



Weekly Briefing

Hungary External Relations briefing:
HUNGARIAN INTERPRETATIONS OF THE CHINA
INTERNATIONAL IMPORT EXPO 2018
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HUNGARIAN INTERPRETATIONS OF THE CHINA INTERNATIONAL IMPORT EXPO 2018

The first China International Import Expo (CIIE) was held between November 5, and November 10, 2018. According to the official data, the expo resulted in deals worth 57 billion USD; 172 countries and more than 3.600 enterprises joined the event.

It seems to be clear that the first Chinese import expo can be evaluated of critical importance in the midst of the “trade war” between the US and China. The efforts of the Chinese leadership to open up the Chinese economy for more trade, and broaden business opportunities, are very much aligned with Hungarian endeavors to diversify the export structure. In recent years, Hungary has become one of the most reliable partners of China, so it should not come as a surprise that Hungary also was a guest of honor at the China International Import Expo 2018. This briefing basically looks at the different interpretations of the Import Expo in the Hungarian media.

By and large, it can be argued, that the CIIE received positive responses in Hungary, however it must be also underlined that media coverage was very weak. That is the reason why basically facts reporting articles prevailed, while comments, or analyses were not represented too strongly. At the same time, it is also clear, that the event was rather covered as an important business event, not as a political gathering.

Those articles covering the event, basically centered on the negotiations, that the Hungarian Primes Minister and other government members conducted during the expo. Next meetings and information were basically mentioned in all these articles:

- The Hungarian Prime Minister met the President of the Huawei, that has invested 1.2 billion HUF in Hungary since 2005, operates its Europe Operations and Maintenance Centre in Budapest and employs more than 2000 people in Hungary.
- From the next year on, China Eastern will have direct flights between Budapest and Shanghai four times a week, according to the announced plans. The Minister of Foreign Affairs and Trade underlined, that the number of Chinese tourists going abroad is set to grow by around 70 percent within the next five years. He also added that Chinese tourists spend most in the world. The relevance of direct flights between the Hungarian capital and Shanghai is clear as for the development of the Hungarian tourism since it efficiently can improve connectivity.
- The economic importance of Shanghai was acknowledged when Hungary opened a trade center in the city, newspapers underlined. The trade center will easier allow for making business between Hungarian and Chinese firms, the Minister of Foreign Affairs and Trade, Mr. Szijjarto underlined.
- The Hungarian Prime Minister stressed in Shanghai during his negotiations, that China also noticed Central Europe's fast economic growth that is double the European average. At the same time, he underlined, Hungary also represents other countries in the region, and this is why Hungary could become a country a guest of honor among "giant countries". During the same speech, he referred to the growing importance of the Central European region, that is being reflected in the establishment of the 16+1 cooperation. Mr. Orban strengthened Hungary's commitment to this cooperation form as well.
- The Minister of Foreign Affairs and Trade told the press that the Hungarian government is about to sign an agreement with the world's biggest Chinese automotive supplier that is going to invest (in form of foreign direct investment) in Eastern Hungary. This subsidiary of the Chinese company

will be the first foreign direct investment of the Chinese company outside China, he added.

- At the same time, news on agricultural cooperation between the two countries were covered as well. The Hungarian Minister of Agriculture told the press after his negotiations in Shanghai, that China seems to be open for import of Hungarian wine products, crops and animal products. He underlined that the attention paid to Hungarian agricultural products has been growing due to the broad variety of Hungarian GMO free food, a characteristic of the Hungarian agriculture.
- The Hungarian Prime Minister had a brief meeting with the President of the Bank of China during the expo. Mr. Orban put a strong emphasis on the successful cooperation in issuance of Hungarian state bonds, nominated in Chinese yuan. When opening the Hungarian pavilion, five B2B agreements were signed, aside them, the partners agreed on establishment of solar photovoltaic plant in Hungary too.

As for the Hungarian interpretation of the CIEE, it can be stated that the main emphasis was put on business and the economic importance of the event. Even including the more critical articles, none of them focused on political issues or debates related to China. The main message of China came through in the Hungarian media, since even in cases when critical voices were expressed in the articles, they basically criticized the domestic politics of the Hungarian government, while the CIEE, or the intentions of China with the launch of the event were rarely or not discussed at all.

1. The majority of Hungarian articles didn't focus on the trade war between the US and China, thus they don't put the trade war or the Belt and Road Initiative in context with the opening of the Chinese economy. Although, it would be logical to reason this way, since there is still a long way to go to China, when it comes to open up its economy for more trade.

2. Another line of criticism can be found in an article published by the HVG, they covered an article on the negotiations of the Hungarian Minister responsible for innovation and technology (Mr. Palkovics). The article referred to a communication of the Ministry for Innovation and Technology, that underlined the establishment of a Chinese university would be an appropriate means for strengthening the bilateral upper education cooperation between Hungary and China. The criticism doesn't come from the text itself, but the heading and the subtitle: Heading: "Palkovics could bring Chinese university to Hungary" Subtitle: "While they chase the CEU to Vienna." A similar approach was utilized in another article of the HVG, while the text of the article described the event, agreements related to the expo objectively, the heading said: "The half government is in Shanghai" suggesting that the Hungarian government focuses too much on the event.
3. As mentioned before, there were only a few analyses that put the CIEE in the context of the trade war. These experts emphasized China's had a weaker bargaining position in the trade dispute with the US and that is why China put a heavy emphasis on trade liberalization and the CIIE. It has been argued that the American economy is less reliant on the Chinese economy than vice versa. That is an argument of Donald Trump who put this way 15 October 2018: "They can retaliate, but they can't – they don't have enough ammunition to retaliate. We do USD100 billion (worth of business) with them. They do USD531 billion with us, ..." This argument remembers us of the different trade positions of the two countries.

The irony of this situation is that the significant trade surpluses that China has been running in the bilateral trade recently, makes China indeed more vulnerable in a series of retaliations (counter measures) when US and China have been raising trade tariffs. Since US imports more from China, than China from the US, China will run out sooner of its options to retaliate, than the US.

However, it must be also underlined that history helps us understand how futile it is to try to force US' will upon China, since the modern Chinese nation identity and sovereignty was formed and strengthened despite Western powers' intervention during the 20th century.

We argue at this point, that the Chinese determination cannot be questioned in this aspect, since not only the launch of the Belt and Road Initiative can be mentioned, but concrete measures as well that aim to improve the business environment. Aside the CIEE, the last Doing Business Report of the World Bank also delivers proof for efficient implementation of policy measures to open the country for more trade. According to the report, the country's 2019 ranking (49th place) significantly improved in recent years. Two years ago, China's ranked 78th. With the 49th place, China surpassed the regional average of East Asia & Pacific or India (ranked 77th), though it is true that it is below Singapore, Malaysia and Thailand from the region.

To sum it up, it can be argued, that the CIIE basically received a very positive media coverage. Despite the positive attitude in the Hungarian media, the intensity of the coverage was low, and that could be improved significantly later. As for the topics, the Hungarian new portals and newspapers evaluated the CIIE as an event where more business can be done. At the same time, we can point out that criticism around the event basically centered on the intentions or alleged intentions of the Hungarian government, not the event itself.