



Weekly Briefing

**Poland external relations briefing:
President Duda's participation in the 17+1 summit
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President Duda's participation in the 17+1 summit

On February 9, 2021, a virtual summit of Central and Eastern European states with the People's Republic of China took place as part of implementing political meetings of the 17+1 Initiative. The first summit in two years was an opportunity for multilateral talks about what has already been achieved and plans for the future. The Polish side was represented by President Andrzej Duda, which fits well with his office's assumptions on the active shaping of foreign policy, particularly concerning the countries of the region and the world powers. However, the effects of the summit for the Polish side are modest, as no bilateral agreement was signed.

Importance of the 17+1 Initiative

In recent years, China has focused on Europe - the effect of its involvement is the continuous expansion of the Belt and Road Initiative (BRI), but also the development of cooperation with Central and Eastern European countries called the 16+1 Initiative, from 2019 and accession of Greece, converted into 17+1.

The Chinese side has many convincing arguments in favour of engaging in the implementation of these two projects. Europe - broadly understood - is a developed area that provides opportunities for access to new technologies and solutions, and the Middle Kingdom needs these to achieve the ambitious goals of building an innovative society. Besides, China wants to prevent a return to a duopoly in the global balance of power and the division known from the times of the Cold War. Therefore, the PRC is looking for a third pole. Europe - understood as a continent, and the European Union, but also as individual states belonging to the Community and those remaining outside its borders – is seen here as the third global player.

For several years now, Beijing has been looking for opportunities for multilateral and multifaceted cooperation with Europe. It is also the declared goal of many European countries that have signed strategic partnership agreements with the PRC, as well as the European Union itself, which over the last few years has adopted important documents on Brussels-Beijing relations (*EU-China Strategy 2016, EU-China - a strategic outlook 2019, and the latest Comprehensive Agreement on Investment from 2020*). The calculations - *de facto* made by both sides - are therefore geopolitical, as well as investment and commercial.

However, the virtual 17+1 summit on February 9, after a one-year pandemic hiatus, indicates that initial enthusiasm for multilateral cooperation is starting to decline. In particular, on the side of some CEE countries. On the Chinese side, the rank of this meeting was raised to the highest possible level. So far, it has been a formula of cooperation between Prime Ministers, while in the last summit, the President of the PRC, Xi Jinping, participated. Nevertheless, on the other side, the representation was at a lower level. 6 countries out of 17 (Bulgaria, Estonia, Latvia, Lithuania, Romania and Slovenia) delegated only Ministers of Foreign Affairs. The Polish side decided to be represented at the highest level, so President Andrzej Duda took part in the meeting.

Duda's participation came as a surprise as Poland sent contradictory signals before the summit. On the one hand, the Polish MFA, Zbigniew Rau, strongly opposed the signing of the CAI agreement in December 2020 and asked to refrain from signing it until Joe Biden's administration takes power. On the other hand, just before the 17+1 summit, Warsaw announced that it intends to invest in expanding the reloading port in Małaszewicze, where most Chinese cargo trains go to Europe. Thus, it was once again confirmed that the Polish administration works on the principle of a political "sinusoid" and wants to maintain the best possible relations with both sides - without antagonizing either the American or the Chinese side, while at the same time damaging its relations with these entities depending on the choice.

Polish arguments during the summit

Andrzej Duda tried to take a very active part in the meeting. In his speech, the President proudly announced that nearly nine years have passed since the cooperation between the countries of Central and Eastern Europe and China was initiated in Poland's capital city. As he emphasized: "As the President of the Republic of Poland, I assume that no essential event concerning CEE can take place without the presence of Poland. I see this cooperation mechanism as an important platform for dialogue, complementing the channels of bilateral relations - which we continue to prioritize alongside European Union-China relations - as well as other regional cooperation formats."

The President focused mainly on the importance of economic cooperation. Like most countries in the region, Poland sees the need for a wider opening of the Chinese market to its goods and expects actions by the Chinese authorities in this regard, such as lifting administrative restrictions on the import of agricultural products from Poland. He thanked the Chinese side for speeding up a number of administrative procedures relating to Polish products'

export in the recent period. At the same time, the Polish head of state emphasized that he feels unsatisfied and expects that cooperation within the 17+1 format will start to bring more tangible and mutually beneficial results in the economic sphere - primarily in the form of China increasing imports of goods and services from CEE countries and a greater inflow of Chinese greenfield investments.

Indeed, the problem of the huge and growing imbalance in relations with China is for Central and Eastern European countries the crucial challenge. Last year, Poland had the highest trade deficit with China in history. According to the Chinese customs office data, trade between Poland and China in 2020 exceeded USD 30 billion, but Poland's deficit amounted to USD 22.4 billion. This considerable imbalance, which has been deepening year by year, has aroused great emotions in Warsaw. The issue was raised by, for example, Prime Minister Morawiecki during his talks with the Chinese side in recent years.

Perhaps the imbalance in this matter will be changed by the expansion plan of the said port in Małaszewicze. In his speech during the summit, the President also referred to this issue. He admitted that taking advantage of its geographical location, Poland plans to strengthen its role in trade between Europe and China. "We are expanding our transport and transshipment potential for this purpose. We are not going to be just a transit area. We want to actively increase the share of our country and region in global supply chains." The President also said that we are currently living in difficult times of limited social mobility, including business mobility. Therefore he proposed a return to the launch of the so-called "fast track" for entrepreneurs from Central and Eastern Europe travelling to the Middle East. He also expressed his hope that the Chinese authorities could introduce similar measures without prejudice to security requirements.

Duda also articulated his satisfaction with the fact that China recognizes Central and Eastern Europe's potential and "is ready to seek synergy of our development model with its own initiatives and with EU projects to strengthen Europe-Asia connections." He emphasized that this is "a kind of cooperation in which we can all win". He also stressed that Poland respects the development path of individual countries, which take part in the 17+1 format.

In his speech, the President also raised the issue of combating the pandemic and international cooperation in this area. He thanked the hosts of the meeting for creating an opportunity to discuss cooperation in the 17+1 format, which was essential for the fight against the COVID-19 pandemic and the recovery of the economies. Duda underlined that "it is high

time to make a joint effort to rebuild and develop the socio-economic order of our countries (...) and make them more balanced”.

Conclusions

At the 17+1 summit a total of 88 documents were signed, 35 of which are intergovernmental agreements and 53 are trade agreements. Yet, no guidelines on the functioning of the initiative were agreed upon, but only an action plan for the coming year. Moreover, some European countries were represented only at the ministerial level. This may be proof of the growing scepticism of some 17+1 participants (mainly EU member states) towards this format. Meanwhile, on the Polish side, the President took part in the summit, thus implementing the principle that nothing significant in Central and Eastern Europe can happen without Poland’s participation.

In his speech at the summit, the President focused on the need for pragmatic cooperation with China, especially in overcoming the coronavirus pandemic’s economic effects. It is indeed necessary to open up to trade to revive the economies affected by the crisis and enlarge business possibilities between the region’s countries, including Poland, with the PRC.

However, the Polish side may feel disappointed - out of several dozen contracts of a different nature (i.e. cooperation within the agricultural and renewable energy sectors, tourism promotion), none has been signed with Warsaw. Therefore, this contradicts both sides’ assurances that the 17+1 cooperation format is essential and, as a consequence, it may lead to a decrease in interest in this initiative on the Polish side.