

WORKING PAPER

A glimpse from afar: How Romania sees China's development

Georgiana Boboc

Kiadó: Kína-KKE Intézet Nonprofit Kft.

Szerkesztésért felelős személy: Chen Xin

Kiadásért felelős személy: Huang Ping



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Abstract

Over the past years, the relationship between China and Central and Eastern Europe (CEE) has been improving, both sides showing a strong interest to cooperate and strengthen political and economic ties. CEE countries share with China a common history of socialism, which represented a period of close bilateral relations. Following the regime changes at the beginning of the 1990s, CEE countries started focusing more on the democratization process and opening up towards the EU and NATO. Starting in 1978, China also underwent many reforms and economic changes, the leadership wanting to open up the country and establish new and strong economic relations across the world.

This paper will focus on the way Romania, the second largest country in the 16+1 cooperation framework, sees China's development and its growing economic role on the world stage. The paper will begin by presenting a brief history of China's development process as well as Romania's political and economic contacts and interactions with China, which underpin Romania's perspectives on China. Using interviews, surveys and content analysis methodology, the research will then focus on the current state of relations and the way the Romanian public, government officials and the media look at China's development and China-Romania relations..

Keywords: *China's development, Reform and opening-up, Romania, China-Romania relations*

Introduction

The transitioning process for CEE countries has overcome many challenges, and there has been a significant progress for the social and economic development. Many have joined the European Union, one of their biggest foreign policy goals. However, the region is still in a great demand for investment, infrastructure and innovation. When looking at China, the rapid growth and development have been incredible, in 2010 China becoming the world's second largest economy. Developments such as the improvement of its international status and role, the expansion of economic cooperation, or initiatives such as the Asian Infrastructure Investment Bank (AIIB) and the Belt and Road Initiative (BRI) illustrate China's positive results so far.

How do CEE countries perceive China's development? Demand for development in Central and Eastern Europe can be met by the supply that China has to offer in its quest to expand its economic relations with Europe. Included in the Belt and Road Initiative and the 16+1 framework, CEE countries can benefit from Chinese investments in infrastructure projects, loans, improved trade relations, and development of businesses among others. From

this perspective, CEE countries perceive China's development as a successful example of how to boost their economies and, more importantly, as a tool for their own development. Despite being a developing country, China has achieved a lot in terms of infrastructure and economic growth, and this is what attracts CEE countries.

China's trade relations with Romania play an increasing role for both Romania's interests and China's economic strategies in the Central and Eastern Europe. It is important to understand how China is perceived by Romanian citizens, what information is presented to them by the mass-media and the authorities, how political leaders see the potential development of Romania-China relations. The public opinion on China and regional cooperation frameworks such as the 16+1 can offer an insight on the progress of economic ties between the two countries.

Methodology

The research for this paper employed qualitative and quantitative research methods such as content analysis, surveys and interviews. The main findings on the topic are based on a survey conducted online that was answered by 22 participants, including experts such as diplomats, economists, and also Romanians living in China. Respondents to the survey were selected using the following criteria: education, knowledge about China, and experience living in China.

The survey consisted of the following questions:

Q1: What are the main challenges for China at the moment?

- a. The slowdown of economic growth
- b. The high-income inequality (GNI)
- c. The aging population
- d. The transition towards a consumption-based economy and the development of services
- e. The high level of debt

Q2: Have you visited China? What impressed you the most?

Q3: Have you heard about the following concepts?

- a. Belt and Road Initiative
- b. The Asian Infrastructure Investment Bank
- c. Chinese Dream
- d. Reform and Opening-up Policy

Q4: What is your opinion about the evolution of Romania's relations with China in the last 25 years?

Q5: Rank from 1 (very bad) to 10 (very good) Romania's progress in improving the economic relationship with China.

Q6: What are some concrete policies that Romania could implement in order to benefit from China's development?

Q7: What is your opinion on Chinese investments in Romania? Choose from 1 (very bad) to 5 (very good).

Q8: Motivate your choice.

Q9: How would you describe China in connection to the EU?

- a. A threat to the EU's economic interests
- b. An economic opportunity
- c. An economic ally

Q10: How would you describe China in regards to its development stage?

- a. A developed state
- b. A developing state

Q11: Do you think the Chinese model of development can be applied in Romania? If yes, how?

Other findings are based on interviews with former high-ranking Romanian diplomats in China and content analysis of news and articles published in the Romanian mass-media.

China's Development and 40 Years of Reform

Two years after Chairman's Mao Zedong's death, the Chinese economy entered a new development phase brought on by the ideas and strategies promoted by Deng Xiaoping. Reform and opening-up ("gaige kaifang") became the new plan of the Communist Party to achieve economic growth and improve the welfare of millions of people living in poverty. Forty years later, China is the world's second largest economy with a gross domestic product (GDP) of 12 trillion US dollars in 2017, accounting for 19.74% of the world economy.¹ The rapid development has been as impressive for the Chinese people themselves as for the rest of world, and nobody predicted in 1978 how fast China would change by transforming its economy and increasing its GDP from only 149.5 billion USD in 1978.² In regards to several aspects, China is still a developing country dealing with many social and economic issues, however the progress so far has been remarkable and it is important to understand how China achieved so much in only a few decades.

The turning point for the Chinese economy was Deng Xiaoping's decision to open up the economy and take steps towards an efficient and responsible economic system. Opening-up and adapting the economy to the principles of capitalism while still preserving socialism became known as socialism with Chinese characteristics, a new system through which China could achieve economic prosperity and a higher international position. Understanding the

¹ Trading Economics <https://tradingeconomics.com/china/gdp> (Accessed on 09.09.2018)

² World Bank, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN> (Accessed on 09.09.2018)

need to modernize the economy and expand trade ties with was the first step towards development. Therefore, the political element was crucial in this process because reforms were planned by Deng Xiaoping and the Communist Party, and the continuity and sustainability of China's progress have reflected leadership's intentions and goals.

At the beginning of the 40 years of reforms, Deng Xiaoping emphasized the importance of the four modernizations: agriculture, industry, national defense, science and technology.³ Without these, progress and development would have been unlikely since China was far behind other countries in most economic sectors. Lifting people out of poverty and feeding them required a better agriculture, opening up economic relations and trade with the outer world meant that China needed a strong industry. Also, Deng Xiaoping knew the importance of science and technology for the future development of the country. China benefited from the latecomer advantage⁴, which refers to the situation when a country benefits from access to technological innovation in already existing industries, however learning from other countries would not be enough for its future goals.

Deng also stated⁵ that it is important to continue the study of social sciences and the economics in order to assist economic reforms. There is a certain level of pragmatism that emerges from this new perspective on focusing more on the modernization of the economy and how to bring positive changes for the society. There is a famous quote by Deng Xiaoping, particularly relevant for his pragmatism: "It doesn't matter if a cat is black or white, as long as it catches mice". In other words, what matters is having results, progress.

Considered the basis of China's economy, agriculture was the first sector to be reformed, starting with the adoption of the household responsibility system.⁶ This system led to a higher agricultural output by increasing productivity and allowing individual households to farm separately and keep additional output after delivering a fixed quantity to the authorities. At the same time, procurement prices for the products were increased, and farmers were encouraged to specialize and diversify their crops.⁷

In the same period 1978-1984, special economic zones (SEZs) were created to attract foreign investment and test market-oriented economic reforms. These special zones served as a model for the rest of the country and brought an important contribution to employment, technology, exports, modern management and China's GDP. In 2007, SEZs (including all types of industrial parks and zones) represented 22% of the national GDP, 46% of Foreign

³ Clem Tisdell, "Thirty Years of Economic Reform and Openness in China: Retrospect and Prospect", October 2008, University of Queensland, Working Paper nr.51: 3.

⁴ Justin Yifu Lin, Zhongkai Shen, "Reform and development strategy" in *China's 40 Years Of Reform And Development 1978-2018*, ed. Ross Garnaut, Ligang Song and Cai Fang, ANU Press, 2018: 120.

⁵ Clem Tisdell, *op.cit.*, p.6.

⁶ Gregory C. Crow. "Economic reform and growth in China." *Annals Of Economics And Finance*. 5 (2004):129.

⁷ Gautam Jaggi, Mary Rundle, Daniel Rosen, and Yuichi Takahashi. "CHINA'S ECONOMIC REFORMS." Institute for International Economics Working Paper 96-5 (1996): 11.

Direct Investment (FDI) in China and generated 60% of the total amount of exports.⁸ The creation of these zones shows how China gradually experienced policies and strategies that would best fit its economy.

In 1984, the Chinese Communist Party (CCP) issued a document “On Reform of Economic Structures” presenting new reforms targeting the urban economy, mainly enterprises.⁹ A major change was that enterprises gained more autonomy by separating functions and management from the state. Also, a new economic responsibility system¹⁰ was put in place, creating an economic incentive to perform well since the government would no longer help unprofitable state enterprises. Similarly, to the household responsibility system, enterprises could now keep the profits they made after paying taxes to the state.

After a period of social unrest linked to previous economic reforms and high inflation, the situation stabilized after 1992 and new measures were planned. During this period, the CCP officially endorsed Deng Xiaoping’s idea of compatibility between a market economy and socialism, and named the Chinese economy a “socialist market economy”¹¹. Continuing with the line of reforms started by Deng, the new leader Jiang Zemin drew attention to the importance of technological and scientific development for China’s economy by acknowledging that the next step in transforming the economy was to invest in education in the same way other developed countries did.¹² The rapid development and industrialization were regarded as progress, however new problems emerged such as pollution, income inequality, low access to social services for millions and so on. These needed and still need to be tackled with especially if China wants to become a fully developed nation.

In the late 1990s new measures were taken by the government to increase the autonomy of small and medium sized state enterprises by giving up ownership and control. Large enterprises remained under the control of the state, while being transformed into shareholding companies where the state would have the majority shares.¹³ The attempt to privatize some of these companies was not as successful as expected due to several problems related to bad management and the lack of experience and knowledge to lead a company.¹⁴ China’s admission in the WTO, regarded as a big achievement, increased the pressure on privatization making it more complicated since now Chinese companies were competing with many competitive companies abroad.¹⁵

Not an economic measure, but still a very significant one, was the CCP’s decision to welcome in party members from the private sectors, entrepreneurs and rich people. Credited

⁸ Douglas Zhihua Zeng, China’s Special Economic Zones and Industrial Clusters: Success and Challenges. <http://blogs.worldbank.org/developmenttalk/china-s-special-economic-zones-and-industrial-clusters-success-and-challenges> (Accessed on 09.09.2018)

⁹ Clem Tisdell, *op.cit.*, p.7.

¹⁰ Clem Tisdell, *op.cit.*, p.7.

¹¹ Gautam Jaggi, *op.cit.*, p.13.

¹² Clem Tisdell, *op.cit.*, p.8.

¹³ Gregory C. Crow, *op.cit.*, p.131.

¹⁴ Liviu Alexandru Micu. "China’s Economic Reforms During 1993-2013." *Ecoforum Journal* 5, no. 1 (2016):125.

¹⁵ *Ibid.*

to leader Jiang Zemin, the “Three Represents” theory illustrated a new approach to the ideological role of the CCP.¹⁶ Accepting entrepreneurs as party members meant that the Party would represent this category too, especially because this category was an active part in the developing process.

The liberalization and modernization of China’s economy was also enhanced by a major policy called the open-door policy mentioned earlier. Deng Xiaoping encouraged China’s process of opening up towards foreign imports and increased foreign trade. New trading companies were created to cooperate directly with manufacturing companies to facilitate exports.¹⁷ Also these companies received preferential treatment from the government by allowing them to retain some foreign exchange or receive special loans. In order to boost exports, the authorities encouraged foreign investors to open factories in coastal provinces or join Chinese companies, benefiting China by raising the employment rate and giving access to capital and technological knowledge from abroad.¹⁸ According to China Statistical Yearbook 1994¹⁹, contracted FDI in China rose from 2.7 billion dollars in 1984 to 111.4 billion dollars in 1993, which is a remarkable increase that shows the results of the opening-up policy. Restrictions and barriers were still in place for foreign investments in many fields, but changes were made in order to allow and encourage investment in specific sectors that would benefit China’s economy the most such as agriculture, energy and other traditional industries.

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The transition of China’s economy has been a process of many reforms and trials to create a new system that can lead to the development envisioned by Deng Xiaoping in 1978. During the 1990s and 2000s, the government changed the financial system, set up new laws regarding technology and intellectual property, build new market institutions, and very importantly it tried to reform the bureaucratic system and fight corruption. China also achieved a great success in lowering the poverty rate by lifting 68.5 million²¹ people out of poverty in the last five years alone and more than 500 million people in the last three decades.²² By developing transportation infrastructure, China managed to improve rural and urban connectivity and boost economic activities. Between 1994-2000, China aimed to lift 80 million people out of poverty by constructing 42,000 km of new rural highways every year.²³ Building highways and improving the quality of rural networks contributed significantly to the efforts of eradicating poverty. Also, the new changes to the investment, finance and

¹⁶ *Ibid.*, p.124.

¹⁷ Gregory C. Crow, *op.cit.*, p.131.

¹⁸ Gregory C. Crow, *op.cit.*, p.132.

¹⁹ China Statistical Yearbook 1994 in Gautam Jaggi, Mary Rundle, Daniel Rosen, and Yuichi Takahashi. "China's Economic Reforms." Institute for International Economics Working Paper 96-5 (1996).

²⁰ Gregory C. Crow, *op.cit.*, p.133.

²¹ Mu Xuequan. “China continues largest poverty alleviation campaign in history”, Xinhua, October 2018. http://www.xinhuanet.com/english/2018-03/05/c_137018278.htm (Accessed on 10.09.2018)

²² Poverty, Equity And Governance, UNDP. <http://www.cn.undp.org/content/china/en/home/democratic-governance-and-peacebuilding.html> (Accessed on 09.09.2018)

²³ “China: Infrastructure, Growth, and Poverty Reduction”, World Bank, Shanghai Poverty Conference: Case Study Summary, p.1. http://web.worldbank.org/archive/website00819C/WEB/PDF/CASE_S-4.PDF (Accessed on 09.09.2018)

taxation systems within the opening-up and reform context, helped to solve the funding gap and diversify the financial resources needed to cover the expenses of transportation infrastructure.²⁴

A symbol of China's development and impressive infrastructure is the high-speed railway network: 22,000 km at the end of 2016.²⁵ Beijing-Tianjin, Beijing-Shanghai, Wuhan-Guangzhou are merely a few examples of the high-speed intercity lines that connect China's major cities. A study shows that since 2010, China has been spending around 100 billion dollars annually on railway building.²⁶

Overall, the high rate of economic growth and the improvement of competitiveness over the last decades are closely linked to the development of infrastructure.²⁷ Foreign investments and the manufacturing sector were also heavily influenced by the need of infrastructure building.

As for the next phase of economic development, China is putting an emphasis of scientific and technological advancement, innovation, green growth, and the expansion of services as the economy will transition from manufacturing-based to consumption-based.

China-Romania Relations

On October 5th 1949, Romania was the third country to recognize the PRC and establish diplomatic relations.²⁸ The evolution of the bilateral ties can be divided into three phases marked by different domestic politics, economic interests and internal changes. During the first phase, Romania and China became very close political and economic partners, with shared values and common interests. The close relationship of cooperation between the two countries suffered a turning point after 1989 due to the downfall of the communist regime in Romania. As Romania began its transition towards democracy, market economy and integration into the European Union, bilateral ties were not as strong anymore despite positive official declarations.

The third phase of China-Romania relations refers to the evolution of cooperation in the last few years in the context of China's new international initiatives such as Belt and Road and the 16+1 framework. In 2004, on the occasion of President Hu Jintao's visit to Romania, the two countries signed the Joint Declaration on Establishing a Comprehensive Friendly Cooperative Partnership with the purpose of improving political cooperation, economic and

²⁴ *Ibid.*

²⁵ "Milestones in China's high-speed railway development", Xinhua, January 2018.

http://www.xinhuanet.com/english/2018-01/04/c_136862909.htm (Accessed on 10.10.2018)

²⁶ "High Speed Railways. The Case of China", Regional EST Training Course at United Nations University Shanshan Li, Vice Country Director, ITDP China Feb 26, 2018.

<http://www.uncrd.or.jp/content/documents/5917Presentation%202-High%20Speed%20Railways-Ms.%20Li.pdf>

²⁷ Pravakar Sahoo, Ranjan Kumar Dash, and Geethanjali Nataraj. "Infrastructure development and economic growth in China." Institute of Developing Economies Discussion Paper 261 (2010): 10.

²⁸ Gao Ge. "The Development of Sino-Romanian Relations After 1989." *Global Economic Observer* 5, no. 1 (2017): 127. http://www.globeco.ro/wp-content/uploads/vol/split/vol_5_no_1/geo_2017_vol5_no1_art_016.pdf

trade relations and international cooperation.²⁹ Further steps to enhance cooperation were made in 2006 during the visit of President Traian Băsescu to China and in 2008 with the visit to Romania of Chairman Jia Qinglin of the National Committee of the Chinese People's Political Consultative Conference (CPPCC). He expressed China's interest in promoting a better political mutual trust between the two countries, improved trade relations, cultural exchanges and international coordination.³⁰ Another major state visit occurred in 2009 when the Vice President Xi Jinping visited Romania and met President Traian Băsescu. At the time, Vice President Xi reinforced the two countries' common goals and described the relationship as "a model of state-to-state relations of equality and mutual trust in politics, mutual benefit and cooperation in economics as well as coordination closely in international affairs".³¹

In 2013, during the visit of Chinese Premier Li Keqiang, the two governments agreed on opening a Romanian Cultural Center in Beijing and a Chinese Cultural Center in Bucharest³². At the same time, the four Confucius Institutes established in Sibiu, Cluj-Napoca, Braşov and Bucharest have brought an important contribution to educational and cultural exchanges by promoting the Chinese culture and language in Romania.

In the last decade, China has been expanding and improving its economic relations with many European countries, and particularly in Central and Eastern Europe (CEE). Together with several countries, including Romania, China created a cooperation framework to enhance dialogue, exchanges and economic relations: the 16+1. It is worth noting that China is Romania's biggest trade partner in Asia, and Chinese investments rank 19th among foreign investments in Romania.³³ In 2014, the total flow of exports and imports between China and Romania reached 4.48 billion dollars³⁴, but on the negative side there is a significant trade deficit that Romania is trying to decrease by exporting more to China. However, in comparison to other CEE countries such as Poland, Romania's trade deficit during 2010-2015 amounts to 11.8 billion dollars as opposed to 60.3 billion dollars.³⁵

At the most recent meeting Prime Minister Viorica Dăncilă and Premier Li Keqiang in July during the Sofia Summit between China and CEE countries, the two leaders discussed Romania's interest in reducing the trade deficit with China and attracting more Chinese investments.³⁶ Transport infrastructure and energy are the most important sectors where Romania needs more foreign investment, therefore the two countries signed a cooperation

²⁹ Ministry of Foreign Affairs of Romania. <https://www.mae.ro/bilateral-relations/3121> (Accessed on 08.09.2018)

³⁰ Gao Ge, *op.cit.*, p.129.

³¹ *Ibid.*

³² "China and Romania", Ministry of Foreign Affairs of the People's Republic of China. https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/xos_664404/gjlb_664408/3215_664730/ (Accessed on 08.09.2018)

³³ Ministry of Foreign Affairs of Romania. <https://www.mae.ro/bilateral-relations/3121>

³⁴ Sarmiza Pencea. "Romania-China Trade And Investment Relations Against The Backdrop Of" One Belt, One Road" Strategy." *Romanian Economic and Business Review* 12, no. 2 (2017): 20.

³⁵ *Ibid.*

³⁶ "Prime Ministers Viorica Dancila, Li Keqiang welcome upward development of Romania - China relations", Agerpres, July 2018. <https://www.agerpres.ro/english/2018/07/07/prime-ministers-viorica-dancila-li-keqiang-welcome-upward-development-of-romania-china-relations--141387> (Accessed on 09.09.2018)

agreement between the Ministry of Transportation in Romania and the National Development and Reform Commission in China.³⁷

Statements coming from both countries' officials have been generally positive and encouraging towards the evolution of economic ties, however it should be noted that Chinese investments in Romania are still under expectations. One of the most notable projects is the construction of reactors 3 and 4 at the Cernavodă Nuclear Power Plant, but conditions are still being negotiated, after the first memorandum of understanding was signed in 2013.

Another major investment project could be the construction of a new thermal power plant at Rovinari, an investment worth 1 billion EUR.³⁸ This process is still undergoing negotiations and one of the main issues delaying the start of Rovinari and Cernavodă projects, is related to the profitability of the investment and the minimum energy price. However, EU regulations do not allow states to guarantee a pre-established price for these kinds of investments.³⁹

Other important initiatives have been taken by Huawei and ZTE companies, which have mainly invested in the sector of "smart cities". ZTE has also invested in building several intelligent parking lots in Constanța and Timișoara.⁴⁰

The further development of economic and political relations between Romania and China is promoted not only through bilateral dialogues, but also through multilateral frameworks such as the 16+1 cooperation framework. Initiated by China in 2012, the 16+1 framework is formed by 16 European countries from Central and Eastern Europe including 11 EU members (Estonia, Latvia, Lithuania, Poland, Czech, Slovakia, Hungary, Slovenia, Croatia, Romania, Bulgaria) and 5 non-EU members (Montenegro, Bosnia and Herzegovina, Albania, Macedonia, Serbia). The framework targets areas such investments, transports, infrastructure, science and finance, with a high emphasis on economic and trade cooperation.

Also, China's economic relations with Romania are closely related to the Belt and Road Initiative (BRI), which includes Romania as a country of high interest for China in Eastern Europe. In 2015, the two governments signed a memorandum of understanding regarding the implementation of the BRI projects.⁴¹ During a press conference, Teodor Meleșcanu, the Minister of Foreign Affairs, reiterated Romania's interest in expanding its economic and

³⁷ "Detaliile Întâlnirilor Premierului Dăncilă de la Summit-ul China – Europa Centrală și de Est", Ecopolitic News, 2018. <https://ecopolitic.ro/exclusiv-detaliile-inalnirilor-premierului-dancila-de-la-summit-ul-china-europa-centrala-si-de-est/> (Accessed on 09.09.2018)

³⁸ "Termocentrala de 1 mld. de euro făcută cu chinezii ar putea fi contractată până la sfârșitul anului - Gereea", Economica, 2018. http://www.economica.net/gereea-energie-termocentrala-de-1-mld-de-euro-facuta-cu-chinezii-ar-putea-fi-contractata-pana-la-sfarsitul-anului-ei-vo_103375.html (Accessed on 10.10.2018)

³⁹ *Ibid.*

⁴⁰ Ziarul Financiar, 2017. <https://www.zf.ro/business-hi-tech/grupul-telekom-lansat-impreama-chinezii-zte-proiect-smart-city-constanta-primarul-decebal-fagadau-intai-facem-teste-anul-viitor-ne-pregatim-strategia-smart-city-apoi-vom-face-achizitii-16473750> (Accessed on 10.10.2018)

⁴¹ "Ambasadorul Chinei la București Xu Feihong: „Centura și drumul“, calea comună a prosperității și renașterii", Adevărul, May 2017. https://adevarul.ro/news/politica/ambasadorul-chinei-bucuresti-xu-feihong-centurasi-drumul-calea-comuna-a-prosperitatii-renasterii-1_59159bbf5ab6550cb80a3cb5/index.html (Accessed on 10.10.2018)

cultural cooperation with China.⁴² He also mentioned that Romania is looking forward to actively participate in the projects of the Belt and Road Initiative as well as in the 16+1 framework. The two initiatives, BRI and 16+1 overlap in many points which only shows that China has a strong interest in improving its presence and relations in the region. The 16+1 platform can be seen as a strategy to implement BRI projects.⁴³

Romania's geographical position as well as natural resources and cheap labor are very strong advantages that attract Chinese investments and interest to deepen trade and economic relations. In 2013, Prime Minister Li Keqiang stated that the two countries "meet each other halfway and their common interests are growing"⁴⁴, referring to Romania's need for foreign investments that can boost development, and to China's economic and political interests in Europe. Central and Eastern Europe countries represent the "East Gate" of the EU for China,⁴⁵ and pose a strategic advantage for the expansion of Chinese business. Romania on the other side, is trying to tackle the problem of its infrastructure gap by attracting foreign investments from Chinese companies. Also, China represents a huge potential market for Romanian exports such as agricultural products.

While it is true that Romania-China economic relations are below expectations, both countries have expressed their interests in improving economic and trade relations, cultural exchanges and international cooperation. The Belt and Road Initiative as well as the 16+1 framework offer Romania a great opportunity to benefit from China's development and gain access to China's market.

How does Romania perceive China's Development?

China's international image has changed significantly in the last decades due to its economic development and increased presence on the international scene. Economic reforms and the opening-up policy have encouraged higher contacts with foreign companies and people who took an interest in China's politics, culture and language. With the global expansion of Chinese companies and initiatives, China has become an important economic partner for many countries including Romania. Strategies to increase China's soft power have also influenced its global image and perspective on its new international status.

Romanian people's perspective on Chinese development is determined by many factors such as level of education, age, international exposure, field of activity and contact with China in any form. This research is based on the results of a survey answered by several experts and people who have lived in China. The questions in the survey were focused on

⁴² "Meleşcanu: România, interesată de "Drumurile Mătăsii", China", DCnews, November 2017. https://www.dcnews.ro/melescanu-romania-cooperare-china-drumurile-matasii_565109.html (Accessed on 10.10.2018)

⁴³ Andrew Witthoef, "What Is China's Objective With the 2018 16+1 Summit?", The Diplomat, June 2018.

<https://thediplomat.com/2018/06/what-is-chinas-objective-with-the-2018-161-summit/> (Accessed on 10.10.2018)

⁴⁴ Gao Ge, *op.cit.*, p.134.

⁴⁵ *Ibid.*

China's image as an economic actor and development model, as well as its economic relations with Romania.

To the question of what impressed them the most while visiting China, most people pointed out to the infrastructure and the fast pace of changes, including the development of services. Some answers also mentioned the growing difference between social classes, particularly between the middle-income class and the high-income class.

- *Have you heard about the following concepts?*

The survey showed that most people were informed about the Belt and Road Initiative (82.4%) as well as the Chinese Dream concept (82.4%). 64.7% had also heard about the Reform and Opening-up policy, while fewer respondents knew about the Asian Infrastructure Investment Bank.

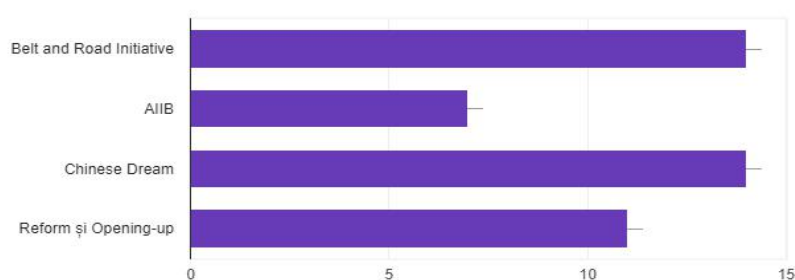


Figure 1: Among respondents who have lived in China.

- *Which are China's main social and economic problems at the moment?*

The survey showed that for Romanian people living in China, the economic inequality and the aging of the population are the main challenges for China at the moment. Also, experts believed that the growing number of old people in China is a more serious problem than the economic slowdown and China's high debts. Overall, 50% of the respondents considered that the income inequality is the major problem that China has to overcome.

In the opinion of a former high-ranking Romanian diplomat ambassador in China, the biggest challenges for China on the short-term consist of continuing the reform and managing its costs.

- *How would you describe China in connection to the EU?*

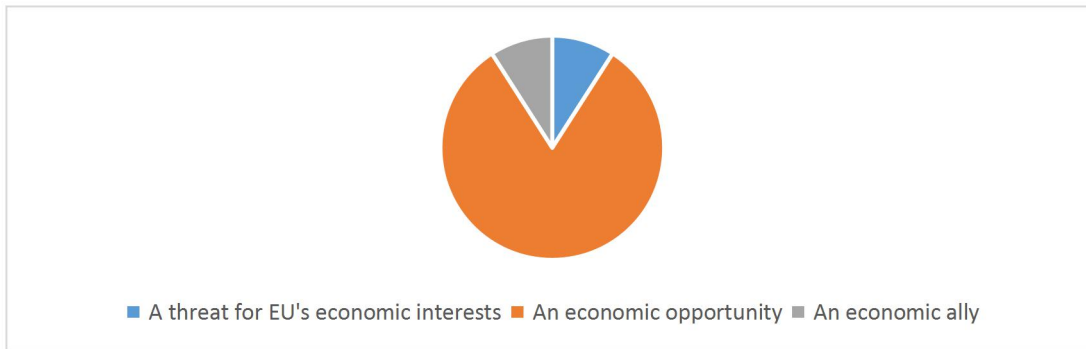


Figure 2: China as an economic actor in connection to the EU

According to almost 82% of the respondents, China represents an economic opportunity for the European Union rather than a threat or an ally. Put in the broader context of the expansion of Chinese investments in Europe, the perception of China-EU economic relationship is a positive one considering the benefits on both sides. However, China could also represent a threat for EU's economic interests and stability if China will not respect international economic regulations for cooperation.

- *How would you describe China in regards to its development stage?*

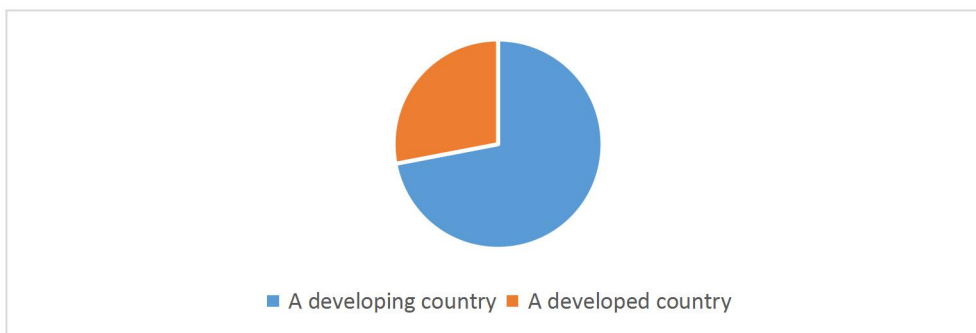


Figure 3: China - a developed/developing country?

A majority of the respondents, 72% see China as a developing country, but there are also respondents who perceive it as a rather developed country. China could be seen as a paradox since it has the second biggest economy in the world, but in terms of development there is still a big gap in comparison to developed states. During an interview, a former high-ranking diplomat in China talked about the difficulty of using academic terms to describe China's development given the complexity and dynamism of its economy. Quoting a Chinese official, he mentioned that there are three Chinas: the very advanced one, the mid-advanced one and the developing one. Therefore, it could be said that China is in a "mid-level" development stage.

- *What is your opinion about the evolution of Romania's relations with China in the last 25 years?*

This question is very relevant to the subject of this paper because it shows what is the general view on Romania's bilateral ties with China and how China is needed in Romania. The results of the survey show that both experts and other respondents see this relationship as

very poor, slow, and underdeveloped. Results point out to the high trade balance favoring China as well as to lack of progress for the main Chinese investment projects in Romania. On a ranking from 1 to 10, most respondents chose numbers between 2-7 to describe Romania's progress in improving bilateral ties with China.

- *What are some concrete policies that Romania could implement in order to benefit from China's development?*

According to experts, Romania could benefit a great deal from cooperating with China within the framework of a new foreign policy directed at the relationship with China. Creating an agenda of goals and interests while improving the dialogue between the two governments during regular visits would bring a great contribution to the improvement of economic ties. Another idea is to attract Chinese investments for manufacturing products for the EU market. One expert also emphasized the importance of Romania's maritime port Constanta and the development of projects within the framework of the Belt and Road. Also, one way to strengthen economic ties with countries along the Belt and Road routes would be to send commercial attaches to Romania's embassies in Central Asia.

Another respondent explained that Romania should implement policies in order to expand greenfield investments, technology exchanges, and services, rather than investments in energy, transportation or communications. Considering the EU legislation, Romania should try to benefit more from cooperating with China in domains other than infrastructure until the EU will negotiate a better agreement on investments with China.

At the same time, other respondents suggested the simplification of the negotiation process for investments, the construction of high-speed railways, promoting Romania for Chinese tourists, and opening centers for technological research. Romania could also find European partners in cooperating with Chinese companies for exports. Furthermore, Romania should explore ways to improve economic cooperating using the instruments given by the EU Commission.

- *What is your opinion on Chinese investments in Romania? Choose from 1 (very bad) to 5 (very good).*

On a scale from 1 to 5, 50% of the respondents answered neutral to the question on how they perceive Chinese investments in Romania. The other 50% expressed their discontent with the evolution of these projects, which can be explained by the lack of progress in the negotiations phase. As presented above, the implementation of major projects such as the nuclear power plants at Cernavodă or the hydroelectric power plant at Rovinari, is being delayed due to negotiations issues. Some respondents blame the lack of progress on the lack of information for Chinese investors or on the fact that only small or middle-sized companies invest in Romania, while the bigger companies choose West European countries. However, most respondents base their opinion on the fact that there are very few initiatives for Chinese investments in Romania.

- *Do you think the Chinese model of development can be applied in Romania?*

According to the results of the survey, more than 50% of the respondents consider that the model of development in China cannot be applied in Romania because of political differences between the two systems, and also because China's economic model is shaped by different ideas, goals and ideology.

Overall, the survey shows that Romanian respondents have a positive opinion towards the development of China's economy and the spill-over effects on its economic relationship with Romania. Participants informed about Chinese investments in Romania are supportive of China's interest in Romania and consider it an opportunity for Romania, however they are critical of the current state of economic and commercial relations between the two countries. Experts and other respondents alike believe in a pragmatic approach that takes into account Romania's need for foreign investment and commercial partners, and China's growing presence in CEE countries.

China in the Romanian mass-media

In order to better answer the main question of the paper, this research also focused on how China's development is presented in the Romanian mass-media by journalists, analysts, politicians and other categories. The research shows that in the Romanian press there is limited information about China. Most news and analyses about China are translations of articles published by international news agencies, and only major events and developments are reported by national journalists. Also, there are very few journalists who focus on the Asia-Pacific region, which shows that there is not enough public interest regarding China.

Few findings show that generally China is presented in a favorable light when it comes to its development and economic growth. Authors use words such as "a global force competing directly with the US and the EU"⁴⁶, "a model of economic development"⁴⁷, "the main global development actor"⁴⁸ to describe China's advancement in the international system. China is portrayed as a growing force 40 years after the start of the reforms with

⁴⁶ Bogdan Cojocaru, "În 40 de ani de la marea reformă economică, China s-a transformat dintr-o economie agrară într-o forță mondială care concurează direct cu SUA și UE", Ziarul Financiar, April 2018. <https://www.zf.ro/business-international/in-40-de-ani-de-la-marea-reforma-economica-china-s-a-transformat-dintr-o-economie-agrara-intr-o-forta-mondiala-care-concureaza-direct-cu-sua-si-ue-17115016> (Accessed on 10.10.2018)

⁴⁷ "China, model de dezvoltare economică. Imagini în premieră cu cel mai lung pod maritim din lume", May 2018. <https://www.antena3.ro/economic/china-model-de-dezvoltare-economica-imagini-in-premiera-cu-cel-mai-lung-pod-maritim-din-lume-video-468405.html> (Accessed on 10.10.2018)

⁴⁸ Mircea F. Cristian, "Basil Constantinescu, investiții strategice: China, principalul vector de dezvoltare globală" https://www.dcnnews.ro/basil-constantinescu-investi-ii-strategice-china-principalul-vector-de-dezvoltare-globala_611388.html (Accessed on 10.10.2018)

many political and economic achievements such as the growing rate of urbanization, the launching of the Asian Infrastructure Investment Bank, the innovation in artificial intelligence and technology⁴⁹, the newest infrastructure achievements such as the bridge linking Hong Kong, Macao and Mainland China, the Canton Tower⁵⁰ and so on.

Conclusions

As one of the fastest growing economies in the world, China represents a great economic opportunity for CEE countries, in this case Romania. Traditional good relations between Romania and China provide a good model to be followed in Romania's attempts to pursue the improvement of economic and cultural ties. In the opinion of Romanian participants in the research, China's development in the last four decades has been an incredible process that can benefit Romania as long as the authorities implements the right policies and strategies.

Findings show that respondents see China as an economic opportunity for Romania and the EU as well. Through initiatives such as the Belt and Road or the 16+1, China is a needed partner for Romania considering the financing gap in infrastructure and other sectors. Romania wants to deepen the economic cooperation and dialogue with a fast-developing China, but apart from positive declarations from state officials, the business relationship between the two countries is developing too slowly. Both countries need to make further efforts to improve dialogue and actually implement projects within the bilateral and multilateral cooperation frameworks.

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⁴⁹ Bogdan Cojocaru, "În 40 de ani de la marea reformă economică, China s-a transformat dintr-o economie agrară într-o forță mondială care concurează direct cu SUA și UE".

⁵⁰ <https://www.antena3.ro/economic/china-model-de-dezvoltare-economica-imagini-in-premiera-cu-cel-mai-lung-pod-maritim-din-lume-video-468405.html>

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About the author:

Georgiana Boboc is a Fellow at the Romanian Institute for the Study of the Asia-Pacific (RISAP). She holds a Master's Degree from the China Foreign Affairs University and is a fluent Mandarin speaker.