

## China on Central-Eastern Europe: '16+1' as seen from Beijing

Marcin Kaczmarski, Jakub Jakóbowski

---

In 2012, China approached the countries of Central-Eastern Europe (CEE) with a proposal concerning regional cooperation in the '16+1' formula. According to Chinese analysts, the rationale behind this breakthrough decision was Beijing's acknowledgment of the growing importance of the region's states within the European Union as well as a partial elimination of the ideological differences which had hamstrung cooperation in previous years. It seems that the eurozone crisis may be perceived as the reason for the CEE states' increased interest in developing their cooperation with China.

These circumstances have opened a 'window of opportunity' which Beijing has decided to exploit to create a kind of bridgehead in the region which it could later use in its further economic expansion in Europe. Apart from opening the CEE region up for investments, the '16+1' format was intended to facilitate the shaping of relations between China and the EU and to become a tool in building a positive image for China. Chinese experts agree that after three years of functioning, the '16+1' regional cooperation format has helped Beijing achieve its goals only to a limited extent. The major obstacles have included: the immense diversification of the region, barriers related to EU law, insufficient expertise on the part of Chinese companies, the asymmetry of economic needs on both sides, and no willingness within the region itself to develop cooperation.

Regardless of the limited effectiveness of activities carried out so far, China has continued its '16+1' initiative. This continuation and the progressing institutionalisation of cooperation in the '16+1' format have often seemed superficial. China has been using this multi-party formula to improve its long-term bilateral relations with selected states in the region and thereby to create a basis for Beijing's political and economic presence in Central-Eastern Europe.

---

### China on Central-Eastern Europe

In China's view, its relations with Central-Eastern Europe so far have not been ranked among the top priorities in China's foreign policy. After the fall of the Communist bloc, the former socialist states focused on integrating with Western institutions, and China neglected the CEE region. It should be noted that 'Central-Eastern Europe' is defined by China very broadly as a group of 16 states from the former Communist bloc, which includes Estonia, Latvia, Lithuania, Poland, the

Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Albania and Macedonia.

In 2011, China revived its cooperation with this group of states as a whole. Upon China's initiative an economic forum was organised in Budapest in 2011. A year later, the first meeting at the level of heads of government was held in Warsaw, marking the official launch of the '16+1' formula. Subsequent rounds of talks between prime ministers were held in Bucharest (2013) and Belgrade (2014). Top-level meetings

were complemented by a series of multilateral events of secondary importance, attended by representatives of the CEE states and China. Various initiatives have been organised, including forums focused on economic and investment affairs as well as regional cooperation. Other initiatives include: ministry-level conferences and other events devoted to issues such as tourism, education, agriculture, energy affairs, infrastructure development. The progressing institutionalisation of the '16+1' format resulted in the establishment of a Permanent Secretariat at the Chinese Foreign Ministry (2012), a Permanent Secretariat for Investment Promotion in Warsaw (2014), and several associations and industry organisations coordinated by individual states (e.g. agricultural cooperation is coordinated by Bulgaria, railway transport – by Serbia).

### How Central-Eastern Europe is viewed

According to Chinese experts, the growing importance of Central-Eastern Europe for China is a result of the accession of 11 countries of the region to the European Union. Although this has complicated Beijing's cooperation with the region to a certain degree, the region's EU membership has been considered a factor which fosters cooperation with China. There is growing understanding of the fact that CEE is a part of Europe, and not of the Soviet or Eurasian area. This latter type of thinking is still present in a large portion of Chinese government institutions. It seems, however, that Beijing has acknowledged the fact that the region's states have gained influence over decisions taken by the EU.

At the same time, CEE is seen by Chinese analysts mainly as the 'outskirts' of the European Union, an area of the EU's political and economic influence. In rare cases, this view is tantamount to treating the EU as an external factor operating in the region. This seems to suggest that China's knowledge of the principles of European integration is at times insufficient. According to an

increasingly popular opinion, from the Chinese point of view the '16+1' formula can be seen as an element of Beijing's cooperation with the EU. Moreover, it appears that the only goal of China's policy towards the region is to strengthen Europe's unity by offering it assistance in reducing gaps in development. Chinese experts attach surprisingly little attention to the role of the United States and the ties between CEE states and the USA in the field of security. Very few experts have pointed to the rivalry of major powers such as the USA, Germany and Russia which is currently taking place in the region.

### The '16+1' format is also intended to help build a positive image for China.

The Chinese assessment of Beijing's relations with CEE states seems to be riddled with paradoxes. On the one hand, political and ideological differences are emphasised, as well as separate experiences connected with the post-1989 socio-economic transformation. This leads to the CEE states having a poor understanding of China, to cool political relations and a lack of enthusiasm within society for cooperation to be moved up a level. Some of the region's states have criticised China's approach to human rights, as well as to political, religious and ethical issues. These states include Poland, the Czech Republic and Slovenia. On the other hand, Chinese observers claim that certain historical ties exist between the region and the People's Republic of China. These ties are said to have been shaped after 1949. This paradox can be explained by the fact that Chinese experts find it difficult to understand the meaning of the changes which happened in the CEE region after 1989. According to them, the source of these changes may be associated with pressure exerted by Western Europe; they do not comprehend the internal drive for change in CEE countries.

China has recently acknowledged the diminishing role of ideological differences. It has noticed that criticism targeted at it has weakened and that certain strategic differences in the concepts promoted by Beijing and those promoted by CEE countries have been eliminated. This shift in perception has been caused by changes in the region's geopolitical situation and the ongoing transformation of China itself. Additional opportunities for Beijing's presence in CEE emerged as a result of the global crisis and the eurozone crisis. This, in turn, has resulted in an increased readiness among the region's states to open up to cooperation with China.

**Influential circles in China support the view that the demand for a Chinese presence in the region may be only temporary.**

CEE countries' motives for action have been assessed by Chinese analysts as pragmatic. In most cases, CEE states are particularly interested in economic cooperation with China. This results from their infrastructural and capital needs and their wish to access the Chinese market with their exports. According to Chinese experts, this approach by CEE countries has greatly reduced the number of states China could name its 'true enthusiasts', which treat Beijing as a strategic partner. This category of states includes Hungary and Serbia, with some analysts adding Romania and Estonia. One of the reasons for this state of affairs is the fact that the region's states do not really need China's political support (with Serbia being one exception due to the Kosovo issue), although they are aware of Beijing's growing importance in the international arena. Most Chinese analysts claim that, regardless of the strengthening of economic cooperation, political and social relations remain underdeveloped. This is particularly evident in the case of Visegrad Group states (excluding Hungary) and the Baltic states. For

Chinese analysts, Poland has been the most prominent example of a new EU member state which could become China's partner. According to them, Polish-Chinese relations have been limited almost exclusively to trade. The level of cooperation in areas such as politics, diplomacy and mutual understanding has been assessed as insufficient.

Influential circles in China support the view that the demand for a Chinese presence in the region may be only temporary. Moreover, it is likely to depend on the situation in the eurozone. Should a stable improvement of the economic situation in Western Europe come about, its capital involvement in CEE would be expected to grow. Similarly, the demand for goods made in Western Europe will increase. This, in turn, may weaken the position of Chinese investors and reduce the scale of involvement of local governments in building their countries' relations with China. This scenario seems particularly likely in the case of the Western Balkans. All this makes China view the current situation as a temporarily open 'window of opportunity' which may close should the economic situation in the EU improve. Chinese experts are not convinced that Beijing will manage to transform the current opportunity into a long-term strategic presence for China in the region.

### **What China expects from the '16+1' format**

In this context, it is important to make an assessment of the goals which originally inspired China to establish the '16+1' format. Most Chinese analysts point to four major economic and political motives.

CEE is one of the areas covered by the Chinese 'going out' strategy which promotes foreign expansion among Chinese companies. The CEE region is considered a good place to launch an expansion into Western Europe and a favourable destination to locate investments targeted at the EU market. CEE is the 'back door' and

a 'testing ground' for Chinese investments in the EU. The '16+1' format was intended to foster favourable conditions for Chinese investments in the region, and even allegedly to help China bypass EU regulations.

Another political motive emphasised by Chinese experts has been the utilisation of the '16+1' format to shape China-EU relations. The region's states could become 'lobbyists' for Chinese interests in specific EU institutions and forums.

The '16+1' format is also intended to help build a positive image for China. As one analyst has put it, it is necessary to "build understanding for the Chinese idea of peaceful growth". The new cooperation formula could help temper a certain aversion to China and turn around its negative image in the region. This negative image is considered a significant barrier to the development of political and economic relations. According to Chinese experts, public opinion's attention should be diverted from the issue of China's political system and social problems. It should instead be focused on the country's economic success and rich culture. In the context of foreign policy, China should be presented as a responsible and friendly state.

The new cooperation formula could also help coordinate the policy pursued by Beijing towards individual Central-Eastern European countries and set a direction to develop bilateral relations further. According to some analysts, conducting separate effective policies towards a dozen or so of the region's small states may be difficult.

### **Challenges to cooperation in the '16+1' format**

Chinese expert circles are aware of the many obstacles hindering the pursuit of cooperation in the '16+1' format.

They point to the immense diversification of the Central-Eastern Europe states covered by the '16+1' format (differences in the states' potential and the structure of their economies, the division

into EU member states and those outside the EU, into countries which belong to the eurozone and those which do not). This makes it practically impossible to devise a uniform policy towards the region's states as a whole. Numerous cultural, historical and political differences have also been mentioned which prevent this group of states from becoming a strategic and powerful entity.

### **The Chinese debate contains arguments clearly suggesting the need to avoid conflict with the European Union.**

One of the most significant problems involves barriers connected with EU legislation, in particular those laws which restrict access to the public procurement market. Another obstacle for Chinese companies is the significant share of EU funds in financing infrastructural investments, which is connected with the introduction of additional provisions in tender procedures. Moreover, restrictions concerning technical standards, equipment and employment rules make it impossible to take those methods of cooperation which have proved practical in China's relations with Asian and African countries and apply them to initiatives carried out with CEE states. The progressing integration of CEE states' legislative systems with the EU system means that additional obstacles have begun to emerge even in non-EU member states.

Furthermore, Chinese entrepreneurs seem to be lacking knowledge and practical expertise concerning the region. Many analysts point to an insufficient understanding of the legal conditions and the characteristics of the region. This has contributed to the weak competitive position of Chinese companies. It seems that the reasons behind this include limited experience in conducting cooperation, insufficient knowledge of the legal system, the specific labour and investment law and the social conditions, for example the mentality of the local workforce.

Another challenge is the asymmetry of the economic needs and expectations on both sides. China is aware of the huge trade deficit which is not likely to be remedied by bilateral actions. The golden era of investing in the region, during which foreign investors were granted access to attractive assets covered by privatisation projects, is now over. The region's states are currently counting on greenfield investments, and some Chinese companies consider these too risky. Chinese experts have strongly emphasised their fears concerning the possible reaction of the 'old' European Union. The '16+1' format has been strongly criticised by EU institutions and some of the EU's 'core' states, e.g. Germany. Chinese analysts have pointed to the accusations concerning Beijing's alleged attempts to divide the European Union and to establish a pro-China lobby within the EU, to foster bilateral relations at the cost of China-EU relations and to present the EU with *faits accomplis*. Another potential threat to China's strategy which it needs to identify and contain is the possibility the EU as a whole or some of its strong member states acting separately to block initiatives.

**Beijing has not managed to achieve any of the major goals of this initiative, establishing a launch pad on the EU market and expanding China's influence on the EU via CEE states.**

Chinese experts have also emphasised the region's internal unwillingness to cooperate. The states have experienced problems with coordinating their own policies and at the same time have been unable to nominate one of them to perform the role of leader or intermediary. Commenting on the choice of Poland as the leader of the '16+1' format, the analysts pointed out that a portion of the states considered that Warsaw is unable to assume this role and demanded that all the states be treated equally.

According to one Chinese expert (Liu Zuokui), Poland used the meeting held in 2012 mainly to develop its bilateral relations with China.

### **Prospects for the further development of the '16+1' format**

In the Chinese debate, relatively little attention has been devoted to the issue of the further development of the '16+1' cooperation format. What is emphasised is the need to revise the current view of the region and to use the experience gained in recent years.

According to Chinese analysts, the potential inclusion of the '16+1' cooperation framework into the concept of the New Silk Road ("One Belt, One Road") is the most promising element. The region is predestined to be the Road's 'hub' and can be used during its construction, all the more so because the individual states and cities of the region have been aware of the opportunities connected to it.

Chinese analysts point to the need to make cooperation more detailed. For this to be possible, they propose to create separate cooperation platforms for specific policies. It would be recommended to make agreements at local level and to expand cooperation into new areas such as the sector of small and medium-sized enterprises. It would be necessary to coordinate measures undertaken concerning the region's states. However, this would necessarily spell a political coordination which would be difficult to achieve. Considering this, Chinese experts recommend that greater emphasis be placed on the coordination of actions in the area of trade and investments.

Promoting mutual understanding between societies is also recommended. Knowledge of the cultural, social and political characteristics of CEE will make common economic initiatives easier to apply and boost the chances Chinese companies have of being successful. At the same time, fostering an understanding of China's uniqueness within CEE societies will

help boost support for the plans focused on strengthening cooperation.

A good working knowledge of the legal system is an element of key importance for the development of cooperation. One of the experts (Hu Hao) has suggested that consulting companies could be established in cooperation with the Chinese government. Their task would be to help resolve these problems, reduce investment risk, prepare feasibility studies and analyse local regulations. A similar role in reducing the risk could be played by think tanks established to foster bilateral cooperation, provide information on current legislative and market changes and to promote cooperation itself.

Chinese experts agree that Beijing should not nominate any 'preferred states' and 'preferred projects', because this might have a negative impact on the development of the relations between China and CEE and on China's image. Instead, it would be better to place an equal emphasis on seeking support from big and prestigious states and from smaller ones. This is particularly important in the context of capital investments. China should avoid applying uniform standards to all states, and the only feasible cooperation model (which is also the current one) is 'one state towards many parties'.

**China may be using the partly superficial multilateral format to improve its bilateral relations with selected states of the region in the long term.**

The Chinese debate contains arguments clearly suggesting the need to avoid conflict with the European Union. The analysts claim that attempts at challenging the EU's unity and at 'intervening' in the region's affairs should in particular be avoided. China's activity in CEE should not antagonise Brussels or the major European capital cities. Both Chinese experts and the government in Beijing emphasise that

cooperation in the '16+1' format complements and strengthens the "China-EU 2020 Strategic Agenda for Co-operation" plan.

### **'16+1': the Chinese experiment**

An analysis of the Chinese discourse on Beijing's cooperation with CEE countries in the '16+1' format makes it possible to assess the sources and the effectiveness of China's involvement in the region. Beijing has not managed to achieve any of the major goals of this initiative, including in particular the goal involving a significant increase in its economic presence in the region, establishing a launch pad on the EU market and expanding China's influence on the EU via CEE states. Despite these weaknesses, Beijing has continued the '16+1' cooperation framework. There are several ways to explain this.

It is possible that China treats the choice of the 'regional model' as an experiment which has not been based on any specific long-term strategy of building multilateral relations. In their current form Beijing's activities focused on developing relations with CEE can be assessed as being pragmatic. Using the 'window of opportunity', Chinese diplomats have created a forum for coordinating bilateral cooperation. This forum greatly facilitates China's operations carried out in a largely diversified region. Regular summits between leaders of numerous small states facilitate the pursuit of bilateral cooperation. In this context, it is possible that China may be using the partly superficial multilateral format to improve its bilateral relations with selected states of the region in the long term. This is suggested by the effects of subsequent '16+1' summits held in Warsaw, Bucharest and Belgrade, which resulted mainly in an improvement of China's relations with the host states. In this way Beijing may be expanding the group of 'true enthusiasts' of cooperation and attempting to convince other states to include China in their foreign policy strategies (Hungary has already done so). It seems that building

strong bilateral political relations may prove to be a method for transforming the temporarily open 'window of opportunity' into a strong political and economic foundation for China's presence in the region. Moreover, experience gained this way could later be used in other regions of the world.

During its further development, the '16+1' format could also be used to facilitate the creation of the New Silk Road. The goals defined for the two initiatives have been largely convergent as they combine the pursuit of specific economic interests with the use of multilateral public diplomacy tools. The '16+1' format could be used to coordinate cross-border projects in CEE – a region covered by the New Silk Road concept. One example of this type of action is using the '16+1' formula meetings in the process

of constructing the Chinese-sponsored rail link between Belgrade and Budapest.

New light will be cast on the effects of cooperation in the region as well as on the motives behind China's actions during the '16+1' format meeting which will be held in Beijing towards the end of 2015. The fact that the meeting will take place in China will eliminate the impression of one partner being 'favoured' at the cost of others and will facilitate the assessment of the results of multilateral relations. At the same time, it will be an occasion for Beijing to test the degree of involvement of individual partners as seen in the bilateral dimension. The depth of this involvement will be reflected in the composition of official delegations formed by the governments of the CEE countries.

## APPENDIX

---

### Sources:

- Zhu Xiaozhong (朱晓中), 'A new opening in major powers' policy towards CEE' (大国在中东欧的重新布局), *Contemporary World*, 2013, <http://www.idcpc.org.cn/globalview/sjzh/1309-2.htm>, (a journal of the Central Committee of the Communist Party of China)
- Xu Gang (徐刚), 'Regional cooperation: a new dimension of China-CEE relations', (地方合作: 中国—中东欧合作的新方向), *IREECAS*, 2013, <http://euroasia.cass.cn/news/746378.htm>
- Song Lilei (宋黎磊), 'A new look at public diplomacy initiatives targeted at CEE' (新形势下中国对中东欧国家公共外交探析), *IREECAS*, 2013, <http://euroasia.cass.cn/news/730370.htm>
- Hu Hao (胡昊), 'Analysis of the development of the relations between China and CEE, an attempt at a new perspective', (深入发展中国与中东欧国家的关系, 打造中欧合作的新亮点), *CCCWS*, 2013, <http://www.cccws.org.cn/Detail.aspx?newsId=2400&TId=174>
- Liu Zuokui (刘作奎), 'China-CEE relations: problems and solutions' (中国与中东欧合作: 问题与对策), *CIIS*, 2013, [http://www.ciis.org.cn/gyzz/2013-09/30/content\\_6346139.htm](http://www.ciis.org.cn/gyzz/2013-09/30/content_6346139.htm)
- Liu Zuohui (刘作奎), 'China's approach towards CEE in the light of the changing directions of Chinese diplomacy' (中国对中东欧外交折射外交取向的新变化), *IESCASS*, 2013, <http://ies.cass.cn/Article/cbw/zdogj/201312/7908.asp>
- Liu Zuokui (刘作奎), 'Using CEE in the construction of the New Silk Road' (中东欧在丝绸之路经济带建设中的作用), *CIIS*, 2014, [http://www.ciis.org.cn/gyzz/2014-07/22/content\\_7084435.htm](http://www.ciis.org.cn/gyzz/2014-07/22/content_7084435.htm)
- Jia Ruixia (贾瑞霞), 'Win-win and multi-win situations – an analysis of the trade turnover between China and CEE' (双赢and多赢——解析中国—中东欧国家经贸合作), *IREECAS*, 2013, <http://euroasia.cass.cn/news/730287.htm>
- Long Jing (龙静), 'China-CEE relations: development, challenges and solutions' (中国与中东欧国家关系: 发展、挑战及对策), *CIIS*, 2014, [http://www.ciis.org.cn/gyzz/2014-10/14/content\\_7294936.htm](http://www.ciis.org.cn/gyzz/2014-10/14/content_7294936.htm)

---

EDITORS: Adam Eberhardt

Katarzyna Kazimierska, Anna Łabuszewska

TRANSLATION: Magdalena Klimowicz

CO-OPERATION: Nicholas Furnival

DTP: Bohdan Wędrychowski

**The views expressed by the authors of the papers do not necessarily reflect the opinion of Polish authorities**

Centre for Eastern Studies

Koszykowa 6a, 00-564 Warsaw

phone: +48 | 22 | 525 80 00

e-mail: [info@osw.waw.pl](mailto:info@osw.waw.pl)

Visit our website: [www.osw.waw.pl](http://www.osw.waw.pl)