



Weekly Briefing

**Slovakia External Relations briefing:
Slovakia at the China International Import Expo
Institute of Asian Studies, Bratislava**

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Slovakia at the China International Import Expo

Introduction

In November, the Chinese trade platform China International Import Expo (CIIE) took place in China - in Shanghai - for the first time. The CIIE is a large event open to all countries and regions of the world. Its main purpose is to strengthen the mutual economic cooperation between the interested actors while also emphasizing the open global trade market. It was Chinese President Xi Jinping who announced the opening of the world's first import-themed expo. There, 172 countries, regions and international organizations had an opportunity to witness the event. Additionally, more than 3,600 companies from various countries held discussions seeking common development with over 400,000 purchasers from China and overseas. At the event, President Xi promised another decrease of the import tariffs and more sensible openness of the Chinese market to foreign investors. The CIIE is connected to the initiative of the Belt and Road Initiative (BRI) – a mega project announced by China aimed at building trade routes across various regions and implementing numerous infrastructure and energy projects.

Slovakia is one of the countries that had the opportunity to participate in the expo. Attending the expo can result in many interesting import options and activities. Furthermore, Slovak companies and influential business figures profited from strengthening ties with various other business authorities participating in the event. For instance, the Czech President Miloš Zeman, who was present in China in the time of the CIIE, had an opportunity to accompany President Xi through the Czech exposition in the expo. However, looking at Slovakia, the Slovak authorities have not provided any specific positions or statements on the CIIE. In general, the Slovak and foreign media have not covered the Slovak presence in the expo nor its attitudes towards it. However, Slovakia's position has been much clearer in the context of other Chinese initiatives, mostly

BRI. By analyzing these one can get better picture of the Slovak positions towards the Chinese trade initiatives.

¹ --, "CIIE opens, Xi urges building an open world economy", *China International Import Expo*, 5 November 2018, <<https://www.ciie.org/zbh/news1/20181105/7709.html>>.

¹ --, "Čínský prezident Si se přihlásil k otevřenému trhu, slíbil další snižování dovozních cel", *Lidovky*, 5 November 2018, <https://www.lidovky.cz/byznys/firmy-a-trhy/cinsky-prezident-si-se-prihlasil-k-otevrenemu-trhu-slibil-dalsi-snizovani-dovoznich-cel.A181105_090058_firmy-trhy_ele>.

Slovakia's import and export visions: between dreams and reality

According to Prime Minister Peter Pellegrini Slovakia is currently interested in achieving mutually beneficial relations with China. In the end of October, he stated that it was in Slovakia's interest to be a part of the Chinese Belt and Road Initiative. Nowadays, he added, the country needed to complete the certification process of its food products so that Slovakia can export its dairy and meat products to China, where the demand is very high. Trade exchange between the West and the East is dynamic and intensive with railway trade transports becoming more frequent. Pellegrini declared that Slovakia needed to do all it could should it benefit from the Chinese plans. There is not only an administrative approach needed, but it is in the country's interest to be part of the BRI's physical network. Pellegrini also added that the initiative should not be considered one-sided. It was believed, he said, the flow of trade would not come only from the East to the West, but the exchange could see an increase in exporting to the East. The BRI should thus be considered a mutual trade exchange platform, which would make the Slovak exporting activities in the East much easier and more effective. Pellegrini was consequently supported by Ľuboš Blaha, the head of the Slovak parliamentary committee responsible for European affairs. In his opinion, it is necessary for Slovakia to broaden the cooperation with the Chinese, as both China and the BRI provide Slovakia with various opportunities. He also mentioned the potential opportunities in terms of the big infrastructure projects that could positively affect Slovakia.

However, many Slovak authorities heed more pessimistic positions. For instance, according to Slovak politician Katarína Cséfalvayová, one needed to be aware of the difference between the Slovak-Chinese trade relations and the BRI project. She said it was necessary to identify the true nature of the initiative, as it could be a Chinese political tool aimed at increasing its influence in Europe rather than an economic project. She pointed out the situations when economic discussions regarding the BRI have been highly interconnected with political demands and interests of the leaders of states.

Speaking of the Slovak-Chinese import and export opportunities, some more criticism can be found in Slovakia. Experts from the Slovak Institute of Asian Studies argue that the Slovak authorities' optimistic expectations need to adapt to a more realistic vision. Even though Prime Minister Pellegrini maintains his optimistic view and frequently addresses the potential opportunities of Slovakia in China, such plans would not bring anything significant to the country. Many optimistic and magnificent declarations were stated in the past by former Prime Minister Robert Fico, however, Chinese investments in the country are minimal. Moreover, Slovakia's exports to China have been at best stagnating in the past few years. It is not believed that that China would become a key economic actor in Slovakia any time in the near future. The state's authorities often speak optimistically about the opportunities of exports of cars and food. The announced reduction of the Chinese tariffs will without doubt have an impact on the Slovak economy.

However, from a long-term perspective, Slovakia's car exports to China will be challenged by the fact the Asian country is already building its own car production capacities. Thus, it is necessary to ask how long it will remain profitable to transport cars on such a long distance, while many foreign producers also locate their plants in China. Then, as it was said before, Prime Minister Pellegrini is hoping to boost Slovakia's milk and meat products' exports to China. However, the food production and agriculture as such are marginal sectors of the Slovak economy when speaking of the overall GDP. Also, in comparison to the enormous Chinese market the Slovak food and agriculture firms possess rather small capacities.

¹ --, "Pellegrini: Mali by sme sa snažiť, aby nová Hodvábna cesta išla aj cez Slovensko", *SME*, 24 October 2018, <<https://domov.sme.sk/c/20945031/pellegrini-mali-by-sme-sa-snazit-aby-nova-hodvabna-cesta-isla-aj-cez-slovensko.html>>.

¹ --, "Pellegrini: Mali by sme sa snažiť, aby Hodvábna cesta išla aj cez SR", *Teraz*, 24 October 2018, <<http://www.teraz.sk/slovensko/pellegrini-mali-by-sme-sa-snazit-aby/356531-clanok.html>>.

Thus, we can conclude that such small capacities would not satisfy the needs of the Chinese market. And finally, one should not forget the certification process, which is necessary should China allow the Slovak products to reach the Chinese markets.

Slovak authorities often like to speak of the potential and highly beneficial Chinese investments from the BRI initiative. The assumption that Slovakia will serve as an investment “hub” in Europe for China is not logical. Firstly, even nowadays the Chinese investors are based in Western Europe rather than in Central Europe. Secondly, the Central and Eastern European countries are still rather “unknown” for Chinese companies, as they would not know what to expect from states in this region. And more importantly, Slovakia does not really offer that many investment opportunities for China.

Conclusion

The first China International Import Expo took place in Shanghai. There, all the political and business figures that participated had various opportunities to discover new influential people and broaden their business activities. For China, the initiative can boost its international image as a perspective and influential economic power. Unfortunately, we are not able to see any visible and accessible expressions of the Slovak position towards the expo. But concerning the nature of the event, it is meaningful to analyze the Slovak attitude towards trade with China, especially in terms of the Belt and Road Initiative. From that perspective, the Slovak authorities’ positions on the BRI is optimistic and the elites have relatively high expectations. But many experts and academics argue that such assumptions are unrealistic and illogical. Therefore, Slovakia needs to be more realistic when speaking of the trade opportunities with China.

¹ Ricjard Turcsányi and Matej Šimalčík, “Slovak Policy Towards China is Built on Empty Words”, *The New Federalist*, 4 October 2018, <<https://www.thenewfederalist.eu/slovak-policy-towards-china-is-built-on-empty-words?fbclid=IwAR13-8o8lJJuS1NwRUeKCEiIiHH70zFfRVfNTYoL6zS4-HyI8Q4OJ5D850>>.