

WORKING PAPER

16+1 Initiative in China-EU Relations: 'Golden Opportunity' or 'Divide and Rule'

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Abstract

Concerns and scepticism have accompanied the cooperation platform between 16 Central and Eastern European Countries and China (16+1 Initiative) since its inception in 2012, with the public debate revolving around two major strands. On the European side, the 16+1 Initiative is primarily viewed as "divide and rule" tactic aimed at eroding EU norms, values and unity, whereas Beijing promotes it as a "golden opportunity" focused on win-win cooperation and harmony. Yet, the reality of the Initiative is far from being either of the two, as the Initiative is still a work in progress and many of the promises have yet to materialise. This paper sums up some of the debates surrounding the 16+1 Initiative and examines the implications for the China-EU relations. It argues that despite tensions, the Initiative is supportive of China-EU cooperation. Additionally, China can be a complementary partner to the CEECs. The future of the Initiative however will very much depend on China living up to the high expectations created.

Keywords: *16+1, Central and Eastern Europe Countries, China, EU, cooperation, narrative*

1. Introduction

Nearly 6 years on from its introduction and the 16+1 Initiative is still raising concerns in Europe. The EU and especially Western European countries remain suspicious of China's outreach to Central and Eastern European Countries (CEECs), albeit Chinese efforts to alleviate concerns and render the platform open, transparent and more inclusive. The Initiative has often been characterised as controversial, whereas for others it constitutes a 'divide and rule' tactic by China against the EU aiming at eroding EU norms, values and unity. China, for its part, has repeatedly dismissed these concerns as unfounded stressing that the 16+1 cooperation does not go against the EU but rather is an important part of and useful complement to the China-EU comprehensive strategic partnership.

In the meantime, the framework for China's engagement with the CEECs has significantly grown since its creation and has brought tangible outcomes in the areas of trade, investment, finance, infrastructure, tourism, people-to-people exchanges and education. Yet, the benefits delivered lag behind the expectations. In effect, the Chinese economic presence in the CEECs is still limited, thus rendering any claims about significant influence irrelevant at present. Whether this situation will change in the future, either towards 'golden opportunity' or 'divide and rule' remains to be seen.

The paper at hand examines the perception of the Initiative by diplomats and policy-makers both in China and in Europe (western countries and CEECs). We look at the

declaratory goals, the challenges and the achievements on the ground. Lastly, we view the 16+1 Initiative in the framework of the China-EU relations and their respective foreign and economic policies. Ultimately, we essay to identify potential implications for the future of the China-EU cooperation and the comprehensive strategic partnership. To showcase the linkage between interaction, perceptions and reality, we have opted for Poland as a case study country.

Contrary to narratives on both sides, which view the Initiative as a ‘golden opportunity’ or a ‘divide and rule’ tactic, we argue that reality is to be found in the middle of the two extremes. This is to say that, despite tensions, the Initiative is supportive of the China-EU cooperation. Additionally, China can be a complementary partner to the CEECs, which lack infrastructure and investments. The future of the Initiative however will very much depend on China living up to the high expectations created.

2. Analytical Framework

Literature Review

There exists abundant and quite substantial literature examining the nature and the dimensions of the Sino-EU relations. A large part of it focuses on the evolution of the Sino-EU relations and the Strategic Partnership over the past decades, whereas a large amount of studies is sector- or level-specific. The literature on the 16+1 Initiative however is quite limited. There is thus need to strengthen the existing literature and incorporate actor-related literature, for in most studies the EU and China are dealt with as unitary actors. Indeed, the EU is viewed as a dyadic form of governance wherein attention is paid to the EU institutions and the member states.

Fox and Godemont (2009) reveal the deeply different approaches between the MS with respect to their approaches toward China, whereas Mattlin (2012) shows the changes in their normative view. Holslag (2011) take a critical stance with regard to what he calls pretensions of the EU's foreign policy to become a norm-setter and the future of the partnership. Heilmann/Schmidt (2014) examine China's foreign policy and economic relations arguing that it is an unconventional global power to be. Earlier, Noesselt (2012) discussed the role of China in international relations and Lanteigne (2009) delved into the foreign policy making and the changes it had undergone.

The Strategic Partnership (EEAS; 2016 & 2016a) has attracted broad attention from scholars ever since its announcement in 2003. Shambaugh (2013), Casarini (2006), Men (2007), Men & Balducci (2010), Geeraerts (2013) look at the characteristics, the content and the significance of the partnership. Geeraerts & Weiping (2016), Wouters et al. (2015), and Voght (2012) adopt a more global perspective and examine the role of China in the handling of the 2008 financial crisis, economic security, and the interaction with the EU in Africa. Regarding theories, Cottey & Gottwald (2015), Chen (2013), and Pan (2010) take constructivist and institutionalist approaches identifying normative and conceptual gaps, expectations/perceptions shifts and institutional framings.

By contrast, the literature on the 16+1 Initiative remains very limited and mostly country-specific. This is partly due to newness of the Initiative and the still vague nature thereof. Another distinction in the body of literature is the attitude towards the Initiative.

Unsurprisingly, Chinese scholars hold a more positive view of the progress of the Initiative compared to other scholars. Citing macroeconomic indicators, they stress that CEE-China trade was 86% higher in 2014 compared to 2009. Agatha Kratz (2016:7) shows that by 2015 bilateral trade had reached the target of \$100 billion set in 2012 in Warsaw, view which is contested by other experts in the field (Zeneli; 2017). Ji (2016) offers the most positive assessment claiming that, since the initial announcement ‘differences and misunderstandings have been eliminated and the train of China-CEE cooperation is pragmatically heading at full speed’.

However, assessments vary largely, with scholars from CEE countries being more critical of the Initiative. Turcsanyi (2015) asserts that there is a mismatch between Chinese offers and needs in the region. Kaczmarek and Jakóbowski (2015) call 16+1 ‘not fully satisfying’, with only parts of Beijing’s objectives been fulfilled. Stanzel (2016: 3) argues that bigger states profit disproportionately from the Initiative, whereas smaller states find it hard to implement infrastructure projects under "16+1" framework. Turcsanyi (2017) insists that only the small non-EU member states could have noticed a palpable increase in Chinese investments.

Overall, the Initiative has attracted the attention of scholars, but being a work in progress, the conclusions drawn are at best semi-conclusive. In this context, it appears meaningful to explore the different narratives and realities on the ground. It is noteworthy to look at the role of the Initiative in the Sino-EU relations, topic that this paper aims to pore over with a view to offering a valuable contribution to the literature in the filed upon which future research will, hopefully, build.

Methodology and Data

The method chosen to carry out this research consists in a qualitative analysis based on a single case study research design and historical analysis. “Qualitative research involves the studied use and collection of a variety of empirical materials – case study, [...], historical, interactional, and visual texts – that describe routine and problematic moments and meanings in individuals’ lives” (Denzin & Lincoln, 1994:1-17). This method permits us to answer the research question, as well as to make inferences about the future of the Sino-EU relations that might go beyond current the state of affairs.

Moreover, the single case study design allows us to go in depth and thereby achieve a better understanding of the role of the member states and their influence on the relationship of the two global players over time. According to Bryman (2008:51), a single-case study design entails “the detailed and intensive analysis of a single case”, which serves as a unit of analysis (Ibid, 2008:54) and can vary from a place, a time period or event, to a policy context (George & Bennett, 2005:17) etc.. The added value of a case study lies in that it enables the exploration and detailed description of causal relationships (George & Bennett, 2005:29). The case in question is Poland. Largest participating country and a self-proclaimed and perceived leader of the 16 by the Chinese.

The data for the study of the Sino-EU relations consists of a range of information sources; this is to say both primary and secondary. As primary resources statistics, documents issued

by the Chinese government and the EU Institutions shall be used. An extensive literature review will serve as the basis of secondary sources. These sources are to be complemented and updated by newspapers' articles. These information sources allow for cross-checking, verification and comparison of data with a view to eliminating possible subconscious selectivity bias. Regarding limitations, the major ones are the insufficient knowledge of Chinese and the inherent difficulty of tracing back announced investment and completed works.

3. The Chinese 'promise'

In 2012 the new framework for China's engagement in Central and Eastern Europe (CEE) was introduced by the then Chinese Premier Wen Jiabao during a visit to Warsaw. The project Cooperation between China and Central and Eastern European countries, which preceded the launching of the One Belt One Road Initiative, was put forward to foster trade and political relations with the sixteen countries that partook in the Initiative. The project, also known as 16+1 Initiative promised to provide affordable Chinese-made infrastructure and investment. The offer proved more than appealing for the emerging markets in the region and was thus received enthusiastically. Beijing hailed it as a 'golden opportunity' and a win-win cooperation (Xinhua 2015), whereas Brussels was cautious.

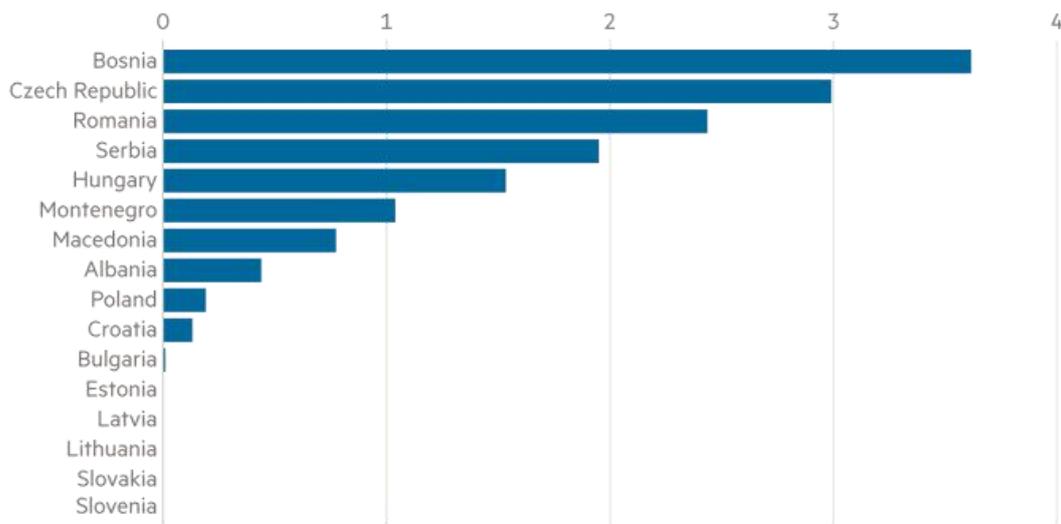
In 2015, Xinhua described the project as "infrastructure-led all-round cooperation" referring to its focus on infrastructure. Indeed, the catalyst for the CEE countries is China's ability to finance and build the roads, railways, power stations and other infrastructure that some poorer central and eastern European countries need. It is the focus on the need for infrastructure and development that constitutes the common denominator of the pairing. China's own path and focus on development render it sympathetic to CEECs wish to catch up with western member states (Turcsányi; 2014).

China's promise consists in a win-win cooperation. In line with own development goals, Chinese capital expansion serves to establish a presence and new markets for Chinese products in the CEECs. Contrary to western member states, the 16 countries in the region are much in need of investment and capital. It is exactly this need that China seeks to fulfil by exporting heavy industrial products such as nuclear power and railway technology.

However, the scope of its operations has spilled over into political and strategic areas, thereby breeding mistrust among some of the western European powers. Closely linked with the 12th five-year plan (2011-2015), China is seeking to acquire strategic assets. As such are considered IT and nano-technology, the automobile and aviation companies in the CEECs (Jakóbowski 2015). The region also offers profitable businesses at affordable prices for Chinese conglomerates in quest of opportunities to diversify their portfolios.

China's infrastructure investments in the 16+1

Total infrastructure investment (announced) by country, 2012-16 (\$bn)



Sources: CSIS; FT research
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Although infrastructure constitutes the highlight of Chinese involvement in the 16+1 countries, progress has been rather slow, at least in the first years since its launching. Recent years however have seen an increase in infrastructure projects financed by Chinese banks and built by Chinese companies. Interestingly, the most prominent initiative is the North-South fast railway connection between the Polish city of Łódź to the North and the Greek port of Piraeus, which is run by the Chinese Overseas Shipping Company (COSCO) in the South (Richet et al. 2017, 109). COSCO, which is a Chinese state-owned enterprise, acquired the majority stake in the Piraeus Port Authority in 2016. Today the port is considered as the main entry point for Chinese exports into the EU, as well as the key hub for maritime transportation across the Mediterranean Sea. The acquisition has resulted in further increasing concerns among western member states, which fear a decrease of trade volume in other big ports in the north such as in Rotterdam and Hamburg.

Another major project which has created considerable tensions was announced in 2014, the construction of the high-speed rail route of 370 kilometres between Belgrade and Budapest. It was agreed by China, Serbia and Hungary in December 2014 and is expected to cost € 3.2 billion. Its completion however has been stalled following claims that Union procurement rules had not been respected. Other projects concern Corridor 11, a highway that connects Romania with Montenegro and Italy, and Corridor 8, which links North Macedonia with Western Europe.

Besides some major projects, tracing back investment projects is rather difficult, thereby rendering challenging any attempt to qualify and quantify Chinese investments in the region. According to sources from the Chinese Ministry of Commerce, the amounts invested range between \$6 and \$8 billion. It is clear however, that trade is highly concentrated on five EU countries, namely Poland, Hungary, Czech Republic, Slovakia and Romania. In the Western

Balkans, Serbia is China's strategic partner and the country that received the most investment and trades the most with China.

Yet, promises of large Chinese capital flows are still to be translated into reality. Contrary to claims that China has shifted focus from western to eastern Europe, trade with CEE countries represents only a small portion of the trade balance with the Union and only 2.7% of the Chinese outward investments globally and a very small proportion compared to the \$65 billion China is investing in the EU (mostly in western Europe). Chinese investment in the region had not reached the \$100 billion objective by 2016, despite a sharp increase over the past years from \$32 to \$52 billion. In the meantime, CEE exports to China have increased but they remain imbalanced in favour of China. To support the deployment of Chinese investment in the region, the \$500 million-worth China-CEE Fund was created.

Notwithstanding the willingness of the Chinese side to deliver on promises made, the 16+1 Initiative remains a massive endeavour, at least in terms of administration, and certainly more difficult than China had initially anticipated. Building cross-border infrastructure in the EU is an ambitious task on its own, but combined with public tender laws, health and safety and labour regulations, and the legal double layer of Union and national law, it is even more challenging. In this context, it is not surprising that several announced projects have not been completed or are yet to start. During the "16+1" Summit that took place in November 2017 in Budapest, Chinese Premier Li Keqiang conveyed the message that more efforts were needed to accelerate the building of the Hungary-Serbia high-speed railways. Li also announced the establishment of China-CEEC Inter-Bank Association and additional financing under the China-Central and Eastern Europe Investment Cooperation Fund.

4. Brussels' concerns and reaction

The timing of the announcement is crucial for understanding the reactions. The European Union was struggling to cope with the financial crisis and the potential exit of Greece from the Eurozone. The efforts to avert a spill-over of the crisis in other Eurozone countries had somewhat distracted western member states (Millner 2012). The state the EU was in, weakened and tormented by a multi-layered and structural crisis, led the western European leaders and observers to suspect ulterior motives both in the timing and the format. Several of them saw the Initiative as an attempt to 'divide and rule' the EU at a moment of weakness. In their eyes, China chose to deepen its cooperation with the CEECs when they would rather favour a unified European approach towards China as part of a long-term strategy (Kaczmarek and Jakóbcowski 2015, p. 4).

Six years later, the European Union is viewing the 16+1 Initiative with scepticism. In Brussels there are mounting concerns about a concerted effort by China to 'divide and rule' the Union. The main concerns are: first, that China may attempt to capitalise on the influence built to frustrate EU's common China policy. Secondly, the EU fears that some "16+1" countries may utilise their stronger ties with China to enhance their bargaining position and defy Brussels.

This holds true for Poland and Hungary. In light of the incoming Chinese investment in the country, the current government has been emboldened in the 'battle' with the European

Commission (EC) over the respect of rule of law in the country. Poland has remained firm and defied any threats for the EC to cut structural funds, if the former proceeds with the reforms in the judiciary, deemed unconstitutional by the Polish Constitutional Court and the EC. The discord between the EC and the Polish government further escalated when the latter announced its plan to build its first two nuclear reactors.

Among European diplomats, there is fear that such dynamics could further undermine Brussels' effectiveness in relation with its second-largest trade partner, China (Kynge & Peel; 2017). One major concern is that the rules governing the single market could be undermined by China's demand for guaranteed contracts for its companies. The case of Hungary is raising concerns both in Brussels and in other member states. Its failure to open its section of a high-speed rail line from Belgrade to Budapest to competitive tender has triggered an investigation by the EC into whether the project violated EU laws (Bogusz; 2017).

A third major concern is the influence China is building in the Western Balkans, namely the EU's own backyard. Four countries are candidates for EU membership (Albania, Macedonia, Serbia, Montenegro) and one (Bosnia and Herzegovina) is a potential candidate. Not only are they not bound by EU law, excluding the Copenhagen criteria, which they must meet in order to start and progress in the accession process, but also are in great need of investment and infrastructure. Brussels fears that an increased Chinese presence and clout would eventually bring about issues of loyalty.

An additional reason accounting for the EU's concerns about 16+1 lies in the fact that the Initiative targets the most politically unpredictable member states with the youngest and most fragile democratic institutions. Once again, the cases of Hungary and Poland stand out. After a significant 'authoritarian shift' in recent years in the two countries, the EU believes that the Initiative is undermining its efforts to get them to return to the liberal democratic model the Union was founded on.

Overall, Brussels' attitude is characterised by suspicion and mistrust. Yet, there is little if at all that the EU is doing with respect to China. Aside from raising the issue during diplomatic engagements, the EU remains surprisingly complacent in comparison to its expressed concerns. Strikingly, there has not been a common EU strategy towards China in this respect. Rather, its response takes the form of legal procedures and investigations it initiates against member states that do not comply with EU law.

An exception to this is the recent calls from Germany. In September 2017, the German vice-chancellor and foreign minister, Sigmar Gabriel, called on China to respect the concept of "one Europe". Pointing out to the implications emanating from the lack of a strategy, he said that "if we do not succeed in developing a single strategy towards China, then China will succeed in dividing Europe" (Psaropoulos; 2018). This was the clearest statement made by a western European government.

5. 'Golden Opportunity' or 'Divide and Rule'?

The 16+1 framework constitutes a key component of Chinese President Xi Jinping's signature foreign policy, namely the One Belt One Road Initiative, whose final frontier is Europe (Prasad; 2018). It aims at fostering economic cooperation in the infrastructure and

energy sectors in the CEECs based on a grouping of bilateral relations through which China can more easily streamline its activities and enhance influence on the recipient countries. At the same time, the Initiative serves domestic interests related to exploring new markets for Chinese products and acquiring strategic assets abroad. All in all, the Initiative represents an effort to increase Chinese presence in and influence on CEE countries which are thirsty for infrastructure and investments.

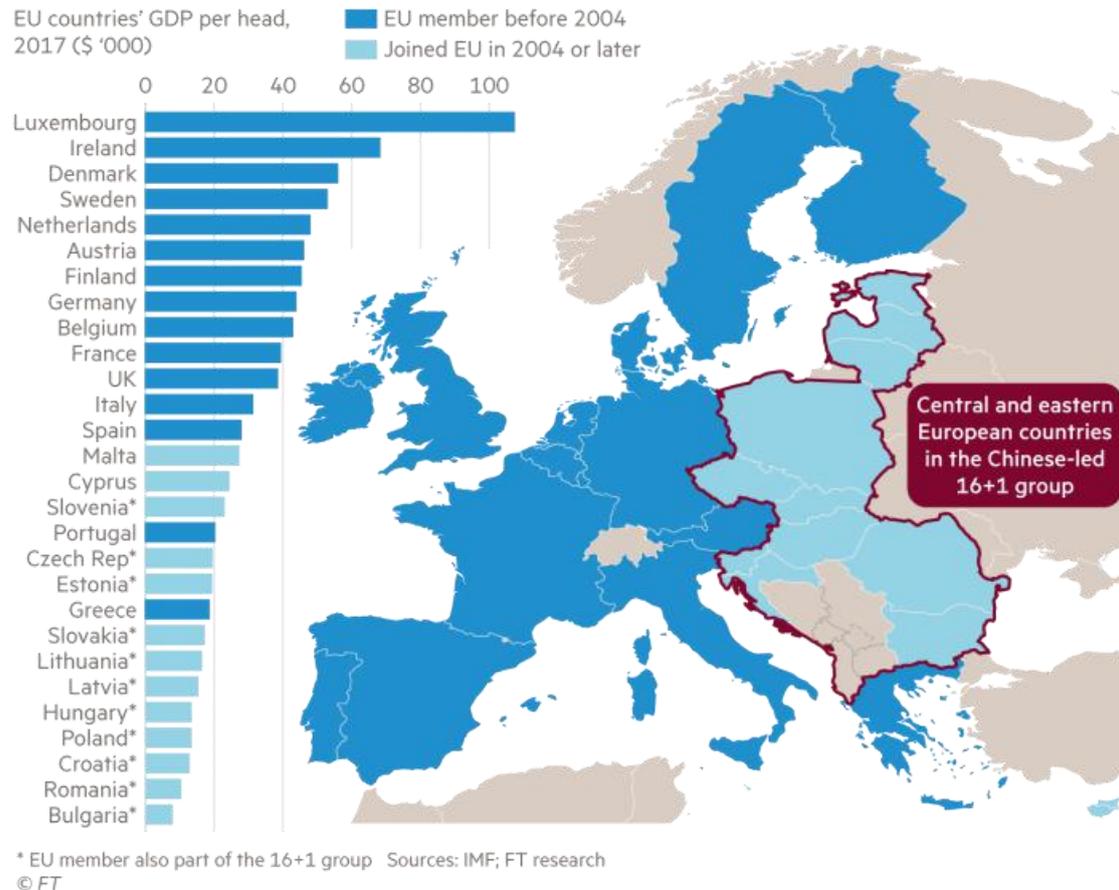
However, the criticism most often attributed to China is that through the 16+1 Initiative it is trying to buy friends and install a Trojan Horse of political sympathisers within the EU. However, as Pavlicevic (2015) observes, China does not need a Trojan Horse or any other bridge to enter the European market. Citing the much higher trade and investment statistics with western EU member states, he asserts that China is 'already there' and that denying Eastern member states the same exposure to Chinese investments would be unfair.

China from its side claims that the Initiative is beneficial to the EU. "The 16+1 cooperation and China-EU cooperation are not mutually exclusive," China's Foreign Ministry cited Chinese State Councilor Wang Yi as telling Bulgarian Foreign Affairs Minister Ekaterina Zaharieva in May (Euractiv; 2018). "Objectively, it helps with the European integration process", he added in an effort to dismiss concerns about a 'divide and rule' tactic.

Earlier in 2017, Chinese Premier Li Keqiang had pointed to the opportunities the Initiative can bring. He said that the EU and China have a rare chance of combining two huge economic powers with their initiatives. Doing so would enable the two actors to advance on a multitude of projects. "The more projects we realise, the more the region will be prosperous and competitive", he said, as quoted by Xinhua. Lastly, the Chinese Premier appealed for integrating the Chinese One Belt One Road Initiative with the EU strategies in Central and Eastern Europe and the Western Balkans, trying to reassure his western European counterparts that China does not intend to sow divisions in Europe.

Despite concerns in western European countries, central European states are very welcoming and supportive of Chinese presence and investment. They support the One Belt One Road Initiative and wish to promote more infrastructure projects under the framework. This holds true not only for Poland and Hungary, which maintain rather tense relations with Brussels in the past years, but also for countries such as Bulgaria. During the latest Summit in Budapest, Hungarian prime minister Victor Orbán praised China and encouraged CEECs to take this opportunity for development, "in line with the spirit of equal treatment and mutual respect" (Euractiv; 2017). He added that they would actively participate in the One Belt One Road Initiative to create a better environment for Chinese companies investing and developing in the region. Similarly, Bulgaria enthusiastically welcomes the 2018 "16+1" Summit.

China's 16+1 grouping built around EU's newer, poorer members



Notwithstanding reassurances, China's focus on Greece and Serbia, but also other countries in the Western Balkans is not always viewed positively. Although the two countries, as well as others, are benefitting from low-interest Chinese loans for infrastructure projects, European diplomats maintained that Chinese involvement in the Western Balkans was "provoking second thoughts in northern Europe and especially in Brussels" (Euractiv; 2017). What accounts for increasing suspiciousness pertains to what is seen as a race to the bottom to attract Beijing's attention and subsequently capital. The recent developments in some CEECs testify of a worrying trend. Czech President Milos Zeman characterised his country as an "unsinkable aircraft carrier for China in Europe". In 2016, pressure from CEE diplomats resulted in watering down an EU statement on China's actions in the South China Sea. A year later, Budapest refused to sign a letter condemning human right abuses in China. More recently, Greece - not a CEE country- derailed an EU statement at the United Nations related to China's human rights record.

While there is no evidence that China is responsible for these phenomena, it appears that the need for economic attention from Beijing leads to subservience when it comes to China's political demands (Witthoeft; 2018). Moreover, CEE countries have clearly entered into a phase of competition for Chinese investments, which has resulted into a downward spiral of lowering high EU standards for projects. This trend is particularly worrying when coupled with conducive factors such as high corruption level, infrastructure deficit and the need to

find alternative sources of financing. The latter is even more imperative in the light of Brexit and a subsequent reduction of EU structural funds.

6. The case of Poland

Poland is the largest eastern European country that joined the EU during the 2004 enlargement. For years it has been growing and until recently constituted an example of progress and transformation. Today, and together with Hungary, it is one of the biggest 'headaches' for the EU which is very preoccupied with the backslide in rule of law and democracy, and the defiance of EU rules and norms. It is therefore not surprising that Poland has turned to China for support, both financial and economic. Indeed, China has become the biggest trade partner of Poland in Asia and Poland the largest trade of China in the region. However, economic cooperation is marked by a considerable trade deficit -12.5 to 1- in favour of China. Figures show that while trade value between the two countries has increased over the years, Poland's exports to China are fluctuating. Chinese investments are mainly concentrated in the infrastructure and energy fields. In 2016, it became the first European country to issue government debt into China's bond market.

The role China plays in the CEE is vital for Poland maintaining its growth levels and standing up to Brussels. Not only does the latter considers Beijing a strategic partner, but also claims to be the leader of the 16+1 group, mainly thanks to its size and geostrategic location. Warsaw sees in China a powerful partner of great economic potential to whom it can turn for investments and trade, as well as for political support when relations with western European countries and the EU institutions are tense. The fact that China offers loans with no string attached is particularly appealing to the current Polish government, which doesn't hide its aversion for the rules coming from Brussels. To further enhance this cooperation, Poland has been willing to bend EU procurement rules to facilitate Chinese investors, fact which has led to investigations and infringement procedures. In whole, aside from much-needed investments and FDI, Beijing provides Warsaw with an economic and political alternative, which is eager to utilise when it serves its purposes. Likewise, China sees in Poland a gateway to Europe, a willing partner to promote the internationalisation of the RMB (Kuo; 2017).

7. Implications for China-EU relations

EU-China relations are relatively new. They date back only to 1975; a milestone year when the then European Economic Community (EEC) and China established bilateral diplomatic relations. Ever since, the relationship has grown significantly, expanding to a wide range of issues. However, despite this progress, there still exist points of contention upsetting their relationship from time to time and causing ups and down. The 16+1 Initiative is a case in point fueling fears of disunity and of a bilateralisation of the EU-China relations, where Beijing circumvents the Institutions in order to directly negotiate with the different EU capitals. Beijing's deepening relations in the region are perceived as threatening to revert progress made towards transparency, rule of law and democracy (Witthoeft; 2018).

Statements such as the one made by the Bulgarian Foreign Minister Zaharieva contending that the "cooperation between China and central and eastern Europe does not

affect China's broader cooperation with the EU" (Euractiv; 2018) or coming from Chinese officials fail to allay concerns that the internal cohesion will be affected. In addition to the competition among member states for Beijing's attention, other considerations related to security rank high on the agenda, especially when taking into account the multiple and recurrent crises the EU is going through. In this context, the use of 'soft diplomacy' by China is understood as a geopolitical game intended to increase leverage in a region that is part of the EU and has either been part or closely linked to the Soviet Union (EP; 2016).

While it is unlikely that EU-China relations will considerably deteriorate in the near future due to the 16+1 framework, it is paramount that China ensures that the Institutions be consulted and on board when dealing with individual member states. Taking into account and respecting both the rules and the sensitivities is imperative for the fostering of a successful strategic partnership. The inclusion, for instance, of the European External Action Service has been a positive step towards increasing transparency. At the same time, China must make sure that expectations remain at a 'healthy' level.

That being said, the 16+1 Initiative can potentially boost economic growth and deepen EU-China cooperation. While remaining a Beijing-led initiative, inclusiveness needs to be fostered. Chinese investment in the region could prove very beneficial in the aftermath of Brexit and the subsequent fund' reduction while offering opportunities to Chinese businesses. In this context, it is clear that it is not in anyone's interest to have a divided region. To this end, building stronger cooperation on the basis mutual respect is key.

7. Implications for China-EU relations

As with the One Belt One Road, assessing the 16+1 Initiative is a challenging endeavour to undertake. This is due to the nature of the Initiative which is still very much a work in progress, thereby rendering mere speculations any projections for the future thereof. To this contributes the heterogeneous nature of the 16 countries, which are characterised by diverging economic needs, political contexts and expectations from the Initiative.

In the meantime, narratives supporting both sides abound. On the one hand, there is a multitude of leaders and experts who fear that the Initiative is nothing but a Trojan horse risking to undermine EU norms, disadvantage western investors and propagate corrupt development practices. On the other hand, there are several countries which not only view the Initiative very favourably but also are willing to make considerable concessions to attract Chinese investments. Beijing is trying to downplay these fears by emphasising the 'win-win' character of the Initiative and the benefits it is bringing to the CEECs and the EU as a whole. These diverging narratives point to a clear disconnect between EU perceptions and Chinese rhetoric.

Rhetoric aside, the reality is to be found somewhere in between the two extremes of Sinophobes and Sinophiles. Contending that China is offering CEECs a trojan horse to trigger disunity or that the Initiative is going to promote EU integration are rather simplistic overstatements. While the 16+1 framework has the potential to benefit the EU as much as it benefits China, it remains a Chinese-led initiative. In light of reduced EU structural funds due to Brexit, China offers a promising financing alternative. In order to reap the benefits

promised, expectations need to be managed and the lack of inclusiveness, namely the failure to invite foreign participants, must be dealt with.

To conclude, amid burgeoning concerns over the motivations of China and the implications thereof in CEE countries, there exists the potential to foster Sino-EU ties. In light of the recent developments in the US and the implications thereof for the transatlantic relations, the EU and China can avail themselves of the opportunity to deepen their relations. By switching focus to their common interests and essaying to bridge the differences, the two global actors can uphold values and defend a rules-based trading order. Yet, achieving this requires that issues such as trade deficit are dealt with and security concerns of the EU are allayed. The prerequisite however for any positive steps is respect for each other's sovereignty.

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