

Empty shell no more: China's growing footprint in Central and Eastern Europe

HANDBOOK FOR STAKEHOLDERS

IVANA KARÁSKOVÁ, ALICJA BACHULSKA,
ÁGNES SZUNOMÁR, STEFAN VLADISAVLJEV,
UNA ALEKSANDRA BĚRZIŇA-ČERENKOVA,
KONSTANTINAS ANDRIJAUSKAS, LIISI KARINDI,
ANDREEA LEONTE, NINA PEJIĆ, FILIP ŠEBOK



EMPTY SHELL NO MORE: CHINA'S GROWING FOOTPRINT IN CENTRAL AND EASTERN EUROPE

Handbook for stakeholders

April 2020

Authors – Konstantinas Andrijauskas, Alicja Bachulska, Una Aleksandra Bērziņa-Čerenkova, Ivana Karásková, Liisi Karindi, Andreea Leonte, Nina Pejić, Ágnes Szunomár, Filip Šebok, Stefan Vladisavljev

Citation – Karásková, I. (ed.) (2020). Empty shell no more: China's growing footprint in Central and Eastern Europe - Handbook for Stakeholders. Prague, Czech Republic, Association for International Affairs (AMO).

Policy paper – To access the large-scale audit of 17+1 in a form of a policy paper, please refer to Karásková, I., Bachulska, A., Szunomár, A., Vladisavljev, S. (eds.) (2020). Empty shell no more: China's growing footprint in Central and Eastern Europe. Prague, Czech Republic, Association for International Affairs (AMO), ISBN 978-80-87092-72-9 (print version), ISBN 978-80-87092-71-2 (pdf version) or the electronic version which can be found online at www.chinaobservers.eu.

The handbook for stakeholders stems from the large-scale audit of 17+1 relations which was prepared within the **China Observers in Central and Eastern Europe (CHOICE)** collaborative platform. CHOICE monitors and evaluates the rising influence of the People's Republic of China in countries of Central and Eastern Europe which participate in the China-proposed 17+1 initiative. CHOICE strives to build a multinational platform for open discussion, experience-sharing and critical assessment. CHOICE is run by the Association for International Affairs (AMO), a Prague-based foreign policy think tank and NGO. The preparation of this paper was supported by a grant from National Endowment for Democracy (NED).

ASSOCIATION FOR INTERNATIONAL AFFAIRS (AMO)

Žitná 27/608
CZ 110 00 Praha 1
Tel.: +420 224 813 460
info@amo.cz
www.amo.cz

© AMO 2020
ISBN 978-80-87092 -73-6 (print version)
ISBN 978-80-87092 -74-3 (pdf version)

Key findings

- The 17+1 platform has been labeled as an ‘empty shell’ with the assertion that cooperation between Central and Eastern Europe with China lacks substance. A large-scale audit of relations, however, points to a more complex scenario. Relations between China and Central and Eastern Europe are growing, encompassing political, economic and societal domains and are loaded with action.
- The fragmented nature of the information complicates understanding of the real nature of 17+1, as in individual states China’s actions seem scarce and random. Also the areas of interaction are treated as separate. It is only when the whole picture is analyzed that the progress and direction of the 17+1 platform become evident.
- In the past eight years, China has managed to build a system of interconnected relations in Central and Eastern Europe (CEE), where it was almost absent before. Paradoxically, China has contributed to the conceptualization and institutionalization of CEE as a region.
- Resembling a version of US alliances in East Asia, the 17+1 framework can be characterized by a hub and spokes logic of cooperation with China taking the lead in ‘multilateral bilateralism’.
- Despite its efforts, China has not transplanted its foreign policy concepts into the language of cooperation with Central and Eastern Europe. On the contrary, the CEE countries have successfully shaped the diplomatic language to stay in accordance with the EU framework. 17+1 cooperation has almost universally led to the growth of high-level political contacts between the CEE countries and China. However, the development of bilateral relationships happens on separate trajectories. It is the activity and decisions taken by the individual 17 CEE countries rather than the format itself which shape the level of engagement.
- While Hungary and Serbia have supported China on political issues, they represent an exception rather than the rule. The assumptions that CEE as a whole has become more forthcoming towards China on political issues is not supported by the evidence.
- China has used the CEE as a testing ground for more activist party diplomacy led by the Chinese Communist Party. China cultivates relationships with important political elites to assure a long-term pro-China inclination in the respective countries.

- China has unsuccessfully tried to assuage the EU's concerns about using the format to divide Europe. The US-China rivalry has become a factor in CEE relations with China, with several countries afraid of endangering their traditional ties with Washington. China has tried to walk a fine line in its approach towards Russia in CEE.
- Economic cooperation in 17+1 is mainly driven by China as it sets the agenda.
- China's economic impact on CEE countries is still small. CEE countries are highly dependent on both trade and investment relations with developed, mainly EU member states, while China represents a minor yet increasing share. The CEE region is also far from being among the most important partners for China.
- Despite the 17+1 format, China still handles its economic affairs on a bilateral basis. Relations with the countries of the Visegrád region and Serbia are of particular importance, while relations with other CEE countries lag behind.
- Trade relations remain relatively limited and unbalanced, leading to an increased trade deficit in all 17 CEE countries with China.
- Chinese FDI are modest and concentrated in a few countries (Hungary, Czechia and Poland) with almost no opportunity for other countries to receive sizable amounts of investment. Although financial cooperation has gained momentum, it is limited to EU member states.
- Tourism is the real success story of economic cooperation within the framework, since CEE countries have achieved higher visibility in China (while a general increase in the amount of Chinese middle class travelers may also play a role).
- Given the character of the Chinese system and the high level of penetration of Chinese society by the state, people-to-people contacts actually mean Chinese government-to-people in relations with CEE countries.
- The number of Confucius Institutes has increased in CEE countries. Youth cooperation is also on the rise, with increased numbers of Chinese government scholarships issued to CEE students.
- Politically motivated programs targeting youth and political leaders, such as Bridge for the Future, China-CEE Young Political Leaders Forum and Political Parties Dialogue, go largely unnoticed in all 17 CEE countries.

Recommendations

EU INSTITUTIONS

- The EU needs to continue including CEE EU members in efforts to shape a common EU policy towards China that should represent the interests of all member states.
- The EU should open a clear path to membership to the Western Balkan countries to offset the growth of China's political influence. The EU must play a more active role in the Western Balkan's economic development.
- Coordinated rules should be established relating to investment screening also in non-EU member states.

CENTRAL AND EASTERN EUROPEAN COUNTRIES

- The 17+1 format should not be discarded. The simplistic view of Europe being divided by China through 17+1 should be opposed as it infantilizes the CEE states and denies CEE countries their agency.
- The 17 countries should improve their communication and coordination in feasible areas to shift the 17+1 into a multilateral forum serving primarily their interests.
- More attention should be given to the sub-national (regional, provincial, etc.) dimension of China-CEE cooperation that has largely developed under the radar. CEE states should pay attention to the potential politicization of such cooperation and China's efforts to take advantage of the lower profile of local contacts to avoid attention.
- In order to benefit more from economic cooperation with China, CEE countries should act together. Regular 17+0 consultation meetings should precede summits.
- The major challenges of trade relations, such as trade deficit, cannot be overcome by single country solutions; CEE countries should follow the EU's strategic aims in trade policy.

- More public (on EU, state, or regional levels) as well as private financial support for academic institutions researching China is needed in order to avoid a situation where Confucius Institutes and other PRC-related institutions become the most influential actors producing and disseminating knowledge about Chinese politics, society and culture.

INVESTIGATIVE JOURNALISTS

- The increased prominence of the Chinese Communist Party (CCP) in China's approach towards the CEE warrants vigilance. There should be greater scrutiny towards nontransparent dealings between the local parties and the CCP (party-to-party diplomacy and cultivation of young political leaders through China-CEE Young Political Parties Dialogue and Political Leaders Forum).
- Independent, fact-based media coverage is needed in order to achieve greater transparency and understanding of mechanisms behind societal cooperation (e.g. youth cooperation, academic cooperation, joint research, etc.) between China and CEE countries.

CHINA ANALYSTS

- China watchers should exchange knowledge and experiences across Europe and with other parts of the world in order to detect potential threats to democratic standards governing the societal level of cooperation with Chinese actors outside of the PRC.
- It remains crucial not to equate all forms of cooperation with China with potential threats. The focus should be on achieving transparency.
- CEE countries should be aware of the risks associated with a growing skepticism towards China turning into racist attitudes against the Chinese diaspora, students and tourists. In order to avoid the rise of Sinophobia in CEE, clear divisions should be drawn between public criticism of government or party-led activities and Chinese nationals and their presence in the region.

Engaging China in 17+1: Outline of ACT strategy

The 17+1 platform¹ has been labeled by some as China's tool to divide and conquer Europe². At the same time, analysts the author included frequently dismissed these charges, arguing that 17+1 is an 'empty shell' and cooperation between Central and Eastern Europe (CEE) and China lacks substance.³ The divide in understanding of the platform became apparent when China announced the upgrading of the annual 17+1 summit in Beijing in April 2020 from the level of prime ministers to the level of heads of state. The first camp of analysts perceived it as a worrisome trend, while the latter argued that it is mostly the prime ministers, not the presidents, who call the shots in Central and Eastern European politics. Thus the upgrade, they argued, was only symbolic.⁴

The proponents of the 'empty shell' concept, however, seem to be wrong. A large-scale audit of relations between China and the 17 Central and Eastern European countries points to a more alarming scenario. Substance in relations with China is, indeed, not lacking, and cooperation between China and Central and Eastern Europe flourishes, encompassing political, economic and societal dimensions, and is loaded with action.

The reason why observers missed these developments is two-fold. First, the information is fragmented. In individual Central and Eastern European states, China's actions look scarce and random. 17+1 is neither a multilateral forum, nor a bilateral one. It is an exercise of 'multilateral bilateralism'⁵, resembling the hub and spoke system of relations, with China acting as a hub in the middle. The spokes, i.e. the Central and Eastern European countries, exhibit - to their detriment - limited if any cooperation among themselves. Second, the areas of interaction, be they political, economic or societal, have been treated as separate. However, 17+1 is not only a political platform, it breaches politics and enters into domains of economy, youth cooperation, academic exchanges, sport, health or media cooperation. Only when the whole picture is analyzed, does the progress and direction of the 17+1 platform become evident.

Over the past eight years, since the inception of 17+1 in 2012, China has managed to build a system of interconnected relations in CEE, a region where it had been almost absent before. For the foreseeable future, China will continue to rise in power and importance. Its increasing global presence, already taken for granted, will inevitably stimulate its willingness to seek influence through different organizational and institutional settings, including (sub)regional organizations. Given the fact that China finds it extremely difficult to 'infiltrate' the long-existing ones, it will attempt to multiply the groupings of its own founding, and will try to extract as much as possible from those already in existence, such as 17+1.

The fears of Chinese incursions on many levels (technological, economic, political, or even military) are, factoring in specific regional contexts, substantiated and

the dangers are real. However, a response to the threat of expanding Chinese influence in the form of shutting Beijing out is, in practical terms, impossible – not least because it would probably provoke more extreme reactions from the PRC. Instead, a three-pronged ACT (adapt > counter > target) strategy, modeled on the realities of the 17+1 initiative, is suggested.

While seemingly obvious, adapting to China's presence in the region (be it in Central and Eastern Europe, or elsewhere) may in fact be the hardest component and the most difficult to pull off correctly. China as an actor and an issue will continue to be a stable and growing, if often irritating, component of various regional constellations. Accepting this fact should not be confused with resignation and much less submission to China's strategic interests. Quite the contrary: national and international strategies need to assess the existing and potential scope of China's presence, define priorities as well as risks stemming from this phenomenon, and implement or address them through subsequent policies.

Groupings like 17+1 were clearly born out of China's intention to create institutional tools for amplifying its message and increasing its influence. Still, their members can conceivably utilize them as platforms for countering, limiting or even curbing China's heft. The way forward consists in making full use of these organizations' multilateral settings. While countries like Czechia, Estonia or Greece may find it difficult to face Chinese actions alone, there is no formal impediment against them bonding together and presenting their Chinese partners with a unified position. If China wants to retain its presence through these institutions, it is more likely (if grudgingly) to accept the 'multilateral condition' than to risk losing its influence altogether.

Once the members of regional platforms like 17+1 rediscover the multiplication effects inherent in 'effective multilateralism', to borrow a phrase from the 2003 European Security Strategy, they could even turn these platforms into offensive instruments for targeting China with their specific demands. These might include widely controversial topics (from the Chinese perspective), such as limits imposed on Chinese technological companies or concerns with unfair trade practices, but also more cooperative issues like the need for properly regulating Chinese investment and improving market access for CEE countries' products. While the actions of EU member states need to be in line with the agreed position on China within the EU, the CEE EU member states can utilize the 17+1 to achieve a better standing in negotiations not only vis-à-vis China, but also within the EU. The Western Balkans naturally pivot towards the European Union, despite the unfortunate lack of a credible and clear enlargement roadmap at the time of writing the publication. The EU should then open a clear path to membership to the Western Balkan countries to offset the growth of China's political influence.

The current debate seems transfixed by the image of China as an omnipotent, ever-present and inescapable threat. China is – and will remain – far from it. Even small states, especially those safely separated from the immediate effects of China's economic, political and military might, can succeed in promoting their own interests to their dealings with the PRC. The ACT strategy provides a general outline for achieving this objective.

The following chapters summarize key findings and recommendations from the large scale audit produced by China Observers in Central and Eastern Europe

MAP 1: CENTRAL AND EASTERN EUROPEAN MEMBERS OF THE 17+1 PLATFORM



Empty shell no more: China's growing footprint in Central and Eastern Europe

(CHOICE) platform in three separate areas - political, economic and societal, documenting China's increasing footprint in the region.

Ten China experts from Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Serbia, Slovenia, Slovakia and Romania provided their input via a novel and unique collaborative platform, China Observers in Central and Eastern Europe (CHOICE), in order to reach realistic and achievable suggestions for a joint action plan of CEE countries within the outlined ACT strategy.

China in CEE politics: Beyond proclamations

China can indeed be credited for the latest definition of CEE as a region and even the nascent institutionalization of it.⁶ Many countries (particularly the Baltic trio, Slovenia and Croatia) were not comfortable at the beginning with such an inclusion and association with CEE or even parts of it as continues to be the case with the “Balkan” identification of Romania, Bulgaria and most recently Greece. The 2019 accession of the latter country has problematized that definition even further.

The 17+1 framework has been characterized by a hub and spokes logic of cooperation with China taking the lead in “multilateral bilateralism”. The institutional framework and also the focus of cooperation has evolved gradually, without there being a clear blueprint at the start. Overall, the cooperation has remained rather loose with (so far) no signals of future institutionalization.

The target areas of cooperation as present in the guidelines have grown to encompass issues related to the BRI and recently also to the global agenda. However, the common documents show that China has not been able to transplant its foreign policy concepts into the language of cooperation with Central and Eastern Europe. On the contrary, the CEE countries have successfully shaped the language to stay in accordance with the EU framework and their national interests.

The 17+1 cooperation has almost universally led to the growth of high level political contacts between the region's countries and China. However, the development of bilateral relationships has been happening along separate trajectories, with some CEE countries achieving more intensive cooperation while others remain largely passive. It is rather the activity and decisions taken by 17 CEECs than the format itself which act as a decisive factor in this respect.

While some countries, especially Hungary and Serbia have supported China on political issues, these have been more of an exception than the rule. At the same time, some CEE countries have actually worsened their political relations with China due to conflicts on human rights, Taiwan and other issues. Therefore, the often heard assumptions that CEE as a whole have become more forthcoming towards China on political issues is not supported by the evidence.

China has used the CEE as a testing ground for the more activist party diplomacy led by the Chinese Communist Party both through multilateral forums and bilateral contacts. Most of the cooperation has been happening in a non-transparent manner, raising doubts about its nature and purpose. China's goal seems to be to cultivate relationships with important political elites to assure the long-term pro-China inclination of the respective countries.

Development of sub-national cooperation within 17+1 has been one of the underestimated dimensions of cooperation between China and CEE. Yet, the substance of cooperation has varied from country to country, evading general conclusions.

The case of the Prague-Beijing relationship demonstrated that even local cooperation is not insulated from political tensions.

Third parties have played an important role in the development of 17+1 cooperation. China has unsuccessfully tried to assuage the EU's concerns about China using the format to divide Europe, although actual cases of CEE countries turning towards China at the expense of their overwhelming EU orientation have been limited. US-China rivalry has become a factor in CEE relations with China, with several countries afraid of endangering their traditional ties with Washington. Due to the sensitive perception of Russia in the region but also its continuing interests in the region, China has tried to walk a fine line in its approach towards Russia in CEE.

Since China has already demonstrated its determination to institutionalize 'multilateral' cooperation platforms in Europe through the 17+1, further compartmentalizing and 'sub-regionalizing' initiatives can be expected in the future. Southeastern Europe, for the purpose of simplicity defined here as the 'Balkans', would be the first target of such efforts due to its much larger size (10 countries) and lack of self-identification consensus in comparison to both the V4 and the Baltics. The sequence of the summits has already provided some grounds for speculation that China differentiates at least between the Eastern (Romania and Bulgaria) and Western Balkans, with Slovenia and Croatia being looked at as more Central European countries than Balkans given their EU membership.

Based on the evaluation of political relations between China and the 17 CEE countries through the 17+1 format, the format itself should not be discarded. On the contrary, the 17 countries should utilize it to better serve their interests.

The simplified view of Europe being divided by China through 17+1 should be opposed as it infantilizes the CEE states and denies them agency. The EU institutions and Western EU members should recognize the interest of the CEE countries in improving their relations with China. The EU needs to include the CEE EU members in the efforts to shape a common EU policy towards China that should represent the interests of all the member states.

Putting one's house in order is a precondition for the EU to being an effective player towards China. The internal division of the member states has not been created by China, but has been skillfully used at times for its benefit.

First and foremost, the EU should open a clear path to membership to the Western Balkans countries to offset the growth of China's political influence. The 17 countries should also improve their communication and coordination in feasible areas to build the 17+1 into a multilateral forum serving primarily their interests. Competition for China's attention among the CEE countries will only erode their bargaining position.

More attention should be given to the sub-national dimension of China-CEE cooperation that has largely gone under the radar until now. While mostly motivated by economic interest, the CEE states should pay attention to the potential politicization of such cooperation and China's efforts to take advantage of the lower profile of local contacts to avoid attention.

The increased prominence of the CCP in the Chinese approach towards the CEE warrants vigilance. There should be greater scrutiny by the civil society and media towards non-transparent dealings between local parties and the CCP. The democratic

CEE parties should understand that by engaging with the CCP, they help it to circumvent official government contacts and diplomatic channels.

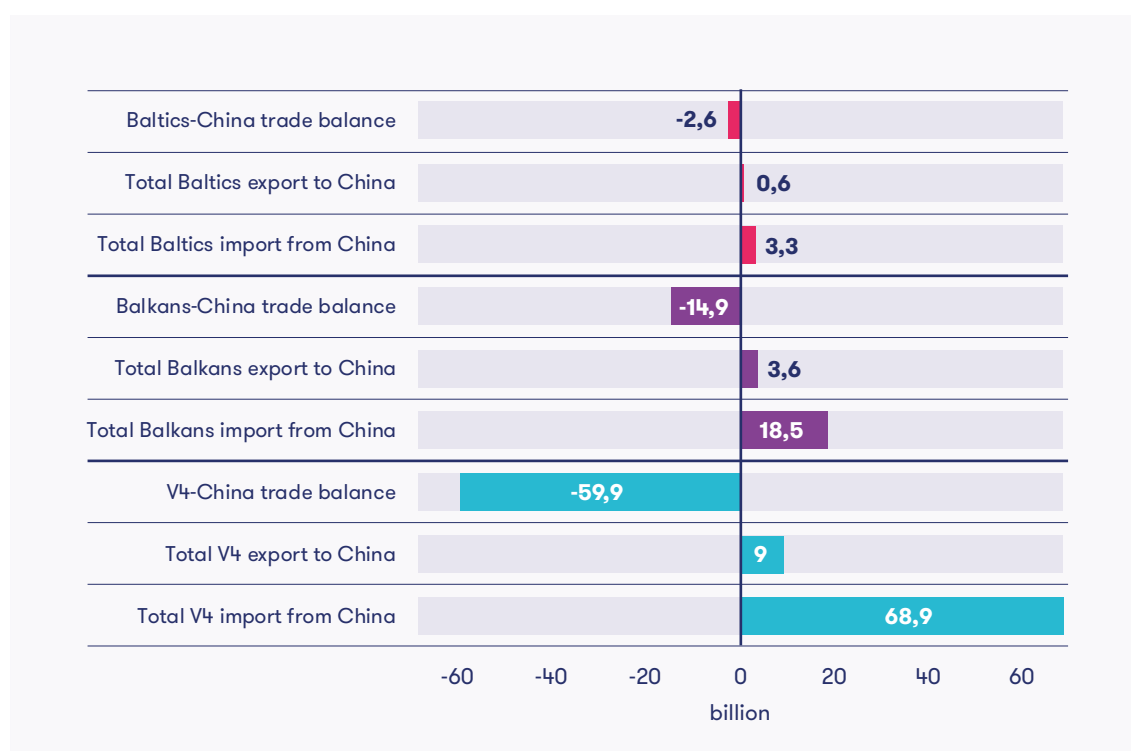
The 17 countries should watch closely and act in accordance regarding China's attempts to extend the membership of the platform and its further institutionalization. China's assurances that the platform is in accordance with the EU's policies along with the region's peculiar geographical position should particularly emphasize the need to better integrate the Eastern Partnership countries into 17+1 projects, particularly those emphasizing connectivity.

Economic relations between 17 CEE and China: A sugar cane, or a sugar-coated stick?

When compared to China's economic presence globally or in the developed world, China's economic impact on CEE countries is relatively small. CEE countries are highly dependent on both trade and investment relations with developed, mainly EU member states, while China represents a minor (although increasing) share. As far as trade or investment statistics are concerned, the CEE region is also far from being among the most important partners for China.

Trade relations remain relatively low and unbalanced, leading to an increasing trade deficit in all the 17 countries with China. The structure of CEE exports is characterized by higher value-added products in the case of the Visegrád region, Lithuania and Estonia, while the Chinese export baskets of most of the Balkan countries - with the exception of Slovenia, Croatia and Romania - consist of low value-added products and/or a few raw materials.

GRAPH 1: COMPARING V4, BALTICS AND BALKANS TRADE DATA (IN BILLIONS USD)



Source: own compilation based on TrendEconomy, using data from UN Comtrade (www.trendeconomy.com)

MAP 2: MAJOR COMMODITIES EXPORTED FROM 17 CEE COUNTRIES TO CHINA



Source: authors' own compilation

Chinese FDI are modest and concentrated in a few countries with Hungary, Czechia and Poland being at the forefront, with almost no opportunity for the other countries to receive big amounts of investment, especially not in the higher value-added sectors. Infrastructural projects - financed from Chinese loans - are negotiated all over the region but non-EU countries seem to be more open to use this opportunity while EU member countries in Central and Eastern Europe express growing reservations in this regard. Although financial cooperation is gaining momentum, it is currently limited to EU member countries.

Tourism is perhaps the real success story of economic cooperation within the framework of 17+1, since CEE countries have been achieving higher visibility in China, however, the growing number of Chinese middle class travelers may also play a role here.

Although China created the 17+1 platform to deal with the CEE region, it has to be emphasized that it still handles its economic affairs on a bilateral basis with the CEE countries. Bilateral relations especially with the countries of the Visegrád region and Serbia seem to be of particular importance. Relations with other CEE countries are lagging behind with only slightly beneficial or stagnating results.

Most of the CEE countries don't have a clear China strategy and even if they have their own economic intentions, they do not coordinate among themselves. As a result, 17+1 economic cooperation is mainly driven by China: China sets the agenda that the 17 countries rarely question. In order to benefit more from economic cooperation with China, CEE countries should work and act together. Regular 17+0 consultation meetings - where economic interests and intentions should be gathered - should precede 17+1 summits. Moreover, monitoring and evaluation meetings could follow the annual summits, where the representatives of the 17 CEE countries can share their experience, reservations and plans on how to proceed.

The major challenges of trade relations, such as trade deficit, cannot be overcome by single country solutions; CEE countries should follow the EU's strategic aims in trade policy. Since a significant portion of CEE's exports to China is connected to - mainly Western European - multinational companies based in CEE, local decisions may have less, or even no effect.

Coordinated rules should be established relating to investment screening also in non-EU member states.

When it comes to non-EU countries' recent rapprochement with China, the EU's responsibility is undeniable: it must play a more active role in these countries' economic development, enhancing their engagement with the EU and providing a credible enlargement perspective.

TABLE 1: LIST OF CHINESE PROJECTS - CONSTRUCTION/RECONSTRUCTION/ EXPANSION - UNDER IMPLEMENTATION OR NEGOTIATION IN 17 CEE COUNTRIES SINCE THE INITIATION OF 17+1⁷

country	projects
Albania	'Blue Corridor'/Adriatic-Ionian sea connection (potential); motorway between the Albanian Ionian Sea to the Bulgarian Black Sea (potential till 2018, when the Albanian Government decided to build it with Albanian companies)
Bosnia and Hercegovina	Stanari thermal power plant; Tuzla coal-fired power plant (the credit agreement has been signed but the construction works have not started yet); Banovici thermal power plant (potential); Banja Luka-Nov Grad motorway; Vukosavlje-Doboj highway and Vukosavlje-Brcko branch
Bulgaria	Four motorways (Veliko Tarnovo-Russe, Vidin-Botevgrad, Varna-Burgas) and a tunnel under the Balkan Mountains (Gabrovo-Kazanlak); Varna port development; modernization of the Novi Sad-Subotica railway section (potential); development of a logistic base near to Burgas; Belene nuclear power plant; Plovdiv airport management for 35 years (plus potential expansion)
Croatia	Pelješac Bridge (under construction); modernization of the Zagreb-Rijeka railway; Banja Luka-Split motorway (potential)
Czechia	New blocks on Dukovany nuclear power plant (company China General Nuclear Power Corporation (CGN/CGNPC) raised interest); Hodonín logistic centre (potential, planned in 2015)
Estonia	Construction of Rail Baltica (Chinese raised interest); FinEst Bay's Tallinn-Helsinki tunnel (potential)
Greece	Further expanding Piraeus port; the development of Athens' former airport at Hellenikon; lignite power plants at Megalopoli and Meliti (both bids failed)
Hungary	Belgrade-Budapest high-speed railway (planned to be built by 2023)
Latvia	Construction of Rail Baltica (Chinese raised interest)
Lithuania	Construction of Rail Baltica (Chinese raised interest); Klaipeda port (potential); Kaunas combined heat power plant (potential)
North Macedonia	Kozjak hydro power plant; two stretches on the motorways linking Kichevo-Ohrid and Miladinovci-Shtip
Montenegro	Smokovac-Matesevo highway; Bar-Boljare highway; Mozura Wind Park; investment in various energy projects (e.g. hydro power plant, thermal power plant – all potential); renewal of the country's ship fleet (potential)
Poland	Logistic hubs connected to the Chengdu-Europe Express Rail (for example in Małaszewicze, Kutno and Łódź); Jaworzno coal-fired power plant (a Chinese company raised interest, a contract was signed but in the end the cooperation failed)
Romania	There are no finalized projects yet, despite the many initiatives, such as various nuclear, thermal and hydropower plants; the Constanța-Bucharest-Budapest high-speed rail and Bucharest-Iași-Chișinău high-speed rail line or the restart of the direct air connection between Bucharest and Beijing
Serbia	Danube ("Mihajlo Pupin") bridge in Belgrade; Belgrade-Budapest high-speed railway (planned to be built by 2023); the Belgrade-Niš-Preševo railway; construction of the Obrenovac-Ub and the Lajkovac-Ljig sections of Corridor XI motorway; the Surcin-Obrenovac section of Corridor XI motorway; construction of highway between Belgrade-Zrenjanin and Zrenjanin-Novi Sad (planning and technical documentation for the project has already started); 350MW unit at Kostolac thermal power plant (credit agreement has already been signed, construction has not started yet)
Slovakia	There are no projects under implementation. No potential construction projects seem to be negotiated. The project of a hydroelectric dam on river Ipeľ was discussed in the past but did not come through due to unwillingness of the Slovak government to provide sovereign guarantees.
Slovenia	Krško nuclear power plant (potential); Divača-Koper railway line (potential)

Source: authors' own collection

People-to-People's Republic relations: The challenges of societal relations with China

Regardless of the actor performing the people-to-people exchange, scholars consider it a non-neutral form of international cooperation – the form that involves a soft/normative power projection in its core. In the case of China, given the nature of its regime and the level of penetration of Chinese society by the party-state apparatus, people-to-people actually means Chinese government-to-people in CEE. This aspect has to be borne in mind when analyzing any specific framework for societal cooperation and its implications on the ground.

Education and culture seem to be the success stories of China-CEE cooperation. Both can yield tangible results relatively easily and seem to have visibly changed the regional landscape, especially when it comes to the promotion of Chinese language and culture. Despite growing international concerns related to their potential deteriorating effects on academic freedom, numbers of Confucius Institutes have increased in CEE countries. Youth cooperation has also been on the rise, with increased numbers of Chinese government scholarships issued to CEE students and other, seemingly politically motivated, exchange programs implemented in the region. Given the absence of specific data, these initiatives' actual impact on the perception of China among the local populace needs yet to be further researched.

Most of the events related to the societal level of cooperation between China and CEE countries have remained under-reported and close to non-existent in local media coverage. A few, scarce sources suggest that some forms of cooperation seem to be carried forward in a rather non-transparent manner, targeting individuals (for example in the non-governmental sector, the media and academia) who seem to present an uncritical attitude towards any form of cooperation with Beijing, which in itself is a problem. More independent, fact-based media coverage is needed in order to achieve greater transparency and understanding of how societal cooperation between China and CEE actors is carried forward.

Because of the asymmetries in size, resources and free access to information, China has a considerable advantage over CEE states when it comes to gaining understanding of societal dynamics in the region. Overcoming these asymmetries on the side of CEE countries remains an unsolved issue with limited prospects of improvement, given the current political climate in the PRC.

Given the relative lack of funding for China studies in CEE, more public (on the EU, state, or regional level) as well as private financial support for local academic institutions researching the field is needed in order to avoid a situation where Confucius Institutes and other PRC-related institutions become the most influential actors producing and disseminating knowledge about Chinese society and culture.

MAP 3: CONFUCIUS INSTITUTES IN THE 17 CENTRAL AND EASTERN EUROPEAN COUNTRIES



Empty shell no more: China's growing footprint in Central and Eastern Europe

China watchers from CEE should exchange knowledge and experience with their counterparts from the rest of Europe and other parts of the world in order to detect potential threats to democratic standards governing the societal level of cooperation with Chinese actors outside of the PRC. The China Observers in Central and Eastern Europe (CHOICE) can work as an example of best practice and can inspire other - region or sector-based - China-oriented platforms. Lack of trust and communication is one of the problems that prevents the wider expert community from creating a coherent strategy towards these issues.

While some degree of vigilance is recommended, it remains crucial not to equate all forms of societal cooperation with China with potential threats. The focus should be on achieving transparency as well as maintaining integrity in terms of creating a level playing field for cooperation between all actors involved.

CEE countries should be aware of the risks associated with a growing skepticism towards China turning into racist attitudes towards the Chinese diaspora, students and tourists. In order to avoid the rise of Sinophobia in CEE, clear divisions should be drawn between public criticism of government or party-led activities and Chinese nationals and their presence in the region.

Authors



Konstantinas Andrijauskas, Ph.D., is an Associate Professor of Asian Studies and International Politics at Vilnius University, Lithuania.



Alicja Bachulska is a China analyst at Asia Research Center, War Studies University in Warsaw, Poland. She is also a Ph.D. candidate at the Polish Academy of Sciences' Graduate School for Social Research (GSSR).



Una Aleksandra Bērziņa-Čerenkova, Ph.D., is the Head of Riga Stradins University China Studies Center and the Head of the New Silk Road program at the Latvian Institute of International Affairs.



Ivana Karásková, Ph.D., is a Research Fellow, Founder and Coordinator of China Observers in Central and Eastern Europe (CHOICE) at Association for International Affairs (AMO), Czechia.



Liisi Karindi is a business developer and government advisor located in Estonia who has been working with China and other Asian countries for almost 20 years.



Andreea Leonte is a China Studies Fellow at the Romanian Institute for the Study of the Asia-Pacific (RISAP).



Nina Pejić is a Young Researcher at the Center of International Relations, Faculty of Social Sciences, University of Ljubljana, Slovenia.



Ágnes Szunomár, Ph.D., is the Head of the Research Group on Development Economics at the Institute of World Economics, Center for Economic and Regional Studies, Budapest, Hungary.



Filip Šebok is a Research Fellow and Project Manager of China Observers in Central and Eastern Europe (CHOICE) at Association for International Affairs (AMO), Czechia.



Stefan Vladislavljev is a Program Coordinator at Belgrade Fund for Political Excellence, Serbia.

About CHOICE

The publication was prepared within the China Observers in Central and Eastern Europe (CHOICE) collaborative platform. CHOICE monitors and evaluates the rising influence of the People's Republic of China in countries of Central and Eastern Europe which participate in the China-proposed 17+1 initiative. CHOICE strives to build a multinational platform for open discussion, experience-sharing and critical assessment. CHOICE is run by the Association for International Affairs (AMO), a Prague-based foreign policy think tank and NGO.

FOLLOW US!



www.chinaobservers.eu



www.facebook.com/ChinaObservers



www.twitter.com/chinaobservers

@ ChinaObservers and #ChinaObservers

About AMO

Association for International Affairs is a non-governmental non-profit organization founded in 1997. The mission of AMO has been to contribute to a deeper understanding of international affairs through a broad range of educational and research activities. Thanks to its activities in the Czech Republic and abroad and 20-year tradition, AMO has established itself as the Czech leading independent institution in the field of international relations and foreign policy.





IN ORDER TO ACHIEVE ITS GOALS AMO STRIVES TO:

- formulate and publish briefing, research and policy papers;
- arrange international conferences, expert seminars, roundtables, public debates;
- organize educational projects;
- present critical assessments and comments on current events for local and international press;
- create vital conditions for growth of a new expert generation;
- support interest in international relations in the wider public domain;
- cooperate with like-minded local and international institutions.

AMO RESEARCH CENTER

The Research Center of the Association for International Affairs is a leading Czech think-tank, which is not bound to any political party or ideology. With its activities, it supports an active approach to foreign policy, provides an independent analysis of current political issues and encourages expert and public debate on related topics. The main goal of the Research Center is systematic observation, analysis and commentary on international affairs with special focus on Czech foreign policy.

FOLLOW US!

-  www.facebook.com/AMO.cz
-  www.twitter.com/AMO_cz
-  www.youtube.com/AMOcz
-  www.instagram.com/AMO.cz

Footnotes

- 1 The publication uses the name of the platform as 17+1 (encompassing Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia). Where a timeframe is observed, the term 16+1 (before Greece's accession to the format in April 2019) may appear.
- 2 e.g. "One Belt, One Road (OBOR): China's regional integration initiative," European Parliament Briefing, July 2016, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586608/EPRS_BRI\(2016\)586608_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586608/EPRS_BRI(2016)586608_EN.pdf); Jan Gaspers, "China's '16+1' Equals Much Ado About Nothing?," Reconnecting Asia, December 5, 2017, <https://reconnectingasia.csis.org/analysis/entries/chinas-161-equals-much-ado-about-nothing/>; Jan Gaspers, "Divide and rule," Berlin Policy Journal, March 2, 2018, <https://berlinpolicyjournal.com/divide-and-rule/>; mentioned in Emilian Kavalski, "China's '16+1' Is Dead? Long Live the '17+1,'" The Diplomat, March 29, 2019, <https://thediplomat.com/2019/03/chinas-161-is-dead-long-live-the-171/>.
- 3 Josh Hickman and Ivana Karásková, Could There Be a Common China Strategy for the Region of Central and Eastern Europe? (Prague: Association for International Affairs (AMO), June 2019, https://chinaobservers.eu/wp-content/uploads/2019/06/BPo7_Could-There-be-a-Common-China-Strategy-for-the-Region-of-Central-and-Eastern-Europe-2.pdf.
- 4 Martin Šebeňa, "Xi-for-Li swap without a second thought?," China Observers in Central and Eastern Europe, January 7, 2020, <https://chinaobservers.eu/xi-for-li-swap-without-a-second-thought/>.
- 5 Justyna Szczudlik, Seven years of the 16+1: An Assessment of China's 'Multilateral Bilateralism' in Central Europe, (Paris: French Institute of International Relations, 2017), *Asie Visions* n. 107.
- 6 Anastas Vangeli, "Global China and Symbolic Power: The Case of 16+1 Cooperation," *Journal of Contemporary China*, Volume 27, Issue 113 (2018): 674-687.
- 7 The list indicates some of the key projects with Chinese financial support and/or the assistance of Chinese companies. These projects were debated in local media and thus are not necessarily final. The table includes projects that have already been implemented, are currently under implementation or are being negotiated (marked as potential). In order to show the broadening fields of interest of Chinese companies, the table also lists bids and participation in tenders that were not successful.

