

The 16+1 Cooperation Platform:

Developments, Prospects and Concerns

Dr. Saša Istenič

Department of Asian Studies, University of Ljubljana, Slovenia.

Note d'actualité n°21/24 de l'Observatoire de la Chine, cycle 2017-2018, Octobre 2017



Over the five years of its existence, the 16+1 cooperation platform noticeably raised its visibility and became seen as a valuable economic and political instrument, which is furthering China's Belt and Road initiative (BRI, 一带一路). The 16 Central and Eastern European (CEE) post-communist states (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia) have become essential partners in facilitating the construction of China's flagship project. Ever since the first 16+1 summit held in Warsaw in 2012, which laid the foundations for future cooperation, the CEE countries have gained more weight in Chinese policy towards Europe. Likewise, as China has established itself in a position of an attractive regional investor, its role in the CEE countries' foreign policies has visibly grown. The rapid progress of institutionalization of the 16+1 framework, that followed the initial launch of a Permanent Secretariat at the Chinese Foreign Ministry and a setup of CEE national coordinators, is well reflected in the establishment of several secretariats and a number of associations and industry organizations coordinated by individual states (Table 1). The key decision-making instrument continues to be formed by the annual summits of heads of governments, which result in a long list of announcements on infrastructure and investment projects. It has been assessed that by mid-2017 over 60 percent of the measures set out in the 2016 summit have already been successfully implemented (MoFA PRC, 2017). This year's annual summit – the sixth in a row – will be held in November in Budapest.

Table 1: 16+1 institutionalization progress

Established institutions	Year	Country
Business Council	2014	Poland
Secretariat for Investment Promotion	2014	Poland
New Silk Road Institute (NSRIP)	2015	Czech Republic
Center for Dialogue and Cooperation on Energy Projects	2016	Romania
Regional Center of the China National Tourism Administration	2016	Hungary
Coordination Mechanism on Forestry Cooperation	2016	Slovenia
Association for the Promotion of Agricultural Cooperation	2017	Bulgaria
China-CEE Institute	2017	Hungary
CEE Federation of Chinese Medicine Societies	2017	Hungary
Virtual "16 + 1 Cooperation" Technology Transfer Centre	2017	Slovakia
Secretariat on Logistics Cooperation and Virtual Information Platform	2017	Latvia
Secretariat for Maritime Issues	2017	Poland
Association on Transport and Infrastructure Cooperation	TBA	Serbia
Cultural Cooperation Coordination Center	TBA	Macedonia
Inter-Bank Association	TBA	TBA
Small and Medium-sized Enterprises (SMEs) Association	TBA	TBA

Parallel to the progress of the 16+1 platform are improvements in CEE-China bilateral relations. While it is difficult to argue that the enhanced trade between the 16 CEE countries and China is the result of the 16+1 progression as bilateral trade volumes were already going up before the platform was launched¹, regular high and lower-level dialogues and people-to-people exchanges have visibly strengthened dialogue and the pursuit of bilateral cooperation. The advancement of the 16+1 framework has also given impetus to the development of other China-centred sub-regional mechanisms in Europe, such as 5+1 with five Nordic countries (Denmark, Finland, Iceland, Norway, and Sweden) and 6+1 with six Southern European countries (Greece, Italy, Spain, Portugal, Cyprus, and Malta). Nevertheless, these platforms are still in the initial stages of development and the 16+1 remains the most active multilateral framework.



Motivations and Developments

In the aftermath of the global financial crisis which struck Europe in 2008, the CEE countries were eagerly looking for capital to stimulate investment and boost their economies. Given that a high trade deficit with China has been present in all CEE economies, attracting Chinese investments and expanding exports was a logical objective for CEE countries. Consequently, the 16+1 presented a much appreciated mechanism, not only for deepening bilateral economic ties and capitalizing on emerging business opportunities but also for gaining more strategic leverage vis-a-vis both the EU and Russia. As for China, its primary objectives aimed at diversifying export destinations and increasing trade volumes with Europe. Accordingly, China pragmatically utilised the CEE countries as the gateway to expand its brands

in the European internal market. Notably, by mid-2017, China had already opened 40 China-Europe rail routes, which directly connect 15 European cities with China (Smith K., 2017). New transport corridors, such as east-west rail link between China and Western Europe, or the south-north corridor between Greece and the Baltic region are

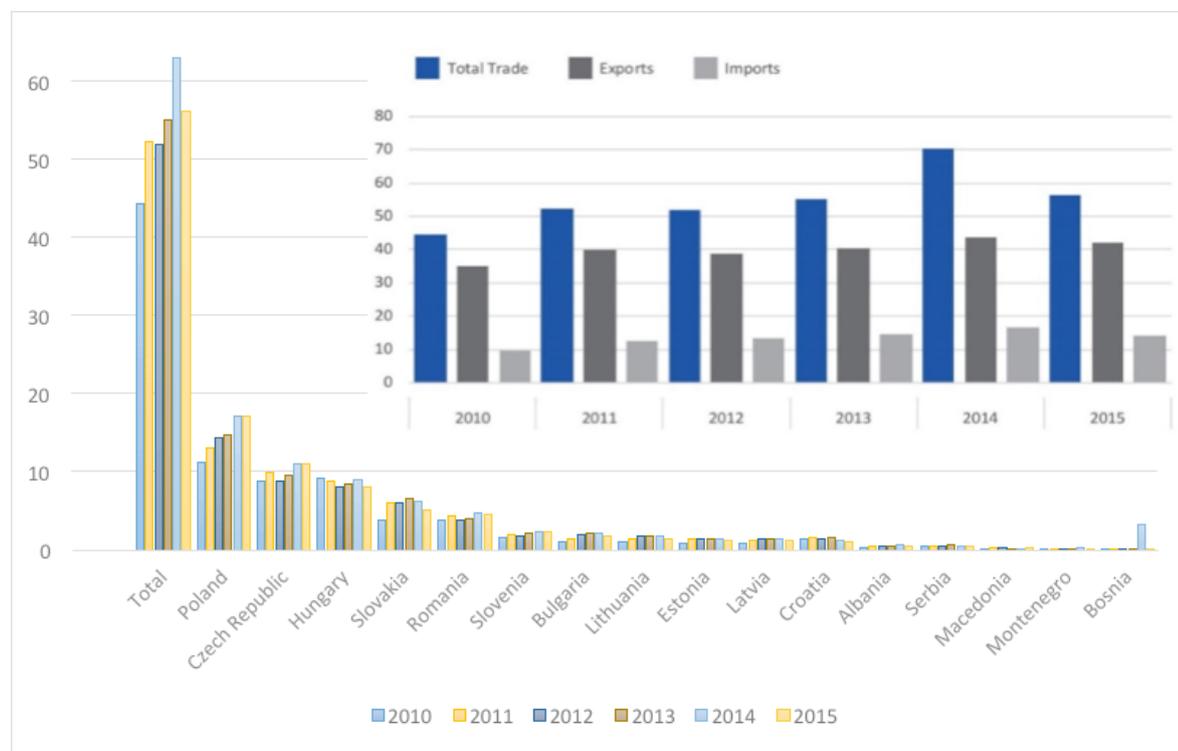
receiving a growing level of attention and the frequency of their usage is rapidly increasing. The regular weekly

¹ - Between 2009 and 2012, China's trade with CEE increased over 60 percent, while trade between 2012 and 2015 increased for less than 8 percent (National Bureau of Statistics of China, 2010-2016).

cargo railway connections between Poland and China (Łódź/Kutno-Chengdu-Xian and Warsaw-Suzhou) have been positively acclaimed, particularly as trains are no longer only loaded with Chinese goods but increasingly also with Polish products (Szcudlik, 2016: 45). Furthermore, Chinese ownership of Greece's Piraeus port² has provided stimulus for the much needed implementation of the 'China-Europe Land-Sea Express Lane' (中欧陆海快线), the railway link through the Balkans and Hungary. The delayed construction of China's debut high speed rail line – the 350 km Belgrade-Budapest High-Speed Railway (HSR) – is now moving on and is scheduled to be completed in the next two years (Hu and Jing, 2017; Dimitrijević 2017: 10). Unquestionably, a unified rail transport and customs system will bring significant boost to the transportation of goods between China and Europe and help to enhance trade exchanges even further.

Figure 1: Trade volumes and composition between China and CEE countries (2010-15, US\$ mln)

Source: National Bureau of Statistics of China, 2012 – 2016.



² - China Ocean Shipping Company (COSCO) has a 35-year management lease for Piers II and III, two of the three terminals at Piraeus. It has already invested about €600 million in modernizing the facility, turning it into one of the world's top 50 ports in terms of container volume.

Table 2: China's OFDI stock in CEE countries (US\$ mln)
 Source: Ministry of Commerce of the PRC, 2015.

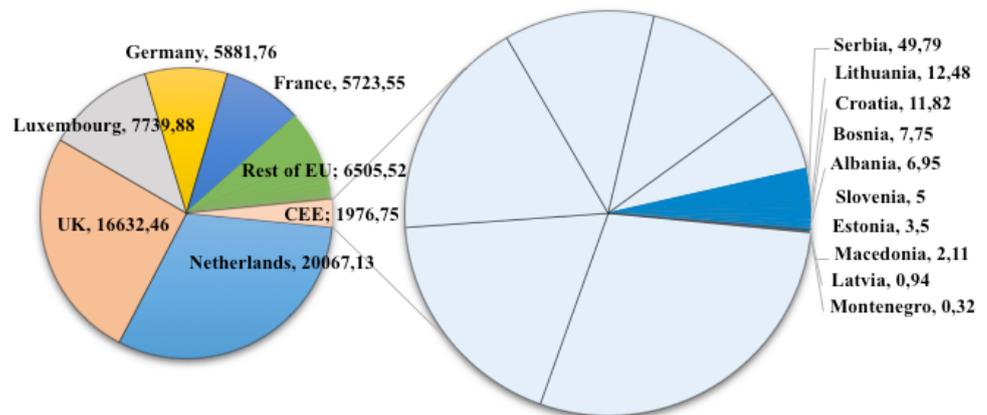
Table 2: China's OFDI stock in CEE countries (US\$ mln)

	2010	2011	2012	2013	2014	2015
Total	852,58	1008,77	1334	1435,76	1696,51	1976,75
Hungary	465,7	475,35	507,41	532,35	556,35	571,11
Romania	124,95	125,83	161,09	145,13	191,37	364,8
Poland	140,31	201,26	208,11	257,04	329,35	352,11
Bulgaria	18,6	72,56	126,74	149,85	170,27	235,97
Czech Republic	52,33	66,83	202,45	204,68	242,69	224,31
Slovakia	9,82	25,78	86,01	82,77	127,79	127,79
Serbia	4,84	5,05	6,47	18,54	29,71	49,79
Lithuania	3,93	3,93	6,97	12,48	12,48	12,48
Croatia	8,13	8,18	8,63	8,31	11,87	11,82
Bosnia-Herzegovina	5,98	6,01	6,07	6,13	6,13	7,75
Albania	4,43	4,43	4,43	7,03	7,03	6,95
Slovenia	5	5	5	5	5	5
Estonia	7,5	7,5	3,5	3,5	3,5	3,5
Macedonia	0,2	0,2	0,26	2,09	2,11	2,11
Latvia	0,54	0,54	0,54	0,54	0,54	0,94
Montenegro	0,32	0,32	0,32	0,32	0,32	0,32

According to China's National Bureau of Statistics, trade volume between CEE countries and China totalled US\$56,2 billion in 2015, up almost 27 percent over the five years since 2010 (Figure 1).³ Notably, Chinese outward foreign direct investments (OFDI) into the region have surged by over 100% from about US\$853 million in 2010 to nearly US\$2 billion in 2015 (Table 2). Understandably, trade intensity and geographic distribution of Chinese investment in the CEE countries is highly uneven. Poland, the Czech Republic and Hungary remain China's top 3 trading partners among the 16 CEE countries, accounting for almost two thirds of all China-CEE trade. Similar pattern can be seen in investment flows, where, Hungary, Romania, Poland, Bulgaria, Czech Republic and Slovakia together account for 95 percent of the total OFDI (Figure 2).

Figure 2: Geographic concentration of China's OFDI stock in Europe: Western European core economies remain most attractive (2015, US\$ mln)

Source: Ministry of Commerce of the PRC, 2015; National Bureau of Statistics of China, 2012 – 2016.



3 - Yet, according to some different data, the bilateral trade in 2015 had already reached the target of US\$100 billion set in Warsaw in 2012 (Kratz, 2016: 6).

Furthermore, trade has remained highly imbalanced; the volume of China's exports to CEE countries has remained about 3 times higher than the volume of its imports on an annual basis since 2010 (Figure 1). It is hoped, that the growing Chinese investments would gradually reduce both the CEE-China trade imbalance and that of EU-China. Up to now, however, despite the surge of Chinese investment in CEE and steady increase in bilateral trade relations, it is still too early to talk about enormous progress as the levels of investment still lag behind the Western European economies (Figure 2). In other words, the Chinese footprint in the CEE is actually still very modest – barely 3 percent of its share in the overall OFDI in Europe.⁴ The main focus of China's investments in the CEE is in the sector of infrastructure. To finance infrastructure and production capacity projects in the region, China has since 2012 launched two Sino-CEE Cooperation Funds with a total value of US\$500 million and US\$11 million, respectively, with Chinese banks being the main funding contributors. In order to provide financial support for Chinese enterprises, several banks, such as Bank of China (BoC), China Development Bank (CDB), China Export-Import Bank (Eximbank) and Industrial and Commercial Bank of China (ICBC), have already opened several branches in the region (Poland, Czech Republic, Hungary, Serbia). Whereas the vast majority of the investment comes in the form of mergers and acquisitions, which are a priority for China, greenfield investments, such as establishment of local branches, including research and development operations (e.g. by Huawei, ZTE, Lenovo and Haier) are also growing. Innovative industries and ownership of new trademarks are particularly sought after (Góralczyk, 2017b: 157-8). Investments in the service sectors, especially in tourism, have also been much appreciated. Several CEE airports have attracted Chinese investments (including Tirana airport in Albania, Maribor airport in Slovenia and Sofia and Plovdiv airports in Bulgaria) or have expressed interest (e.g. in Belgrade, Ljubljana, Zadar, Warsaw). There are now direct flights between Beijing, Shanghai, Chengdu and Prague, as well as between Warsaw, Budapest, Belgrade and Beijing, and several new direct lines might open soon. To facilitate exchanges, Serbia has recently implemented bilateral visa-free entry regime with China for visits lasting up to one month, while Bosnia and Herzegovina might follow soon (B92, 2017; Avaz, 2017).

Chinese investments in the energy sector have also increased, with deals including power grids, traditional energy generation infrastructure, renewable energy companies as well as nuclear power sector. In Czech Republic, China Energy Company Limited (CEFC) acquired 50 percent share in the Czech banking group and is now connected with some strategic energy assets not only locally, but also in Slovakia and Croatia.⁵ In Poland, China purchased coal power plants, renewable energy production facilities, and some supporting infrastructure. It also intends to become

4 - In 2015, Chinese investment (OFDI stock) in Europe reached US\$64,5 billion (Ministry of Commerce of the PRC, 2015).

5 - CEFC has also acquired two historic buildings in the centre of Prague for its headquarters, shares in Slavia Praha football club, shares in the Lobkowicz beer company, shares in two Czech media companies and minority share of a Czech airline (Tucsányi 2017).

involved in the construction of several other power plants and generators as well as an electricity transmission line (Góralczyk, 2017a). China also acquired some wind farm projects and a 16 percent share in Polish Energy Partners (PEP) in order to invest further in Polish wind farms. In Serbia, in addition to numerous infrastructural projects, such as highway segments and massive bridges, the revitalizations of the largest steel mill Smederevo and the Koštolac thermal power plant, are considered the two major accomplishments so far (Zhang, 2017). China is also involved in construction of the Nikola Tesla B Thermal Power Plant and the pit mine Radljevo, as well as in modernization of the Serbian integrated telecommunications system and Dabar hydroelectric power plant (Dimitrijević, 2017: 12-13; Balkan Engineer, 2017). In Bosnia and Herzegovina, China has just completed the construction of the Stanari thermal power plant, and is involved in construction of another thermal power plant in Gacko, and three coal-fired power plants in Tuzla, Banovići and Ugljevik (Numanović, 2016). In Romania, China is involved in construction of 4 major energy projects (World Nuclear News, 2015). In Albania, China's Geo-Jade Petroleum bought controlling rights in two Albanian oil fields (Rapoza, 2016). In Macedonia, the Chinese corporation China International Water & Electric (CWE) has completed the Kozjak Hydroelectric Project and has further plans on the construction of 12 hydro power plants on the river Vardar, which will be Macedonian largest project ever (SEE Energy News, 2016). All in all, Chinese investment in the region is not negligible and will continue to increase in the coming years.



16+1: a vehicle endorsing China's soft power

While economic items continue to rank high on the 16+1 agenda, cultural cooperation has also been receiving increasing attention. Manifestly, economic and cultural diplomacy have both been utilised as main instruments of China's soft power policy in the region. In addition to a plethora of China-CEE forums and fairs on investment, trade, tourism, energy, etc., numerous cultural activities, education dialogues, and academic conferences have been held on a regular basis. There are now Confucius Institutes in almost every CEE country and the visibility of China in the region has significantly increased.⁶ Since the year 2017 was designated as the *Year of Media Cooperation*, various activities to strengthen China-CEE media exchanges took place, such as the China-CEE Countries Spokesperson Dialogue in Beijing, journalists' exchanges, promotion of multimedia products, etc. Over the last decade, China has invested enormously in international news outlets, attempting to increase its international outreach and improve the perceptions of China by international audience. Up to now, the 16+1 regional cooperation format has helped China to foster a more dynamic engagement and communication with CEE citizen. Accordingly, China can now more

6 - The largest regional Confucius Institute is at Eötvös Loránd University (ELTE) in Budapest, employing almost 40 native teachers.

constructively utilize its public diplomacy, which is seen as crucial in realizing its soft power objectives (Wang, 2011). Nonetheless, to what extent China's proactive soft power campaign will facilitate the shaping of China-CEE relations and help China to elevate its profile in the region remains questionable (see Pleschová and Fürs, 2015).

Large Chinese diasporas in some of the CEE states offer China not only a higher motivation for its OFDI but also present an important vehicle for utilizing China's public diplomacy. Migrants of Chinese origin can promote Chinese culture and lobby for China's political and economic interests within host states. Since they now take greater pride in being Chinese and possess a much stronger interest in maintaining and cultivating ties with China, they are more likely to promote the agenda of their government (Wong and Tan, 2017: 1-12). Looking back, the major strand of Chinese migration to CEE were entrepreneurs who left China in the years after the Tiananmen Incident in 1989 in the wake of recession. The collapse of CEE states' socialist regimes created favourable economic and political conditions for Chinese immigration, resulting in huge influx of Chinese. For instance, the number of Chinese in Hungary jumped from nearly zero in the mid-1980s to 27,330 in 1991, while Romania recorded 14,200 entries by Chinese in 1991 (Nyíri, 2011: 242). In Serbia, door to Chinese were widely open during the Milošević's regime, welcoming as many as 50,000 in 2000 (Nyíri, 2011: 247). Whereas the majority of the migrants from the early 1990s has since moved on to another destination or returned to China, the Chinese population in CEE region is still substantial. While there are no reliable data on the exact number of Chinese in any of the CEE country, it is estimated that majority, 15-20,000, lives in Hungary, about 14,000 in Romania, about 8,000 in Poland, 6,000 in Czech Republic, 5,000 in Bulgaria, 2,000 in Serbia and Slovakia, and less in other CEE countries (Nyíri, 2011: 249). Over the last two decades, Chinese communities in CEE have significantly evolved economically; while many Chinese still engage in the sale of inexpensive goods and operate restaurants, they also control important investments throughout the region. Therefore, Chinese diaspora is offering Beijing an important instrument for utilizing its public diplomacy agenda. Nevertheless, mobilizing Chinese communities to back up Chinese diplomacy has often been counter-productive, as witnessed in massive public demonstrations and incidents, which occurred during Hu Jintao and Xi Jinping's arrivals to Bratislava (2009) and Prague (2016) (Pleschová and Fürst, 2015; Fürst, 2016: 14-15). China's economic and cultural influence alone has not automatically reinforced China's soft power appeal. In Hungary, despite an active Chinese expat community and the Hungarian government's efforts to depict China in a positive light and preserve a hospitable investment environment to China, public image of China has remained rather poor (Liu, 2017: 128-141; Pleschová and Fürst, 2015). Majority of Hungarians are opposed to Chinese immigration and regard Chinese immigrant as a non-desirable neighbour, even though Chinese companies provide several thousand jobs locally and play a significant role in Hungary's economy (Liu, 2017:135-7). Perceptions of Chinese migrants in Poland are not much different; according to the Pew Research Center's

Global Indicator of China in 2017, only about 40 percent of Polish people perceive China positively (Pew Research Center, 2017; see also Kaczmarczyk, Szulecka and Tyrowicz, 2013). In addition to the CEE citizen's distrust of the Chinese regime, different perceptions of human rights and disapproval about China's behaviour towards Tibet and Taiwan, the CEE citizen are also increasingly concerned about Chinese investments in energy sector, which they consider either an economic threat or a national security concern (Turcsányi, 2017). In Western Balkans, the limited transparency of Chinese-funded projects, the lack of economic viability, allegations of illicit payments and blurry environmental impact data for coal-fired power plants, are delaying constructions, raising suspicions and shedding a negative light on Chinese investors (Darby 2016; Makocki and Nechev, 2017). In view of that, the Chinese government still has a long way to go before its efforts in CEE will translate into a more favourable image of China.



Some key concerns

Visibly, Chinese foothold on Europe's southeastern doorstep is gaining influence. It goes without saying, that relations between China and CEE significantly impact the relations between China and the EU. Ever since the launching of the 16+1, China's trade and investment activities in CEE have raised various concerns among European circles. While some maintain that China's objective in boosting relations with CEE countries is to further relations with the EU, others fear that China's economic inducements will be utilised for political gains (see f.i., Godement and Parello-Plesner, 2011: 10; Janulewicz, 2017; Kaczmarcki and Jakóbowski, 2015; Pepe, 2017; Reilly J., 2017; van Pinxteren, 2017). While responses to Chinese investment in CEE have been mixed, some of the major concerns that have been frequently raised include:⁷

1. Chinese investment in CEE will raise Beijing's ability to wield political influence over the decision-making process in the EU. It will "divide" the CEE from the rest of the EU due to states' competition to attract Chinese investment what might significantly affect the EU unity and coherence and weaken European leverage vis-à-vis China on matters of strategic importance. There are a number of recent cases that exemplify China's political and normative influence along the European BRI routes; In June 2016, Hungary and Greece have both prevented the EU to come to a mutual consensus on a joint statement in response to the decision of The Hague Tribunal's verdict on the South China Sea dispute and thus reinforced China's political interests with the EU. Hungarian government went as far as reverberating China's position that "external pressure and interference may have an adverse effect on the current situation" (Fallon, 2016). Hungary has also been very outspoken in supporting Beijing's position toward granting China a

7 - See, Hellström, 2016: 25-32.

market-economy status (Xinhua, 2016). In June 2017, Greece blocked the EU from speaking on China's human rights abuses at the United Nations Human Rights Council in Geneva (Smith H., 2017). Whereas, very transparently, Serbia's unremitting support of China's stance on issues such as human rights, Taiwan, Tibet, Xinjiang, the South China Sea and the market economy status, is highly appreciated by Beijing, as reflected in its investment deals (Liu, 2016: 34). Since Serbia, Montenegro, Macedonia, Albania, and Bosnia & Herzegovina are all on a way of becoming EU member states, they will be empowered to enhance Beijing's role within the enlarged EU in the future.

2. Chinese acquisition of key/strategic industries, which are critical for a nation's economic growth and international competitiveness, would endanger national security of the individual CEE country in question. Germany, the European core economic power, is in particularly unease over China's acquisitions of high-technology assets and infrastructure, as its economy is among China's primary European targets. Germans fear that Chinese could get access to their advanced technologies and related patents via CEE sub-vendors to German companies (Pepe, 2017). Accordingly, the German government has recently tightened rules regarding takeovers for foreign investors and made it more difficult for them to acquire companies of high strategic and economic importance (Barbaglia, Wagner and Schuetze, 2017).

3. Levels of borrowing from China could become unsustainable, as expected benefits and economic viability of projects are uncertain. Chinese are willing to take bigger risks and are able to finance the projects on very favourable loan terms. Consequently, the appealing Chinese projects often burden the countries with significant debts owed to China.⁸ The EU is worried that less developed CEE countries such as Albania, Serbia, Macedonia, Bosnia & Herzegovina or Montenegro could take on unsustainable levels of Chinese debt, which the EU would be forced to absorb in the future. While Serbia and Albania have implemented significant fiscal adjustments and achieved debt stabilisation, Montenegro embarked on a public investment spree by constructing a highway section costing as much as 20 percent of GDP, which will increase its public debt to close to 80 percent of GDP by 2019 (European Commission, 2017). Furthermore, the lack of transparency behind Chinese projects and evasion of public procurement and bidding procedures, particularly in the Western Balkans, often fuels corruption, which has recently been on the rise (Makocki and Nechev, 2017). Since the EU safeguards the region's political stability, China can be at ease regarding the long term viability of its investments. Accordingly, the fast growing public debt, coupled with considerable gross financing needs of the Western Balkan countries, are justifiably worrisome for Brussels.

8 - Recently, Sri Lanka was unable to repay the Chinese loan for the construction of a deep-sea port and was thus forced to sell a 70 percent stake to China. Furthermore, Sri Lanka's new international airport built in the form of loans from China failed to generate any business and is now on sale, together with its white elephants (Larmer, 2017).

4. Trade imbalance with China and the lack of investment reciprocity due to limited access to Chinese market are creating uncertainty and could bring serious challenges in the future. Chinese visibly target high-tech sectors, banking, telecommunications and the energy sector, which all remain off-limit to European investors. In order to create a level playing field with China on bilateral investment the EU has been negotiating a bilateral investment treaty (BIT), which would provide a more transparent and predictable legal framework for European investors in China. Nevertheless, the progress is painfully slow.

To sum up, these concerns among others, in addition to the immense diversification of the region, re-emerged political tensions in the Western Balkans, differences existing at the level of CEE countries' legislative systems, the asymmetry of economic needs, differing business mentalities and degrees of trust, will continue to obstruct the progress of the 16+1.



Conclusion

While the United States is taking a harder line on China trade, mergers and acquisitions by Chinese companies in countries that are part of the BRI are increasing with a great speed. In spite of Beijing's recent restriction of capital outflows and US\$75 billion in deals scrapped, Chinese investments along the BRI corridors continue to be encouraged.⁹ That is why Chinese companies are paying close attention to new developments in regional markets, and do not hesitate to take hold of any openings. China is following a very unique and pragmatic foreign policy approach in dealing with the European countries as observed in its investment trends and highly differentiated trade relations. It is no secret, that China strives to expand globally in strategically important sectors, such as infrastructure, energy, telecommunications, and agriculture, as well as to build an integrated Eurasian network to facilitate exchanges and fulfil its long-term geopolitical plans. Discernibly, China has become more proactive and more assertive in promoting its agenda, especially in terms of signing agreements linked with the BRI as reflected in a plethora of recent MoUs between ministries and state agencies. China has also become more confident in applying political conditions to its economic and cultural interactions with foreign states. Involvement in critical infrastructure and financing systems will only increase China's clout in the region and make local governments more restrained and risk-averse in their political decisions in the future. Within the EU, it can already be observed, how, regardless of the EU's official position and common guidelines toward China, the member

9 - In August 2017, Chinese acquisitions already totalled US\$33 billion, surpassing the US\$31 billion tally for all of 2016 (Wu and Chatterjee, 2017). For the recently announced rules on overseas investments see, the PRC State Council (18.8.2017), http://www.gov.cn/zhengce/content/2017-08/18/content_5218665.htm.

states' economic interests generally prevail in bilateral dealings with China (Reilly M., 2017). The European concerns are thus reasonable, and one can expect that the appeals for a unified strategy towards China, especially on part of the CEE states, will only get louder (Kaczmarek and Jakóbowski, 2015; Góralczyk, 2017b: 159; Europe Online, 2017).

Nevertheless, while the European concerns over China's political objectives are justified, there is so far little evidence of a strategic attempt on China's part to "divide" CEE from the rest of the EU (Hellström, 2016; Pepe, 2017). It is in China's interest to maintain the region's stability in order to fulfil its own economic interests. Furthermore, the EU's influence and importance to the CEE states is strong and none of the CEE 11 EU member-states have threatened to leave the EU as they all benefit from the membership. Beijing was also quick to realize that successful implementation of projects under the 16+1 framework will require endorsement from the EU and compliance with the EU regulations. For that reason, the 2014 Belgrade Guidelines pledged that all 11 EU members would act "in accordance with... EU legislation, regulations and policies," whereas the EU-China Connectivity Platform initiated in September 2015 and the Riga Declaration issued at the last 16+1 summit in November 2016 recognise the need toward finding synergy between CEE-China and EU-China relations. Nonetheless, forming a consensus is not easy. Although improved economic and transportation connections along different corridors in CEE and across Eurasia are conducive to all parties involved, Chinese and European governments often do not see eye to eye in a number of issues. Should Beijing attempt to retaliate against any government and turn China's economic might into political influence, the European perceptions of China will only be undermined, whereas popular anxiety and distrust will only increase. Consequently, in spite of the greater presence of China in Europe, the extent of its influence might not become as ubiquitous as feared.

References

- Avaz (2017) 'Utvrđen prijedlog: Građani BiH moći će bez viza u još jednu državu, a građanima Saudije vize više neće trebati za ulazak u BiH,' *Avaz.ba*, 19 June, <http://avaz.ba/vijesti/bih/281644/utvrden-prijedlog-gradani-bih-moci-ce-bez-viza-u-jos-jednu-drzavu-a-gradanima-saudije-vize-vise-nece-trebati-za-ulazak-u-bih>
- B92 (2017) 'Serbia and China scrap visas, sign other contracts in Riga,' *B92*, 7 November, http://www.b92.net/eng/news/politics.php?yyyy=2016&mm=11&dd=07&nav_id=99612
- Balkan Engineer* (2017) 'The Chinese CWE made an offer for the construction of hydroelectric power plant Dabar in Serbia,' 7 August, <https://balkanengineer.com/news/chinese-cwe-offer-construction-hydroelectric-power-plant-dabar>
- Barbaglia, P., R. Wagner and A. Schuetze (2017) 'Germany sets EU tone with tighter curbs on foreign takeovers,' *Reuters*, 12 July, <https://www.reuters.com/article/us-germany-m-a-idUSKBN19W2R6>
- Darby, M. (2016) 'Bosnia faces legal action over Chinese-backed coal dash,' *Climate Home*, 28 October, <http://www.climatechangenews.com/2016/10/28/bosnia-faces-legal-action-over-chinese-backed-coal-dash/>
- Dimitrijević, D. (2017) 'Chinese Investments in Serbia—A Joint Pledge for the Future of the New Silk Road,' *Baltic Journal of European Studies* 7 (1): 64-83.
- Europe Online* (2017) 'German foreign minister warns EU against divisive Chinese tactics,' 30 August, http://en.europeonline-magazine.eu/german-foreign-minister-warns-eu-against-divisive-chinese-tactics_574948.html
- European Commission (2015) 'Press Release: Investment Plan for Europe goes global: China announces its contribution to #invest EU,' Brussels, 28 September, http://europa.eu/rapid/press-release_IP-15-5723_en.htm
- European Commission (2017), 'European Economy Institutional Paper 055,' Brussels, 6 June, https://ec.europa.eu/info/publications/economy-finance/2017-economic-reform-programmes-commissions-overview-and-country-assessments_en
- Fallon, T. (2016) 'The EU, the South China Sea, and China's Successful Wedge Strategy,' *CSIS Asia Maritime Transparency Initiative*.
- Fürst, R. (2016) 'The Czech Republic: New Strategic Partnership with China, yet Little Real OBOR Touch,' in: van der Putten, F.P., J. Seaman, M. Huotari, A. Ekman, M. Otero-Iglesias (eds.) *Europe and China's New Silk Roads*, a Report by the European Think-tank Network on China (ETNC).
- Godement, F. and J. Parello-Plesner (2011) 'The scramble for Europe,' *European Council on Foreign Relations Brief*, http://www.ecfr.eu/page/-/ECFR37_Scramble_For_Europe_AW_v4.pdf
- Góralczyk, B. (2017a) 'The Chinese are coming to Poland,' *Central European Financial Observer*, 3 February, <http://financialobserver.eu/poland/the-chinese-are-coming-to-poland/>
- Góralczyk, B. (2017b) 'China's interests in Central and Eastern Europe: enter the dragon,' *European View* 16:153–162.
- Hellström, J. (2016) *China's Acquisitions in Europe, European Perceptions of Chinese Investments and their Strategic Implications*, Stockholm: FOI, Swedish Defence Research Agency.
- Hu, Y. and S. Jing (2017) 'Hungary to Serbia railway now well on track,' *China Daily*, 16 August, http://europe.chinadaily.com.cn/business/2017-08/16/content_30670238.htm
- Janulewicz, Ł. (2017) 'Dismissing the Three Seas Initiative is counter-productive for Brussels,' *Euractive*, <https://www.euractiv.com/section/politics/opinion/dismissing-the-three-seas-initiative-is-counter-productive-for-brussels/>
- Kaczmarczyk, P., M. Szulecka and J. Tyrowicz (2013) 'Chinese Investment Strategies and Migration – Does Diaspora Matter? Poland – Case Study,' *Migration Policy Center Research Report* 10.
- Kaczmarcki M. and J. Jakóbowski (2015) 'China on Central-Eastern Europe: '16+1' as seen from Beijing,' *OSW Commentary*, 166.
- Kratz, A. (2016) 'The best of both worlds? CEE's place in China-Europe economic relations,' in: *China's investment in influence: the future of 16+1 cooperation*, ECFR, http://www.ecfr.eu/publications/sum...n_influence_the_future_of_161_cooperation7204
- Larmer, B. (2017) 'What the World's Emptiest International Airport Says About China's Influence,' 13 September, *New York Times*, <https://www.nytimes.com/2017/09/13/magazine/what-the-worlds-emptiest-international-airport-says-about-chinas->

influence.html

Liu, A. H. (2017) 'Loving the money but not the migrants,' in: Wong, B. P. and Tan C. B. (eds.), *China's Rise and the Chinese Overseas*, London and New York: Routledge.

Liu, Z. (2016) 'Serbia's domestic trends, foreign policy direction and Sino-Serbian relations' (塞尔维亚国内形势、外交政策走向与中塞关系), *Dangdai Shijie*, September: 32-35.

Makocki M. and Z. Nechev (2017) 'Balkan corruption: the China connection,' *EU Institute for Security Studies*, <https://www.iss.europa.eu/content/balkan-corruption-china-connection>

Ministry of Commerce of the PRC, *2015 Statistical Bulletin of China's Outward Foreign Direct Investment*, <http://hzs.mofcom.gov.cn/>

Ministry of Foreign Affairs of the PRC (2014) *The Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries*, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1224905.shtml

Ministry of Foreign Affairs of the PRC (2017), 'The Ninth National Coordinators' Meeting for Cooperation between China and Central and Eastern European Countries Held in Beijing,' 12 July, http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1477902.shtml

Ministry of Foreign Affairs of the Republic of Latvia (2016), *The Riga Declaration*, <http://www.mfa.gov.lv/en/news/latest-news/55300-the-meeting-of-heads-of-government-of-central-and-eastern-european-countries-and-china-riga-declaration>

National Bureau of Statistics of China, 2012 - 2016, <http://www.stats.gov.cn>

Numanović S. (2016) 'MARIĆ: Kina u BiH može privući četiri milijarde eura!' 2 January, *Dnevni Avaz*, <http://avaz.ba/vijesti/intervju/212537/maric-kina-u-bih-moze-privuci-cetiri-milijarde-eura>

Nyíri, P. (2011) 'Chinese entrepreneurs in poor countries: a transnational 'middleman minority' and its futures,' *Inter-Asia Cultural Studies*, 12 (1).

Pepe, J. M. (2017), 'China's Inroads into Central, Eastern, and South Eastern Europe Implications for Germany and the EU,' *DGAP analyse* 3.

Pew Research Center (2017) 'Global Indicators Database: Opinion of China,' <http://www.pewglobal.org/database/indicator/24/>

Pleschová, G. and R. Fürst (2015) 'Mobilizing Overseas Chinese to Back Up Chinese Diplomacy: The Case of President Hu Jintao's Visit to Slovakia in 2009,' *Problems of Post-Communism* 62: 55–65.

Rapoza, K. (2016) 'Albania Becomes Latest China Magnet,' *Forbes*, 13 June, <https://www.forbes.com/sites/kenrapoza/2016/06/13/albania-becomes-latest-china-magnet/#208868ed2490>

Reilly, J. (2017) 'Leveraging Diversity: Europe's China Policy,' *Robert Schuman Centre for Advanced Studies RSCAS* 33:1-24.

Reilly, M. (2017) 'Competitive Nationalism and the EU's China Strategy,' *Lau China Institute Policy Paper Series* 1(5): 1-17.

SEE Energy News (2016) 'Macedonia: Soon the construction of 12 hydro power plants on the River Vardar,' 7 June, <https://serbia-energy.eu/macedonia-soon-construction-12-hydro-power-plants-river-varadar/>

Smith, H. (2017) 'Greece blocks EU's criticism at UN of China's human rights record,' *The Guardian*, 18 June, <https://www.theguardian.com/world/2017/jun/18/greece-eu-criticism-un-china-human-rights-record>

Smith, K. (2017) 'China-Europe rail freight continues to soar,' *International Railway Journal*, 18 April, <http://www.railjournal.com/index.php/freight/china-europe-rail-freight-continues-to-soar.html>

Szczudlik, J. (2016) 'Poland on the Silk Road in Central Europe: To Become a Hub of Hubs?' In: van der Putten, F.P., J. Seaman, M. Huotari, A. Ekman, M. Otero-Iglesias, (eds.), *Europe and China's New Silk Roads*, A Report by the European Think-tank Network on China (ETNC).

Turcsányi, R. (2017) 'Central European attitudes towards Chinese energy investments: The cases of Poland, Slovakia, and the Czech Republic,' *Energy Policy* 101: 711–722.

van Pinxteren, G. (2017) 'China's Belt & Road Initiative: nice for China, not for Europe,' *Clingendael Asia Forum*,

<https://www.clingendael.nl/publication/china%E2%80%99s-belt-road-initiative-nice-china-not-europe>

Wang, Jian (ed.) (2011) *Soft power in China. Public Diplomacy through Communication*, London: Palgrave/Macmillan.

Wong, B. and C.B. Tan (2017) 'Introduction: Contemporary China's rise and the Chinese overseas,' in: Wong, B. and C.B. Tan (eds.) *China's Rise and the Chinese Overseas*, London and New York: Routledge.

World Nuclear News (2015) 'Romania and China seal Cernavoda agreement,' 10 November, <http://www.world-nuclear-news.org/NN-Romania-and-China-seal-Cernavoda-agreement-10111501.html>

Wu, K. and S. Chatterjee (2017) 'Exclusive: China's Belt and Road acquisitions surge despite outbound capital crackdown,' *Reuters*, 16 August, <https://www.reuters.com/article/us-china-m-a-idUSKCN1AW00K>

Xinhua (2016) 'Hungary supports granting China market economy status: FM,' 31 May, http://news.xinhuanet.com/english/2016-05/31/c_135399904.htm

Zhang, Y. (2017) 'Serbia success boosts HBIS expansion,' *China Daily*, 14 August, http://www.chinadaily.com.cn/business/2017-08/14/content_30572987_2.htm