that besides asymmetry and power, the relationship of the dominant and dependent states consists two more important factors: sensitivity and vulnerability. The first means the cost that the dependent state could suffer at the dominant state's hands before making compensatory adjustment. The latter refers to the longer run costs that the dependent country would experience even after it had adjusted its policies to the changes wrought by the dominant state. (Keohane & Nye, 2012) China has simply failed or actually never intended to build

a substantial and tangible economic clout in the CEE-11 region, consequently CEE-11 countries have never become dependent on or sensitive and vulnerable to China. Thus, their political compliance was limited and stopped on the level of lip-service. As Richardson writes in his paper, a dominant country is more interested in receiving foreign leaders' support on some issues than on others, and it would more forcefully seek the accord of its dependent partners on issues that it regards as important. Actually this political lip-service was the most China could get from CEE-11 leaders. (Richardson & Kegley Jr., 1980)

13.2. Revisiting the hypotheses

Based on the analytical section of the dissertation the following conclusions can be drawn about the hypotheses.

H1: If China would have been buying political support in exchange of economic advantages, its proportional economic presence had been more significant in the CEE-11 countries than in Western EU member states.

As it was presented in the empirical analysis, despite the seemingly rapid development trade relations the relative importance of China has barely increased, as its average share in CEE-11's total export climbed to a mere 1.3 per cent in the past decade. At the same time Germany, France and the UK boosted their exports to China 7.07 per cent, 4.33 per cent and to 5.69 per cent, respectively as a share of their total exports, and the EU-28 as a whole has experienced a similar trend as the share of China had climbed to 3.86 per cent by 2018. That is, the foreign trade of CEE-11 countries is far less dependent on China than any of the three major Western European economies. Likewise, the dynamism of the growth of export dependency in CEE-11 countries lagged behind the EU average and the German, French and British cases, consequently, China had become more important to the latter ones between 2009 and 2018 than to any of the CEE-11 countries.

When it comes to investment relations data show a similar picture. The number and value of executed Chinese investments in Central and Eastern Europe are insignificant compared to all of the invested capital, as the value of Chinese investment stock amounted

to barely USD 7.5 billion dollars in 2019, meaning that its share was 0.9 per cent. Meanwhile other EU members attracted multiple times more Chinese investment in the last decade both in absolute and relative term. The Big-3, France, Germany and the United Kingdom hosts more than half of all Chinese FDI in the EU, while the share of the CEE-11 is 4.5 per cent. In relative terms, Chinese capital plays a more important role in Finland, Greece, Portugal and Italy than in any CEE-11 countries, and the UK, Germany, Sweden, Luxembourg and France are also ahead of any CEE-11 countries but of Hungary.

In sum it cannot be stated that China has bought political support of the CEE-11 countries in exchange of economic benefits, as trade and investment relations between China and the CEE-11 countries are significantly less important than between China and other EU member states.

H2: If China had gained political influence in the CEE-11 countries, there would be a correlation between the quality of political relations and the quantity of economic relations with CEE-11 countries.

First, the link between the development of export dependency on China and the quality of political relations is rather weak and even negative. Countries with better political ties have experienced considerably slower development of export growth to China compared to countries with less political capital in Beijing. Second, it is noteworthy that major Western European economies — for instance France, Germany and the UK — have experienced the fastest growth of exports to China and that their level of trade dependency is higher than that of any CEE-11 EU member states, therefore the assumption that CEE-11 countries support the political agenda of Beijing because they are dependent on trade with China, is false. Furthermore, even specific cases prove the lack of political leverage of Beijing over CEE countries. The visits of the Dalai Lama to Warsaw in 2008 and Prague in 2013, did not result in deteriorating trade relations between China and either Poland or the Czech Republic.

After checking the correlation of the other three factors (political, economic and social environment) used by the CASS ranking system, it is clear that none of those have had a considerable effect on China–CEE trade either.

Better political relations, however, do have an impact on the level of investment relations with China. The correlation is strong, even though the special case of Hungary with its relatively high stock of Chinese capital somewhat distorts results. Even though the causality between the quality of political relations and the level of investments is not clear, it cannot be ruled out that CEE-11 politicians may have tried to attract more Chinese investment even at the price of political favours.

Available data and the literature partially support the idea that CEE member states of the EU might trade the political cohesion of the union for economic benefits from China. However, such an opportunistic approach is limited to a number of CEE-11 countries, particularly to the case of Hungary, while other members of the region have already started to abandon their temporary affair with Beijing, as most of the promised economic benefits have never materialised. Political compliance on the side of the CEE-11 has never gone beyond lip-service and never harmed the economic interests of the EU. The role and interests of individual political leaders

H3: If China had had the political influence in CEE-11 countries to divide EU level China policies, the voting habits of CEE-11 countries on the level of EU or global issues would have changed as a sign of political compliance.

Finally, even though EU decisions on anti-dumping votes are important to China, and CEE-11 have a reasonable say in these votes, it is impossible to find any visible evidence of Chinese influence on their voting habits. Their general approach is protectionist, though with different national-level approaches. Countries considered as ‘friends’ of China rarely voted in favour of Beijing, while countries whose political relations with Beijing were ‘less friendly’ voted in favour of China in some cases. This apparently paradoxical pattern might be explained by overall national approaches toward trade issues and protectionism, rather than any specific policy towards China. What is important from the point of view of the present research is the lack of evidence that Beijing successfully used its alleged political leverage to influence anti-dumping votes through its partners in the CEE region. The tendency of CEE-11 countries to reject proposals to impose anti-dumping measures against China did not increase following the initial intensification of China–CEE relations

and the actual establishment of the 16+1 initiative. On the global stage, CEE-11 countries supported the US side (or abstained) in 51 per cent of the votes, while supported China only in 15 per cent of the votes in the UNGA in the analysed period. Furthermore, their attitude did not change significantly in the post-16+1 period and CEE-11 countries voted together with the Big-3 of the EU in almost every case.

So, is the 16+1 cooperation an economic necessity or a Trojan Horse to divide and rule the EU? Based on the above presented argument, the dilemma presented in the subtitle of the present thesis is invalid. The cooperation between China and the CEE-11 countries was driven by economic necessities following the double crises of the early 2010's, but it has never fulfilled its promises, and thus it has been losing its significance lately. Alleged

In sum, based on the above presented data, it can be stated that CEE-11 countries did not change their pro-Western attitudes in the post-16+1 period in the European Union nor in the United Nations General Assembly. Political compliance with Chinese interests cannot be observed, as CEE-11 countries casted their votes according to EU and US interests in the analysed period.

Chinese attempts to divide the EU through its cooperation with CEE-11 countries cannot be proven, as Beijing does not have the economic leverage in the region to exercise real political influence over the EU level policies of CEE-11 nations. Some CEE-11 government, however, have tried to gain political and economic benefits through serving Chinese interests in certain cases, but these attempts have rather served the personal political interest of CEE-11 politicians than of the nation they are supposed to work for. Therefore, the source of Chinese influence in CEE-11 countries does not originate directly from Beijing but from the populist or illiberal political elite of some Central and Eastern European Countries.

14. Limitations and further research

The main limitation of the present dissertation is its reliance on the two CASS ranking systems of political relations, as presented in articles by Liu and Chen&Yang. The incorporation of other assessments on the quality of political relations between China and the 16 CEE countries would improve the strength of this analysis, but further data sources are not available. Having said this, CASS is the most important adviser to the Chinese

government on the CEE region, and ‘16+1 cooperation’ in particular, and therefore its assessment can reasonably be viewed as an accurate reflection of the mind-set of relevant Chinese political actors. Meanwhile, chapter 6 presented ample evidence on the level and quality of bilateral political relations between China and the most important members of the CEE-11 group to complement the data of Liu and Chen&Yang.

According to Nitsch there is empirical evidence that state and official visits have a trade-increasing effect. (Nitsch, 2007) Therefore, the number and level of bilateral political meetings (and especially their impact on trade and investment relations) could be another indicator of the level of bilateral relations between China and the CEE countries. Ironically, it was the establishment of ‘16+1 cooperation’ itself that made it impossible to produce such an assessment. Since all top leaders meet each other automatically at the 16+1 annual summits, and most high-level governmental officials have their own regular gatherings, it is no longer useful to count and evaluate bilateral meetings.

Further research might bolster the assumption that since a large share of CEE-11 exports to China is produced by (Western) multinational companies, bilateral political or economic relations between China and any given CEE country cannot have any serious impact on the total volume of exports. Unfortunately, statistics on the role of multinational companies in the exports of individual CEE economies are either non-existent, or available only on request and for a fee.

Likewise, it would be an exciting endeavour to chart what role individual political leaders of the CEE-11 countries have been playing in forging closer relations to Beijing despite the lack of tangible economic results and in spite the general anti-China mood of their constituencies.

The Chinese ‘One Belt, One Road (OBOR) initiative might increase the importance of certain CEE-11 countries to China. The southern corridor of the land-based new ‘Silk Road’ will connect Western China through Central and South Asia and the Balkans to Europe. The ongoing negotiations about the railway line for freight trains between Budapest and Belgrade are part of this development. (Zalan, 2017) Further research is needed on how this huge infrastructure project will affect CEE-11 – China and EU – China relations in the future.

The counter-intuitive anti-dumping voting pattern of CEE countries is another topic that deserves further scholarly attention. The next step would be to examine voting patterns across all 28 EU member states and to identify the underlying reasons for protectionist and non-protectionist attitudes.

15. Annex

Annex 1. List of 16+1 related events and initiatives (2012-2019)

#	Title of event or initiative	Year
1	Secretariat for cooperation between China and central and eastern European countries (PRC Ministry of Foreign Affairs)	2012
2	investment cooperation fund	2012
3	expert advisory committee on the construction of transportation network between China and central and eastern European countries (PRC Ministry of Commerce)	2012
4	a tourism promotion alliance between China and central and eastern European countries (PRC Tourism Administration)	2012
5	research fund on relations between China and central and eastern European countries	2012
6	the first young political leaders' forum of China and central and eastern European countries	2012
7	forum on cultural cooperation between China and central and eastern European countries	2012
8	China-CEEC meeting of heads of government every year	2013
9	expo of CEEC commodities in China	2013
10	China-CEEC symposium on macroeconomic policies in China	2013
11	China-CEEC investment promotion event at the China International Fair for Investment and Trade	2013
12	China-CEEC liaison mechanism for investment promotion agencies	2013
13	China-CEEC association to promote agricultural cooperation	2013
14	China-CEEC agricultural cooperation forum	2013
15	China-CEEC Investment Cooperation Fund	2013
16	China-CEEC association on infrastructure cooperation	2013

17	Regular China-CEEC symposium to promote innovation, technological cooperation and international technology transfer, with the first symposium to be held in 2014	2013
18	first China-CEEC high-level symposium of think tanks in China in December 2013	2013
19	mutual visits by 50 Chinese journalists and 50 CEEC journalists in 2014	2013
20	China-CEEC Young Political Leaders' Forum and the China-CEEC Cultural Cooperation Forum once every two years	2013
21	Regular China-CEEC Education Policy Dialogue	2013
22	Biannual China-CEEC Local Leaders' Meeting	2013
23	China-EU Smart and Secure Trade Lanes (SSTL) Pilot Project	2014
24	China-CEEC association on logistics cooperation	2014
25	the executive body of the China-CEEC Business Council in Warsaw, Poland	2014
26	Secretariat of the China-CEEC Investment Promotion Agencies Contact Mechanism in Beijing, China	2014
27	Biannual China-CEEC Ministerial Meeting on Promoting Trade and Economic Cooperation	2014
28	a China-CEEC investment and trade fair during the China International Consumer Goods Fair in Ningbo, China, in 2015	2014
29	China-CEEC association on promoting agricultural cooperation	2014
30	CEEC-China Forum during European Economic Congress in Katowice, Poland in 2015	2014
31	meeting of the Central Bank Governors' Club of the Central Asia, Black Sea Region and Balkan Countries in China in 2015	2014
32	China-CEEC Seminar on Innovation, Technology Cooperation and International Technology Transfer in Slovakia in 2015	2014
33	Center for Dialogue and Cooperation (by Romania)	2014
34	expert forum on the protection of Chinese and CEEC cultural heritage to be held in Poland	2014
35	China-CEEC summer dance camp in China	2014
36	Regular China-CEEC High-Level Symposium of Think Tanks	2014

37	China-CEEC think tanks exchange and cooperation center	2014
38	Secretariat for Cooperation between China and Central and Eastern European Countries will organize mutual visits by 50 Chinese journalists and 50 CEEC journalists in 2015	2014
39	2 nd China-CEEC Young Political Leaders' Forum in China in 2015	2014
40	China-CEEC Association of Tourism Promotion Agencies and Businesses in Hungary	2014
41	2 nd China-CEEC High Level Conference on Tourism Cooperation in Slovenia	2014
42	China-CEEC Higher Education Institutes Consortium	2014
43	Romanian film festival in China in 2015	2014
44	China-CEEC high-level radio and television seminar	2014
45	trip to China for senior CEEC officials in 2015	2014
46	1 st China-CEEC High-Level Symposium of Think Tanks was held in Beijing, China	2014
47	In April 2014, a delegation of CEEC journalists visited China	2014
48	1 st China-CEEC Seminar on Innovation, Technology Cooperation and International Technology Transfer was held in Shanghai, China	2014
49	the inaugural conference of the China-CEEC Association of Tourism Promotion Agencies and Businesses was held in Budapest, Hungary	2014
50	1 st meeting of the China-Hungary-Serbia joint working group on transport infrastructure cooperation was held in Beijing, China	2014
51	Central and Eastern European Countries' Products Fair (CEEC Fair) was held in Ningbo, China	2014
52	High Level Conference on Transport, Logistics and Trade Routes: Connecting Asia with Europe was held in Riga, Latvia	2014
53	2 nd China-CEEC Local Leaders' Meeting was held in Prague, the Czech Republic	2014
54	China Investment Forum was held in Prague, the Czech Republic	2014
55	2 nd China-CEEC High-Level Symposium of Think Tanks was held in Bled, Slovenia	2014
56	2 nd China-CEEC Education Policy Dialogue was held in Tianjin, China	2014

57	the China-CEEC Higher Education Institutes Consortium was established in Tianjin, China	2014
58	China-CEEC symposium on investment promotion was held in Xiamen, China	2014
59	China-CEEC Investment Promotion Agencies Contact Mechanism was announced in Xiamen, China	2014
60	China-CEEC investment promotion event was held in Xiamen, China	2014
61	a promotion event dedicated to CEECs was held in Guangzhou, China, during the 11th China International Small and Medium Enterprises Fair	2014
62	the China-CEEC Agrottrade and Economic Cooperation Forum was held in Bucharest, Romania	2014
63	artistic directors of international dance festivals from the CEECs visited China	2014
64	event dedicated to China-CEEC cooperation in environmental technologies was held in Poznan, Poland, during the PolEko fairs	2014
65	2 nd Meeting for the Investment Promotion Agencies Contact Mechanism of China and CEECs was held in Warsaw, Poland	2014
66	a promotion event of Chinese and CEEC tourism products was held at the China International Travel Mart in Shanghai, China	2014
67	delegations of Chinese journalists visited CEECs	2014
68	China-CEEC Investment Cooperation Fund	2014
69	16+1 National Coordinators' Meetings will be held in China and Latvia respectively in 2016	2015
70	a mechanism of quarterly meetings between the Secretariat for Cooperation between China and Central and Eastern European Countries, its member organizations and CEEC embassies in China	2015
71	the 2 nd working group meeting and a workshop under the Framework Agreement on Cooperation in Facilitating Customs Clearance Among the Chinese, Hungarian, Serbian and Macedonian Customs in Budapest in 2016	2015
72	China-CEEC association on transport and infrastructure cooperation	2015
73	China-CEEC secretariat on logistics cooperation	2015

74	The 1 st meeting of the Center for Dialogue (in energy-related projects) will be organized in Romania in 2016	2015
75	China will attend the Brno International Engineering Fair in the Czech Republic in 2016	2015
76	The China Investment Forum will be held in the Czech Republic in 2016	2015
77	economic forum focused on infrastructure, tourism and industrial capacity cooperation between China and CEECs, to be held in Sarajevo, Bosnia and Herzegovina, in the first half of 2016	2015
78	An exhibition area will be set aside for top-quality CEEC agro-products at the 14 th China International Agricultural Trade Fair to be held in Yunnan, China.	2015
79	a free-of-charge exhibition space for top-quality CEEC wines and spirits at the National Agriculture Exhibition Center	2015
80	China-CEEC coordination mechanism for forestry cooperation	2015
81	The 1 st China-CEEC High-Level Meeting on Cooperation in Forestry will be held in Slovenia in May 2016	2015
82	The 3 rd China-CEEC Seminar on Innovation, Technology Cooperation and International Technology Transfer will be held in China in 2016	2015
83	virtual China-CEEC technology transfer center, and the role of the secretariat will be assumed by the relevant Chinese and Slovak institutions	2015
84	CEEC health professionals will be invited to visit China in 2016 and to participate in seminars	2015
85	CEEC medical and health businesses will be invited to China for exhibitions on health services and medical devices	2015
86	The Secretariat will continue to invite senior CEEC officials for a trip to China in 2016	2015
87	the 3 rd meeting of China-CEEC Higher Education Institutes Consortium	2015
88	China-CEEC forum on cooperation	2015
89	The 2 nd China-CEEC Summer Dance Camp	2015
90	CEEC artists and composers as well as artistic directors of international opera festivals in CEECs will be invited to visit China in 2016	2015

91	The 1 st China-CEEC Cultural and Creative Industries Forum will be held in Belgrade, Serbia, in 2016	2015
92	The 1 st China-CEEC Experts' Forum on Intangible Cultural Heritage will be held in Krakow, Poland, in 2016	2015
93	Chinese Academy of Social Sciences in leading the efforts to establish a China-CEEC think tanks network	2015
94	mutual visits by Chinese and CEEC journalists in 2016	2015
95	China-CEEC seminar of sinologists will be held in 2016	2015
96	Travel 2016 expo and the related professional conference in March 2016 in Budapest, Hungary	2015
97	the regional center of the China National Tourism Administration in Budapest, Hungary	2015
98	3 rd China-CEEC High-Level Conference on Tourism Cooperation will be held in Croatia in 2016	2015
99	3 rd China-CEEC Local Leaders' Meeting and the China (Hebei) International Economic and Trade Fair 2016 will be held in Hebei Province, China	2015
100	the customs clearance facilitation cooperation mechanism for the China-Europe Land-Sea Express Line among the Chinese, Hungarian, Serbian, Macedonian and Greek Customs was officially established	2015
101	Chinese Art Festival was held in Lithuania, Estonia and Latvia	2015
102	launch ceremony of the Year of Promotion of China-CEEC Tourism Cooperation was held in Budapest, Hungary	2015
103	1 st working group meeting under the Framework Agreement on Cooperation in Facilitating Customs Clearance Among the Chinese, Hungarian, Serbian and Macedonian Customs was held in Shanghai, China	2015
104	1 st meeting of the China-CEEC Business Council was held in Katowice, Poland	2015
105	3 rd ASEM Transport Ministers' Meeting was held in Riga, Latvia	2015
106	1 st Customs Control Techniques Workshop for the China-Europe Land-Sea Express Line among the Chinese, Hungarian, Serbian and Macedonian Customs was held in Shanghai, China	2015

107	33 rd Meeting of the Central Bank Governors' Club of the Central Asia, Black Sea Region and Balkan Countries was held in Shanghai, China	2015
108	1 st Meeting of China-CEEC Association of Provincial Governors was held in Hebei, China	2015
109	heads of customs of China, Hungary, Serbia and Macedonia met in Xi'an, China, and signed the Cooperation Action Plan for 2015-2016	2015
110	the Chinese Ministry of Culture organized Chinese performing arts organizations to purchase programs from Hungary, Serbia and Romania	2015
111	a delegation of CEEC journalists visited Zhejiang Province, Henan Province and Beijing, China	2015
112	1 st China-CEEC Investment and Trade Expo was held in Ningbo, China	2015
113	the launch ceremony of the China-CEEC Association on Promoting Agricultural Cooperation	2015
114	1 st Meeting of Ministers of Agriculture was held in Sofia, Bulgaria	2015
115	1 st China-CEEC Health Ministers' Forum was held in Prague, the Czech Republic	2015
116	1 st TCM center in the Czech Republic	2015
117	5 th China-CEEC National Coordinators' Meeting was held in Beijing, China	2015
118	a delegation of senior CEEC officials visited Sichuan Province, Yunnan Province and Beijing, China	2015
119	Bank of China Prague Branch	2015
120	2 nd China-CEEC High-Level Conference on Tourism Cooperation was held in Bled, Slovenia	2015
121	10 th China-CEEC Agrottrade and Economic Cooperation Forum was held in Budapest, Hungary	2015
122	3 rd China-CEEC Education Policy Dialogue and the 2 nd working consultation of the China-CEEC Higher Education Institutes Consortium were held in Warsaw, Poland	2015
123	2 nd China-CEEC Seminar on Innovation, Technology Cooperation and International Technology Transfer was held in Bratislava, Slovakia	2015

124	an exhibition area dedicated to CEECs was created at the 11th China International Small and Medium Enterprises Fair in Guangzhou, China	2015
125	Workshop on Customs Clearance Procedures of Transit Goods and Risk Management among the Chinese, Hungarian, Serbian and Macedonian Customs was held in Skopje, Macedonia	2015
126	a delegation of artistic directors of CEEC jazz festivals visited China	2015
127	the Seminar on Radio and Television Program Production for Central and Eastern European Countries was held in Shanghai and Hunan, China	2015
128	6 th China-CEEC National Coordinators' Meeting was held in Warsaw, Poland	2015
129	2 nd China-CEEC Cultural Cooperation Forum was held in Sofia, Bulgaria	2015
130	3 rd China-CEEC High-Level Symposium of Think Tanks will be held in Beijing, China	2015
131	China Investment Forum will be held in the Czech Republic in 2017	2016
132	3 rd working group meeting in Serbia 2017 under the Framework Agreement on Cooperation in Facilitating Customs Clearance among the Chinese, Hungarian, Serbian and Macedonian Customs	2016
133	The first edition of the 16+1 Energy Fair and Expo will be held in Bucharest in the first quarter of 2017	2016
134	2 nd China-CEEC Conference on Innovation Cooperation will be held in CEEC in 2017	2016
135	China-CEEC Technology Transfer Center established in Bratislava, Slovakia	2016
136	Sino-CEE Finance Holding Company Ltd.	2016
137	12th China-CEEC Agrottrade and Economic Cooperation Forum	2016
138	5 th Meeting of the Consultative Board of the Association for the Promotion of Agricultural Cooperation between China and CEECs	2016
139	CEEC delegations' participation at the 15 th China International Agricultural Trade Fair	2016
140	Regular China-CEEC High-level Meeting on Cooperation in Forestry	2016
141	senior CEEC officials for a trip to China	2016

142	3 rd China-CEEC Culture Cooperation Forum will be held in China	2016
143	4 th China-CEEC High-Level Symposium of Think Tanks will be held in China	2016
144	Forum on Cultural Heritage will be held in Serbia in 2017	2016
145	3 rd China-CEEC Young Political Leaders' Forum will be held in Romania in 2017	2016
146	2 nd China-CEEC Literature Forum will be held in 2017	2016
147	The All-China Youth Federation will invite young people from CEECs to participate in the Bridge of Future youth campus and workshop	2016
148	China-CEEC Association on the Promotion of Health Cooperation	2016
149	4 th China-CEEC Local Leaders' Meeting will be held in Bulgaria	2016
150	the "Treasures of Romania" Exhibition was held at the National Museum of China in Beijing, China	2016
151	1 st Quarterly Meeting of 2016 between the Secretariat for Cooperation between China and Central and Eastern European Countries and CEEC embassies in China was held in Beijing, China	2016
152	News Conference for the 2016 year of China-CEEC people-to-people and cultural exchanges was held in Beijing, China	2016
153	2 nd meeting of the China-CEEC Association on Promoting Agricultural Cooperation was held in Sofia, Bulgaria	2016
154	the "Happy Spring Festival" activities were held in Tallinn, Zagreb, Prague	2016
155	the eRegions on the New eAmber and New eSilk Roads Think Tank Meeting was held in Ljubljana, Slovenia	2016
156	2 nd Quarterly Meeting of 2016 between the Secretariat for Cooperation between China and Central and Eastern European Countries and CEEC embassies in China was held in Beijing, China	2016
157	Sarajevo Business Forum 16+1 was held in Bosnia and Herzegovina	2016
158	the Conference of the Presidents of the Supreme Courts of China and CEECs was held in Suzhou, China	2016
159	the China-CEEC forum on cooperation in the field of art was held in Beijing, China	2016

160	1 st China-CEEC Transport Ministers' Meeting was held in Riga, Latvia	2016
161	officials from tourism authorities of CEECs attended the 1 st World Conference on Tourism for Development in Beijing, China	2016
162	1 st China-CEEC High-Level Meeting on Cooperation in Forestry and China-CEEC Forestry Business Forum were held in Ljubljana, Slovenia	2016
163	1 st China-CEEC Literature Forum was held in Budapest, Hungary	2016
164	a delegation of CEEC journalists visited Guangdong province, Jiangxi province and Beijing, China	2016
165	2 nd China-CEEC Ministerial Conference on Promoting Trade and Economic Cooperation	2016
166	China-CEEC Investment and Trade Expo	2016
167	3 rd Meeting of the China-CEEC Investment Promotion Agencies Contact Mechanism were held in Ningbo, China	2016
168	3 rd China-CEEC Local Leaders' Meeting	2016
169	2 nd Working Meeting of the China-CEEC Association of Provincial Governors were held in Tangshan, China	2016
170	2nd China-CEEC Health Ministers' Forum was held in Suzhou, China	2016
171	7 th China-CEEC National Coordinators' Meeting was held in Haikou, China	2016
172	1 st China-CEEC Cultural and Creative Industries Forum was held in Belgrade, Serbia	2016
173	Chinese Performing Arts delegation paid the fourth visit to Slovenia, the Slovak Republic and Croatia to purchase programs	2016
174	painters from CEECs visited Guizhou province, China	2016
175	2 nd China-CEEC Summer Dance Camp	2016
176	a delegation of senior CEEC officials visited Fujian and Ningxia, China	2016
177	the Beijing International Book Fair with CEECs being the main guests of honor was held in Beijing, China	2016
178	5 th meeting of the China-Hungary-Serbia joint working group on transport infrastructure cooperation was held in Belgrade, Serbia	2016
179	China-CEEC Forum of Capital City Mayors was held in Sofia, Bulgaria in September 2016	2016

180	3 rd Quarterly Meeting of 2016 between the Secretariat for Cooperation between China and Central and Eastern European Countries and CEEC embassies in China was held in Beijing, China	2016
181	4 th China-CEEC Education Policy Dialogue	2016
182	3 rd meeting of China-CEEC Higher Education Institutes Consortium	2016
183	Poland and Bulgaria participated in the China International Small and Medium Enterprises Fair held in Guangzhou, China	2016
184	Artistic directors of international opera festivals from CEECs visited China	2016
185	1 st China-CEEC Experts' Forum on Intangible Cultural Heritage will be held in Krakow, Poland	2016
186	China attended the Brno International Engineering Fair in the Czech Republic in October 2016	2016
187	China-CEE Countries Political Parties Dialogue was held in Budapest	2016
188	8 th China-CEEC National Coordinators' Meeting was held in Riga, Latvia	2016
189	China-CEEC Dance Culture Union was established in Plovdiv, Bulgaria	2016
190	the side events of the 5 th CEEC-China Summit — the 6 th 16+1 Business Forum, the International Forum of China and Central and Eastern European Countries and the Seminar on Sinology Research and Chinese Teaching in Central and Eastern European Countries — were held in Riga, Latvia	2016
191	11th China-CEEC Agrottrade and Economic Cooperation Forum will be held in Kunming, China	2016
192	3 rd meeting of the China-CEEC Association on Promoting Agricultural Cooperation will be held in Kunming, China	2016
193	China-CEEC Conferences on Innovation Cooperation will be held in Jiangsu, Nanjing, China	2016
194	The technology transfer virtual center of China and CEECs	2016
195	Health Qigong Team will visit Slovenia and Serbia to hold promotional activities and training sessions	2016

196	China-CEEC High-Level Conference on Tourism Cooperation will be held in Croatia	2016
197	4 th Quarterly Meeting of 2016 between the Secretariat for Cooperation between China and Central and Eastern European Countries and CEEC embassies in China	2016
198	the closing event of the Year of China-CEEC people-to-people and cultural exchanges be held in China	2016
199	Bulgaria will hold 16+1 National Coordinators' Meeting during the second half of the year	2017
200	China Investment Forum will be held in the Czech Republic in 2018	2017
201	The fifth meeting of China-CEEC Business Council will be held in 2018	2017
202	16+1 Coordinating Secretariat for Maritime Issues in Poland	2017
203	China, Hungary, Serbia and Macedonia will hold the 4 th working group meeting and experts' seminar on Customs Clearance Facilitation Cooperation on China-Europe Land and Sea Express in 2018	2017
204	16+1 SMEs Center in Croatia	2017
205	China-CEEC Inter-Bank Association	2017
206	Secretariat of the Inter-Bank Association (China Development Bank)	2017
207	Coordination Center of the Inter-Bank Association (Hungarian Development Bank)	2017
208	13th China-CEEC Agrottrade and Economic Cooperation Forum in Vilnius, Lithuania	2017
209	16+1 Agriculture Investment and Equipment Cooperation Fair during the economic and trade fair in Mostar, Bosnia and Herzegovina in 2018	2017
210	China-CEEC Quality Testing Cooperation Dialogue	2017
211	China-CEEC Trade Facilitation National Inspection Examination Area in Ningbo, China	2017
212	China-CEEC Environmental Protection Cooperation Mechanism	2017
213	The Secretariat for 16+1 cooperation will continue to invite high ranking officials from CEECs to visit China in 2018	2017
214	hosting of Secretariat of China-CEEC Higher Education Institutions Consortium by the University of Novi Sad, Serbia	2017

215	2 nd China-CEEC Experts-Level Forum on Safeguarding Intangible Cultural Heritage	2017
216	1 st China-CEEC Curators Forum of Libraries Union	2017
217	2 nd 16+1 Winter Dance Camp	2017
218	4 th Summer Dance Camp in CEECs	2017
219	China-CEEC Coordination Center for Cultural Cooperation	2017
220	Music Academy Union	2017
221	China-CEEC Arts Creation and Research Center	2017
222	Regular China-CEEC Political Parties Dialogue	2017
223	Bridge of the Future China-CEEC youths camp	2017
224	China-CEEC Tourism Coordination Center (TCC)	2017
225	3 rd China Information Day Conference in 2018 in Budapest	2017
226	China-CEEC Human Resources for Health Cooperation Network	2017
227	China-CEEC Health Policy Research Network	2017
228	China-CEEC Public Health Cooperation Network	2017
229	Central and Eastern European Medical, Education and Research Center for Traditional Chinese Medicine in Hungary	2017
230	China-CEEC Drug Regulatory Cooperation Forum will be held in the Czech Republic	2017
231	4 th China-CEEC Local Leaders' Meeting will be held in Plovdiv, Bulgaria in 2018	2017
232	China-CEEC Winter Dance Camp was held in Shenzhen, China	2017
233	opening ceremony of China-CEEC Year of Media Cooperation in Beijing, China	2017
234	Film Exhibition of CEEC was held in Beijing, China	2017
235	China-CEEC Association of Traditional Chinese Medicine was set up in Budapest, Hungary	2017
236	China-CEEC Agricultural Products and Wine Exhibition was held during the Economic and Trade Fair in Mostar, Bosnia and Herzegovina in April 2017	2017
237	China-CEEC Cultural Season	2017

238	meeting between the Secretariat for China-CEEC Cooperation and embassies of the 16 CEECs in China was held in Beijing, China	2017
239	2 nd China-CEEC Cultural and Creative Industries Forum in Beijing	2017
240	6 th meeting of the China-Hungary-Serbia Joint Working Group on Infrastructure Cooperation was held in Budapest, Hungary	2017
241	3 rd Investment and Trade Exposition was held in Ningbo, China	2017
242	Seminar of CEEC scholars was held in Beijing, China	2017
243	2 nd China-CEEC Dialogue on Quality Control Cooperation in Ningbo	2017
244	3 rd China-CEEC Health Ministers Forum was held in Budapest	2017
245	4 th batch of journalists from CEEC visited Beijing, Shanghai and Shenzhen, China	2017
246	9 th China-CEEC National Coordinators Meeting was held in Beijing	2017
247	China-CEEC Political Party Dialogue was held in Bucharest, Romania	2017
248	The 3 rd China-CEEC Young Politicians Forum was held in Bucharest, Romania	2017
249	Spokespersons from CEEC visited China and China-CEEC Spokespersons Dialogue was held in Beijing, China	2017
250	3 rd China-CEEC Summer Dance Camp was held in Chengdu, China	2017
251	China-CEEC Forum on Think Tanks Building was held in Shijiazhuang, China	2017
252	China Investment Forum was held in Prague, the Czech Republic	2017
253	2 nd China-CEEC Agricultural Ministers Forum in Brdo, Slovenia	2017
254	12 th China-CEEC Agro-trade Forum was held in Brdo, Slovenia	2017
255	Delegation of high-ranking officials from CEEC visited Beijing, Gansu and Hunan, China	2017
256	1 st China-CEEC Youth Exchange Camp of Future Bridge was held in Beijing and Xi'an, China	2017
257	1 st China-CEEC Development Forum was held in Warsaw, Poland	2017
258	3 rd China-CEEC Form on Cultural Cooperation was held in Hangzhou	2017
259	5 th China-CEEC Education Policy Dialogue in Novi Sad, Serbia	2017
260	4 th meeting of China-CEEC Higher Education Institutions Consortium in Novi Sad, Serbia	2017

261	2 nd China-CEEC Capital Mayors Forum was held in Podgorica, Montenegro	2017
262	3 rd Working Group Meeting on Customs Clearance Facilitation Cooperation on China-Europe Land and Sea Express was held in Belgrade, Serbia	2017
263	Delegations from CEEC took part in the 15 th China International Agricultural Products Fair held in Beijing, China	2017
264	10 th China-CEEC National Coordinators Meeting was held in Budapest, Hungary	2017
265	3 rd working meeting of China-CEEC Local Provincial Governors Association was held in Plovdiv, Bulgaria	2017
266	China-CEEC Forestry Research and Education Seminar was held in Beijing, China	2017
267	2 nd China-CEEC Transport Ministers Meeting & Business Forum was held in Warsaw, Poland	2017
268	27 SMEs from CEECs took part in the 14 th China International Small and Medium Enterprises Fair held in Guangzhou, China	2017
269	6 th China-CEEC Leaders' Summit was held in Budapest, Hungary	2017
270	3 rd China-CEEC High-Level Meeting on Tourism was held in Sarajevo, Bosnia and Herzegovina	2017
271	China-CEEC Energy Ministerial Conference and Energy Fair and Expo was held in Bucharest, Romania	2017
272	2 nd China-CEEC Innovation Cooperation Conference was held in Slovakia	2017
273	4 th China-Central Eastern European Countries Tourism Cooperation and Exchange Conference was held in Ningbo, China	2017
274	China-CEEC Business Council and Business Support Organizations was held in Riga, Latvia	2017
275	1 st China-CEEC Customs Cooperation Forum was held in Ningbo	2017
276	China-CEEC Meeting on E-Commerce within the framework of Belt and Road Initiative was held in Chengdu, China	2017

277	1 st China-CEEC Logistics Secretariat Focal Point Meeting was held in Riga, Latvia	2017
278	1 st '16+1 e-Commerce Logistics Hub and Pavilion for Agricultural and Other Products' was established in Plovdiv, Bulgaria	2017
279	CEEC exhibition pavilion in Shanghai Pilot Free Trade Zone	2018
280	fifth meeting of China-CEEC Business Council will be held in 2019	2018
281	China-CEEC Customs Cooperation Forum will be held in Poland in 2019	2018
282	1 st CEEC-China Civil Aviation Forum will be held in the Czech Republic in 2019	2018
283	Regular China-CEEC Conference on Innovation Cooperation	2018
284	International Working Group on Export Credits	2018
285	16+1 Smart City Coordination Center	2018
286	16+1 Fintech Coordination Center	2018
287	16+1 High Level Fintech Forum will be held in Lithuania	2018
288	first council meeting of China-CEEC Inter-Bank Association	2018
289	3 rd China-CEEC Agricultural Ministers' Meeting in Lithuania	2018
290	4 th 16+1 Agricultural Ministers' Meeting will be held in China	2018
291	14 th 16+1 Agro-trade and Economic Cooperation Forum will be held in China	2018
292	China will be the partner country of the International Economy Fair in Mostar in 2019 during which an event related to the 16+1 cooperation will be held	2018
293	Global Partnership Center of CEECs and China in Bulgaria	2018
294	The Secretariat for Cooperation between China and CEECs will continue to invite high-ranking officials and press corps from CEECs to visit China	2018
295	Bridge of the Future China-CEEC Youth Exchange Camp in 2019	2018
296	16+1 Youth Development Center in a CEEC	2018
297	16+1 winter festival for college students will be organized in Bosnia and Herzegovina in 2019	2018
298	5 th Summer Dance Camp will be held in China	2018

299	Fieldtrip to China by CEEC Painters will be held in China	2018
300	3 rd China-CEEC Dance Masters Workshop will be held in China	2018
301	4 th 16+1 Cultural and Creative Industry Forum will be held in Hungary	2018
302	2 nd 16+1 Summer Music Camp will be held in CEEC	2018
303	16+1 Cooperation People-to-People Exchange Experience Center in China	2018
304	1 st China-CEEC Cultural Heritage Forum co-hosted by Serbia and China	2018
305	regular China-CEEC Spokespersons Dialogue	2018
306	6 th working group meeting of Local Provincial Governors Association will be held in 2019	2018
307	3 rd China-CEEC Mayors Forum will be held in China in 2019	2018
308	exhibition of Chinese companies and the China-CEEC Agriculture Investment and Equipment Cooperation Fair were held during the Economic and Trade Fair in Mostar, Bosnia and Herzegovina	2018
309	China-Bulgaria Commercial Law Cooperation Council	2018
310	2 nd China-CEEC Spokespersons Dialogue was held in Budapest, Hungary	2018
311	The Belt and Road and Regional Financial Cooperation Seminar of China-CEEC Inter-Bank Association was held in Beijing and Chongqing, China	2018
312	2 nd China-CEEC High-Level Conference on Forestry Cooperation in Serbia	2018
313	2 nd meeting of the liaison group of China-CEEC coordination mechanism on forestry cooperation	2018
314	China-CEEC Forestry Research Cooperation Seminar	2018
315	China Brand Show (Central Eastern Europe) was held in Budapest	2018
316	13 th China-CEEC Agro-trade and Economic Cooperation Forum	2018
317	6 th China-CEEC Education Policy Dialogue was held in Shenzhen	2018
318	5 th meeting of China-CEEC Higher Education Institutes Consortium was held in Shenzhen, China	2018

319	Experts Seminar on Customs Clearance Facilitation Cooperation on China-Europe Land and Sea Express of China, Hungary, Serbia and the Republic of Macedonia	2018
320	4 th Working Group Meeting Customs Clearance Facilitation Cooperation on China-Europe Land and Sea Express of China, Hungary, Serbia and the Republic of Macedonia	2018
321	The second group of composers from CEEC visited China	2018
322	2 nd China-CEEC Senior Dancers Workshop	2018
323	2 nd China-CEEC Arts Cooperation Forum was held in Chengdu	2018
324	meeting on cooperation in maritime issues was held in Szczecin, Poland	2018
325	3 rd China-CEEC Cultural and Creative Industry Forum was held in Poland	2018
326	3 rd China-CEEC Ministerial Meeting on Promoting Trade and Economic Cooperation in Ningbo, China	2018
327	4 th China-CEEC Investment and Trade Expo with Latvia as the Guest of Honor in Ningbo, China	2018
328	2 nd China-CEEC Mayors Forum were held in Ningbo, China	2018
329	2 nd Bridge of the Future China-CEEC youths camp exchanges was held in Chinese cities such as Shanghai, China	2018
330	first Technology Exchange Meeting of China-CEEC Energy Cooperation	2018
331	International Think-Tank Conference "Advancing 16+1 Cooperation Platform — the Way Ahead" in Sofia, Bulgaria	2018
332	1 st 16+1 Summer Jazz Camp will be held in Changchun, China	2018
333	1 st China-CEEC Environment Ministers' Meeting will be held in Podgorica, Montenegro	2018
334	2 nd China-CEEC Cultural Heritage Forum will be held in Hangzhou, China	2018
335	China-CEEC Small and Medium-Sized Enterprise Cooperation Forum will be held in Cangzhou, China	2018
336	5 th China-CEEC High-Level Symposium of Think Tanks will be held in the Republic of Macedonia	2018

337	3 rd China-CEEC Transport Ministers' Meeting will be held in Serbia	2018
338	1 st China-CEEC Library Union Forum will be held in Hangzhou	2018
339	China-CEEC Qigong Health Forum will be held in Serbia	2018
340	3 rd 16+1 Conference on Innovation Cooperation will be held in Bosnia and Herzegovina	2018
341	China-CEEC Central Bank Governors' Meeting will be held in Budapest, Hungary	2018
342	China Investment Forum will be held in the Czech Republic	2018
343	4 th meeting of China-CEEC Business Council	2018
344	16+1 International Agricultural Demonstration Zone will be established in Plovdiv, Bulgaria	2018
345	"Martial Arts Silk Road" Training Camp in 2018	2018
346	5 th China-CEEC Transport Ministers' Meeting in Croatia	2019
347	4 th China-CEEC Ministerial Conference on Economic and Trade Promotion and China-CEEC Fair in Ningbo, China	2019
348	China Investment Forum in the Czech Republic	2019
349	3 rd China-CEEC SME Cooperation Forum in Cangzhou, China	2019
350	6 th meeting of the China-CEEC Business Council	2019
351	8 th China-CEEC Education Policy Dialogue in the Czech Republic	2019
352	7 th China-CEEC Higher Education Institutions Consortium in the Czech Republic	2019
353	China-CEEC Education Capacity Building Project	2019
354	China-CEEC Joint Education Project of Institutions of Higher Education	2019
355	China-CEEC Youth Development Center in Albania	2019
356	China-CEEC Coordination Mechanism for Sports in CEECs	2019
357	China-CEEC Information and Communication Technology Coordination Mechanism in Croatia	2019
358	5 th China-CEEC Conference on Innovation Cooperation in Slovakia	2019
359	China-CEEC Energy Cooperation Dialogue among energy authorities of China and CEECs	2019
360	China-CEEC Smart City Coordination Center in Romania	2019

361	China-CEEC Blockchain Center of Excellence under the leadership of Slovakia	2019
362	Association for the Promotion of Agricultural Cooperation between China and the CEE Countries (APACCCEEC)	2019
363	3 rd China-CEEC High-level Conference on Forestry Cooperation in CEECs	2019
364	5 th China-CEEC Meeting of the Ministers of Agriculture	2019
365	15 th Agro-trade and Economic Cooperation Forum and relevant sessions of the Meeting of the Consultative Board of the Association for the Promotion of Agricultural Cooperation between China and CEE Countries (APACCCEEC)	2019
366	China-CEEC Environmental Protection Cooperation Mechanism	2019
367	2 nd China-CEEC Ministers' Conference on environmental cooperation	2019
368	the Secretariat of 16+1 Cooperation will continue to invite high-ranking officials and journalists from CEECs to visit China	2019
369	6 th China-CEEC High-level Conference on Tourism Cooperation in CEECs	2019
370	3 rd China-CEEC Art Cooperation Forum in Serbia	2019
371	3 rd China-CEEC Expert Forum on Intangible Cultural Heritage Protection in CEECs	2019
372	2 nd China-CEEC Library Union Forum in CEECs	2019
373	5 th China-CEEC Cultural and Creative Industries Forum in Slovenia	2019
374	Tourism Award Marco Polo within the framework of 16+1 Cooperation	2019
375	China-CEEC Creative Hub in Montenegro	2019
376	5 th China-CEEC Capital Mayors Forum in Sarajevo, BiH	2019
377	The China-CEEC Association of Publishing Houses was formally established in Beijing, China	2019
378	4 th Dance Summer Camp was held in Hungary and Croatia	2019
379	4 th China-CEEC High-level Conference on Tourism Cooperation was held in Dubrovnik, Croatia	2019

380	China-CEEC Expert Forum on Intangible Cultural Heritage Protection was held in Hangzhou, China	2019
381	China-CEEC Literature Forum was held in Ningbo, China	2019
382	China-CEEC Dialogue and Cooperation Center on Energy Projects sent working groups to Hungary, Lithuania and Latvia	2019
383	3 rd China-CEEC Capital Mayor's Forum was held in Belgrade, Serbia	2019
384	1 st China-CEEC Qigong Health Forum was held in Serbia	2019
385	5 th China-CEEC High-Level Symposium of Think Tanks	2019
386	special event of China-CEEC Multipurpose Forest Management for Green Future was held in Beijing, China	2019
387	China Investment Forum was held in Prague, the Czech Republic	2019
388	China-CEEC Library Union was established in Hangzhou, China	2019
389	2 nd Customs Cooperation Forum was held in Budapest, Hungary	2019
390	1 st China-CEEC SME Cooperation Forum was held in Cangzhou, China	2019
391	First Expert Forum on Regulation of Medical Products and Medical Devices	2019
392	Shenzhen CEEC Agricultural Cooperation Matchmaking Conference was held in Shenzhen, China	2019
393	China-CEEC Agricultural Products E-commerce Logistics Center and its exhibition hall at Yantian Port in Shenzhen, China	2019
394	7 th meeting of the Consultative Board of the Association for Promotion of Agricultural Cooperation between China and CEECs was held in Shenzhen, China	2019
395	2 nd China-CEEC Logistics Secretariat Focal Point Meeting, including China-CEEC logistics cooperation seminar in Chengdu, China	2019
396	The Secretariat with an exhibition stand in China Chengdu International Supply Chain and Smart Logistics Expo was held in Chengdu, China	2019
397	12th China-CEEC National Coordinators' Meeting was held in Beijing	2019
398	China-CEEC Veterinary Research Center in Sarajevo, Bosnia and Herzegovina	2019
399	13 th China-CEEC National Coordinators' Meeting was held in Zagreb	2019
400	China-CEEC Global Partnership Center was established in Bulgaria	2019

401	The Economic and Trade Fair in Mostar was held in Bosnia and Herzegovina	2019
402	5 th meeting of China-CEEC Business Council will be held in Croatia	2019
403	2 nd China-CEEC Cultural Heritage Forum will be held in Luoyang	2019
404	the annual meeting of the Dance Culture Alliance will be held in Belgrade, Serbia	2019
405	2 nd meeting of the Board of Directors of China-CEEC Inter-bank Association was held in Croatia in 2019	2019
406	5 th China-CEEC Agricultural Ministers' Meeting will be held in Hangzhou, China	2019
407	3 rd meeting of the liaison group of China-CEEC coordination mechanism on forestry cooperation will be held in Poland	2019
408	2 nd China-CEEC Culture and Art Carnival will be held in Beijing	2019
409	7 th China-CEEC Education Policy Dialogue	2019
410	6 th meeting of China-CEEC Higher Education Institutes Consortium will be held in Timisoara, Romania	2019
411	The China-CEEC Expo will be held in Ningbo, China	2019
412	4 th China-CEEC Customs Inspection and Quarantine Dialogue will be held in Ningbo, China	2019
413	5 th working group meeting of Association of Provincial Governors will be held in Dalian, China	2019
414	3 rd China-CEEC Mayors Forum will be held in Ningbo, China	2019
415	4 th China-CEEC Health Ministers' Forum will be held in Sofia, Bulgaria	2019
416	3 rd China-CEEC Customs Cooperation Forum will be held in Sopot, Poland	2019
417	5 th China-CEEC High-level Conference on Tourism Cooperation and the first Marco Polo Tourism Award ceremony will be held in Riga, Latvia	2019
418	4 th China-CEEC Capital Mayors Forum	2019
419	China-CEEC Capital Business Association Roundtable	2019
420	the annual meeting of the China-CEEC Tourism Association will be held in Tirana, Albania	2019

421	1 st China-CEEC Civil Aviation Forum will be held in the Czech Republic in October 2019	2019
422	2 nd China-CEEC SME Cooperation Forum will be held in Cangzhou	2019
423	4 th China-CEEC Ministers' Forum on Culture Cooperation will be held in the Republic of North Macedonia	2019
424	4 th China-CEEC Transport Ministers' Meeting will be held in Bosnia and Herzegovina	2019
425	China-CEEC High-level Fintech Forum will be held and the Fintech Coordination Center will be established in Lithuania	2019
426	2 nd Seminar on Financial Cooperation of the China-CEEC Inter-bank Association will be held in China	2019
427	3 rd China-CEEC College Students Ice and Snow Carnival will be held in China	2019
428	China-CEEC winter sports festival of university students will be held in Bosnia and Herzegovina	2019
429	Bridge of the Future China-CEEC youths camp	2019
430	5 th China-CEEC Summer Dance Camp, China-CEEC Creation Activities	2019
431	2 nd China-CEEC Jazz Summer Camp will be held in China in 2019	2019
432	4 th China-CEEC Cultural and Creative Industry Forum will be held in Hungary	2019
433	3 rd China-CEEC Spokespersons Dialogue will be held in China	2019
434	4 th Meeting of China-CEEC Investment Promotion Agencies Contact Mechanism will be held in Poland	2019
435	5 th Working Group Meeting and Experts Seminar on Customs Clearance Facilitation Cooperation on China-Europe Land and Sea Express	2019
436	3 rd Focal Point Meeting for the China-CEEC Logistics Secretariat	2019
437	First China-CEEC women entrepreneurship meeting will be held in Romania in 2019	2019
438	China-CEEC Youth Knowledge Contest will be held in China	2019
439	China-CEEC Youth Art Photography Competition in China	2019

440	The Education Development and Publishing Innovation Forum will be held by the China-CEEC Association of Publishing Houses in Beijing	2019
441	6 th China-CEEC High-Level Symposium of Think Tanks	2019
442	The Conference for the Launching of the Terms of Reference and Action Plan for the Center of Excellence in the field of Smart Cities will be held at Transylvania University of Brasov	2019
443	4 th China-CEEC Conference on Innovation Cooperation will be held in Serbia	2019

Annex 2. Export and import volumes between China and the CEE-11 countries and France, Germany, and the UK

Merchandise trade matrix – exports in thousands of United States dollars, annual						Total all products			Partner: China	
YEAR	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CEE-11	5019919	6703649	8864900	8725571	10308676	10473793	8633296	9377068	11457673	11982507
Bulgaria	160425,6	249994	406915	763992,4	860037,3	708859,7	610640,7	517257,8	768928,2	882241,7
Croatia	41090,66	37695,2	54692,46	45866,13	76376,17	68087	77335,85	83844,6	125966,2	158419,7
Czechia	843971,4	1214996	1667836	1670840	1916665	2038260	1849510	1913741	2414363	2583494
Estonia	79652,6	155430	304682,3	137708,6	157436,6	204038,1	171253,5	189099,9	248274,9	221646,5
Hungary	1214685	1530089	1687531	1810642	1997307	2156227	1796784	2246493	2663852	2371481
Latvia	22110,91	33143,02	55811,17	59850,23	111071,7	139931,6	120295	133130,5	161527,1	187633,1
Lithuania	30631,18	36946,34	80564,18	85932,94	117270,6	135361,8	113455,1	136305,9	202222,4	222729
Poland	1469610	1627488	1860864	1748875	2119659	2251000	2017344	1911143	2304985	2501427
Romania	296544	410080,8	543968,4	494395,5	663628	759441,4	581787,5	682482,9	827062,7	883553,9
Slovakia	770748	1287942	2075224	1733466	2120498	1826105	1130399	1262891	1381406	1609662
Slovenia	90450,21	119844,8	126810,6	174001,7	168727,5	186481,7	164491,3	300677,6	359086,8	360219,6
EU-28	1,16E+08	1,52E+08	1,91E+08	1,86E+08	1,98E+08	2,19E+08	1,89E+08	1,88E+08	2,22E+08	2,48E+08
France	10943269	14551262	18745449	19383272	19572699	21469260	19909795	17705737	21292096	24618001
Germany	52262376	71552785	90642574	86102711	89316350	99196126	79426902	85350436	97474476	1,11E+08
UK	8053613	11293784	14088514	15688191	18119205	26235500	27625409	18142280	21379905	27701128

Source: (UNCTAD, 2020)

Merchandise trade matrix – imports of individual economies in thousands of United States dollars, annual							Total all products		Partner: China	
YEAR	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CEE-11	40146658,64	50535076	57678906	52180847	54414490	61338533	61365524	61843601	69079394	81638337,93
Bulgaria	1267441,295	652850,1	945232,7	974318,4	1019015	1147400	1070873	1150823	1255929	1555556,564
Croatia	1441495,746	1440729	1604812	1487851	769747	588802,2	578390,8	645480,5	777789,8	952397,644
Czechia	10546001,99	15332149	18905321	15672786	15486206	17426277	18998267	17648830	20498182	26052061,14
Estonia	418537,319	672917,4	1102667	1128684	1082640	1142177	955413,9	951229,1	1028073	1127425,671
Hungary	4949087	6173901	6079151	5412283	5360437	5140097	4776877	4866966	5291355	6377348,262
Latvia	197208,831	286302,3	413577,4	447466,4	445521,2	468103,3	460768,3	444783,8	498130,7	577822,797
Lithuania	451762,785	570238,9	628314,7	681588,1	750783,9	884211,9	806015,9	784256,8	929395,7	1009313,53
Poland	13914394,2	16514374	18116250	17258096	19300516	22992572	22380369	23447667	26474287	30972443,61
Romania	2646079,648	3381517	3524775	2687505	2620886	3149705	3205017	3818301	4252802	5210995,873
Slovakia	3122115,151	4034006	4757512	4883761	6115467	6674067	6464427	6344740	6106804	5543249,52
Slovenia	1192534,675	1476091	1601294	1546509	1463270	1725121	1669105	1740524	1966644	2259723,329
EU-28	347461515,8	4,34E+08	4,76E+08	4,3E+08	4,34E+08	4,71E+08	4,52E+08	4,49E+08	4,85E+08	539309887,1
France	41 252 583	48 872 682	57 431 106	53 458 273	54 221 963	56 416 480	51 871 364	51 032 598	55 401 050	59 036 933
Germany	79 318 156	103 800 346	112 601 120	102 393 093	100 312 728	107 580 164	103 334 228	105 738 827	116 477 747	126 750 945
UK	52 101 299	61 733 672	66 039 714	56 267 400	57 587 865	64 147 254	62 979 614	59 575 883	59 860 984	63 391 697

Source: (UNCTAD, 2020)

Annex 3. FDI Statistics

Foreign direct investment: Inward stock, US dollars at current prices in millions 2019			
ECONOMY	Total FDI stock	Chinese FDI	%
Finland	78352,65	12000	15,3%
Greece	40512,87	1900	4,7%
Portugal	161640,2	6000	3,7%
Italy	445740,6	15900	3,6%
Hungary	97841,17	2400	2,5%
United Kingdom	2075271	50300	2,4%
Germany	953306,1	22700	2,4%
Sweden	339542,8	7300	2,1%
Luxembourg	128422,2	2400	1,9%
France	868690,7	14400	1,7%
Slovenia	18134,78	300	1,7%
Croatia	29865,95	400	1,3%
Romania	97094,89	1200	1,2%
Denmark	105748	1200	1,1%
Bulgaria	51856,43	400	0,8%
Spain	751510,4	4600	0,6%
Poland	236506,3	1400	0,6%
Czechia	170682,1	1000	0,6%
Netherlands	1749779	10200	0,6%
Latvia	17947,54	100	0,6%
Austria	205634,1	1100	0,5%
Lithuania	20411,02	100	0,5%
Belgium	566115,8	2300	0,4%
Malta	205757,5	800	0,4%
Estonia	27476,34	100	0,4%
Ireland	1120301	3100	0,3%
Slovakia	59750,12	100	0,2%
Cyprus	445091,3	200	0,0%

Source: (UNCTAD, 2020) & (Kratz, et al., 2020)

Annex 4. Number of anti-dumping votes of CEE-11 between 2005 and 2013

	BG	HR	CZ	EST	HU	LT	LIT	PL	RO	SK	SLO	SUM
2005	N/A	N/A	1	5	0	1	2	1	N/A	0	2	12
2006	N/A	N/A	1	2	0	3	0	1	N/A	0	0	7
2007	N/A	N/A	6	5	1	3	3	0	N/A	0	6	24
2008	1	N/A	9	3	0	8	2	0	0	0	3	26
2009	1	N/A	7	5	1	5	0	1	1	1	4	26
2010	0	N/A	5	0	2	3	1	0	0	1	2	14
2011	2	N/A	8	5	0	11	1	0	0	1	5	33
2012	0	0	4	3	0	7	0	0	0	0	4	18
2013	1	0	8	2	0	5	0	0	2	0	5	23
SUM	5	0	49	30	4	46	9	3	3	3	31	183

Source: Author's calculation based on (Council, 2015)

Annex 5. Number of anti-dumping votes of EU-17 between 2005 and 2013

	AU	BE	CY	DK	FI	FR	GER	GR	IR	IT	LX	MT	NET	POR	ESP	SW	UK	SUM
2005	0	0	0	8	8	0	0	0	0	0	0	0	14	1	1	9	3	44
2006	1	2	1	4	5	1	2	0	1	0	1	0	3	1	1	5	4	32
2007	1	3	0	7	6	0	0	1	3	1	2	1	6	0	0	6	7	44
2008	2	5	1	6	6	1	1	1	1	0	1	1	8	0	0	10	9	53
2009	1	6	1	9	7	0	0	0	3	1	1	2	5	2	1	9	7	55
2010	0	3	0	3	5	0	0	0	0	0	0	1	4	1	0	6	2	25
2011	1	10	2	11	8	0	0	0	0	0	3	6	7	0	1	14	10	73
2012	0	7	4	7	7	0	0	0	0	0	0	0	6	0	0	7	7	45
2013	1	5	4	5	5	0	0	0	0	0	1	3	8	0	0	9	5	46
SUM	7	41	13	60	57	2	3	2	8	2	9	14	61	5	4	75	54	417

Source: Author's calculation based on (Council, 2015)

Annex 6. UN voting coincidences 2008-2018

2008	Total number of votes: 13													Votes in favour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agreement (11)
US	N	N	N	N	N	US+CH	Y	Y	Y	N	N	N	Y	13	1	N/A
China	Y	Y	Y	Y	Y	US+CH	N	N	N	Y	Y	Y	N	1	12	N/A
Bulgaria	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	11
Croatia	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	11
Czechia	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	N	Y	6	1	11
Estonia	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	11
Greece	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	11
Hungary	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	11
Latvia	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	11
Lithuania	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	11
Poland	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	N	Y	6	1	11
Romania	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	N	Y	6	1	11
Slovakia	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	11
Slovenia	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	11
France	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	N/A
Germany	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	A	Y	5	1	N/A
UK	Y	A	A	A	A	US+CH	Y	Y	Y	N	A	N	Y	6	1	N/A

(Y: yes; N: no; A: abstained; CH+CH: all countries voted in unison.) Source: (US Department of State, 2008)

2009	Total number of votes: 12												Votes in fa- vour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agree- ment (8)
US	N	N	N	Y	US+CH	N	N	N	Y	Y	US+CH	Y	12	2	N/A
China	Y	Y	Y	A	US+CH	Y	Y	Y	N	N	US+CH	N	2	9	N/A
Bulgaria	Y	A	A	Y	US+CH	A	A	N	Y	Y	US+CH	Y	5	1	8
Croatia	Y	A	A	Y	US+CH	A	A	N	Y	Y	US+CH	Y	5	1	8
Czechia	Y	A	A	Y	US+CH	A	N	N	Y	Y	US+CH	Y	6	1	8
Estonia	Y	A	A	Y	US+CH	A	A	N	Y	Y	US+CH	Y	5	1	8
Greece	Y	A	A	Y	US+CH	A	A	N	Y	Y	US+CH	Y	5	1	8
Hungary	Y	A	A	Y	US+CH	A	A	N	Y	Y	US+CH	Y	5	1	8
Latvia	Y	A	A	Y	US+CH	A	A	N	Y	Y	US+CH	Y	5	1	8
Lithuania	Y	A	A	Y	US+CH	A	A	N	Y	Y	US+CH	Y	5	1	8
Poland	Y	A	A	Y	US+CH	A	N	N	Y	Y	US+CH	Y	6	1	8
Romania	Y	A	A	Y	US+CH	A	N	N	Y	Y	US+CH	Y	6	1	8
Slovakia	Y	A	A	Y	US+CH	A	A	N	Y	Y	US+CH	Y	5	1	8
Slovenia	Y	A	A	Y	US+CH	A	A	N	Y	Y	US+CH	Y	5	1	8
France	Y	A	A	A	US+CH	A	A	N	Y	Y	US+CH	Y	4	1	N/A
Germany	Y	A	A	Y	US+CH	A	N	N	Y	Y	US+CH	Y	6	1	N/A
UK	Y	A	A	Y	US+CH	A	A	N	Y	Y	US+CH	Y	5	1	N/A

(Y: yes; N: no; A: abstained; CH+CH: all countries voted in unison) Source: (US Department of State, 2010)

2010	Total number of votes: 13													Votes in favour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agreement (11)
China	N	N	N	A	A	US+CH	N	Y	N	N	N	N	N	1	9	N/A
Bulgaria	N	N	N	Y	Y	US+CH	N	Y	Y	A	A	N	A	4	5	4
Croatia	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	A	Y	6	2	11
Czechia	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	Y	Y	7	2	11
Estonia	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	Y	Y	7	2	11
Greece	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	A	Y	6	2	11
Hungary	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	A	Y	6	2	11
Latvia	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	Y	Y	7	2	11
Lithuania	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	Y	Y	7	2	11
Poland	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	Y	Y	7	2	11
Romania	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	Y	Y	7	2	11
Slovakia	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	Y	Y	7	2	11
Slovenia	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	A	Y	6	2	11
France	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	A	Y	6	2	N/A
Germany	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	Y	Y	7	2	N/A
UK	N	A	A	Y	Y	US+CH	A	N	Y	Y	Y	Y	Y	7	2	N/A

(Y: yes; N: no; A: abstained; CH+CH: all countries voted in unison.)

Source: (US Department of State, 2011)

2011	Total number of votes: 9									Votes in favour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agreement (9)
China	O	A	O	O	A	O	A	O	A	0	5	N/A
Bulgaria	O	S	A	A	S	A	S	S	S	5	1	9
Croatia	O	S	X	X	S	A	S	S	S	5	1	7
Czechia	O	S	A	A	S	A	S	S	S	5	1	9
Estonia	O	S	A	A	S	A	S	S	S	5	1	9
Greece	O	S	A	A	S	A	S	S	S	5	1	9
Hungary	O	S	A	A	S	A	S	S	S	5	1	9
Latvia	O	S	A	A	S	A	S	S	S	5	1	9
Lithuania	O	S	A	A	S	A	S	S	S	5	1	9
Poland	O	S	A	A	S	A	S	S	S	5	1	9
Romania	O	S	A	A	S	A	S	S	S	5	1	9
Slovakia	O	S	A	A	S	A	S	S	S	5	1	9
Slovenia	O	S	A	A	S	A	S	S	S	5	1	9
France	O	S	A	A	S	A	S	S	S	5	1	N/A
Germany	O	S	A	A	S	A	S	S	S	5	1	N/A
UK	O	S	A	A	S	A	S	S	S	5	1	N/A

(O: opposed the US position; S: supported the US position; A: abstained.)

Source: (US Department of State, 2012)

2012	Total number of votes: 8								Votes in favour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agreement (6)
China	O	O	O	O	O	O	O	A	0	7	N/A
Bulgaria	O	A	A	A	A	S	S	S	3	1	6
Croatia	O	A	A	A	A	S	S	S	3	1	6
Czechia	O	S	A	A	A	S	S	S	4	1	6
Estonia	O	A	A	A	A	S	S	S	3	1	6
Greece	O	O	A	A	A	S	S	S	3	2	6
Hungary	O	A	A	A	A	S	S	S	3	1	6
Latvia	O	A	A	A	A	S	S	S	3	1	6
Lithuania	O	A	A	A	A	S	S	S	3	1	6
Poland	O	A	A	A	A	S	S	S	3	1	6
Romania	O	A	A	A	A	S	S	S	3	1	6
Slovakia	O	A	A	A	A	S	S	S	3	1	6
Slovenia	O	A	A	A	A	S	S	S	3	1	6
France	O	O	A	A	A	S	S	S	3	2	N/A
Germany	O	A	A	A	A	S	S	S	3	1	N/A
UK	O	A	A	A	O	S	S	S	3	2	N/A

(O: opposed the US position; S: supported the US position; A: abstained.)

Source: (US Department of State, 2013)

2013	Total number of votes: 11											Votes in favour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agreement (8)
China	O	O	O	US+CH	US+CH	A	O	O	O	O	US+CH	0	7	N/A
Bulgaria	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Croatia	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Czechia	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Estonia	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Greece	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Hungary	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Latvia	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Lithuania	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Poland	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Romania	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Slovakia	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
Slovenia	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	8
France	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	N/A
Germany	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	N/A
UK	O	A	A	US+CH	US+CH	S	A	S	S	S	US+CH	4	1	N/A

(O: opposed the US position; S: supported the US position; A: abstained; CH+CH: all countries voted in unison.) Source:
(US Department of State, 2014)

2014	Total number of votes: 13													Votes in favour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agreement (12)
China	O	O	O	A	A	US+CH	O	A	O	O	O	A	O	0	8	N/A
Bulgaria	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
Croatia	O	A	A	S	S	US+CH	A	S	S	S	S	X	O	6	2	10
Czechia	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
Estonia	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
Greece	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
Hungary	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
Latvia	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
Lithuania	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
Poland	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
Romania	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
Slovakia	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
Slovenia	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	12
France	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	N/A
Germany	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	N/A
UK	O	A	A	S	S	US+CH	A	S	S	S	S	S	S	8	1	N/A

(O: opposed the US position; S: supported the US position; A: abstained, CH+CH: all countries voted in unison.) Source:
(US Department of State, 2014)

2015	Total number of votes: 13													Votes in favour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agreement (8)
China	O	US+CH	O	O	US+CH	US+CH	O	A	O	O	O	US+CH	O	0	8	N/A
Bulgaria	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
Croatia	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
Czechia	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
Estonia	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
Greece	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	A	4	1	7
Hungary	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
Latvia	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
Lithuania	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
Poland	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
Romania	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
Slovakia	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
Slovenia	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	8
France	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	N/A
Germany	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	X	US+CH	S	4	1	N/A
UK	O	US+CH	A	A	US+CH	US+CH	A	S	S	S	A	US+CH	S	4	1	N/A

(O: opposed the US position; S: supported the US position; A: abstained; CH+CH: all countries voted in unison.) Source:

(US Department of State, 2016)

2016	Total number of votes: 14														Votes in favour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agreement (12)
China	O	O	US+CH	O	O	O	US+CH	O	O	A	O	O	O	O	2	11	N/A
Bulgaria	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
Croatia	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
Czechia	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
Estonia	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
Greece	A	A	US+CH	S	S	S	US+CH	A	S	S	A	S	S	S	8	0	11
Hungary	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
Latvia	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
Lithuania	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
Poland	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
Romania	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
Slovakia	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
Slovenia	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	12
France	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	N/A
Germany	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	N/A
UK	A	A	US+CH	S	S	S	US+CH	A	S	S	S	S	S	S	9	0	N/A

(O: opposed the US position; S: supported the US position; A: abstained; CH+CH: all countries voted in unison.) Source:
(US Department of State, 2017)

2017	Total number of votes: 17																	Votes in favour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agreement (13)
US	US+CH	N	US+CH	N	Y	N	N	N	Y	Y	Y	N	N	Y	US+CH	Y	N	17	3	N/A
China	US+CH	Y	US+CH	Y	N	Y	Y	Y	N	N	N	Y	Y	A	US+CH	N	Y	3	13	N/A
Bulgaria	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	US+CH	Y	A	6	5	7
Czechia	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	A	Y	US+CH	Y	A	6	4	6
Estonia	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	US+CH	Y	A	6	5	7
Greece	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	US+CH	Y	A	6	5	7
Croatia	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	A	Y	US+CH	Y	A	6	4	6
Hungary	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	A	Y	US+CH	Y	A	6	4	6
Lithuania	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	US+CH	Y	A	6	5	7
Latvia	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	A	Y	US+CH	Y	A	6	4	6
Poland	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	A	Y	US+CH	Y	A	6	4	6
Romania	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	A	Y	US+CH	Y	A	6	4	6
Slovakia	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	US+CH	Y	A	6	5	7
Slovenia	US+CH	A	US+CH	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	US+CH	Y	A	6	5	7
UK	US+CH	Y	US+CH	Y	Y	N	N	Y	Y	Y	A	Y	Y	Y	US+CH	A	Y	6	6	N/A
Germany	US+CH	Y	US+CH	Y	Y	N	A	Y	Y	Y	A	Y	Y	Y	US+CH	A	Y	5	6	N/A
France	US+CH	Y	US+CH	Y	Y	N	A	Y	Y	Y	A	Y	Y	Y	US+CH	A	Y	5	6	N/A

(Y: yes; N: no; A: abstained; CH+CH: all countries voted in unison.) Source: (US Department of State, 2018)

2018	Total number of votes: 20																				Votes in favour of US	Votes in favour of China	CEE-11 votes with BIG-3 in agreement (19)
US	N	Y	N	N	Y	Y	Y	Y	N	N	N	N	N	N	N	N	N	N	Y	Y	20	0	N/A
China	Y	A	Y	Y	A	N	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	0	18	N/A
Bulgaria	Y	Y	A	Y	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	9	18
Croatia	Y	Y	Y	Y	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	10	19
Czechia	Y	Y	N	A	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	8	8	18
Estonia	Y	Y	Y	Y	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	10	19
Greece	Y	Y	Y	A	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	9	19
Hungary	Y	Y	N	A	Y	Y	Y	Y	Y	N	N	Y	Y	Y	A	Y	Y	Y	Y	Y	10	8	16
Latvia	Y	Y	A	A	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	8	18
Lithuania	Y	Y	Y	A	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	9	19
Poland	Y	Y	N	A	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	8	8	18
Romania	Y	Y	A	A	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	8	18
Slovakia	Y	Y	X	A	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	8	18
Slovenia	Y	Y	Y	Y	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	10	19
UK	Y	Y	Y	A	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	9	N/A
Germany	Y	Y	Y	Y	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	10	N/A
France	Y	Y	Y	A	Y	Y	Y	Y	Y	A	A	Y	Y	Y	A	Y	Y	Y	Y	Y	7	9	N/A

(Y: yes; N: no; A: abstained; CH+CH: all countries voted in unison.) Source: (US Department of State, 2019)

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