

# Cooperation between China and the Central and Eastern European Countries in Times of Major Changes

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The cooperation between China and the Central and Eastern European countries (hereinafter referred to as China-CEEC cooperation) is a cross-regional cooperation mechanism which was initiated and promoted by China to respond to an evolving international situation and simultaneously take into consideration the needs of CEE countries. In the past eight years since its launch, the mechanism has made positive progress and accumulated rich experience, but it also faces many new challenges amid the momentous changes unseen in a century. It is therefore crucial for the steady and sustainable development of China-CEEC cooperation to review the achievements and experience in practice, and comprehensively assess the opportunities and challenges therein.

## Achievements and Experience

Over the past eight years, China-CEEC cooperation has forged ahead and made a series of achievements in practical cooperation.

### **Economic and trade ties contribute more to overall cooperation**

In the era of planned economy, the scope and scale of China-CEEC economic and trade cooperation were relatively limited. The market concept was weak, while ideological and political considerations were in the forefront. Economic and trade cooperation during the Cold War was

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mainly a tool to serve political purposes. However, the current China-CEEC cooperation mechanism is of a totally different character. It is now based on market principles, demand-oriented and guided by trade, in which economics plays the major role on a stage set up by the cordial political relationship.

China-CEEC cooperation has been overcoming various difficulties from the very beginning. When Chinese enterprises first tried to enter the CEEC market in 2012, they were faced with an environment in which the CEE countries had to follow harsh austerity policies and the European Union was in poor economic conditions. At the same time, Chinese enterprises at home had to catch up with the new normal of transforming the growth model and adjusting the economic structure. At present, cooperation between the two sides is further burdened by the EU's investment security review, China-US trade frictions, and negative changes in the EU's China policy, which comes on top of the downward pressure from global and domestic economy.

However, despite all these difficulties, China and the CEE countries are still able to achieve steady progress in their economic, trade and investment cooperation. In 2012, China's trade with the CEE countries (excluding Greece) amounted to US\$52.06 billion. In 2014, the trade volume between the two sides reached US\$60.22 billion, exceeding the US\$60 billion mark for the first time. In 2016, although China's total foreign trade volume was cut by 6.8 percent and its trade with Europe went down by 3.3 percent, the trade volume between China and 16 CEE countries went against the trend and rose by 9.5 percent. In 2019, China's trade with the CEE countries (including Greece) reached US\$95.45 billion, a year-on-year increase of 6.91 percent. In comparison with 2012, China's trade with 16 CEE countries (excluding Greece) registered an increase of 67.1 percent and reached US\$86.99 billion. In 2012, China's trade with the CEE countries accounted for only 1.35 percent of China's total foreign trade and 7.62 percent of China's trade with Europe. However, eight years later the trade volume between China and the CEE countries grew to 1.9

percent of China's global trade and 9.92 percent of China-Europe trade.<sup>1</sup> Although the share is still relatively small, its expansion year by year reflects the rising position of CEE in China.

China's investment in the CEE countries has also increased from US\$3 billion in 2014 to about US\$10 billion in 2018, involving machinery manufacturing, chemical industry, finance, environmental protection, logistics and new energy.<sup>2</sup> Large-scale investment projects have been implemented in the region, such as the Hungary-Serbia Railway, the Montenegro North-South Expressway, the China-Europe freight train service, the Pelješac Bridge, the Tuzla Power Plant and the Bor Copper Mine, all of which have seen steady progress. On the whole, the two sides have achieved positive and tangible cooperation results in connectivity, trade and finance, green development and environmental protection, agricultural cooperation, and e-commerce.

At the beginning of 2020, the China-CEEC Joint Chamber of Commerce and the China-CEEC Think Tanks Network jointly conducted a survey, asking Chinese enterprises for their view on business environment in the CEE countries. A total of 109 state-owned and private enterprises engaged in investment, contracting and trade activities in the CEE countries received the questionnaire, covering basically all of the 117 major Chinese investment projects in Central and Eastern Europe.<sup>3</sup> According to the results, roughly 38 percent of the enterprises surveyed were set up before the start of China-CEEC cooperation, but more than 44 percent were established after the launch of the cooperation mechanism, which demonstrates a higher number of Chinese enterprise start-ups in the region in the past eight years than in all the years before combined. The results show that the cooperation mechanism has a significant effect of attracting Chinese enterprises to operate in Central and Eastern Europe. In addition,

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1 According to China Customs statistics.

2 "Ministry of Commerce: China's Trade Volume with 16 CEE Countries in 2018 Reaches US\$82.2 Billion," *People*, May 29, 2019, <http://finance.people.com.cn/n1/2019/0529/c1004-31109445.html>.

3 China-CEEC Joint Chamber of Commerce and China-CEEC Think Tanks Network, "Survey on Chinese Enterprises' Views on Business Environment in the CEE Countries," January 2020.

the survey also reveals that more than 80 percent of enterprises want to expand their business activities in the region.<sup>4</sup>

### **People-to-people exchanges become more active with diversity in content and form**

As one pillar of the China-CEEC cooperation mechanism, people-to-people exchanges between the two sides have become increasingly close-knit with remarkable achievements, ushering in the most active period since the establishment of diplomatic relations between China and the CEE countries.

The network of people-to-people exchanges is unprecedentedly diverse. Relevant Chinese institutions have established institutional forums with the CEE countries, including the China-CEEC Cultural Cooperation Forum, the China-CEEC Education Policy Dialogue and the China-CEEC Young Political Leaders Forum. Cooperation in media, sports, health, and environmental protection is also emerging. In view of the diversity and particularity of the cooperation, the Chinese Ministry of Foreign Affairs, Ministry of Education, Ministry of Science and Technology and Ministry of Culture<sup>5</sup> have all pushed forward a number of measures to promote people-to-people exchanges, including the establishment of special funds and the introduction of special policies. With such official encouragement and support, people-to-people exchanges have been able to grow rapidly.

The exchanges of think tanks have entered the most active period in history. Although think tanks from China and the CEE countries historically were in close contact, they still lacked institutional, large-scale and systematic exchanges. In December 2015, the China-CEEC Think Tanks Network, a coordination mechanism and high-end exchange platform for think tanks from the two sides, was officially inaugurated. Subsequently, the China-CEEC Global Partnership Center, another important

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4 “Survey on Chinese Enterprises’ Views on Business Environment in the CEEC.”

5 The Ministry of Culture was renamed the Ministry of Culture and Tourism after the organizational reform of the State Council in 2018.

cooperation and exchange mechanism, was officially launched in April 2019. As a result of extraordinary efforts made by the Chinese government to promote the construction of new-type think tanks, exchanges of think tank personnel between the two sides have reached new heights in frequency and consistency, yielding fruitful achievements in cooperation.

Since the launch of China-CEEC cooperation, various linguistic, cultural and educational institutions and research centers have been established, greatly expanding education cooperation between China and the CEE countries. By 2018, China and the 16 CEE countries had enrolled nearly 10,000 international students from the other side, among whom China hosted more than 5,500 students from the CEE countries.<sup>6</sup> Chinese universities have set up majors in languages of the CEE countries and related fields. Before 2012, only two universities in China enrolled students majoring in Polish, with no more than 15 graduates per year. Since 2014, more than ten universities have successively set up study programs for Polish.<sup>7</sup>

### **Building of cooperation platforms highlight professionalism and meticulousness**

The building of professional cooperation platforms highlights the guiding role of official policies and voluntary collaboration and participation of the society. This innovative mode of cooperation, unseen in the past, embodies a new approach based on professionalism and a meticulous division of labor. According to incomplete statistics, there are 37 professional platforms, including those under construction, for China-CEEC cooperation, involving tourism, universities, investment promotion, agriculture, technology transfer, think tanks, infrastructure,

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6 Relevant data comes from the speech by Ambassador Huo Yuzhen, Special Representative for China-CEEC Cooperation, at the closing ceremony of 2018 China-CEEC Local Cooperation Year cum the opening ceremony of 2019 China-CEEC Education and Youth Exchange Year. See “China-CEEC Education and Youth Exchange Year Launched with Joint Activities Upcoming,” January 10, 2019, <http://finance.sina.com.cn/roll/2019-01-10/doc-ihqhcis4891991.shtml>.

7 Chen Siyang, “People-to-People Exchanges between China and Central and Eastern European Countries,” *European Development Report 2018-2019*, Social Sciences Literature Press, 2019, pp.274-275.

logistics, forestry, health care, energy, maritime affairs, small and medium-sized enterprises, culture, banking and environmental protection.<sup>8</sup> Professionalism and meticulousness are major features of these platforms, each of which focuses on a specific field as its main expertise or objective. Relying on the overall framework of China-CEEC cooperation, the platforms have been soundly supported in their operation and promotion. In turn, they have also pushed forward the China-CEEC cooperation mechanism, which goes beyond the conventional paradigm of inter-governmental cooperation and highlights the professional participation of different actors.

### **Advance of cooperation at dual levels motivate local participation**

The China-CEEC cooperation mechanism is driven by two engines, namely the central government and local governments. Many local governments have participated in the cooperation with unprecedented enthusiasm, which leads China-CEEC cooperation at the local level into its most dynamic period. In order to help local enterprises to “go global,” achieve a higher degree of internationalization, and enhance their image and openness, Chinese provinces such as Zhejiang, Liaoning, Shandong, and Hebei have all begun to introduce and execute their plans for cooperation with the CEE countries. According to a quantitative evaluation conducted by the China-CEEC Think Tanks Network, which is based on the five aspects of facilities connectivity, economic and trade ties, policy alignment, people-to-people exchanges and think tank participation, Ningbo, Tianjin, Beijing, Xiamen, Shenzhen, Shanghai, Hangzhou, Chengdu, Dalian and Zhengzhou are the forerunners and leading participants in China-CEEC cooperation.<sup>9</sup> As of December 31, 2018, China and the CEE countries, except Estonia, had established 173 pairs of sister cities, of which 94 were

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8 China-CEEC Think Tanks Network, “Analysis of the Current Situation and Prospects of Platform Building in China-CEEC Cooperation,” project of China-CEEC Relations Research Fund in 2019.

9 China-CEEC Think Tanks Network, “Performance Evaluation of Local Participation in China-CEEC Cooperation,” report for CASS special project on think tank building in 2019.

forged in the three decades from the early 1980s to 2012 and 79 were created from 2012 to 2018 alone.<sup>10</sup>

### **Expansion of membership testifies attractiveness and vitality**

At the 2019 Dubrovnik summit, Greece was officially invited to join the China-CEEC cooperation network and become its 18th member. The accession of Greece, which is situated at the intersection of the Balkans and Southeastern Europe, does not transgress the initial mandate of China-CEEC cooperation. However, with its unique identity, particularly as the birthplace of European civilization and a long-established developed country in Europe, and its economic development trajectory different from those of other CEE countries, Greece's accession has undoubtedly further enriched the forms and contents of mutual exchanges, and increased the attraction of China-CEEC cooperation. It has furthermore helped to disperse some criticism about the cooperation mechanism: China is not establishing a club of former socialist countries, but is carrying out cooperative measures with an inclusive and open mind. Greece is a country with ancient civilizational roots, and also a globally relevant actor in maritime transportation and marine civilization. Greece's accession provides new impetus and support for China-CEEC cooperation in cultural exchanges, mutual learning and the building of the Maritime Silk Road.

Scholars at home and abroad have elaborated and summed up successful experience in China-CEEC cooperation from different perspectives.

*First, the cooperation is pragmatic and flexible.* Some foreign scholars termed it “pragmatic institutionalism,”<sup>11</sup> which means that China-CEEC cooperation is not bound by strict regulations and rigid institutional forms.

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10 Chen Siyang, “People-to-People Exchanges between China and Central and Eastern European Countries,” p.271.

11 Natasha Malic and Wei Ling, “Pragmatic Institutionalism in China-CEEC Cooperation,” *World Economics and Politics*, No.7, 2018.

Instead, the mechanism favors a hands-on agenda, voluntary participation and flexible ways of cooperation. China-CEEC cooperation is in pursuit of socio-economic sustainability as well as development and security interests. It aims at institutionalizing pragmatic cooperation and cultivating positive norms of cooperation in international practice. Countries voluntarily choose the ways and means of participation among the many cooperation areas and projects.

*Second, the cooperation adheres to the principle of extensive consultation, joint contribution and shared benefits.* Some Chinese scholars have suggested that China-CEEC cooperation, as an example of “1+n” diplomacy, is a very prominent characteristic in China’s overall cooperative diplomacy.<sup>12</sup> The core element in this diplomatic practice is that China plays the leading role while adhering to the principle of extensive consultation, joint contribution and shared benefits. China-CEEC cooperation is guided by leaders’ summits, where a programmatic guidance is formulated each year, while the secretariat set up by China plays a central role, responsible for internal coordination among relevant ministries and organizations, and external communication and coordination with partner countries. In the process of cooperation, all parties negotiate on an equal footing and make decisions on collective actions. The final results are not just to the advantage of a single country but are shared by all.

*Third, the cooperation platform is open and inclusive.* Openness and inclusiveness are essential for maintaining the momentum of China-CEEC cooperation. To achieve the goal of steady and sustainable cooperation, new cooperative factors and additional driving forces are constantly taken in, and a spirit of openness without excluding any third parties and stakeholders is being upheld.<sup>13</sup> Since the establishment of the China-CEEC cooperation mechanism in 2012, countries and organizations outside the framework have

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12 Hu Dawei, “An Analysis of China’s Overall Cooperative Diplomacy,” *International Studies*, No.6, 2015.

13 Liu Zuokui, “China-CEEC Cooperation: China’s New Efforts in Building a New Type of International Relations,” *Contemporary World*, No.12, 2016, pp.36-39.



shown great interest to participate, such as Greece (which later became a full member), Austria, the European Bank for Reconstruction and Development, Belarus, and Switzerland. At successive leaders' summits, EU representatives were also invited to the meetings. China also welcomes the EU's proposals and its participation in projects, stressing the need to abide by EU rules. The whole process of cooperation is open to all actors and third parties, and all stakeholders may choose a suitable timing to join this mechanism in a flexible manner.

China-CEEC cooperation is an unconventional endeavor, where successful and long-lasting cooperation cannot be fulfilled by clinging to stereotypical views. This cooperation platform is continuously being enriched and improved by a series of new inventions concerning its institutions, concepts and actions. This innovative kind of cooperation in the era of globalization has created a new model of international relations in which countries with different social systems, cultural traditions and in various development stages respect each other, coexist harmoniously and jointly benefit from win-win cooperation.

## **New Opportunities and Challenges for Cooperation**

In any historical period, cooperation among countries is inevitably influenced by the international political environment. Our world is undergoing momentous changes unseen in a century. Emerging economies, including China, are a rising force, whereas the United States and Europe, as the other center of power, are in relative decline. Fundamental structural changes are taking place in the global positions and strengths of major countries. These changes increasingly bring about regroupings of regional state actors, resulting in new opportunities as well as unforeseen challenges for regional cooperation.

### **Opportunities for China-CEEC cooperation amid major changes**

First, political relations between China and the CEE countries

continue to deepen. In 2016, China upgraded its relations with Serbia and Poland from strategic partnership to comprehensive strategic partnership, and China's relations with the Czech Republic have evolved from a cooperative partnership to a strategic partnership. In 2017, China and Hungary upgraded their relations from cooperative partnership to comprehensive strategic partnership, and in 2019, China and Bulgaria also promoted their relations from cooperative partnership to strategic partnership. All this demonstrates that China and the CEE countries are establishing closer political ties, which provides a guarantee for further progress in cooperation between the two sides.

Second, the CEE countries have a great demand for cooperation with China. In terms of investment, industry, tourism, science and technology, and people-to-people exchanges, there is still quite a large margin for China and the CEE countries to cooperate, which can be further tapped and explored. The CEE countries have a great need and a strong wish to cooperate with China, especially with regard to the export of agricultural products, greenfield investment, port construction, infrastructure renovation, energy development and innovation. This is reflected in the high attendance of CEE leaders at China-CEEC summits, and the many expectations they have voiced during these meetings.

Finally, the EU still acknowledges the benefits of cooperation with China, and is exploring new cooperation opportunities and potential. Although the EU increasingly regards China as an emerging challenger of its interests, the EU's policy is still relatively pragmatic. When characterizing its relationship with China, the EU, still seeing China as its partner for cooperation and consultation rather than a full competitor, has taken two approaches simultaneously: on the one hand, it raises its concerns and partners with the United States to urge China to make reforms and concessions in areas such as market access, protection of intellectual property rights, subsidies for state-owned enterprises, and forced technology transfer; on the other hand, it steps

up practical cooperation with China. The EU and several of its member states have adopted a flexible and result-oriented position concerning China's Belt and Road Initiative (BRI). While refraining from making any political gestures or signing a memorandum of understanding on BRI cooperation with China, they have been deeply involved in many BRI projects. When it comes to specific issues, the EU will also make decisions based on its own interests. For example, in response to Washington's strong boycott of Huawei's 5G technology, the EU is not quite following suit, but adheres to the market principle while allowing member states to make their own choices. As China carries out reforms in market access, IPR protection and business environment, the EU's demand for reciprocity with China has been gradually eased. Fundamentally, China-EU cooperation has more opportunities than challenges, and closer China-EU ties will be conducive to the deepening of China-CEEC cooperation.

Both the EU and major European countries have attached great value to third-party cooperation with China. In carrying out such third-party cooperation in the CEE region, the two sides can well integrate their resources in capital, technology and experience to reap mutual benefits in a win-win environment. In November 2019, the construction of the Čapljina section of the Pan-European 5C Corridor Expressway in Bosnia and Herzegovina, contracted by China State Construction Engineering Corporation and the Power Construction Corporation of China, was officially begun. With a total cost of about 100 million euros, the project is financed by the European Investment Bank. This is the first time for Chinese companies to carry out a third-party cooperation project with the EU in Bosnia and Herzegovina. The Devnya Cement Plant project in Bulgaria, invested by the Italian cement group Italcementi and contracted by China's CBMI Construction, will provide over 4,000 jobs for the local community. The Pelješac Bridge, contracted by China Road and Bridge Corporation, is the largest project in China-Croatia cooperation, with a total estimated cost of 357 million euros. The project, supported by the EU

Cohesion Fund, serves as another model for win-win cooperation in third-party countries.

### **Pending problems in China-CEEC cooperation**

After eight years of development, China-CEEC cooperation has entered a critical area with profound changes in both internal and external environment. Many new problems are emerging, while existing problems are being magnified.

*Trade deficit.* China's trade surplus with the CEE countries has existed for a long time. According to statistics from the Ministry of Commerce of China, trade between China and the 17 CEE countries in 2019 was US\$24.82 billion in imports and US\$70.6 billion in exports. China's overall trade surplus with these countries amounted to US\$45.78 billion. Only Slovakia and North Macedonia recorded trade surplus with China of about US\$3.05 billion US\$10 million respectively. All other CEE countries had trade deficits with China, among which Poland, the Czech Republic and Greece had deficits of US\$19.93 billion, US\$8.34 billion and US\$7.01 billion respectively, while the remaining 12 countries had trade deficits with China of less than US\$3 billion.<sup>14</sup> Countries like Poland and the Czech Republic are dissatisfied with the fact that some of their products are not allowed into the Chinese market. They even think that China-CEEC cooperation is only beneficial to China.<sup>15</sup> An article published by a Polish think tank concluded that trade between China and Poland is not balanced, and that Polish products had difficulties gaining access to the Chinese market. Local producers of textiles, clothing, metal products, leather and other daily necessities had to compete with products imported from China in terms of quality and price, thereby hurting the

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14 Department of European Affairs, Ministry of Commerce of China, "China's Trade with European Countries from January to December 2019," March 2, 2020, <http://ozs.mofcom.gov.cn/article/zojmgx/date/202003/20200302941074.shtm>.

15 Xu Yixiang, "From 16+1 to 17+1: The EU's Challenge from the Rebranded China-CEEC Initiative," American Institute for Contemporary German Studies, April 26, 2019, <https://www.aicgs.org/2019/04/from-161-to-171-the-eus-challenge-from-the-rebranded-china-ceec-initiative>.

Polish industries and even affecting the export capacity of related sectors.<sup>16</sup>

*Agricultural exports to China.* The export of agricultural products to China involves concerns about China's market access. Since most of the CEE countries are agricultural producers, they have an urgent need to export their products to China. Their concerns are not only about Chinese market access, but are a vital element of their demand to improve cooperation with China. In China's view, agricultural products of the CEEC bloc have their own features, but are limited in output and lacking in popularity. Although China has been buying certain amounts of agricultural products from the CEE countries via the China-Europe freight train and e-commerce platforms, there are difficulties for these products to win the Chinese market in large quantities.

*Political changes in the CEE countries.* The complex and volatile political climate in the variety of CEE countries has limited the implementation of many large projects. Cooperation projects are usually easier to be implemented in countries with a stable political environment and a clear commitment to cooperation with China. Otherwise, the number of projects is likely to remain low.

Take Romania for example, where cooperation projects have successively failed due to political volatility. As a major cooperation project in the energy sector between China and Romania, the Cernavodă Nuclear Power Plant project was taken over by China General Nuclear Power Group in September 2010. However, due to frequent political changes in Romania and contradicting interests between the political parties, the project was kept on hold and eventually cancelled by then Prime Minister Ludovic Orban, who publicly announced in January 2020 that he would abandon the project. In another case, China's National Development and Reform Commission and Romania's Ministry of Transport signed a memorandum of understanding on cooperation in transport and infrastructure in July 2018, and in 2019, China

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16 Łukasz Sarek, "Poland and the EU: Seeking a Two-way Street with China," The Warsaw Institute, March 30, 2018, <https://warsawinstitute.org/poland-eu-seeking-two-way-street-china>.

Communications Construction Group, together with Turkish, French and Romanian companies, negotiated with the Romanian government on the Ploiesti-Brasov Motorway project, which has made some progress ever since. However, just before the road cooperation contract was ready to be signed, Romania was once again plunged into a political crisis in October 2019. The Social Democratic government stepped down, and the new government led by the National Liberal Party announced the termination of the project when it came into office.

*Difficulties of people-to-people communication.* China and the CEE countries come from different ideological and value backgrounds. Some CEE countries do not accept China's development model and the Chinese initiatives for cooperation. In the roughly ten years between the Eastern European upheaval and the accession to the EU, peoples of CEE countries and China were not close to each other. With different development paths and models, the two sides lack mutual understanding. In CEE countries such as Poland and the Czech Republic, civil opinion is often unfriendly to China, disturbing China-CEEC people-to-people exchanges.

### **Growing EU intervention challenges China-CEEC cooperation**

In recent years, the EU has increasingly raised concerns about China and has included more negative elements in its China policy. In 2016, the EU declared to give up recognition of China's full market economy status in the World Trade Organization (WTO), which had a serious negative impact on mutual trust between China and the EU. In 2017, major EU countries began to tighten investment security reviews on China. The EU regulation on investment review came into force in 2019 and was finally implemented in 2020, affecting to a great extent investments made by Chinese enterprises in the region. Then in 2019, the Strategic Outlook for China-EU Relations issued by the European Commission listed China as a "cooperation partner," a "negotiating partner," an "economic competitor" and a "systemic rival."<sup>17</sup>

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17 European Commission, "EU-China: A Strategic Outlook," March 12, 2019, <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>.

In general, the EU has adjusted its China policy several times in the past two years. While emphasizing opportunities for cooperation in global governance, climate change and regional conflicts, it also insists on an “end to naivety” and increasingly highlights the competitive nature of its relations with China.

The complications in China-EU relations are also caused by the EU’s continued interference into China’s BRI and its key cooperation projects with the CEE countries. On the one hand, the European Commission issued a joint communication “Connecting Europe and Asia — Building Blocks for an EU Strategy” in September 2018. Emphasizing “sustainable, comprehensive and rules-based connectivity,” this is the first time the EU drew out a new strategy to promote Eurasian connectivity,<sup>18</sup> with a clear intention to address China’s BRI. Furthermore, the EU and Japan launched the Partnership on Sustainable Connectivity and Quality Infrastructure in September 2019,<sup>19</sup> which also focused on sustainable connectivity in environment and finance, and committed to promoting a rules-based and value-based platform for freedom and openness. This is another example of the EU’s efforts, in this case by partnering Japan, to boost its voice in the area of connectivity.

On the other hand, the EU has worked to impose stricter regulations on cooperation between China and Western Balkan countries through its enlargement policy. The remarkable progress of Chinese infrastructure and energy investment in the Western Balkan region over the past eight years since the launch of China-CEEC cooperation has aroused the EU’s suspicion. In the new version of its enlargement policy, titled “Enhancing the Accession Process — A Credible EU Perspective for the Western Balkans” and issued on February 5, 2020, the EU added new conditions

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18 European Commission, “Connecting Europe and Asia — Building Blocks for an EU Strategy,” September 19, 2018, JOIN (2018) 31 final, <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/connecting-europe-and-asia-building-blocks-eu-strategy>.

19 European Union External Action Service, “The Partnership on Sustainable Connectivity and Quality Infrastructure between the European Union and Japan,” September 27, 2019, [https://eeas.europa.eu/headquarters/headquarters-homepage/68018/partnership-sustainable-connectivity-and-quality-infrastructure-between-european-union-and\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/68018/partnership-sustainable-connectivity-and-quality-infrastructure-between-european-union-and_en).

for the accession of the Western Balkan countries to EU membership. The document emphasized the geopolitical importance of accession negotiations, urging the Western Balkan countries to manage any “negative influence” from third countries. The Western Balkan countries are obliged to produce evidence to the EU for their “credible efforts” in dealing with the adverse influence. Though not explicitly named, it is clear that this is a reference to China and Russia.<sup>20</sup>

### **China-US tensions exert pressure on China-CEEC cooperation**

The US is no longer mincing words about branding China as its rival, strategic competitor and the biggest threat in terms of ideology and values. Washington has waged the largest ever trade war with China to contain China’s high-tech development, imposing pressure on China concerning its activities related to the BRI and 5G construction in the CEE region and even the whole Europe. China-US relations will never return to what they were, and a new era of comprehensive competition between the two sides has begun. Washington has vilified China by claiming that the BRI and China-CEEC cooperation create “debt traps,” and are prone to corruption and lack of transparency. The US is also exerting pressure on the CEE countries to exclude the Chinese company Huawei from operating in the region, under the pretext of information and economic security. During his visit to Hungary, Slovakia and Poland in 2019, US Secretary of State Mike Pompeo launched a lobbying campaign to discredit Russia and China as posing security threats, and emphasize the importance of democracy, rule of law and human rights.

Under the influence of these factors, Estonia, Latvia, Lithuania, and Slovakia have already defined China as a security threat in their policy papers. In the context of China-US trade war, some CEE countries have been persuaded by Washington to exclude Chinese enterprises from

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20 European Commission, “Enhancing the Accession Process — A Credible EU Perspective for the Western Balkans,” February 5, 2020, [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/enlargement-methodology\\_en.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/enlargement-methodology_en.pdf).



communications and infrastructure projects on the grounds of security concerns. Poland, the Czech Republic and Romania have covertly or overtly rejected Huawei's 5G equipment, and Lithuania has postponed any participation of Chinese enterprises in the bidding for the Port Klaipeda project due to alleged asset security concerns.

## **Reflections on Deepening China-CEEC Cooperation**

Amid the once-in-a-century transformations unfolding in our world, China and the CEE countries should remain pragmatic in their cooperation and work for mutual benefits that are accessible to the general public.

### **Further enhancing public support**

There have been many ups and downs in China-CEEC relations ever since the launch of cooperation mechanism between the two sides eight years ago. Despite the changes, the China policies of some CEE countries have remained consistent, for which public opinion has laid a crucial foundation. Most CEE countries, such as Greece and Serbia, have a friendly public opinion towards China, regardless of which political party takes office.

The CEE countries were among the first to establish diplomatic relations with China, and friendly people-to-people exchanges between the two sides have a long history. When the CEE countries started drifting towards the West after the end of the Cold War, China began to encounter difficulties in its efforts to develop people-to-people exchanges in the region. Despite this, the friendship between peoples of China and the CEE countries is still better than that between China and the Old Europe. China should actively learn from the experience of the US and European countries, and construct a new pattern of people-to-people exchanges guided by the government and advanced by the society and enterprises. By strengthening friendly ties between the peoples, public opinions in the CEE countries towards China are expected to

significantly improve.

### **Giving full play to the leading role of enterprises**

The success of China-CEEC cooperation so far lies in its pragmatic approach, where economic, trade and investment cooperation occupy an important position. Promoting Chinese enterprises to invest and set up businesses in the CEE countries is a guarantee for practical cooperation to go deeper and for maintaining friendly relations between the two sides. China should therefore continue to motivate entrepreneurs to “go global,” encouraging localized operations and adherence to EU rules. On the other hand, the entrepreneurs should fulfill their social responsibilities, well carry out third-party cooperation, positively engage with local communities, and enrich the content of pragmatic cooperation.

Pragmatism should also be reflected in the pursuit of high-quality and sustainable development. Enterprises should be given incentives for seeking opportunities in green, low-carbon, energy-saving and digital industries, so that China-CEEC cooperation can become a truly exemplary component of China-EU relations. At the same time, China should give full play to small- and medium-sized enterprises and the private sector, encouraging them to carry out greenfield and similar unique investment in the CEE countries in order to diversify practical cooperation.

### **Addressing trade deficits with reason and actions**

Trade deficit is one of the core concerns for most CEE countries. The resolution of this issue requires both reasoning and action. Thus, China should clearly identify the root cause of the problem and state its position on this in a down-to-earth manner, which includes three points. First, the trade deficit is mainly the result of global division of labor, and is not brought about by government measures, but the Chinese government still wishes to tackle the problem on a case-by-case basis

with individual CEE countries, inviting them to enjoy all the advantages that result from China's continuous reform and opening-up. Second, an impartial viewpoint should be taken concerning the trade deficit issue. Trade deficit has not hindered economic growth of the CEE countries; instead, China's marketable and affordable products have brought great benefits to the local population. And third, the trade figures should not be considered absolute since the existing calculating methods are not comprehensive and trade in services has not been included in the statistics. For example, the number of Chinese tourists to the CEE countries have increased significantly, strongly stimulating the local services industry. However, there is no clear increase in tourists from the CEE countries to China, thus creating a surplus for the CEE countries in tourism.


As far as joint actions are concerned, the two sides should step up their policy coordination and address all aspects of the trade deficit issue through practical measures. China should increase the number of tourists to the CEE countries to boost the local services sector, and strengthen cooperation in animation, games, movies and TV plays to achieve social benefits while developing the culture industry. In addition, China should promote communication and cooperation in digital, mechanical and high-precision industries to connect Chinese enterprises with the "hidden industrial champions" in the CEE countries and tap the full potential of their complementary market and knowledge resources. Actors at the local level as well as non-governmental organizations of both sides should also be encouraged to participate in the cooperation.

### **Strengthening multilateral cooperation**

China and the CEE countries are actively promoting cooperation in the United Nations, the World Trade Organization and the Asian Infrastructure Investment Bank, which has enhanced their understanding of shared future and mutual benefits. China should consider participating in

regional organizations, forums and initiatives launched or attended by the CEE countries, such as the EU Strategy for the Danube Region, the Black Sea Economic Cooperation, and the Eastern Partnership. China should also actively take part in renowned regional forums, such as the Dubrovnik Forum, the Bled Strategic Forum, the Bucharest Forum, the Riga Forum and the Katowice European Economic Congress, as well as comparable professional expos and meetings, so as to build a closer network for multi-dimensional cooperation.

### **Building professional cooperation platforms**

There are now nearly 40 professional coordination mechanisms and platforms set up by China and the CEE countries, all of which are playing an important role especially those on tourism, local government, agricultural, forestry, and think tanks cooperation. It shows that China and the CEE countries are jointly giving play to their wide-ranging complementary advantages. However, the increasing number of organizational structures and the diversification of their content and features have made management and guidance more complex. The government should therefore strengthen its guidance to the various mechanisms to prevent their disorderly increase and lack of coordination. In the development of these mechanisms or platforms, the principle of independent operation and voluntary participation should be upheld, while government services play an auxiliary role. By delegating power, streamlining administration and optimizing government services, the vitality of each platform can be stimulated to achieve pragmatic results and improve the efficiency of communication. At the same time, these mechanisms and platforms should learn from each other's strengths to compensate for any deficiencies. The establishment of composite platforms between the existing mechanisms should be encouraged, to integrate their functions and further enhance their influence. 



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## **5 China's Concept of New International Order and the Post-War System**

*Yao Yao*

China's concept of new international order conforms to the trend of the times and addresses public concerns, thereby representing the progressive development of human history. The current international order is not a perfect one, and it needs improving and developing, which requires both respecting tradition and innovation, as well as both construction and deconstruction.

## **24 Cooperation between China and the Central and Eastern European Countries in Times of Major Changes**

*Liu Zuokui*

Since the launch of China-CEEC cooperation, China and the CEE countries have made great progress in investment, people-to-people exchanges and mechanism building. Both sides should catch opportunities to enhance public support, promote entrepreneurialism and tackle trade deficits properly, to cope with challenges brought by the EU's intensified intervention, the China-US competition and the reality that the cooperation has stepped into deep water.

## **44 Multilateralism and China's UN Diplomacy**

*Mao Ruipeng*

The Chinese concept of multilateralism inherits and develops the fine diplomatic tradition of China. It reflects China's pursuit of international fairness and building a community with a shared future. With the regression of multilateralism, the external environment is tougher for China to promote UN diplomacy, of which the focus should be the discourse system, capacity building and global partnership.

## **66 Devolution and Future of United Nations Peacekeeping**

*He Yin*

UN peacekeeping has undergone a marked devolution in the last decade, manifested by situations where security operations have largely replaced political operations and where there is no peace to keep and no chance to withdraw. UN peacekeeping must return to the path of evolution as the devolution deviates from peacekeeping principles and is not in the interests of the UN and most of its member states.