

China and the Frustrated Region: Central and Eastern Europe's Repeating Troubles with Great Powers

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Central and Eastern Europe (CEE) had few historical opportunities to interact with China, but with the Belt and Road Initiative (BRI) and the 16+1 platform, that changed dramatically in recent years. The article discusses recent development in the China-CEE relations with the aim of explaining why the CEE countries became excited about China initially, but also why this excitement led prevalingly to disappointment. It will be argued that the frustration with the EU in the aftermath of the 2008 crisis created an environment in which China was, for a moment, perceived as a promising alternative. A few years into the new diplomatic initiatives, however, most of the CEE countries started to be unsatisfied with the lack of economic results. Eventually, the article will assess the implications of the new era of China-CEE relations for the EU affairs and broader Chinese relations with the developing world. The CEE region is in a specific position vis-à-vis China, for it is structurally in between the developed and the developing world. Moreover, the EU membership adds some critical features which make the Chinese offer less applicable and appealing.

Keywords: China-CEE relations, Central and Eastern Europe, Chinese foreign policy, 16+1 platform, Chinese investments

INTRODUCTION

With the Belt and Road Initiative (BRI) kick-off, Chinese global engagements have further increased, including with some parts of the world which had beforehand not seen much in terms of their relations with China. Central and Eastern Europe (CEE) is one such a region, previously having perhaps less experience in dealing with China

than any other part of the world. Since the announcement of the BRI and the regional mechanism for China-CEE cooperation—the 16+1 platform—the CEE countries not only started having much more active relationship with Beijing but effectively became part of China's extended neighbourhood as the Western-most tip of the initiative. Studying China-CEE relations offers, on the one hand, a new interesting case study of Chinese foreign policy in recent years while on the other hand, adds to understanding international politics and economy in the CEE region, where China competes for influence with other great powers.

It has been taken for granted that the goal of the CEE engagements with China is almost purely of economic nature—to increase their exports to China and attract Chinese investments in their economies. As for China, however, there have always been more doubts (Turcsányi 2014). Officially, the Chinese leaders, media and most of the scholars have insisted that the 16+1 platform is to serve mainly 'pragmatic' economic goals, aided by other aspects of 'mutual interests', such as working on the people-to-people contacts (Kong 2013; Xinhua 2018). Yet many observers have seen politics as a more plausible explanation of Chinese motivation, with the influential stream of opinion, especially in Western European capitals, seeing Chinese efforts in the region as an attempt to gain unduly influence within the European 'soft underbelly' and, in this way, to 'divide and conquer' the old continent (Gaspers 2018; see also Turcsányi et al. 2014).

As this article will show, the reality seems to be proving both one-sided optimistic as well as pessimistic voices misplaced. First of all, the official-talk hyperboles and promises notwithstanding, China's economic presence in the CEE region remains very shallow, and the 16+1 process has had a limited impact to this end so far (Janulewicz et al. 2018). Moreover, it does not seem likely that these trends would change in any significant way in a foreseeable future due to the structural position of the CEE region within the European and global value chains. This should be good news for those concerned with the rapid rise of Chinese influence in the region, as their nightmare scenario of China 'buying out' European countries on the Eastern periphery of the European Union (EU) and playing the role of a dominant economic actor there is poorly based on evidence, as China would simply lack leverage. For those, however, who have hoped that the grand Chinese entrance in the CEE region would be a means of how to escape from the dependence on Western Europe, disappointment might be the most likely outcome. Ironically, this would make dealing with China yet another case of 'great power frustrations' for the CEE region.

The article discusses the recent development in the China-CEE relations since the announcement of the 16+1 platform in 2012 and the BRI in 2013, intending to explain why the CEE countries became excited about China initially, and how their new era of relationship proceeded. It will be argued that the frustration with the EU in the aftermath of the 2008 crisis – one of many such regional experiences with great powers – created an environment in which China was for a moment perceived as a promising alternative. A few years into the new diplomatic initiatives,

however, most of the CEE countries started to feel disenchanting after perceived lack of economic results.

The article will proceed as follows. First, the new era of Chinese diplomatic relations with CEE under the banners of the 16+1 platform and the BRI will be contextualised and discussed, together with various interpretations of what the goals and implications of this new relationship are. The second part of the article will focus on the area which is officially presented as the principal aim of the initiatives—the economy—although, as will be shown, this is also where no considerable achievements were made. Third, the assessments of the three main stakeholders' outlook will be offered—the CEE countries, China and the EU. Finally, the implications of the China-CEE relations will be discussed from the perspective of the Chinese foreign policy towards other parts of the world, particularly the developing ones. Lessons learnt will be drawn from the countries who are in a somewhat similar position from the economic structural perspective, such as those in Southeast Asia (Thailand, Malaysia), Latin America (Chile, Uruguay, Panama), Africa (Botswana) or Middle East (Oman).

FRUSTRATIONS WITH GREAT POWERS AND THE ENTRANCE OF CHINA

The CEE's¹ engagements with great powers have always been full of ups and downs. As a region formed of (relatively) small countries, interventions from outside were often influencing everyday reality. While people in the region repeatedly held hopes when initially meeting great powers, they ended up being frustrated most of the time. As the story goes, France and the UK abandoned the region before and during World War II to Nazi Germany (Johnson 1996). After the war, the West allowed the Soviet Union to 'kidnap Central Europe' as part of the Yalta division of Europe agreed between Stalin, Churchill and Roosevelt (Kundera 1984). Any residual hopes about the Soviet friendship were shattered in invasions of 1956 in Hungary and 1968 in Czechoslovakia (Longworth 1997). Perceived lack of assistance from the EU in the aftermath of the 2008 global financial crisis made the region a leading force of Euroscepticism in subsequent years and inspired new seeking of 'strategic alternatives' (Golonka 2012). Even Barack Obama was regarded less positively here than perhaps anywhere else, as, allegedly, his weakness and lack of understanding of the geopolitical importance of the region led Russia to annex Crimea and initiate war activities in

¹The regional labels are highly contested when it comes to Central Europe/Central and Eastern Europe. In this article, I will use the term 'Central and Eastern Europe' (abbreviated as CEE) to cover the 16/17 countries involved in the 16/17+1 platform which China first initiated in 2011/2012 and to which Greece accessed as the 17th member in 2019. For more discussion about the regional concepts, see Hettne (2005), and specifically on the concept of Central Europe, see Drulák and Šabič (2012).

Eastern Ukraine—according to the open letter signed by former regional leaders and public intellectuals (see Radio Free Europe Radio Liberty 2009).

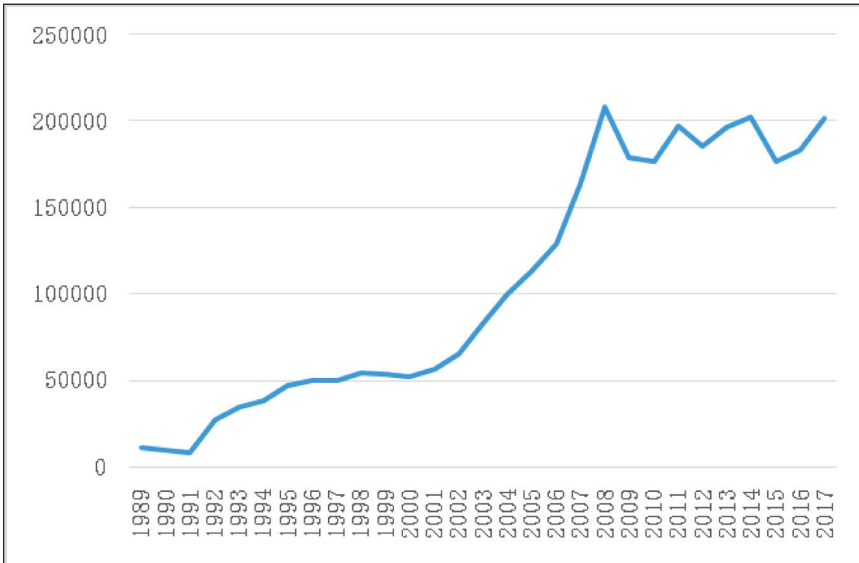
China is another great power entering CEE, and it is doing so as a latecomer. The two sides do not share the centuries of interaction as China does with Western European maritime nations or with Russia, thanks to their contacts over the Eurasian landmass. Although during the Cold War the Eastern European Soviet satellite regimes actively developed relations with communist China in the 1950s, most contacts were frozen abruptly after the Sino-Soviet split (with exceptions being Albania, Romania and Yugoslavia, who enjoyed more leeway from Moscow, see Garver 2016). It was only during the 1980s, after Gorbachev entered the office, when the ice started to melt, and the two sides restarted exchanges (Fürst and Tesař 2014). However, this process met even more sudden end with the events of 1989, which saw CEE kick-starting its path of democratisation and China violently reinforcing the communist regime. Neither side had much interest in the other one for the next two decades, while both focused mostly on their diplomatic and economic engagements with the major Western countries (Tubilewicz 1997, 2007).

After two decades of overseeing each other, China appeared strongly in the radar of CEE after the 2008 global financial crisis. As a result of the post-socialist economic restructuring, economies of CEE became heavily dependent on trade and investment relations with the Western parts of the EU, specifically Germany. During the 1990s and the 2000s, this seemed like a good idea with the GDP per capita of most countries in the region (especially those who joined the EU) increasing. However, when the crisis hit, the demand in the West decreased, and the investment-driven export-producing machines hit rock bottom (Szent-Iványi 2017).² With the exports and Foreign direct investment (FDI) inflow never regaining the pre-crisis pace, the GDP per capita growth stagnated (see Figure 1), and the mood of frustration spread. In this context, the problem seemed to be that the region is overdependent on the West, and it needs to diversify economic partners (Golonka 2012).

In the meantime, China had initiated the ‘going out strategy’ to encourage outward investments, first, towards the developing world to secure much-needed natural resources (Zhang and Corrie 2018), and after the 2008 crisis accelerating investments in the developed world to gain access to the cutting-edge technology (see also Rosen and Hanemann 2009). During the relatively short time, Chinese investments abroad skyrocketed making China one of the most important investors globally although being marginal only two decades beforehand. China-CEE partnership suddenly seemed, at first sight, like a perfect fit: a relatively promising stable region seeking new export markets and capital injections on the one hand, and an emerging superpower with abundant cash and the booming domestic consumption on the other.

²UNCTAD statistic data was consulted here and throughout the paper, unless stated otherwise.

Figure 1
GDP Per Capita of the CEE16 (in USD)



Source: UNCTAD.

HOT POLITICS AND HIGH EXPECTATIONS

It took some time and a few attempts before China and CEE found ways to each other. According to some observers (Vangeli 2018), the 2009 trip of then-vice president Xi Jinping to Hungary was the time when the decision to develop relations with CEE was taken in Chinese policymakers' mind. In the same year, then-President Hu Jintao visited Slovakia, and it was widely assumed that on the top of his agenda was potential participation of Chinese companies in the Slovak public-private partnership schemes to construct highways (Pleschová and Fürst 2015). Without much speculations about well-crafted long-term plans of China vis-à-vis CEE, it does seem that China was testing the grounds in the region.

The first concrete steps towards the 16+1 platform were taken in 2011, when former Chinese Premier Wen Jiabao—who was at the time in his final year in office—was to pay the state visit to Hungary. Besides the usual bilateral agenda, Wen also participated in the 'First China-Central and Eastern European Business Forum' and ended up meeting economic ministers or other government representatives of 16 CEE countries. In his speech, Wen (2011) suggested that there is a potential for further development of the relations between China and the 16 CEE countries. He spoke favourably of the CEE countries regarding their industry, market and investment potential and, in

general, of their ability to serve as a gateway to Europe. He also paid respect to 'traditional friendship' between China and CEE from the early days of the PRC, when the European communist regimes served as important diplomatic partners of China (see also Turcsányi and Qiaoan 2019). Altogether, he structured his speech around five points—trade, investments, infrastructure constructions, fiscal and financial cooperation, people-to-people contacts.

Although it was not sufficiently recognised at the time, the Budapest meeting served as the stepping stone for the further development of China-CEE relations, with the five points and other discursive frames used by Premier Wen setting the general directions for years to come. A year later in Warsaw, the Chinese Premier already met with the Prime Ministers of the 16 countries, and this meeting is most often regarded as the beginning of the 16+1 platform (Cooperation between China and CEEC, 2019).³ Ever since then, the 17 Prime Ministers meet on an annual basis, complemented by an extensive network of other interactions of both official and unofficial character.

As part of the platform, almost all participants have picked up an area within which they would 'coordinate' the relations. In this vein, Poland coordinates investment promotion and maritime cooperation, Hungary hosts a tourism coordination centre, Bulgaria deals with agriculture cooperation and Latvia took up the area of logistics, to name just a few. At the same time, the substance of most, if not all, of these cooperation areas remain highly doubtful, with not only results but even actual activities appearing empty. It would be wrong to see these interactions as authentic 'sectoral dialogues', rather than simple exchanges, most often of lower than ministerial levels. China remained in control of the think tank exchanges and health cooperation. More importantly, it is in the driving seat of the whole initiative via the 'Secretariat for China-CEEC Cooperation' it has created in its Ministry of Foreign Affairs, and which is tasked with the coordination of the whole platform. Among others, the Secretariat leads the process of drafting of the 'Guidelines' which are produced at every Premier summit (Liu 2018).

The density and the level of interactions between China and CEE make the 16+1 platform diplomatically more active than similar Chinese regional initiatives in Africa, Latin America or Arab countries, at least at first sight (Jakóbowski 2018). This is a bit surprising and leads many to question why China pays so much attention to this region. The official explanation of the 16+1 platform, promoted primarily by China but also some CEE leaders, is that the goal of the initiative is to improve the economic exchanges between the two sides. In an interesting twist, the low levels of trade and investment are presented singularly as an opportunity, and the improved political relations are seen as a prerequisite to realising the economic benefits (Deng and Liu 2018). With the time going—and little economic results materializing—China's adjusted

³Initiation of the platform was, however, not entirely straightforward, and the Warsaw summit was still more of an *ad hoc* meeting rather than a well-planned event to establish an institutional setting of what would become the 16+1 platform (see Szczudlik 2015).

position seems to praise the improved bilateral relations as a major achievement of the platform while at the same time, upholding that the platform is also delivering economic benefits (Ping and Liu 2018).⁴ Yet no matter whether the goals are supposed to be economic or political, China and most of the CEE officials repeat that their contacts are meant to contribute to overall EU-China relations and are by no means contradictory to the EU common policies (Song 2018).

This story, however, has not persuaded critiques who raise a number of objections. Some of them accuse China of weakening the unity of the EU by influencing the EU members in CEE to push for China's interest in the EU institutions and making it difficult to reach the consensus which is needed for the EU to act in its external affairs. The narrative spread after some controversial statements of the CEE leaders appeared too pro-China, and Hungary allegedly even blocked common EU statements on China (Benner and Weidenfeld 2018). Although these steps can be seen as isolated and symbolic rather than a systemic process of the CEE countries *en masse* leaning towards China in the EU decision making (Matura 2019a), they have served as strong rallying points to present the 16+1 platform as a threat (Pavlicevic 2018).

The critical perception of China-CEE relations (not only) in Western Europe increased throughout 2017–2019 (Turcsányi 2017). First of all, this was due to the general dynamics in EU-China relations and, especially the changing European perceptions of China. In March 2019, an EU document called China a 'systemic rival promoting alternative models of governance' (EC 2019a), and in April 2019, the EU investment screening mechanism entered into force (EC 2019b), to a large extent provoked by the growing worry that China was quickly acquiring strategic assets in Europe. At the end of 2018, the global backlash against Huawei spread, further problematising the image of China in much of Europe and also drawing lines between the CEE countries based on their position vis-à-vis Huawei and the construction of the 5G network (Rühlig et al. 2019; Bachulska and Turcsányi 2019).

Furthermore, the newest development within the China-CEE initiative again questioned the relation between the China-CEE platform and the EU-China dialogue. At the Dubrovnik Summit in April 2019, Greece joined the platform as the full member in the first enlargement since the initiation in 2012, making it effectively the 17+1 platform since then.⁵ The accession of Greece was not without controversies however. At the time when many of the CEE countries were losing interest in the platform, a China-friendly Greece could add needed additional energy into the diplomatic dialogue (Ciurtin 2019). At the same time, this only strengthened the critical view that the CEE countries allegedly make concessions to China, which go against common

⁴This shift has been observed also personally by the author on a number of China-CEE events organised by China Academy of Social Sciences.

⁵I will use the new label '17+1 platform' when covering the development in the platform after the Greek accession, while I continue using previous label '16+1 platform' when discussing events prior to Dubrovnik Summit.

EU position, and the platform is a grouping of Euro-sceptic China-friendly countries (Jakóbowski and Seroka 2019; Matura 2019b). Moreover, the timing of the Dubrovnik Summit—a few days after the EU-China summit—again raised eyebrows in Brussels.

Ironically, while there are different normative interpretations of the 17+1 initiative, both the voices supporting and criticising the platform seem to share the description of the reality in which China-CEE economic interaction is allegedly skyrocketing, and China is becoming an important economic player in the region. Forbes ran a story with the title claiming that China is to ‘*buy Eastern Europe on the Cheap*’ (Babones 2017), and similar stories appeared in the New York Times, The Economist, Deutsche Welle and South China Morning Post. The PRC’s media have been even more vocal and casually inform about Chinese investments ‘shaping the future’ and offering support to the ‘cash-strapped’ region (*China Daily* 2017). Voices from the CEE vary greatly, but they often share their hopeful outlook that China is here to ‘help’. Hungarian Premier Orbán, for instance, has continuously portrayed China as an economical alternative which will provide finance if the EU will fail to do so, and this view is quite widespread also in the Western Balkans (Budapest Business Journal 2018). As the next section would show, the reality is more complex, and in general, it can be suggested that the role of China in CEE is often exaggerated.

COLD ECONOMICS AND DISAPPOINTMENTS

In opposition to the rhetoric of ‘China buying CEE’, Chinese economic presence in the region is quite limited in any category, except for imports and financial loans (in the non-EU Western Balkan countries). In fact, the CEE region has the least Chinese presence when compared to perhaps any other region in the world when measured by its shares of economic interaction. China constitutes less than two per cent of the regional exports and less than nine per cent of the regional imports. Chinese investments in the region make up less than one per cent of overall regional FDI. The situation is no different when looking from China’s perspective—(far) less than one per cent of Chinese global outward investment stock is hosted by CEE, and about three per cent of overall Chinese exports go to CEE. The CEE region is more of a ‘forgotten region’ rather than a priority for China, at least from an economic perspective.⁶

Since the establishment of the 16+1 platform in 2011/2012, there have been no significant changes in the level of economic exchanges between China and CEE. Premier Wen Jiabao in his Budapest and Warsaw appearances set the goal of mutual trade to double and reach 100 billion USD by 2015 (Eddy 2012). As of early 2019,

⁶The trade data are based on UNCTAD (2018). The investment data differs greatly; therefore, more sources are consulted to increase their validity, see Ministry of Commerce (2018), MERICS and Rhodium Group (2017), American Enterprise Institute (2019).

the target has not been met with the mutual trade lingering somewhere around 80 billion USD. That still represents an increase, but the vast majority of it has been on the side of Chinese exports to CEE. Therefore, the CEE trade deficit with China ballooned, and China now exports to the CEE countries about six times more than it imports from them. Although some tend to argue that the trade (and investments alike) has been growing quite quickly in percentage terms (see e.g. Ping and Liu 2018), this overlooks the fact that it started from the very low levels, and even 10 or 20 per cent growth does not add much in absolute terms.

Talking trade, one should recognise the delicate position of CEE in production value chains. The CEE region is highly interlinked, especially with the German economy and serves as the manufacturing and service location for many Western European companies (Šebeňa 2018). As a result, significant amounts of CEE products are likely to be re-exported to China via Western Europe. Moreover, even the vast majority of direct CEE exports to China are produced by foreign-owned companies rather than local small and medium-sized enterprises (SMEs). This means that the simple statistics are not so telling—and also that the diplomatic interactions between China and the CEE governments have a little potential impact on the CEE exports to China.

Hence, it is difficult to see how the CEE countries could export significantly more to China under current circumstances. The discussions within the Prime Ministers' summits seem to confirm this 'desperate' situation when much of the talking is focused on the agriculture or unique products, such as wine, crystal and like, although these products are highly marginal in the regional GDP and exports, and could hardly have a considerable impact on China-CEE trade relations. In fact, it is difficult to see how China-CEE diplomatic contacts could change much in terms of trade since most of the CEE countries are members of the EU, and trade issues are the sole competence of the EU. Therefore, when the Prime Minister's meet, they are often relegated to the role of promoters of their traditional products with little direct control over the structural issues driving the majority of their countries' economies, such as tariffs, FTA or investment treaty negotiation or even countless relevant regulations which apply uniformly throughout the EU.

On the investment front, the lack of results is even more visible. The largest recipient of Chinese FDI in the CEE region is Hungary with some 4 billion USD. Yet virtually, all of this amount was produced by a single deal—the acquisition of Borsod Chem by Wanhua. Moreover, the deal was concluded in 2011—before the 16+1 platform was born. No considerable Chinese investment was realised in the country ever since, although the Hungarian government has gone out of its way to attract Chinese capital (Karaskova et al. 2018).

No other CEE country has managed to attract any relevant Chinese deals with two slight exceptions—the Czech Republic and the Western Balkans. In 2016, the Czech Republic hosted Chinese president Xi Jinping for a historic visit, and at the closing time, a list of investments totalling 10 billion EUR was publicised (Hrad 2016). As of today, it is estimated that about one billion EUR was realised, virtually

all of it as the result of the CEFC company buying shares of a local financial group, football club, brewery, media, travel company, a steel producer and some real estates. Two years later, however, CEFC got into financial problems, the CEFC chairman Ye Jianming 'disappeared' in China, and the company's assets in the Czech Republic were transferred to the Chinese state investment vehicle CITIC (Dębiec and Jakóbowski 2018). Considering a somewhat scattered portfolio, CITIC may as well choose to disinvest in the Czech Republic. Furthermore, the Czech businesses and regulators will be extra cautious in future when dealing with Chinese counterparts, as the overall experience has been not very positive.

Western Balkans constitutes a special case within the CEE group for the five countries which are not yet EU members, and they are relatively less economically developed. Interestingly, most of the Chinese deals in the CEE region recently took place here, although not being 'investments' in the strict sense, but taking the form of financial loans tied to infrastructural projects to be realised by Chinese contractors (and mostly relying on Chinese material and labour in the process). Most notable projects in this category include the highways in Montenegro, Macedonia and Serbia; the railway upgrade between Budapest and Belgrade, the bridge in Belgrade or power plant projects in Bosnia and Herzegovina (Janulewicz et al. 2018). Chinese loans have caught up with the loans of the EU in four of the five Western Balkan countries (an exception being Albania); even though when it comes to the actual FDIs, China is still not a relevant player—contrary to widespread opinion (Munich Security Report 2019).

The reasons why Western Balkan countries have attracted more Chinese deals than larger and economically stronger EU members shed more light on the overall Chinese approach to the CEE region. China came with more or less the same offer as in developing world consisting mainly of state-guaranteed financial loans linked to the specific project and with the condition of hiring a Chinese company which would then in turn employ Chinese labour and import material in significant proportions—as has been indeed the case in the Western Balkans projects (Grgić 2017).

These deals, however, are not possible in the EU where the open bidding process is required for public procurement projects, and one may not spend taxpayer's money without a transparent competition. Environmental considerations are another problematic issue, as China-financed projects tend to work with lower standards than those required by the EU, as is the case for the coal power plants, for example (Ciuta and Gallop 2019). Moreover, the Chinese offer is not attractive for the EU members who have access to the EU structural funds and can usually even get cheaper loans from the financial markets than those offered by China (Janulewicz et al. 2018). Now, the infamous project of upgrading the Budapest-Belgrade railway demonstrates the point since the project got into delays due to ignoring the bidding requirements, and the Hungarian government had to organise the public tender. Besides, the project is criticised for little transparency and low projected benefits for the Hungarian economy (Vörös 2018).

THE STAKEHOLDERS OF THE CHINA-CEE RELATIONS

Seven years after the impressive initiation of the 16+1 platform and the BRI, the China-CEE relations are effectively stagnating. Economic results are disappointing, and the fact that Chinese officials and many scholars claim otherwise (see e.g. Cui 2017; Yang 2017; Xinhua 2017a, 2017b) is a shred of evidence that not much of a difference should be expected in future. With this, the willingness of most of CEE countries to spend political capital on the further development of relations with China is halting (Tsolova et al. 2018). It is hard to see any improvements in Chinese soft power in the region either. Actually, in some parts of the region, the anti-China sentiments might be growing (Karaskova et al. 2018). Some of the CEE countries conduct steps which do not land well with China, such as when the Slovak president met the Dalai Lama, when the Czech Republic issued a security warning against Huawei and ZTE products or when the Prime Ministers of various CEE countries skipped the summit meetings without a legitimate reason. Furthermore, the diplomatic project is getting an increasingly negative reception from Brussels, Berlin and other Western capitals, and it might be already affecting the EU-China partnership.

However, it is unlikely the whole platform would simply go away. Even if the CEE countries are not entirely satisfied with its functioning, the alternative of stepping away would be even worse since such a step would poison their bilateral relations with China. Moreover, although they may not like every single bit of what is going on, the once-a-year photo opportunity with the Chinese Premier and fellow regional leaders still has its value for most leaders. Thus, remaining part of the process but possibly downgrading the invested effort is still the best available option even for the unsatisfied ones. It seems that especially the Baltic countries, Poland, Slovakia and perhaps some more CEE countries see things in this way. Others—especially Hungary and Serbia—learnt to play the ‘China card’ for political reasons and demand, in a not very subtle way, a better treatment from the EU, Western European countries, International Monetary Fund (IMF) and other traditional partners which are now facing a new competitor in previously ‘their’ undisputed region.

The existence of a few countries in CEE, who are willing to court China means that the platform might always have someone to fuel the diplomatic process and move the initiative forward. Moreover, regular democratic practice brings from time to time new governments in office, who are often keen to try their luck with China and blame the previous government for the lack of progress made previously. Right now, the accession of Greece might be expected, on the one hand, to increase dynamics of the diplomatic exchanges if Greece would continue its previous course *vis-à-vis* China (Kavalski 2019). On the other hand, given that after the elections in July 2019 there will be a new government in Greece, it is questionable whether the new leadership will not reassess the foreign policy direction of the previous government.

As for China, to completely dismantle the initiative is most likely for now off table. First of all, it would constitute an implicit confirmation that the whole project

was a failure—something no country, and particularly China, would lightly admit. Second, it would have an impact beyond CEE, as China currently develops relations with a number of world regions in a similar fashion, and other partners might question China's long-term commitment. Third, even with some disappointing results, the 17+1 platform—similar to other Chinese regional initiatives—has an advantage of keeping active relations with many countries simultaneously, which would otherwise not be possible due to obvious time constraints.

Moreover, China may still see its diplomatic project in CEE as achieving satisfactory results. If anything, China has managed to increase its status in the region where its presence had been smaller than anywhere else in the world. Substantially speaking, China continues to be at most a second-ranking player in CEE from the perspectives of economy, politics, security or culture. However, the massive diplomatic offensive elevated China to the top league, and the CEE countries now award it a special treatment. The 17+1 platform has allowed China to punch above its weight in the CEE region, even with little economic results (see also Turcsányi 2018).

The EU institutions and Western European countries have been in a peculiar position ever since the beginning of the Chinese endeavours in CEE. They have not been used to see any competitor—and certainly not China—in the region which has been for two decades unequivocally directed towards the West (see Smith 2000; Henderson 2005). It is therefore understandable that their reactions have been, at times, emotional. However, a better strategy is needed—the one which would accept the reality that the initiative is probably here to stay. Most importantly, the EU must not be carried away by the flourishing rhetoric about China's economic presence in CEE. Instead, it should help to emphasise the reality that the CEE countries are economically, politically and from the security perspective, integral members or aspiring members of the EU, and they are highly interdependent with the rest of the continent and the West in general (Valášek 2017). It is highly improbable that China would be able to compete at equal footing in the foreseeable future with Western Europe and the United States, when it comes to these roles in the CEE region.

At the same time, the underlying tensions which exist in Europe between the East and the West should be acknowledged. The roots of the problems are persisting socio-economic differences within the EU and an impression that more could have been done in this regard, especially in the aftermath of the 2008 crisis. The different positions during the migrant/refugee crisis between the East and West added to these tensions. All in all, although 11 of the CEE countries have been the EU members for some years, there is a widespread feeling (substantiated and deserved, or not) that they are still treated as second-class citizens in Brussels. It was this setting which made China, at least initially, such an attractive partner. Although economically, as was shown, it did not manage to produce much, politically it has introduced new impetus and increased the CEE countries' leverage and profile within the EU.

To claim that China is creating divisions in the EU is missing the point (see also Garlick 2019). The divisions within the EU had existed before, and with China

entering the show, they have only become more visible. One-sidedly blaming the 17+1 platform has a dangerous potential to further set apart Eastern and Western members of the EU, for this would only seem to confirm the CEE frustrations with Brussels and Berlin. In other words, although China by no means brings a better recipe for the CEE than the EU does, the identification of the problems which led (some) CEE countries to be so excited about China is real. At the same time, it is hard to avoid thinking that eventually, the frustration will prevail in the CEE region also when it comes to China—similar to the feelings the region felt after a while towards all the great powers previously.

BEYOND CONCLUSION: IMPLICATIONS FOR THE DEVELOPING WORLD

It is appropriate at this stage to draw a few implications of the CEE experience in dealings with China for other countries which can be regarded to be in similar economically structural position. The CEE countries are neither ‘typical’ developed nor developing countries, in the sense as these terms are commonly utilised.⁷ Indeed, at first sight, it is obvious that the position of these countries in the statistical rankings put them somewhere in between the Western European developed economies, on the one hand, and most of the developing countries in Latin America, Africa and much of Asia, on the other. The CEE economies are neither focused on agriculture production nor have abundant natural resources—something which is common for many developing countries and what has been, for a long time, one of the leading driving force of China’s approach towards them (Eisenman and Heginbotham 2018). On the other hand, the CEE countries are clearly not at the level of technological savvy compared to the most developed countries in Western Europe, North America or East Asia.

The peculiar ‘middle position’ of the CEE countries seems to lead to the situation when China struggles to find a clear economic sense of their relations. In a way, the *niche* of the CEE economies—the outsourcing location for the sophisticated manufacturing and not-so-sophisticated service and research—happen to be the sectors which China is trying to develop at home and is not primarily interested in moving out of the country. On the other hand, the region does not provide China with primary resources or cutting-edge technology. Hence, the two sides seem to be more of competitors when it comes to moving up the value chain, rather than complementary partners.

Several countries in other world regions might find the CEE experience relevant. Latin America has long attempted to industrialise and break out of uneven

⁷ According to the World Bank, ten out of 17 CEE countries involved in the 17+1 platform are labelled as ‘high-income countries’ while the remaining are ‘upper-middle income countries’. Moreover, nine CEE countries are members of the Organization for Economic Co-operation and Development (OECD), often regarded as the club of the ‘developed countries’.

dependency on the U.S. Although China has offered Latin America an option of diversification of economic partners, the economic interactions which China has been heavily focused on the agriculture and primary resources, rather than deepening of industrialisation, let alone the development of service and research sectors (Gallagher 2016; Dussel Peters and Armony 2015). The similar pattern could be discovered in Africa or the Middle East, where countries such as Botswana or Oman may relate to the CEE experience of looking for something different in their relations with China than what China offers—and eventually discovering that they are more likely competitors rather than complementary partners (compare with Brautigam 2011; Chaziza 2019). When it comes to Southeast Asia, there are obvious differences, for the countries here have a history of very different levels of interactions with China, which is also an important geopolitical player there. At the same time, some of them, such as Malaysia or Thailand, might have been facing similar patterns to those in China-CEE relations, including the experience with major China-funded infrastructure projects which became controversial and ran into troubles and delays.

At the end of the day, the EU membership of a majority of the CEE countries creates one of the most specific aspects of their relations with China—and something which China apparently has not been able to grasp entirely and act upon effectively. The very high level of standards and regulations originated in the EU and enforceable throughout most of CEE means that many of the Chinese usual practices from other developing regions are not applicable here. It does seem that the EU membership offers a certain level of resistance for the CEE countries in their direct competition of China and against the attempts of some vested interests to hijack dealing with China for their personal benefits rather than the interest of the country—something that other countries in a similar position elsewhere do not enjoy. Having said that, as this article has elaborated on too, the internal EU dynamics bring their own baggage with it.

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