



Weekly Briefing


Bulgaria external relations briefing:
21ST EU-CHINA SUMMIT, 8TH 16+1 SUMMIT AND THE
SECOND BELT AND ROAD FORUM 2019 – REFLECTIONS
FROM BULGARIA

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21ST EU-CHINA SUMMIT, 8TH 16+1 SUMMIT AND THE SECOND BELT AND ROAD FORUM 2019 – REFLECTIONS FROM BULGARIA

During the last month three very important events took place that have a particular significance on the further development of the China-CEEC relations within the global context of Belt and Road Initiative. First of them is the 21st EU-China summit that took place at 09 of April 2019, the second event was the 8th Summit of China and Central and Eastern European Countries (CEEC) that took place from 11-12 of April in Dubrovnik, Croatia. This event was combined with 9th Business Forum of CEEC & China where business forum and individual meetings of Chinese and European companies could achieve direct contacts in order to promote the economic relations between China and the region. The last event was more global one but it also had its impact on East European region and it was the Second Belt and Road Forum that took place in Beijing from 25 to 27 of April.

Where is the place of Bulgaria within these events and to what extent they played a role in Bulgaria-China relations in particular?

Although in two of these events (EU-China summit and Second BRF) Bulgaria didn't play any concrete role as a country which is part of the 16+1 process and as such in the BRI Bulgarian government had a very specific attitude and position toward these events and it was clearly shown through the media coverage and comments that have been done during the events.

The EU-China Summit and its results were very important for Bulgaria not only because the country is part of the EU but also because from the very beginning of the BTI and 16+1 format Bulgarian government was acting only and primary within the limits set by the EU and Its institutions in the relations with China, many times sharing all the concerns, fears, doubts and pessimism of the biggest EU countries such as Germany and France. That was the reason why Bulgaria was not all the time very active in the China CEEC relations as well as it didn't have any firm, constant and sustainable position and policy toward these relations. This was clearly visible from the Bulgarian absence from some of the forums like the First BRF in 2017 or being presented on not the highest possible level, as it was the case during some of the previous 16+1 summits. So never the less the fact that during the last two years and especially after hosting the 7th 16+1 summit in Sofia, Bulgaria started being much more active and positive in its attitude toward China, the last EU-China summit at 9 of April 2019 was very important since both sides, EU and China agreed on a **joint statement** setting out the direction for EU-China relations in the years to come, expressing their joint support for **multilateralism**

and **rules-based trade**. They also reaffirmed their joint engagement to reform the World Trade Organisation. The EU and China agreed to work together to address **industrial subsidies**. They also discussed **foreign and security issues** in their respective neighborhoods. Which is more important, the EU and China committed to build their economic relationship on **openness, non-discrimination** and **fair competition**. Both sides reiterated their willingness to provide each other with broader and more facilitated, non-discriminatory market access. So no matter of the expression that both sides committed to deepen the **EU-China strategic partnership**, according to the expert analyses actually both sides confirmed that there are still not completely clear, stable and equally beneficial base for their future relations. This is even more clearly visible from another key document launched by the European Commission a month before the EU-China summit. The document is named Joint Communication on 'EU-China – A strategic outlook' and it aims to launch a debate on the bilateral relations between China and the European Union, amidst an understanding a shift occurred in the balance between opportunities and challenges in those relations. The document sets out a set of ten actions, subject to discussion and endorsement by the European Council. It was also subject to an exchange of views by the Council of the European Union on 18 March.

The European Commission argues for three key aims when reviewing the relations between the EU and China:

- Deepening of the EU's engagement with China, based on clearly defined interests and principles;
- Seeking more balanced and reciprocal conditions governing the economic relationship;
- Adapting internally to changing economic realities by strengthening own domestic policies and industrial base.

The way that Bulgaria completely share, accept and follows this understanding and conditions in his approach toward China as well as regarding its own participation in the 16+1 format as a part of the China-EU relations and BRI dynamics as well was clearly manifested and showed during the 8th Summit of China and Central and Eastern European Countries (CEEC) that took place from 11-12 of April in Dubrovnik, Croatia. The light motive in all Bulgarian mass media during this summit was that the relations between Bulgaria and China are quite dynamic and friendly, especially after last year's Summit "16 + 1" in Sofia. During the 8th 16+1 Summit meeting in Dubrovnik Bulgarian Prime Minister Boyko Borisov met with his Chinese counterpart Li Keqiang and had talk about the current level of the Bulgaria-China relations and the future perspectives for their further development. The chairman of the State Council of China has declared his country's desire to participate in new projects in Bulgaria, particularly in the areas of infrastructure and agricultural technologies. Bulgaria on its side

offers the establishment of joint ventures, investment projects and all other modern forms of public-private partnership but not a state guarantee, as the Chinese side insists. In front of the media Bulgarian Prime Minister explained that each country shows solidity and character during the negotiations but still Bulgarian government is not ready and do not want to give a state guarantees for any eventual projects but insists on using many other existing possible forms of joint economic projects. Bulgarian Prime Minister also invited China to join as a financial investor in building the 7th Kozloduy Nuclear Power Plant unit under the Westinghouse project. This was announced during his meeting with Chinese Prime Minister as well. Bulgaria proposes to China to enter 49% in the financing of the construction of the 7th block reactor. The idea of attracting Beijing to the project came from the representatives of Westinghouse, who met with Bulgarian Government in Sofia earlier this year. Bulgarian government commented that cooperation with China could be extended with regard to the future construction of Unit 8 of the Kozloduy NPP. According to Bulgarian Prime Minister China should have a great geostrategic interest in the construction of the Belene NPP as well. The exact words of Borisov were: *"I think this is a very profitable project for them – political. Extremely geostrategic for them – It will be for the first time China to build a power plant in the European Union"*. He stressed also that the Bulgarian conditions for the realization of the energy project are clear and formulated in the launched procedure for selection of a strategic investor.

If the two countries agree on this issue, according to Borisov this would be eventually announced during President Xi Jinping's visit to Sofia that Bulgarian premier is almost convinced that such visit will take place this year. A good occasion for such visit is the fact that **this year, Sofia and Beijing celebrate the 70th anniversary of their diplomatic relations.**

Another announcement that Borisov made in front of the media in Dubrovnic is that it is quite possible Chinese bank to open a center in Sofia to finance Bulgaria's projects.

China Prime Minister from his side announced that the country is willing to participate in the infrastructure projects for the high-speed railway line and the Black Sea highway proposed by Bulgaria. He added that both sides would also discuss their cooperation in nuclear energy, agricultural products and tourism.

The focal point of Bulgarian government stressed in the speech of the head of the Bulgarian government during the plenary meeting of the 8th 16+1 summit was that *"For all of us who belong to the large European family of member states or those who are on the road to the EU, it is particularly important to deepen the comprehensive strategic partnership between the EU and China as a factor of peace, prosperity and sustainable development."* In front of the summit participants Bulgarian Prime Minister Borisov noted the fruitful role and results of

the forum "16 + 1" last year, which was hosted by Bulgaria. *"The meeting also confirmed our common understanding that" 16 + 1 "can only be successfully developed as a complement to the EU-China strategic partnership, respecting the principles of openness, reciprocity, equal treatment and the rule of law"*. The Bulgarian Prime Minister also pointed out other results in the practical cooperation between Bulgaria and China – the implementation of a € 1.5 billion agreement between development banks, the participation of Chinese companies in tenders for infrastructure and transport projects, the forthcoming opening of exported visa centers in 15 Chinese city, etc.

In front of the forum, the Bulgarian Prime Minister also drew attention to the limited scope of exported goods for China. *"We are counting on the Chinese government's support for identifying concrete measures to expand and facilitate access to the Chinese market, and to speed up import authorization procedures,"* the prime minister said. According to Borisov, Chinese investments should be in line with EU rules and without state guarantees, through concessions, modernization of existing productions, participation in industrial and logistic parks, mixed project companies, etc. Another issue that Bulgarian side pointed out was that *"We attach great importance to the region's connectivity in the field of infrastructure, energy, the digital sphere, tourism etc. where China can find its place and a significant presence"*. In this regard, the Bulgarian Prime Minister stressed that BRI toward Europe will continue to develop in line with the EU Strategy for Transition between Europe and Asia, the Trans-European Transport Network and the EU Connecting Platform-China. As the ultimate goal of the initiative, Prime Minister Borissov said he expects the realization of concrete projects on the Bulgarian territory as well.

At the end of his speech to the participants in the 8 16+1 Summit Meeting Bulgarian prime minister said that he hopes to increase the number of trips of Chinese tourists in Bulgaria and the countries in the region and to increase exchange in education, culture, science and technology, innovation and e-commerce.

Another achievement regarding the participation of Bulgaria in the 16+1 format was that all projects of the Center for the Promotion of Agricultural Cooperation between China and the Central and Eastern European Countries (CNSSCC) which is based in Bulgaria received the highest degree of support and approval. The adopted joint governmental declaration outlined the framework for the activities of the Center and consolidated Bulgaria's leadership in the field of agriculture in the form of the 16 + 1 Initiative. E-commerce, logistics bases, collaborative demonstration areas, saffron, collaborative laboratories and other new projects of the Center have found a worthy place in the joint declaration - a handbook for administrations in the 16 +

1 format. The inclusion of CSD projects between China and the countries of Central and Eastern Europe provide new, real opportunities for cooperation.

One of the focal points during the summit, regarding Bulgarian-China Relations was the further development of the decision taken in Sofia last year to establish the **Global Partnership Center**. When attending the 7th China-CEEC Summit in Sofia in July 2018, Li Keqiang, together with Bulgarian leader, proposed that China and the CEECs should cooperate to establish a 16+1 Global Partnership Center, which will provide consulting services and suggestions to government bodies and enterprises involved in cooperation, and introduce to the outside world the principles of openness, equality, fairness and transparency upheld by the 16+1 cooperation. The proposal received positive responses from leaders attending the summit. All parties reached a consensus on the establishment of the 16+1 Global Partnership Center in Bulgaria and agreed that China and Bulgaria should take the lead in carrying out the related activities of the Center.

Within the economic and trade forum "16 + 1", which was part of the 8th Meeting of the Heads of State and Government of the countries of Central and Eastern Europe and China Li Keqiang, Boyko Borisov and Andrey Plenkovic formally opened the Global Partnership Center. Its headquarters will be located in the Bulgarian capital. It will be a nonprofit organization whose task is to provide political and legal advice as well as intellectual support to strengthen trade and investment cooperation between business from China and the CEEC and further deepen the links between them. According to the words of Li Keqiang: *"This center will help us better understand the rules and regulations of the EU Member States and the countries of Central and Eastern Europe. To make it easier to operate on the European market"*.

Besides a bridge in the dialogue between 18 countries, the forum also made progress on the construction of another bridge - with Romania. China stated that it is ready to take part in the Balkan rail project between Bulgaria - Serbia - Greece and Romania by funding the bridge model linking southern Croatia with the rest of the country.

At the meeting in Dubrovnik, it was also clear that the "16 + 1" format was joined by Greece, where Chinese investment grew rapidly, and it became a key center in Southeastern Europe for implementing the BRI. The Bulgarian Prime Minister commented that the Sofia meeting last year played a major role in this development and, in his words, with the inclusion of Athens, there could already be joint projects with different funding. With funds from the European Union, China and local budgets, Danube ports can be connected to the Black Sea and the Aegean Sea by building railway lines, Borisov pointed out, giving the Thessaloniki-Kavala-Alexandropoulos route, the ports in Bourgas and Varna, the Danube Strategy , respectively

Bucharest and Belgrade. Chinese companies are looking for opportunities to get involved in these projects, he added.

Finally a protocol on the sanitary requirements for export of Bulgarian sunflower seed meal was signed at the meeting. It provides for Bulgaria to provide lists of processing plants meeting the agreed requirements that China will register after verification and approval. Bulgaria and China are also expected to sign an agreement for the construction of a logistics centre near Varna, from where the Chinese goods will be reallocated to Europe, and vice versa. An agreement will be signed to increase the export of Bulgarian agricultural produce.

The last event that had an impact on the further development of BRI and particularly on China-EU relations was the Second “Belt and Road Forum” held in Beijing from 25 to 27 April 2019, under the chairmanship of Xi Jinping. Since the first summit held in 2017, the new Silk Roads program has grown significantly and structured. Two years ago, the BRI aroused a certain curiosity on the part of the international community; the “Belt and Road initiative” is now regarded as an essential program for the whole world. At this second summit, important decisions regarding the future of the new Silk Roads were taken. This new summit was also an opportunity to strengthen ties between China and the European Union.

Europe remains very attentive to the BRI project, and unfortunately, the EU has still not formulated a specific policy regarding the Chinese initiative. If China is considered a systemic rival by Brussels, this does not prevent any possible cooperation between the European and Chinese connectivity programs. To date, almost half of EU members have formalized their participation in the new Silk Roads.

In his speech, the Chinese president stated that this giant infrastructure project will focus on "open, clean and green development" and the various actors in it "will consult equally". The countries participating in the BRI once agreed to expand their cooperation on land, air and sea as well as in the digital sphere".

According to Bulgarian mass media, the Chinese government is actually introducing "One belt, One Road 2.0" - a project that has grown and covers over 120 countries, including more than half of the EU member states, and includes new dimensions such as "Polar Road" and "Digital Road".

Bulgaria is not presented on the forum on a high level and this is probably not accidental but again shows some kind of political position which most probably is synchronized with EU countries like Germany and France which were also missing with high level representatives on the forum. At the same time it was quite significant the fact that the countries of the Central and Eastern European region participating on the highest level are exactly those countries which are most strongly and actively involved with the BRI – Hungary, Serbia and Greece.

So far there is no any official governmental position regarding the forum and its decisions and on the media only few materials with some general information about the summit in Beijing other detailed analyses on it including the place and role that eventually Bulgaria has in all this global Initiative is simply missing.

In conclusion one more thing regarding Bulgaria-China relations that happened meanwhile this month should be added and considered. Bulgaria was officially visited by Zhang Qingli, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference on the occasion of 70th anniversary of the establishment of diplomatic relations between the two countries. During the meeting with the Chinese guest Bulgarian president Rumen Radev stated that: *"We are impressed by China's achievements in economic development, in overcoming poverty and the measures to improve the environment and enhance the role of innovations"*. Bulgarian side stressed also that between Bulgaria and China there are excellent political relations based on traditional friendship, mutual trust and respect. On his side Zhang Qingli said that *"We will work on all joint initiatives to stimulate practical cooperation in the different spheres"*. For his part, President Radev has pointed out also that the implementation of such a comprehensive approach in bilateral relations will lead to deepening of the trade and economic cooperation and increase of the Chinese investments in our country. In the course of the discussion, the cooperation in the fields of education, culture and agriculture was also discussed. *"A direct flight between Sofia and Beijing would help boost the tourist exchange and the connectivity between our friendly nations,"* Rumen Radev pointed out.

During the meeting, President Radev renewed his invitation to the President of the People's Republic of China, to visit Bulgaria at a convenient time.

Again regarding the 70th anniversary of Bulgaria-China diplomatic relations in Dubrovnik summit meeting Li Keqiang expressed that the China-Bulgaria relations will embrace new development opportunities. China is willing to take the anniversary as an opportunity to well hold a series of celebration activities, and enhance bilateral cooperation in areas including infrastructure construction and agricultural technologies. The Chinese side encourages more competent Chinese enterprises to participate in infrastructure construction projects in Bulgaria, and welcomes more exports of Bulgaria's high-quality agricultural products to China. China is willing to further enhance people-to-people and cultural exchanges with Bulgaria. The Sofia China Cultural Center will start operation this year, which will help further consolidate the public opinion foundation of the two countries.

How all this opportunities will be utilized in the most beneficial for the both sides way and will become natural part of the 16+1 cooperation as well as within the global BRI essential part of which is China-Europe relations is about to understand in a very near future.