

**The Chinese Relations with Central and Eastern European
Countries: the “16+1” Format as the Main Tool for China to
Pursue its Interests in Europe**

A Research Proposal Presented to
The Foreign Languages Department

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Moscow 2018

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Abstract

This paper explores the proceedings within the “16+1” cooperation format (cooperation between China and sixteen Central and Eastern European countries) during the period from 2012 to the present time, covering such topics as the framework of cooperation, its main directions and obstacles, the importance of the dialogue in terms of “One Belt, One Road” initiative as well as trade and investment opportunities for both sides. Within the topic, works of several authors were examined and analyzed. While some researchers (Chang & Pieke, 2018; Defraigne, 2017; Freeman, 2017) pay close attention to the evolution of multilateral relations between China and the European Union, others (Šteinbuka, Muravska, & Kuznieks, 2017; Vinogradov, 2016b) tend to highlight the rising influence of China in Central and Eastern European countries (CEEC). However, some studies examine various problems separately from the ones that also help to shape a more complete picture. This work is aimed to address the research gap and add to the body of knowledge about the nature and true intentions of the “16+1” format. We will perform primary and secondary data collection and use content and quantitative data analysis. The results of the paper may reveal the importance of CEEC for China when dealing with European countries in general and become a theoretical base for further research.

Keywords: China, Central and Eastern Europe, One Belt One Road, EU, FDI, trade, subregional cooperation.

The Chinese Relations with Central and Eastern European Countries: the «16+1» Format
as the Main Tool for China to Pursue its Interests in Europe

Introduction

China's growing influence all over the world has become an increasingly important concern. One of its main directions is Europe, which has been chosen by the Chinese side in order to confront the USA and impede its attempts to undertake the repositioning of the US forces in the Pacific Rim. Nevertheless, in the past Central and Eastern European countries were never considered by the Chinese government officials to be the key partners for China and the region's role was limited to its geographical position, that is, the periphery of Western Europe. However, since 2012 China has become an active player in the region and set up a new format of cooperation between China and sixteen Central and Eastern European countries (CEEC), which is known as the "16+1" format. At the same time China has proclaimed its "One Belt, One Road" initiative, which also includes CEEC. As a result, a new question needs to be answered: does China see the Central and Eastern Europe as a springboard in order to spread its influence further to the West or is it a new destination for Chinese foreign policy, within the EU?

There have been a great deal of studies on relations between China and Europe. Scholars have analyzed current problems that China and Europe are facing today and possible solutions to the existing issues (Chang et al., 2018). The economic aspect of the cooperation has not escaped the attention of the scholarly community. For example, Freeman (2017) focuses on the question of economic benefits coming from China and their main recipients in Europe. Another study by Defraigne (2017) explores investment cooperation and reports that a significant amount of Chinese outward direct investment targets the center of the EU. Furthermore, a number of studies have been done on the "16+1" format. For instance, in his study of the Chinese interests in

Central and Eastern Europe, Góralczyk (2017) aims to answer the following questions – whether the current cooperation is efficient or not and what the main targets of China in the region are, while the focus of the study conducted by Šteinbuka et al. (2017) is slightly different. The researchers explore the impact of “16+1” cooperation format on Chinese relations with the European Union.

However, the studies reviewed analyze various problems separately from the ones that also contribute to the whole picture and make us raise questions about the unbiased position of the authors on the issue. Therefore, the aim of this study is to adequately address the research gap by examining such issues as the framework of the “16+1” cooperation format, its main directions and undertaken initiatives, bilateral trade and investment flows, current difficulties and the place of European countries in the “16+1” format.

For this purpose, we will employ a multi-method research design, including content and comparative analysis as well as quantitative data analysis. This will allow us not only to assess the ground which the “16+1” cooperation lies upon, but also its economic dimension.

Findings from the study will shed light on the areas of cooperation that are important for the Chinese side. At the same time, the officials of CEEC may use the research as a guide to implement effective domestic and foreign policy in accordance with Chinese projects and intentions, thus making the results of such enterprises mutually beneficial.

Literature Review

There has been a growing concern about Chinese influence on European countries. For more than ten years, the European Union has been the main trading partner of China, the same goes for investment cooperation. After the crisis in bilateral relations, which unfolded in 2006 and continued for more than 6 years due to various reasons such as the lack of objectivity, the Great Recession and outstanding problems, closer cooperation between the two parties has resumed and begun to thrive since 2014 (Vinogradov, 2016a). At the same time, a new platform of cooperation between China and sixteen Central and Eastern European countries (CEEC) has emerged, which is known as the “16+1” format.

This research relates to the research area that focuses on the nature of China – CEEC relations and its repercussions for the European Union and will attempt to add to the amount of explanatory research on the topic.

There have been a great deal of studies on relations between China and Europe. Scholars have analyzed current difficulties China and Europe are facing today and possible solutions to the existing situation (Chang et al., 2018). The study by Chang et al. is crucial for two reasons. The first one is that the research is updated in accordance with current realities in geopolitics and geo-economics. The second reason is that it calls for fresh thinking on how the European Union should adapt to the situation and what strategies may be applied. However, a question that remains from that study is whether the cooperation between China with the EU is more efficient than the relations with individual member states are.

The economic aspect of the cooperation has not escaped the attention of the scholarly community. For example, Freeman (2017) focuses on the question of economic benefits coming from China and their main directions in Europe, which may result in an uneven cooperation

between the two sides. Another study by Defraigne (2017) delves into the issue of investment cooperation. The author concludes that a significant amount of Chinese outward direct investment targets the most powerful and developed countries of the EU. Importantly, the findings from these studies may shed light upon whether China supports the unity between the member states or has their alienation on its hidden agenda, the answer to that question will consequently help us to evaluate the true intentions of Chinese presence in CEEC.

Furthermore, the “16+1” format, which is of primary importance to our research, has not escaped the attention of scholars. In his study of China’s interests in Central and Eastern Europe, Góralczyk (2017) aims to answer the following questions – whether the current cooperation is efficient or not and what the main targets of China in the region are. This paper provides the central argument for us to consider, namely the information that few cooperation projects have been carried out in contrast to official documents that list successfully implemented outcomes each year, especially from 2015. Moreover, the author’s remark that China does not pose a threat to all European countries lacks enough evidence and therefore requires further analysis. The major conclusion that can be drawn from that study is that it is the CEE countries which are to blame for acting as a hindrance as they are not sure how to react to such ambitious projects. However, not much can be concluded about the level of uncertainty expressed by these countries, the reasons behind it as well as the veracity of a complete support coming from their side when discussing various projects.

The focus of the study conducted by Šteinbuka et al. (2017) is slightly different. The researchers explore the reasons to promote cooperation with the CEE countries and the impact of “16+1” cooperation format on Chinese relations with the European Union. Importantly, the authors stress that there are different points of view on the issue, and finally review the evidence

for the reported results, concluding that the framework of “16+1” serves as a “bridge to Europe” (p. 110). The study is also crucial because it highlights the role of China in the region in terms of political influence it obtains and economic knowledge about the region that is easy to gain on the spot. However, the study does not explore alternative explanations for Chinese actions in Europe expressed in a number of studies (Góralczyk, 2017; Vinogradov, 2016b), which raises questions about the unbiased position of the authors on the issue. As a result, it is difficult to draw definitive conclusions regarding the validity of their claims.

Another group of researchers explores the “One Belt, One Road” initiative. Some studies concentrate on the political aspect of the program and the establishment of “the multipolar world” (Sárvári & Szeidovitz, 2016, p. 22), while others (Richet, Ruet, & Wang, 2017; Vinogradov, 2016b) demonstrate the importance of the initiative for economic and infrastructure development of CEEC. On the other hand, Chinese experts tend to point out the role of the initiative as the link between China – EU cooperation (Zuokui, 2014). The findings of these studies are important for the current research as they offer alternative explanations for Chinese actions in Europe and are based on appropriate methodology such as in-depth content analysis and document analysis.

However, the studies reviewed analyze various problems separately from the ones that also contribute to the whole picture. The issue of China – CEEC cooperation and its implications for the relations with the EU may not be impartially and comprehensively examined unless we investigate all the related issues and make our conclusions based on them.

Therefore, the aim of this study is to adequately address the research gap and extend the existing research by examining systematically the relations between China and Central and Eastern European countries and paying equal attention to all the related issues, such as the

structure of cooperation, its main trends, the implementation of projects, current problems, the place of European countries in the “16+1” format. A thorough examination of all these aspects can contribute to a more detailed picture and possibly lead to a new outlook on the research topic.

Methodology

The aim of this study is to examine systematically the relations between China and Central and Eastern European countries within the framework of the “16+1” cooperation format. In order to do that we need to pay equal attention to the structure of cooperation, its main economic trends, the implementation of infrastructure projects, current problems and the place of the European countries in the “16+1” strategy. For this purpose, we will employ a multi-method research design, including content and comparative analysis as well as quantitative data analysis.

Data Collection

In order to gather information we will use both primary and secondary data. The first type of information will include statistical data from authoritative databases (International Monetary Fund, The Organization for Economic Co-operation and Development, the World Trade Organization and The European Commission), official documents and the speeches of government official related to the “16+1” format. Secondary data is expected to come from articles in various English, Russian and other European scientific journals and books written by experts in the sphere of our research. The main criteria for the choice of the publications are their recency and focus that has to deal with political, economic and social affairs of Asia and Europe.

Data Analysis

Grounded in the literature reviewed (Freeman, 2017; Góralczyk, 2017; Šteinbuka et al., 2017), we will perform content and comparative analysis, which will allow us to assess the ground which the “16+1” cooperation lies upon, its main directions of cooperation and the obstacles faced by the two sides of the dialogue. Moreover, such analysis will provide a way to identify cooperation between which partner-counties is more efficient. By conducting quantitative data analysis and adopting the method of a constant market shares analysis (CMSA),

described in existing research (Defraigne, 2017; Jacoby, 2014; Shang, Ponikvar, & Kejhar, 2016), we can better understand bilateral trade and investment flows, which are essential when studying the economic side of the cooperation.

Period of Study

The scope of the study is limited to the period the “16+1” cooperation format has existed in, that is between 2012 and present time. However, it is possible that in order to provide an in-depth analysis, support emerging ideas and make the research more thorough, we may go beyond the given boundaries to retrieve the information necessary for the study.

Expected Outcomes

This study is pertinent for a range of reasons. First, the time frame covers the period from 2012 to the present time, thus allowing us to add to the body of research on the issue and demonstrate relevant information. Secondly, the research will outline the complex framework for cooperation between China and Central and Eastern European countries (CEEC), by doing so we will contrast that format of cooperation with the existing one in Europe, namely the European Union. Such information may help academics, politicians and business people to identify what mechanisms of cooperation differ and whether they are more effective than the ones that have already been implemented by China in other cooperation formats. Secondly, the data gathered in the project may provide a better understanding of trade and investment cooperation between the two sides. These findings will not only contribute to the understanding of the major areas of cooperation which are important for China, as it is the main player in the initiative, but will also have significant implications for the officials of CEEC, enabling them to better tune domestic and foreign policy to Chinese projects and intentions in the region, thus making the results of such enterprises mutually beneficial. Thirdly, documenting the proceedings of “16+1” cooperation format at the same time with China's “One Belt, One Road” might highlight the importance of the subregional platform and its role in pursuing Chinese interests in the whole Europe, as the European region is said to be the final destination of the New Silk Road.

Findings from this study will be presented at a graduation project defence, which will take place at the faculty of World Economy and World Politics of the HSE University in June, 2018. If an opportunity arises, the author will publish the results in a Russian academic journal “Far Eastern Affairs”, which publishes research works on domestic economic and political problems of China as well as its foreign affairs.

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