



Weekly Briefing

**Slovenia external relations briefing:
Slovenia and Budapest 16+1 Summit
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SLOVENIA – 16+1 Summit in Budapest

The last days of November Budapest hosted the 6th summit of Central and Eastern European countries and China. The sixth summit was an opportunity to review and assess the progress made in the five years up to the present day and to set the goals for the future. In the past five years the initiative succeeded to become an important factor in world economic and political relations, also strengthening the ties between China and this region of Europe. The situation in the region has changed accordingly, with China becoming a potential economic and political partner on different levels within the countries of the group. The changed structure of economic and political relations also put forward new issues and challenges which will need to be addressed in order for the 16+a initiative to remain relevant and to become more solidly established part of the social, political and economic reality of Central and Eastern European Countries. The participation of Slovenian delegation on the summit was quite extensively presented in the local media and several debates started on the topic.

Background: Cooperation between Slovenia and China before the 2017 summit

Slovenia participated in the 16+1 initiative all through the first half decade. Prime ministers of Slovenia were present in each of the preceding Summits, prime minister Janez Janša was representing Slovenian government in Warsaw, prime minister Alenka Bratušek in Bucharest and prime minister Miro Cerar in Belgrade, Suzhou and Riga. Initially the response within Slovenia, both on the institutional side and on the side of business, was rather limited. Nevertheless, several cases of very successful business cooperation, which had started before the launching of the 16+1 initiative, continued also in this period. Most notable of those were the partnerships in the field of automobile industries and

technologies with Kolektor, Iskra Avtoelektrika, Domel and Hidria all starting to open their branches in China, and the cooperation went also into the other industries, most notably home appliances with Gorenje and lightweight aviation with Pipistrel. Reversely, Chinese companies started to invest in Slovenia; an important successful example of such cooperation was the investment of the China High Tech Group Corporation (CHTC) in the production of electric busses, establishing the company TAM-DuraBus in Maribor. A Chinese partner also invested a considerable share into the IT company Arctur related to the supercomputer technology. These initial successful stories, most of which predated the 16+1 initiative, were a good incentive for the economic side of the institutional cooperation within the 16+1 framework. The business cooperation then picked up the pace after 2014, when two business forums within the 16+1 framework were especially important for Slovenian business representatives, the Prague Investment Forum in August and the Belgrade 16+1 business forum in December 2014. The same year a several Chinese companies also took part in the international trade fair in Celje (Slovenia) and a large business delegation (representatives of 151 companies) accompanied the official visit of Chinese Vice-Premier Wang Yang to Slovenia in November.

On the government side, the Ministry of Agriculture was especially active in the cooperation with China. An exchange of visits was conducted between vice-premier of PRC, Wang Yang, and vice-premier of Slovenia and minister of agriculture Dejan Židan. The main focus of these was agriculture, food, wood-processing industry and forestry. With a memorandum in 2015 Slovenia also became the coordinator for the forestry mechanism within 16+1 initiative. Subsequently, a protocol was signed by the Chinese and Slovenian side for quality monitoring, inspection and quarantine for dairy products exported from Slovenia to China with the export effectively starting in 2016. Another priority of the Sino-Slovenian activity within the framework of the initiative was infrastructure, especially two important and mutually related projects, the building of the second track of railway on the relation between Divača and

Koper and the potential Chinese investment in the Port of Koper, both of which have for various reasons been brought to a standstill in the last years. Apart from agriculture and infrastructure, the third priority was tourism and several delegation exchanges and events were organized to establish better cooperation between Slovenia and China in this field, most notably a special tourism panel within the annual Bled Forum in August 2015. It brought together representatives of the 16 countries and the representative of Chinese National Tourism Administration (CNTA).

As a general trend, the exchange of goods between Slovenia and China is growing, last year (2016) exceeding 1 billion €, with 763,4 million € imported to Slovenia from China and only 270,6 million € exported to China from Slovenia, making China the most important Slovenian trading partner outside EU and The Balkan region. Some additional growth in these numbers can be predicted for this year, with the first 7 months of 2017 total exchange of goods being 697,5 million €, with import to/from Slovenia from/to China being 508,8 million € and 188,7 million € respectively.

Slovenian participation in the 2017 Budapest summit

Slovenian delegation at the Budapest summit was led by the current Prime Minister Miro Cerar, accompanied by the vice-premier and the minister for agriculture Dejan Židan and the minister for economic development and technology Zdravko Počivalšek. A key milestone for the future development of Sino-Slovenian relations was also achieved with the signing of the memorandum on the Slovenian participation in the Belt and Road Initiative. Among other activities Slovenian delegation presented the work of the cooperation mechanism for forestry that Slovenia coordinates. They focused on the results of the 12th forum on agricultural, trade and economic cooperation between China and the Central and Eastern European countries which took place in Slovenia in August. Prime Minister Cerar also had a separate meeting with Chinese Prime Minister Li Keqiang. The main topic of their meeting was economic exchange,

especially in the field of tourism, agriculture, automobile and high-tech industry, science and civil aviation. Cerar also presented possible Slovenian cooperation with China in relation to the 2022 Winter Olympic Games.

A very important business agreement was also signed within the scope of the summit, namely, an agreement between SHS Aviation (the owner of the Maribor airport) and *China State Construction Engineering Corporation* (CSCEC). In the agreement an investment of 660 million € is planned to be made in the reconstruction and improvement of the Maribor airport, including the extending the length of the landing-takeoff runway, building a new control tower etc. This agreement is generally seen as very promising, especially because it could provide direct flights between Slovenia and China, making Maribor a new hub for tourism and business cooperation.

Following the several years long cooperation between the Chinese and the Slovenian Ministries of Agriculture, a protocol was also signed by the two countries (i. e. between AQSIQ and UVHVVR) on the inspection, quarantine and sanitary procedures for honey and honey products.

Media response

The Budapest 16+1 Summit was closely followed by Slovenian media, mostly in descriptive terms, but some topics were also analyzed in more depth. Two main issues were (a) the future of Slovenia within the 16+1 and BRI initiatives, and the other (b) was the geopolitical value of these developments in the relation with the policies of the European Union.

(a) The future of Slovenia within the two strategic initiatives is seen as problematic for several reasons. One is the size of Slovenia, by population, production capacity and the size of its economy in general, which makes it harder for Slovenian companies to individually become business partners with Chinese companies and also gives a tone of imbalance in the political relations with China. The second issue is the positioning of Slovenia within the 16

countries of the region, with a complicated positioning within the Balkans' group and also only loosely affiliated with V4, it need to seek a strategic position on its own.

b) The relation between these initiatives and European Union is also seen as an open challenge, with some media responses harshly criticizing China for interfering in the politics if EU (and EU integration) and others being convinced in the many potential benefits of the 16+1 and BRI, if it manages to be coordinated with the EU regulation. As of the first responses, the political profiling of the Slovenian political parties on the 16+1/BRI vs. EU issue is not very prominent yet, although this may change with the upcoming parliamentary elections.