

WORKING PAPER

Some lessons, prospects and international aspects of the CEEC –China cooperation and the belt & road initiative

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Abstract

The transregional Cooperation between 16 Central and Eastern European Countries and China (16+1) has gone through a two-phase history of establishment, stabilization and then in-depth development for the last six and half years, and have become closely interconnected to the Belt and Road Initiative. This cooperation achieved considerable results and acquired some new and unique characteristics, which provide a solid basis for its further development. The interests and motivations of its participants continue to evolve under the influence of changing regional and global environment, especially under the pressing need for an improved model of globalization and European integration. This paper sums up some lessons of its development and its widening international and regional strategic connotations, and identifies some major tasks for preserving its dynamism for the foreseeable future. All that include the imperative need of focusing it on the win-win economic cooperation; strengthening its regional and transregional character, i.e. its practical integration into the Belt & Road Initiative; drastically improving its perception within the European Union; adapting it to the changing global economic, strategic and geopolitical environment, with a wider view to some major trends in the Eurasian economic space and the global strategic and geopolitical transformation and rebalancing. The accomplishment of those tasks may guarantee and improve further the prospects for this new and valuable cooperation framework.

Key Words: Central and Eastern Europe, China, CEEC–China (16+1) Cooperation, Belt & Road Initiative, European Union, EU–China Relations, Transregionalism, Globalization

Introduction

The cooperation between 16 countries of Central and Eastern Europe (CEEC) on one hand and China on the other (CEEC–China or 16+1 cooperation) has a more than six-year history and has demonstrated considerable vital strength despite the skepticism surrounding it in many quarters since its inception.

Being an independent analyst and a former participant in the establishment and first steps of this cooperation framework, I follow and analyze its development continuously.¹ It is clear for me that to preview the possible trajectory of its further development, we shall objectively analyze some lessons of its short history, its interconnection with the Belt & Road Initiative, the European and international reactions to it, and try to foresee the possible solutions of some newly emerging issues facing it. This paper is devoted to that attempt.

A Short Overview of History and Basic Evaluation of the 16+1 Cooperation

To draw any conclusion from the development of the 16+1 cooperation, it is necessary to understand the historical process of its genesis and development.

The CEEC–China cooperation has its roots in the CEE–China Economic and Trade Cooperation Forum held in Budapest, Hungary on June 25, 2011 with the participation of governmental level representatives, business organizations and companies of 16 countries of the CEE region and China. The keynote addresses were given by Hungarian Prime Minister Viktor Orbán and then Premier Wen Jiabao of the People’s Republic of China². In the two speeches, the idea of establishing a regular cooperation framework between those European countries and the PRC was suggested, opening up the *first phase* of the development of the 16+1 cooperation. The turning point came at the First Summit of the CEEC–China cooperation in Warsaw in April, 2012 with the formal establishment of the 16+1 cooperation and the stabilization of its format and framework, participant countries, the major areas and directions of it and the decision on having rotating yearly summits of heads of government. Then Premier Wen Jiabao’s famous speech on the Twelve Measures provided clear strategic ideas for the basic content and framework of the cooperation, including the Chinese offer of a US\$ 10 Billion Credit Line for development projects in the CEE region³. The Bucharest Summit in November, 2013 produced the first full-fledged joint document on cooperation⁴, and officially formulated the institutional mechanisms for managing and coordinating the practical work and activities, with the Coordination Secretariat in Beijing, the System of National Coordinators, the idea of Sectoral Coordination Centers for different areas of economic and human (people-to-people) cooperation and the System of Regular Meetings and events in other spheres. Generally speaking, the Bucharest Summit marked the *closure of the first phase of development of the 16+1 cooperation*, which was *characterized by the process*

¹ This paper is a revised, updated and extended version of the author’s paper “A New Look at Some Lessons of and Prospects for the 16+1 Cooperation” published in ‘How Hungary Perceives the Belt and Road Initiative and China–CEEC Cooperation’ (Ed. Chen Xin), China Social Sciences Press, Beijing, 2017, and represents solely and exclusively the views and scientific opinion of its author. The paper has no relation to policies of any national governments, parties or other national or international institutions, whatsoever.

² Full text of Chinese Premier’s speech at China-Central and Eastern European Countries Economic and Trade Forum URL: http://news.xinhuanet.com/english2010/china/2011-06/26/c_13950035.htm (Accessed: January 15, 2017).

³ China’s Twelve Measures for Promoting Friendly Cooperation with Central and Eastern European Countries URL: http://www.china-ceec.org/eng/zdogjhz_1/t1410595.htm (Accessed: January 15, 2017).

⁴ The Bucharest Guidelines for Cooperation between China and Central and Eastern European Countries URL: http://www.china-ceec.org/eng/zdogjhz_1/t1410594.htm (Accessed: January 15, 2017).

of establishment, definition of content, forms and methods, stabilization, and institutionalization.

The *second phase* of the cooperation's development began with the Belgrade Summit in December, 2014, which issued another joint document⁵ finalizing the Sectoral Coordination Centers and other projects in different fields. Premier Li Keqiang of China clearly signaled the Chinese intention to incorporate this cooperation into the broader concept of the Belt and Road Initiative (BRI)⁶. In Belgrade, the first really regional project, the reconstruction of the Budapest–Belgrade railway line, with the participation of more than two countries, was approved by Hungary, Serbia and China. The Hangzhou Summit held in November, 2015 marked the transition into a systematized regular operational mode, confirmed an already usual joint document on actual issues⁷ and a special program for the medium-term goals⁸. That summit also earmarked the strong interconnection between the 16+1 cooperation and the BRI. The latest Summit in Riga in November, 2016 put a special emphasis on increased connectivity, the in-depth development of the cooperation, and the establishment of the Investment Fund of € 10 Billion was also announced⁹. One can expect that the upcoming Budapest Summit in November, 2017 will promote the CEEC–China cooperation further, and issue the appropriate joint documents as well. In general terms, the ongoing *second phase of the 16+1 cooperation* can be characterized by *deepening and really regionalizing, and interconnecting it with the BRI.*

In its development, the 16+1 cooperation produced some considerable *achievements* and showed *imbalances*, problems and *challenges*. Among *achievements*, I mention here the creation of a new type of transregional cooperation mechanism and structure, the considerable increase in transregional trade and investments in accordance with evolving production and value chains, the increase in Chinese direct investments in the CEE region, the formidable growths of tourism between the CEE countries and China, the gradual buildup of cultural, educational exchanges, joint scientific and technological research projects, cooperation in health care and some other social spheres, and the widening of direct contacts between local governments of the CEE region and China. Those main achievements contribute largely to economic growth and social development of the CEE countries, and form a substantive basis to their further interest in the continuation of the 16+1 cooperation.

Among *imbalances* and *challenges*, it is necessary to highlight the general imbalance in the transregional trade turnover between the CEE countries and China, and with regard to

⁵ The Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries URL: http://www.china-ceec.org/eng/zdogjhz_1/t1410596.htm (Accessed: January 15, 2017).

⁶ The BRI was introduced into the international arena in 2013, and it gradually got its more or less detailed formulation as a broad-based initiative in 2015 – see: Action Plan on the Belt and Road Initiative URL: http://english.gov.cn/archive/publications/2015/03/30/content_281475080249035.htm (Accessed: October 16, 2017)

⁷ The Suzhou Guidelines for Cooperation between China and Central and Eastern European Countries URL: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1318039.shtml (Accessed: January 15, 2017).

⁸ The Medium-Term Agenda for Cooperation between China and Central and Eastern European Countries URL: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1318038.shtml (Accessed: January 15, 2017).

⁹ The Riga Guidelines for Cooperation between China and Central and Eastern European Countries URL: http://english.gov.cn/news/international_exchanges/2016/11/06/content_281475484363051.htm (Accessed: January 15, 2017).

individual countries and sub-regions. There are also unresolved questions and issues concerning the favorable credits offered by China to the CEE countries with regard to their compliance with rules and regulations of the EU. Similar issues have emerged in connection to major infrastructural projects financed from Chinese sources and implemented by Chinese construction companies. Those inconsistencies with EU rules hamper first and foremost projects in EU member states among the 16 CEE countries, and create a unique contradiction when the CEE EU member states have a lion share in China’s trade with the CEE region on one hand (see Table 1 below), and the large new infrastructural and other investment projects implemented by Chinese participation and financing concentrate in non-EU members of the CEE region on the other.¹⁰ The abovementioned main challenges fuel some debates among researchers and public opinion shapers within the CEE countries.

Table 1. International trade between the CEE region and China (2015)

Sub-regions of CEE	Share in the CEE region’s total exports to China (percentage)	Share in the CEE region’s total imports from China (percentage)
Baltic States (3 countries)	3	9
Visegrád Four (4 countries)	76	71
Eastern Balkans (2 countries)	15	10
Western Balkans (7 countries)	6	10

Note: The shares are calculated upon data of the China Statistical Yearbook 2016, issued by the National Bureau of Statistics, PRC URL: <http://www.stats.gov.cn/tjsj/ndsj/2016/indexeh.htm> (Accessed: January 15, 2017).

European and International Reception of the 16+1 Cooperation and BRI

The 16+1 cooperation was *well received* and *actively promoted* by the *governments* of its *European participating countries*. The *business circles* and *most of the public opinion* originally *expressed considerable positive expectations* for new opportunities of cooperation and development, and welcomed the higher priority given by their governments to expanding cooperation with China within this new framework. After a few years, the enthusiasm somehow cooled down a little, but the general expectations remain strong until today.

Since its inception, the CEEC–China cooperation has sparked great interest in some non-participating European countries and the institutions of the European Union as well as among European researchers. The *reception* and *perceptions of the 16+1* were and remain *suspicious*

¹⁰ Some interesting ideas were expressed in that regard by Ágnes Szunomár in her lecture at the international conference “East Asia’s Future: Economic Opportunities and Prospects of New Initiatives of Cooperation” held by Antall József Knowledge Centre in Budapest on September 27, 2017.

at least, if not hostile in many European circles. In practical and symbolic terms, it has been clearly shown to the general public by the profound absence of high-level representatives of the EU institutions in the summits or any other activities of the 16+1. It is worth mentioning that a similar European approach has received the BRI of China since its announcement in 2013. Altogether, there is an underlying but in most cases cautiously expressed distrust in some European circles that the 16+1 and the BRI may be nothing else but parts of a Chinese Grand Strategy aimed at establishing Eurasian and global Chinese hegemony and dominance, with dividing and isolating the EU on the way to it.

There are *two main levels of distrust* on the EU side. The *first level* represents the major *European multinational and national companies*, which, on one hand, see undesired new competitors in Chinese companies engaged in any business activities or major projects in the CEE region, especially if those companies and projects are backed by preferential financing and other types of support related to the Chinese government. The major European companies' attitude is quite natural, considering their overwhelming business positions built up in the CEE region in the last three decades. From their viewpoint, the preservation and unimpeded implementation of the rules, regulations and practices of the EU's unified market, common economic, financial and competition area come into play naturally as those rules and practices provide them with considerable competitive advantages over any business competitors coming from outside the EU, including those from China. On the other hand, there are many European companies, which show interest in participating in the implementation of China-backed and financed projects both in the CEE region and in the wider geographical area of the BRI, or trying to get business opportunities from a reorganized Eurasian economic space if it comes into reality in the future. As a result of those interests and motivations, the European businesses' and companies' approach to the 16+1 cooperation and the wider BRI is complex, delicate, ambivalent and controversial. It is also characterized with a wait and see approach, and not clearly supportive in general.

The *second level* of distrust includes the *official institutions, bureaucracies, researchers, public opinion and political circles* of the EU, both in the member states and in the EU institutions. There are twofold reasons for that distrust. On one hand, it is natural and understandable that the EU institutions try to implement and enforce the common European rules and proceedings of economic, i.e. investment, trade, financing and other activities within the EU, and want to understand and keep fully harmonized with them the character and content of the 16+1 cooperation and the projects agreed upon by its participants. At the same time, the EU as a whole continues to be strongly interested in the dynamic economic cooperation with China, with a rather new emphasis on increased connectivity between the two of them, which may relate very closely with the 16+1 cooperation and the wider BRI. On the other hand, the differences in values, economic and social systems, some geopolitical and strategic interests and practical foreign policies between the EU and its member states on one side and China on the other come into play as well. Hence the deep underlying European geopolitical and strategic suspicions derive, concerning the real motivations of the Chinese government behind the promotion of the CEEC–China cooperation and the BRI too.

The abovementioned two levels and major components of the European attitude are mirrored clearly in the political and diplomatic formulas of the EU's New China Strategy¹¹. Similarly suspicious attitude is characteristic to analytical studies published by Western European researchers on the CEEC–China cooperation and the BRI as well¹².

The European strategic distrust towards the CEEC-China cooperation have got even deeper since the *BRI began to show even larger vitality* by holding the first Belt & Road Forum for International Development in Beijing on May 14-15, 2017.¹³ As the BRI was highlighted as one of the major components of China's renewed foreign policy by President Xi Jinping in Chapter 12 of his report to the 19th National Congress of Communist Party of China¹⁴, it most probably will remain a key factor of suspicious European and international strategic and geopolitical assessments and approaches to the 16+1 cooperation as well.

All of the *CEE countries*, especially the EU member states, are very *closely integrated into the common European economic space* in every aspect of their national economic activities, including foreign trade, foreign direct investments, finances, technological cooperation, etc. The close European economic integration resulted in a special *intermediate place* for them within *the international value, production and trading chains* between China and the rest of the European Union, which is clearly demonstrated in their foreign trade turnovers and structures. The shares of their exports to and imports from the EU are many times larger than those to and from China respectively. That structural correlation becomes even clearer, if those shares are compared to the corresponding data of the European Union's as a whole or Germany's exports to and imports from China (see Table 2. below). Although this aspect of the CEE countries' economic cooperation with China has been well known for many years, the growth of trade turnover, investment and development cooperation between the CEE countries and China has been interpreted by many researchers for years as an

¹¹ Just to demonstrate that ambivalent European attitude it should be enough to compare China's last Policy Paper on the EU (2014) URL: http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wjzcs/t1143406.shtml (Accessed: January 15, 2017) and the recent New EU Strategy on China (2016) URLs: <http://data.consilium.europa.eu/doc/document/ST-11252-2016-INIT/en/pdf> and https://eeas.europa.eu/sites/eeas/files/joint_communication_to_the_european_parliament_and_the_council_-_elements_for_a_new_eu_strategy_on_china.pdf (Accessed: January 15, 2017).

¹² The comparison of a few papers published by Chinese researchers and European think tanks on related issues also helps to understand those European suspicions:

Kong Tianping (CASS): The 16+1 Framework and Economic Relations between China and the Central and Eastern European Countries URL: <http://councilforeuropeanstudies.org/critcom/161-framework-and-economic-relations-between-china-and-ceec/> (Accessed: January 15, 2017).

Stanzel, Angela (ECFR): China's Investment in Influence: the Future of 16+1 Cooperation URL: http://www.ecfr.eu/page/-/China_Analysis_Sixteen_Plus_One.pdf (Accessed: January 15, 2017).

Putten, Frans-Paul van der – Seaman, John – Huotari, Mikko – Ekman, Alice – Otero-Iglesias, Miguel (Ed.) (MERICS): Europe and China's New Silk Roads URL: https://www.merics.org/fileadmin/user_upload/downloads/Allgemeine_PDF/etnc-report-2016.PDF (Accessed: January 15, 2017).

¹³ The major results of that forum were communicated to the world in the Joint Communique of the Leaders Roundtable of the Belt and Road Forum for International Cooperation issued on May 16, 2017 URL: <http://www.beltandroadforum.org/english/n100/2017/0516/c22-423.html> (Accessed: October 20, 2017).

¹⁴ Xi Jinping: Report of the 18th Central Committee to the 19th National Congress of the Communist Party of China URL: <http://www.xinhuanet.com/english/special/19cpcnc/documents.htm> (Accessed: October 20, 2017).

economic, strategic and geopolitical challenge to the unity of the European Union and the Euro-Atlantic Alliance as well.

Table 2. Proportions of tared relations of the CEE countries (2016)

Country	Share of export to China in total exports (Rank of China among the 5 biggest export markets) 2016	Share of import from China in total imports (Rank of China among the 5 biggest import sources) 2016	Share of export to EU in total exports (Rank of EU among the 5 biggest export markets) 2016	Share of import from EU in total imports (Rank of EU among the 5 biggest import sources) 2016
Estonia	—% (—)	8.0% (2)	69.2% (1)	66.7% (1)
Latvia	—% (—)	3.3% (3)	73.8% (1)	79.8% (1)
Lithuania	—% (—)	2.9% (3)	60.7% (1)	70.5% (1)
Poland	—% (—)	12.4% (2)	78.9% (1)	59.6% (1)
Czech Republic	—% (—)	12.7% (2)	83.7% (1)	67.3% (1)
Slovakia	1.6% (4)	8.4% (2)	85.1% (1)	58.3% (1)
Hungary	2.2% (3)	5.3% (2)	79.4% (1)	78.0% (1)
Romania	—% (—)	5.1% (2)	75.0% (1)	77.1% (1)
Bulgaria	1.8% (4)	4.0% (3)	66.8% (1)	66.1% (1)
Slovenia	—% (—)	6.5% (2)	76.6% (1)	70.8% (1)
Croatia	—% (—)	3.0% (2)	66.3% (1)	77.2% (1)
Serbia	—% (—)	8.3% (2)	66.2% (1)	63.1% (1)
Bosnia and Herzegovina	—% (—)	6.8% (3)	71.3% (1)	61.5% (1)
Montenegro	5.9% (4)	9.0% (2)	36.6% (1)	48.1% (1)
Albania	3.1% (3)	8.8% (2)	77.9% (1)	63.2% (1)
Macedonia	—% (—)	6.2% (3)	79.9% (1)	62.0% (1)
Austria (2015)	2.5% (4)	5.9% (2)	67,5% (1)	69.5% (1)
Germany	6.4% (3)	9.9% (2)	58% (1)	57.6% (1)
European Union (28)	9.3% (2)	19.9% (1)	X	X

Note: Data gathered from World Trade Organization Statistics Database Trade Profiles
Country Profile(s) URL:

The Evolving Main Characteristics of the 16+1 Cooperation

To draw some lessons and predict further prospects, it is necessary to define objectively the most important and evolving characteristics of the CEEC–China cooperation as a new example of transregional cooperation structures emerging on the international scene in recent years. I try to do that below by developing further some earlier analyses¹⁵.

Its *multilateralism* and *transregional character* has been demonstrated by the 16+1 cooperation since its genesis as it includes 16 countries of a well-defined geographical and geopolitical region, Central and Eastern Europe, and the single largest and most important country of another, geographically and geopolitically distant and different region, East Asia. The multilateral and transregional character unfolds gradually as, besides the dominantly bilateral cooperation projects (one CEE country–China) or the *mosaic of different bilateral initiatives*, the *really regional projects* (two or more CEE countries–China) have already begun to emerge.

The *diversity* of the 17 participating countries is not only based on their different geographical and geopolitical positions but also embodies their size, level of development, economic, social and political structures, different historical pasts influencing their distinct national traditions and political cultures, diverging and sometimes even colliding value systems and national interests, and many other aspects of their modern existence.

On one hand, the European participants – according to their sub-regional groupings within the CEE region, from North to South: the 3 Baltic States (Estonia, Latvia, Lithuania), the 4 countries of the Visegrád Four (V4) Group (Poland, the Czech Republic, Slovakia, Hungary), the 2 countries of the Eastern Balkans (Romania, Bulgaria) and 7 countries of the Western Balkans (Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Albania, Macedonia), altogether 16 sovereign independent countries – are diverse by themselves, with their *distinct national* and *very limited common CEE regional identities*. The four *sub-regional groupings* do also have important implications, including those of their traditions, identities, and economic, social, religious, cultural, and political interconnections. Just to signal the importance of the sub-regional structures and identities within the CEE region, I mention here only one aspect: the shares of the four sub-regions in China’s exports to and imports from that region in 2015 show a clear sub-regional imbalance (see Table 1. above). In general, with the exception of the loose grouping of the V4, there is no distinct regional architecture in place within the CEE region to build upon its regional identity and structure, and a transregional cooperation with it as a whole. 11 of the 16 countries are members of the European Union and the remaining 5 also strive to join the EU; 13 of them are NATO members and 3 are not. These *international alignments* also have differentiating influence

¹⁵ See Kong Tianping (CASS): 16+1 Cooperation Framework: Genesis, Characteristics and Prospect URL: <http://16plus1-thinktank.com/1/20151203/868.html> (Accessed: January 15, 2017).

among the 16 countries with regard to their legal, economic, financial, political, etc. structures, capacities and willingness for deepening the 16+1 cooperation.¹⁶

On the other hand, the biggest country of East Asia, the People's Republic of China has its own traditions, value system, economic, legal and political structure and strength, and plays the center of gravity's role in its region, with a clear global outlook as well. China, as one of the leading global and East Asian powers, exercises large influence on global and regional issues and the development of the global governance system, and, accordingly, has its own national interests of a *major power*. The historic rise of China, gradually but with great speed, changes its international role from a rule-compliant international player into a rule-making one.

This later aspect gives clear *asymmetrical character* to the CEEC–China cooperation as it is a mechanism participated by 16 medium-size and small countries and 1 really big country. The combined GDP and the sum of comprehensive national strengths of the CEE countries constitute only a fraction of those of China, which renders this great power not only with the *biggest influence* within the 16+1 but also with the *greatest responsibility* for the further development of the cooperation. The asymmetry is partially balanced by the *consensual character* of decision-making within the cooperation's operational mechanism.

The 16+1 is a *framework* for cooperation, based on the *political will* and decisions of the participating countries, which have not created a multilateral agreement to turn it into an international organization or legal entity. That gives considerable *flexibility* to its operational practices, creates a flexible *modus operandi* supported by an adequately flexible, multifaceted, multilayered, *limited* and *loose institutionalization*.

From the viewpoint of geopolitics and values, the 16+1 shows *pragmatic* and *neutral character*, respecting the national interests, values, policies, and preexisting international obligations of all its participants, and avoiding interference and even involvement into the existing and possible international disputes of both the CEE and the East Asian regions.

The CEE–China cooperation has been *economy-centered* and *practical* since its inception. The participants are oriented first and foremost towards developing all forms of economic, i.e. trade, investment, production, services, logistics, technological, etc. cooperation between the CEE countries and China. They make considerable efforts to develop a *comprehensive approach* to cooperation, securing, developing and focusing the mutual political understanding and the human, people-to-people, cultural, educational and other exchanges with the overwhelming aim to create the best possible conditions and circumstances for promoting a dynamically expanding economic cooperation.

The cooperation framework is *open* and *inclusive* in principle, at least in the sense that its participants never declared it closed, although in recent years it was ignored by an informally invited country (Austria), and itself evaded the issue of including another country (Moldova) when it tried to join. Those experiences reinforced the abovementioned pragmatism and the consensual character of the cooperation's collective political decision-making.

¹⁶ The analysis of the internal diversity of the CEE region and its role and influence on the development of the 16+1 cooperation goes beyond the framework of this short paper, and should be subject to further studies.

Finally, the above characteristics make the 16+1 a *unique* and *relatively new form* of cooperation in Europe, although similar mechanisms have already been practiced by China with its partners in other regions of the world (Africa, Latin-America, Southeast Asia, etc.). The 16+1 cooperation was also *one of the forerunners of the BRI* as, with its successful first phase of development, it demonstrated for China the viability of new forms of transregional cooperation not only with developing countries but with countries in more developed parts of the world, like the CEE region, as well.

Changing European and International Situation-Evolving Motivations within the 16+1 Cooperation and the BRI

The 16+1 cooperation is one of the positive, forward-looking products of the global economic turmoil of the late 2000s, which, in its turn, itself was a complex phenomenon of deep-rooted *changes in the globalization*, if not the crisis of the present form of it.

The *CEE countries were motivated* to join the 16+1 largely and mainly by their economic interests, i.e. their strive to receive additional impetus for development from the raising economic superpower of China in times when the global crisis limited the EU's and its common economic area's ability to provide an economically expanding environment, i.e. expanding markets, financial resources, investments etc. for the CEE region's further dynamic growth. As their economies are tightly integrated into the EU's economy and the cooperation with China has a limited scope in their external economic relations (see Table 2. above), they naturally tried to tap into China's role as the global engine of growth, diversifying by that their room for maneuvering as well. Basically, that motivation has made them interested in the participation in the 16+1 cooperation and taken them along with the comprehensive approach to that cooperation, including the expansion of it into different spheres of human (people-to-people) relations and incorporating it within the larger context of the BRI. The geopolitical considerations, if they had been present at all, have not played a significant role in the motivations of the CEE countries.

The major *motivation of China* was also predominantly economic. After a few decades of concentrating its cooperation efforts to Western Europe and putting CEE into the background, it became evident that, with the expansion of the EU into the CEE region, a new group of EU member states has emerged, that could provide additional impetus to the China–Europe economic exchanges even during the era of limited growth in Western Europe after 2008. It was also understood in China that the execution of the idea of putting greater emphasis on the CEE region needs a comprehensive approach to the economic, human and political relations with it. The result of it was the Chinese initiative for the establishment of CEEC–China cooperation and later the interconnection of it with the BRI as well. As China is a great power with global outlook, it is natural that some geopolitical considerations may have been present, but as the history of the 16+1 cooperation shows they have been far from dominating the Chinese approach.

The *range of global changes* brought up to the surface in 2008 *has not expressed itself fully* yet, and the principal solutions for the controversial economic and social consequences

and *deficiencies of the present model of globalization* have not been found yet as well. The last elections in the USA and the policies of the new US administration; the Brexit and other challenges facing the European integration process, if not the outright crisis of the EU; the unfolding questions of the present forms of global governance, including the global political, security, financial, trade and economic institutions and structures; the challenges facing the system of multilateralism in general by the rise of protectionism and national exceptionalism; the complex and controversial interdependencies and conflicts among the major powers; the internal and external economic and social challenges China is facing today and their global consequences and risks; etc. are *not the reasons but only the symptoms* of those systemic global problems.

The deep *uncertainty* and consequent *insecurity of our world*, in combination with the lack of a universally accepted strategy for solving the pressing actual problems and correcting the economic and social flaws, imbalances and contradictions of the existing model of globalization, *leave very little and limited options for international actors but to rely on and creatively develop further* the already existing mechanisms of their interaction and cooperation. That is true for the participants of the CEEC–China cooperation as well.

For the CEE countries, the new global context poses considerable challenges as the global problems are directly conveyed to them by the inconsistencies and disarray of the EU, the dominant economic and political structure and force of their region. It is clear that there are no short term solutions for the internal problems of the EU. One can only hope that, despite some adverse circumstances, there will be enough political will and strength in Europe to address the pressing urgency of *renewing and restructuring the EU* within the foreseeable future, and transforming it into *a strong new entity*, which is not only capable to adapt to the changing model of globalization but has the ability to influence that change in a manner comparable to the EU's real capacities and role on the international scene. The economic and social capacity, the political will and individual *motivations of the CEE countries* to deepen the 16+1 cooperation *will be affected strongly* by the success or failure of the renewal of the EU.

With respect to the *BRI*, it is instructive that despite the ambivalent approach of the EU institutions, *6 EU member states' leaders*, the Prime Ministers of Greece, Italy, Spain, Hungary and Poland, and the President of the Czech Republic, *attended the Leaders Roundtable of the first BRI Forum* event in Beijing on May 15, 2017, and 3 of them represented CEE EU member countries, participating in the 16+1 cooperation. The Prime Minister of Serbia was also present, so altogether 4 countries of the CEEC–China cooperation *expressed their interest in the successful development of the BRI* on the highest political level¹⁷.

The European Union, with *Germany* as its strongest economy and export-power, must be strongly interested in the continued but *improved globalization*, the *Globalization 2.0*. That, in principle, creates a common general interest with China and may become one of the fields of

¹⁷ See the Joint Communiqué of the Leaders Roundtable of the Belt and Road Forum for International Cooperation issued on May 16, 2017 URL: <http://www.beltandroadforum.org/english/n100/2017/0516/c22-423.html> (Accessed: October 20, 2017).

major strategic cooperation between the EU and China. For the CEE countries, that cooperation may become an important *positive factor influencing their motivations* for participation in the 16+1 cooperation and the BRI too.

For the larger context, it is also important that *China* is in the forefront of the process of formulating an idea of Globalization 2.0. A *new approach to improved globalization* was introduced by Chinese President Xi Jinping in Davos on January 17, 2017¹⁸, and it was further confirmed by him in his Report to the 19th National Congress of CPC on October 18, 2017 as well¹⁹. Although this concept is more general than detailed yet, it has implications for the 16+1 cooperation in sense of China's continued *strong commitment* to the BRI, which has become a broader context of the CEEC–China cooperation since 2014. Another aspect of global importance remains open-ended today, and that is the future trajectory of the China–US relations, which truly constitute the most important bilateral relationship of our world, and, as such, may influence in many ways the international context of the further development of the 16+1 cooperation and the BRI as well.

Nevertheless, being unfinished and complex by their nature, the substantial changes in the global situation *do not invalidate* the original *motivations of China* for the 16+1 cooperation and the BRI but make them even *more vivid and comprehensive*.

Some Lessons and Prospects of the Development of the 16+1 Cooperation

There are quite a few *lessons* to be drawn from the history and present status of the CEEC–China cooperation but here I choose only the most general and crucial ones for its further development and describe them in connection with the related *prospects* for the 16+1 cooperation.

First, the CEEC–China cooperation has gone through considerable development within relatively short time with *good dynamism*. It has become a *new and vivid type* of transregional cooperation with *adequate and unique characteristics* corresponding to the special requirements of its participants and their international surroundings. It has also played the role of *one of the forerunners* of the wider BRI. In general, the present status of the 16+1 *corresponds to the needs, interests and motivations* of its participating countries. To preserve and increase its relevance, it is *necessary to continue its dynamic development*, gradually *shifting the emphasis* from creating the framework itself *to the real content*, the different practical projects of the cooperation, and *giving full practical play* to the role of the joint institutions, e.g. the sectoral centers for cooperation, created already. There is hope that the Budapest Summit in November, 2017 will move forward in that direction, following the footsteps of the BRI Forum held in Beijing in May, 2017. For longer perspective, it is

¹⁸ See Xi Jinping's Opening Address to the World Economic Forum Annual Meeting 2017, Davos, January 17, 2017 URL: <https://www.weforum.org/agenda/2017/01/full-text-of-xi-jinping-keynote-at-the-world-economic-forum> (Accessed: February 5, 2017).

¹⁹ Xi Jinping: Report of the 18th Central Committee to the 19th National Congress of the Communist Party of China URL: <http://www.xinhuanet.com/english/special/19cpcnc/documents.htm> (Accessed: October 20, 2017).

ultimate to *strengthen* creatively and comprehensively *the interconnection* between the 16+1 and the BRI.

Second, the most important sphere of interaction within the 16+1 cooperation is the *economic cooperation*, with considerable achievements produced already. That *remains the single most important aspect* for the 16 CEE countries and China as well. For the future, it is necessary to *increase the effectiveness* of the practical economic projects and the utilization for that purpose of developments in other spheres of cooperation, i.e. technological, educational, people-to-people, local governmental etc. The key in economic field lays in the *comprehensive approach* and *speedy implementation*, including the *infrastructure development* and other *investment projects*, and the *increased trade*, with *much greater emphasis on expanded competitive exports* from the CEE countries to China²⁰. Actual achievements in those areas may play an important role in preserving and even increasing the *motivations of the CEE countries* in the development of the 16+1 by strengthening the wide social consensus behind that policy within their societies, public opinions, business and political circles as well. In connection with the BRI, the *Chinese investments in production facilities* in the CEE region, the *increased cooperation in science and technology, innovation* and in *development of digital economy*, etc. should play a similar role for both the CEE countries and China. The 16+1 cooperation may and should contribute substantially to *jointly advancing* of all its 17 participating countries *on the international economic value chains*.

Third, the 16+1 cooperation has stepped on the road of *creating a really transregional structure* for mutual development. The way forward on that road lays in the direction of *more really regional projects* (two or more CEE countries–China) implemented, so as to overcome the state of a mosaic of different bilateral initiatives, and contribute to the *gradual strengthening of a common CEE regional identity* of its European participants. The possible *betterment of the sub-regional imbalances*²¹ within the cooperation may also be complemented by projects of really regional type, and so may contribute to that end as well. That aspect of regional identity becomes exceptionally important in an era when the importance of individual national interests grows exponentially. It should be understood by the 17 participants of this cooperation that the best way to implement their individual national interests leads through mutually beneficial international and transregional cooperation. For that purpose, it is unavoidable to *strengthen*, if needed even institutionally, the *coordination among the 16 CEE countries* with regard to issues related to the 16+1 cooperation. It could serve not only their increased regional identity and unity but also could help to manage their *unavoidable competition* for some projects within the CEEC–China cooperation framework and the *consequences of the asymmetrical character* of the cooperation as a whole. In long term, that should correspond to the Chinese interests as well as it may increase the effectiveness of the 16+1 cooperation many folds.

Fourth, the *distrust* and *suspicion* the CEEC–China cooperation awoken *persist* in *certain European circles* and *may hamper the further development* of it. For the CEE

²⁰ See Table 2., especially its first two columns, for understanding the importance of trade imbalances of the CEE countries with China and the urgency of their need for fast rectification of that situation.

²¹ See Table 1. above.

countries, this aspect has a major connotation as their economies are fully integrated into the EU common economic area²² and they have to take that into consideration under any circumstances. So, it is imperative *to continue the diplomatic work* by the 16 CEE countries and China alike *to overcome that distrust*, including the relentless efforts to invite the representatives of the EU institutions to the appropriate events of the 16+1 cooperation. These efforts should be *combined with practical signs and economic evidence* that the 16+1 cooperation does not undermine the unity and international position of the EU but, on the contrary, functions as a *new form of contribution* to Europe's growth and development and its renewed strategic partnership with China. The *proper handling of the 16+1's joint economic, infrastructural, logistical and other projects*, sometimes the *inclusion of some relevant European companies* into them, may help to prove that as well. The full use of the recent EU decision to include the CEE region's Amber Rail Freight Corridor into the major European transportation network²³ may become one of the good practical ways in that direction, if the upcoming 16+1 joint infrastructure projects are coordinated with that concept and the Chinese involvement in them is handled correctly. It is also necessary *to increase the knowledge and understanding of and compliance to the rules and regulations of the common European market and economic area by the Chinese economic and business actors*, i.e. financial institutions, companies in all sectors, investors, etc., *both state- and privately owned ones*, participating in projects within the framework of the 16+1 cooperation. Further, it is unavoidable *to recalibrate*, at least partially, *the financial facilities and other practical aspects of major infrastructural and other development projects*, i.e. credit line, investment fund, public procurements, etc., implemented within the framework of the 16+1 cooperation, so that *they get harmonized with the rules, regulations and procedures of the EU common market and economic area*. Most probably, for that purpose, it is necessary to have deeper and more regular practical cooperation mechanism between the CEE countries and China on expert level as well. The continued offers for full or partial participation in some aspects of the 16+1 cooperation by certain older member states of the EU, e.g. Austria, may also be useful. In general, *smoothing out the European perception of and attitude to the CEEC–China cooperation may play a positive role* in optimizing the outside conditions for its further development.

Fifth, the *changing global economic and political environment poses both challenges and opportunities* to the 16+1 cooperation. To minimize the challenges and take full use of the opportunities, it is necessary for the 17 participating countries to keep up with the times and pursue their national interests, implement their evolving motivations within and through the

²² See Table 2. above.

²³ The relevant department of the European Commission has made the appropriate decision on that matter recently. See

Ministry of National Development (Hungary): Hungary, Poland, Slovakia and Slovenia Initiate a New EU Rail Freight Corridor (April 6, 2016) URL: <http://www.kormany.hu/en/ministry-of-national-development/news/hungary-poland-slovakia-and-slovenia-initiate-a-new-eu-rail-freight-corridor> (Accessed: January 20, 2017), and

Ministry of National Development (Hungary): The Railway Amber Road Got Green Light (Zöld lámpát kapott a vasúti Borostyánút) (January 18, 2017) (in Hungarian) URL: <http://www.kormany.hu/hu/nemzeti-fejlesztesi-miniszterium/hirek/zold-lampat-kapott-a-vasuti-borostyanut> (Accessed: January 20, 2017).

CEEC–China cooperation correctly, so as to turn the good prospects for development of the 16+1 cooperation into reality faster and more effectively. Their *common general interest in improving the globalization*, in establishing a new model of it, the Globalization 2.0, *should serve as a general strategic guideline* for the long-term development of the cooperation. Its closer and *deeper interconnection with the BRI may provide further impetus* to its continued development and final success. Under such circumstances, the 16+1 cooperation can make even greater contribution to progress on the wider regional levels in Europe and Asia respectively, and globally as well.

Conclusion

For now, it must have been understood and recognized by sincere researchers, strategists and politicians that the CEEC–China cooperation *constitutes a viable formula*, i.e. structure and mechanism, which is *here to stay* with us and *develop further* for a longer period of time in the future. The real issue of today is not whether the 16+1 cooperation is to be continued, but how it will evolve for the foreseeable future, and what should be done to unfold its positive potential fully for the mutual and common benefit of its participating countries. The achievements of this cooperation has opened *bright prospects* for its further in-depth development, which should be turned into reality with joint analytical, professional, practical, diplomatic and political efforts of its participants in the forthcoming months and years ahead.

About the author

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