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16+1 COOPERATION FRAMEWORK: GENESIS, CHARACTERISTICS AND PROSPECT

ABSTRACT

The relations between China and Central and Eastern European countries (CEEC) have experienced different phases in the last 25 years. China's new strategy toward CEE emerged in the last three years. It can be called the regional approach. The so-called regional approach to deal with Central and Eastern European countries can be regarded as a breakthrough in China's policy towards Central and Eastern European countries. 16+1 cooperation framework has taken shape in the last three years. As China rediscovered different CEEC, CEEC rediscovered different China, common interests have drawn China and CEEC closer. The 16+1 cooperation framework is quite special, neither group nor international organization can encapsulate its characteristics. Equal partnership, loose institutionalization, comprehensive cooperation, multi-functional arrangement and well-planned framework are main characteristics. The 16+1 cooperation framework is a real novelty in international relations. The emergence of 16+1 framework arises from both common political will to cooperation and mutual demand for closer economic links. The 16+1 framework has to face several challenges.

Key words: China, Central and Eastern Europe, foreign policy.

In recent years, we have witnessed the growing interaction between China and Central and Eastern European countries. In spite of existence of different definitions of Central and Eastern Europe, China put 16 countries from Europe in the same understanding: Central and Eastern European countries including

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Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia, Slovenia, Bulgaria, Romania, Czech Republic, Hungary, Poland and Slovakia. When China-CEEC cooperation framework (the so-called 16+1 framework) took shape, many scholars and observers were taken by surprise. Some scholars in the West tried to speculate China's motives. Some observers thought that China was pursuing a policy of divide and rule towards Europe as it drew 11 EU member states into its fold. Some scholars assumed that China formed China-CEE group and that China has used money to gain support from CEEC.² Those observations about China-CEEC relations do not conform to reality. This paper is aimed to make clarifications about 16+1 cooperation framework.

In order to provide a comprehensive analysis of China's policy towards CEEC, this paper starts with a brief overview of the relationship between China and CEEC in the last quarter of century. Then, it will analyze the genesis of 16+1 cooperation framework and the reasons behind the sudden warming-up of the relationship between China and CEEC after 2011, which came as a surprise for some observers both in China and abroad. In the following part, it will examine the characteristics of 16+1 Cooperation Framework. At last, it will explore the prospect of 16+1 Cooperation Framework.

RELATIONS BETWEEN CHINA AND CEEC AFTER 1989

For better understanding of the current state of our relationship, it is desirable to take stock of the history of the relations between China and CEEC after 1989. Since 1989 is a turning point in the history of Europe, it has long-lasting impact on CEEC. I divide the post-1989 era into three periods.

The first period: 1989–1998

This period can be regarded as the period of mutual disengagement. China did not pay too much attention to Central and Eastern Countries while the Central and Eastern European countries focused more on the West. China maintained normal state-to-state relationship with CEEC; however, China did not consider CEEC as its major external partners. It is quite normal to observe each other through ideological prism in this period. The new ruling elite in CEEC that mainly came from the dissidents, perceived China as a classical communist state, while some people in China that looked at the events in Eastern Europe from the point

² Kerry Brown, "Is China's Money Enough to Unite Central and Eastern Europe", <http://thediplomat.com/2014/10/is-chinas-money-enough-to-unite-central-and-eastern-europe/15/05/2015>.

of view of ideology, got upset by the events taken place in Eastern Europe, especially when the communist parties in Eastern Europe lost power. The relationship between China and CEEC were affected by the domestic agenda and the priority of foreign policy. China faced the daunting challenge of restarting of reform after 1989: Deng Xiaoping's southern tour in 1992 and the 14th Congress of CCP laid the ground for the new round of reform and opening to the outside world. China set the socialist market economy as its objective model of economic transition. At the same time, CEEC focused on rapid political and economic transition. Poland pursued shock therapy (Balcerowicz Plan), moved from centrally planned economy to market economy. Vaclav Klaus in Czech Republic stated that Czech Republic would build the market economy without any adjectives. Concerning the foreign policy, both China and CEEC were in the process of reorientation of foreign policy. China had to face up with the new international environment: Western sanctions and the end of bi-polar world. Deng put forward the new strategy: "good at keeping a low profile, never take the lead, hide our brightness, and make a difference". "We will never seek hegemony; we will never take the lead". The top priority of the foreign policy was to get rid of international isolation, end the sanctions and restore relations with the Western powers. After the liberation from the Soviet yoke, a strategic vacuum emerged for Central and Eastern European countries for a short period. The West did not make swift response to the CEEC's aspiration to join the West world, some countries complained that newly-liberated countries became the orphans of the Europe. CEEC pursued turn-West policy, sought to gain security guarantee. Accession to NATO and EU became the top priority for most of the Central and Eastern European countries.

The second period: 1999-2008

Both China and CEEC started to find its place in international arena. In this period, China increasingly became a global power. China's accession to WTO in 2001 marked China's full integration of global economy. Shanghai Cooperation Organization was established in June 2001, it was aimed to strengthen mutual trust and good-neighborliness and friendship among member states. China established strategic partnership with Europe in 2003. For the peace and stability of Korean Peninsula, China led the stop-go Six-party talk on North Korea from August 2003 to September 2007. As a responsible power, starting from 2002, China began to send sizable peacekeeping contingents to relevant regions and countries to join the UN peacekeeping operation. Chinese Navy started its escort mission to fight Somali pirates in late 2008. As for CEE, in 1999, two events took place. NATO enlargement brought Czech Republic, Hungary and Poland into NATO and NATO

launched bombing against the Federal Republic of Yugoslavia in the pretext of humanitarian intervention because of Kosovo crisis. Unfortunately, Chinese embassy in Belgrade became the target of the bombing, as CIA asserted it identified the wrong coordinates. The bombing claimed the lives of three Chinese journalists and led to the destruction of the building of the embassy. On 1st May 2004, eight Central and Eastern European countries joined EU, their Europe dream came true; Poland, Czech Republic, Slovakia, Hungary, Slovenia and the Baltic states became the member states of EU. At the same year, Slovakia, Slovenia, Romania, Bulgaria, the Baltic States joined NATO. In the wake of NATO and EU enlargement, the strategic significance of the CEEC on the world stage increased dramatically. As China became a global power, its interests in the region increased substantially. President Hu's visit in June 2004 sought to build partnership with Central and Eastern European countries. China and Romania pledged to establish an "all-round friendly and cooperative partnership"; China and Hungary committed to establish "friendly and cooperative partnership". China and Poland promised to establish "friendly and cooperative partnership".

The third period: From 2009 onwards

From 2009 onwards, the relationship between China and CEEC has improved, 16+1 format ushered a new era for China-CEEC relations. The aftershock of 2008 global financial crisis was felt by China and Europe. In Europe, global financial crisis evolved into a sovereign debt crisis, while China's export sector suffered from the sagging demand in main markets. Except for Poland, most of the Central and Eastern European countries were hit hard by the global financial crisis; some countries had to seek the bailout from IMF and EU. The crisis created opportunity for China-CEEC cooperation, decision-makers considered the possibility for further enhancing bilateral relations in the context of global financial crisis. CEEC continued the trend of turning to the West, Croatia and Albania joined NATO in 2009, Croatia wrapped up the accession negotiation in late 2011. Serbia made stride in European integration, obtained candidate status of the EU in 2011. China's role in global economy has increased, it started to get involved in the global governance in G20. China-ASEAN Free Trade Area that came into effect in 2010, made China become the 3rd largest trade partner for ASEAN. Since June 2009, BRIC Summit has become the main forum for emerging economic powers. In this period, several high-ranking Chinese statesmen visited CEEC. Vice President Xi Jinping, would-be China's top leader visited Hungary, as well as Bulgaria and Romania in 2009. When Prime Minister Wen Jiabao paid an official visit to Hungary in June 2011, he sent a clear message to CEEC in his speech at the China-Central and Eastern European Countries

Economic and Trade Forum, that China is willing to develop good relations with Central and Eastern European countries. Prime Minister Wen Jiabao put forward 12 measures for promoting friendly cooperation with Central and Eastern European countries in his historic visit to Poland in April 2012. For the first time, China's policy towards CEEC emerged, as China put 16 countries from CEEC in the same category. The first China-CEEC Summit held in Warsaw did bear symbolic significance, as it brought 17 prime ministers together. After Warsaw meeting, 16+1 format has taken shape. In late 2012 and early 2013, some observers closely followed the impact of change of leadership on China's policy to CEEC, some diplomats from CEEC were wary about the possible policy reversal. After the transfer of power in leadership, the new leadership continued the main line of foreign policy of previous leadership. Premier Li Keqiang's tour in Romania in November 2013 and in Serbia in December 2014 demonstrated that there was no substantial change of China's policy towards CEEC. It was rare that Chinese premier paid official visit to CEEC in four consecutive years in the last two decades.

GENESIS OF THE 16+1 COOPERATION FRAMEWORK

China's new strategy toward CEEC has emerged in the last three years. It can be called the regional approach. The so-called regional approach to deal with Central and Eastern European countries can be regarded as a breakthrough in China's policy towards Central and Eastern European countries. China has expanded the scope of its European policy, increased its engagement with CEEC. The regional approach signaled a new way of thinking in the Chinese EU-policy.³ It was in 2011 that China started thinking about relations with Central and Eastern European countries in terms of regional approach. Therefore, the CEEC's weight in China's foreign relations has increased substantially. On June 25th, 2011, the first China-Central and Eastern Europe Business Forum was held in Budapest. Premier Wen Jiabao addressed the forum, conveyed message to CEEC that China is committed to develop good relations with CEEC. Premier Wen Jiabao addressed to the second China-Central and Eastern Europe Business Forum in Warsaw, brought forward the 12-point initiative for deepening cooperation with CEEC. Warsaw Initiative can be regarded as the new starting point for China-CEEC relations (Table 1).

³ Ottó Juhász, Principles and Framework for Cooperation between Central and Eastern Europe and China, paper presented to Forum on "China and Central and Eastern European Countries: Economic Cooperation and Outlook", Beijing, China, 23 May 2013.

Table 1: 12 Measures (Warsaw Initiative) put forward by Premier Wen Jiabao

1. Establishment of a secretariat for cooperation between China and Central and Eastern European countries in China's Ministry of Foreign Affairs.
2. Creation of a US\$10 billion special credit line, a certain proportion of which will be concessional loans, with a focus on cooperation projects in such areas as infrastructure, high and new technologies, and green economy.
3. Setting up an investment cooperation fund between China and Central and Eastern European countries with the goal of raising US\$500 million in the first stage.
4. Trade and investment promotion missions is going to send to Central and Eastern European countries.
5. Encouragement of Chinese enterprises to cooperate with relevant countries to establish one economic and technological zone in each country in the next five years. Encouragement of Chinese enterprises to take part in the development of existing economic and technological zones in the relevant countries.
6. Exploration of financial cooperation such as currency swap, local currency settlement for cross-border trade, and establishment of bank branches in each other's countries.
7. Establishment of an expert advisory committee on the construction of transportation network between China and Central and Eastern European countries. Exploration of the building of regional highway or railway demonstration networks through joint venture, joint contracting and other means.
8. Proposal for holding a forum on cultural cooperation between China and Central and Eastern European countries.
9. 5,000 scholarships to the 16 Central and Eastern European countries in the next five years.
10. Proposal for setting up a tourism promotion alliance between China and Central and Eastern European countries.
11. Establishment of a research fund on relations between China and Central and Eastern European countries.
12. Hosting of the first young political leaders forum of China and Central and Eastern European countries.

Source: Chinese Ministry of Foreign Affairs.

The formation of 16+1 cooperation framework is one of the most important achievements of China's diplomacy. 16+1 Cooperation Framework refers to different mechanisms and arrangements between China and 16 Central and Eastern European countries and it was formed after premier Wen Jiabao's historic visit in Poland in 2012. The forming of inter-governmental network for China-Central and Eastern Europe cooperation is one of the achievements of the China-CEE relations. On September 6th 2012, the Secretariat for Cooperation between China and Central and Eastern European Countries was

established in China's Ministry of Foreign Affairs, deputy minister of the Ministry of Foreign Affairs served as the Secretary General. The Secretariat for Cooperation between China and Central and Eastern European Countries provides a useful platform to development of bilateral and multilateral relations between China and CEEC. Based on China's proposal, the 16 Central and Eastern European countries will, in the principle of voluntarism, each designate a counterpart department and a coordinator to take part in the work of the secretariat. The secretariat brought 16 national coordinators together, the first 16+1 national coordinators' meeting was held in September 2012. Since 2012, the 16+1 cooperation framework has been widely accepted in Central and Eastern European countries and the cooperation in the form of 16+1 format has moved into the fast track. In the last two years, China-CEEC summit was held on regular basis, different cooperation mechanisms have been formed or under consideration. Contrary to China's one-sided "12 measures", the Bucharest Guidelines and the Belgrade Guidelines became a joint pledge for cooperation.

The 16+1 cooperation framework emerges as time requires. In the last decade, China rediscovered CEEC while CEEC rediscovered China. The mutual rediscovery pushed forward the relations between China and CEEC.

China's rediscovery of CEEC: First of all, Central and Eastern European countries, especially the new member states of EU, can play an important role in Europe. Due to the three rounds of enlargement, 11 countries from CEE joined the European Union and the goal of the remaining five countries in the Western Balkans has been the EU accession. Secondly, Central and Eastern European countries can serve as China's bridgehead for exploration of European market. CEEC are located in the heart of Europe, their well-connected transport facilities can serve as a bridge between Eastern and Western markets. Thirdly, Central and Eastern European countries transformed their economic system to market economy, some of the countries have achieved economic success. Although CEEC suffered from the global financial crisis and euro-zone debt crisis, these countries have shown resilience, the prospect of economic development in CEEC remain bright if CEEC introduce sound economic policy.

CEEC's rediscovery of China: First, China has become an important factor of global shift of power. The political elites have noticed the shifting of global economic landscape and the role which China plays. Hungarian Prime Minister Victor Orban gave a keynote speech in Shanghai World Expo in 2010, saying that the Asian giant was at the centre of geopolitical changes taking place in the world. He pointed out "New power engines are emerging, new ideas and concepts of economic policy become dominant. Now it is perfectly clear to all of us that the world is undergoing very rapid and deep changes, and that China plays a key

role in these changes”.⁴ As former president of Poland Aleksander Kwaśniewski admitted that alike Europe, China is an important player in world politics and economy.⁵ Secondly, China has maintained a good record of economic growth, its economic clout continues to expand. Beata Stelmach, a Polish official, put this way, “China’s economic growth makes it a very attractive partner. Therefore, we must think further ahead of us the potential areas for cooperation”⁶. Some experts in CEEC think China’s huge trade surplus and foreign exchange reserve make China expand its economic presence in Europe, including CEEC. The most promising topics for discussion are the modernization of the railway, the introduction of high-speed rail, road and aviation infrastructure, energy, mining and shipbuilding. Thirdly, China should be regarded as an important economic partner for CEEC. In spite of the long distance between China and CEEC, fast-growing economy in China and the large market can provide opportunity for business in CEEC. Some decisions-makers realized CEEC could benefit from closer economic cooperation with China and potential for economic cooperation between China and CEEC should be tapped.

In the wake of EU eastern enlargement, China’s interest in CEEC has increased. Before the first round of EU enlargement, China issued its first EU Policy Paper, in which it was aimed to enlarged EU. The document mentioned the forthcoming enlargement, “In 2004, the EU will be enlarged to a total membership of 25. The new European Union would then cover much of Eastern and Western Europe with an area of four million square kilometers, a population of 450 million and a GDP of over 10 trillion US Dollars”.⁷ It means that China started to put newcomers in EU from CEE in European perspective. Relations with Central and Eastern European countries are embedded in the strategic framework of China-Europe relations. China’s foreign policies towards Europe can be categorized into different layers: the relations with European powers (Germany France and UK); the relations with EU institutions; relations with sub-regions (Southern Europe, Northern Europe and Central and Eastern Europe). 16+1 framework does give CEEC a position in China’s foreign policy.

⁴ “Hungarian Prime Minister Viktor Orban meets Premier Wen Jiabao and gives keynote speech on final day of Shanghai Expo 2010”, www.itnsources.com/shotlist/RTV/2010/11/01/RTV_2775010/, 12/04/2015.

⁵ “Kwaśniewski: Chiny chcą być supermocarstwem”, www.wprost.pl/ar/348550/Kwasniewski-Chiny-chca-byc-supermocarstwem/, 15/04/2015.

⁶ Think tank, Special Issue for President Komolowski’s Visit to China, Chinese Edition, 2011.

⁷ China’s EU Policy Paper (full text), http://news.xinhuanet.com/english/2003-10/13/content_1120500_1.htm, 10/03/2015.

China's rise as a powerhouse of the world economy is one of the most important factor in global power shift. Fast-pace economic growth and better-off of people's welfare can be attributed to proper economic reform strategy, sound economic policy, opening to the outside world and active participation in the process of globalization over the last three decades. China overtook Japan, became world second largest economy by nominal GDP in 2010. China is a global hub for manufacturing, and is the largest manufacturing economy in the world. The most important thing is that reform set the depressed entrepreneurial spirit free, some innovative and competitive enterprises came into being, these companies have moved up the value chain and competed with other firms in China and elsewhere around the world. China's entry into WTO at the end of 2001 is a milestone event that drives the growth of foreign trade. "go global" strategy was put forward in 2002. Chinese government encourages Chinese firms to explore global market, Eastern Europe included. In the last decade prior to China's WTO accession, China's growth in foreign trade averaged 15.5% per annum. In the next ten years from 2002 to 2011 following the accession, the average yearly growth rate increased up to 22.6%. After the global financial crisis, China's foreign trade slowed down substantially. China's imports and exports decreased by 13.9% in 2009 as China felt the pinch of the shocks from the US sub-prime crisis. As China is the world's largest exporter and second-largest importer, China becomes a trading power. In 2012, China has surpassed the US as the biggest trading nation measured by the sum of exports and imports. US exports and imports of goods amounted to \$3.82 trillion while China's volume of exports and imports in goods reached \$3.87 trillion. According to AP report, as recently as 2006, the U.S. was the larger trading partner for 127 countries, versus just 70 for China. By 2011 the two had clearly traded places: 124 countries for China, 76 for the U.S. Although China officially has different reading about the figures, there is no doubt that China is a trading power. As China's value of exports and imports reached 4.16 trillion USD in 2013, China overtook the US, became the world's largest trader in goods for the first time. As China is fully integrated with global economy, CEEC as part of European emerging economies cannot be neglected for a long time. Global financial crisis has accelerated China's maneuver in CEEC.

Central and Eastern European countries suffering from the global financial crisis turned to China to seek economic cooperation and trade promotion. When Victor Orban came into power in 2010, Hungary introduced a policy of opening to the East, Hungary expressed its readiness to act as a long-standing economic, financial and logistic bridgehead in the South-East European region when Premier Wen visited Hungary. Some Central and Eastern European countries reiterated that they can serve as China's gateway towards the markets in EU, the world's

largest economic block. As the consequence of global financial crisis, especially the Euro-zone debt crisis, the fall of demand in the West compelled firms to look for market outside Europe, China as one of the largest emerging markets was regarded as an option. Central and Eastern European government actively sought the way to deepen economic relations. Poland launched “Go China” strategy aiming at encouraging Polish entrepreneurs to cooperate with Chinese business partners, exploring the booming Chinese market. China Investment Forum held in Czech Republic was aimed to give the boost to the economic relations between China and Czech Republic. Both political leaders and business leaders demonstrate the willingness to develop economic and trade relations in the last three years. The window of opportunity has opened.

CHARACTERISTICS OF THE 16+1 COOPERATION FRAMEWORK

To better understand 16+1 cooperation framework, it is imperative to outline the main characteristics of the 16+1 framework. The 16+1 cooperation framework is quite special, neither group nor international organization can encapsulate its characteristics.

Equal partnership

Although China is much larger than Central and Eastern European countries in term of area, population and the size of economy, China has sought to build partnership with Central and Eastern European countries on an equal footing. 16+1 cooperation framework, in which each country is equal partner, can serve as the platform to enhance every country’s interests. The 16+1 cooperation framework as China’s brainchild is based on principle of voluntarism. While China set up the Secretariat for Cooperation between China and Central and Eastern European Countries in Ministry of Foreign Affairs, for the sake of coordination, the 16 central and eastern European countries can, based on the principle of voluntarism, designate a counterpart department and a coordinator to take part in the work of the secretariat. Concerning the different mechanism of 16+1 format, each country from CEE should choose to join voluntarily. China does not impose its will on Central and Eastern European countries, Central and Eastern European countries are regarded as equal partners in the 1+16 cooperation framework.

Loose institutionalization

In the last three years, the 16+1 cooperation framework has evolved in the direction of loose institutionalizing. Institutional arrangement in different mechanism is not tight-knit, each country or entity can decide whether or not

to join the relevant mechanism for cooperation on voluntary basis. China-CEEC Summit i.e. China-CEEC Leaders Meeting at prime minister level is held yearly. China-Central and Eastern European Countries Economic and Trade Forum are held on an annual basis. Before the summit, national coordinators' meeting is held to coordinate positions and make preparation for the summit. It should be noted that the progress has been made in institutionalization of cooperation mechanisms in various areas. Usually, institutionalization in different areas takes the form of association, forum or networking which can facilitate contacts between China and CEEC. Hungary hosted China-CEEC Association of Tourism Promotion Institutions and Travel Agencies. Serbia will set up China-CEEC Federation of Transport and Infrastructure Cooperation. The executive office of China-CEEC Joint Chamber of Commerce will be stationed in Warsaw. The secretariat of China-CEEC Contact Mechanism for Investment Promotion Agencies will be established in Beijing and Warsaw. Bulgaria is going to host the China-CEEC Federation of Agricultural Cooperation. Czech Republic will host China-CEEC Federation of Heads of Local Governments. Romania made the initiative to set up China-CEEC Centre for Dialogue and Cooperation on Energy Projects. Belgrade Guideline demonstrated support for establishment of China-CEEC Federation of Logistics Cooperation and China-CEEC Think Tanks Exchange and Cooperation Centre.

Table 2: Cooperation mechanisms between China and CEEC

Mechanism	Host country (entity)	Status
China-CEEC Association of Tourism Promotion Institutions and Travel Agencies	Hungary	established
China-CEEC Higher Education Institutes Consortium	Rotating (higher education institute)	established
Secretariat of China-CEEC Contact Mechanism for Investment Promotion Agencies	Poland and China	established
China-CEEC Joint Chamber of Commerce	Poland (Executive Office) China (Secretariat)	established
China-CEEC Federation of Transport and Infrastructure Cooperation	Serbia	In the pipeline
China-CEEC Federation of Agricultural Cooperation	Bulgaria	In the pipeline
China-CEEC Federation of Heads of Local Governments	Czech Republic	In the pipeline
China-CEEC Federation of Logistics Cooperation	Not available	Under consideration
China-CEEC Think Tanks Exchange and Cooperation Centre	China	In the pipeline

Comprehensiveness of cooperation

16+1 cooperative framework covers different fields from political dialogue, economic cooperation, to people-to-people exchanges. If we take stock of the areas of cooperation between China and CEEC, it can be said the areas of cooperation are quite comprehensive. The priority of the cooperation is given to connectivity, trade and investment, financial cooperation, cooperation in sciences and technology, people-to-people and cultural exchanges.

In the area of political dialogue, 16+1 framework serves as a platform between China and CEEC. In the past, high-level visits between China and CEEC were not frequent, Central and Eastern European countries were not in the favorite list for high-level visit in China. Premier Wen's visit in Poland was Chinese premier's first visit in 25 years, it means that no Chinese premier paid a visit to Poland in one quarter of century. When 16+1 framework emerged, China-CEEC Summit provided an opportunity for high-level political dialogue at prime minister level.

Connectivity is the common concern for both China and CEEC. Cooperation in connectivity has borne fruits. China signed cooperation agreement on the railway connecting Belgrade and Budapest with Hungary and Serbia. China's initiative to build a China-Europe land-sea express line based on the Budapest-Belgrade Railway and the Greek port of Piraeus to enhance regional connectivity was well received by relevant parties among CEEC.

Trade and investment is high agenda in 16+1 framework. Last decade has seen rapid growth of trade between China and Central and Eastern Europe. The trade volume between China and CEEC in 2014 reached 60.2 billion USD, which is five times more than the trade volume in 2004. During Bucharest Meeting, China and CEEC set the goal of doubling trade volume over the next five years. There are some visible investment cases in CEEC, for example, Wanhua Industrial Group acquired full control over Hungarian chemicals company BorsodChem in the transaction of 1.69 billion U.S. dollars in February 2011. LiuGong Machinery Corp. finalized its agreement to acquire Poland's Huta Stalowa Wola (HSW S.A.) and its distribution subsidiary Dressta Co, Ltd in January 2012. China Railway Signal & Communication Corporation has signed a deal to buy a majority stake of 51 percent in the Inekon Group from its founder Josef Hušek. Inekon, a Czech tram producer, will thus receive a marked financial boost and a strong foothold in the Chinese market. Rizhao Jin He Biochemical Group (RZBC) announced in Budapest in 2014 that it had chosen Borsod County in Hungary as the site of a new citric acid factory, with sales planned for the European market. China's loan reached to Macedonia, Serbia and Montenegro. From 12 measures to Bucharest Guideline and Belgrade Guideline, trade and

investment has been high on agenda. Belgrade summit decided to hold the China-CEEC Ministerial Meeting on Promoting Trade and Economic Cooperation once every two years. Several measures to enhance the trade and investment have been taken in the 16+1 framework.

Multi-functional arrangement

Despite 16+1 framework was a Chinese initiative, it has become common enterprises between China and CEEC. The 16+1 framework has multiple functions. On the one hand, 16+1 framework serves as the instrument for strengthening bilateral relations between China and CEEC, on the other hand, 16+1 framework can contribute to the development of China-Europe relations. As the Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries pointed out “China-CEEC cooperation has provided new driving force to China-CEEC traditional friendship, built a new platform for mutually beneficial cooperation and served as a new engine for deepening China-Europe relations for mutual benefit and win-win cooperation”.⁸ When the 16+1 framework took shape in 2012, some misgivings were voiced by some officials from EU and some member states. Some observers even mentioned China’s tactics of “divide and rule” in its policy towards Europe. Even the press, communicating the first China-CEEC summit, mentioned that China-CEEC relationship is an important part of China-EU relations as a whole. With the passage of time, it will become evident that 16+1 framework does not pose any threats to China-EU relations. China responded with action to EU’s concern over China’s policy. As Polish scholar noticed, China modified its approach, consulting the European Commission and CEE about its proposals in advance, during the second summit held in Bucharest.⁹ Bucharest guideline stressed that “China-CEEC cooperation is in concord with China-EU comprehensive strategic partnership”.¹⁰ As former Albanian President Rexhep Meidani made comment on the new institutionalized cooperation format, “Central and Eastern Europe’s cooperation with China doesn’t undermine EU policy, on the contrary. Some concerns raised from the bureaucracy of Brussels are without sense. Apart from

⁸ “The Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries”, www.china-ceec.org/151/2015/01/07/41s5476.htm, 24/03/2015.

⁹ Justyna Szczudlik-Tatar, “China and the CEE Look for New Development Opportunities”, *PISM Bulletin*, No. 134 (729), 12 December 2014.

¹⁰ “The Bucharest Guidelines for Cooperation between China and Central and Eastern European Countries”, <http://gov.ro/en/news/the-bucharest-guidelines-for-cooperation-between-china-and-central-and-eastern-european-countries>, 15/04/2015.

EU-China policy, which is a general framework for all 28 states, in fact each EU member pursues its own bilateral policies towards China. Similarly, the eleven CEE countries members of EU or five potential candidates are also eager to use China's rising interest in the CEE region".¹¹ Although 16+1 framework is a Chinese initiative, it does get the active response from CEEC. In the last couple of years, the political will of the cooperation through 16+1 framework has increased. As Mr. Sikorski pointed out "the more ties there is between our region and China, the better it is for the EU-Chinese relationship".¹²

Well-planned framework

The institutionalized framework of 16+1 has become goal-oriented practice. In the last three years, the 16+1 initiative has been transformed into institutionalized framework for cooperation between China and CEEC. In spite of the informal nature of the framework, the 16+1 framework is well planned. From the second summit on, 16+1 framework has resulted in the formulation of guidelines for cooperation. The Bucharest Guidelines for Cooperation between China and Central and Eastern European Countries and Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries were passed by the heads of government of China and Central and Eastern European Countries in 2013 and 2014 respectively. The Belgrade Guidelines even attached an annex containing the information about implementation of the measures of the Bucharest Guideline. If we observe the evolution of 16+1 framework, usually current summit reviews the progress made in previous year and works out plan for the next year. Whether the guidelines on a yearly base will become custom in the future remains unknown. It was stated in Belgrade Guidelines that formulation of medium-term agenda for cooperation between China and Central and Eastern European Countries will start in 2015.

THE PROSPECT OF THE 16+1 COOPERATION FRAMEWORK

The 16+1 cooperation framework is a real novelty in international relations. The emergence of 16+1 framework arises from both common political will to

¹¹ "Remarks by Mr Rexhep Meidani, Former President of Albania", Report on the 2nd High Level Symposium of Think Tanks of the People's Republic of China and Central and Eastern European Countries, Bled, Slovenia, 2–3 September 2014.

¹² Draft speech of Minister Radosław Sikorski at the opening of the conference "China-Europe: New Approach for a New Time", China V4 think-tank round table, Beijing, 13 September 2012, www.msz.gov.pl/resource/5f52157d-4300-4661-9078-e588ab7201fb:JCR, 20/04/2015.

cooperation and mutual demand for closer economic links. The 16+1 framework has to face the following challenges.

*How to deal with the relationship between the 16+1 framework
and China-EU relations?*

From China's official foreign policy discourse, China-CEE relations are the component part of China-EU relations; China-CEE relations are the new sources of growth of China-EU relations; China-CEE relations are the new important engines of China-EU relations. China-EU partnerships for peace, growth, reform and civilization is the guideline of China-CEE cooperation. An EU official stated that transparency and abiding by EU competences and rules, are key to making the 16+1 Cooperation Framework a sustainable success under the umbrella of the EU-China strategic partnership and the EU-China 2020 agenda.

EU-China 2020 agenda¹³

China emphasizes 16+1 framework contributes to the balanced development of member state of EU, benefits the European integration, cooperation will be carried out in the framework of EU standards and regulations. Although doubts from EU and some old member states are not as so strong as in the first summit, it is hard to fully dispel the doubts. The 16+1 framework has to match the words with action to show the 16+1 framework is compatible with China-EU relations.

*How to deal with different demand of cooperation coming
from different countries?*

In the 16+1 framework, China faces with 16 Central and Eastern European countries. Central and Eastern Europe is not a homogeneous region, among 16 countries, 11 countries are member-states of EU, five countries in the West Balkans are outside EU, still knocking on the door of EU. The regulatory framework of the member states of EU is different from non-member states, therefore, China's cooperation with CEEC confronts with different standards and regulations. Taking into account the differences in area, population, industries, development level and competitiveness in various sectors, the demand of cooperation from 16 countries can be quite different. China should make full use of the 16+1 framework, objectively evaluate the demands of cooperation from

¹³ "Remarks by Mr George Cunningham", Report on the 2nd High Level Symposium of Think Tanks of the People's Republic of China And Central and Eastern European Countries, op. cit.

different countries, and seek win-win cooperation through joint projects in different areas.

How to realize de-ideologization of state-to-state relations?

What drives the 16+1 cooperation framework is national interests rather than common ideology. In terms of ideology, China is different from CEEC. China does not intervene into the internal affairs of CEEC, nor does it get involved in the disputes among CEEC. Ideological barriers still exist. If the issues of ideology are not handled properly, it will have an adverse impact on bilateral relations. Some scholars from CEEC emphasized CEEC should treat China as a state with different value system, as well as a unique development model, strengthen the relations with China. After the Xi-Li tandem came into power, China's policy to CEEC has maintained continuity, the 16+1 framework has become institutionalized. For CEEC, theoretically, foreign policy is subject to changes because of political cycle based on general election. Consensus building over the 16+1 framework in the mainstream political parties is crucial for the long-term cooperation between China and CEEC.

How to define the role of different actors in the 16+1 framework?

In the 16+1 framework, there are different actors. First, 16 CEEC should play their part in the 16+1 framework. It should be noted that several CEEC are eager to host the different mechanism under the 16+1 format. Second, local governments should play a constructive role in the framework. The central governments should provide appropriate conditions for the local governments. Third, the government and enterprises should have some kind of division of labour. From state perspective, China and CEEC have strong political will to strengthen bilateral economic cooperation, the governments could guide enterprises to learn about each other's market, to help enterprises to enter the market, but the governments cannot replace enterprises in business decision making. Entrepreneurs need time to understand the market, find out reliable business partners, and look for the right project. Political decisions from governments are much faster than corporate investment decisions, so we need to be patient with the pace of economic cooperation. The globalization of Chinese enterprises is still in the initial stages, most companies lack the understanding of the European market, especially market in CEEC, and experience in doing business overseas. To some extent, this also restricts the process of Chinese enterprises going globally. CEEC should encourage their enterprises to explore Chinese market in order to benefit from China's booming market.

The annual Heads of governments meeting is going to be held in Beijing in 2014. The Beijing Summit will give a boost to the 16+1 cooperation framework. Both China and CEEC should make joint efforts to make the 16+1 cooperation framework to work in order to bring benefits to people in China and CEEC.

Kong TIANPING

OKVIR ZA SARADNJU „16+1”: NASTANAK, OBELEŽJA I PERSPEKTIVA

APSTRAKT

Rad analizira različite faze u razvoju odnosa Kine i zemalja Srednje i Istočne Evrope tokom poslednjih 25 godina, sa težištem na novoj strategiji Kine usmerenoj na ovaj deo evropskog kontinenta. Autor zastupa tezu da se primena tzv. regionalnog pristupa u vidu jačanja odnosa sa zemljama Srednje i Istočne Evrope može smatrati probom kineske spoljne politike u ovom delu sveta. Okvir za saradnju „16+1” je uobličavan tokom prethodne tri godine i može se reći da, onoliko koliko je Kina ponovo otkrila zemlje Srednje i Istočne Evrope, toliko su i ove zemlje ponovo otkrile jednu novu i različitu Kinu, te je došlo do međusobnog zbližavanja uslovljenog zajedničkim interesima. Autor ocenjuje da Okvir za saradnju „16+1” ne predstavlja niti grupu ni klasičnu međunarodnu organizaciju zbog osnovnih obeležja, poput labave institucionalizacije, partnerstva zasnovanog na jednakosti, sveobuhvatnosti saradnje i višefunkcionalnom aranžmanu. Autor u zaključku naglašava da, iako je kao novina u međunarodnim odnosima suočen sa više izazova, Okvir za saradnju „16+1” ima dobrih izgleda za budućnost jer je zasnovan na postojanju uzajamne političke volje za saradnjom i zajedničkih zahteva za tešnjim ekonomskim povezivanjem.

Ključne reči: Kina, Srednja i Istočna Evropa, spoljna politika.