



AFTERTHOUGHTS: RIGA 2016
INTERNATIONAL FORUM
OF CHINA AND
CENTRAL AND EASTERN
EUROPEAN COUNTRIES

EDITOR: MĀRIS ANDŽĀNS

LATVIAN INSTITUTE OF INTERNATIONAL AFFAIRS

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The publication provides a review of the think tanks International Forum of China and Central and Eastern European Countries held in Riga, Latvia on November 4, 2016. It also includes articles from the participants of the Forum expressing assessment and recommendations regarding the China and Central and Eastern European Countries cooperation format, also known as the “16+1” format, and beyond.

Editor: Māris Andžāns

Scientific editor: Andris Sprūds

Authors of the articles: Māris Andžāns, Ivan Beker, Una Aleksandra Bērziņa-Čerenkova, Chen Xin, Alexandru Georgescu, Jakub Jakóbowski, Bojan Lalic, Liu Zuokui, Long Jing, Michal Makocki, Svetlana Mihic, Anastas Vangeli, Viljar Veebel, Nikola Zivlák.

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FOREWORD ON THE BEHALF OF THE MINISTRY OF FOREIGN AFFAIRS OF LATVIA

EDGARS RINKĒVIČS,
Minister of Foreign Affairs



Edgars Rinkēvičs

The year of 2016 will be remembered as a significant year for the relations between Latvia and China, reaching their highest point in history so far. The first visit of a Chinese Premier to Latvia was a symbolic event, since this year also marks the 25th anniversary of the establishment of diplomatic relations between Latvia and China. Latvia hosted the 5th Meeting of Heads of Governments of Central and Eastern European Countries and China (16+1) as well as the following side events – a Business Forum, a Think Tank Conference and a Symposium on Sinology Research and Chinese Language Pedagogy.

The role of China in the world is increasing, and Latvia sees the 16+1 initiative as a good instrument for enhancing the cooperation with this world power by adding not only to our bilateral dialogue, but also to the wider EU-China Comprehensive Strategic Partnership. The 16+1 Meeting of Heads of Governments in Latvia, Riga, brought together the leaders of the 17 countries already for the fifth time. As an outcome of the Meeting, two documents were adopted – the Riga Guidelines (a roadmap for the 16+1 events in 2017) and the Riga Declaration (a document that lays foundation for more intensive cooperation in the development of ports, transport corridors and infrastructure connecting the Central and

Eastern European Countries with China). The 16+1 countries have shown their willingness to continue developing the 16+1 cooperation in various fields and finding greater synergies with the relevant EU initiatives.

With the growing scale, scope and importance of the 16+1 cooperation, there is also a growing need to assess its political and economic impact on the relations between the 16+1 partners, as well as its compatibility with the EU-China Comprehensive Strategic Partnership. Although the 16+1 initiative is predominantly an economic cooperation format, it also has political implications. Therefore the Think Tank Conference not only activated the discussion about the 16+1 initiative itself, but also offered a platform for direct dialogue about its compatibility with the EU-China Comprehensive Strategic Partnership. The discussions among the experts from academia, diplomats and politicians provided better insight and understanding about the 16+1 cooperation. Having seen the value of such an event, we hope that the dialogue will develop and progress in the future.

FOREWORD ON THE BEHALF OF ORGANIZERS OF THE FORUM

Dr. ANDRIS SPRŪDS,
*Director of the Latvian Institute of
International Affairs*



Andris Sprūds

The year 2016 brought China and Central and Eastern European Countries (CEEC) cooperation format, also known as the “16+1” cooperation format, to Riga, Latvia.

The 5th Meeting of China – Central and Eastern European Countries Heads of Governments has become one of the most important and successful regional events. The Latvian Institute of International Affairs was honored to host and co-organize the think tank conference – the International Forum of China and Central and Eastern European Countries. This side event of the Summit has raised the profile of China and the “16+1” format among the Latvian business, think tank and academic communities. The Forum has contributed strongly to promoting people-to-people cooperation.

The Forum provided an opportunity to assess the development of the “16+1” format and to promote a productive engagement and exchange of views among think tanks and academics, bringing together representatives of China, CEEC as well as the institutions of the European Union (EU). A wide range of issues was discussed, including the “16+1” format’s recent developments, cooperation in a wider China-EU context, connectivity in terms of infrastructure as well as people-to-people contacts between China and CEEC. The discussions at the Forum

were thorough, thought-provoking and were conducted in a friendly atmosphere. The Forum provided diversity not only in the representation of different state and non-state actors from across Europe and China, but also in terms of different views and perceptions. The achievements of the “16+1” format serve as an encouragement for the further development, whereas the existing challenges – as reminders on what should be addressed and considered as the prospective steps of improvement. Some of the keywords identified at the Forum regarding further China and CEEC cooperation as a whole are – reciprocity, efficiency and connectivity, both in infrastructure and beyond.

The Forum was a cooperative endeavor led by the Latvian Institute of International Affairs and the China-CEEC Think Tanks Network at the Chinese Academy of Social Sciences. The Forum was made possible due to a significant support from our cooperative partners – the Ministry of Foreign Affairs of the Republic of Latvia, the Chinese Academy of Social Sciences and the Institute of European Studies of the Chinese Academy of Social Sciences. The organizers are furthermore grateful for the generous support provided by the Latvian national railway state joint stock company “Latvijas dzelzceļš”, Latvian national airline company “Air Baltic Corporation” and the Freeport of Ventspils Authority. The established partnerships serve as a solid basis to further encourage and promote cooperation between China and Central and Eastern European countries.

FOREWORD ON THE BEHALF OF PARTNERS OF THE FORUM

EDVĪNS BĒRZIŅŠ,
*Chairman of the board of SJSC
“Latvijas dzelzceļš”*



Edvīns Bērziņš

Today, the world is experiencing global changes in economy, creating a noticeable impact on the transport and logistics industry as well. The strong and ever-growing Chinese economy plays an increasing role in these changes. While cooperation in other sectors is only in its planning stage, the cooperation format between Central and Eastern European countries and China, also known as the “16+1”, has already delivered practical results – this November, the first pilot container train has completed its journey from China to Latvia.

Currently, the freight market is experiencing evident changes – the competition is increasing, Latvia’s transit corridors specialize in transit of energy resources, however, the demand for such services is perceptibly declining. In order to diversify the freight market, Latvia has to adapt to the new market situation and has to actively look for new transportation solutions.

The Eurasian Eastern direction with its vast Chinese economy and production both for the European and global markets is an excellent opportunity – the transit sector, and “Latvijas dzelzceļš” in particular, is fully aware of it. The route through Latvia is the most direct and swift way to deliver Chinese goods to the Scandinavian countries.

By using the advantages of the Latvian ports, it only takes 48 hours to deliver cargo anywhere within the Scandinavian region. Moreover, if such cargo is to pass through Latvia, German ports can also be reached sooner, since it is not necessary to transship freight from the Russian standard 1520 mm track gauge wagons to the European 1435 mm track gauge wagons.

Central and Eastern European countries' cooperation with China provides excellent ways to fuel economic activity, such as attracting Europe-bound Chinese cargo. The cooperation in the field of transportation has already begun to bear real fruit – in the summer of 2016, “Latvijas dzelzceļš” signed an agreement with “China railways” regarding the cooperation on the container train project, and less than three months later, during the “16+1” Business forum, the first pilot container train from Yiwu, China arrived in Riga. The route through Zabaykalsk took the train 12 days to complete – less time than initially planned.

The fact that the train carrying consumer merchandise from China's rapidly developing trading hub, which is the Yiwu city, successfully reached Riga, not only attests the growing potential of the Chinese cargo, but also demonstrates the tremendous importance of cooperation with companies from Latvia's neighboring countries – Russia and Belarus.

To ensure that the cooperation with the partners not represented within the “16+1” format but strongly involved in transporting cargo from China could be developed successfully, “Latvijas dzelzceļš” conducted a roundtable on the matter during the Business Forum in Riga. Both current and potential partners in organizing freight traffic originating from China took part in the discussion. The participants stressed that, in order to successfully develop rail freight transportation routes from China, it is imperative to cooperate with all of the involved countries' customs authorities on introducing new technology that would facilitate the transportation process, e.g. by launching electronic document circulation, among other measures. Developing an advantageous fare policy is also of paramount importance. By fulfilling these goals, the rail transportation corridor could create a strong competition to both maritime transport, that takes 40 days to deliver the

cargo but offers significantly lower costs, and air transport, that may well be faster than the rail, but is several times more expensive.

The company responsible for the first pilot train project, “LDz Logistika”, is currently working on the development of new routes, since, according to the market operators, a transport route connecting China’s industrially advanced cities with Riga bears great potential for growth.

RIGA 2016 INTERNATIONAL FORUM OF CHINA AND CENTRAL AND EASTERN EUROPEAN COUNTRIES: CONCLUSIONS, CONSIDERATIONS, RECOMMENDATIONS, AND INTRODUCTION TO THE AFTERTHOUGHTS¹

Dr. MĀRIS ANDŽĀNS,

Latvian Institute of International Affairs

Since the establishment of the China and Central and Eastern European Countries cooperation format – also known as the “16+1” – in 2012, it has expanded and developed in its scope and range of its activities. Annual summits of heads of states and governments have taken place in Warsaw, Poland in 2012, in Bucharest, Romania in 2013, in Belgrade, Serbia in 2014, in Suzhou, China in 2015 and, finally, in Riga, Latvia in 2016. Along with the summits, a wide range of activities and meetings in different sectors has also taken place, comprising issues from such spheres as economics, finance, agriculture, forestry, science, technology, health, people-to-people, culture, local governments and beyond. In addition, several “16+1” cooperation and coordination mechanisms have been established. Many of those mechanisms have been incepted and lead by Central and Eastern European countries (CEEC).

Even though, in general, levels of trade and investment between China and CEEC have risen since the establishment of the cooperation format, the development of the relationship has been unequal. Some CEEC have enjoyed vibrant economic cooperation with China, whereas other CEEC have experienced much lower levels of economic interaction. Also, levels of political level commitments have been very different –

ranging from enthusiastic to very cautious approaches towards China. It also must be underlined that the sixteen countries of the format – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia – form a unique composition. As nowhere else such a composition exists, it can, in a way, be considered as a “region elaborated by China”. Such a composition provides opportunities for both cooperation and development, but challenges as well, given the diversity of the countries.

To address and discuss the paramount issues of the “16+1” cooperation format, a think tanks International Forum of China and Central and Eastern European Countries was held in Riga, Latvia, on November 4, 2016. It was one of the side events of the 5th Meeting of China – Central and Eastern European Countries Heads of Governments that took place the next day. The Forum gathered more than one and a half hundred participants from Latvia, other Central and Eastern European countries and China, as well as representatives of the institutions of the European Union (EU). The all-day event was attended by think tankers, academics, politicians, civil servants, diplomats, entrepreneurs, representatives of non-governmental organizations, journalists, students. Furthermore, the web-stream was watched by as much as ten times more people than in presence.

The Forum was both opened and closed by representatives of both co-organizers of the Forum – Andris Sprūds, Director of the Latvian Institute of International Affairs, and Huang Ping, Director General of the Institute of European Studies and Secretary General of China and CEEC Think Tanks Network at the Chinese Academy of Social Sciences (CASS). Keynote addresses to the participants of the Forum were provided by Valdis Zatlers, Former President of the Republic of Latvia, and Wang Weiguang, President of CASS. Valdis Zatlers underlined that, notwithstanding the differences the seventeen countries of the “16+1” cooperation format entail, they share a range of similarities. Furthermore, as the countries of the format comprised amount to approximately one third of the global population, the format entails



Opening and keynote speeches of the Forum

not only prospects of development among them, but also beyond the format. Wang Weiguang outlined in his speech that cooperation between the seventeen countries of the “16+1” format is increasing and that the benefits of this cooperation should be noticeable among all the countries concerned. He also underlined the importance of cooperation among think tanks of China and CEEC in fostering the cooperation in other sectors as well.²

The Forum was structured in three panels, and each of them addressed distinctive yet complementary issues of the “16+1” format. **The first panel “China – Central and Eastern European Countries (“16+1”) cooperation format as a bridge between China and the European Union”** included Ellis Mathews, representing the European External Action Service, Kong Tianping from the Institute of European Studies of the Chinese Academy of Social Sciences, Long Jing from the Center for European Studies of the Shanghai Institutes for International Studies



Keynote speakers Wang Weiguang and Valdis Zatlers, as well as one of the openers of the Forum – Huang Ping

in China, Schöberl Márton from the Institute for Foreign Affairs and Trade based in Hungary, as well as Aap Neljas representing the Estonian Foreign Policy Institute.

The participants of the first panel provided a wide range of views – both mutually reinforcing as well as contradictory. Views converged on that China and the EU relationship still has a significant potential for development, and that the potential should be addressed so that the interests of all sides are well respected and entail that they result in a win-win situation. From the perspective of the EU and its member states, one of the main issues of concern is the incomplete access to the market of China resulting in uneven economic cooperation. From the perspective of China, however, it should be noted, that the legal system and rules followed in the EU are far from compatible with those of China and therefore also seem complicated for Chinese businesses.

Both China and the EU as well as its member states generally assess the “16+1” cooperation format as a fair platform in strengthening the



Participants of the first panel – Ellis Mathews, Kong Tianping, moderator Māris Andžāns, Long Jing, Schöberl Márton and Aap Neljas

relationship also between China and the EU. Nevertheless, mistrust between the EU and China regarding the objectives of the “16+1” format and in other issues also was highlighted, i.e. perceptions that the format would entail development of relationship between China and only some of the EU member states or that the growing role of China in some parts of the EU could lead to realignments within the EU itself. Views differed on if the mistrust between the EU and China is history already or still a phenomenon of the present. It was suggested that China should employ a more transparent approach in cooperation with CEEC as well as it should cooperate more thoroughly with the EU at the sidelines of the format, and that both China and the EU should engage more to bridge the gaps in each other’s perceptions of the “16+1” format.

The format itself has seen a considerable development and expansion since 2012. However, views on its efficiency were contradictory, both underling bold accomplishments and deepening of the relationship in



Participants of the second panel – moderator Una Aleksandra Bērziņa-Čerenkova and speakers Mladen Nakić, Radosław Pyffel and Ilze Aleksandroviča

some of Central and Eastern European countries, but also criticizing the format for almost no visibility and very rare deliverables if any in other countries of the format.

The second panel “Trans-European networks and transportation chains in the Europe – Asia context” was composed of Matthew Baldwin, representing the Directorate General for Mobility and Transport of the European Commission, Chen Xin from the Institute of European Studies of the Chinese Academy of Social Sciences, Mladen Nakić from the Center for International Studies in Croatia, Radosław Pyffel, Alternate Director on behalf of Poland at the Asian Infrastructure Investment Bank and also representative of the Poland Asia Research Centre, as well as Ilze Aleksandroviča, representing the Ministry of Transport of the Republic of Latvia.

In the panel discussion, connectivity in Europe and in China, as well as their connectivity with other parts of the world were underlined



Participants of the third panel – Cheng Jian, Liu Zuokui, moderator Kārlis Bukovskis, Tatjana Koķe, Tamás Matura and Bojan Lalic

as one of the cornerstones for any further interaction – be it political, economic or people-to-people cooperation. Therefore, the development of the connectivity between the EU, China and other countries should be well coordinated among the different parties and made inclusive and transparent. Failure to do so can lead to projects of which only some would benefit. In connecting Europe and Asia, China and its initiated “16+1” cooperation format can play a significant role. However, the very different infrastructure development approaches in the EU and China should be noted. China, with its centrally planned approach can steadily improve connectivity inside the country to bridge the historical development gaps. From its perspective, the infrastructure development pace might seem to be by far slower in Europe. However, in the EU, certain competition and transparency rules must be followed; also, the connectivity needs differ from other regions. Therefore, as it was noted in the panel, approaches that work in a given country and continent, might not work in the EU.



Pictures and video-record of the Forum is available online at the web-site of the Latvian Institute of International Affairs – <http://www.liia.lv>

When it comes to transportation of goods between China and Europe, it was underlined that not only infrastructure, but also the prospective cargo to be transported over that infrastructure matters. Therefore, not only crude ideas but also prospects of long-term profitability have to play an important part in developing infrastructure and transportation chains. In this context, disproportionality of cargo flows between China and Europe were mentioned, i.e. more trains are heading from China to Europe than the other way, posing questions about the possibilities to further increase efficiency of such routes. However, not only overland trans-continental connections are significant. CEEC maritime infrastructure, ports in particular, need further development to rebalance the development of sea lines along different shores of Europe. Furthermore, improving both the land and maritime infrastructure in CEEC can not only benefit the cooperation between China and Europe, but also can improve the connectivity and cooperation within Europe itself.

The third and final panel “China – CEEC (“16+1”) people-to-people cooperation” was composed of Cheng Jian from the International Business Research Institute of CEEC of the Hebei University of Economics and Business in China, Liu Zuokui, representing the Institute of European Studies of the Chinese Academy of Social Sciences, Tatjana Koķe from Rīga Stradiņš University in Latvia, Tamás Matura representing the Corvinus University of Budapest in Hungary and the Central and Eastern European Center for Asian Studies, as well as Bojan Lalic from the University of Novi Sad in Serbia.

Panelists of the third panel underlined that cooperation between China and the CEEC can only be successful in the long term if the people-to-people cooperation is one of the integral elements of this cooperative endeavor. Nevertheless, people-to-people cooperation often is neglected, and one of the reasons for that is that observing tangible results in this sphere is much more difficult compared to other sectors where results can be easier observed and measured. Not only China is different from Europe and mindsets in both are diverse, but also European countries and nations are very different among themselves. For any other cooperation projects to be successful in the long term, these differences should be understood and respected.

Even though there is a visible increase in the people-to-people cooperation among China and CEEC if compared to previous decades, there is still a considerable space for progress. Not only the distance, which can be easier overcome with better transportation connectivity, is a factor. During the panel discussion, it was noted that China and CEEC people-to-people cooperation needs more interaction platforms in a wider range of spheres. The cooperation should be extended to include a wider exchange of both university students and lecturers, extended and easier-to-access scholarships and grants, as well as dedicated joint research funds. It also was noted, that for a more comprehensive people-to-people cooperation, interaction of the societies must go beyond conversations of civil servants, businessmen, politicians, think tankers, academics and students.

The following opinion papers from the participants of the Forum provide different perspectives – afterthoughts of the Forum. They touch upon diverse aspects of the “16+1” cooperation format and they provide diverging opinions – combining optimism as well as realism – that can serve as a basis for further discussions and better informed decisions.

Fist, Long Jing, speaker at the first panel of the Forum, in her contribution examines the transition of the EU’s attitude towards the “16+1” cooperation format and offers recommendations for increasing the mutual understanding. Liu Zuokui, speaker of the third panel, elaborates on some of the misunderstandings that he has identified in CEEC regarding China and the “Belt and Road Initiative”. Whereas Alexandru Georgescu looks back at the discussions of the Forum and argues on why the debates in Riga signify “building a Great Bridge, not a Great Wall”.

Jakub Jakóbowski in his contribution examines how to finance the enhanced EU – China connectivity in CEEC as he sketches both opportunities and challenges in the perspective. Chen Xin, speaker of the second panel, reviews the different approaches in China and in Europe in planning and implementing large scale infrastructure projects. Whereas Michal Makocki in his article looks at the challenges of the transportation links between China and CEEC, both underlining the disappointment in regards to China’s infrastructure projects in CEEC as well as the unbalanced train traffic between Europe and China.

To provide some regional insights of the “16+1” format, first, Anastas Vangeli presents an overview and development scenarios on the dynamic of the Sino-Balkan affairs, factoring in the various uncertainties with global and regional implications. Una Aleksandra Bērziņa-Čerenkova, moderator of the second panel of the Forum, looks back at the progress achieved in the “16+1” cooperation format from the perspective of the Baltic States. Whereas Viljar Veebel in his contribution explains why Estonia can be considered as a country that is most cautious among the EU member states towards China’s proposals for cooperation, the “16+1” cooperation format in particular.

Finally, Bojan Lalic, speaker of the third panel, along with Nikola Zivlak, Ivan Beker and Svetlana Mihic in their article propose a “16+1”

People-to-People Cooperation Space Model”. Whereas the author of these lines, also moderator of the first panel, in cooperation with Liu Zuokui reminds of the results of the survey carried out among Latvian political science students on their perception of the relationship between China and Latvia and the “16+1” cooperation format as one of its elements.

The opinions and information included in the articles that follow, are those of the authors and they do not necessarily reflect the position of any of the organizers, cooperative partners, supporters of the Forum and the publication, neither any governmental nor other entity.

ENDNOTES

- ¹ For the Forum introductory reading, please see: “Forum Introduction. International Forum of China and Central and Eastern European Countries. Enhanced Connectivity for Common Advancement. Riga, Latvia. 4 November 2016,” *Latvian Institute of International Affairs*, 2016, ISBN 978-9984-583-87-7, http://liia.lv/en/publications/introductory-reading-think-tank-international-forum-of-china-and-central-and-eastern-european-countries-552?get_file=1
- ² This and the further paragraphs of this article looking back at the discussions of the Forum are not intended to be considered as a comprehensive summary, rather as a subjective sketch of the points discussed. Please refer to the video-record of the Forum for the issues discussed in their entirety, available from the web-site of the Latvian Institute of International Affairs – <http://www.liia.lv>

THE TRANSITION OF EU'S ATTITUDE TOWARDS "16+1"

Dr. LONG JING,

Shanghai Institutes for International Studies, China

The European Union (EU) has been an influential actor in Central and Eastern Europe for more than two decades. Since the establishment of the mechanism of the "Cooperation between China and Central and Eastern European Countries" (also referred to as "'16+1" cooperation"), the EU's attitude towards this Chinese initiative has become an important element to its development. This paper tries to elaborate the EU's attitude towards the "16+1" cooperation and the reasons behind its attitude. It also discusses the way to change this attitude into a more positive atmosphere for the coordination and cooperation between China and the EU in this sub-region.

When the "16+1" cooperation was initiated by China and got positive echoes from all of the involved Central and Eastern European Countries (CEEC) in 2012, the EU took a suspicious and cautious attitude. In the fall of 2012, when China established the China-CEEC cooperation Secretariat and the first meeting of national coordinators was held in Beijing, Catherine Ashton, then EU High Representative for Foreign Affairs and Security Policy, issued a statement, signaling an indirect warning to both China and CEEC not to form some sort of alliance. Besides, some European diplomats even labeled this Chinese initiative the "new Berlin Wall" and called for an alert of the EU.

According to the Chinese researchers' observation, the EU's concern can be mainly attributed to the following reasons. Firstly, the EU worries about internal division. Among the 16 CEE countries, 11 already are EU member states. The EU has concerns that those CEE countries might get too close to China and neglect Brussels. The difficulty of applying for various EU funds due to very strict conditions may make many of these new EU members jump into cooperation with China. The EU also

worries that the EU member states that are economically approaching China would turn into an internal grouping based on the common political position on China, thus weakening the appeal of Brussels and preventing its consistency in foreign policy.

Secondly, the EU worries about the violation of its high standards. The EU has set up relatively much higher standard regulations on environmental protection, labor protection and welfare, product quality, the nature of capital, etc. The EU has great concerns about any possibility of violating the regulations or lowering the standards upon the entry of Chinese investment. If this happens, not only the competitiveness of European companies, but also the legal environment and the EU values will take a hit.

Thirdly, the EU worries about the decline of its attractiveness in the eyes of the non-EU states. There are still five countries that are not a part of the EU in the Western Balkan region. The EU worries that they might make the “16+1” cooperation an alternative option since it becomes more and more difficult for them to join the EU in the foreseeable future.

Let us take a look on how China took measures to ameliorate the EU’s suspicion during the last four years. Firstly, Chinese policy makers put the China-European relationship into a more comprehensive, all-dimensional, multi-tiered and wide-ranging structure. In the past, the China-Europe relationship was mainly conducted on two levels, one being China’s official relationship with the EU, and the other being China’s relationship with individual European countries. With the development of the cooperation with Central and Eastern European countries as a whole, China is trying to discover a new level of cooperation, which is the cooperation between China and the European sub-regions. With the establishment and development of the “16+1” cooperation, a new structure with three levels – from the EU to the European sub-regions and to the individual countries in a top-down order – has been formed. In this structure, the China-EU relations is an overall framework for all the remaining levels. “16+1” cooperation is supposed to contribute to the all-round and balanced growth of the China-EU Comprehensive Strategic Partnership.

Secondly, China took every occasion to clarify the purpose of the “16+1” cooperation in order to ease the EU’s tension. For example, when

Chinese top leaders visited the Brussels in 2014 and 2015, they explained both Chinese initiatives including the “16+1” cooperation and the “Belt and Road Initiative”, called for the synergy between the Chinese initiatives and the EU’s investment plan for Europe during their speeches to the audience in the European Commission. China also released its second policy paper on the EU in 2014 to emphasize that China attaches great importance to the EU. Besides, China keeps frequent high level dialogues or communications with key EU Member States, such as Germany and France. They are important trade partners not only to China, but also to the Central and Eastern European Countries. So their understanding and engagement is also quite important to the development of the “16+1” cooperation.

Thirdly, on the more practical level, China has also taken many concrete and pragmatic measures to encourage EU’s engagement in the “16+1” cooperation and the “Belt and Road Initiative”. For example, China has invited the EU and other important European institutions to send representatives to participate in the “16+1” leaders’ meetings as observers in recent years. Also, numerous academic symposiums and conferences on the synergy of Chinese initiatives and the EU’s development strategies have been held by various Chinese think tanks.

So, with these efforts, the EU’s attitude has been gradually changed. But we still need to do more to make the EU an active partner of China in the sub-regional development. Firstly, Chinese side should take an objective and rational look at the EU’s response. If we analyze the path of European integration in retrospect, we will find that the EU was always on the alert for potential internal sub-regional grouping. That’s why the EU created the regional policy and various funds for the balanced development in the EU and preferred to allocate resources in a super-national way instead of an inter-governmental way. Before 2009, when the macro-regional strategy was implemented, the EU was reluctant to accept this kind of development model. So the macro-regional strategies came out under great pressure from the related member states and can be regarded as a compromise to the sub-regional cooperation driven by the inter-governmentalism. In other words, the EU’s concern of internal division is not particularly against China.

Secondly, on the policy level, Chinese side should stronger emphasize the role of the “16+1” cooperation in the European integration. The effect of Chinese investment should not be separated from the EU’s goal of integration and balanced development. Instead, the “16+1” cooperation can promote the socio-economic development of the Central and Eastern European region, narrow the gap between CEE and the more advanced Western Europe, and ultimately help the EU realize its goal of internal balanced development. Chinese cooperation with non-EU states in the Balkans through those cross-border projects can also bring stability and positive prospects and speed up the integration process, which is also in accordance with the EU’s goal in the Balkan region.

Thirdly, from a practical perspective, China should make the operation of various projects more transparent. China can learn from the European companies by using more press conferences, regular public reports, outreach activities in Brussels, or inviting EU institutions as observers to do the supervision work to increase the transparency during the operation and eliminate EU’s suspicions.

Besides, think tanks, legal agencies, consulting companies should be encouraged to be more and more engaged in the “16+1” cooperation to provide research and legal service on policy, regulation, culture, etc.

As to the European side, it is necessary for the EU to realize that the Chinese participation in the European sub-regional cooperation may bring more opportunities, not only for business, but also for the European integration, especially during the current economic stagnation. The EU should accept the “16+1” cooperation just like it accepted the macro-regional strategies. Secondly, it is necessary for the EU to realize that China plays an active role in the world and regional economy, to understand that the “16+1” cooperation doesn’t stem from the geopolitical thinking, but instead from the purpose of exploring new markets for Chinese best-quality products, such as the high-speed train, etc. In practice, the EU can send more delegations or representatives to take part in the events of the “16+1” cooperation.

To summarize, the Author believes that a more positive interaction between China and the EU will definitely help to promote a more efficient and successful cooperation between China and the 16 Central and Eastern European countries.

CHINA AND CEEC COOPERATION AND THE “BELT AND ROAD INITIATIVE” – MISUNDERSTANDINGS RECONSIDERED

Dr. LIU ZUOKUI,

Chinese Academy of Social Sciences

The author of the article has recently visited Poland, Latvia, Romania, Serbia and other Central and Eastern European (CEE) countries to attend different events related to the “Belt and Road Initiative” and has noted some visible misunderstandings about the “Belt and Road Initiative”. It is significant to clarify those to successfully develop cooperation between China and other countries affected by the initiative.

Misunderstanding 1: CEE countries hold excessive expectations about the “Belt and Road Initiative”, and the current lack of achievements of the initiative causes disappointment in some of these countries.

Expectation is the impetus that promotes closer cooperation, but the expectation should be mutual, which means that both sides should have expectations towards the other, instead of one side expecting more from the other side. The “Belt and Road Initiative” is not a project that is solely conducted by China, but one that needs a joint cooperation. Some of the infrastructure projects are of great scale and with complicated design, which requests contributions from more than one country. For instance, several railway transportation routes are planned as a part of the “Silk Road Economic Belt”. However, conflicts between Russia and the West and their mutual sanctions have blocked a smooth development, making it difficult for China to benefit from these routes. To guarantee a smooth

trade exchange, is not a problem that can be solved by China alone, but should depend on all the related parties.

Misunderstanding 2: there are plenty of initiatives promoted by countries either from CEE or other regions which would be competitive with China’s initiative; it is difficult for China to seek synergies with so many initiatives.

Would it be possible for China to seek cooperative opportunities to dock with many initiatives proposed by CEE countries, such as the “Danube River Initiative”, the “Three Seas Initiative”, or the EU Strategy for the Baltic Sea Region? In fact, as an open and inclusive initiative, the “Belt and Road Initiative” could seek synergies with any initiative that is worth of cooperation and with a win-win perspective. The “Belt and Road Initiative” does not compete with initiatives proposed by the US, the EU, Turkey or any other country, nor does it aim at replacing other initiatives.

Misunderstanding 3: the “Belt and Road Initiative” makes China a new geopolitical actor in CEE with the implications to the existing regional conflicts.

At the conference titled the “Danube River and New Silk Road”, held in Serbia in June 2016, some Serbian scholars pointed out that China will actively get involved in the Balkan region, which is a geopolitically sensitive region. However, China has no military installations nor servicemen in the Balkan region. China has also no interest and willingness to play a role in this regional geopolitical game, but only to seek a pragmatic cooperation in economy and trade. This is China’s long-term attitude to not only the Balkan region but all other parts of the CEE.

Misunderstanding 4: the financial instruments created by the “Belt and Road Initiative” should give full support to all the projects under this initiative to accelerate the construction of each project, which is not satisfactory so far.

In fact, both the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund (SRF) are not established for the “Belt and Road Initiative” alone. They can serve as financial instruments for the “Belt

and Road Initiative”, but they are rather market-oriented financial instruments that abide the market principles, international regulations and standards, and aim at learning from other international financial institutions so as to achieve sustainable development. Therefore, both AIIB and SRF do not seek to invest in all projects related to the “Belt and Road Initiative”, but rather aim to contribute to projects that are profitable and promising, whether they are under the “Belt and Road Initiative” or not.

Already now, one can assess the progress of the “Belt and Road Initiative” in Central and Eastern European countries. There are success stories, especially in Serbia and other Balkan countries. However, in Central European and Baltic countries there is still hard work to be done to improve the awareness.

BUILDING A GREAT BRIDGE, NOT A GREAT WALL

ALEXANDRU GEORGESCU,

*EURISC Foundation – European Institute for Risk, Security,
Communication Management, Romania*

While the “16+1” Summit for the Heads of Government was taking place, a constellation of other contacts and exchanges were held – between sinologists, between national transport coordinators and so on. The activity of the International Forum of China and Central and Eastern European (CEE) Countries provided an opportunity for the continuation of regular contacts between think tankers within the “16+1”. While such meetings have a lower profile, they are indispensable for slowly exchanging information, gauging views and advancing proposals within the “16+1”, ultimately leading to the sort of consensus-based affirmative cooperation that the Chinese experience recognizes as key to cooperation. The think tankers then provide policy analysis capabilities and act in other advisory roles for National decision makers, smoothing over the bumps in a long-term cooperative endeavor which, in the case of China’s CEE partners, has already lasted across several national administrations and will continue to do so. The fact that this Forum was co-organized by the Institute of European Studies of the Chinese Academy of Social Sciences (CASS) lends credence to this perspective, as CASS is the coordinator assigned by the Chinese Premier to coordinate the Think Tank Exchange and Cooperation Network.

The two main ideas that stand out from the Forum were *transparency* and *reciprocity* within the “16+1” Initiative. The first was advanced by Ellis Mathews, Division Head within the European External Action Service (EEAS) and was echoed by other participants as having an important role in ensuring the best possible results for the “16+1” efforts,

in making the best use of the potential synergies between the “16+1” and European strategic development initiatives and, crucially from a number of perspectives, alleviating some of the mistrust and anxiety with which Brussels has met the “16+1” endeavor. Simply by having a high-level representative of the EEAS advancing candid remarks in such a setting is a step in the right direction, for which the Latvian Institute of International Affairs deserves the utmost consideration. One looks forward to the time when a Russian expert representative will also attend such a meeting to discuss the intertwining between the “16+1” and the “Belt and Road Initiative” and the way forward for collective issues, such as risk perception and fighting “the three evils” defined by President Xi Jinping in the Central Asian space. The presence of another European Commission representative, Mathew Baldwin, Deputy Director General of DG Move, added further weight to the idea of cooperation with Brussels to fulfill the potential of the “16+1”. Director Baldwin expressed this potential from a transport perspective, as CEE’s gateway role for Eurasian trade and new gains in efficiency to make the “Belt and Road Initiative” infrastructure development and use sustainable. The conversation also segued into the potential for synergies with the macro regional development strategies of the European Union, with the Strategy for the Baltic Sea Region being referenced most often. The Danube Strategy has also received significant attention due to its overlap with the “16+1” membership and its two termini being located in the Black Sea and in Germany, respectively.

The “16+1” could work towards improving transparency through a permanent Chinese think tank presence in Brussels, in a politically and financially suitable form. Having permanent access to Chinese specialists who can authoritatively and credibly discuss issues related to China’s vision or its actions would be significant to the perception regarding transparency on the part of European institutions, while also enabling new understanding of European perspective for the Chinese experts. Gradually, we would witness an alleviation of the potential for misunderstanding and anxiety stemming from a lack of permanent dialogue between specialists, whose insights would filter upward to the decision makers.

While the guests from Brussels were referring to transparency with regards to the various bilateral and multilateral high level agreements within the “16+1”, the Author feels that the “16+1” is further served by extending the principle downward, for instance to the level of think tank cooperation. After the crucial and fruitful first months of activity for the think tank exchange and cooperation network, it is vital to press forward with a clearly communicated vision for 2017 and with a new level of transparency regarding the membership of the network, the means of communication within it and new levels of functionality for a platform of exchanges and coordination.

The second key notion that stood out from the discussions was the issue of reciprocity in relations, as a sort of moral reinforcement of the win-win principle espoused by our Chinese partners in all of their endeavors. It was articulated by the Former President of Latvia Valdis Zatlers from the very beginning of the event and became a recurring theme for panel debates and informal discussions. In a few brief sentences, the statesman both argued the Central and Eastern European interest in trade deficit amelioration and receiving more investment, but also likely put to rest some anxieties in Brussels of a “16+1” dynamic of cowed EU Members. Also, the member of the Latvian Parliament Atis Lejiņš stood his ground and argued about barriers to entry of Latvian cheese in the Chinese markets, and that Latvia’s investments in China outweighed Chinese investments in Latvia. Prior events had witnessed Polish representatives politely reiterating their expectations from the “16+1” and the development of relations between their country and China so as to satisfy both the win-win principle and political exigencies. To someone from Romania and, the Author of this article is convinced, from the Balkan region as well, these displays of Northern pragmatism are a very welcome learning experience. They emphasize the value of discipline of posture and a steadfastness of messaging to the pursuit of the national interest, especially across multiple political administrations.

Ultimately, win-win cooperation should not only describe relations with China, but also intra-CEE cooperation that would increase regional attractiveness for China and other investors. The pursuit of collective

CEE interests also requires overcoming structural weaknesses in the region (cross border trade, cooperation and North-South infrastructure) that have hampered synergistic development. The “16+1” initiative can aid this not only through actual development of trade and investment, but also by providing another venue for the exercise of the region’s “cooperative muscles” with the help of China as a facilitator.

The experience of the International Forum for China and Central and Eastern European Countries, in the context of the Summit and associated events, leaves one with three important impressions – one of progress in cooperation, another of a thoughtful maturing of the institutional backdrop to “16+1” cooperation, and the last one, an impression of unplumbed depths and opportunities to come, hinted at during the Forum discussions.

HOW TO FINANCE THE ENHANCED EU-CHINA CONNECTIVITY IN THE CEE REGION?

JAKUB JAKÓBOWSKI,

Centre for Eastern Studies (OSW), Poland

The focus on enhancing EU-China connectivity within the “16+1”, clearly visible during the Riga summit and Think Tank International Forum of China and Central and Eastern European Countries, is a sign of gradual convergence of all major Chinese initiatives presented to the Central and Eastern Europe (CEE) region. As the “Belt and Road Initiative” started to gain importance in the CEE-China relations after 2013, the cooperation on connectivity, transportation and logistics became a major pillar of the “16+1” framework. As stated by Wang Weiguang in his keynote speech during the Riga forum¹, the “Adriatic-Baltic-Black Sea Seaport Cooperation”, a new initiative aimed at enhancing infrastructure development coordination between CEE and China, should be perceived as a direct link between “16+1” and the “Belt and Road Initiative”. In other words, the China-CEE cooperation platform is now becoming a tool for achieving a major New Silk Road’s goal: increasing EU-China connectivity. This article assesses possible limitations of the existing “16+1” framework in achieving this goal, with special attention given to adequate financing mechanisms, a basic requirement for successful infrastructure development.

To a large extent, the positive outcome of increasing EU-China connectivity depends on CEE transport and logistics infrastructure capacity. In fact, all planned or existing land trade routes between China and EU cross the CEE region. Regional ports, highways and railway networks, as well as logistics, distribution and transport centers are crucial for developing new intermodal transport routes linking China and the EU. Therefore, any Chinese policy aimed at developing

intercontinental transport corridors or increasing the number of cargo train connections between China and EU needs to consider current limitations of underdeveloped CEE's infrastructure. In order to achieve ambitious Chinese goals – at least 5000 trains reaching Europe until 2020² – additional investments in transportation and logistics capacities are needed. Without them, some detrimental bottlenecks will inevitably appear, thus limiting the business opportunities along the New Silk Road for both sides.

Given the high infrastructure investment costs and limited financial capabilities of CEE countries, some external financing is needed in order to bridge the capacity gap. With regard to China's role in the process, the key question is whether using existing financing mechanisms, presented to the CEE within the "16+1" framework, is indeed an attractive source of capital for regional governments and businesses. The current utilization of Chinese instruments presented to the region, mainly the US\$ 10 billion credit line, is virtually limited to non-EU "16+1" members, e.g. Serbia, Bosnia and Herzegovina or Montenegro³. The credit extension model applied by Chinese policy banks usually involves local state budget guarantees, as noted by Šarić.⁴ Project contracts are then usually won by Chinese construction companies and often the resources are imported straight from China. Most of existing projects were dedicated to the development of energy and transport infrastructure, like coal power plant in Bosnia, highways in Montenegro or railways in Serbia.

The disparity of Chinese financial instruments' utilization within the "16+1" can, to a large extent, be explained by the legal and business environment of the European Union. Unlike Western Balkans, 11 countries being both EU and "16+1" members have an access to a variety of different financing sources and models. That makes Chinese credits just one of many possible options, usually not the most attractive one. First of all, the EU Structural and Cohesion funds provide member states and business communities with a financing model that no credit can compete with, part of the expenses being fully covered by the EU. In the case of policy bank loans, the Chinese model which usually transfers credit risks to the local government (in form of budget guarantees) does not appear very appealing when compared to similar European

instruments, such as European Fund for Strategic Investments (where loans are guaranteed by the European Commission and the European Investment Bank). Some additional factors that favor EU financing include lower interest rates, more transparency and lower political risk. As a result, when considering possible funding sources for infrastructural investment, local administration and companies will most likely lean towards the EU, not China. Only in the case of infrastructural projects that are generally not supported by EU strategies or fail to be accepted for EU funding can China's financial instruments (in the current form) be an attractive source of capital for EU members.

Another major obstacle for using the Chinese capital by CEE EU member countries is the Chinese financing model itself. China's experience of financing infrastructure in developing countries, involving state budget guarantees and procurement favoring Chinese companies, is in many respects in contradiction with fundamental EU rules regarding public procurement. As a result, any attempt of using it in the CEE EU member countries will inevitably face opposition from EU institutions, as it was in case of the Hungarian part of Belgrade-Budapest railway modernization. Suspicions towards the Chinese activities were voiced by EU representatives during the Riga Forum, with particular focus on fair competition in public procurement and lack of transparency⁵. Unless China adapts to the existing EU regulatory regime, coming up with alternative financing models, the utilization of Chinese capital will be seriously limited.

Support for the cooperation on enhanced connectivity and trans-regional infrastructure development in CEE is surely a positive feature of the "16+1" cooperation platform. However, if China wants to play a constructive role as a source of capital for CEE, thus increasing transport capacities needed for the "Belt and Road Initiative", a new approach to financing models is needed. The EU-China Connectivity Platform, the potential use of which was widely discussed during the Riga Forum, can serve as a good venue to consult new policies. Both major obstacles for Chinese capital utilization in CEE are related to the EU law and business environment, therefore, European institutions' involvement can help China to devise new measures that can be complementary to

the existing EU funding mechanisms and that adhere to the EU rules. It is the CEE member states' role then to inject a much-needed knowledge about local needs, connectivity gaps and business opportunities into the EU-China discussion. The expected initiation of the newly established USD 10 billion Sino-CEE Finance Holding Company, intended to promote cooperation on connectivity, might be a great opportunity for that kind of policy adjustment.

ENDNOTES

- ¹ Wang Weiguang, Keynote address, International Forum of China and Central and Eastern European Countries, Riga, November 4, 2016
- ² National Development and Reform Commission, "CR Express Construction Development Plan 2016-2020 (in Chinese)", <http://www.sdpc.gov.cn/zcfb/zcfbghwb/201610/P020161017547345656182.pdf>
- ³ Justyna Szczudlik, "Prospects for China-CEE Relations in the 16+1 Format", *Bulletin PISM*, November 18, 2016, <http://www.pism.pl/publications/bulletin/no-76-926>
- ⁴ Milica Šarić, "Kostolac: Chinese loan, Serb rule-breaking", *Centar za istraživačko novinarstvo Srbije*, July 18, 2016, https://www.cins.rs/srpski/research_stories/article/kostolac-chinese-loan-serb-rule-breaking
- ⁵ Matthew Baldwin, comments at panel discussion, International Forum of China and Central and Eastern European Countries, Riga, November 4, 2016

CONNECTIVITY IN CHINA AND EUROPE: WHAT LESSONS CAN BE LEARNED

Dr. CHEN XIN,
Chinese Academy of Social Sciences, China

China has achieved remarkable progress in the field of infrastructure in recent years. As a Chinese saying goes, if one wants to develop, one should build the roads first. There is a similar saying nowadays regarding the investment as well – no infrastructure, no foreign direct investment (FDI).

The first achievement in infrastructure is the construction of highways. It was the World Bank that gave China the idea. The first World Bank program supported the building of the Beijing-Tianjin highway, totaling 120 km. After that, the Chinese people discovered the convenience of highways, leading to more highway construction projects – and the speed of highway construction is surprisingly fast. 96,000 km in 2012, 105,000 km in 2013, 112,000 km in 2014, surpassing the US in total combined highway length. China is still continuing its highway projects, putting and additional 123,000 km into operation in 2015.

The second achievement is the high-speed train. The first high speed train route in China went into operation in 2008, connecting Beijing and Tianjin. Due to the extensive network development, by the end of 2015 China had almost 22,000 km of high speed train routes, making it the longest high speed train system in the world and a leader in convenient travel.

The third achievement is the civil aviation. By 2014, China had 202 airports and 2370 aircraft serving 832 million travelers and 1.4 million tons of cargo a year.

The Chinese Government plays a very important role in the massive infrastructure construction. Governmental structures are doing planning,

providing financing and public goods. Infrastructure itself is not only about infrastructure, it is also about development, and the spill-over impacts bring much more than the investment in infrastructure. The most significant characteristic of China's connectivity is efficiency. The infrastructure only provides efficiency when it is well-connected.

Europe is wealthy. The European Union (EU) accounts for 7% of the world's population, provides 25% of the world's gross domestic product (GDP), and consumes 50% of the world's welfare. Europe also does not lack money. The EU provides funding for a broad range of projects and programs covering areas such as regional and urban development, employment and social inclusion, agriculture and rural development, maritime and fisheries policies, research and innovation, humanitarian aid.

Over 76% of the EU budget is managed in partnership with national and regional authorities through a system of "shared management", largely through five big funds: European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD), and European Maritime and Fisheries Fund (EMFF).

The EU infrastructure suffers from the lack of connectivity. European Commission may well have the trans-European planning on roads, railways, as well as airports and maritime ports, the problem, however, is at the side of implementation. Due to "shared management", the implementation of the construction of roads and railways depends on the national and regional authorities and municipal governments. If the local government has the interest in infrastructure, they would apply for EU funding and take part in the construction of the road or the railway. If, however, the local government is more interested in the other fields, such as environment, their part in the plan would be postponed. This type of fragmentation occurred during the implementation of the trans-European plan.

Another problem within the EU is the one-size-fit-all policy. There are big differences in infrastructure between the "old member states" and the "new member states", both in highway and in railway construction. After 25 years of transition and 10 years of accession to the EU, the roads and railways in the new member states are still

leading towards their Eastern neighbor, also, among the “new member states” there is a lack of routes connecting the North to the South. The difference in infrastructure between the West and the East is still huge. In the European Commission’s Investment Plan for Europe (the so-called “Junker Plan”), transportation only takes 6% of the whole value of the projects, and Central and Eastern European (CEE) countries are still not in focus. Based on the data provided by the European Commission, CEE countries only stand at 5% of the signed contracts, 21% of the approved contracts, and 6% of the pre-approval contracts. Out of all of the 150 projects approved by the end of September 2016, CEE takes 12%, among them there are six projects on infrastructure – the segment that requires a large share of investment.

Connectivity can provide efficiency. Without connectivity, there is a fragmentation of roads and railways. Such kind of fragmentation has a negative impact not only on the return of the investment, but also on the social development in the fragmented region, leading to further lack of interest of the FDI toward this region.

EU should change the one-size-fit-all policy approach, and should provide more focus on its Eastern part. Strong implementation and avoidance of fragmentation is of the utmost importance. A well constructed infrastructure is not only the resource of investment itself, but also could provide more attractiveness for FDI. These together could provide more opportunities for economic growth.

China is standing by the CEE countries in infrastructure, it is the time for the EU to take more responsibility to work together for better connectivity.

ONE-WAY TRAIN FROM CHINA TO CENTRAL EUROPE¹

MICHAL MAKOCKI,

Mercator Institute for China Studies, Germany

Central European countries vie to position themselves as transit hubs in China's ambitious Eurasian trade corridors. The enthusiasm is tempered by concerns that the new transportation lines will ultimately increase the region's trade deficit with China.

In the modern days of the Silk Road, Chinese leaders are followed not by camels but by cargo trains. The formal openings of new cargo routes were key to Xi Jinping's visit to Germany in 2014 (Chongqing-Duisburg connection) and to Warsaw earlier this year (Chengdu-Warsaw line). This past weekend,² Premier Li Keqiang visited Riga to attend the 5th Summit of Heads of State of Central and Eastern European countries and China under the so called "16+1" format, which was set up in 2012. Once again, a train was the star of the show when Riga's Central Station welcomed the arrival of the first pilot container train from Yiwu – a commercial hotspot in Eastern China.

The Yiwu-Riga freight train connection is one of many railway routes through the Eurasian continent that were completed within the past two years. According to a representative of the China Railway Express Company, who spoke at the Riga summit, the number of block trains between China and Europe increased from 80 in 2013 to 815 in 2015. For Beijing, Central Europe is the entry point for China's flagship Belt and Road Initiative, which, among multiple objectives, is supposed to boost railway and maritime freight flows between China and Europe.

For the region, the transit of Chinese goods to the rest of the EU is a welcome economic boon. At multilateral summits like the one in Riga there is a sense of competition as almost every country in the group vies

to become the main regional hub for the Chinese goods. Apart from the obvious economic benefits that come with being a transportation and logistics hub, the host countries can also expect new investments into supporting infrastructure – built and financed by China.

MORE TRAINS GO WEST THAN EAST

Yet there is a growing sense of disappointment in the region. Some have unrealistic expectations regarding the feasibility of some projects. Others fear that Central Europe's relationship with China is becoming increasingly unbalanced in China's favor.

At least so far, the pilot route to Riga only runs in one direction – from China to Europe. Overall, the number of westbound trains is at least twice as high as that of trains leaving in the opposite direction – which has the potential to deepen Central Europe's trade deficit with China. Despite China's increased attention to the region under the "16+1" format, the region's exports to China (10.6 billion USD in 2014) are dwarfed by imports (64.9 billion USD). To make things worse, most of the China-bound trains carry goods from the Western European countries rather than the region's own products, underlining a shared feeling in the region that it lags behind in terms of market access for its exports to China.

For Central European EU member states the disappointment starts much earlier as very few of the proposed Chinese infrastructure projects have so far materialized. With the exception of the Belgrade-Budapest railway line, there is no Chinese infrastructure project currently underway in the EU – and even the future of this project is uncertain due to possible legal challenges in Brussels, according to a Hungarian press report.

At the first "16+1" summit in 2012, China had offered a 10 billion USD credit line and set up an investment fund to support infrastructure construction in the region. But the EU member states soon realized that the Chinese money comes with some unattractive conditions attached. Chinese financing offers don't allow for competitive tenders but favor Chinese subcontractors. Furthermore, Chinese banks require sovereign

guarantees for the projects they finance, shifting the risks onto the recipient states. Both requirements run against EU and national rules which are designed to promote open competition and fiscal stability.

CHINA TRIES TO SWEETEN THE DEAL

Sensing the disappointment among Central European countries, China tries to sweeten the cooperation with new initiatives. At the summit, Premier Li announced yet another regional investment fund run by Industrial and Commercial Bank of China (ICBC), a commercial bank from China, and based on the co-financing with the region's major financial institutions. Li also proposed the so-called "Three Seas Initiative", a Chinese plan to connect ports in the Baltic, the Adriatic and the Black Sea through a network of railways, roads and inland waterways. This is an attractive proposal to Central European countries, where the density of roads and railways is much lower than in the Western part of the continent.

By increasing infrastructure connections and heralding potential investments in the region's maritime ports, the initiative may further increase the potential for the transit of Chinese goods. But it falls short of addressing regional concerns over the growing trade deficit and to convince Central Europeans that they have entered a mutually beneficial relationship with China.

ENDNOTES

¹ The article was first published on the web-site of Mercator Institute for China Studies, November 9, 2016, <https://blog.merics.org/en/blog-post/2016/11/09/one-way-train-from-china-to-central-europe/>

² Ibid.

SINO-BALKAN AFFAIRS IN TIMES OF GLOBAL UNCERTAINTY

ANASTAS VANGELI,

Polish Academy of Sciences

One particular sub-group of the sixteen countries of Central, East and Southeast Europe (CESEE) that take part in the “16+1” platform are the so-called “Western Balkan” countries: Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia. Croatia was originally included in this company, but after its accession to the European Union in 2013, it is frequently omitted. Indeed, what defines the “Western Balkans” as a concept is precisely the fact that these countries are not members of the European Union (EU) – although they are all (potential) candidates in different stages of accession. The term “Western Balkans” was coined by EU policymakers in the 1990s to describe “ex-Yugoslavia, minus Slovenia, plus Albania” – a region whose common denominator in the eyes of the West is the “unresolved national questions.” Outside of “16+1”, “Western Balkans” includes Kosovo as well. However, China does not recognize Kosovo’s independence (yet) and hence it is omitted from the “16+1” altogether (a fact in itself illustrative of some of the complexity when it comes to the region and its international affairs).

When discussing the Western Balkans and international cooperation, the question often frowned upon by analysts originating from the region – including the Author of these lines – is the one of political instability. This is primarily because the Western Balkans is by default perceived as an inherently unstable region and instability is seen as its defining characteristic that needs to be fixed by external actors. This particular type of orientalism towards the Balkans is often based on stereotypes and generalizations, while stigmatizing the people from the region and limiting the potential of local agency. In reality, political instability has always been rooted in structural circumstances, and

closely related to changes in the broader regional, European and global politics, and in many ways, comparable to what has been happening elsewhere in the world and in particular, in the European Union – especially in the period following the global financial crisis. However, very few external actors have been able to properly contextualize the predicaments of the region, to properly navigate them and to avoid patronizing the governments and the peoples of the region.

In this sense, so far, through the “16+1” platform, China has pursued one of the more successful external approaches to the Balkans. Paradoxically, one reason for this is that it has somehow managed to circumvent the discussion on stability and political affairs (in line with its non-interventionist principles), which in itself has been already an alternative vision for the Balkans. Moreover, by placing it in a group with a number of structurally similar and geographically proximate European countries, China has avoided the trap of exoticizing the Balkans, and portraying it as an exceptionally scary and dysfunctional periphery. In the “16+1”, the Balkan countries have the rare chance to be treated as equal to the others.

Moreover, China has tried to re-imagine the region that is often even erased from the maps of Europe (as if it does not exist), as a land bridge and a key part of the new global transportation routes. China has also initiated cross-border projects between EU member states and non-members such as the “China-Europe Land-Sea Express Line” that traverses Hungary, Serbia, Former Yugoslav Republic of Macedonia (Macedonia) and Greece, which paradoxically helps to “Europeanize” the region.

At the same time, the cooperation with China has been the single least contentious issue on the policy agenda of the region. Often, the relationship with the US, the EU, Russia or Turkey has been a source of political discord. However, since the establishment of the “16+1”, there seems to be an inter-party consensus on the importance of cooperation with China. For the Balkan leaders, international cooperation and foreign investments in particular are not only important for boosting the economy, but they also translate in political legitimacy. The ability to promote the country internationally and attract foreign investments

are considered important topics in electoral campaigns. Hence, not only the need, but also the particular political will of political leaders in the region to pursue ever closer relations with China. The fact that Chinese diplomats reach out to both incumbent and oppositional forces only strengthens this consensus.

At times when there has been little good news from elsewhere, China has also invigorated the debates on economic development, and brought about new hopes and promises. According to this new paradigm, the Balkans is not a backwards region, but one with untapped economic potential. It does not need to be “fixed” – it needs help to develop. The fact that the Balkan countries are not EU members (yet) is also not necessarily a negative thing for China: in fact, this makes them more flexible and more receptive to Chinese investments. These investments are seen as potentially alleviating the effects from the unfulfilled duty of the West, and in particular the EU.

Given all the common interest and enthusiasm, it is therefore no surprise that some of the most tangible developments of the “16+1” are in the Balkan countries: be it the number of energy infrastructure projects and motorways, or industrial capacities that are already completed or in the phase of completion, with the first leg (the Serbian section) of the Belgrade-Budapest high-speed rail – the flagship project of the “16+1” – officially cleared to start with construction in 2017 after signing the last paperwork at the Riga “16+1” Summit. All signs point that the Sino-Balkan relationship in the future will continue to grow – and even if it stagnates, it is already significant enough to influence the trajectory of the region.

Yet, for all its successes, China’s engagement in the Balkans is yet to face important challenges. This especially goes in the era of global uncertainty, when the “post-Brexit” EU sees a potentially unprecedented rise of anti-EU politicians in core European countries, and when the US is transitioning from the Obama to the Trump administration. Whatever has been in the realm of speculation, at the end of the 2016 seems much more possible than before. In that sense, while China has so far managed to avoid addressing political instability in the Balkans, it may soon have to adjust to new realities in the region, depending of the ripple effects

of the global political shifts. For one, it is concerning that the potential (re)drawing of national borders in the region has a renewed importance in the last couple of years: a potential secession of Republika Srpska from Bosnia and Herzegovina, unification of Kosovo and Albania, federalization of Macedonia, or whatever may happen along similar lines will certainly be a shock or a setback, with the true cost being the survival of peace in the region, and the cooperation with China only a collateral damage.

Related questions are not only ethnic, but also political divisions and the domestic responses to “great power diplomacy,” as aside from the West, Russia and Turkey have increasing stakes in the region, too. The Balkans was also at the center of the refugee crisis, which led to various regroupings on the European political stage, with some Balkan politicians gaining a lot of support from governments that favored secure borders (Macedonia and Serbia are cases in point), and entering into conflict with others. On the other hand, when faced with popular discontent, Balkan leaders (as recently in Montenegro, Serbia and previously in Macedonia) have blamed the interference of various foreign forces, foreign-orchestrated coup attempts, espionage and dirty business deals. One silver lining in the process has been the weakening capacity of the EU to act in one voice in the Balkans (as elsewhere), and recently, the potentially “hands off” approach by the incoming Trump administration in the US. Based on their understanding of the Balkans, Western analysts argue that with such a weaker West to safeguard stability, the Balkans will surely descend into chaos. In case they are right, what is the Chinese response? Putting cooperation on hold, withdrawing or maybe, counter-intuitively, assuming a more important, strategic role to fill in the void?

Finally, elite politics in the region often interact with deep-state and organized crime structures. While China avoids discussing internal affairs, some cases, such as the revealing of corruption scandals in Macedonia, can take a toll on the Sino-Balkan relations (in particular, there has been a case of corruption regarding the motorways construction in Macedonia, which implicated a Chinese state owned enterprise and yielded a lot of negative responses). Again, Western analysts speculate that without the leverage of the EU and the US, these

tendencies may lead to chaos in the region. In case they are right, how does China adjust? Paradoxically, in cases of rampant corruption that paralyzes the policy process, China may be better off if itself promotes some sort of good governance (one recent anecdote from Ukraine says that Chinese experts advised Ukrainian authorities to be more resolute in anti-corruption endeavors). Should the latter happen, this will be a major change in Chinese behavior abroad.

Yet, even though the times ahead are uncertain, in all of these scenarios China has substantial maneuvering space in the Balkans. And as it has been the case many times in history with other global powers, whatever path China pursues in the region, it could help in understanding its new global role.

TRANSPORT AND CONNECTIVITY: THE INCLUSION OF THE BALTIC STATES

Dr. UNA ALEKSANDRA BĒRZIŅA-ČERENKOVA,

Latvian Institute of International Affairs, Rīga Stradiņš University, Latvia

As the “16+1” cooperation framework has entered its fifth year, it would seem that the necessity for practical results and a success story in the Baltic region expressed by think tankers is similar across all pillars of cooperation, but is most visible when it comes to transport and logistics. 2016, deemed “the year of implementation” of the format and having brought about significant deals in energy, infrastructure and revitalization for Central European and Balkan countries, has not yet ushered in a practical cooperation phase in the Baltic region. For example, the Latvian interest expressed prior to the Summit concentrated largely on establishing a direct aviation route to China. There has been, as of yet, no mention of concrete developments in this regard.

However, the “16+1” think tank Forum in Riga has shed more light on the means of incorporating the “16+1” framework into the “Belt and Road Initiative”, the “Three Seas” Initiative regarding Baltic, Adriatic and Black Sea cooperation being one of them. Also, the message of the Baltics regarding the region’s capability to serve as the distribution network link between China and Northern Europe has been picked up by the Chinese side, think tankers and executives alike. It may very well be that the guests have used the “Northern corridor” phrasing mostly as a crowd-pleaser here in the Baltics; however, it is positive that this ambition has been noted.

As the think tank Forum has shown, the necessity for an adaptive mechanism between EU and Chinese supranational infrastructure projects and the approaches to financing, planning and implementation is evident. The Chinese perspective stipulates that the financing side

should have more say regarding the implementation stage; also, the planning process within the EU seems to be taking too long, due to the multi-level decision-making process. The EU-launched preliminary infringement inquiry into the Belgrade-Budapest railway project serves as an example.¹

A significant region-specific factor discussed during the Forum and addressed on other Summit-related occasions is the proximity to Russia and the mutually intertwined communication on the political, entrepreneurial, local and personal levels. The Chinese side has expressed its concerns regarding the political stability in the region and is hinting that it is up to the Baltics to ensure the stability by avoiding alienating and antagonizing Russia, for it is only with Russia's support that the cross-continental transport networks can function.

Having the spotlight on the Baltics and Latvia in particular has been beneficial, beyond any doubt, in terms of informing Chinese executives and the general public of the opportunities the "Baltic sisters" can offer in tourism and recreation, logistics, transit and finance, education and culture, as the dramatic rise of Chinese Internet content on Latvia has demonstrated. However, it would seem that the output message of the Summit is very vague, centering around such wide wordings as "advance", "solidify", "enhance", "explore", "intensify" and "encourage" cooperation², rather than concrete project proposals. Such a wide "we have agreed to agree" definition of cooperation is good news for people-to-people interaction; whether it will prove sufficient for cross-continent transport integration of the Baltics, remains to be seen.

ENDNOTES

¹ Spike, Justin, "EC launches infringement proceeding concerning Budapest-Belgrade railway project", *The Budapest Beacon*, September 16, 2016, <http://budapestbeacon.com/news-in-brief/ec-launches-infringement-proceeding-concerning-budapest-belgrade-railway-project/39281>

² "Premier Li says '16+1' cooperation benefits world peace, development [The full text of the speech by Premier Li Keqiang at the Fifth Summit of China and Central and Eastern European Countries in Riga, Latvia], *China Daily*, November 7, 2016, http://www.chinadaily.com.cn/cndy/2016-11/07/content_27291211.htm

THE CHINA'S NEW SILK ROAD INITIATIVE: WHY IS ESTONIA RATHER CAUTIOUS ABOUT IT?

Dr. VILJAR VEEBEL,

Estonian Foreign Policy Institute

The role of the China's recent initiative to closely link the country with its partners in the Middle East, Europe and Central Asia should not be underestimated from the European perspective. Although the country has formally conducted an open approach in international and economic relations from 1978 on which was described by the Western world as the "China's open door policy"¹, particularly the economic expectations of the Western countries were not fully met in the following years. The situation did not improve remarkably also after China's accession to the World Trade Organization (WTO) in 2001. It has been stated that, despite the expansion of China in the global political and economic arena over the past decade, the country has still remained relatively closed to foreign businesses.² In this light, China's new idea of two trade corridors – the overland trade corridor "Silk Road Economic Belt" and the trade corridor by sea called "Maritime Silk Road" – to largely recreate the historical Silk Road trade route potentially offers a good platform to strengthen economic ties with Europe and to enhance mutual openness.

However, so far, Estonia has been the most cautious among the EU member countries concerning China's recent proposals for cooperation, and particularly the "16+1" platform formally established by China in spring 2012. The view the country has taken on this matter is that bilateral cooperation should not be prevented, but the challenges and risks involved in cooperation should be monitored very carefully. The current paper investigates the motives behind this viewpoint and takes the opportunity to look further ahead in mutual relations, by coming up

with some ideas that would motivate Estonia to increase support for the “16+1” platform.

The roots of the skepticism toward the China-initiated “16+1” platform in Estonia are to be found in economic and political issues. In economic terms, some skepticism about close trade relations between Estonia and China in the future is mostly associated with unilateralism and high volatility of current trade relations. Over the past decade, mutual economic contacts have remained rather modest, mostly due to long distances, but also China’s unknown business environment and difficulties in finding direct business contacts, confidence problems for Estonians, the need to focus on particular regions or cities in China to be successful in the foreign market, and the lack of financial resources to export to China.³ The country does not simply have enough resources and knowledge to strengthen mutual economic ties with China and this is also reflected in trade statistics (see Figure 1). Whereas Estonia’s import from China has increased remarkably over the past decade and particularly from 2010s on, Estonia’s export to China has remained modest and very unstable. This has led to Estonia’s increasing trade deficit with China and it can reasonably be expected that this trend will also continue in the future. Although the “16+1” format has offered some new opportunities for Estonian entrepreneurs so far, such as organizing the Estonian trade fair in China in 2014, the real impact of this cooperation platform for Estonian entrepreneurs has remained rather modest. There is clearly a feeling in Estonia that the Chinese initiatives may be good for China itself to overcome overproduction and to get familiar with the regulations and conditions in the European single market, however, they may be less so for Estonia.

Next to economic issues, the political and geostrategic aspects of China’s new initiative should be examined carefully. On the one hand, local policy-making community is concerned about how the China’s “16+1” initiative affects the European unity and the ability of the EU to craft potential pressure on the Chinese side. This is also reflected in the previously mentioned statement, which Estonia promotes, that bilateral cooperation should not be prevented, until it does not harm

the laws, regulations, norms and values of the EU. In principle, this could potentially happen, should China strengthen bilateral relations with some of the CEE countries to the extent that it could harm their relations with the EU. A first step in this direction was a recent agreement between China and Hungary signed in 2015 to promote Hungary-Serbia railway project⁴. However, more recently, in 2016 during the subsequent meetings between the leaders of China and Hungary, the Chinese Foreign Minister Wang Yi also raised the South China Sea issue and his Hungarian colleague, Peter Szijjarto supported him by stating that the disputes should be resolved only by concerning parties without external pressure. The Hungarian representative also called up for speeding up negotiations on the EU-China investment treaty. This clearly refers that China is interested in actively searching for partners among the EU countries to impose China's national interest on the EU. On the other hand, Estonians do not understand the logic behind the selection of the countries belonging to the "16+1" initiative, combining Baltic countries, Central European Countries and some of the Balkan countries with different economic development level, involving the EU countries and non-EU members, including countries with complicated bilateral relationships, etc. Against this background, it is very difficult to find common interests and consensual solutions from the "16+1" platform for extensive cooperation. In this context, also the role of the "Russian card" in the skepticism about the China-initiated "16+1" platform in Estonia should not be ignored. After the EU imposed sanctions on Russia during the Russian-Ukrainian conflict, several large-scale contracts have been conducted by Russian and Chinese companies, including also companies under sanctions (such as e.g. "Gazprom"), which offers Russia new opportunities instead of the trade partners from the Western world and, therefore, diminishes the impact of the Western sanctions. To sum up, all this makes Estonian policy-makers and entrepreneurs cautious about the real incentives of China in developing further cooperation with the CEE countries.

This attitude could change if China would change its current strategy and combine the recent economic reforms with real "opening up" to the partner countries. In pursuing such an approach – welcoming foreign

entrepreneurs and exporters into the Chinese market, introducing their business traditions and business environment, stopping selective and subjective enforcement by government agencies – also the Estonian entrepreneurs could fully exploit mutual relations next to the Chinese entrepreneurs. Although the China-initiated “16+1” platform for cooperation has created an extensive framework for developing mutual relations between China and Estonia and improved access both to investments and the political leaders in China, it is just a first step in developing mutually fruitful political and economic ties.

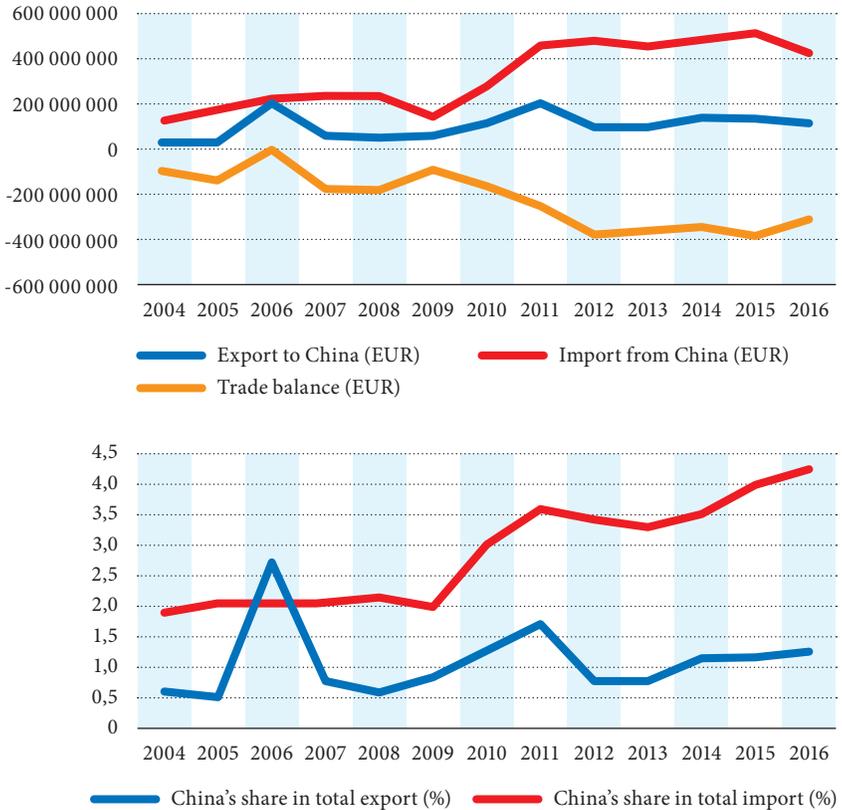


Figure 1: Dynamics of the trade relations between Estonia and China⁵

ENDNOTES

- ¹ See, e.g. Guocang Huan, “China’s open door policy, 1978–1984,” *Journal of International Affairs*, 1984, Vol. 39, No. 2, pp. 1–18. Available: http://www.jstor.org/stable/24356571?seq=1#page_scan_tab_contents
- ² As described by Joshua Eisenmann in 2014 (“Closed Door Policy: How China’s Reforms Are Pushing Away Foreign Business,” *Foreign Affairs*, September 24, 2014, <https://www.foreignaffairs.com/articles/china/2014-09-24/closed-door-policy>), a survey conducted by the American Chamber of Commerce in China in August 2014 indicated that 60% of foreign businesses in China say they feel less welcome in China and a growing number of multinational companies feel that they “are under selective and subjective enforcement by Chinese government agencies.” About half of the firms surveyed said that foreign firms were being singled out in Beijing’s anti-corruption investigations.
- ³ See: “Eesti majandus- ja kaubandussuhted Hiina rahvavabariigiga,” *Ministry of Foreign Affairs of the Republic of Estonia*, 2014, <http://www.vm.ee/et/eesti-majandus-ja-kaubandussuhted-hiina-rahvavabariigiga>
- ⁴ See: “Hungary first European country to sign up for China Silk Road plan,” *CNBC*, June 6, 2015, <http://www.cnb.com/2015/06/06/hungary-first-european-country-to-sign-up-for-china-silk-road-plan.html>
- ⁵ Source: Time series “Foreign Trade” (“Väliskaubandus” in Estonian), selection “China” (“Hiina”, in Estonian), Statistics Estonia, 2016, <http://pub.stat.ee/px-web.2001/dialog/statfile2.asp>

“16+1” PEOPLE-TO-PEOPLE COOPERATION SPACE MODEL

Dr. BOJAN LALIC,

University of Novi Sad, Serbia

Dr. NIKOLA ZIVLAK,

Donghua University, Shanghai, China

Dr. IVAN BEKER,

University of Novi Sad, Serbia

Dr. SVETLANA MIHIC,

Government of the Autonomous Province of Vojvodina, Novi Sad, Serbia

The Beijing-led “Belt and Road Initiative”, also known as the “New Silk Road”, has been introduced by the Chinese president Xi Jinping in October 2013. In these last three years, the “16+1” mechanism that includes cooperation between China and Central and Eastern European countries has become one of the best cooperation frameworks that this region of Europe has seen in a long time. Even though this is still the very beginning of this sort of cooperation, and taking into account that the whole context is relatively complex and includes a lot of interested parties, connectivity is now recognized as one of the main issues which the cooperation should focus upon. Events organized from November 4 to 6, 2016 in Riga were one more opportunity for academia, governments and businesspeople to meet and plan the future cooperation.

During the International Forum of China and Central and Eastern European Countries, it was highly emphasized that at the current stage the only real way to make this cooperation mechanism meaningful, would be to encourage people-to-people cooperation. Inspired by all the talks, especially those presented by Dr. Andris Sprūds, Dr. Liu Zuokui, Dr. Chen Xin and Dr. Cheng Jian, as well as by Dr. Tamás Matura, University of Novi Sad, Faculty of Technical Sciences, Department of

Industrial Engineering and Management, Serbia has managed to present one contribution that shall enhance the cooperation within “16+1” and the “Belt and Road Initiative” as a whole.

“To realize the Chinese Dream we must keep to the Chinese Path, carry forward the Chinese spirit and mobilize the Chinese force.”

Xi Jinping, president of the People’s Republic of China

We strongly believe that this thought, given by the main ideologist of the “Belt and Road Initiative”, should be applied to the whole “16+1” community. During the think tank International Forum of China and Central and Eastern European Countries in Riga, but also earlier during the last year’s Summit in Suzhou, meetings on education in Beijing and on business and education in Ningbo it appeared that it is necessary to keep the pace of the dialogue and exchange of information continuously in real time and in cross-sectoral space. Therefore, it is necessary to build a strong online, virtual community dedicated to all stakeholders, like politicians, businessmen, professors, researchers, students and artists with only one goal – to ensure the information flow in order to make all future actions more effective.

During the third panel of the International Forum of China and Central and Eastern European Countries we have presented a draft model named “People-to-People Cooperation Space” (PPCS) (Figure 1). This model is developed by the Department of Industrial Engineering and Management, Faculty of Technical Sciences, University of Novi Sad and it is based on all the previous experiences in cooperation with China and various Chinese institutions, as well as on dialogues on margins of all the previously mentioned events with relevant participants (ex. Fang Jun, Deputy Director General, Department of International Cooperation and Exchanges, Ministry of Education, China).

The main goal of PPCS deployment is to connect joint study programs offered by “16+1” with available scholarships within legal polices and frameworks (memorandums of understanding and cooperation agreements) from one side and joint strategic and industrial research

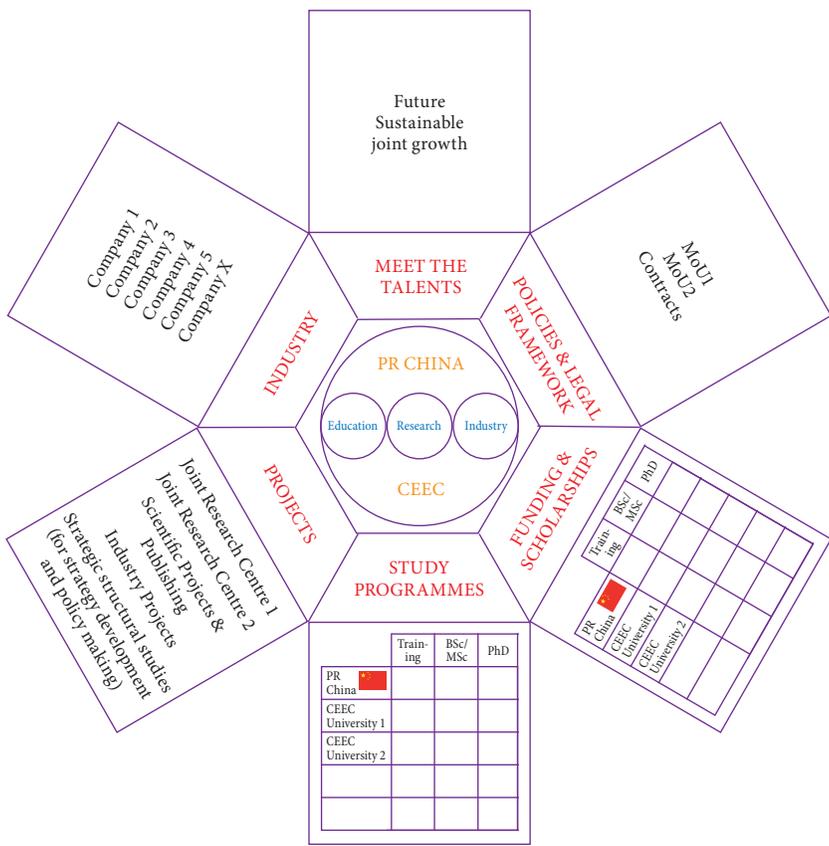


Figure 1: People to People Cooperation Space

and publishing through joint research centers and industry from the other side. By using this model, we can achieve information visibility and create the most powerful base for all further projects. This way, we would avoid overlapping, potential misunderstandings and double costs, saving significant amounts of time for other meaningful tasks. This model also suggests that both sides and all our community belonging to “16+1” must be dedicated to only one ultimate goal – **to lead today’s talents into the Think Tank of tomorrow.**

This model should be strongly linked to “16+1” Technology transfers, innovation policies of “16+1” and all other mechanisms for mutual development within the “Belt and Road Initiative”.

We sincerely believe that our model will be recognized as a useful and necessary tool for the further development of all the aspects of cooperation under the “16+1” mechanism.

RELATIONSHIP BETWEEN CHINA AND LATVIA – PERSPECTIVE OF LATVIAN POLITICAL SCIENCE STUDENTS¹

Dr. MĀRIS ANDŽĀNS,

Latvian Institute of International Affairs

Dr. LIU ZUOKUI,

Chinese Academy of Social Sciences

To assess the perception of China in Latvia prior to the 5th Meeting of China – Central and Eastern European Countries Heads of Governments, a survey among Latvian political science students – the future civil servants, politicians and experts – was carried out in October 2016. Bachelor's, master's and doctoral students from Riga Stradiņš University, University of Latvia and Vidzeme University of Applied Sciences were asked to provide their opinions related to their perception of China.

From the survey, several conclusions can be drawn. First, the majority of respondents have limited knowledge of China. Only 5.2 % of them have been in China and the vast majority of the respondents assess their knowledge of China as low or average (altogether – 89.6 %). Only 6.9% assess their knowledge of China at intermediate or expert level. The humble self-assessment of the knowledge is reflected also in the actual knowledge and assessment of the impression of China: one half of the respondents have a neutral impression of China, whereas the rest is almost equally distributed between having positive and negative opinion on China.

Among the respondents, the strongest associations with China is the Great Wall, a huge population, socialism and communism, a significant economy and market, pollution, as well as a difficult language and the Tibet issue (all of the mentioned above received recognition of above 50%). Among the best known Chinese, only two prevail – Confucius and Mao Zedong. Among the best known cities and regions of China,

Shanghai ranks first, followed by Tibet and Beijing, whereas other cities and provinces fall far behind in their level of recognition.

When the perception of the attitude of China and Latvia as states *vis-à-vis* one another is assessed, it prevails that, even though a major part of the respondents consider the mutual attitude as rather friendly (between 41.4% and 43.1%), nevertheless it is perceived that Latvia conducts a friendlier attitude towards China than China does towards Latvia: 25.9% of the respondents consider the attitude of Latvia towards China as rather friendly, but only 12.1 % of them consider the attitude of China towards Latvia as friendly; 10.3% consider China's attitude towards Latvia as rather hostile.

What regards the respondents' attitudes towards the prospects of investment from China in Latvia, equal parts of respondents (43.1%) are either neutral or positive towards it. Most of the respondents (72.4%) consider that investment in Latvia's transport and energy infrastructure would be necessary, whereas such sectors as manufacturing of electronic or mechanical products also receive support from more than a half of the respondents.

When it comes to the "16+1" cooperation format, the results of the survey reveal that more than a half of them (56.9%) have never before heard of the "16+1" cooperation format and over two thirds (70.7%) have not heard that the 5th Meeting of China – Central and Eastern European Countries Heads of Governments is taking place in Riga, Latvia.

Even though the results of the survey cannot be absolutely generalized, they broadly reflect the perception of China in Latvia. It could be argued that collections of opinions in the Latvian society at large could provide even less informed opinions on the issues asked in the survey (the students questioned are obliged to follow issues of political nature on regular basis). Therefore, for both Latvia-China relationship and the "16+1" format to be successful and enduring, increasing of the mutual knowledge and understanding between China in Latvia is crucial.

ENDNOTE

¹ This article was first published in the related publication of the Forum – "Forum Introduction. International Forum of China and Central and Eastern European Countries. Enhanced Connectivity for Common Advancement. Riga, Latvia. 4 November 2016," *Latvian Institute of International Affairs*, 2016, ISBN 978-9984-583-87-7, http://liia.lv/en/publications/introductory-reading-think-tank-international-forum-of-china-and-central-and-eastern-european-countries-552?get_file=1

AFTERTHOUGHTS: RIGA 2016 INTERNATIONAL FORUM OF CHINA AND CENTRAL AND EASTERN EUROPEAN COUNTRIES

The publication provides a review of the think tanks International Forum of China and Central and Eastern European Countries held in Riga, Latvia on November 4, 2016. It also includes articles from the participants of the Forum expressing assessment and recommendations regarding the China and Central and Eastern European Countries cooperation format, also known as the “16+1” format, and beyond.

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