



CHINA-CEE INSTITUTE

**WHEN CEE COUNTRIES
MEET WITH CHINA
IN APRIL 2019**

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Budapest, April 2020

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Preface

The Spring of 2019 marks the active season of China's diplomacy. After the state visit of President Xi Jinping to Italy and France as well as Monaco in the end of March, there are three important diplomatic events followed up. The first is the 21st China-EU Summit which had been taken place in Brussels on 8-9 April. The second one is the 8th China-CEEC Summit on 12 April at Dubrovnik, Croatia, where Greece joined the cooperation and the 16+1 Cooperation had been turned to 17+1 Cooperation. The third event is the 2nd Belt and Road Cooperation Forum in Beijing on 25-27 April, in which 9 presidents or premier ministers from Europe, including 4 from CEE countries had attended. Such intensity reflects the importance of Europe in China's foreign policy agenda. What are the views from the Central and Eastern European countries on the China's diplomacy Spring? What is the media coverage in these countries? What are the gains of the CEE countries? The book will provide the answers.

This book is a collection of reports by the associate researchers of the China-CEE Institute. The reports are originally published as the April 2019 Weekly Briefings of the Institute. Weekly Briefing has been a core product of the China-CEE Institute. The views in the book are represented by the individual authors instead of the China-CEE Institute.

The China-CEE Institute was established by the Chinese Academy of Social Sciences (CASS), registered as a non-profit limited company in Budapest, Hungary in April 2017. The

China-CEE Institute is building ties and strengthen partnerships with academic institutions and think tanks in Hungary, Central and Eastern European countries, as well as other parts of Europe. The China-CEE Institute aims to encourage scholars and researchers to carry out joint researches, field studies, to organize seminars and lecture series, to hold some training programs for younger students, and make publication, etc.

I hope this book will help enrich the knowledge of bilateral relations between China and CEE countries.

Prof. Dr. CHEN Xin
Executive President and Managing Director, China-CEE Institute
Deputy Director General, Institute of European Studies, CASS

China-EU Summit, 8th 16+1 Summit and the Second Belt and Road Forum 2019: Reflections from Bulgaria

Evgeniy Kandilarov

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 counties such as Germany and France. That was the reason why Bulgaria was not all the time very active in the Chiba 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 BRG 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 cities, 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, the 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 these 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.

Estonia Meeting China in Brussels, Grad Dubrovnik, and ... Beijing

E-MAP Foundation MTÜ, Tallinn, Estonia

Arguably, when *the EU-China 2020 Strategic Agenda for Cooperation*¹ was getting adopted, the global inter-relations were somewhat different from what one can observe now. In 2013, the Second Obama Administration was in the White House, whereas Donald Trump was just an extravagant businessman; the Russian military forces had not yet entered Ukraine and one of their units had not yet used a mobile Buk surface-to-air missile launcher to bring the MH17 down; the Yemeni Civil War had not started yet; the Venezuelan political crisis had not yet destabilised the Western hemisphere; the EU had not yet been shaken by the inexplicable Brexit. Considering the aforementioned chain of events, which, like a devastating as well as seemingly perpetual tornado, had been running over the world's geo-strategic surface from 2014, a strategy-driven cooperation between major actors would be displayed like a phantasmagorical venture. At the same time, the EU and China, while searching for their enhanced roles in the international system that, back in 1945, had not been naturally designed to accommodate both them, are evidently entering a new discussional level, with many parties from the two sides being

¹ 'The EU-China 2020 Strategic Agenda for Cooperation'. *The European External Action Service*. Available from [http://eeas.europa.eu/archives/docs/china/docs/eu-china_2020_strategic_agenda_en.pdf].

involved.

Facing the obvious necessity to understand a range of common points for a new Strategic Agenda for cooperation with China, the European Parliament decided to kick the process off on 12 September 2018, adopting its self-explanatory resolution, *State of EU-China relations*¹. The document had 92 points, its tone was rather schoolmarmish towards China, but the resolution perfectly served the purpose to get the prospectively tough talks going, before the going could predictably get tough. Indeed, the 2020 Agenda had nothing on the Belt and Road Initiative (BRI) as the grand-idea was only in its embryonic form then, but the things have dramatically changed since 2013. The EU did not have to wait for a long time to receive an instructive ‘reply’ from the Chinese side – on 18 December 2018, *Xinhua* published the full text of *China’s Policy Paper on the European Union*². For the emotionless field of international relations, it meant that both the EU and China are in full speed communicating on how to continue interacting as strategic partners after 2020. The European Commission, together with High Representative of the Union for Foreign Affairs and Security Policy, only confirmed the latter when, on 12 March 2019, its Joint Communication to the European Parliament, the European Council and the Council of

¹ ‘State of EU-China relations’, P8_TA-PROV (2018) 0343, European Parliament resolution of 12 September 2018 on the state of EU-China relations (2017/2274(INI)). *The European Parliament*. Available from [http://www.europarl.europa.eu/doceo/document/TA-8-2018-0343_EN.html?redirect].

² ‘China’s Policy Paper on the European Union’ in *Xinhua*. 18 December 2018. Available from [http://www.xinhuanet.com/english/2018-12/18/c_137681829.htm].

the EU was issued – the document was titled as *EU-China – A strategic outlook*¹, and it aimed at gathering all major points that the EU has got on China and the EU-China cooperation in the context of the actuality. No serious expert in the field can deny the fact that the EU was very late in responding to the BRI-associated challenges as well as opportunities, but it is a completely different discussion, and it should not really be driven by the subjunctive mood. On the pragmatic side, the two parties, having already exchanged their thoughts, ideas and important concerns, were to go through the motions of the 21st EU-China Summit to test the geo-strategic waters for 2020 and beyond.

Remarkably, a relatively exclusive circle of major Estonian media outlets, being really busy concentrating on the post-parliamentary elections *intra*-stories, did not pay plenty of attention to what was happening in Brussels, on 9 April 2019, during the EU-China Summit². However, in the pre-Summit context, *Postimees* published a material – ‘Beijing advocated a prosperous Europe’ – reporting that official Brussels is “alarmed by the activity of China in Eastern Europe” and re-citing the Li Keqiang’s interview to *Das Handelsblatt* where the Chinese Prime Minister stated that “[China] actively support[s] the European integration process in the hope of a united and

¹ ‘EU-China – A strategic outlook’. *The European Commission*. Available from

[https://ec.europa.eu/commission/publications/eu-china-strategic-outlook-commission-contribution-european-council-21-22-march-2019_en].

² See on the outcome of the Summit in ‘EU-China summit, 09/04/2019’. *The European Council and the Council of the European Union*. Available from [<https://www.consilium.europa.eu/en/meetings/international-summit/2019/04/09/>].

prosperous Europe”¹. In an addition, the same material quoted Günther Oettinger, the European Commissioner for Budget & Human Resources, who, in his interview given to *Die Welt*, noted that China benefited greatly because of the Brexit and that the Brexit “costs the EU time, effort and money”². The article could have become a decent base for the post-Summit follow-up, but the event did not manage to generate a media buzz in Estonia.

Nevertheless, in few days, when the Estonian Prime Minister Jüri Ratas was on his way to Dubrovnik to participate in the 8th China-CEEC Summit, the Estonian Government published the Prime Minister’s take on the issue: “Above all, we see the cooperation between China and Central and Eastern European countries as a supplement to the broader sectoral cooperation between the European Union and China and the bilateral relations there. [...] China is an important Asian trade partner to us and we are glad that more possibilities are opening up for Estonian entrepreneurs. The trade in goods between Estonia and China is constantly increasing and we are making ever closer connections in the areas of agriculture, tourism, and education.”³

¹ ‘Пекин выступил за процветающую Европу’ in *Postimees*. 8 April 2019. Available from [https://rus.postimees.ee/6564065/pekin-vystupil-za-procvetayushchuyu-evropu]. Translated from Russian into English by E-MAP Foundation MTÜ (unofficial translation).

² ‘Пекин выступил за процветающую Европу’.

³ Jüri Ratas in ‘Prime Minister Jüri Ratas will participate in a meeting of China and Central and Eastern European countries in Dubrovnik’. *Valitsus*. 11 April 2019. Available from [https://www.valitsus.ee/en/news/prime-minister-juri-ratas-will-participate-meeting-china-and-central-and-eastern-european].

Planning to travel to Croatia with the Ratas-led delegation, Tarmo Tamm, the then Estonian Minister of Rural Affairs, specified that “[i]n 2016, China and Estonia signed the sprat and herring protocol. The signing of the Salmoniformes protocol is the next important step in opening the Chinese market for Estonian fish products”¹.

A day later, speaking already from Dubrovnik and having met with the Summit-bound participants, Jüri Ratas was less generic in terms of prospective cooperation between the two countries: “The relationship between China and Europe is constantly growing closer. This provides some great opportunities for Estonian entrepreneurs. I am very glad to see Eesti Energia, Magnetic MRO, and PRFoods, among others, participate at the economic forum in Dubrovnik. It is important to both Estonia and Europe that our enterprises have better opportunities to compete on the Chinese market [...] fac[ing] fewer unfounded restrictions. Trading, cultural and educational cooperation, and tourism between Estonia and China are expanding. Because of that, we are interested in better rail connections and direct flights. We can also improve access for our food manufacturers to the Chinese market, whereas cooperation in the fields of tourism and economy could be enhanced by, for example, mutual recognition of the other country’s driver’s licence.”²

¹ Tarmo Tamm in ‘Prime Minister Jüri Ratas will participate in a meeting of China and Central and Eastern European countries in Dubrovnik’.

² Jüri Ratas in ‘Ratas at a meeting with China: secure digital unions enhance the economy and create jobs’. *Valitsus*. 12 April 2019. Available from [<https://www.valitsus.ee/en/news/ratas-meeting-china-secure-digital-unions-enhance-economy-and-create-jobs>].

The above extensively-cited statement was backed up, via *Xinhua*, by the State Council of the People's Republic of China, quoting the Chinese Prime Minister Li Keqiang who noted that "China is willing to enhance cooperation with Estonia in the fields of e-commerce, education, innovation and digital economy, and expand imports of Estonian agricultural, livestock and marine products Chinese consumers love"¹. In Estonia, however, the Dubrovnik-hosted Summit as well as the whole framework, which China is actively cultivating in Central-Eastern Europe from 2012, was questioned by a high-profile representative of the country's political elite. Urmas Paet, the former Estonian Minister of Foreign Affairs, was quoted expressing plenty of scepticisms on the issue, and his statement deserves to be cited extensively: "This summit between 16 countries of Central and Eastern Europe and China, or the so-called 16+1, is a very weird composition that weakens the joint foreign and security policy of the European Union. [...] Out of 28 EU countries, it includes 11 Central and Eastern European countries, among them Estonia. The rest are non-EU countries from the Balkans. Therefore, placing the 16 under a common denominator is already strange, but China of course is interested in undermining the European Union. [...] The EU has to do business with China as a whole, considering China's fast-increasing influence and ambition, which isn't limited to the economy alone. China is also increasingly active in the direction of Europe in the political and security

¹ 'China, Estonia ready to enhance cooperation, ties' in *The State Council of the People's Republic of China*. 13 April 2019. Available from [http://english.gov.cn/premier/news/2019/04/13/content_281476606783582.htm].

spheres. [...] These 11 EU countries and Estonia among them should give up this format, which was drawn up and dictated by China, and do business based on the EU as a whole as well as on the joint foreign and security policy of the European Union. [...] Obviously Estonia, for example, would not like it if some other composition of EU countries that excluded it met with China. [...] This activity by China is geared towards the internal division of the European Union, and should not be allowed to develop further.”¹

This message can represent a signal sent to both China and the EU to have an open conversation on each other’s intentions regarding further cooperation. The Dubrovnik Summit saw Greece expressing its positive attitude towards joining the China-constructed sub-region in the European continent, effectively changing it from 16+1 into 17+1. As argued, such a development demonstrated that “China has already become a fully-fledged European power”². On the side of the EU, the entity managed to issue a set of “common messages” on the BRI only four years after its announcement³. In all respects, it can be

¹ Urmas Paet in ‘Paet: China summit with Central, Eastern European countries splitting EU’. *ERR*. 13 April 2019. Available from [<https://news.err.ee/929959/paet-china-summit-with-central-eastern-european-countries-splitting-eu>].

² Emilian Kavalski, ‘China’s ‘16+1’ is dead? Long live the ‘17+1’ in *The Diplomat*. 29 March 2019. Available from [<https://thediplomat.com/2019/03/chinas-161-is-dead-long-live-the-171/>].

³ ‘Belt and Road Forum--EU common messages’ in *Delegation of the European Union to China*. 14 May 2017. Available from [https://eeas.europa.eu/delegations/china_fi/26051/Belt%20and%20Road%20Forum--EU%20common%20messages].

considered a slow response to a major initiative of a major power. Therefore, it could be suggested that the EU has an unfinished business in terms of constructing its own political *silhouette* to be able to adequately respond to something like the BRI. Political science has already answered this question – in order to avoid creating “myriads of different cooperative clusters with the same strategic partner”, there is a logical necessity for the EU to clearly understand what the entity really is, assuming a higher level of geo-strategic responsibility for the European continent¹.

Until that happens, as reported, “[the] BRI is experiencing a healthy growth of interest from Europe, despite some pushback from Brussels”². The Beijing-hosed 2nd Belt and Road Forum – 25-28 April 2019 – was attended by top-officials from 7 Member States of the EU (Austria, Cyprus, the Czech Republic, Greece, Hungary, Italy, and Portugal) as well as Switzerland³. Keeping in mind the fact that the leaders of Japan, India and the Republic of Korea did not take part in the event, but the EU Member States represented nearly 20 per cent of the top-attendees, the Chinese

¹ Vlad Vernygora, ‘The Framework of China’s Cooperation with Central-Eastern Europe: A View from the Baltics’ in *The Market for Ideas*. No. 4, March-April 2017. Available from [<http://www.themarketforideas.com/the-framework-of-chinas-cooperation-with-central-eastern-europe-a-view-from-the-baltics-a228/>].

² Shannon Tiezzi, ‘Who is (and who isn’t) attending China’s 2nd Belt and Road Forum?’ in *The Diplomat*. 27 April 2019. Available from [<https://thediplomat.com/2019/04/who-is-and-who-isnt-attending-chinas-2nd-belt-and-road-forum/>].

³ ‘Second Belt and Road Forum top-level attendees’ in *The Diplomat*. 27 April 2019. Available from [<https://thediplomat.com/2019/04/second-belt-and-road-forum-top-level-attendees/>].

Government's strategy on Europe can be described as effective. In Estonia, the Forum was briefly reported in the context that Kristi Talving, Deputy Secretary General for Internal Market (Ministry of Economic Affairs and Infrastructure), introduced Estonian e-services at the Digital Silk Road, which was a sub-event of the main Forum¹. The small material on the topic was associated with a convertible-into-video picture of the Chinese President Xi Jinping and the Russian President Vladimir Putin walking together. Arguably, in a generation, both the EU and China will not be the same.

¹ 'Hiina lubab edendada praktilist koostööd riikidega' in *ERR*. 26 April 2019. Available from [<https://www.err.ee/934053/hiina-lubab-edendada-praktilist-koostood-riikidega>].

Dubrovnik Summit Welcomes Greece

George N. Tzogopoulos

The 16+1 Initiative has been a platform fostering interconnectivity between China and Central and Eastern Europe for a period of approximately seven years. The recent Dubrovnik Summit outlined previous achievements as well as perspectives for the future. But the Dubrovnik Summit will be remembered because it welcomed another country in the family of the Initiative: Greece. Prime Minister Alexis Tsipras travelled to the Croatian port-city to attend the meeting where participants agreed Greece to join as a full-fledged participant. This is raising new investment opportunities for the region, in particular between Greece and North Macedonia following the ratification of the Prespes Agreement. The 16+1 scheme is thus renamed to 17+1.

Dubrovnik was the city hosting the recent 16+1 Summit. Bilateral relations between China and Croatia are currently flourishing. The good momentum made the event more successful. A few months ago, for instance, a consortium led by the China Road and Bridge Corporation (CRBC) won a tender to construct the Peljesac Bridge. This bridge will connect the Dubrovnik-Neretva County to the rest of mainland Croatia by crossing the Mali Ston Bay over the Adriatic Sea. As a result, the Neum corridor, a strip of the Adriatic Sea coastline in Bosnia and

Herzegovina, will no longer function as the only land-based communication route.

Although the EU remains wary about the deep engagement of a Chinese company on the construction of the Peljesac Bridge, the Croatian government insists the European legal framework has been respected and is particularly satisfied with progress made. Prime Minister Li Keqiang visited the bridge site and described it as a model of cooperation under the 16+1 framework. Similar examples of win-win collaboration are evident in almost all countries of the 16+1 scheme. The Sino-Serbian agreement on the construction of an industrial park in Belgrade and the South-North expressway in Montenegro are characteristic. Moreover, general trade is increasing. Last year, China's trade with the '16' increased by 21 percent and hit a record high of \$82.2 billion. Also, over 1.4 million Chinese tourists visited Central and Eastern Europe last year.

Perspectives for the future are bright. In his speech in the ninth China-CEEC Business Forum Premier Li said China will work with countries of the Initiative to, inter alia, open markets wider to each other, promote tourism resources, strengthen customs cooperation, improve trade services, including the ones provided by freight trains, and better benefit by existing financial institutions such as the Asia Infrastructure Investment Bank. Against this backdrop, the '16' are eager to expand ties with Beijing.

The EU remains skeptical though. It believes China aims at dividing the EU. But China does not force the '16' to participate in the scheme. It is their own decision to take part because they consider it a useful mechanism in their effort to look for

complementary economic opportunities - not replace the ones provided by the EU. According to the Dubrovnik Guidelines for Cooperation between China and CEEC the 16+1 constitutes an important part of Europe-China relationship and complements the EU-China Comprehensive Strategic Partnership and the EU-China 2020 Strategic Agenda for Cooperation.

On the whole, China has developed an extensive relationship network with Europe. This does not only encapsulate the annual China-EU Summit, sector dialogues at the working level and regular meetings with the three stronger European countries at the bilateral level, namely France, Germany and the UK. It also includes the 16+1 scheme. The historical parameter cannot be ignored here. Countries of Central and Eastern Europe were the first ones in Europe which had established diplomatic relations with the People Republic of China. Moreover, the 16+1 framework outlines the principles of China's foreign policy and its interest to treat each country equally in the Old Continent irrespective of their size or power.

In a period during which Sino-European disagreements are growing and these disagreements also include the different interpretation of the 16+1, a new European country is sending a message to critics by joining the Initiative: Greece. From 2015 onwards, Greece was attending the 16+1 summits with the status of an observer. The participation of North Macedonia with its previous constitutional name (Republic of North Macedonia) prevented Greece's full participation. But the ratification of the Prespes Agreement altered the landscape. In July 2018, Greek Alternate Minister of Infrastructure Christos Spirtzis attended the 16+1 Summit in Sofia and expressed the interest of Athens to

become the 17th member. The Prespes Agreement had already been sealed and the road for Greece to become a full participant was open. A few months later the parliaments of Greece and North Macedonia approved the deal and the final details were settled. Prime Minister Alexis Tsipras attended the Dubrovnik Summit where his Croatian counterpart Andrej Plenkovic welcomed Greece as the 17th member indeed.

In his speech in Dubrovnik, Tsipras thanked all participants and the Chinese delegation for accepting Greece's application. He also allayed Brussels' concern by underlining he will collaborate with his partners 'in full respect of the rules and procedures of the EU, in order to promote economic growth through this very effective platform for cooperation with China'. Additionally, the Greek Premier referred to the aura of the Prespes Agreement which is fostering friendship in the Balkans by correcting the 'historical inaccuracy' of the previous 25 years. Greece is not any longer considered as a country causing problems in international affairs but as catalytically contribution to their solution.

Greece is particularly interested in all Chinese activities in the Balkans and Central and Eastern Europe. China is largely seen as a potential investor which can finance new infrastructure projects and bring win-win results for its state-owned enterprises and local societies. The transformation of Piraeus into a transshipment hub - despite some recent delays in the implementation of the Master Plan of COSCO Shipping - is unquestionable. On these grounds, Greece's geostrategic significance is further outlined. The proposed construction of a high-speed rail service connecting Piraeus with Budapest will increase trade volume and contribute towards deeper

interconnectivity between Europe and Asia. Moreover, energy collaboration between Greek and Chinese companies in South-Eastern Europe is expected to flourish. Copelouzos and China Energy, for example, have already established a successful consortium to participate in relevant tenders. New opportunities will also arise in the field of agriculture noting Greek digitization plan recently received EU approval.

On the whole, Greece is endeavoring to play a leading role in the Balkans. Its participation in international frameworks such as the 16+1 serves this purpose. Alexis Tsipras reiterated this position in his statement after the Dubrovnik Summit. In his own words, ‘Greece reaffirmed its leading and rather significant role in the wider Balkan region and in CEEC [...] Greece is a rather crucial country in the region. It is an interconnection, trade, financial transactions hub, and a country that is emerging as a pillar of stability, security and cooperation. Of course, with the possibility of multilateral cooperation schemes in the region of the Southeast Mediterranean, along with the Prespes Agreement, the significant role as a leading force in the Balkans that the country takes is emphasized’. In the view of Tsipras, Greece’s is benefiting by its constructive initiatives in foreign policy. Its adhesion to the 16+1 Initiative constitutes a tangible example.

Critics of China do suspiciously see Sino-Greek relations and are concerned about new perspectives for regional cooperation in CEEC after Greece entered the 16+1 Initiative. But Greece is developing a multidimensional foreign policy. The Greek government - under Alexis Tsipras - is improving ties with several countries, including with the US and Israel. It is in its interest to also strengthen ties with China – now in the context of

the 16+1. In August 2018, Greece managed to exit the bailout. Thus, it cannot but embrace all initiatives that can directly or indirectly bring growth and contribute to the recovery of its national economy. The Dubrovnik Guidelines for Cooperation include several proposed synergies that will benefit Greece in the long-term. It is certainly not fair for the Greek government to be continuously at the eye of the cyclone because of its advancement of economic ties with Beijing.

Conclusion

For almost seven years, Chinese economic policy towards the countries of the Balkans and the Eastern and Central Europe evolved under the 16+1 Initiative. With Greece joining in April 2019, the Initiative will be called 17+1 and acquires new importance. Although the role of Greece had been already central before the Dubrovnik Summit, its institutional participation in the scheme opens the door for the realization of additional projects of regional cooperation in the context of the Belt and Road Initiative. Also, in a period during which some EU policymakers accuse China of dividing Europe, the decision of Greece to apply for membership and its positive outcome demonstrate single member-states of the EU consider China-CEEC Cooperation an opportunity and not a threat. The European Commission itself has - since 2017 - an observer status in the network and it will be able to monitor progress as well as the commitment of participatory countries to ensure consistency with EU law, rules and policies.

China, Croatia and Europe

Sven Marković

With an intention to promote more intense economic cooperation between China and the European continent, a high-level Chinese delegation, led by President Xi Jinping, visited several European capitals in April 2019. During this European tour, two summits – EU-China summit and 16+1 summit – were organized, in addition to several other bilateral meetings. Europe has mixed reactions towards China and its economic outreach. While some welcome Chinese economic presence, others are reserved. This reservation is caused by concerns over, what some see, are adversarial long-term interests of China towards the West, or unequal treatment of European companies in China in comparison to position of Chinese companies in Europe.

In addition to the EU-China Summit in Brussels and the 16+1 Summit in Dubrovnik in April 2019, the Second Belt and Road Forum will take place in Beijing in April 2019.

The EU-China Summit in Brussels

President Xi Jinping began his visit to Europe in Rome on the first day of spring, 21 March 2019 where he and a delegation of 200 were lavishly received. The visit provided an occasion for Italy to officially sign a memorandum to join the Belt and Road initiative, becoming the first G7 country to do so. This has drawn concerns and criticism from the US and some European capitals.

However, there is no unison opinion on cooperation with China within the Italian government. The Deputy Prime Minister from the Five Stars Movement, Luigi Di Maio, is a strong proponent of this agreement, underlining economic benefits that Italy could gain by increased exports to China and Chinese investments in Italy. Opposed is Deputy Prime Minister Matteo Salvini who raises concerns of Chinese influence in Europe and the sensitivity of G5 network and thus asks for caution for the sake of national security. Concerns aside, Italy and China agreed to collaborate on different projects, from trade to infrastructure (worth about 7 billion euros).

After Rome, President Xi Jinping was welcomed in Monaco and Paris. Unlike Italy, French President Emmanuel Macron, displayed a stronger commitment to multilateralism and emphasised the EU unity. In an unprecedented diplomatic fashion, Macron invited German chancellor Angela Merkel and the EU Commission President Jean-Claude Juncker to join him in his talk with Xi Jinping. They agreed that China and Europe are competitors, but that this is healthy competition and that there is substantial potential for cooperation. The visit also resulted in signing of a number of economic agreements, the most significant being a lucrative contract Airbus signed with China.

President Macron underlined four points for future cooperation: permission to European companies to participate in Chinese state tenders; a new investment framework; protection of European products on the Chinese market; and the liberalization of the Chinese market.

The Chinese tour of Europe continued in Brussels in early April, where Prime Minister Li Keqiang took over the leadership

of the delegation and met with President of the European Commission Jean-Claude Juncker and the President of the European Council Donald Tusk. The mood surrounding the visit was tough, displaying suspicion and distrust. Hard topics were not lacking: industrial espionage, closed markets, and human rights records. In the end, settling on less substantive measures, the EU and China agreed on cooperation based on openness, non-discrimination and free market competition. The protection of human rights in China was recognised as a focal point, while President Tusk welcomed Chinese efforts in this area. Fighting the loss of biodiversity, sea pollution and climate change were also areas where there will be a need for intensified mutual action in the coming years.

In terms of trade, the EU and China committed to a WTO reform. They agreed that the G20 is the most important forum for economic cooperation, and in the framework of which, among else, discussion on surplus in the Chinese steel industry should continue. Regarding foreign and security policy, the EU and China reiterated their commitment to the anti-nuclear agreement with Iran. They agree to continue backing peace talks in Afghanistan, supporting implementation of the Minsk Agreement in Ukraine, and supporting dialogue between the Republic of Korea and the Democratic People's Republic of Korea.

The 16+1 Summit in Dubrovnik

Unlike scepticism and distrust that has marked EU-China summit in Brussels, the 16+1 summit in Dubrovnik and the visit of Prime Minister Li Keqiang passed in a much more optimistic and cheerful atmosphere. This is for the first time that Croatia

hosted a 16+1 Summit. This event brought together representatives from China and 16 Central and Eastern European (CEE) countries: Croatia, Albania, Bosnia and Herzegovina, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia. This year's summit welcomed a record number of participants. In fact, an unexpected arrival of Greek Prime Minister Tsipras changed the format of the summit into 17+1. Greek involvement in this format is significant as in this way it wants to present itself as one of key Balkan states, especially after the agreement with North Macedonia and preservation of Piraeus as the main Chinese port.

Prime Minister Li Keqiang started his visit in Zagreb where he met with President Kolinda Grabar-Kitarović, Speaker of the Parliament Gordan Jandroković, and Croatian Prime Minister Andrej Plenković. In these bilateral meetings, the two countries agreed to strengthen economic co-operation. The discussion, however, did not revolve only about economy. China and Croatia signed several important agreements, among which are, an agreement on anti-terrorism cooperation and an extradition agreement between the two countries. Croatia, in particular, expressed interest for Chinese investment in sport infrastructure and shipbuilding.

The final document signed at the 17+1 summit in April 2019, i.e. the Dubrovnik Guidelines, does not derogate from the EU-China agreement with the exception that human rights are not mentioned. On a separate issue, China insisted on “panda” bonds and introduction of the Chinese renminbi in Eastern European business operations with China. In fact, Croatia and Italy went the

farthest by agreeing to introduce the renminbi in the reserve of their national banks.

The summit provided opportunity for all sides to express satisfaction that cooperation within the 17+1 framework brings. In terms of infrastructure projects, Croatia and Hungary were identified as very important because of discussing again a long-awaited plan to connect the Port of Rijeka with Budapest. China's growing interest in the CEE region many, however, see as a double-edged sword. The countries in the region welcome investments that range from coal plants to airports and bridges as they need to improve infrastructure and boost the economy. However, economic and political analysts are not in agreement if such projects are in the interest of these countries or not. The growing presence and influence of China at the EU's front yard raises eyebrows and more questions.

The Second Belt and Road Forum in Beijing

The Second Belt and Road Forum took place in Beijing at the end of April 2019. The attendance of this forum was significant bringing together representatives of 36 foreign states. This largely included neighbouring countries, but also countries from Africa, South America and Europe.

Interestingly, despite the unstable mood regarding Chinese interest in EU's fringe, the European countries accounted for one-third (12 of 36 heads of state or government) of the forum's top-level attendees (when including Russia and Azerbaijan in this category). Although Germany, France and the United Kingdom did not send top representatives, some smaller European countries marked their interest in the Belt and Road with their presence.

The forum saw growth, including new interest from Austria, Azerbaijan, Cyprus and Portugal. Hence, despite the cloud of resistance and scepticism expressed by the European Commission and some EU member states over Chinese activities in Europe, the presence of some European leaders at the Forum in Beijing in some aspects countered the EU's hesitations and pushbacks and also testified to the lack of EU unity towards China.

Conclusion

The Chinese growing presence and influence on the European continent is a matter of disagreement. It is possible to interpret the spring 2019 visits as successful, although there is much more cautiousness if one looks what concrete commitments were made. Chinese investments are in general welcomed in CEE countries that need economic boost. For China, successful European summits are also a way to demonstrate Chinese economic power at the time of unstable relations with the US and the countries of South Asia (Vietnam and Malaysia). Europe, however, is taking the Chinese pivot to Europe with a pinch of salt.

Much like any superpower, China is looking to expand its influence globally. If Europe wants to approach China in a serious and coherent way, it must take into consideration different interest and priorities European countries have in cooperating with China.

China-EU Summit, 16+1 Summit and the Second Belt and Road Forum in the Hungarian Media

Csaba Moldicz

The China-EU summit took place the 9th of April in Brussels and the 16+1 summit commenced a few days later (12-04-2019) in Dubrovnik, Croatia. In our interpretation, these events mark the beginning of a new era for Eurasia, where political and economic initiatives come from Asia now, and not vice versa. The Second Belt and Road Forum also fits into this pattern, the forum took place in Beijing between 26 and 29 April 2019. This briefing focuses on the media coverage of these three events and the main interpretations of the results. The briefing comprises of three parts where each event is to be discussed separately.

1. The Second Belt and Road Forum

Though it is true that the forum was the latest one in this event series, the broadest media coverage could be found in this case. The Hungarian news portals covered the event and first focused on the data, such as the number of participants (37 countries), the number of agreements (283 agreements), and the amount of the business deals (64 Billion USD). At the same time, the HVG underlined the buzzwords of the event such as sustainable development; strengthening multi and bilateral ties; development of land-, sea, air and cyberinfrastructure, mutual benefits, etc. However, the newspaper highlighted that the 38

pages document would not contain a detailed program of the global economic and infrastructural plan. The HVG article covering the forum also added that there were two crucial elements in the forum:

— The announcement of a financing directive that is supposed to regulate the sustainability of the credits. The article made clear, critics of the BRI accuse the Chinese of creating debt traps for poor countries in order to gain control of land and resources and the same time.¹ The article quoted Christine Lagarde’s (IMF) positive remarks about the planned directive.

— Environmental protection was also high on the agenda of the forum, the article noticed. The analysis referred to Xi Jinping, who linked the BRI to the United Nations Sustainable Development Goals 2030. The text also quoted the Secretary-General of the United Nations, who welcomed the financing directive and said that the plan could contribute to a “more equitable and prosperous world” (the quote is the original English).

The HVG news portal covered another article on how the Hungarian Prime Minister framed the challenges of the changing world order in the Second Belt and Road Forum. In the speech, the Hungarian Prime Minister emphasized the four key pillars:

— A foreign policy based on “democracy export” doesn’t work, it only creates problems and leads to destabilization.

¹ It could be added from an academic point of view, that every theoretical framework discussing the motivations behind internationalization – see f. ex. Dunning’s eclectic theory of FDI – highlights the importance of natural resources.

— The power of the demography should not be underestimated, the advanced countries must bring economic aid to the poor countries, otherwise, the citizens of these countries will seek new homes and start mass migration.

— Free trade policy without real infrastructure is only a slogan.

— The West and the East must cooperate instead of seeking confrontation, and this multilateral cooperation will bring prosperity to Central Europe.

The article also underlined that the Belt and Road Initiative is a framework that accommodates these four pillars. In contrast to the neutral tone of the first article, the tone of this piece is more negative. As we pointed out in our earlier media analyses, the news portals often signal their opinion on the matter by putting a strong headline and sub-headline above the text with a basically neutral tone. In this case, the headline and the sub-headline are: “Victor Orban told in four sentences, why he likes the plan of China. As a matter of fact: money, money, money and money.”

Special attention was also paid to the negotiations of the Hungarian Minister of Foreign Affairs and Trade with Wang Yi, the Chinese Foreign Minister. Five points of the meeting were highlighted in several media coverages: (1) the plan to set up a Hungarian-Chinese University, (2) the plan to link the Hungarian and Romanian capitals via a new speed train connection where Chinese financial and technical assistance could contribute to the success of the plan, (3) strengthening Hungarian participation in Chinese urbanization plans, (4) joint projects in water treatment development carried out by Chinese and Hungarian firms in Africa and Asia, (5) the establishment of new direct flights

between China and Hungary. The projects were covered unbiased since basically no comments were added to the announcements, however, the meeting with the Huawei's President of the European Region was framed in a more critical tone since Western European and American concerns about Huawei's access to strategic European infrastructure was pointed out in the HVG article.

The Hungarian Minister of Foreign Affairs and Trade told the media in Beijing last Thursday that contract on Budapest – Belgrade railway upgrade is to be signed in May and the tender was won by a Chinese and Hungarian consortium. The negative interpretation of the Index article can be easily led back to Hungarian domestic politics, since the article pointed out alleged close links between the Hungarian Prime Minister and one of the Hungarian firms in the consortium. (The links could not be confirmed, this framing is rather a part of the Hungarian political infighting, than any sophisticated foreign policy critics.)

2. The China-EU summit

In contrast to the Belt and Road Forum in Beijing, Hungarian media new portals did not come out with articles covering and most importantly analyzing the summit's outcome. The majority of articles on the topic available in Hungary reported about the commencement of the summit in Brussels, but only a few of them informed their readers about the results.

The Hirado.hu published a short piece after the summit, mainly underlining the positive elements of the gathering in Brussels. The article underlined the agreement on industrial subsidies and the Chinese Prime Minister's promise to grant freer

market access for European firms in the Chinese market. In the article, it was clearly pointed out to the practice to force foreign firms in China to transfer their technology to a local firm, must end.

Despite the poor media coverage of the China-EU summit in Brussels, it must be underlined that the Chinese Prime Minister's negotiations in Italy and France attracted more intense interest in Hungary. The origo.hu covered a long article on the French standpoint on EU-China relations. The article highlighted the following French concerns:

— According to the French standpoint, the EU must have a coherent China-strategy. (This concern is a direct critic on the Central European attitude to formulate their interests in Europe-China relations freely.)

— The other concern addressed the rebalancing of trade and economic relations. (This concern was about freer access to the Chinese market.)

The tone of how the negotiations were reported, was neutral or positive and the article also added that China is willing to purchase 300 Airbus planes (290 A320 Family aircraft and 10 A350 XWB Family aircraft), which clearly shows China's willingness to rebalance economic relations.

3. The 16+1 Summit in Dubrovnik

There are only a few articles in the Hungarian media that reported about the summit in Dubrovnik. Basically, the fact that the Hungarian Prime Minister and the Hungarian Minister for Foreign Affairs and Trade went to Croatia and participated in the event was covered by these reports, and at the same time, they

immediately focused on the forthcoming forum in Beijing and the potential outcome of this gathering. At this point, we can reasonably assume, that both Hungarian and Chinese politicians timed their more important announcements for the Beijing forum, and the Hungarian government announced the winner consortium for the Belgrade-Budapest railway right before the event in order to create a good vibe for fruitful negotiations. Thus, it cannot be a surprise that the outcome of the event in Dubrovnik was not covered by the media extensively.

4. Summary

The Hungarian media coverage of these three events basically concentrated on the Belt and Road Forum in Beijing. The tone in which the events were reported about, was mostly positive. Critical voices regarding the events were uttered in concerns (such as the Belgrade-Budapest railway tender) that rather belong to the domain of domestic politics. If we not only focus on these three events, negative remarks rather address the Huawei's position in Europe, however, we can immediately add that these comments often simply repeat the critics of the Western European and American media.¹

Hungarian aspects of these three events were obviously highlighted by the Hungarian media, and because Hungary-related announcements were few in the first and second meeting (Brussels and Dubrovnik), the media coverage turned out to be poor, however, the forum in Beijing was more reflected in

¹ According to the story published in the Times, the Americans believe that the Huawei has received money from Chinese intelligence. The story was covered by the HVG later.

the Hungarian media. It must be also added that the speech of the Hungarian Prime Minister was often cited by the media pointing out the overlapping goals of the BRI and the Hungarian foreign and trade policy.

Lithuania and Its Practical and Pragmatic Relationship with China

Linus Eriksonas

Three notable events took place in April which at different levels of political and economic engagement both bilaterally and multilaterally created a new momentum for the further development of the relations between China and the Central and Eastern European countries (CEEC), including Lithuania. First, on 9 April the 21st EU-China summit was held in Brussels which was attended by the President of the European Council Donald Tusk, the President of the European Commission Jean-Claude Juncker and the Prime Minister of the People's Republic of China Li Keqiang. Second, following the EU-China summit in Brussels the 8th summit of the CEEC and China (entitled "Building new bridges through openness, innovation and partnership") took place in Dubrovnik on 11-13 April. It was hosted by the Government of Croatia and was attended by the Heads of Governments of 16 CEE countries and Greece which joined the 16+1 countries for the first time, thus becoming the 17th party of this intergovernmental forum. Third, the 2nd Belt and Road Forum for International Cooperation with the round-table involving leaders of 40 countries and international organizations globally and chaired by the President of the People's Republic of China Xi Jinping was convened in Beijing on 27 April.

Below is a brief outline of the most immediate outcomes of those summits and their relevance for the further cooperation

between China and Lithuania, reflecting also upon the reception of those events domestically.

All three abovementioned events took place within the context of the continuing stand-off between China and the US due to the US tariffs on the Chinese goods which have negatively impacted the global economy and can further aggravate the situation. The UN Conference on Trade and Development (UNCTAD) has warned that the implications for the entire international trading system would be significantly negative as a result of the trade war between the two major economies. Though Europe has not been directly involved in the China-US trade war (and could even be benefitting as a result of the shift in the export flows as estimated by UNCTAD), yet the overall political climate in Europe was to side with if not openly endorse the position adopted by the US administration. This new political climate in relation to China was further reflected in the media reports which presented the concerns about the proliferation of economic interests of China in certain sectors which are considered by the EU and national regulators as being of strategic importance, and this led also to the negative media coverage of the activities of individual Chinese companies active in those sectors.

Equally so, Lithuania, though having no say or interest in the US-China trade relations, yet being a committed member of the existing strategic defence and security arrangements (Lithuania is a member of NATO and a coordinator of the cyber security hub in the EU), found itself in the situation requiring to strike a balancing act. On one hand, the country has remained very strongly committed to aligning its foreign policy goals with the North Atlantic ally and allies, while, on the other, cooperation

with China through the 16+1 initiative and bilaterally was further pursued as part of the country's vested interest in promoting exports overseas. Though the Government went an extra mile to emphasize the line drawn between the cooperation with the EU and the North Atlantic allies and the exclusively economic cooperation with China driven by proactive quest for export markets, yet this line has been repeatedly challenged by the media which raised questions about the possible negative impact of too close economic ties on the strategic arrangements with the Western allies.

The limitations imposed by the external environment within which Lithuania operates as part of the global political order narrowed down Lithuania's options in engaging with China, yet created a firmer ground for bilateral cooperation by focusing on sector-specific initiatives in those areas of cooperation which are in line both with the EU-China strategic engagement and with the national interests of Lithuania. This approach has been recognized and acknowledged at the 16+1 summit in Dubrovnik by the Prime Minister of Lithuania Saulius Skvernelis and Chinese Premier Li Keqiang at their bilateral meeting held on 12 April as part of their participation in the CEEC-China summit. Both leaders called for "more practical cooperation between the two countries". Three directions can be identified as being envisioned to be pursued as part of this pragmatic, practical approach, namely, the gradual opening of the China markets for Lithuania's agricultural produce, the increased flow and amount of freight cargo from China to Europe via the Lithuanian railway system and the infrastructure for trans-modal logistics as part of the Trans-European Transport Network, and a joint cooperation in the field of financial

technologies enabling the e-commerce flows between China and the EU through the FinTech ecosystem in Lithuania, as endorsed and promoted by the Bank of Lithuania. This is a new type of bilateral cooperation approach based on the projects which are relevant not only to the parties to those projects but also to the stakeholders at the EU level and globally, since these projects aim to contribute to the growing, more open exchange of goods and services traded across a large part of Eurasia.

This new pragmatic approach in the China-Lithuania relations has been positively received in Lithuania where there is an overall consensus on the need to increase exports to the third countries in order to maintain the economic growth and China, being the largest non-EU market, is clearly recognized as an important market. This is also reflected in the list of the countries for cooperation with Lithuania in the field of technology and innovation which was put together by the Ministry of Economy and Innovation of Lithuania this January. According to this list, China is ranked on the 10th place, few places above of South Korea, Israel, and Japan, in terms of its importance for Lithuania in the cooperation activities related to technology and innovation.

Lithuania's Minister of Foreign Affairs Linas Linkevičius explained the position of this new pragmatic approach to cooperation with China. "We are developing pragmatic relations based on the principle of mutual respect. We value our partnership with China. In many areas, our cooperation is active only because you cannot just ignore such a big country. When it comes to investments and economic cooperation, we do apply certain filters to segments of strategic importance to us, and China is aware of these rules. There is no 'green light only' policy for making those

investments without any restrictions. As for strategic sectors, such restrictions are particularly strict. When you know the rules of the game and respect them, cooperation becomes possible," Linkevičius said on the radio Žinių Radijas on 12 March this year.

Though the Lithuanian media coverage of the 16+1 summit in Dubrovnik was mostly limited to news reports and contained almost no interpretative or explanatory commentary, yet the Lithuanian media noticed and reported positively the news about the protocol signed between the Minister of Agriculture of Lithuania Giedrius Surplys and Director of General Administration of Customs of the People's Republic of China Ni Yuefeng China which would open up the China market to the exports of wheat from Lithuania. It was not emphasized yet that Lithuania thus became the third EU country (next to France and Denmark) which got access to the China market for export of wheat and that this is a very significant achievement for Lithuania's economic diplomacy.

"The ever wider opening of the market of China, which is difficult to access, to Lithuania is very important. The protocol signed today would open up large opportunities for our farmers and the wholesalers. We hope, that comparing to the previous year, Lithuania's export in the food sector would grow five folds. And wheat is just the beginning. In the nearest future we hope to agree on the opening of the China market for barley, oilseed rape, peas, and beans", - the Minister of Agriculture was quoted in the press, mentioning also that the exports of other dairy and meat products are underway to be considered as further export goods to China.

The meeting of the Chinese Premier Li Keqiang with Lithuania's Prime Minister Saulius Skvernelis in Dubrovnik was

reported by the news agencies and the story was picked up by the major media outlets. The overall reception was positive. Both leaders were quoted verbatim. The Chinese Premier was cited saying that “commending the solid political mutual trust and the broad cooperation prospect between the two countries, China and Lithuania are friendly nations and that the bilateral ties have maintained positive development momentum since the establishment of diplomatic relations”. Further, it was quoted in the news reports that the Chinese Premier said China and Lithuania have deepened the alignment between the two countries' development strategies within the China-CEEC cooperation framework, and that the bilateral practical cooperation has yielded abundant achievements.

“China is willing to keep promoting bilateral cooperation in accordance with market principles and European Union (EU) rules, and import more of the European country's competitive products, so as to push forward bilateral ties to a new stage”, Li Keqiang said. On behalf of the Government of Lithuania, the Prime Minister Skvernelis said that Lithuania attaches great importance to its relations with China, adding that the two sides enjoy sound cooperation within the frameworks of the China-CEEC cooperation and the China-EU relations. “Lithuania stands ready to join China in deepening their practical cooperation, and exploring cooperation in finance and infrastructure, as well as cultural and people-to-people exchanges”, Skvernelis said.

The 2nd BRI summit received less media attention since the summit was attended only at a lower official level. Deputy Transport and Communications Minister Ričardas Degutis were representing Lithuania's government at the BRI forum. He with

Dai Dongchang, China's transport vice-minister responsible for planning and international cooperation and presented the transport sector, its possibilities, and the infrastructure which can enable the cooperation in the transport sector and help to attract more cargo from China to the EU via Lithuania. The described events were generally overshadowed by the ongoing presidential election campaign in Lithuania; no detailed accounts about their proceedings and results have appeared in the national media.

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Poland and China in April 2019

Joanna Ciesielska-Klikowska

Three events have taken place in recent weeks, that are important for relations between European countries and China. These were the European Union-China summit in Brussels, the 16+1 meeting in Dubrovnik, and the Second Belt and Road Forum in Beijing. These meetings at the highest level were watched by Polish media and public opinion with varying interest, since relations with China are still not a priority direction of Polish foreign and economic policy.

1. EU-China summit

Referring to the EU-China summit that took place on April 9 in Brussels, it should be stated that in the Polish discourse it was presented as a joint success of both sides, although it was not neglected to stress that “as usual, the first fiddle was played by Germany and France”, and the most important issues discussed during the summit have already been thoroughly talked over during the two weeks earlier meeting in Paris between Chinese President Xi Jinping, French President Emmanuel Macron and German Chancellor Angela Merkel.

Polish public opinion is traditionally sensitive to the issues of very intensive Franco-German cooperation, and Germany itself (de facto the most important Polish economic partner for last 30 years) is still stereotyped as a country that pursues its interests

above the heads of others and does not look at the needs, requirements and problems of smaller neighboring countries.

In general, the summit did not enjoy the interest of the public, and in the media it was discussed only as one of many international events on that day. Only the largest newspapers devoted broader articles to this topic, while state media (in particular public television TVP) limited themselves to laconic information. The reason for this is not the Chinese-European relation itself but certainly the reluctance of the current ruling camp towards the President of the European Council, Donald Tusk (treated as a political “persona non grata”) as well as undisguised malevolence towards the President of the European Commission, Jean-Claude Juncker - in this case political antipathies obscured the meaning of the meeting.

Nonetheless rather positive assessment of the summit was dominant in the Polish message. It was pointed out that after months of efforts of European diplomacy, a seven-page communication was successfully signed. The joint statement says, among others that the EU and China will cooperate in the reform of the World Trade Organization and will intensify talks on the rules governing industrial subsidies. This was presented as a breakthrough because for the first time China agreed to cooperate with Europe on this key priority for WTO reform. The Polish media emphasized, moreover, that both sides agreed that there should be a forced transfer of technology as a condition of investment.

On the other hand, it has to be underlined that for Warsaw, the agreement between China and the European Union is problematic because of the American context of the talks.

Without doubt, the current Polish government's relations with Washington are a key element in implementing the strategy of Polish foreign policy in the dimension of security, hence the creation of the EU-China opposition to the US is a challenge for Polish diplomacy. It is evident that the Polish side does not want to antagonize its relations with any of the three partners, but if Warsaw had to choose in the situation of an international economic conflict, it would preferably rely on the US administration rather than the EU one.

2. 16+1 summit

Much more popular in Poland was the 16+1 summit in the Croatian Dubrovnik, organized on April 12. The media was full of images and materials discussing the course of the summit and its possible consequences for Poland, Europe and China. Referring to the negotiations conducted by the Chinese Prime Minister Li Keqiang in Brussels three days earlier, it was pointed out that achieving a promising agreement between the entire EU and China has created an opportunity for the 16 countries from Central and Eastern Europe to strengthen their position towards China. Analysts indicated that the CEE countries would like to get the same guarantees and opportunities to reach the Chinese market that Chinese head of government promised in Brussels.

Indeed, Prime Minister Li announced that the Chinese government will help European companies to reach the local market so the representatives of Central and Eastern European countries signed a number of agreements and memoranda with Li regarding trade, agriculture, medical care, e-commerce and new technologies.

Polish politicians in this case were very interested in meeting with the most important politicians from China and CEEC. This was seen as a good change, because from the beginning of 16+1 cooperation Poland was twice not represented at the highest level: in 2014 and 2018. This time the head of the Polish government was decisively seeking a meeting with Chinese Prime Minister. Its main theme was the deepening of economic cooperation between the two countries. For the Polish side, this is nowadays extremely important, because asymmetry is a feature that characterizes Polish-Chinese relations to a large extent – according to official data for the year 2017 Poland imported from China goods worth almost 12 times higher than the value of Polish exports to China. The deficit of bilateral exchange of goods increased to a record level of almost USD 24.721 million. So Morawiecki has announced that Poland is interested in opening the Chinese market for the export of Polish products, in particular agricultural ones, like pork from regions where there is no danger of ASF (African swine fever) or poultry.

After talking with Li Keqiang, Prime Minister Morawiecki said that in accordance with his interlocutor, the state of affairs in which Poland has a significant trade deficit with China cannot last too long and that China understands Polish comments, reservations and Polish approach to trade policy. Morawiecki admitted pleased that “the reaction of Prime Minister Li was very constructive - he promised actions aimed at making the trade more sustainable”.

Morawiecki emphasized moreover the importance of standardizing the Chinese approach to the furniture industry. He expressed satisfaction that cooperation with China “does not have

the character of hitting the pea against the wall, but there is progress on many topics”. He stressed that for Poland, issues related to investments in the area of the Belt and Road Initiative are an important topic. “We know that this is a geopolitical glove thrown by this great power, which is China, but at the same time we want to be in the midst of key talks on trade and investment” stated Polish PM during a short briefing afterwards, while indicating that the level of Chinese investment in Poland is still growing. He added moreover that Poland “cares primarily about long-term investments, which is why I am also happy that there are investments in the so-called Panda Bonds [bonds denominated in yuan], but not only, also Polish government bonds sold on international markets”.

From the point of view of Poland’s interests, it should be also stressed out that during the 16+1 summit the importance of the Three Sea Initiative, which was started in 2016 by Poland and Croatia, has become an important part of cooperation with China. Although the terminology adopted in Poland was not used, it should be emphasized that in the communiqué this cooperation was underlined as vital, which was noticed and appreciated in Poland. Thus, the participants of the summit, as part of the Three Sea Initiative, agreed on the will of seaports cooperation in the Adriatic, Baltic and Black Sea with ports in China. Emphasis has been put on how to make the most efficient use of inland waterways and intermodal connections to improve the efficiency of freight transport between Europe and Asia.

Attention was also paid to scientific cooperation aimed at the development of a maritime economy that would favour the protection of the marine natural environment and should create

the expected conditions for future investment, in which the Polish side has a great interest.

3. Second Belt and Road Forum

Like the Brussels summit of April 9, also the Second Belt and Road Forum in Beijing (April 25-27) did not raise much interest of Polish public opinion and the media practically did not inform about its results - only small references could be found in selected newspapers and hardly any television programmes discussing international affairs.

Lack of interest in this topic can be seen even in the fact that the Polish side has not sent a high-level delegation to this meeting. As it was explained by the Polish Ministry of Foreign Affairs “in the main part of the Second Belt and Road Forum, including the forum of leaders and a high-level meeting, the participation of the Polish official delegation is not foreseen, while the participation of Polish representatives in the subject areas of Forum is planned – of deputy finance minister and deputy Vice-President of the Supreme Chamber of Control”. Again, this is incomprehensible turn, because in May 2017 the then Prime Minister of the Republic of Poland, Beata Szydło, taking part in the First BRI summit, defined the initiative as a key element of great world puzzle not only for Poland, but for the sustainable development of the whole world, and the interest in the last 16+1 meeting indicated that there is a chance to increase cooperation with China.

The consequence of this little attention was that after the completion of this year’s summit, it was difficult to hear any statements of Polish politicians, and its arrangements were rather

the subject of interest for narrow milieu of specialists. Analyzing the course of the meeting, Polish analysts pointed out that the words and declarations spoken at the forum were in fact a copy of the statements made during the previous meeting in 2017 – and meanwhile, the world has gone very far in the perception of Chinese global activity.

In few articles Polish newspapers showed, that while opening the second edition of the meeting, President Xi Jinping spoke less than in 2017 and did not promise new funds anymore, but put emphasis on cooperation within the existing ones. Polish journalists caught the fact that there was no mention of the role of the Polish “Amber Road” as one of the key elements of the BRI, as it happened two years ago. They also emphasized that Xi did not mention the role of Europe or the United States, although there is criticism of Chinese investment from these parties.

On the other hand, it has not escaped the attention of the Polish media that the voice in the plenary session was taken by the leaders of Russia, Kazakhstan, Egypt and Chile, and not by any of the current representatives of the Western EU countries (e.g. Italy or Austria), which may indicate that the key partners for China are not European countries (as EU members seem to think), but Asian states, often conflicted with the European Community (like Russia).

Referring to the saying cited by Xi Jinping in the opening speech “The power of the mountain comes from the fact that it does not reject even a little land, and the strength of the seas and rivers from not rejecting even small streams”, the Polish media indicated that participation in projects under the BRI’s umbrella would be a great opportunity for the country’s economy. However,

Polish politicians must see this opportunity not only in a declarative form and use it for the development of the increasingly stifling Polish economy, which despite the government's assurances of its excellent condition will soon fall into a period of recession and a marked slowdown (due to low innovation, lack of investment incentives, incomprehensible tax regulations, lack of employees, etc.).

Conclusion

Analyzing recent events, we can conclude that the Polish side has not used the opportunity. To a very limited extent, Warsaw is lobbying for cooperation with China within the European Union, and it is not - as one could expect - interested in a broad cooperation within the BRI. The only appreciated cooperation platform (although in a limited form) is the 16+1 format.

Especially in this respect, Warsaw needs a clear statement of its position regarding the 16+1. If the Republic of Poland continues its participation in 16+1, it should develop a cooperation strategy within the region, containing not only political goals, but also a list of economic and infrastructure projects that would complement projects co-created within the EU or the Three Seas Initiative, so important for the current Polish President as well as the government.

An important innovation, increasing the attractiveness of the Polish economy, would be the systematic inclusion of entrepreneurs and other stakeholders in the consultation process, so that possible projects could respond to real social and economic needs. In an alternative scenario, i.e. adopting an

undecided attitude, further format work would be inconclusive and therefore both parties would be disappointed. In such a case, it would be a reasonable solution to abandon the waiting attitude and propose a format of meetings with China, which would be more purposeful (closer bilateral relations).

There are only speculation about the results of the Brussels, Dubrovnik and Beijing summits so far, but it does not seem to bring a breakthrough for the country's interests. From the point of view of Poland, the way to enter the relationship with Beijing into the whole of the country's development plans would be very important. Still, it would be also crucial to develop a concrete and clear strategy towards China, which would be above the interests of individual political parties and would prevent stagnation and passivity.

The Implications of China-EU Events in April for Romania

Oana Popovici

The positive feedback in further strengthening the bilateral relationship with China following the events in the month of April came from all of the three most important governing bodies in Romania: the Presidency, the Government and the Parliament. In addition, the private environment is continuously seeking collaboration opportunities with China. Besides the China-EU and the 16+1 summits, Romanian officials also had several other contacts with Chinese representatives, occasioned by the meeting with the new ambassador of China in Romania, Ms. Jiang Yu, and the visit to Bucharest of the delegation headed by the First Vice-President of the Chinese People's Political Consultative Conference, Zhang Qingli.

The China-EU summit

The China-EU summit which took place on the 9th of April ended, among others, with the common engagement of the two parties for consolidating the commercial and investment relationships on the basis of close mutually beneficial cooperation, with the guarantee of compliance with international standards. In the plenary debate on relations between the EU and China, which took place before the Summit, Romania supported the restoring of balance in EU-China relations, based on reciprocity in all areas for the benefit of the common economic

interests, as China is an important strategic player both in the area of goods and services, and in the field of investment. In addition, China is an important partner in finding solutions to the global challenges.

The results of the summit could represent a signal for smaller EU countries for strengthening the cooperation with China, as such countries tend to be more prone in seeking for EU agreement before acting by themselves.

Regarding Romania, the Prime Minister Viorica Dancila stated that its interest is in achieving a balanced growth of bilateral trade exchanges, as well as actively participating in economic missions, fairs and thematic international exhibitions. Romania's plan for this year is to increase the exports to China up to 1 billion USD, which would represent an increase of 66% as compared to the last year, in order to decrease the trade deficit. The total value of trade between Romania and China exceeded 4 billion USD in the first eight months of 2018, of which 604.02 million USD represented exports to the Chinese market (a 14.8% increase over the same period of the previous year) and 3.43 billion USD were imports from China (corresponding to an increase of 26.31%). A growth in Romanian exports of agricultural products can be one of the solutions to reduce the trade deficit, especially in the light of the trade dispute between China and the US, which has generated new opportunities for the European markets.

Moreover, smaller EU countries are in strong need of funds for financing different large projects, from infrastructure to industry. EU countries need investment and resources, as disparities between them are growing and the amounts allocated

for research and development expenditures are less important than in the US and China, especially in the field of artificial intelligence. The Chinese investments, especially in projects meant to develop motorways, railways and to provide other type of solutions for the poor infrastructure, will provide benefits for all the partners of that respective countries.

Still, following the EU reticence related to the Chinese investment projects in Central and Eastern Europe, the US warnings that political interests are trying to be imposed through economic projects, the different economic model of China and the usual resistance towards new partners and ways of doing things, some of the projects announced several years ago have not started yet. For example, the construction of a high-speed rail link between Belgrade and Budapest has just begun in Serbia five years after the announcement of the project. The same is the situation in Romania. Therefore, although the large projects announced several years ago are not yet implemented, the experts' opinion is that the bureaucratic difficulties and delays in decisions will be surpassed and China will become an important player in Romania, as it is in other countries, not only in infrastructure, energy, agriculture, but also in other fields.

In addition, a major step in the relationship with China is expected to be made in the first part of May, following the signing of the agreement between Nuclearelectrica and China General Nuclear Corporation regarding the construction of reactors 3 and 4 in Cernavoda Nuclear Power Plant, an investment of about 6 billion euro.

The President of the Romanian Senate expressed his satisfaction with the results of the EU-China Summit and

considers in this context that Romania will continue to contribute to the consolidation of the EU-China Comprehensive Partnership and will closely follow the progress made in implementing EU's strategy on the connectivity between Europe and Asia.

The 16+1 summit in Dubrovnik, Croatia

The 16+1 summit in Dubrovnik was an opportunity for a bilateral meeting between the Romanian Prime Minister and the Premier of the State Council of the People's Republic of China, Li Keqiang, in which the heads of the two governments have expressed their commitment to pursue the political dialogue and the cooperation projects.

In addition, the representatives of the Romanian Parliament appreciated the signing of the three important documents for the development of Romanian-Chinese cooperation in areas of common interest:

(1) The Memorandum of Understanding on the Establishment of an Expert Working Group to Promote Unrestricted Trade between Romania and the Republic of China, between the Ministry of Business, Commerce and Entrepreneurship of Romania and the Ministry of Commerce of the Republic of China;

(2) The Sanitary Veterinary and Food Safety Protocol concluded between the General Customs Administration of the Republic of China and the National Sanitary Veterinary and Food Safety Authority of Romania concerning the export of honey from Romania to China;

(3) The Cooperation agreement between China Development Bank and Eximbank Romania on guaranteeing loans.

In addition, Romania restated that among the priorities of its Presidency of the EU Council, there are subjects of common interest for the countries participating in the 16+1 format of cooperation, such as the Western Balkans region. Romania supported Greece's adhesion to this format of cooperation and also suggested the further integration of the Republic of Moldova in this large partnership. Moreover, Romania will struggle to increase European investments in the 17+1 projects and to involve the European financial institutions, following the opportunities created by the Europe-Asia Connectivity Strategy, the EU-China Connectivity Platform and the TEN-T (Trans-European Transport Network) Program. In this way, Romania is trying to ameliorate the tensions between EU and China and to increase the transparency level.

The private business environment in Romania was also eager to harness the opportunities of collaborating with China. Among the over 900 representatives from the countries participating in the Europe-China Economic and Trade Forum, the Romanian participants represented the fields of energy, IT & C, oil, tourism, education, the local public authorities and non-governmental organizations with economic profile. Their presence at the Forum is part of the larger effort to stimulate the involvement of Romanian companies in cooperation within the 16+1 format, given the opportunities offered by this mechanism to develop connectivity between Asia and Europe.

Besides this, the institutions in the field in different regions in the country seek to enhance the collaboration with China. The relations between the Prahova Chamber of Commerce and Industry and various provinces in China have led to the

establishment of a new collaboration strategy, in the format of a branch of the Romania-China Chamber of Commerce and Industry which was inaugurated in the region and will serve the needs of the business environment in that area. 13% of the Romanian institution' agreements with similar organizations around the world, are made with representatives from China.

In another part of the country, the Chamber of Commerce, Industry and Agriculture from Timis plans to participate in the China Brand Fair 2019 event, which will take place at the beginning of June in Budapest. The advantages are the Romanian companies have the opportunity to meet Chinese businessmen from 16 economic areas, to establish contact with over 800 Chinese suppliers and to benefit of the large presence of foreign participants. In addition, Romanian companies will have the opportunity to be enlisted in the Chinese database so that buyers to access to the Romanian specialties, food, agricultural and cosmetic products and to find the contact details of the suppliers.

In addition, the recent changes on the law of Private-Public Partnership could enhance the Chinese presence. In fact, at the beginning of April, the Romanian Association for Smart City and Mobility (ARSCM), which is the main organization of the Smart City Industry in Romania, and China National Electric Engineering Co., Ltd. (CNEEC) signed the financing agreement for smart city projects valued at 500 million euro. The financing agreement provides for investments in the main areas of the industry - energy, environment and infrastructure, and support ARSCM projects for the development of creative-intelligent communities in Romania. The agreement has a ten-year implementation period, with the first projects being announced in

the near future, following the first rounds of discussions with the municipalities, companies and institutions interested in accessing the funds. The intentions are to assess the feasibility of investing in major sector priority projects, such as highways or high-speed rail sections. This agreement represents the first stage of a comprehensive investment plan, with representatives of CNEEC expressing their interest in creating a long-term partnership in Romania.

The Second Belt and Road Forum

The Second Belt and Road Forum in Beijing, which took place at the end of April, was less spotlighted than the previous two events which were located in Europe. However, Romania is among the countries with which China and other 32 countries set up the Maritime Silk Road Port Cooperation Mechanism and cooperation will continue in the field of culture and cultural property. The President Klaus Iohannis stated his opinion that Romania is willing to work with China to promote the further development of bilateral relations and while holding the rotating EU presidency, Romania will make efforts for expanding and deepening the EU-China relations.

China-EU Summit, 16+1 Summit and the Second Belt and Road Forum: A Slovenian Perspective

Helena Motosh

In April, three high-level meetings addressed the relations between China and European Countries. On April 9th, the 21st EU-China Summit took place in Brussels, followed by the yearly meeting of 16+1 initiative in Croatian Dubrovnik between the 11th and the 13th of April, and lastly, The Second Belt and Road Forum begun in Beijing on April 25th. The latter two of them were also attended by Slovenian representatives and all were well presented in media reports. Perhaps also due to the concentration of these events, the reports were more extensive and more numerous compared to previous similar occurrences, while also mixing in some more locally relevant information.

EU-China Summit in Brussels

The EU-China Summit that took place in Brussels, brought together high representatives of the European Union and China. The side of European Union was represented by the President of the European Commission Jean-Claude Juncker and the President of the European Council Donald Tusk, while also being joined by EU High Representative for Foreign Affairs and Security Policy (also Vice-President of the European Commission), Federica Mogherini, and Jyrki Katainen, EC Vice-President for Jobs, Growth, Investment and Competitiveness. People's Republic of China was represented Premier Li Keqiang. The objectives, which according to the European Commission briefing were mainly to

review the relationship between China and EU for a balanced and mutual benefit, were mostly fulfilled. The two sides agreed on a Joint Summit Statement with a number of related deliverables, i.e. the Memorandum of Understanding on a dialogue in the area of the state aid control regime and the Fair Competition Review System; an Agreement on the Terms of Reference of the EU-China Competition Policy Dialogue; a Joint Statement on the Implementation of the EU-China Cooperation on Energy and Terms of Reference for a Joint Study to identify the most sustainable railways-based transport corridors between Europe and China.

Before the summit began, media reported on the statement of the European Commissioner for External Relations and European Neighbourhood Policy, Benita Ferrero-Waldner, regarding the China-EU relations. She addressed several issues in her statement, most notably, the importance of the joint strategies and policies against the climate change. She was reported to have mentioned the agreement on the establishment of a joint institute for clean and renewable energy resources in Beijing. Further, she was reported to stress the need to avoid the pitfalls of protectionism, while refusing to further elaborate on the issues of the Chinese contributions to the International Monetary Fund and the possibilities of a new alternative world currency.

After the summit, the talks between the two sides were summarized and commented on in all main media outlets. On national TV and its internet portal, they mentioned the difficulty of negotiations but the main stress of the reports was the relationship of partnership and mutual benefit that was confirmed by the outcomes of the Summit. They reported on the President of

the European Council, Donald Tusk's statement that the summit represents a »breakthrough«, especially to the Chinese willingness to cooperate with EU on the issue of industrial subsidies. According to EU position, these subsidies are a key issue in the reform of the World Trade Organisation, and China was previously often criticized for supporting its own companies with this mechanism. President of the European Commission Jean-Claude Juncker was reported to welcome the agreement against the forced technology transmissions in exchange for investment, related to the EU case in WTO against China for undermining the intellectual property rights in the take-overs of European companies. The satisfaction over achieving an agreement with China on the issues of subsidies and intellectual property were stressed by other media as well. The overall message of the reports was mostly that of having finally achieved a balance of mutual benefit, while jointly standing against the protectionist tendencies in USA and some other countries.

16+1 Summit in Dubrovnik

In the days between the two events, media reported on the statement of Slovenian Prime Minister Marjan Šarec, who related the two events by saying that 16+1 initiative does not mean a creation of a separate policy opposing the EU positions towards China, but instead only an expression of a different position that the 16 countries have in comparison to the bigger European states. He remarked on the recent developments in Italy and Luxembourg as two examples of how EU members can cooperate in the new Chinese-European initiatives.

Prime Minister Šarec also attended the 16+1 Summit in

Dubrovnik. The main points and the results of the summit were well covered in media. Mostly they reported on the so-called Dubrovnik Guidelines which were put forward by the participant countries and reported on the speech and the following statements by Prime Minister Šarec. Šarec was reported to have expressed the importance of the already visible results of the cooperation in the 16+1 initiative. He referred to the joint EU-China statement of the preceding Brussels summit as an expression of two economic great powers to build a relationship of mutual benefit. As for the Slovenian place in the 16+1 initiative, he stressed the Slovenian coordination of cooperation in the field of forestry and pointed at the added importance of this task as a platform for the development of trade, expertise and technological cooperation for sustainable forest management. He added another field where Slovenia would like to be more active in the 16+1 cooperation, namely, sports – mostly in relation to the developed infrastructure and facilities for both winter and summer sports and a great number of experts Slovenia has in that field. As an example of successful cooperation in this field he mentioned the Chinese-Slovenian Winter Sports Forum in Beijing in November 2018. He expressed Slovenia's willingness to play a role in the building of infrastructure in the framework of the Belt and Road Initiative, most notably through the Port of Koper. High technology, aviation technology, pharmaceutical industry were stressed as the areas where more cooperation would be possible and needed. Media also reported on Šarec position on Greece joining the 16+1 initiative being one of the most important developments in the 16+1, effectively 17+1 framework. He reportedly expressed a warm welcome to the new Greek

participation in the 16+1 group and a belief that the full membership of Greece will contribute to more possibilities and opportunities of cooperation in the framework of the initiative.

The reports on the 16+1 summit being very similar in most media outlets, an additional unrelated topic also found its way into most of the reports on the Dubrovnik summit. Since the host country, Croatia, still fails to implement the international arbitration court decision on its border with Slovenia, media was also paying a lot of attention on whether the two prime ministers will use the opportunity of Dubrovnik Summit to discuss this pressing issue

Second Belt and Road Forum in Beijing

Media reports on the Second Belt and Road Forum in Beijing largely stressed the same prevailing tone that prevailed at the end of the China-EU Summit in Brussels, namely, a more explicit willingness of China to find a cooperation strategy, which would guarantee mutual benefits and a welcome complementary partnership to other strategic partnerships these countries already have. Compared to the media reports on the topic of Belt and Road in the previous years, the emphasis on peaceful cooperation as a long-term antidote to the growing protectionism, is also much more expressed. Reports in media focused on the widening cooperation within the Belt and Road initiative, represented by a growing number of cooperating countries. They especially stressed the changes marked by the decision of the first G7 country, Italy, to join the initiative, and also the importance of more EU members, such as Luxemburg and Cyprus being included in the Belt and Road process. A lot of commentators also

stressed Xi Jinping's emphasis on the sustainable development as one of the key guidelines of the Belt and Road Initiative. The open pages of Dnevnik, one of the leading daily newspapers, even published a letter of Chinese Ambassador to Slovenia, H. E. Wang Shunqing on the Slovenian place within the Belt and Road Framework.

The economic side of the Belt and Road Initiative was stressed primarily by the participation of Slovenian Minister of Economic Development, Zdravko Počivalšek, and the representatives of Slovenian companies at the related business forum. Počivalšek also visited Hisense company, which is now the owner of one of the main Slovenian electric some appliances manufacturer, Gorenje. In relation to Hisense, other unfavourable news reports also reflected in the overall reporting on the Belt and Road Forum. Happening simultaneously, a large lay-off in the Gorenje factory now owned by Chinese giant Hisense, was a big surprise for the Slovenian public. What was previously reported in media as a success story, now resulted in laying off a big number of employers, with an additional number of them being given new, less favourable contracts.

Conclusion

Media reports on three high level meetings between the representatives of China and EU/European countries was reported extensively in Slovenian media, with the stress being on the shifts in mutual relationship in the direction of a more balanced and more beneficial status of the European partners. The two initiatives, 16+1 and the BRI were also related to the common struggle of China and EU against the growing protectionism

policies of especially the United States. In relation to these events, however, some more local stories were included in reports, the Slovenian-Croatian relations over the border issue and the fate of one of the main Chinese investment in Slovenia, the Hisense take over in Gorenje.

China-EU Summit, 16+1 Summit and the Belt and Road Forum: A Slovakian Perspective

Juraj Ondriaš

April 2019 saw three events concerning China-CEE relations take place: first, the annual EU-China summit in Brussels, Belgium, on April 9th, then the eighth summit of the 16+1 Platform in Dubrovnik, Croatia, on April 11th and 12th, and finally the second Belt and Road Forum in Beijing on April 26th. Despite the fact that Slovakia is both an EU member and a 16+1 Platform member as well as a participating country (even if only marginally) in the Belt and Road Initiative (BRI), the reaction in Slovakia was scant to practically nonexistent. All three events were one-day stories with no follow up, and did not stir up any broader public debate in the country.

The EU-China Summit in Brussels received the least amount of media coverage of all three of these events. All reports on the summit in the Slovak media limited themselves to enumerating the issues which were dealt with and the positions of both partners, without any analysis of how they impact Slovakia's economy or citizens. Significantly, none of the reports mentioned any Slovak position toward these issues, nor any interests or stake in the topics or outcome of the summit, nor any reaction by Slovak institutions to its results. In effect, the coverage treated the EU as a third party, and the summit as a meeting of two foreign entities with no consequences for Slovakia.

In contrast, the 8th 16+1 summit in Dubrovnik got the largest

reaction in the press and on the websites of government and other relevant institutions. The reason for this was the signing of an agreement enabling the export of Slovak dairy products to China. This news was announced after a bilateral summit between the prime ministers of Slovakia and China, Peter Pellegrini and Li Keqiang on the previous day. Slovakia was one of the last EU countries that did not have such a deal with China in place, something it had been trying to rectify for several years. Negotiations on this agreement had been going on for five years, with an important development at the previous 16+1 summit in Sofia, Bulgaria, in July 2018. At that summit, Chinese Prime Minister Li promised to finalize the certification of Slovak producers of milk and dairy products as fit for entry into the Chinese market within a year. The aim of this certification process was to ascertain the quality and lack of health risks of the Slovak milk and dairy products. The final agreement was signed on April 12th in Dubrovnik by Jozef Bíreš, Director General of the State Veterinary and Food Administration of the Slovak Republic and a representative of the General Administration of Customs of the PRC.

According to Pellegrini, the signing of this agreement marks the end of the involvement of the Slovak government to aid and support the Slovak enterprises in this area, and it is now up to them to seize the opportunities that this agreement offers to them. Bíreš stated that the next steps is to certify the dairy enterprises that are interested in exporting their products to China and add them to the list of companies that fulfil the Chinese requirements, which should take less than two months. This final certification will be undertaken by his own agency based on a Chinese audit.

After that the Chinese market will be fully open to Slovak dairy producers and exporters. From then on, it will be up to them to seek out partners and strike trade deals in China. These companies will have to adjust their production capacities in order to be able to satisfy the demand of the huge Chinese consumer market. Slovak milk and dairy enterprises did express an interest in the opportunities opened up to them, with eleven enterprises declaring their readiness to export their products to China. Seven such enterprises expressed their intent to take part in the 2nd China International Import Expo in Shanghai, which is to take place on November 5th–10th of this year, to try to gain partners and contacts for future business dealings in China. The Slovak government has promised financial aid in this endeavor, and Minister of Agriculture and Rural Development Gabriela Matečná has stressed the importance of the expo. Prime Minister Pellegrini also declared an intention to work on a similar certification deal in the case of meat products, since Slovakia is also among the few countries that have not signed a certification agreement with China in this area. Bíreš informed that the two countries have already agreed on a technical audit of meat producing facilities.

The report on the website of the Office of the Prime Minister, as well as a press briefing by Minister Matečná on the signing of this agreement was picked up by the main media providers in Slovakia and it became the most important news story to come out of the summit and the most important foreign affairs story of the day, since it is seen as bringing tangible benefits to Slovakia, especially for those employed in the ailing agricultural and food-processing sectors. These sectors have been declining since the start of the economic transformation after 1989. They are

suffering from low wages and investment, stiff competition from abroad and an inability to attract new generations of workers. The dairy sector in particular has been incurring losses for the past decade and it has had to rely on state aid to remain economically viable and competitive. This agreement is therefore seen as an important potential boost for the dairy industry, as well as an opportunity to decrease unemployment and the trade imbalance between Slovakia and China, as the trade deficit with China is the largest among Slovakia's trade partners, standing at 3.985 billion Euros in 2017.

However, it remains to be seen if the dairy enterprises will be able to make use of this opportunity. One problem in particular that is often brought up in discussions on the feasibility of doing business in China is the huge size of the Chinese market compared to the limited production capabilities of Slovak companies. While there is demand in China for quality dairy products from Europe, it is questionable whether Chinese companies will be interested in committing to deals on imports in such small quantities as Slovak enterprises can offer. The same problem is expected to arise in the case of the planned certification of meat products as mentioned above. One possible solution that is frequently suggested is to focus on smaller markets within China, such as individual provinces or cities. The next few months, after the final certification of Slovak dairy companies is completed, will show whether this problem will pose a serious hurdle for these Slovak companies to establish themselves on the Chinese market.

This agreement on certification of dairy products overshadowed all the other developments of the 16+1 summit. At

a briefing at the end of the 16+1 summit, Pellegrini outlined three areas where Slovakia envisages stronger cooperation with China in the immediate future. Apart from the dairy product certification agreement, the most important one was the development of cargo transit capacities in Slovakia. This is a permanent issue in talks between Slovakia and China since the 16+1 Platform was founded, yet so far progress has not moved past the signing of a memorandum of intent at the 16+1 summit in Riga in 2016. The most frequently brought up project in this regard, also brought up at this summit, is the construction of a broad-gauge railway through Slovakia, potentially all the way to Vienna in Austria. Currently the Soviet-style broad-gauge railway stops at Čierna nad Tisou in Eastern Slovakia, where the cargo has to be transferred to a train on a European-style narrow-gauge track before it can proceed further West. Construction of a broad-gauge railway would enable an uninterrupted journey for cargo trains to Austria, where their contents are distributed further. This project, however, has its detractors since it would deprive Slovakia of this transfer hub, and lead to an increase in unemployment in the already economically disadvantaged Eastern part of the country. The proponents of this project argue that it would be better for the railway to be built in Slovakia rather than in neighboring countries, which would mean that Slovakia would lose out on job opportunities in building the new railway and transport fees once it has been completed. Due to this controversy, another project has been proposed, namely the construction of a cargo terminal in Eastern Slovakia which would handle cargo traffic from Asia and back again. In effect, Slovakia would like to become the hub from which cargo from China is distributed further to European

countries, However, as noted, these projects have been floating around for several years with minimal progress, and there is nothing to indicate that either this summit or the bilateral meeting between the two prime ministers have done anything to move them along.

The third area of cooperation discussed at the summit was the construction of a center of excellence in modern technology in Slovakia. Pellegrini however stressed that while Slovakia welcomes the interest Chinese companies in tenders and investment deals, any Chinese investment in major infrastructure development projects will be conditioned by the requirement to use Slovak workers (or those from the EU) in the construction itself. This is to avoid situations where the Chinese company transports workers from China to the construction site, and thus depriving the local labor force of job opportunities, as happened in Dubrovnik itself in the case of the construction of the bridge connecting the city and the surrounding territory to the rest of Croatia. The Slovak Prime Minister also emphasized the point that strategic investment projects into key sectors should remain in Slovak hands.

As for the third event, the second Belt and Road Forum in Beijing, coverage was almost as sparse as with the EU-China summit, though once again it did manage to become the top foreign policy story of the day on the prime-time news. The coverage focused on the Chinese plans as outlined by China's President Xi Jinping, on the closer relationship of China and the EU due to the protectionist economic policies of US President Donald Trump but also on the potential risk of a "debt trap" facing smaller and poorer nations along the BRI when accepting

Chinese loans to cover infrastructure projects.

A possible signal of the relatively lower importance of the summit in the eyes of the government is the fact that Slovakia was represented by its Minister of Foreign and European Affairs, Miroslav Lajčák, rather than by the president or prime minister, as was the case with neighboring countries. It must be said that Lajčák is probably the most qualified senior government official that could be sent to represent the country. Lajčák is a globally respected diplomat with a strong reputation and credit, having served as President of the United Nations General Assembly for the 72nd session on 2017-2018 and currently serving as the Chairperson-in-Office of the Organization for Security and Cooperation in Europe (OSCE). The sending of Lajčák could nevertheless be seen as a sign that Slovakia does not prioritize its relations with China to the extent of some of its neighbors, such as the Czech Republic or Hungary.

The Ministry of Foreign and European Affairs put out a brief report on the bilateral meeting of the foreign ministers of Slovakia and China. Apart from the standard promises on strengthening bilateral contacts and cooperation, especially at the level of the UN, the report focused on two main topics, connectivity and education. Lajčák once again opened the potential of Slovakia in the sphere of transportation infrastructure and its prime geographic location in the context of the BRI. He also praised the fact that 60 students are studying Slovak language at Chinese universities and 37 students from China are studying in Slovakia. Both countries promised to support each other candidacies for positions in multilateral institutions. As for the forum itself, Lajčák took part in a panel organized by the National

Development and Reform Commission of the PRC, where he appealed for closer policy coordination between the relevant actors, which would help in infrastructure construction. He also stressed the importance of exchanging experiences concerning the implementation of the BRI to achieve synergic effects, and he called for cooperation based on the equality of conditions and on international norms and standards. This could signify that Slovakia shares the EU's worries that China is using unfair trade practices and investment in sensitive sectors of the economy of EU member states to obtain an undue position in EU markets and thereby gain leverage within the EU bloc. More importantly, Lajčák said that Slovakia was planning to increase investment in its railroads to maximize the transit potential of the country, and make it an important link in the connectivity chain between Europe and Asia. The emphasis on the railway connection was also seen in his statement on the Slovak prime-time news, where he made clear that it is in Slovakia's interest to be part of a BRI railway corridor, claiming that his greatest worry is that the BRI will bypass Slovakia. He stated that the TRI does not need Slovakia, but Slovakia does need the BRI. This shows the importance that the government continues to see railroad connectivity as its greatest priority in the BRI and its geographical position as its greatest asset for the initiative. The news report also mentioned the rivalry of the USA and China over 5G internet, highlighting the benefits of the Chinese 5G system. This is in keeping with the official position of the government which rejects the growing calls for the exclusion of Chinese 5G internet provider companies from markets in the EU and developed nations in general.

The most important think-tank that focuses on the discussed subject, the Institute of Asian Studies, increased its scholars' output on China in April, showing that the professional scholarly community did reflect on the summits. However, their analyses were not focused on the position of and consequences for Slovakia or the opportunities these events might bring to the country, but rather on the positive and negative aspects of the role of China in the CEE region, the pros and cons of the 16+1 Platform and the position of the EU towards China, both in general and particularly with regards towards the 16+1 Platform. This lack of focus on the Slovak angle can be explained as being due to the perception that the reality for Slovakia has not changed, i.e. that Slovakia has not especially benefitted from either the 16+1 Platform or the BRI, and there is not much new information to suggest that this will improve in the near future.

The reason for the low coverage and absence of debate in Slovakia concerning these three events can be understood in the context of the cooling of enthusiasm towards the 16+1 Platform and the BRI due to a lack of tangible results for the Slovak economy and citizenry even after several years of existence of these initiatives. The government and certain media outlets oversold the potential for trade opportunities with China and Chinese investment in Slovakia to a level which was unrealistic and could not be reasonably satisfied. When several Slovak proposals, such as the aforementioned broad-gauge railway, fell through in negotiations with potential partners from China, it was only inevitable that a certain sense of disappointment or disillusionment set in, which has not been overcome so far. The certification agreement on dairy products might be an important

step to reverse this trend, although once again the government is hyping up the potential benefits of this deal. If the agreement does not live up to these expectations, it will only further drive down the enthusiasm for further cooperation with China. This is a trend which is not unique to Slovakia, but also to many other countries of the 16+1 Platform. Such a development would work against Chinese goals of increasing trade and investment connections with the Central and Eastern European (CEE) region.

Slovakia is also continuing to pursue the project of railway connectivity within the scope of the BRI, as part of a “middle” corridor, between the main “Northern” railway corridor in use today, which goes from Russia through Poland to Germany and beyond, and the “Southern” corridor under construction from Piraeus in Greece to Budapest in Hungary. The chances for Slovakia’s vision to be realized are slim, yet it is still the main hope of the government for finding a place for the country in the BRI and benefitting from the opportunities it presents.

China Connection: “16+1”, China-EU Summit and the Second BRI Forum Perception in Albania

Marsela Musabelliu

Chinese high-level officials visiting Europe and holding talks with their counterparts in Dubrovnik and Brussels have had their fair share of coverage in Albania during the past weeks, most of all Prime Minister Rama meeting with Premier Li Keqiang in Croatia and the aftermath of their discussions and potential agreements. Furthermore, the Second Belt and Road Forum placed Beijing once again on the headlines of foreign affairs events.

Dubrovnik Summit and China-CEEC platform – building new bridges through openness, innovation and partnership

Prime Minister Edi Rama traveled to Croatia for the 8th China-CEEC Summit while broadcasting in his social media his presence there by highlighting in a post, King’s Landing Castle of Dubrovnik.¹ In the occasion of the Summit the media attention was focused on the meeting between Premier Li Keqiang and Prime Minister Edi Rama. While the first report on the highlights

¹ The Albanian PM noted in his post: King's Landing ready for Season 8 #got: China 16+1 ready for summit 8; in a clear reference of the popular TV show and the location of the China-CEEC summit. Available at: <https://www.instagram.com/p/BwHzbcwJFv4/>

of the meeting came from the Albanian Telegraphic Agency (ATA),¹ which is the official news entity of the Albanian Government, it soon was followed by a series of media outlets and press platforms informing the public on the development of the Summit.²

The comments of Premier Li Keqiang on welcoming and cherishing the traditional and decades long friendship between china and Albania were the opening line in almost every commentary on the event. The Chinese premier stated also that in the current situation Sino-Albanian relations are at an important stage of development and much more can be done in order to intensify bilateral exchange and cooperation. Premier Li stressed that China welcomes the expansion of Albania's agricultural products exports to China and local Albanian specialties.³

Rama stated that Albania and China maintain the traditional and friendly relations and this year it will be held in Albania a grand celebration for the 70th anniversary of the establishment of bilateral diplomatic relations. The Albanian side actively supports

¹ *Rama in Dubrovnik for the 8th Summit of the 16+1 cooperation platform.* ATA. Available at:

<https://ata.gov.al/2019/04/12/foto-rama-ne-dubrovnik-ne-samitin-e-8-te-te-platfornes-se-bashkepunimit-161/>

² *Dubrovnik, Rama meets with Chinese counterpart.* News Editions Albanian National Radio and Television Broadcast, RTSH. Available at:

<https://www.rtsh.al/lajme/dubrovnik-rama-takohet-me-homologun-kinez-keqjating/>

³ *Rama in Dubrovnik reaches a deal with Chinese Premier.* Illyria News Agency. Available at:

<https://ina-online.net/rama-ne-dubrovnik-arrihet-marveshja-e-pare-me-kryeministrin-kinez/>

cooperation projects with the Chinese side, Rama continued.

Further, he asked Prime Minister Li the mutual visa waiver between the two countries, which would not only stimulate the growth of the number of Chinese tourists in Albania but as well as boost trade exchanges between the two countries. For his part, Premier Li Keqiang confirmed the abolition of any barriers to imports of honey, wine, and olive oil coming from Albania. Also, the head of the Chinese government promised to take the necessary steps to lift the visa, as well as mutual recognition of university degrees.¹

The first to benefit of the outcomes of the meeting are the communities in business and agriculture environment. It is estimated that agriculture and forestry production account for 35% of Albania's GDP, being so a locomotive for growth, and having access to the large market as China for some products would entail compelling opportunities for enlargement and profit.

The second to benefit are trading companies and their staff. The visa waiver between the two countries will allow a smoother and faster traveling to or from China when trading commodities, will incentivize deeper levels of cooperation and frequent visits, from one side or the other. It was highlighted in the commentaries that when the terms of this agreements will enter into force the benefits will be visible for many Albanians trading (or wanting to trade) with China by lifting bureaucratic barriers which are only

¹ *Prime Minister Rama meets with the Premier of People's Republic of China.* Official press release from the office of the Albanian Prime Minister. Available at:

<https://www.kryeministria.al/newsroom/kryeministri-edi-rama-takon-kryeministrin-e-republikes-popullore-te-kines-li-keqiang/>

an overburden for bilateral commercial exchange.¹

The visa waiver would also benefit tourism; in fact, since last year Chinese citizens can travel to Albania from April to October without an entry visa; this experience demonstrated that Chinese tourist number visiting the country increased by 48%. By having a continuous no visa policy the bilateral tourism figures could benefit both countries.

The most resonated words in the highlights of the event in the media were Premier Li's words:

“China stands ready to work with CEE countries to advance economic globalization, uphold multilateralism, and make the global governance system more just and equitable...BRI is not meant to replace existing mechanisms and initiatives on regional cooperation, but to build on the good foundations to promote win-win and common development of all participating countries.”

Last, Greece intention to join the “16+1” cooperation platform raised more question than comments. Some were wondering what this will mean for the future of the “16+1” mechanism and will connectivity between Greece and Albania flourish more under the CEEC umbrella.

China-EU Summit

Differently from the Dubrovnik Summit, the China-EU held on April 9th summit attracted less attention in the Albanian public discourse. First of all not being a EU member country thus not participating in the Summit is the first, and secondly because the

¹ *Rama meets Chinese Premier. There is a promise for Albanians.* Balkanweb News. Available at: <https://balkanweb.com/rama-takon-kryeministrin-kinez-premtimi-per-shqiptaret/>

country had its share of new “fears” towards the European Union behavior due to the new motion in the Dutch parliament on returning the visa system on Albanian citizens. Every other event in Brussels has been overshadowed by the later.

However, the few commentaries on the topic were in line with the German media and stress the importance of deeper cooperation between China and EU for upgrading the Balkans infrastructure. The highlight of the China-EU Summit resonated the most in Albania is the fact that China and the European Union pledge to intensify and strengthen commercial ties and work together to achieve a better approach. The meeting amongst Donald Tusk, Jean-Claude Juncker and Li Keqiang is being perceived as a step forward in strengthening reciprocity on mutual investments with the outcome of mutual benefits.¹ According to some views in the country the Europeans did succeed, in getting a promise to conclude a long-discussed bilateral investment deal by the end of 2020, which would improve market access, and a promise to limit forced technology transfers.

The other highlight is the fact that by now 15 EU member state are part of the Belt and Road Initiative and this could intensify the channels of cooperation and mutual understating.² Due to the recent join of Italy in the BRI the Albanian public opinion has become more prone in asking and trying to

¹ *China and EU pledge to strengthen commercial ties*. Available at: <https://mia.mk/2019/04/kina-dhe-be-jane-paj-tuar-qe-te-forcojne-lidhjet-tregtare/?lang=sq>

² *The China of Sieren*. Deutsche Welle (DW) in Albanian language edition. Available at: <https://www.dw.com/sq/kina-e-sierenit-munges%C3%AB-vizionesh/a-48381239>

understand the initiative and the impact it will have on Italy.

More headlines highlighted the meeting of the three leaders by the final joint declaration stating that EU and China recognize their responsibility to lead by example, to pursue policies that support an open, balanced and inclusive global economy that is beneficial to everyone and encourages trade and investment, adding that they support vigorously the multilateral trade system with the WTO rules in its core, the fight against unilateralism and protectionism, and to commit to meeting the WTO rules.¹

Last but not least, it has been pointing out the EU preferred approach of dialogue and cooperation with China as contrast to President Trump's more assertive approach.

The Second Belt and Road Forum

The first information on the BRI Forum was introduced in Albania by the governmental news agency ATA.² The main focus was placed on the declarations of Chairman Xi Jinping and his emphasis on the global scale projects aimed to improve international and intercontinental trade links through the construction of ports, roads, railways or industrial parks.³

President Xi's remarks on these large infrastructure projects to be focused on an open, clean and green development when different parties will hold consultations as equals had significant coverage and attraction, as well as the 64 billion US\$ worth of

¹ *China-EU Summit – much needed collaboration*. EUREporter in Albanian language. Available at: <https://sq.eureporter.co/politics/2019/04/12/>

² *Commentary: the New Silk Roads*. ATA. Available at: <https://ata.gov.al/2019/04/26/koment-rruget-e-reja-te-mendafshit/>

³ Ibid.

signed deals and contracts with partners of all over the world. ¹

Another topic of analysis has been the participants of the Summit (150 countries in total), especially the main leaders (35 reported in the Albanian press), international organization's (such as UN, IMF; in total 90) and their comments and feedbacks on the event.²

The most thorough and explanative commentaries however, were displayed by the public broadcaster of Albania, RTSH. The agency presented to the public the Second BRI Forum in the light of already achieved initiatives, works in progress and prospect for the future by highlighting a sustainable and quality development along the route. The commentary notes:

“Following the rapid development of the last years, the BRI has become the largest economic co-operation platform proposed by the Chinese side. The projects included in the BRI exerting positive impacts not only in the respective areas, but also in other regions. There are indisputable studies that show that at a time when the construction of world infrastructure has major shortcomings, China's initiative is undoubtedly an effective channel to ensure sustainable worldwide growth. Many analysts point out that now doubts about China's initiative are backward thoughts. According to them, the most important thing is how to get in early on this fast-paced train and how to build a road to

¹ *China: the Belt and Road Forum reaches 64 billion worth of contracts.* ATA. Available at: <https://ata.gov.al/2019/04/27/kine-xi-forumi-rripi-dhe-rruga-arrin-64-miliarde-dollare-kontrata/>

² *The Chinese Belt and Road Forum gathers a multitude of world leaders in Beijing.* REL. Available at: <https://www.evropaelire.org/a/29903484.html>

development.”¹

The grandeur of the BRI is manifested in the huge opportunities and potential benefits when a better connectivity amongst countries is actually implemented through the BRI projects.

Finally, the long and traditional friendship between China and Albania is getting new impetus due to recent events. As an esteemed Albanian diplomat and former Ambassador to Beijing, H.E. Hajdar Muneka would state: “While recalling an old saying of Chairman Mao ‘Albania is a lighthouse in the Adriatic’ I wonder why our country cannot become a lighthouse of the New Silk Road”.² The Belt and Road Initiative now is spread worldwide but there are few nations with which China has shared such a close history of intense cooperation and the mutual recognition of each-other values, tradition, history and the past experience of working together closely should be used as a valuable advantage in boosting future Sino-Albanian partnership.

¹ *Beijing, the Belt and Road forum aims to quality development.* RTSH. Available at: <https://www.rts.al/lajme/pekin-forumi-nje-brez-nje-rruge-synon-zhvillimin-cilesor/>

² *Can there be an Albanian station for the New Silk Road?* Available at: <http://albanian.cri.cn/1501/2019/04/24/65s178635.htm>

BiH and Two Meetings in April 2019

Ivica Bakota

Dubrovnik 16+1 Summit

The 8th Summit of the China-Central and Eastern Europe cooperation framework (16+1 becoming: 17+1) organized in Dubrovnik, Croatia, on April 12 received some attention in Bosnian media. The summit was attended by BiH Chairman of the Council of Ministers Denis Zvizdic, who also had bilateral talks with Chinese Premier Li Keqiang on Chinese prospective investments in BiH (agriculture, transportation and energy sector); Foreign Trade Minister Mirko Sarovic who confirmed that his highlight of the Summit was a meeting with Chinese Gezhouba company and talks on several infrastructural and energy projects in BiH that are also included in the text of the joint declaration. The Trade& Business Forum organized within the Summit under Croatian Chamber of Commerce was also attended by some BiH companies and Deputy Chairman of the BIH FOCOM Chamber Vjekoslav Vukovic.

The Summit confirmed positive and engaging attitude of Bosnia and Herzegovina towards 16+1 and Chinese FP initiatives that started after the last 2018 Sofia Summit where BiH was designed “as a winner of 16+1 initiative”. The organization of the Summit in neighboring Croatia gave additional spotlight to BiH delegation: BiH COM Chairman Zvizdic gave a speech at the plenary session and, judging from media snapshots, was often

seen in the limelight accompanying Croatian PM Plenkovic and Chinese PM Li Keqiang. Bilateral talks with Chinese counterparts on the margins of the Summit was a chance to affirm mutual understanding for continuing engagement in bilateral cooperation in infrastructure and energy sector, with agriculture, forestry and tourism as new fields of cooperation being confirmed by the two sides.

The 16+1 Summit and the participation of the BiH delegation, along with Mostar Trade Fair that was simultaneously held in Mostar (with China as a partner country) in overall terms helped to decrease (slightly) critical reporting on China and its influence in the region that appeared in Bosnian media following the news on FBiH Parliament approving a bank guarantees for Thermal Plant Tuzla construction - project that will be partially financed by Chinese Exim Bank, which gave some voice to concerns on political motives of Chinese investment and “debt trap” BiH government might face in such a deal. In the same manner, Bosnian media neutrally reported on EU-China Summit in Brussels, organized three days before Dubrovnik (April 9). Without going into in-depth analysis, major media outlets reported on a summit as a chance to strengthen trade links between China and the EU, mutual commitment for improving access to both markets, eliminating discriminatory requirements and practices affecting foreign investors and generally reported that the European leaders (Donald Tusk and Jean-Claude Juncker) and Chinese Prime Minister Li Keqiang had made positive evaluation of the talks for the progress in EU-China trade relations.

What BiH gained from the Summit?

During the Summit, BiH delegation was given Chinese assurances for financial support in implementing the Tuzla Thermal Plant (Unit 7) construction project, the most significant Sino-BiH cooperation project included under 16+1 cooperation format and the biggest investment in BiH energy sector so far (worth EUR 613 million). The cooperation over the agricultural products exchange (especially export of BiH meat and fruit products), expected 'boom' of Chinese tourists (hoping to exceed the number of 100 000 in this year alone) after BiH introduced visa-free regime to Chinese citizens during the summer months seizing thus the opportunity neighboring non-EU Serbia and Montenegro had previously made in attracting prospective Chinese tourists, reconfirming the support for some of the long-standing projects in transportation sector (several highway projects in RS), potentials for building up cooperation in forestry and metal-processing sector are all mentioned in bilateral talks Bosnian delegation on PM, ministerial and business levels held with Chinese counterparts. BiH has given the opportunity to host this year the 4th 16+1 Transportation summit, a ministerial-level meeting of 18 countries participating in the framework. Also, Sarajevo, the capital of BiH will organize the 5th CEEC-China capital mayor`s forum, hosting 18+ mayors from Europe and China and 16+1 University Winter Sports Festival.

Partially overlapping Mostar Trade Fair

In April 9-13 period, in Mostar was organized the 22nd "Mostar International Trade Fair", (one of) the largest trade fairs

in BiH, which attracts main regional companies and is usually attended by PM-level delegations from the region. This year the country-partner was China, which was one of the reasons why the fair, at least in Bosnian media, partially shadowed Dubrovnik Business Forum organized under the aegis of 16+1 Summit. During the five days the fair, according to organizers, had more than 800 exhibitors from all over the world. As it was announced, the Fair was opened by the Serb MOP Milorad Dodik and Serbian President Aleksandar Vucic, both invited by HDZ BiH Chairman and one of the hosts, Dragan Covic. Apart from the critiques from the press the fair received for being yet another “parade of politicians” dragging the publicity away from business and trade matters, 800 companies (among which around 100 were from China) are proof that below political “surface” were business-minded exchanges. According to the President of the BiH Federal Commerce Chamber Marko Santic, the fair was successful in presenting a new areas of bilateral trade exchanges between China and BiH, with emphasis on tourism& food industry, agriculture and industry. Several economists also mentioned that this Fair “was” a great opportunity to present Bosnian, especially Herzegovinian, businesses to Chinese partners.

Other (sensitive) issues related to the Summit

In the last month, following the decision of the Federal (FBiH) Parliament to allow and financially back state electric company Elektroprivreda BiH in taking a loan for construction of the Unit 7 of Tuzla Thermal Plant (TET) from Chinese Exim bank, several influential dailies have published articles that warned on a

“debt trap” a small European state can expect from availing themselves to Chinese state-backed loans. Similarly, to the media headlines in neighboring countries, these warnings were primarily sourced from other European magazines, directly quoted or paraphrased and rarely accompanied with an opinion of a local expert providing “the application of these concerns to particular domestic cases”. Probably due to proximity of the FBiH Parliament decision (March 24) with the Dubrovnik Summit, news on BiH participation on the Summit had also included partially digested concerns on the pending TET project. Since BiH academic and professional arrays lack “China experts” or more China tuned geopolitical and geo-economic proficiency, in the BiH public these generically termed “China-threat” and “China-friendly” narratives coexist without sliding into each other. Therefore, while some media warned or reported other’s warnings, BiH government (particularly PM Zvizdic) in parallel continued to push progressivist narrative in welcoming the biggest infrastructure project, only slightly rebuffing some “more grounded” objections on environmental and ecological consequences of such project. (For details, see report on Tuzla Thermal Plant).

16+1 Dubrovnik Summit was also a chance for BiH COM Chairman Zvizdic to meet Croatian PM Plenkovic to discuss bilateral issues between Croatia and BiH. Among these was Peljesac bridge construction project built by Chinese CRBC, which (some circles close to SDA party in) BiH opposes. Although there are no changes in the current BiH ‘semi-official’ position regarding Peljesac bridge construction and the impact on BiH objection against the project (blocking a free access to open

sea), some media have reported speculations that BiH political circles are backing Austrian construction company Strabag's case in filing complaint on subcontracting road project linking the bridge with Croatian A1 highway.

BRI 2.0 Forum in Beijing

It is safe to say that the reactions on the so called "Belt and Road Initiative 2.0" forum organized in Beijing in the last weekend of April were less pronounced in Bosnian public than the China related events in Dubrovnik and Mostar by the beginning of the month. The Beijing forum has also arrived amid Bosnian ongoing "crisis" in forming the central government and pending transition in the Foreign Ministry. Main dailies in BiH (Oslobodjenje, Dnevni Avaz, Glas Srpske, Nezavisne) gave an information on the forum, while media with regional outreach (Al Jazeera Balkans, N1, Slobodna Europa) published articles with more extensive reports, mostly covering a number of foreign dignitaries attending forum (including Serbian President Vucic), Xi-Putin meeting and cooperation ideas that were announced after the meeting (joining Russian Arctic Route with Maritime BRI), boosting "the opening of the BRI to more wider markets" (as a personal emphasis of President Xi), briefed on the main points discussed (expanding access to foreign investment market, intensification of the efforts to enhance international cooperation in the protection of intellectual property, increase the trade of goods and services to an even greater level, more effectively coordinate international macroeconomic policy), joint declaration "BRI Progress, Contribution and Perspective" adopted at the closing session and reported on Business sub-forum attended by a

large number of business representatives from different countries, “which signed a series of cooperation projects worth over 64 billion US dollars”. Chinese Ambassador in BiH, Ji Ping in an interview to Klix.ba portal on April 28 furtherly introduced the significance of the forum from Chinese perspective, which also helped to build more comprehensive understanding of the forum in the Bosnian media.

On April 24, a day ahead of the Forum in Beijing, BiH Deputy Foreign Minister Josip Brkic received a new Chinese Ambassador to BiH, Ji Ping. On this formal occasion, according to BIH MoFA site, Deputy Minister Brkić welcomed Ambassador Ji and expressed satisfaction with the level of bilateral relations between BIH and China, especially the level of the cooperation under the 16+1 platform and Belt and Road Initiative. As a one of the important issues in bilateral relations, BiH side emphasized the importance of the participation of China as a partner country at the International Trade Fair in Mostar, “which was an additional boost to the intensification of relations between the two countries, particularly in the economic sphere”. Chinese Ambassador stressed that the bilateral cooperation has been gaining momentum in economy and tourism, thanks to the bilateral visa-free agreement and has also emphasized the growing interest of Chinese investment in BiH, especially in infrastructure and energy projects. This meeting was also a chance for the both sides to exchange views on “all major political issues in both BiH and the region, as well as on a global scale”, during which Chinese Ambassador has informed Bosnian Deputy Minister on incoming 2nd BRI Forum in Beijing.

Without any big changes in BiH foreign policy in regards to

bilateral relations with China, perception that sees the synergy of the Chinese initiatives 16+1 (17+1) and BRI, the complementarity between these two and the EU's connectivity strategy, with slightly pronounced dualism in respect to "China-threat" and "China-friendly" narratives in BiH media and "professional" opinion, the Beijing forum was observed in similarly positive fashion as the Dubrovnik Summit.

Bosnia and Herzegovina is a country with relatively firm EU aspirations, but with realistic outlook on the date of prospective EU accession, therefore regards 16+1 as well as BRI as a chance to attract Chinese capital for infrastructure projects that are or would be of pressing importance meanwhile. This is also sustained with the fact that despite the concerns warning that BiH government is about to enter in a debt trap by taking a loan that will overstretch its budget capabilities, compliance with EU political and economic conditionality in regards to the chief projects for its development is very challenging for a small and insufficiently developed economy of BiH, especially when the benefits of such compliance are projected, as they are now, in a very long-term picture.

Relations between Montenegro and PR China

Milika Mirkovic

In the previous period, a series of events took place in order to intensify cooperation between Europe and PR China. For Montenegro as a member of the Initiative 16 + 1 and the Belt and Road Initiative, as well as the candidate country for EU membership, participation at events is of great importance. During April, three important meetings were organized: the 8th CEEC-China Summit, the EU-China Summit and the 2nd Belt and Road Forum for International Cooperation that contributed to closer cooperation of the participating countries.

The 21st EU-China Summit

Early in April, Mr. Li Keqiang, Premier of the State Council of the PR China met with EU officials at the annual 21st EU-China Summit. Although the expectations, according to earlier announcements, were very small in relation to the meeting between the prime minister of PR China and high representatives of the EU, the EU-China Summit resulted in a joint statement by both sides.

Given the economic relations between PR China and USA, but the announcement of the introduction of customs duties for certain products from the EU that are imported into the USA, there is a mutual interest in maintaining trade cooperation between the EU and PR China. This year's Summit was a great opportunity to strengthen these relations. In addition, PR China and the EU are major trading partners. According to the Eurostat data, in 2018 PR

China was the largest partner for EU imports of goods (20 %) and was the second largest partner for EU exports of goods (11%). Total EU-China trade deficit is 185 billion EUR. Considering the significant trade cooperation between the EU and PR China, maintaining good relations is of great importance. In addition to economic relations, total net direct investment flow from PR China to EU is 4.2 billion EUR (EC, 2017).

Conclusions of the Summit refers to more open Chinese market for European companies and cooperation on World Trade Organization reform, i.e. reforms and establishing solid international trade rules that would be based on equal treatment of Chinese and European companies. Of course, the layout and direction of the relationship between the EU and China will depend on the results of European Parliament election.

Why is it important for Montenegro? This, like the other two events organized in April, are of the great importance for Montenegro. First of all, for Montenegro that meets the European agenda and as a candidate country for EU membership which has focused its policy on joining the EU, it is very important to follow the strategic cooperation between the EU and PR China, i.e. be actively involved in defining the trade cooperation platform and, accordingly, to adapt and define future directions and development policies.

16+1 Summit in Dubrovnik

The 8th CEEC–China Summit was held in Dubrovnik on 11–12 April 2019. This summit is being organized since 2012, when the 16 + 1 member countries took part in the first summit, which was established with the idea and in order to encourage and

improve business and investment relations between the countries of Central and Southeastern Europe and China. Member countries of 16+1 meet annually at the Heads of Government level. The importance of this Summit is multiple for both sides, considering the potential of the entire region from sixteen countries and great Chinese market. For China, the countries of Central and Southeastern Europe are of particular importance because of its project "One Belt, One Road", which envisages large investments in infrastructure. On the other hand, the inflow of investment for Member States of Initiative is of great importance for economic growth and prosperity.

The Summit was attended by Mr. Li Keqiang, Premier of the State Council of the People's Republic of China and prime ministers or government representatives of sixteen countries, as well as ministers, ambassadors and large trade delegations. The novelty of this year's Summit is participation of the Greek prime minister, with which Greece became a member of this initiative, which changed its name from 16 + 1 to 17 + 1. In addition, the Dubrovnik Guidelines for Cooperation between China and Central and Eastern European Countries was adopted at Summit. This Guidelines will determine direction of relations between seventeen countries and NR China in different areas.

Recognizing the importance, from the beginning of the Mechanism 16 + 1, Montenegro actively participated in this initiative. In the previous period, good results were achieved, especially in the area of infrastructure. This initiative is of great importance for Montenegro, taking into account that Montenegro's strategic policy is based on the improvement of infrastructure, tourism, agriculture, direct foreign investments, energy

development which is in accordance with areas of cooperation under this initiative: trade and investment, connectivity, finance, agriculture, science and technology, health, education, culture, environment, cooperation between local governments etc. In this regard, the Montenegrin delegation headed by Prime Minister Mr. Dusko Markovic participated at Summit in Dubrovnik. The Prime Minister emphasized and pointed to the success and importance of the cooperation of this group of European countries and PR China, but also the success of cooperation between Montenegro and PR China. Participation at the 8th Summit primarily contributes to the continued good bilateral relations between these two countries, but also the relationship between Montenegro and other participants in the initiative. During the Summit, the Prime Minister of Montenegro met with the Premier of the State Council of PR China, Mr. Li Keqiang, with whom he discussed the completion of the construction of the first section of the highway, but also the meeting with the Prime Minister of the Republic of Croatia, Mr. Andrej Plenkovic.

As a country member, Montenegro has a potential that could be used and thus contribute to economic progress. Strategic position and exit to the sea represent a significant advantage of Montenegro, which can be better used as a participant through this mechanism. In that case, the important resource of Montenegro is Port of Bar, whose greater valorization would have a significant role in connecting the two continents, i.e. a significant link in cooperation between China and Europe. Through participation in this initiative, Montenegro is using a part of the preferential credit package used for the construction of the highway. Realizing this most important infrastructure project would connect Montenegro

with Serbia, more precisely Luka Bar with Serbia and Europe, which additionally points to the economic importance and investment potential of the Port of Bar. The project of construction of the highway Montenegro is being realized in cooperation with Chinese companies and the completion of the first section of the highway is expected next year. However, the investment in the highway contributed to the growth of public debt of Montenegro, which at the end of 2018 was 70% of the estimated GDP, while it is projected that the percentage will reach 80% of GDP this year, which will in the future present a problem and burden for the Montenegrin economy and citizens.

Completion of the first section of the highway represents an excellent basis for continuing cooperation with Chinese companies. In this regard, Montenegro is working on the potential expansion of cooperation with Chinese companies in the field of construction of the other two sections of the highway, inviting interested companies to join a future project, creating preconditions for the continuation of the successful cooperation between Montenegro and PR China. In addition to infrastructure, there are potentials and interest of countries for cooperation in the fields of agriculture, green economy, industry and construction of production capacities in Montenegro.

The second Belt and Road Forum for International Cooperation

The Second Belt and Road Forum was held in Beijing on April 25-28, 2019 and brought together leaders of 36 countries

around the world and contributes to closer cooperation for all member countries. Around one third of participants were from Europe with growing interest for this initiative by these countries. However, Montenegro did not participate to Belt and Road Forum, but high involvement of European countries indirectly has an impact on Montenegro, and gives the importance of tracking the activities at the forum. Thorough this Initiative is endeavoring and planning to build an infrastructure that would connect China with other parts of Asia, Europe and Africa. The construction of new railways, roads, ports would contribute to greater connectivity and business cooperation, which would give significant benefits to the economies of the countries involved in the Initiative.

As part of the entire network, and taking into account the geographical position and the exit to the Adriatic Sea and potential of the Montenegrin port, as well as current construction of high-way, this initiative provides excellent opportunity which could contribute to economic progress of Montenegro. As already mentioned, Montenegro has the potential of a traffic junction where. On the one hand, it is connected by a maritime route, and on the other hand, the future highway would be a connection through Serbia to Europe. In this regard, at 16 + 1 Summit, Prime Minister of Montenegro, Mr. Markovic emphasized Montenegro's readiness to take advantage of the Port of Bar potential and make it available to trade between Europe and Asia.

Certainly, through this and other mechanisms, trade between Montenegro and PR China could be expanded. Namely, in addition to investments by PR China, the significance of Montenegro's cooperation with NR China and Chinese companies is reflected in the large market where Montenegrin producers can

export and place their products to the Chinese market. More intensive cooperation between the two countries can only support and accelerate these trends, which will in the end bring benefits to Montenegrin economy. Also, the connection of countries has a consequence of the growth of tourists from China to Montenegro, which is evident in recent years, but also on greater cooperation in other fields.

China-EU Summit, the 16+1 Dubrovnik Summit and the Second BRI Forum: A Macedonian Perspective

Anastas Vangeli

Introduction

April was a busy month for China-Europe relations. First, the EU-China Summit that took place in Brussels (April 9). Few days after (April 11-13), the Eight Summit of the Heads of Governments of China and the Sixteen Central-East and Southeast European Countries (CESEE) took place in the city of Dubrovnik, Croatia. On April 25-27, the Second BRI Forum on International Cooperation (BRF) took place in Beijing. All of these events brought about important news both for the CESEE region and the Republic of North Macedonia (hereinafter Macedonia). In this paper, we discuss implications of these events for Macedonia-China relations and for Macedonia's future trajectory.

EU-China Summit

Macedonia is not a member state of the EU, and therefore did not take any active part in the EU-China summit in Brussels. However, this is not to say that Macedonia had no stake at the summit whatsoever. As an aspiring candidate for membership in the EU, Macedonia closely follows the foreign policy debates in the Union and seeks to align with it, including on the question of relations with China. More even so, the relations between the Balkans and China (and in general, between CESEE and China)

have become a subject of discussion for EU diplomats who often adopted an alarmist approach about China's growing clout in the region, and have frequently warned that some of the practices of Sino-Balkan relations may not comply with EU enlargement efforts in the region; thus the Sino-Balkan relations were also one of the points (even if a marginal one) discussed at the EU-China Summit. Contrary to the skeptical forecasts and the talk of escalating tensions between the two sides, the Summit ended with a Joint Statement and commitment to improving EU-China relations; this was interpreted overall as a positive development for the Balkans as well. In the first place, it meant that despite their competition, EU and China remain strategic partners; this means that in the Balkans, there is no zero-sum constellation between the two sides. For the Balkan governments it meant that they could pursue both EU accession and deeper cooperation with China simultaneously.

Activities in Dubrovnik

Of all three forums, the 16+1 Summit was of highest importance for Macedonia of all three events in April. As in all previous 16+1 Summits, Macedonia was an active participant in the Dubrovnik one. The high-level delegation that traveled from Skopje was led by the Prime Minister Zoran Zaev, who after Budapest and Sofia, in Dubrovnik attended his third 16+1 summit. Zaev was accompanied by the Vice-Prime Minister in charge of economic affairs, Kocho Angjushev, the Minister of Transport and Connectivity, Goran Sugareski, and the Minister of Culture, Asaf Ademi. Angjushev and Sugareski seem to be in charge of cooperation in connective infrastructure development – they have

led the renegotiation of the conditions for the construction of the controversial Kichevo-Ohrid highway (funded via China ExIm bank loan, with Sinohydro being the main contractor – the highway was a subject of previous reports). The last member of the delegation, Ademi, has been involved in dialogues on cultural cooperation; in recent years, Macedonia's government has focused greatly on the cooperation in this domain, as the country hosts the 16+1 Coordination Center for Cultural Cooperation. Aside from the participation in the multilateral activities in Dubrovnik, the Macedonian delegation had separate activities in Dubrovnik, pertinent both to the cooperation with China, and the cooperation with other CESEE countries.

During the Dubrovnik Summit, Macedonia and China signed an Action Plan on agricultural cooperation 2020-2022. This was a fulfillment of a strategic objective for Macedonia, as Macedonian officials have long desired a greater focus on cooperation in agriculture in the relations with China and have tried to put agriculture on the agenda in China-led multilateral cooperation and discussion formats. Zaev has proudly stated that Macedonia is the first country in the CESEE region to sign that type of agreement with China. The Action Plan, according to him, is expected to strengthen the bilateral cooperation in the agricultural sector, in particular the trade of agricultural goods, the exchange of knowledge and best practices in agricultural and rural development, advancing scientific and ICT cooperation in agriculture, cooperation in food safety, veterinary medicine and fisheries. Zaev believes that the increase in cooperation in agriculture with China will positively affect Macedonia's development as it would lead to increased agricultural production

in Macedonia, improving the standards in the Macedonian agriculture, and an increase in the export of Macedonian agricultural goods to China.

Zaev also had a bilateral meeting with the Chinese Premier Li Keqiang, which focused on reaffirming the commitment to advancing the bilateral relations, and reflecting on some of the successes in the past years. Both heads of governments emphasized the significance of the cooperation in connective infrastructure development, lauding the contribution of the highways funded via Chinese loans and implemented with Chinese SOE as leading contractors. Zaev expressed Macedonia's desire and readiness for more cooperation across several policy areas including energy and agriculture. Li expressed China's willingness to align the Belt&Road Initiative with Macedonia's development strategy.

Aside from this, Zaev has used the Dubrovnik Summit to have both formal and informal meetings with some of his CESEE counterparts. He had a bilateral meeting with Andrej Babis, the Prime Minister of the Czech Republic. They focused on advancing the Macedonian-Czech bilateral relations, and advancing economic and security cooperation. The Czech Republic has supported Macedonia's EU accession bid, and Babis has reassured Zaev that the Czech Republic will support the decision to open the membership negotiations in 2019. Noting the increase in bilateral trade between the two countries, Zaev has welcomed Czech companies to invest and do business in Macedonia, promising that they will receive an equal treatment in the country. Zaev also took part in a trilateral meeting with Andrej Plenkovic, the Prime Minister of Croatia, and Alexis Tsipras, the

Prime Minister of Greece. Plenkovic has frequently complimented Zaev and Tsipras on the solution of the long-standing name dispute. Both Plenkovic and Tsipras have used to occasion in Dubrovnik to express the support for Macedonia's EU accession bid as well as for the completion of the NATO accession process. The three Prime Ministers also discussed economic cooperation and connectivity, with the goal of bringing prosperity for their citizens. Finally, Zaev also had an informal meeting with the Bulgarian Prime Minister Boyko Borisov; the two embraced warmly each other for a photo, which made the rounds in Macedonian media.

BRF

The Second BRF brought together 40 heads of governments and a number of other representatives of national governments and international organizations to Beijing. Macedonia has signed a MoU on the BRI with China in the early stages of the Initiative, but did not have a high-level representation at the Forum (or at least there was no publicly available information about it). This was a downgrade from the 2017 BRF, when Macedonia was represented by the Minister of Foreign Affairs Nikola Poposki (from the VMRO-DPMNE-led government). In 2019, Macedonian policymakers did not comment the Forum; Macedonian think tanks did not publish anything on it either; Macedonian media did not travel to Beijing; all of the reports on the Forum came from international press agencies and media from the neighboring countries. A number of media focused on the presence of the Russian President Vladimir Putin in Beijing. As in 2017, Macedonia's two neighbors, Serbia and Greece, were

represented at the highest level at the BRF, and were featured multiple times in the List of Deliverables. Macedonian media reported on the advancement of the Serbia-China cooperation and of the meeting between Serbian President Aleksandar Vucic and the Chinese President Xi Jinping, and to a lesser extent on the Greece-China cooperation and the meetings of Tsipras in Beijing.

Implications

Macedonia's government continues to develop the relations with China and to take part in China-led mechanisms for cooperation. However, the Dubrovnik Summit reinforced the impression that Macedonia is not particularly pro-active or ambitious in this regard; and the absence of Macedonia from the BRF confirmed this impression. The cooperation with China remains neither hot nor cold, but rather moderate. Macedonia was absent from the List of Deliverables at the BRF; the Dubrovnik Guidelines document does not list any significant projects that involve Macedonia. It however does list two high level events that have taken place or are yet to take place in the country. One is the Fifth China-CEEC High-Level Symposium of Think Tanks, that was held in October 2018 in Skopje, in the Macedonian Academy of Arts and Sciences (it was discussed in the previous papers). The other event is the Fourth China-CEEC Ministers' Forum on Culture Cooperation, which will be held in Macedonia in November 2019, and will be coordinated by the Ministry of Culture of North Macedonia and the 16+1 Coordination Center for Cultural Cooperation. This is Macedonia's contribution to these initiatives in this period.

China has demonstrated strong interest in pursuing closer

relations with Macedonia but the Macedonian side has been rather reserved; one of the reasons why Macedonia-China relations have been rather moderate in the last several years has been the preoccupation of the government in Skopje with its accession to the NATO and the EU, which also involved solving the name dispute with Greece. The Macedonian government simply had no desire or capacity to extend the scope of their foreign affairs work. It is also conceivable that over this period, which saw increased frictions between the US and China, and some tensions between the EU and China, the Macedonian government also looked to stay out of any potential complications in the relations with its Western partners, that could have potentially arisen from any closer relations with Beijing. The fact that EU and China however seemed to still have a way to pursue constructive relations, which was witnessed during the EU-China Summit in Brussels, may have encouraged Macedonian leaders with regards to the cooperation with China. In Dubrovnik, Zaev has used the occasion to once again publicly state Macedonia's firm pro-Western orientation, announce that the country is finalizing its accession to NATO and that it hopes soon to start the negotiations for EU membership. However, importantly, Zaev noted that Macedonia's participation in the 16+1 platform is complementary to the country's endeavors to join NATO and EU.

What may however change the status quo and stimulate greater Macedonia-China cooperation in the post-summitry period is the changing regional dynamics, and in particular, the pro-active role of Greece. The most significant update from the Dubrovnik Summit is that Greece has now joined the 16+1 platform as a fully-fledged member (which now makes it 17+1).

Greece was also particularly visible during the BRF (Prime Minister Tsipras was in attendance; Greece was mentioned multiple times in the Deliverables). Greek analysts have long speculated about this possibility; they saw the signing of the Prespa Agreement and the solution of the long-standing name dispute as a particular catalyst for the process. Namely, while Greece has been interested in joining the 16+1 format for some time, what made Athens hesitant about the prospects was the fact that Macedonia was represented in the platform under its former constitutional name. Now, with the name of the country changed, Athens hopes to use the momentum and advance the trilateral Greece-Macedonia-China relationship. The desire to do so has been stated by Greek officials, including Prime Minister Tsipras during his visit to Skopje in early April 2019. Greece and Macedonia are already participating in the development of the “Europe-China Land-Sea Express” corridor (linking Piraeus and Budapest), and have a shared interest in exploring new opportunities in terms of the cooperation with Beijing. The Prespa Agreement, aside from its symbolic component of solving the name dispute, also foresees boosting economic cooperation and connectivity between Greece and Macedonia, as well as wider regional connectivity, and in Athens this is interpreted as additional momentum for boosting the cooperation with China in the region. However, it remains to be seen how the Macedonian government respond to the Greek pro-activity.

While numerous possibilities exist, for now, the cooperation with China is not widely discussed among the Macedonian policy circles, the media or the attentive public. The EU-China Summit was virtually non-existent in the public debate, except for some

reports from international press agencies. Even though the 16+1 summits take place for eight consecutive years now, Macedonian media did not report widely on the Dubrovnik Summit (which seemed to matter for the Macedonian government), nor there were any extensive analyses or discussions. The Greek enthusiasm about regional connectivity was not taken as an invitation for debate on the topic. The Summit happened to take place during the campaign for the Presidential Elections as well – meaning that it was not one of the main news items; the news cycle was dominated by the developments on the campaign trail and other related domestic politics issues. By the time the Second BRF took place in Beijing at the end of April 2019, news about the Macedonian-China relations have completely faded from the public discourse. The news on the BRF came from international press agencies; from the position of the public it seemed that the BRI is something that is happening far way, and that Macedonia is not really a part of it.

Serbia and Its April in a sign of China

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Considering relations with China and activities that are following Belt and Road Initiative, this April is characterized with vivid high-profile activities. And while first half of month was marked by China - EU Summit held in Brussels and immediately after with 16+1 meeting held in Dubrovnik, the end of month was under the spotlights of the entire world since second Belt and Road Forum was held in Beijing.

As other European countries and particularly those participating within 16+1 form of cooperation, Serbia expressed high interest in China – EU Summit held in Brussels on April 9, 2019. There was a certain concern over the possible outcome of this Summit primarily due to the March 22nd statement of the French president Emanuel Macron that the time of Europe being naïve has past and that EU is determined to introduce more strict and unique rules in dealing with China. His words went around the EU and China opponents got on the alert. But, only four days later, Macron said that both France and China consider multilateralism as the best mean in order to promote international cooperation under the current circumstances of multiplying of many risks and mutual challenges. At that time became clear that EU will follow last year issued statement when referred to China

as its strategic partner not only in terms of trade, but in improving “the rule based international order”. Indeed, EU and China in Brussels statement “reaffirm the strength of their Comprehensive Strategic Partnership”, decided to work together for peace, prosperity and sustainable development and commitment themselves to multilateralism, and respect for international law and for fundamental norms governing international relations. Both sides also commit themselves to keep building its “relationship on openness, non-discrimination, and fair competition, ensuring a level playing field, transparency, and based on mutual benefits”. Considering previous attitudes expressed by the EU regarding Serbian ties and cooperation with China, for Serbia it is of a great importance that “two sides will continue to forge synergies between China's Belt and Road Initiative and the EU strategy on Connecting Europe and Asia as well as the EU Trans-European Transport Networks, and welcome the agreement, in the framework of the China-EU Connectivity Platform, on the terms of reference for the Joint Study on sustainable Railway-based Corridors between China and Europe”.

Summit 16+1 held in Dubrovnik day after the Brussels event, was more important for Serbia. Dubrovnik Summit was held under the motto “openness, innovation and partnership are leading towards building new bridges”. And indeed a kind of a new bridge was built – Greece was invited to join. Considering existing Chinese projects in this country but also its geopolitical position, one might expect even earlier that 16+1 will emerged into 17+1.

In Dubrovnik, Serbia was represented by Prime minister, Ms. Ana Brnabić. Speaking at the opening of the forum, she said that

Serbia remains at the top of the list of countries with the largest number of jointly implemented and contracted infrastructure projects with China. She pointed out that Serbia is recognizable by capital infrastructure projects, but also is interested in strengthening cooperation in the fields of digitalization, innovation and education and in the field of agriculture, in particular export of lamb and beef, and milk and dairy products. Considering the size of Chinese market, Ms. Brnabić advocates cooperation and joint export from CEEC's to China.

Serbian Prime minister took the opportunity to speak also about Serbian position within Belt and Road Initiative. She said that future projects will be even more realistic after Serbian membership into Asian Infrastructure Investment Bank has been approved by the Governing Board of this for BRI crucial financial institution.

During Dubrovnik Summit, Serbia signed two infrastructure related agreements that will make possible completion of two high way sections. Apart from that, on the margins of the Summit, Serbian delegation had numerous meetings with representatives of Chinese companies that expressed their interest in investing in Serbia. Along with the position expressed by Ms. Brnabić, it is very likely that by the end of this year Chinese companies will invest in the field of digitalization and agriculture.

Not neglecting the importance of the 16+1 Summit, key event in the area of external relations of each country was Second Belt and Road Forum held in Beijing. Serbian President was among 40 head of states that attended the BRF. Since he had a rare opportunity to meet Chinese President Xi Jinping for the sixth time, he used it to express Serbian gratitude for undivided

and unconditional support. President Vučić emphasized that he often has been under pressure of certain countries, but China never behaved in such manner. Unlike other countries, in spite its tremendous results in all fields, China follows principles of Confucianism and nurture virtue in international relations. Serbian president repeated that Serbia and China are bonded with steel friendship which both sides will preserve and put joint efforts to make it even more efficient following their mutual interests. Therefore, existing cooperation will be strengthened by introducing new models of cooperation and widening areas.

Unfortunately, agreements that Serbia signed during the Forum basically remained in the area of infrastructure. For example, one of the signed agreements is one on reconstruction of railway Belgrade-Nis-Preševo. This reconstruction is important because further it will go to the Hungarian border. With once completed reconstruction of this railway, there will be finally vertical connection of our northernmost to the southernmost point. Considering Chinese presence in the port of Piraeus in Greece, that railway will serve as the main transit artery for import and export of goods.

Certain break through represent the fact that, based on the 2018 signed agreement, three agreements with the China Road and Bridge Corporation (CRBC) has been signed: Agreement on Project Development, the Agreement of Founding a Joint Company and the business plan of the Serbian-Chinese Industrial Park. By these agreements conditions for the beginning works on the realization of the Serbian-Chinese Industrial Park project in the Borča (suburb of Belgrade). It will be the largest Industrial Chinese Park in Europe, built on 320 hectares. Park will be built

in three phases while the initial investment is 300 million EUR. As Serbian Minister for Innovations and Technological Development, Nenad Popović, said over 40 Chinese companies have already expressed a readiness to start producing at our industrial park. According to Mr. Popović, the Industrial Park is expected to feature 1,000 companies of various profiles, which will employ more than 10,000 people. As he pointed out that, realization of the Serbian-Chinese Industrial Park project will turn Serbia into one of the key technological partners of China within the Belt and Road Initiative. Serbian minister met with Chinese Minister of Science and Technology Wang Zhigang and agreed that this autumn Serbia will host a ministerial conference about innovations within the BRI, which will bring together 17 ministers from Central and Eastern Europe and China.

Beside above mentioned, among results of the second BRF for Serbia also is significant that two governments signed plan for further cooperation, that National Bank of Serbia signed with the China Banking and Insurance Regulatory Commission the MOU on supervisory cooperation and that Serbia is among 28 countries with which China has established the Belt and Road Energy Partnership.

Apart the signed agreements, for Serbia, but also other CEEC's countries is important that during the high level meetings representatives of European countries, but also international organizations of the global importance such as International Monetary Fund, World Bank or World Economic Forum expressed its full support to Belt and Road Initiative as an example of successful multilateral form of cooperation. It was Madame Lagarde who said that Chine participation is vital in

order to secure sustainable development and success in eliminating existing gap between developed and underdeveloped countries. Such change in attitude brings hope to Serbia and similar countries that their cooperation with China won't be challenged in future.

Conclusion

Related to Serbian foreign policy, April was significant month considering the fact that even three great events were organized: Summit China-EU, Summit 16+1 and Second Belt and Road Forum. Considering the fact that one of the four pillars of Serbian foreign policy is cooperation with China, Serbia paid full attention to these events and start preparing months ahead. Although, in general, those preparations led to signing of important agreements, there still is space for improving cooperation with China in a way that will be mutually beneficial.

