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**China's Foreign Policy towards Central Eastern European**  
**States after 1949**

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### **Summary:**

The thesis is about China's foreign policy towards Central Eastern European states after 1949. The constructivism is used as the theory to analyse China's identity, and evolution of China's identity after 1949. Through elaborating China's identity, the thesis mainly discuss the influence of China's identity towards China's foreign policy towards Central Eastern European states. The thesis use comparative analysis to compare China's foreign policy towards Central Eastern European states in six different period, 1949-1978, 1978-1990, 1990-1995, 1995-2003, 2003-2010, 2010-present in the aspects of politics, economy, and culture. The main purpose of research is to find out why there is a difference of China's foreign policy towards Central Eastern European States, and what is the outcome of such difference.

### **Key words:**

China, Central Eastern European states, foreign policy, identity, constructivism,

## **streszczenie**

Rozprawa odnosi się do chińskiej polityki zagranicznej wobec państw Europy Środkowo-Wschodniej po 1949 roku. Teoria konstruktywizmu jest używana do analizy tożsamości Chin oraz ewolucji tożsamości Chin po 1949 roku. Poprzez analizę kształtowania tożsamości Chin, praca głównie omawia wpływ chińskiej tożsamości na chińską politykę zagraniczną wobec państw Europy Środkowo-Wschodniej. Rozprawa wykorzystuje analizę komparatystyczną do porównywania chińskiej polityki zagranicznej z państwami Europy Środkowo-Wschodniej w sześciu różnych okresach chińskiego kierownictwa politycznego tj., lata 1949-1978, 1978-1990, 1990-1995, 1995-2003, 2003-2010, 2010-obecnie w aspekcie politycznym, gospodarczym i kulturalnym. Głównym celem badań jest ustalenie, przyczyn wewnętrznych i zewnętrznych oraz skutków dywersyfikacji w polityce zagranicznej Chin wobec państw Europy Środkowo-Wschodniej.

### **Słowa kluczowe:**

Chiny, państwa Europy Środkowo-Wschodniej, polityka zagraniczna, tożsamość, konstruktywizm,

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## Conclusion

# **China's Foreign Policy towards Central Eastern European States after 1949**

## **Introduction**

Central Eastern European States is a term that includes the countries in the central Europe, the Baltic states, and southeastern Europe. To China, this term is not only a geographic term, but also an ideological term. Most Central Eastern European States are countries of former socialist camp during the cold war. In 2012, China proposed twelve measures to deal with relations with Central Eastern European States. The term of Central Eastern European States in the thesis refers to the sixteen states under the 16+1 forum, V4 states, (Poland, Hungary, Czech Republic, Slovakia, and Slovenia, the three Baltic states (Estonia, Latvia, Lithuania) and the eight states of Southeast Europe Romania, Bulgaria, Serbia, Montenegro, Croatia, Macedonia, Bosnia and Herzegovina, Albania. Most Central Eastern European States got independent after the First World War. They established diplomatic relations with Republic of China. After the Second World War, Central Eastern European States are belonged to the communist bloc. They are among the first states to recognize People's Republic of China, and establish diplomatic relations with China. Both China and CEE states are in alliance with Soviet Union, and stands for communist bloc. The subordination to Moscow plays an important role of relations between China and CEE states. During the cold war period, there were political, economic, and culture exchanges between China and Central eastern European states. China signed several agreements with CEE states on political, economic, and culture aspects, however, the cooperation are rather periphery. China's relations with different Central Eastern European states is different. During Mao Zedong's area, China supported Central Eastern European states to develop socialism independently, and the relations with Central Eastern European states is influenced by relations with Soviet Union. During the culture revolution in the 1960s, and beginning of 1970s, China has cold relations with Central Eastern European states, except a few states like Romania, Albania, and Yugoslavia. Since Deng Xiaoping came into power, China started the open and reform policy.

China started to focus on developing its economy. China seeks to have good relations with Central Eastern European states, and have pragmatic cooperation with Central Eastern European states. Still, Central Eastern European states are not priority focus of China's foreign policy.

In 1989, the communism was collapsed in the Central Eastern European states, and Soviet Union. Central Eastern European states have experienced political, and economical transformation. Central Eastern European states started to adopt the western values, and tried to join the NATO and EU. The political, and economic transform in Central Eastern European states bring great opportunity of development. The economy of Central Eastern European states develop fast after the political and economic transform, and Central Eastern European states set up goals to catch up with western European countries. In both domestic, and international policies, CEE states put emphasize on relations with western countries, and tries to become a democratic country. CEE states starts to play an important role in international area, which have more voices in the international world. CEE states has become more important since most CEE countries joined NATO and EU. In 1999, Central Eastern European states havejoined the NATO. In 2004, Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland, Hungary, and Slovenia joined the EU. In 2007, Romania and Bulgaria have joined the EU. The other Central Eastern European countries are candidates of European Union.

In the beginning of the 90s, because of 1989 incident, China was isolated in the international world. The relations between China and Central Eastern European states is frozen. The difference between ideology and political system between China and CEE states make the cooperation stagnated. Central Eastern European states have strong atmosphere of anti-communism. CEE states have adopted western values, and criticized China on Human rights, Tibet and Tai Wan issues. During the 90s, Central Eastern European states established diplomatic cooperation with Tai Wan. Leaders of Central Eastern European states received visits of Dai Lai lama. There are not many visits of state leaders between China and Central Eastern European states. In 1995, In Poland, the state visits of Prime Minister Li Peng was canceled during the last minute,

because of anti-Chinese demonstrations and hostile Chinese publications in the press. In order to end the Chinese isolation, during Deng Xiaoping's southern tour in 1992, China changed its foreign policy into, "Biding time", and "keeping a low profile", and deepening the open and reform foreign policy. China would focus on developing the economy.

In the perspective of China- CEE relations, China adjusted its foreign policy towards CEE states based on five principles of peaceful coexistence. When Premier Li Peng visited Romania in 1993, it proposed 'Bucharest principle' as guideline to deal with relations with CEE states. The relations between China and CEE states is gradually warming. There are more frequent bilateral states visits from politicians between China and CEE states after the Bucharest principle. China's relations with CEE states gradually normalized. In 1997, Polish president Kwasniewski paid a state visit to China, which is the first present visit of Poland to China after the political and economic transformation in Poland. <sup>1</sup>

Jiang Zeming succeeded Deng Xiaoping as the leader of China. He raised Deng Xiaoping flag, and inherited the legacy of Deng Xiaoping's foreign policy. China respects the ideology difference between China and Central Eastern European states, and learn from the mistakes from the former communist bloc. China focused on developing its economy. In 2001, China has joined WTO. The trade between China and Central Eastern European states is increasing. Central Eastern European states is still not a focus of foreign policy in China.

In the first decade of 21st century, president Hu Jintao took into power in China. The economy develops fast In China, and China is seen as an emerging economy. Chinese government encouraged Chinese companies to go out, and explore the market overseas, which is also a part of five year plan. At the same time, CEE states have joined NATO for security reasons, and some CEE states have joined EU. China starts to focus on this region, as most CEE states have a veto in European Union. The trade

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<sup>1</sup> Long Jing , Relations between China and CEE Countries: Development, Challenges and Recommendations\_China Institute of International Studies  
[http://www.ciis.org.cn/english/2014-11/21/content\\_7388215.htm](http://www.ciis.org.cn/english/2014-11/21/content_7388215.htm)



between China and CEE states increased. China starts to invest in CEE countries. It provides China an opportunity to enter the large EU market by CEE countries. The relations with CEE states has been included into relations with European Union by China. In order to develop relations with CEE states, premier Wen Jiabao visited Romania in 2005, and proposed a new “Bucharest principle”, in which it mentioned that China seeks to have economic cooperation and increase mutual communication with CEE states. China seeks economic cooperation with CEE states. In the 1980s, CEE and China almost traded nothing, however, the trade between China and CEE countries grows very fast during this period. Central Eastern European countries have more matured foreign policy, and started to seek cooperation with China, and look towards east. The relations between China and CEE states is improving especially after Euro crisis in 2008, as developing economic relations with China has become more and more attractive to CEE states.<sup>2</sup> As Europe was sucked by economic crisis, CEE states sought for more stable partner, hoping China can invest in the region.

When Xi Jinping came into the power, China has surpassed Japan and become the second largest economy, and first largest trading nation. China’s foreign policy in Xi Jinping’s area has changed its approach from keeping a low profile into striving for achievement. China’s foreign policy is more active and aggressive in Xi Jinping’s area. Under Xi Jinping’s slogan, China wants to realize the rejuvenation of Chinese nation. China wants to participate in forming a new international order, and achieve China’s dream.

Central Eastern European states have become very important region to China under Xi Jinping’s area. In 2012, during Wen Jiabao’s visit to Warsaw, during China- CEE summit, China proposed” twelve measures” of dealing with relations with Central Eastern European states. China has established a special secretariat under the ministry of foreign affairs to deal with relations with Central Eastern European states. China proposes to establish 16+1 forum to deal with relations with Central Eastern European states. Central Eastern European states have become increasingly important to China,

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<sup>2</sup> Yao Ling, 欧债危机背景下拓展中国对欧盟投资策略研究( under the euro crisis, the study of Chinese investment towards EU , 亚太经济

due to its big market, cheap but high educated labor, important geographic position. In 2013, during Xi Jinping's visit to Kazakhstan and Indonesia, Xi Jinping made a speech on establishing OBOR that connects Asia with Europe, and Africa. OBOR has become a major foreign policy of China in Xi Jinping's time. It include "New economic belt" and "Maritime silk road". It has six economic corridors, and two maritime silk road. Central Eastern European states have occupied important geographic location. It is a transportation hub in the OBOR, and occupies three out of six economic corridors of OBOR.

China also sets up relevant institutions, and mechanisms for the implementation of OBOR. China has set up China based Asian development bank, with 100 billion US dollars. China also launched 40 billion new silk road fund for the implementation of OBOR. Poland is the only country in the Central Eastern Europe to join the Asian development bank.

The 16+1 summit is held between China and Central Eastern European states every year. After Warsaw, the 16+1 summit was held in Bucharest, Belgrade, Suzhou, Riga, Budapest, and Sofia. During the second summit in Bucharest in 26th of November 2013, China and CEE states declare a wiliness to develop China -CEE friendship, strengthen the mutual trust, deepen the practical cooperation, and strengthen people to people exchange, and promote all around development on China- CEEE relations. China and CEE states strengthen their will to establish a mechanism for pragmatic economic cooperation, stressing the cooperation in sphere of education and culture.

During the third summit in Belgrade in 16th of December, 2014 , with a theme "New Driving Force, New Platform and New Engine". All parties conformed to continue deepen the cooperation, and fully implemented the Bucharest guideline. China- CEE cooperation is in line with China- EU relations and contributed the implementation of EU-China 2020 Strategic Agenda for Cooperation.

The fourth summit was held in Su Zhou in November 24th 2015 with the theme of "New beginning, new domains, new vision." During the fourth summit, China and CEE states made a "Su Zhou guideline for cooperation." During this meeting, "16+1" was included into the framework of OBOR. China seeks to cooperate with CEE states

in economic, culture, and politic in both government and local level.

The fifth summit was held in Riga In November 5th. During the summit, China and CEE states agreed to enhance the pragmatic cooperation and increase people to people exchange. The three Seas Inter-connectivity” is the theme during the summit. 2017)

In Budapest summit in November 27th, 2017, the cooperation between China and CEE states will be more pragmatic. China and CEE countries reaches agreements to invigorate and expand their cooperation on a wide range of areas, China and CEE states will promote trade and investment, connectivity, finance, agriculture, science and technology, health, education, culture, people-to- people relations and local connections.

In 2017, China held the “OBOR” summit in Bei Jing. During the summit, 29 foreign heads of state and government and representatives from 130 countries, and 70 international organizations joined the summit. <sup>3</sup> Prime Minister Beata Szydło of Poland, Prime Minister Viktor Orbán of Hungary, and Prime Minister Aleksandar Vučić of Serbia among CEE states have attended the summit.

Under the OBOR, the trade between China and Central Eastern European states have increased significantly after China launched twelve measures of dealing with relations with Central Eastern European states. China started to invest in the Central Eastern European states. China has granted 10 billion dollar loans for cooperate with CEE states, and 4 billion dollars for investment, provided by China’s states policy bank, Exim Bank and the China Development Bank (CDB). Chinese loans is accepted mostly by Balkan states, which has limited access of European Union funds. <sup>4</sup>So far, there are many books and articles about China’s foreign policy, China’s foreign policy under different Chinese leaders, relations between China and CEE states, China’s foreign policy towards Central Eastern European states, and OBOR in both English and Chinese. These books and articles introduced China’s foreign policy under

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<sup>3</sup> Chinese president inaugurates Belt and Road forum - Xinhua | English.news.cn  
[http://www.xinhuanet.com/english/2017-05/14/c\\_136281166.htm](http://www.xinhuanet.com/english/2017-05/14/c_136281166.htm)

<sup>4</sup> Jakub Jakóbowski Marcin Kaczmarek, Beijing’s mistaken offer: the ‘16+1’ and China’s policy towards the European Union | OSW  
<https://www.osw.waw.pl/en/publikacje/osw-commentary/2017-09-15/beijings-mistaken-offer-16-1-and-chinas-policy-towards-european>

different period, and China's foreign policy towards Central Eastern European states. According to the literature, China's foreign policy towards Central Eastern European states changed within the time. During Mao Zedong's era, China's foreign policy with Central Eastern European states is mainly influenced by the relations with Soviet Union. After Mao's death, and Deng Xiaoping came into the power, China's have pragmatic corporation with Central Eastern European states, mainly in the field of economy, science, and politics. In the 90s, Central Eastern European states is no longer the focus on China's foreign policy. Because of difference in ideology, China's relations with Central Eastern European states is stagnated. Facing the political, and economic transformation of Central Eastern European states, China avoided the ideology difference, and deal with relations with Central Eastern European states based on five principles of coexistence. In the beginning of 21<sup>st</sup> century, when Hu Jintao came into the power, China's foreign policy towards Central Eastern European states is within the framework of European Union. China's foreign policy towards Central Eastern European states is based on China's EU policy paper published in 2003. China started to invest in Central Eastern European states when Central Eastern European states joined the EU. Under Xi Jinping's era, China proposed OBOR. Central Eastern European states are important transportation hub. For geoeconomic, and geopolitic reasons, Central Eastern European states are very important for China especially with the raise of OBOR foreign policy. China proposed to set up "16+1" forum to deal with Central Eastern Europe especially. China has become an emerging actor of EU neighborhood, which aroused EU's suspicion that China wants to divide and rule Europe. China's cooperation with Central Eastern European countries faced many obstacles because of EU's suspicion that China's investment in the region violate EU law. The difference between China's foreign policy towards Central Eastern European states and other western European countries is that the strategic investment in core western European countries, and China mainly invest in infrastructure projects in Central Eastern European states. .

My research is the compare the China's foreign policy towards CEE states under different leaders. I will try to find out the similarity and difference of China's foreign

policy towards CEE states and its implementation. I will analyze the foreign policy in domestic, and international background in both China and CEE states, and compare the foreign policy in the aspects of politics, economy, and culture towards CEE states. According to my study, in Mao Zedong's area, China more focused on developing political relations with CEE states. Political ties was also the reasons of deepening economic, and cultural ties between China and CEE states. In Deng Xiaoping's area before 1989, the economic, and culture cooperation was China's focus on developing relations with CEE states. China would seek pragmatic cooperation with CEE states. After 1989 under Deng Xiaoping's area, and in the beginning of 90s, and in Jiang Zeming's area, CEE states is no longer focus of foreign policy of China. China's relations with CEE states turns cold. China's foreign policy towards CEE states is mainly based on five principles of coexistence. China's foreign policy towards CEE states is within framework of China's foreign policy towards EU under Hu Jintao's area. China deepens cooperation with CEE states in political, economic, and cultural aspects under Xi Jinping's area. CEE states again become important to China. My research question is "why is there difference in China's foreign policy towards CEE states? And what is the outcome of such difference?"

### **Hypothesis:**

There is a difference of China's foreign policy towards Central Eastern European states under the different Chinese leaders. It is influenced both by domestic, and international factors. It causes different outcome of China's foreign policy towards Central Eastern European states.

### **Research question:**

Why there is difference between different Chinese leaders in the foreign policy towards CEE states? And what is the outcome of such difference?

### **Literature review**

There are many books and articles analyze China's foreign policy in different areas. The current literature about China's foreign policy focuses on various aspects of China's foreign policy, China's foreign policy under different Chinese leaders and

difference period, the changes of China's foreign policy, and China's foreign policy with different regions, and countries. The current resources are books, articles, reports, and China's official announcement.

About China's foreign policy, there are books and articles that introduced the dominate principle of China's foreign policy. Book *China's foreign policy: Theory and Practice* (Thomas W. Robinson, David L. Shambaugh, 1995) introduced the dominate principle of China's foreign policy, and China's foreign policy in different period of time.

There are also articles and books that writes about the current behavior of China's foreign policy under different leaders. For example, Michael Yahuda's *China's foreign after Mao*, writes about the characteristics of China's foreign policy during Mao Zedong's area and Deng Xiaoping's time, and principles of China's foreign policy. People's daily published the article of characteristics of China's foreign policy under Deng Xiaoping's area, "observe calmly, keep a low profile, and biding the time." Bonnie S. Glaser and Evan S. Medeiros, *The changing Ecology of Foreign policy making in China: the Ascension and Demise Theory of "peaceful rise"* talks about the main foreign policy under Hu Jintao's area, and Change of China's foreign policy environment under Hu Jintao. Xie Tao, *Chinese Foreign Policy With Xi Jinping Characteristic*, talks about China's foreign policy characteristic changes from keeping a low profile to striving for achievement, with the China's development and economic growth.

There are literature about the evolution of China's identity, and the changes of China's identity under different Chinese leaders. The book of David Shambaugh, *China goes global : China's partial power*, oxford university press ,introduces the different images of China that presented under the different Chinese leaders, and different China's identities. The articles of Meng Honghua, *Special issue: National identity in the course of globalization China's China's National Identity in Transition: Domestic and International Perspectives (1982-2012)* listed the different China's national identities. In this thesis, I have listed China's identity under different Chinese leaders, and different foreign policies that they have made. In Mao Zedong's time, history has a

strong influence in shaping China's identity. China's national identity in the international world is a developing country that is based on Marxism-Leninism. Ideology. The half colonized experience gave China a dual identity. In the first place, China regarded itself superior in history and culture, while on the other hand, it has felt inferior because of its half colonized experience. China identifies itself as a socialist country that is anti imperialism. China also regards itself as a spokesman of the third world country, and adopt "self sufficiency" and "Non alignment" foreign policy. Under Deng Xiaoping's era, China identifies itself as a country to "Keep a low profile, and biding time" and "Never take the lead" in the foreign policy, and focus on developing its economy- "diplomacy serving economic development". Under Jiang Zemin's time, China identifies itself as a country to develop socialism with Chinese characteristics, and China is growing global, and trying to be a responsible world power. Under Hu Jintao's era, China wants to develop peacefully, and create a harmonious society that counter "China threat" theory. In Xi Jinping's time, China wants to realize the rejuvenation of Chinese nation and strive for achievement. China develops very fast, and rise into a global power, with high economic development, and military force, which increases China's global influence, however, at the same time, China is still concerned with its core interests, such as regime survival, economic development, and territorial integrity. This caused the dual identity of China's foreign policy implementation.

There are also many articles that analyze China's foreign policy towards specific regions. Bartosz Kowalski "China's foreign policy towards Central Eastern European countries The "16+1" format in the South-South cooperation perspective. Cases of the Czech Republic and Hungary "elaborates China's foreign policy towards Central Eastern European countries in the framework of 16+1. It compares China's foreign policy towards Central Eastern European countries in the south south cooperation perspective, with the case study of Czech republic and Hungary.

There are many articles of China's relations with Central Eastern European state in both Chinese and English, which mainly introduces the historical relations between China and CEE countries by dividing the relations between China and CEE countries

in different period. Zhu Xiaozhong's article “ 中国和中东欧关系的发展” (The development of relations between China and CEE countries ) divide the relations between China and Central Eastern European states into five periods. The first period is from 1949-1989. The second period is 1990-1994, the third period is 1995-2003, the fourth period is 2004-2011, and the fifth period is 2012- present.

The literature about China's relations with Central Eastern European states during the first period shows that China has different approach towards different Central Eastern European states before 1989. China daily have a Chronological record of China's relations with different Central Eastern European states before 2004. There are articles about historical relations between China and different Central Eastern European states. China's relations with Central Eastern European states is much influenced by the relations with Soviet Union. Except Romania, Albania, and Yugoslavia, China has experienced a period of cold relations with Central Eastern European states during the end of 60s, and 70s, because of culture revolution, and the split between ideology between China and CEE states.

China has experienced cold relations with Central Eastern European states during the 90s. literature about China's foreign policy towards Central Eastern European state during the 90s is very limited. Joseph, Yu-shek CHENG, China's foreign policy in the mid 1990s, points out that China learns from the mistake from Central Eastern European state and the collapse of Soviet Union, and focus on developing the economy. According to Zhu Xiaozhong's article, “China's relations with Central Eastern European countries”, China proposed “Budapest principle” and latter “Bucharest principle” which was the guideline to deal with relations with CEE countries. China holds on the principle to respect the choice of Central Eastern European people, and the differences with Central Eastern European countries, and seek cooperation with CEE countries. From 1995, China's relations with central eastern European countries started to thaw.

From 2004-2011, the main foreign policy of China towards CEE states is focused on economic aspects. As most CEE countries has joined EU, and NATO, the relations with CEE states has become an important part of China's foreign policy China begin



to notice the importance of this region. Especially after most of CEE states have joined European Union and NATO. China's foreign policy towards CEE states is included into its policy towards European Union. As Yao Ling's article " 欧债危机背景下拓展中国对欧盟投资策略研究( under the Euro crisis, the study of Chinese investment towards EU), it mentioned that CEE countries has big market, and low labor costs. The economy of CEE countries is not influenced by 2018 economic crisis, which is an opportunity of China to explore the market of CEE countries. Literature about China's relations with Central Eastern European countries are resourceful. Jeremy Garlick, 2015. "China's Trade with Central and Eastern European EU Members: an Analysis of Eurostat Data, 2004-2014," analyze the trade relations between China and each Central Eastern European states. There are also literature about China's trade relations with each Central Eastern European countries after 2004.

There are many articles about the current China's foreign policy towards CEE states. : China's policy towards CEE in the 2010s has been mostly interpreted as the pursuit of economic benefits and at the same time there are political motivation behind. China wants to deepen economic cooperation with CEE states, and helps Chinese companies to explore market in CEE state, and extend the area of cooperation. It is an implementation of "Going out" strategy, welcomed by local government in China. CEE states is seen by China as a bridgehead of EU, and get access to EU market. By using geoeconomics, China wants to have more voices in EU, and create good political climate for cooperation. Such articles include Justyna Szczudlik-Tatar's article "China's foreign policy towards central eastern Europe". Articles about "16+1" forum, "Huang Ping, Liu Zuokui, How the 16+1 Cooperation promotes the Belt and Road Initiative, 2017 China-CEE Think Tank series; Jakub Jakóbowski, Marcin Kaczmarek, Beijing's mistaken offer: the '16+1' and China's policy towards the European Union; the achievement of "16+1," Huang Ping, Liu Zuokui , The cooperation between China and Central Eastern European countries 2012-2017; ENTC report of China's investment towards Central Eastern European countries, " , and articles about China's culture diplomacy towards Central Eastern European countries. Ionutcrislian Clinci, China's soft power, and public diplomacy in CEE,

productive, or constructive.

There are also many articles and books about the background of different Chinese leader. China under Mao introduced Mao Zedong's background, life story, and foreign policy. China under Deng Xiaoping, which introduced Deng Xiaopng's background, life story and his legacy foreign policy. It introduced the open and reform policy in 1978, and its impact on China's economy. (Michael E. Marti, 2002) China under Jiang Zemin, (Huang Maotian, Yun Haizhu, 2002), it introduced political background and policy legacy of Jiang Zemin, and China's domestic, and international environment during his rule. China under Hu Jintao opportunities, dangers, and dilemmas. (Tu Jiacheng, 2005), It introduced China's new changes under Hu Jingytao's regime, and new opportunities, and Hu Jintao's policies. Xi Jinping wrote a book "Under governance of China", (Xi Jinping, 2014) which introduces China's foreign policy under Xi Jinping's area, Xi Jinping's foreign policy theme and ideas, and noticeable changes. These will help understand China's foreign policy in different period.

Constructivism can be used to analyze my thesis. Constructivism takes issues with anarchy and international system, focusing on the idea of norms, development of structures, relations between actors, and said structures, as well as how identity influences actions and behaviors among and between actors, as well as how norms themselves shape actors' character. Constructivists explain that states often act differently based on identity, interests, culture, and relations that the states shared with another. One forms an identity based on interactions, which is taken place by actors in the international system. The interactions, and interpretations of an event causes and constructs the world in such a way. Identity and social interests of actors is very important in international relations.

China's foreign policy is made on the basic of its unique half colonized experience, and its identity. The history of humiliation is important factor of propose "five principle of coexistence", which also embodies Confucius philosophy of a harmonious society. In different period since the establishment of People's Republic of China, China improves its foreign policy towards CEE countries based on different international relation reality, and national and societal characteristic of China. In

Mao Zedong's period, China's foreign policy towards CEE countries mainly based on five principles of coexistence. China's relations with Central Eastern European countries is mainly south to south relations. During the Deng Xiaoping's period, China changed its identity, and wants to develop socialism with Chinese characteristics. China wants to focus on developing economy, and relations with Central Eastern European countries is rather very pragmatic. After the isolation period, China formed an identity of respecting the difference in ideology, and the choice of people in Central Eastern European countries. Based on such identity, China proposed new guideline to deal with relations with Central Eastern European states. In Jiang Zemin's period, China's foreign policy towards CEE states is not so much different from Deng Xiaoping's period, but "Bucharest principle", and "Budapest principle" were raised during that period, to show China's identity as "peaceful developing country" towards CEE states. In Hu Jintao's period, the economy of China is developing very fast. China appears as an emerging big power. China's foreign policy perceive CEE states as an opportunity for Chinese companies to expand business abroad. China seeks to deepen economic, political, and cultural relations with CEE states. In Xi Jinping's period, the characteristic of China's foreign policy turns from a low profile to more assertiveness. China has a dual identity in its foreign policy. On the one hand it is a big power and second biggest economy In the world, while on the other hand, it is still a developing country. China proposes "Belt and Road" foreign policy and established "16+1" with CEE states. Based on such identity, China's foreign policy towards CEE states mainly focus on economic aspects, but with political motivation behind.

According to the constructivism, structures and agents are mutually constituted, and foreign policy is performed by agents within domestic and international environment. Different actors influence the foreign policy making process. The personality, physiology of states leader is an important factor for foreign policy making. Different background of leaders can influence the foreign policy making.

China's foreign policy towards CEE states is influenced by domestic and international environment. In Mao Zedong's time, domestically China is an agriculture country, and

a newly established socialist country after hundred year of war. Internationally, China and CEE states are both belonged to the communist bloc. United States and Soviet Union two big superpowers led a cold war. China seeks balance between the two big superpowers. In Deng Xiaoping's time before 1989, domestically, China ends the culture revolution, and started the open and reform policy. China focus on developing the economy. Internationally, China normalized the relations with United States, and attracted more investment from other countries. After 1989, China have experienced an isolation period because of Tian Anmen incident. Internationally, Soviet Union collapse, and Central Eastern European states have experienced political and economical transformation. In Jiang Zeming's time, domestically, China deepens the open and reform policy, and develop its economy; internationally, China has joined WTO. Central Eastern European states have gradually more matured foreign policy. In Hu Jintao's time, domestically, China's economy develops very fast. China encourage companies to explore the market overseas. Internationally, CEE states have joined NATO and EU. There broke the economic crisis in 2008, which was one of the reasons that CEE states have turned to east. In Xi Jinping's time, domestically, China have surpassed Japan and become the second largest economy. However, there is a slowing down of Chinese economy, and other challenges of China's development; Since 2006, many Chinese production industry have been facing overcapacity since 2006. China wants to explore new markets in other regions and activate the slowing down of China's domestic economy. Investment in the CEE countries would create new market for Chinese companies, such as construction, rail and telecom companies to help them explore in the market abroad. Local government in China also welcomes to establish cooperation with other cities overseas. Internationally, United States started to pivot in Asia, and restrain China's development, because United States considered that rising China will challenge United States' hegemony. China also have several terrestrial disputes with neighbors, who considers that the rising China as a threat. In EU, there broke many crisis, like EURO crisis, migration crisis. There is an end of EU subsidies of CEE countries in the year 2020.

I will analyze different Chinese leader's foreign policy towards CEE countries, and its

implementation, and find out the difference between their foreign policy towards CEE countries, and the outcome of such differences.

The research is important because it analyze the influence of China's identity on China's foreign policy towards Central Eastern European states. It elaborate China's foreign policy towards Central Eastern European states in political, economic, and cultural aspects in different period. It compares the similarity and differences of China's foreign policy under different Chinese leaders. It also analyze the implementation of such foreign policy and challenges of cooperation between China and Central Eastern European states. The previous research on China's foreign policy towards Central Eastern European states is mainly focused on the current foreign policy under Xi Jinping's area, under the format of 16+1. China started to focus on the region after the raise of "OBOR". There are many reports, and articles about it. But few thesis writes about the evolution of China's foreign policy towards the region. Moreover, my thesis analyze the background of China's foreign policy towards Central Eastern European states in different historical period. The further research on China's foreign policy towards CEE countries can be developed on the cooperation between China and CEE state in reality, and China's future foreign policy towards CEE countries.

## **Research Methodology**

The research is a qualitative research on China's foreign policy towards CEE states in historical perspective of different Chinese leaders. The main methodology is comparative analysis and case studies. It is a comparative historical analysis. I will review the literature on China's foreign policy towards CEE states under the different Chinese leader since 1949. My main case to do the research is focused on Poland, Hungary, Czech, Slovakia, and Romania. When doing the compare on China's foreign policy towards CEE states. I will also analyze the relevant data, and reports on the trade relations between China and CEE states.

In order to compare the difference and similarity of China's foreign policy towards CEE states, I will use Mill's methods as strategy to compare. I will analyze different

foreign policy towards CEE states in the aspect of economy, politics, culture, and ideology, which is influenced by domestic, and international factor, and find out why there is difference among the foreign policy towards CEE states under different period, and different Chinese leaders. By comparing the implementation of such foreign policy, I will find out the outcome of such difference.

Table one: Comparation of China's foreign policy towards CEE states under the different leaders

Foreign policy	Mao Zedong	Deng Xiaoping	Jiang Zeming	Hu Jintao	Xi Jinping
Political	ABD	ADC	ADC	ADC	ADE
Economic	ABC	BCD	BCD	BCD	BDE
Culture	ABC	ABC	BCD	ACD	ACDE

In political: A the basic principle of China's foreign policy towards CEE states under different leaders.

B: in political: the ideology aspects of China's foreign policy towards CEE states.

D: states visit between China and CEE states

C: ideology difference between China and CEE states

E: the importance of CEE states in China's foreign policy

In economic:

A: the influence of ideology towards China's economic policy towards CEE states.

B: trade ties between China and CEE states.

C: there is no specific economic foreign policy of China towards CEE states.

D; the elements of market economy elements's influence on China's policy towards economic foreign policy towards CEE states

E: The importance of CEE countries regarding China's economic policy towards CEE states.

In Culture:

A: the scientific communications between China and CEE states

B; the culture exchanges between China and CEE states

C: the other forms of culture communication between China and CEE states

D: the influence of politics on culture communication towards CEE states

E: the close culture communication between China and CEE states

Sources: my own

The study is mainly based on secondary literature, and analysis of official documents, debates, debates, newspapers, and books on China's foreign policy and China's foreign policy towards Central Eastern European states. The study also include the speeches from political leaders in China on China's foreign policy.

The study mainly uses the constructivism as a tool to analyze China's foreign policy. According to constructivism, international relations is socially constructed, and identity plays an important role in states' foreign policy, as identity influences state's definition of interests. The role of norms, material structures, and identity will influence the policy making of a state. Agents, and structures are also mutually constructed.

To study a state's foreign policy, international factor, and domestic factor need to be considered to influence state's foreign policy. There are three different level of analysis as regard foreign policy, systemic level of analysis, uni level analysis, and Holistic constructivism. Systemic level of analysis ignores the domestic factor, and considers the interactions between states is the reasons of construction of identity. In Uni level analysis focuses on domestic factor. Holistic constructivism include both domestic factor, and international factor into the level of analysis.

Holistic constructivism advocates the cross level approach of foreign policy analysis and takes both domestic factors, and international factors as considers to influence a state's foreign policy. This study will apply Holistic approach to analyze China's foreign policy comprehensively to find out why there is a difference of China's foreign policy towards central eastern European countries, and what is the outcome of such difference.

The study is mainly divided into five chapters. The first chapter is the introduction of constructivism theory in IR. It introduces the evolution of IR theories, and how

constructivism theory is developed. It analyzes the main idea of constructivism theory, focusing on conventional constructivism, which provides various practical theories of IR. In this chapter, it introduces three levels of constructivism theory, systematic level, unit level, and holistic level. Alexander Wendt's culture of anarchy theory introduces three anarchic cultures. Alexander Wendt develops systematic theory by his "culture of anarchy." It mainly focuses on interactions between states. Identity of a state forms interests, which will in turn influence states' foreign policy. In Wendt's "culture of anarchy", there are three major types of different anarchy: Hobbesian culture, which states view each other as enemies, Lockean culture, which states regard each other as rivals, and Kantian culture, which states view each other as friends. States support each other in case of threat from the third country. China's foreign policy towards central and eastern European countries during the cold war period is influenced by Hobbesian culture. According to Wendt, there are two approaches of forming of identity, one is natural approach, which is the result of competition of scarce resources. The other is culture approach, passing from generations through the process of social learning and so on.

According to the unit level approach, it argues that domestic factors such as domestic norms and identities influence a state's foreign policy. China's foreign policy is influenced by China's identities. The different period, China showed different characteristics of China's foreign policy.

Holistic approach is a cross level approach, which is the main tool of study to analyze the changes of China's identity and China's foreign policy towards CEE countries.

The second chapter analyzes the evolution of China's identity and China's foreign policy since the establishment of People's Republic of China. The analysis is based on Holistic constructivist approach. During the first period, since Mao Zedong's time, history has a strong influence on formation of China's identity. The newly established people's republic of China experienced century of humiliation. When China was first established, China is at the bottom of international system. The identity of China is that China wants to develop the country based on self sufficiency, and non alignment. China is also a socialist country that is based on Lenin Marxist ideology. China's



foreign policy leans on socialist camp during the cold war, and because of China's history, China is a anti imperialist country. China adopted five principles of coexistence, and deal with relations with other countries based on such principle. China classifies itself as a third world country, and China's foreign policy is mainly focused on the third world.

In Deng Xiaoping's time, China changes its identity in the world. Because of domestic changes, when Deng came into power, China wants to build a socialist country with Chinese characteristic. China has shifted from Maoism ideology and started the open and reform foreign policy. In the 90s, after the big changes in the international world, China also became a isolated country because of Tian Anmen incident. China changes its identity in the foreign policy as "Biding time , Hiding brightness, not taking the lead, but doing some things"China wants to "observe clearly, secure our position, and cope with affairs calmly."China will propose a low profile in the foreign policy of international relations. The main focus of China is to develop its economy, and deepens the reform.

In Jiang Zemin's time, China adopted the same foreign policy with precious leader. China's identity is a socialist country with Chinese characteristics, and at the same time, China is a developing country, and emerging economy. China joined WTO during Jiang Zemin's time.

During Hu Jintao's time, China's economy develops very fast. There is a growing voice in the international world that considered China as a threat. To create a harmonious environment for economy development, Hu Jintao proposed "Peaceful development" and "Harmonious world" as political slogan. China wants to develop peacefully, and contribute to the global prosperity, rather than to challenge the current international order, and be a threat.

When Xi Jinping came into the power, China has become the second largest economy, and first largest trading country. China has shifted its foreign policy from "keeping a low profile" to "striving for achievement". China proposes "China dream" as Chinese slogan, and wants to realize the rejuvenate of Chinese nation. China has adopted more assertive foreign policy, and more and more active in the international

world. China wants to participate into the formation of new international order, China proposed “OBOR” as main foreign policy under Xi Jinping’s area.

The analyze of China’s foreign policy towards Central Eastern European states can be divided into six periods so far. The first period is from 1949- 1978, during the Mao Zedong’s time. The second period is 1978-1990 Deng Xiaoping’s period before the political and economic transformation of CEE states. The third period is 1990- 1994. The frozen relations between China and CEE states because of differences in ideology, and international environment. The fourth period is 1995-2004. It is a time when China started to warm up relations with Central Eastern European states, and China entered the WTO. The fifth period is from 2004 to 2010. It is a time when most Central Eastern European states have joined EU. China started to invest in Central Eastern European states. China’s foreign policy towards Central Eastern European states is within the framework of EU. The sixth period is from 2010 to the present, when China started to focus on the region, and created 16+1 framework to deal with relations with Central Eastern European states. Chapter three and Chapter four is the elaboration of China’s foreign policy towards central eastern European countries. Chapter three is historical relations between China and Central Eastern European states, mainly before 2010. It analyze the factors that influence China’s foreign policy towards Central Eastern European states, and its implementation. Finally, I analyze the result of such foreign policy implementation.

The fourth chapter is current relations of China and Central Eastern European countries. It starts from the period 2010. It analyze the transformation of China’s identity during Xi Jinping’s time, and changes of China’s foreign policy. The “OBOR” foreign policy is mainly discussed in this chapter. Following the Holistic approach, China’s foreign policy towards Central Eastern European countries is also analyzed by domestic and international factors. The proposal of “OBOR” is influenced by both domestic factors, such as slowing down of China’s economy, and Chinese companies’ need to explore the market overseas, and international factors, such as China’s threat theory in the international communities, and United States’ pivot on China. In this chapter, 16+1 is mainly discussed of China’s foreign policy

towards central eastern European countries. China's cooperation with Central Eastern European states is mainly in the political economic, and culture aspects during the new period. The achievement of 16+1 during the five years is listed as the outcome of such foreign policy. The study is used case study as methodology. I focus on five case countries among all Central Eastern European states,, Poland, Hungary, Czech Republic, Slovakia, and Romania to analyze China's relations with these countries.

The fifth chapter is conclusion of the research. In this chapter, I present the overall research of the study in brief summary, and answer my research question. The predictions of future of China's foreign policy towards Central Eastern European states. .

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## **Chapter one Theoretical framework**

In order to better understand China's foreign policy identity, and China's foreign policy towards CEE states, this chapter will analyze constructivism in international relations. It will provide a theoretical framework how China's identity is formed.

### **1.1 Definition of constructivism**

Constructivism firstly attempt to explain international relations after the cold war, which both realism and liberalism failed to explain the phenomena. It focused on human awareness on consciousness, and human consciousness' influence on world affairs. It is firstly presented in international theory by Nicholas Onuf in 1989 Alexander Wendt is the best known scholar to advocate the social constructivism in international relations. Neorealism, and Neoliberalism are materialist. It focused on how the distribution of materials power such as military forces, and economic capabilities influence the behavior of the states. Constructivism focused on the social construction of international relations. According to the way of research whether to produce scientific explanations based on hypotheses, data collection, and generalization, constructivism can be divided into conventional constructivism, and critical constructivism, Conventional Constructivism can be divided into three branches according to the level of analysis, systemic level analysis, uni level analysis, and holistic analysis taken the factors of domestic, and international level. Through the 90s, constructivism is very popular in international relations theories. It is the major school of thoughts in that period. According to constructivism, social world is our own making.<sup>5</sup> Actors interacted with each other through actions, and interactions. According to constructivism, international relations are socially constructed. It challenged the major stream of international relations on realism, and liberalism, that human nature, and other factors are the consequence of international relations. Constructivism put other factors, and actors, into consideration. States are not only the

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<sup>5</sup> Ronen Palan, *A World of Their Making: An Evaluation of the Constructivist Critique in International Relations*, Cambridge University Press, 2000

sole actors in the international relations. Other actors such as states' agencies, social communities, international organizations, think tanks, will also influence international relations. Constructivists argue that human awareness, or consciousness and its place in international relations are the main theme of IR studies.<sup>6</sup> Different from rationalist who considered that states are sole actors, and survival, power, and wealth are the main goal of states; constructivists think states are social actors, and they will follow certain rules, and norms. The understanding of international relations is based on interactions between the states by agents and structures. Anarchy is what states makes them. The norms, identities, and material structures will influence all actors to see the world.

Constructivists argue agents and structures are mutually constructed. Structures influence agents, and agents influence structures in turn. Agents are considered as actors that have the ability to act, while structures are considered to have material and ideational elements.

According to constructivists, ideas, and identities influence states' actions. Social world does not exists interdependent of ideas, and beliefs. It is greatly affected by the people engaged in it. The formations of identities is influenced by many factors, and interactions with different actors, and identities in turn will influence the interests and actions.

Social norms are essential to constructivism. States are given certain identities so that they are expected to behave according to the norms that fits for their social identity. Actors will behave in a certain way that they believe that certain behavior are fit for their identity. A norm can only be adopted when critical state actors adopt it, and internalized it in its own practice.

According to Reus -Smit, Constructivism differentiates from rationalist theories in three aspects. (neorealism, and neoliberalism. )Firstly, constructists don't consider states and other actors as egoists, but as social beings. Actors interests are influenced by its identities, while identities are constructed by "institutional norms, values, ideas

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<sup>6</sup> Sorensen & Jackson, 2007:162, *Introduction to International Relations: Theories and Approaches*, OUP Oxford; 4 edition (25 Feb. 2010)

of social environment”. Secondly, rationalists argue that actors’ interests are defined before they entered into social relations, while constructivists argue that their interests is constructed through social relations. Actors’ interests is constructed as a consequence of identity acquisitions, as learned through process of communications, reflection of role and experience environment. Thirdly, unlike rationalists who think society as a strategic real, constructivists consider that society as a constructivist realm. Actors in the society are knowledgeable social and political agents. Constructivists highlighted that social determines social and political agency and actions. <sup>7</sup>

Besides common assumptions, constructivism can be divided into two groups, conventional constructivism, and critical constructivism. Conventional constructivism scholars holds a positive view of research. They study on norms, and identities’ influence on formation of states’ interests, and states’ interests’ influence on states’ foreign policy. North American scholars mainly studies conventional constructivism. They are interested in uncovering top-down/deductive mechanisms and casual relationships between actors, norms, interests and identity”. For example, they analyze the impact of organizations on promotion of certain values, and norms in the international system, and constructivists study that impact of these values on formation of states’ interests. <sup>8</sup> representatives of conventional constructivists scholars are Alexander Wendt, Peter Katzenstein, Martha Finnemore, Christian Reus-Smit, John Ruggie, Emanuel Adler, Michael Barnett, and Ted Hopf.<sup>9</sup>

Different from conventional constructivists, critical constructivists held that “Truth claim” is not achievable. “truth is always connected to different, more or less dominant way thinking of the world. “. There is always connection between power and truth. The critique of the dominant way of thinking is the main task of the approach. The representatives are Ann Tickner, David Campbell, James Der Derian, Jim George, Andrew Linklater and R. B. J. Walker. <sup>10</sup>The thesis is mainly analyze

<sup>7</sup> F Soltani, Jayum A, Jawan, &Zaid B Ahmad, 2014, *Constructivism, Christian Reus-Smit and the Moral Purpose of the State*, Canadian center of science and education

<sup>8</sup> Checkel, Jeffrey T.; *Constructivism and Foreign Policy*, Cambridge university press, P72, 1998

<sup>9</sup> Jackson, Robert/Sorensen, Georg ,*Introduction to International Relations: Theories and Approaches* , Oxford University Press;2010)

<sup>10</sup> Jackson, Robert/Sorensen, Georg ,*Introduction to International Relations: Theories and Approaches* ,

on the assumptions of conventional constructivism, as critical constructivism is criticized by many scholars. Conventional constructivism offers a different approach of IR theories.

## **1.2 Constructivism challenge the main stream of IR**

During the 1980, there are two main streams of international relations theories that dominated IR, Neo-realism, and Neo-liberalism. Both of them are rationalist theories. They reach different conclusion regarding to international cooperation between the two theories. After the cold war, there aroused a second debate between rationalist and constructivist. Constructivist approach is an approach that challenged the rationalism and positivism of neorealism, and neoliberalism, while simultaneously use empirical way to analyze world politics.

In the realism theory, states are considered as main actors. Other actors exists, such as individuals, and organizations, but their power is rather limited. In realism theories, states pursues power politics for the national interests. The classic realism is represented by Claude, Carr, Waltz, and Morgenthau. Realists emphasizes the constraints on politics imposed by human nature, and the absence of international government<sup>11</sup>, which caused states to pursue the power and secure the national interests. Realist share the common view that anarchy is characteristics of International relations system. There is no higher authority to settle the disputes among the states within the international system. State actors will maximize its power as much as they can. Realism assumes that states adopt a “ruthless pragmatism “towards international affairs in order to pursue power. According to realist, human nature is rather egoistic, and self interested. Moral principles is criticized in realism. Politics is governed by objective laws that have roots in human nature. According to Machiaveli, “in politics, we must act as if all men are wicked, and that they will always give vent to the malignity that is in their mind when opportunity offers.”

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Oxford University Press;2010)

<sup>11</sup> Jack Donnelly, *Realism, and international relations*, Cambridge University press, 2011, P9



<sup>12</sup>States will maximize their interests to pursue power, confined by the structure of the anarchic international system. The fundamental principle of a state is to seek survival. Realists have a pessimist view towards cooperation among states. In classical realism, it is human's and states' nature to make states to pursue power.

According to realism, international system is anarchic. There is lack of central government, so survival is the basic goal of the states. To attain security, states will maximize their power, and balance the power for the aggressors. This arouses the conflicts between the states.

EH. Carr challenge the Utopian idealism with his work "Twenty years of crisis". It challenged idealist harmony of interests, and stated the conflicts of interests. Hans Morgenthau develops realism into a comprehensive international relation theory. Morgenthau asserts in his main work, "politics among nations, the struggle for power and peace", the purpose of international relations is to struggle for power. He stated six principles of international relations in realism, " (1 ) realism is based on objective law that is against Human nature", (2) the assumption that political leaders "think and act in terms of interest defined as power" (3) interest defined as power is a universally valid category, and indeed an essential element of politics, (4) realists objected the moral principles of international relations. (5)interests are defined in terms of power. (6) politics is defined in an automatic sphere.<sup>13</sup>

The dominance of realist theory was challenged by liberals in the 1970s. liberals held that humans are in a freedom for their actions. Their actions depends on the will of the men. Liberals argue that the welfare of individuals are the basis of international system. Robert Kohen ad Joseph Nye think international relations is influenced by non-state actors. They highlighted the international institutions and interdependence between the states. Liberalism resembles a family portrait of principles and institutions, recognized by certain characteristics-such as individual freedom, political participation, private property, and equality of opportunity. Political theory identify

<sup>12</sup> (1970: Book I, Chapter 3)Machiavelli: The Prince: Chapter III - Constitution Society

<sup>13</sup> Political Realism in International Relations (Stanford Encyclopedia of Philosophy)  
<https://plato.stanford.edu/entries/realism-intl-relations/>

liberalism with essential principle: The importance of freedom of individual.<sup>14</sup> Interdependence between states, transnational actors, and non-states actors enhance the cooperation between states, particularly multinational cooperation. International relations is a cobweb of political, economic, and social relations binding subnational, national, transnational, international, and supranational actors (Scott Burchill, Andrew Linklater, Richard Devetak, 2018, P218). The classical realist from Thucydides stated that international state of war could be mitigated, but not overcome. The classical liberals argued the possibility of state of peace among independent, and sovereign states. In liberalism, states are regarded as main actors in world politics, and interdependence produces new relation of power between states, and balance military power which is highlighted by realists as determining politics no longer determine the political outcome.

According to liberalism, the international institutions, organizations, and norms (expected behaviors) of the liberal world order are built on the same foundations such as domestic liberal institutions and laws, and the desire to restrain the violence of the states.

John Locke is the great founder of modern liberal individualism, who claimed that states have themselves rights to derive from individual life, and liberality, and propriety, and thereby provide the liberal foundation of international law.<sup>15</sup> Immanuel Kant states in his article, “Perpetual peace”, nations can achieve peace if they cooperate with each other, as well as mutually pursue secure freedom and shared benefits. Classical liberals hold the opinion that international institutions would reduce uncertainties, and improve the mutual trusts of the states. World peace is promoted by international cooperation.

In 1979, Kenneth Waltz published “Theory of international relations” and proposed “neorealist” theory to meet the challenge of liberalism. In neorealism, there are two

<sup>14</sup> Michael Doyle and Stefano Recchi, *liberalism in international relations*, international Encyclopedia of political science, 2011

<sup>15</sup> Bertrand Badie, *liberalism in international relations*, international encyclopedia of political science, 2011

assumptions: International system is anarchic. Anarchies are self help system, which there lack of central government and collective security. States' behavior is constricted by the structure in the international relations. Waltz recognizes the existence of non state actors, but according to Waltz, their roles are not very important. The primary goal of states is to survive. This is the reason why states will seek power is because of analytic nature of international system, because of insecurity, and unequal gains. The fundamental interests of each state is security, and would concentrate on distribution of power. States must maximize their power, in order to survive, particularly the military power. Waltz claims that struggling for power is characteristic of international relations, and conflict is inevitable.

Neorealism is challenged by a new approach of international relation theory-neoliberalism. This theory was developed when United States' hegemony power was challenged. Such representatives like Robert Kohen, and Joseph S. Nye. Robert Kohen theory explain the cooperation under the anarchy. In Realist theory, international cooperation is possible only under the hegemony, when a dominate power can impose some rules to guarantee the cooperation. Kohen challenged realist thoughts by agreeing with three assumptions of realist theory. States will pursue interests under anarchy, and anarchy shapes states' behavior, but other factors also influence states' behavior. Economic, and political interactions between states will increase state' interdependence. Cooperation happens when there are mutual interests between states. Since world war two, states share a great number of common interests, from management, to international trade, to global environment protection. The failure of cooperation comes with the fear of other states defects, and the establishment of institutions will help solve the problem.

The core difference between neorealist theory and neoliberal theory is between relative gain and absolute gain. Neorealist argue that states are constantly concerned of the problem of survival, so that they pay more attention to relative gain, and concerned about cooperation. Neoliberals argue that states will calculate the intentions of other states, and their relative capabilities, they not only think of relative gains, but also seek cooperation to promote absolute gains. For example, state A can gain 100

million dollar by signing an agreement with state B, while state B can get 200 million dollar. The relative gain of state A is less than state B, state A refused to cooperate. According to neoliberals, the calculation of relative gain doesn't prevent states from cooperation, because besides calculating the relative gains, states will also evaluate the intentions of other states. States have multiply relations with other states, so constant calculation of relative gains is not practical. (Ibid)

Both neorealism and neoliberalism are rational theories. There are similarities between two theories. In both theories, political actors are assumed to be atomistic, self-interested and rational. They offer a fundamentally behavioral conception of process, and institutions: they change behaviors, but not identities, and interests.<sup>16</sup> Both rationalist theories have similar assumptions of agents. States are considered as dominant actors in international relations, and security is the main concerns of the states. States will try to maximize their self interests. The difference between neorealist and neoliberals are in the relative gains, and absolute gains. actor's interests are not related to social interactions. Actors are not social, but only concerns to pursue their interests in the society. Actors are also rational, and they can use effective way to realize their interests. Society is a strategic realm, in which individuals, or states pursue their predefined interests. They are not the products of social environment, but merely rational beings that maximize their interests. In this perspective, both realist and liberals are egoists. States treat interests as their primary goal.

In the 90s, the end of the cold war brought a new stream of international relation discipline- constructivism. Rationalist theories are inefficient to explain the phenomenon of the cold war. In the 90s, the cold war ended, and United States have achieved first hegemonic position. According to neorealists, other states will balance the untied States, and it will lead to emergence of new great power in the international system. Some liberals focused on the role of liberals ideas after the cold war ended. However, the role of ideas, and social interactions between states influence the

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<sup>16</sup> Yucel Bozdagliglu, *constructivism, and identity formation*, an interactive approach, Uluslararası Hukuk ve Politika, 2007

international relations. there is a spread of nationalism, rise of religious fundamentalism, and the rise of terrorism in the international world. Both realism, and liberalism failed to explain such phenomenon. It made scholars to reevaluate the existing IR theories. This provided an opportunity of new approach of theories-constructivism.

Constructivism is a board approach that conclude “Weberian interpretive sociology, symbolic interactionism, variants of Marxism, Veblenian institutionalism, post structuralism, and hermeneutics.”<sup>17</sup> IR constructivism draws from the social theory, with the characteristic of idealism. Constructivism became very popular among North American scholars. It emphasized empirical analysis. Constructivists criticized realists and liberals that social actors as atomistic egoists whose interests are performed before the social interaction. On the contrary, they hold the opinion that actors are relatively social, with identities, and interests are social constructed. They argue that ideas, and norms are the ultimate driving force in the international system. It provides a different path of view of international relations.

The rise of constructivism was prompted by four factors. First was motivated by an attempt to reassert the preeminence of their own perceptions of the theory and world politics. Second was because the end of cold world, neither neorealism, or neoliberalism could comprehend the transformation of world order. Third was because young scholars in the 1990s embraced many of propositions of critical international theory. And new world politics ( such as dynamics of international change, the nature of basic institutional practices, the role of non-state agency, and the problem of human rights ) were raised. The old theories failed to explain the new issues. Finally mainstream scholars are frustrated by the analytical failings of the dominate rationalist. The origins of constructivism can be traced back to the early and mid-1980s. Constructivists are inspired by development of other social science theories, including psychology, and sociology. Anthony Giddens (1984) proposed the concept of structuration as a way of analyzing the relationship between structures

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<sup>17</sup> Yucel Bozdagliglu, *constructivism, and identity formation, an interactive approach*, Uluslararası Hukuk ve Politika, 2007

and actors. The relations between actors and structures are mutual influenced with each other. Structures formed the understanding of actor, while actors transform the structures.

Constructivism has deep roots. It can be traced by in the 18th century, when Italian philosopher Giambattisia Vico noted that historical world is created by human. Immanuel Kants is another forerunner of constructivism, who claimed that our knowledge of the world is always subjective due to human's consciousness. Max weber emphasized that social world is fundamentally different from natural world. Subjective understanding is the specific character of sociological knowledge. Constructivists emphasized the importance of understanding and meaning.

### **1.3 Constructivism theory in international relations**

Constructivism is both a social and IR theory. It analyzes the influence of social interaction on formation of norms, and ideas, and in turn influence the formation of interests.

Different from rationalism, Constructivism contrasts in three important aspects. First, rationalist assume that actors are atomistic egoists, constructivists regard actors as social, whose identities are constituted by the institutional norms, values, and ideas of the social environment in which they act. Secondly, actors' interests are not exogenously determined in constructivism, but are formed by social interaction, and as a consequence of identity acquisition, and formed through communication, and reflect on experience and role enactment. Third, unlike rationalist who view the society as a strategic realm, where actors rationally pursue their interests, constructivists view society as a constitutive realm, that generates actors as knowledgeable social and political agents.

The essence of constructivism can be divided into four propositions. Constructivist believe in the social construction of reality and the importance of social facts are very important in international relations. It not only focus on ideational but also material structures and the importance norms and rules. It emphasize the role of identity in

shaping political action and importance of logics of action. It believe in the mutual constructiveness of agents and structure, and focus on practice and action.

<sup>18</sup>Constructivism agree not only material structures, but also norms, and other ideational structures will shape states behavior. Material structure only have meaning through the structure of shared knowledge that they embedded. <sup>19</sup>Constructivism agrees that although there are some aspects of reality is anarchic, and material, and but the existence and meaning varies depending on different social perspective. Constructivists stressed the social aspects of norms, and ideas shape the identity of social actors.

The non-material aspects of structures is important, because identity informs interests, and then influence actions. Not only material forces such as natural resources, and military power is important for understanding the structure, but also ideational factors. Constructivists emphasize the importance of shared knowledge about material factors rules, symbols, and language, which will influence the interpretation of the world. actions and material forces only have meaning with shared form of knowledge.

Identity is the agent's understanding of self, its place in the social world, and its relationships with others. Constructivists focus on identity because It is believed that identities strongly imply a particular set of interests, or preferences in respects of choice of action<sup>20</sup>. Different from realists and liberals that actors in international politics have only one preexisting identity- the self-interested state. Constructivists also acknowledge the importance of the historical, cultural, political and social context of agents as factors that constructing identity. Constructivists argue that states can have multiply identities that are socially constructed through the interaction with other actors. Actors will follow norms that are associated with the identity. They agree with rationalists that actions is driven by the logic of consequences. They also contend that actors will also act from a logic of appropriateness. For example, larges states, and smaller states have different identities. The small states put survival as the

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<sup>18</sup> Steve Smith , Foreign policy theories actors, cases Second edition Oxford press P82  
Stefano Guzzini , Constructivism and International Relations: Alexander Wendt and his Critics (New International Relations), Routledge; 1 edition , 2006 P9

<sup>19</sup> (Wendt 1996: 73)

<sup>20</sup> Ted Hopf 1998: 175

main focus of their identity in the international relations, while large states is engaged in dominating political, economic, and military affairs, and have more influence towards other states. States' behavior is influenced by states' identities. One example can be Germany in the twentieth century. In the second half of twentieth century, though Germany is a leading economic power, but it is not a military power. After Adolf Hitler came into power, Germany's identity has shifted from one of militarism to pacifism. ,

According to Anthony Giddens's structuration, structures and agents are mutually constituted. Structures shape agents' identity, and agents will also influence structures. Agency can be understood as the actors in the international relations. Structures can be referred as international system that has material, and ideational elements. Normative and ideational structure shapes actors' identity and interests through three mechanisms: imagination, communication and constraints. Non material factors influence actors on what they see, and how they would react, and what strategies they can use. Institutionalized norms and ideas work as rationalization only because they already have moral force in a given social context. The language of justification can constrict action, if the strategies are in accordance with certain principle. Structuration logically implies the possibility of change through agents' practice. Change on structure is possible, but difficult to take place. The mutually constituting between structure, and agents mainly goes from structure to agents.

## **1.4 Different approaches of Constructivist theory**

In the 1990s, there are three variants of constructivist theories, according to their level of analysis: systemic, unit level and holistic constructivism. Now I will explain the three different approaches of constructivist theory.

### **Systemic Level Constructivism:**

Alexander Wendt developed systemic approach of constructivism by his "culture of anarchy". Similar with realists, his version of constructivism is a state centered one. "States are dominant form of subjectivity in the comparative world politics, which



means that they should be primary thinking of global valuation of violence.”<sup>21</sup> Wendt focus mainly on interactions between unitary states actors. The domestic factor is ignored. He combined constructivism with realism together and acknowledge that international system is anarchic. According to realism, international system is anarchic. International relations are based on the principle of states equal sovereignty, and is therefore decentralized, and Anarchic. Anarchy is the reason of the war. According to the realism, states are differently placed by power. The main goal of the states in international relations is survival. They are egoist, and selfish. They have to behave according to the structure. The structure influence states’ behavior, through two ways. Competition and socialization. Competition is the main form of the behavior, and socialization affects the behavior. Socialization is also materialist, so that it is not the priorities of the states. In constructivism, actors follow the rules, that not only regulate behavior, but also define identical and national interests.

Wendt held the opinion international structure is a social phenomenon. The shared knowledge lead to the idealic view of the structure. According to Wendt, the structure of social system is composed of three elements, material conditions, interests, and ideas.<sup>22</sup> The ideas formed the social structures. Wendt considered that the contribution of ideas had been neglected in the international relations. For constructivists, material consequence are the ideas and meanings that the objects to us. In systemic constructivism, the ideas are knowledge. Wendt proved to be a positivists, and naturist.

Wendt defines the structure in social terms. He disagreed with neorealism on individualism ontology, and held the opinion that agents are constructed by social structures, and have constructed effects on agents. Wendt agrees with realism that states will pursue power and maximize its interests. However he argued with neorealists’ proposition that anarchy will lead to self-help, and he thinks interactions between the states will lead to creation of identity and interests. For realists, states know what they want before they interact with each other, and anarchy will lead to

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<sup>21</sup> (Ibid, P9

<sup>22</sup> Yucel Bozdagliglu, constructivism, and identity formation, an interactive approach, Uluslararası Hukuk ve Politika, 2007

conflict, but For Wendt, it is the very interaction with others that create and instantiate one structure of identities and interests rather than another; structure has no existence or causal powers apart from process'.<sup>23</sup> Both neorealist, and constructivist agree that states want to survive and secure. However, constructivists argue that identities, and interests are formed through interactions between the states.

In the case of the cold war, if United States and soviet Union considered each other not as enemies, "the cold war" will be over. It is identities and ideas that formed the structures, which influence actions. Actors required stable identities by participate collective meaning. After the end of cold war, West European states didn't participate power balancing with each other, but rather cooperate with each other, because of "European identity" within them.

In Wendt opinion, anarchy is "What states make of it. If states didn't have conflicts with each other, it is because of their social practices, which reproduce egoistic, and militaristic minds."<sup>24</sup> He believes identity of a state forms interests, which will influence its actions. The ideas will influence a state's perception of its environment, which depends on the "Historical, cultural, political, and social context."<sup>25</sup> According to Wendt theory, one example of states' enmity relations that can be explained in constrcutivism theory is relations between United States and North Korea. The foreign policy of both countries much depends on the beliefs, and ideas held by both states.

In Wendt work, identity is very important in his approach. Which in Wendt, "the relationship between what actors do and what they are." Wendt distinguishes between four identities. The first is personal or cooperate identity. The second is "Type identity", third is "role identity", and finally is collective identity.

The personal or cooperate identity is constituted by "self organizing and homeostatic structures" that distinguish self from the other. The construction of such identity is through the working of self by past memories.

<sup>23</sup> Aleksander Wendt 1992 P394

<sup>24</sup> Stefano Guzzini , Constructivism and International Relations: Alexander Wendt and his Critics (New International Relations), Routledge; 1 edition , 2006 P9

<sup>25</sup> Ted Hof 1998

“Type identity” is that identity placed within the “site” of personal/ cooperative identity that refers to a “social category”. Some persons have shared characteristics of identity.

“Role identity” is about the influence of culture, and shared expectations on its identity. The identity is achieved through interactions with others.

Wendt engagement with Anthony Giddens’s structuration theory in two aspects: First is to follow Giddens in agent structure problem. He regards agents and structures as mutually constitutive entities with equal ontological status.<sup>26</sup> it means that social reality is developed through interaction, secondly, structure really exist is incompatible with empiricism. <sup>27</sup> Wendt introduced scientific realism as philosophical foundation of the theory. <sup>28</sup>

With these instruments, Wendt disagree with neoliberalism on anarchy in the international system. He agrees with neoliberals that identities, and interests of states can be transformed through process of learning and experiences. He disagrees with neorealist that anarchy is material phenomenon because of states’ security and interests concerns, but he considers that anarchy has cultural, and ideational elements.

Wendt agree with realists anarchy is the characteristic of interactions between states in international system. However, anarchy is what states make them. There are three different anarchy culture according to Wendt. Wendt suggests three major ideal types of anarchy: Hobbesian, Lockean and Kantian. These kinds of culture are based on three different kinds of role through which states represent self and other, namely enemy, rival, and friend. <sup>29</sup> according to to constructivists, only Hobbesian culture are self help system.

According to Neorealism, anarchies is the reason of conflict, and it is a self help system. It can cause military competition, balances of power, and war. Constructivists held the opinion that anarchy can have at least three structures based on what kind of

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<sup>26</sup> Alexander E. Wendt, 1987)

<sup>27</sup> Maja Zehfuss , *Constructivism in International Relations: The Politics of Reality* , Cambridge University Press, 2002

<sup>28</sup> Alexander E. Wendt, 1987)

<sup>29</sup> Yucel Bozdagliglu, *constructivism, and identity formation, an interactive approach*, Uluslararası Hukuk ve Politika, 2007

roles, enemies, rival, and friend dominate the system. <sup>30</sup>

Table 2 cultures of anarchy and degrees of internationalization

Degree of internationalization	3rd			x
	2nd		x	
	1st	x		
		Hobbesian	Lockean	Kantian

Sources: Scott Burchill, Andrew Linklater, Richard Devetak, Theories of International Relations, Palgrave Macmillan; Fifth Edition, Revised edition

### **Hobbesian culture**

In the Hobbesian culture, states view each other as enemies; the logic of Hobbesian anarchy is “war of all against all” Wendt argues that it is the shared ideas but not anarchy or state nature is the cause of the war. Enemies is constituted by not fully recognize self and therefore will react in violence. According to Wendt, there are four different results of foreign policy if states regards each other as enemies. Firstly, the principle of “Killed and be killed.” This makes states to deepen revisionist foreign policy towards enemies, even if states prefers status quo policy. Secondly, the actors will base on the decisions on worst states possibilities, and reduce the likelihood of cooperation with the enemies. Thirdly, “ if we want peace, prepare for the war.” It will make states increase the military capabilities. Lastly, if war happens, the states will not limit its violence, because states will take advantage of the other’s self restraint. In Hobbesian culture, States are adversaries and war is endemic because violent conflict way of survival. Hobbesian anarchy, according to Wendt, dominated the states system until the seventeenth century.

### **Lockean culture**

In Lockean culture, states regard each other as rivals, and states recognize each other

<sup>30</sup> Yucel Bozdagliglu, constructivism, and identity formation, an interactive approach, Uluslararası Hukuk ve Politika, 2007

to exist, because they recognize the right to sovereignty. In the Lockean culture, violence and war can break out periodically. The civilization process is developing, There is a self restraint on states' behavior regarding towards other countries, however, this doesn't guarantee that states will settle disputes peacefully. States still use of force to settle the disputes. States are trying to find a balance between self control, and external social constraints. It has become the characteristic of modern states' system since the Peace of Westphalia in 1648. Lockean culture will usually results of four types of states' behavior. Firstly, states will follow a status quo policy. Secondly, states still concerns of their security, and might absolute gains over the other states, to prevails the relative loses. Thirdly, states will not reply only military power. Fourthly, in case of war, violence is limited. This is especially true in Lockean culture, after 1648 Westphalia.

### **Kantian culture**

In Kantian culture, which emerged after the Second World War, states view each other as friends, and settle disputes peacefully, and support each other in case of threat by the third party.<sup>31</sup> In this aspects, enemies are considered states threatening each other, with violent actions in an ultimate manner. The posture of rivals is one of the competition which includes the use of violence for maximize the interests, however, in a limited, and calculated manner, and the orientation of friends is based on alliance that excludes violence to settle disputes and encourages collective action against security threats<sup>32</sup>. There are two types of features in Kantian culture. First is states settle the disputes with non violence. Secondly, states mutually assist each other in the security system in a case of security threat. Collective security and pluralistic security communities are the outcomes.

Three different cultures can be internalized in different degrees. Wendt makes a distinction between three degrees of cultural internalization. In Hobesian culture, it has a weak commitment to shared ideas. In Kantian culture, states have a strong

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<sup>31</sup> Wendt, 1999: 299

<sup>32</sup> Maja Zehfuss, *Constructivism in International Relations: The Politics of Reality*, Cambridge University Press, 2002

commitment to shared ideas. States are more willing to cooperate with each other.

Wendt analysis is systematic. It focuses the interaction between states in international level, and rather ignore the domestic factor.

## **Identity formation**

In constructivism, identities play an important role because they forms the basis of states interests. Wendt defines that what kind of culture states pursue depends on the states' identities in reactions with others. In Wendt analysis, "interests presuppose identities, because an actor can not know what it wants, until it knows who it is, which in turn depends on social relationships."<sup>33</sup> so in constructivists, identities provides the basis for interests. Through social interactions, Identities are always formed and reformed.

In the identity construction, there are cooperate and social identities of the states. Cooperate identity refers to the intrinsic, self organizing qualities that constitute actors individuality. There are four basic of interests that is generated by this identity: 1), physical security, 2) predictability in relationship with the world, 3) recolonization as an actor by others. 4) economic development. The states also have social identities. It can be defined as a set of meaning of an actor attributes to itself while taking the perceptive of others. For example, one can only be an anti communists when there is communist around.<sup>34</sup>

In Hobbesian culture, states regard each other as enemies, and will not limit the violence towards each other. In Lockean culture, states are rivalries, and there are violence among the states, but it is not that threatening. In Kantian culture, states identifies each other positively, and friendly towards each other. When states regards each other as enemies, Hobbesian culture prevails in the international system. In the west, Lockean culture prevails.

According to Wendt "interactionalist social theory", there are two approaches of mechanism of identity formation. One is natural approach, and the other is culture

<sup>33</sup> Yucel Bozdagliglu, constructivism, and identity formation, an interactive approach, Uluslararası Hukuk ve Politika, 2007

<sup>34</sup> Yucel Bozdagliglu, constructivism, and identity formation, an interactive approach, Uluslararası Hukuk ve Politika, 2007

selection approach.

The nature approach is that mechanism are relatively poorly adapted to the competition of scarce natural resources that environment fails to reproduce, and placed by a better adopted.<sup>35</sup> This approach is helpful in explaining the emergence of Hobbesian culture in the 17<sup>th</sup> century. However, it failed to explain the states' identities after the Westphalia system, since small states have been able to survive in the international system, despite the inequalities in power and constant warfare.<sup>36</sup>

Culture approach is the transmission of behavior from individual to individual, from generation to generation by social learning, imitation, or some other similar process. The culture approach is a mechanism that shapes states' identities, and interests of states. States will intimate other states which they perceive as successful, both in material and status means. The culture approach can change a state's identity within the single generation, while nature approach requires many generations for such changes. Culture approach can be achieved by social learning at the same time. Identities can be achieved by interactions with others, and how others responded their identities. Actors may see themselves in the reflection of How others think of them, and in the mirror of other's representations of self.<sup>37</sup>

### **Uni level constructivism**

Uni level constructivism focus on the domestic factors in the process of forming identities and interests instead of focusing on external, and international domain. It concentrates on relationships between domestic social and legal norms and identities, and interests of the states. One representative of uni level Constructivism scholars is Peter Kaztenstein. Peter Kaztenstein and other scholars highlighted that domestic factors, namely culture and identity of the states influence national security. In the book that is edited by Peter Katzenstein, *The Culture of National Security. Norms and Identity in World Politics* drives the general constructivist claim on culture, norm and identity matters in the core area of national security. (Robert Jackson, Georg Sørensen,

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<sup>35</sup> Ibid.; p. 321

<sup>36</sup> Ibid., P 323

<sup>37</sup> Ibid, P 327

2016) For His writing on national security policies of Germany and Japan, (1996, 1999) explained why Germany, and Japan, the two states with common experience of military defeat, foreign occupation, economic development, transition from authoritarianism to democracy and nascent great power status, have developed different internal and external national security policy. One of the important reasons for such phenomenon is different norms in Japan and Germany. Germany in the 1950s, and 1960s have experienced national crisis. Through the changes of legal norms of the states, there is a great fear of terrorism in Germany. Comparably, Japan has less pressure than Germany in the national emergency in the legal norms. This has caused different national security policies between Germany and Japan. Karzentein highlighted the importance of institutionalized regulatory, and constructive national social and legal norms. He focuses on internal, and domestic determinates on national policies. It can analyze the identity, interests, and actions across the states. Systematic approach is inadequate to explain states behaviors. Domestic factors also influence formation of states identity, interests, and policy.

*“Today’s problem is no longer that of E.H. Carr, one of avoiding the sterility of realism and the naïveté of liberalism. Our choice is more complex. We can remain intellectually riveted on a realist world of states balancing power in a multipolar system. We can focus analytically with liberal institutionalists on the efficiency effects that institutions may have on the prospects for policy coordination between states. Or, acknowledging the partial validity of these views, we can broaden our analytical perspective, as this book suggests, to include as well culture as identity as important causal factors that help define the interests and constitute the actors that shape national security policies and global insecurities.”<sup>38</sup>*

There are many essays that emphasizes on domestic aspects. For example Alastair Johnston identifies the “hard republic “strategic culture in Chinese tradition and culture that shapes China’s strategic culture. how Chinese culture helps and shapes Chinese security politics. Chinese decision maker have internalized strategic culture

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<sup>38</sup> Katzenstein 1996a: 537



which passes across different interstate systems, regime types, level of threats, and level of technology.<sup>39</sup> Neorealist is inadequate to explain Chinese strategic culture.

Another scholar that contributes the uni level constructivism is Ted Hopf. He studied the domestic formation of identity's influence on Soviet Union and Russia's foreign policy in 1955 and 1999. Ted Hopf made a contribution on how domestic identity constitutes social structures, that shapes the threats, opportunities, enemies, and allies. He comments on domestic analysis of constructivism, and stated that “ states’ identities are produced in interactions with other states, but also its identities are being produced in interactions with its own society, and many identities and discourses that constitute that society.”<sup>40</sup>

### **Holistic constructivism**

Holistic approach of constructivism is a cross level analysis of influential factors. Unlike systematic, and uni level approach of analysis, holistic will analyze in both domestic, and international factor. Holistic bridges two domains between international and domestic approach. Both domestic, and international factors will influence the formation of identities and interests of states. Holistic approach concerns with dynamics of global change, which is particularly the rise and falls of sovereign states, and domestic and international factors that influences the order and states. The analysis are from two distinctive yet complementary aspects, analysis of international changes and development of the normative, and ideational structures of present international system, and social structures that they represented, and the domestic changes, and modern system changes. Koslowski and Kratochwil as two leading scholars of the Holistic constructivism and consider domestic and international identity influence states’ behavior in international relations. They held the view that cooperate and social identities treats domestic and international structures and processes as as two face of single social and political order. Domestic and

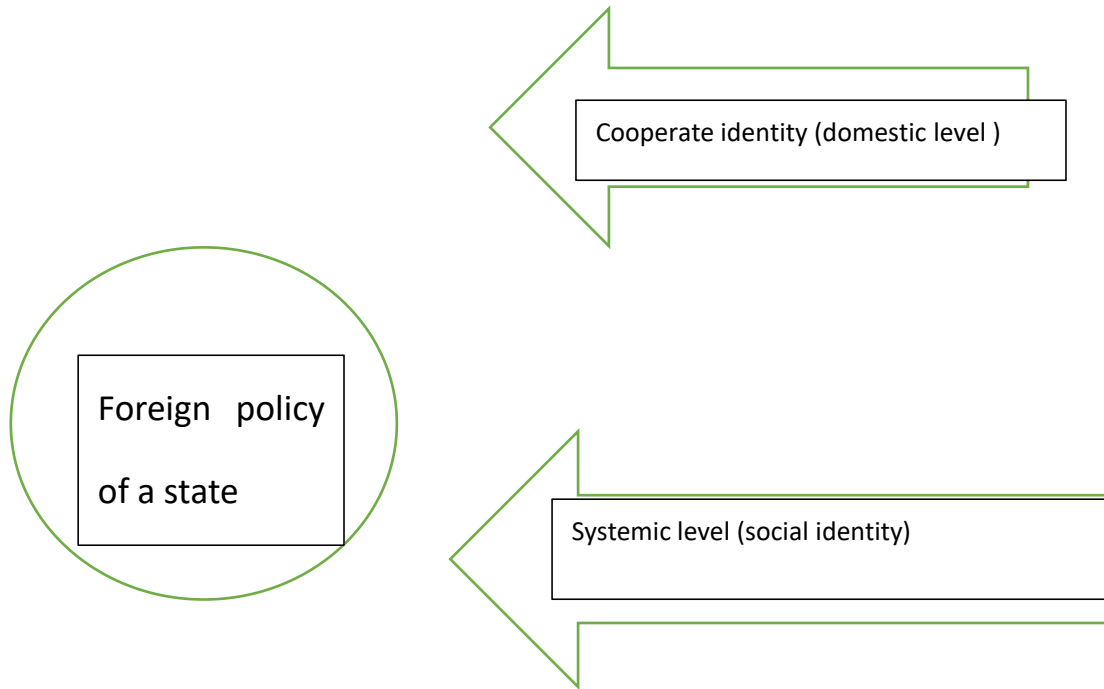
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<sup>39</sup> Robert Jackson, Georg Sørensen, *Introduction to International Relations: Theories and Approaches*, Oxford University Press, 2016

<sup>40</sup> Hopf, 2009: 294)

international phenomena shapes state's behaviour. According to Holistic approach, foreign policy of a state is a consequences of cooperate identities, (domestic level) and social identities, (International level) <sup>41</sup>

Figure one: The logic of Holistic approach of constructivism



Sources; my own

In this thesis, I will analyze China's foreign policy towards central eastern European countries in the Holistic approach. Foreign policy is made based on identities. Identities are formed based on domestic and international factors. I will elaborate the evolution of China's identity in different historical period, and how the domestic, and international environment shape China's identities. Through analysis, I will find out the difference of China's foreign policy towards central eastern European countries in different period of time, and why there is a difference regarding to the foreign policy.

## Conclusion:

In the 1980, there are two streams of international relation, neorealism, and

<sup>41</sup> Yucel Bozdagliglu, *constructivism, and identity formation, an interactive approach*, Uluslararası Hukuk ve Politika, 2007

neoliberalism. Both theories are rationalist theories. In Realism theory, states are considered as main actors. In the classic realism theory, realist emphasizes the constraints on politics imposed by human nature, and the absence of international government. In neorealism theory, international system is anarchical . The insecurity, and the relative gains is the cause of conflict in international relations.

In the liberalism, international relations is influenced by non state actors. Liberals highlighted that international institutions and interdependence between the states. Interdependence produces new relation of power between states, and balance of power which is highlighted by realism no longer determine the political outcome. In neoliberalism, states will calculate the intentions of other states, and their relative capabilities. They not only think of relative gains, but also seek cooperation to promote absolute gains. Cooperation, and interdependence of states reduce the possibility of conflicts,

in the 90s, in the international relations, there aroused a different approach of theory compared with rationalist theory, constructivism. Constructivists believe international relations is socially constructed. It focused on not only materials factors, but also structures, norms, and rules. Constructivists focus on identity. Actors will follow norms that are associated with identity. According to constructivists, structures, and agents are mutually constructed. Structures shape agents' identity, and agents also influence structures.

According to the level of analysis, there are three approaches of constructivists theory, systemic, uni level, and holistic constructivism. Alexander Wendt develops systematic constructivist approach. It mainly focus on interactions between unitary state actors. He agrees with realism that states will maximize power, but he also develops the culture of anarchy. Hobbesian culture, Lockean culture, and Kantian culture, which states view each other as enemies, rivals, and friends. He also draws two types of identities, “social identities, “ and “cooperate identities.”

In uni level approach, it focus on relationship between domestic, social and legal norms. Domestic factors are put into consideration in uni level approach.

Holistic approach is a cross level analysis of influential factors. It focuses both on

domestic, and international factors. The domestic and international factor help to construct states' cooperative, and social identity, which influence states' behavior in international relations. The thesis will use Holistic approach of constructivism, to analyze the influence of domestic and international factors on the formation of China's identity, which influence China's foreign policy towards central eastern European countries.

## **Chapter Two The evolution of China's identity and China's foreign policy**

Constructivism focuses the role of identity in shaping political action, and importance of "logic of action".<sup>42</sup> Alexander Wendt argues that identity is perception and definition of self in comparison with others, as well as interactive construction of the ideas held by self and others. Edward Said argues that construction of self-identity establishing opposites and "others" whose actuality is subject to the continuous in interpretation and re-interpretation of their differences from "us." Each age and society recreates its "Other."

National identity describes features possessed by a country that distinguish it from others that enables latter to arrive accessible assessment. A nation's identity is a unification of domestic, and international dimensions.

National identity is a self-determination of a state in its national image in the international relations. It is characteristic of a state in domestic, and international world. History, culture, politics, and social context of agents all influence the formation of national identity. A country's history and experience influence the formation of a country's national identity, and its foreign policy. Since the establishment of people's republic of China, there are several shifts of China's identity, which accompanies the changes of China's foreign policy. China has now become the world's second largest economy. The rise of China has witnessed the changes of China's foreign policy. Since the foundation of People's Republic of China, China's foreign policy is strongly influenced by its history.

### **2.1 China's identity from 1949-1978 and China's foreign policy during Mao's era**

Chinese civilization is regarded as one of the oldest civilization in the world. Before the 19<sup>th</sup> century, China regarded itself as superior in civilization, and culture. China used the term "Tian Xia" under the heaven to refer to its territory. China's foreign

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<sup>42</sup> Steve smith, Amelia Hadfield, Tim Dunne, *Foreign Policy: Theories, Actors, Cases*, Oxford University Press, 2012, P81

policy towards other countries is “tribute system”. China requires other countries to pay tribute to China. China has political, as well as cultural influence towards neighborhood states. However, in the modern history, because of Manchu government’s self superiority, and the closed foreign policy, Manchu dynasty declines. Manchu government started to rely on foreign forces because of the internal problems of China. Great Britain started to use force to open Chinese market which started the opium war. China’s identity changed with western power’s invasion to China, and force China to open the door. The identity of China is forced from “Tian Xia” to “Guo Jia”- a state in the west centered Westphalia system.

Since the 19<sup>th</sup> century, western powers started to invade China, with advanced technologies, in form of gunboats, and cannons. China signed a series of unequal treaties with western powers, starting from Treaty of Nanking with British Empire, to Japan’s invasion of China. China was forced to pay large amount of reparations, opened up port for trade, and lost territories. China was a failed state. This period was considered as “century of humiliation”.

The end of world war One and the Bolshevik Revolution in Russia brought changes, and new ideas for China’s foreign policy. Sun Yat-sen lead the Kuomintang Party, which adopted three main principles-nationalism, democracy, and people’s live hood. His idea was similar to communist, in the aspects of anti imperialism. After his death, Chiang Kai-Shek took over the party. His idea was to follow Sun Yat-sen’s three main principles, and got the help from foreign countries. Communist party’s objective was to establish the country based on Marxist-Leninist -Stalinist theory. the 20<sup>th</sup> century, the feudal system collapsed in China, and China struggled to recover its territory that was lost in 19<sup>th</sup> century. Kuo Mingdang party and communist party of China fought for the Japanese’s invasion of China. After the end of Second World War, Communist party of China won the civil war, and People’s Republic of China was established in 1949.

When China was established, China was at the bottom of international system. China was a poor agriculture country. China’s economy suffered severely because of decades of warfare. The fundamental goal for CCP was to transfer China into a

modern, powerful and socialist nation through the process of industrialization and modernization. The main aim of China's foreign policy during Mao Zedong's time is to survive, and maintain the security of the state. China wants to protect its territory, and include Tai Wan, Manchuria, Inner Mongolia, Sinkiang, and Tibet into mainland China. China wants to achieve modernization by strengthening economic, political, and military power. China seeks to be recognized as an important power in the international system. Because of the history, and political situation in the international world, China is against imperialism, and anti hegemony.

After the second world war, United States, and Soviet Union have emerged as two biggest super powers. There formed two bloc in the international system. One is communist bloc- the Warsaw pact which was led by soviet Union; the other is NATO, which is led by United States and its allies. Other Asian and African countries need to seek stand on one side, and join the bloc. Under this circumstances, China's identity and foreign policy changes even under the leadership of Mao Zedong.

### **China's identity and foreign policy during Mao Zedong's time**

The cultural, and national identity of China during the Mao Zedong's area was influenced by China's century of humiliation. China wants to develop the country based on self-sufficiency, and non-aliment. In the first place, China wants to create a cultural, and national identity of China based on Marxism-Leninism ideology. The maxims-Leninism, combined with Mao Zedong's thought was the state orthodoxy, which is also national identity of China. During this period, China regarded itself as a socialist country, which leaned on communist side during the cold war period to fight against US and western allies. China's foreign policy was much influenced by the relations with Soviet Union. In the beginning of the establishment of China, Soviet Union and other central eastern European countries are among the first countries to recognize people's republic of China. Soviet Union provides many economic, and political support to Chinese government. As China perceived itself as a socialist country, China leaned on Soviet Union, and joins the communist bloc during the beginning of 50s and 60s. Domestically, China dismiss of European thoughts, and together traditional Chinese culture. Marxism is the ideology of China. Based on such

identities, China adopted policies such as great leap forward between the year 1958 to 1960 in order to catch up with western countries. “Hundred flower campaign,” and “culture revolution” to eliminate the enemies in the socialist class, which is interpreted by Mao Zedong.

Because of China considered itself as a socialist state, China adopted several foreign policies that are pro socialist ideology. In 1950s, China adopted interventionist foreign policy on Korea war, and established obvious relations with North Korea. China had intended to help Viet Minh establish Communist regime in three Indonesian countries. Chou successfully convinced United States to accept three different states in the region. This didn’t change China into a modernized country. The culture revolution have brought severe damage of China, and lead a backward of China’s economy.

Marxism remains China’s major identity in the following Chinese leaders. Chinese communist party claims that it wants to build China a socialist country with Chinese characteristics in the later leaders. Chinese government build PRC based on Marxism philosophy. In the state building process, in addition to Mao Zedong thought, Deng Xiaoping theory, the three representatives, Hu Jintao’s concept of “scientific development, Xi Jinping’s thought have been integrated into party’s constitution, alongside with Marxism and Leninism. <sup>43</sup>

China’s half colonized experience have a strong effect on the formation of China’s dual identity. Mao Zedong has its own interpretation of the international relations and the world. After Stalin’s death, Mao Zedong had ideology disputes with Soviet Union. Mao Zedong’s personality has become more arbitrary. In China, Mao Zedong is worshiped as a great leader. Mao Zedong’s thought is strongly influenced on China’s foreign policy. In Mao Zedong’s time, China also perceived itself socialist country that is anti-imperialism. China is against big power adopted interference foreign policy. Non-interference, and nationalism is characteristic of China’s foreign policy. China wanted to develop the country independently, keeping out of the foreign influence.

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<sup>43</sup> Nele Noesselt, China and Socialist Countries: Role Change and Role Continuity, GIGA Research Program, Legitimacy and efficiency of Political systems, 2014



Based on such identities, China proposed “five principle of coexistence” as main foreign policy towards other countries, which was also the core principle of China’s foreign policy in the later generations. “The five principles of coexistence” is “mutual respect for each other's territorial integrity and sovereignty. Mutual non-aggression. Mutual non-interference in each other's internal affairs. Equality and cooperation for mutual benefit. And peaceful coexistence” This principle was expounded in the common program adopted by the first session of the national committee of the people’s political consultative conference on 29<sup>th</sup> September, 1949. This is the core principle of China’s foreign policy towards other countries. China adopted five principles of coexistence in dealing with relations with other countries. China used “five principles of coexistence” to solve the territorial disputes with India over Tibet in the 1950s, and signed “Agreement Between the People's Republic of China and the Republic of India on Trade and Intercourse Between Tibet Region of China and India”. The agreements used “Five principles of coexistence” as norms to guild the relations between the two countries. During the Asian- African conference convened in Bandung, Indonesia, 1955, countries have adopted ten principles for conducting the relations, which was a combination of five principles of coexistence. <sup>44</sup> This principle can also be shown in China’s foreign policy towards central eastern European countries. Soviet Union invaded Poland, Hungary, and Czechoslovakia in the 50s, and 60s. China is strongly against Soviet invasion and intervention towards Central Eastern European countries. China pointed out that the relations of socialist countries should base on “Five principles of coexistence”

China stated, “China's alternative design for the world stresses the equal, unfringeable sovereignty of all states, large and small, Western and non-Western, rich and poor, democratic and authoritarian, each to run its own system as it sees fit, whether its methods suit Western standards or not.” <sup>45</sup>

It is because of “five principle of coexistence” and anti imperialism, China also

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<sup>44</sup> Ministry of foreign affairs: China's Initiation of the Five Principles of Peaceful Co-Existence  
[http://www.fmprc.gov.cn/mfa\\_eng/ziliao\\_665539/3602\\_665543/3604\\_665547/t18053.shtml](http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18053.shtml)  
 Revival of

<sup>45</sup> Ibid

supported other socialist country in the Central Eastern Europe to develop socialism independently. Different from the beginning of the establishment of People's Republic of China that PRC leans on socialist side, In the 60s when China has ideology disputes with Soviet Union, Soviet Union is classified by China as "Imperialist" together with United States. In order to counterbalance Soviet Union's influence, China normalized relations with United States in the 1970s. in 1971, president Nixon visited China and established diplomatic relations with China. Since then, China improved its international status, and joined the united nation security council.

Secondly, China regarded itself as a speakman of "Third world country", and tried to send aids to African countries. In the late 1940s, Mao Zedong defined the international world order with his own interpretation different from "Two camps" which is led by two super powers, "United States" and "Soviet Union." China mentioned the "Third world", and "intermediate zone", which drew itself out of the influence of Soviet Union. According to the three world theory, the first world is United States, and Soviet Union; the second world is composed of Australia, Europe, Canada, and Japan; the third world countries composed of developing states of Africa, Asia, and Latin America. <sup>46</sup> China regard itself as a speakman of the third world countries. In 1954, China successfully identified itself with community of developing countries during the Asian- African conference. China's identified itself as a leader of third world country, and main foreign policy strategy during Mao Zedong's time is focused on the third world.

This is especially obvious in the 60s and 70s. China had a split in ideology with Soviet Union and at the same time, there was not much improvement on relations with United States, as United States still supported Tai Wan's independence, though the hostility between China and United States is decreasing. China made an effort to develop relations with third world countries, and identified itself as a third world country. China seeks alliances and partnership with emerging economics, and other developing countries. In 1963, Zhou Enlai visited several newly independent

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<sup>46</sup> Nele Noesselt, *China and Socialist Countries: Role Change and Role Continuity*, GIGA Research Program, Legitimacy and efficiency of Political systems, 2014

African countries and provided them many economic and financial support. China provided aid to African, and Latin America countries, which showed China's effort to build its image in international world. Between the year 1960 to 1970, 55 African and Latin American countries received aid from China.<sup>47</sup> China's foreign policy towards third world countries not only applies to African and Latin America, but also applies to the Central Eastern European countries.

In 1961, twenty five countries including China have joined the Non- allied movement. It is a movement that membership countries will not involve, in alliances, or defense pacts with world powers, either from NATO or Warsaw pact. Countries in non-allied movement are independent, and counter imperialism. China is very active in non-allied movement.

China also have a dual identity even at Mao Ze Dong's area. The half colonized experience gave China an identity of feeling very insecure, and weak. The century of humiliation gave China a sense of "self-inferiority". However, China wants to become a strong power, and try to build its image as a strong, responsible power in the international community. China has a sense of self superiority as its identity, which exists in the 19<sup>th</sup> century when China has a tribute foreign policy towards other countries. China view itself as a middle kingdom, with culture superiority. China seeks to develop independently, and rely on itself, rather than "imperialism." After China's split with Soviet Union, and Soviet Union withdrew all the help towards China on projects such as nuclear pregame, China develops nuclear weapons independently, and finally become a member which has nuclear weapons. This shows China's determination to become a great power status. China choose to build the Tanzania-Zambia railway by itself because the Soviet Union and the west rejected the countries' request due to practical difficulties..

During the process of negotiating with other countries, China shows enough self confidence. After the normalization with United States, China successfully convinced other countries to support it to replace Tai wan( people's republic of China) and

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<sup>47</sup> Furo Hara *the north Kalimantan communist party and the people's republic of China* , the developing economies, 2005

become a permanent member of UN Security Council in 1971.

## **2. 3 China's major identity and foreign policy during Deng XiaoPing's time**

### **2. 31 from 1980s- 1990s**

At the end of 1970s, Deng Xiaoping came into the power. There was some changes in decision making process of Chinese communist party. After the end of culture revolution, compared with Mao, Deng Xiaoping was not so powerful as Mao, who was the most powerful leader, and sole decision maker whose decisions were accepted by other party member and political leaders. Deng Xiaoping was an important leader of Chinese communist party. The decision of Chinese communist party need to accept final approval of Deng.

The objective of China's foreign policy in Deng Xiaoping's time continues in security area. To include Tai Wan, Manchuria, Inner Mongolia, Sinkang, and Tibet is still China's main objectives in foreign policy. Different from foreign policy in Mao Zedong's time which main objective is based on ideological goal to bring prosperity among people, Deng's foreign policy is to achieve moderation of China through economic, and military reforms, in order to achieve the goal to rise as a great power in the world. Mao Zedong's self help foreign policy brings isolation of China. Deng seeks to improve relations with other big powers, and attract investment to China. China had experienced great changes in domestic, and foreign policies. Deng Xiaoping proposed "Open door" policy, and China started to have economic reform. China wants to build socialist market economy, and create a new identity as "socialism with Chinese characteristics". China has shifted from the Marxism, and Maoism ideology of class struggle in the society to put more emphasize on developing economy.

At the third Plenum of 1978, Deng Xiaoping raised the open and reform policy to open the market, and bring reforms in agricultural, industrial sector, and to expand the foreign trade around the world. The China's main task has shifted from Maoism

ideology to economic development. At the domestic level, China's most important goal is to develop its economy, and realize the modernization. China reformed the central planning economy into market economy. Developing the economy has become the core goal for Chinese government. At the international level, China tried to improve the relations with western countries, and have more interaction with other countries, especially western countries. China has established special economic zone for the trade with other countries. In Deng Xiaoping's words, "No matter white cat, or black cat, as long as it catches mouse, it is good cat." China have abandoned the self-reliance economy strategy in Mao Zedong's time, and attracted foreign investment in China. Starting from the 80s, private economics have already played an important role in China's economy. China has received more and more foreign aid from other countries. For example, in term of the amount of foreign aid received in the world bank, China ranked the only 70<sup>th</sup> among 125 member countries in 1981, but six years later, it ranked 8<sup>th</sup>. In 1982, Hu Yaobang, the general secretariat in China's CCP, said ,

*Our modernization process should and can only aim to promote our national power. However, we should not limit ourselves to a small circle, and wrongly interpret self-reliance as isolationism. We should keep self-reliance as our basic principle, and extend our view from the domestic arena to the world — i.e. not only to mobilize what we have domestically, but also to mobilize what we can get from the outside world, which means using the strength of the outside world to overcome the weakness of our country* <sup>48</sup>

From Hu Yangbang's speech, we can see that start from 1982, China will deepen its open and reform policy. China sets the modernization as its objective of its foreign policy, and foreign policy will focus on economic development of China. China will abandon the isolationism foreign policy during Mao Zedong's time, and will seek the cooperate with other countries in the world. China will open the doors of its economy, and there will be the process of reform. There is a changes in China's foreign policy since then.

<sup>48</sup> Tian Baozhu, Nationalism, and China's foreign policy, China review 2001

Based on open door policy, China promoted trade with other countries, and tried to have good relations with other countries. China's relations with neighbors serves for the economic development. China's relations with United States improved after the normalization of relations between the two countries, and China tried to negotiate with Soviet Union on improving relations in the 1980s. China hoped to attract more foreign direct investment to China and have a peaceful environment for development. As to the central eastern European countries, China tried to recover the last friendship, and have more pragmatic cooperation.

Based on China's new identity to build a socialist country with Chinese characteristics, and achieve the modernization of China, China have made several changes in foreign policy. In the aspects of economic policy, China opened the market to foreign countries, which helps to achieve the modernization of China. With the newly opened Chinese market, and foreign good flow into China, there are more competition for Chinese products, and China improves technologies, and management practices.

China also made several changes in political sectors, as well as economic sectors. During Mao's time, China was not a member of any international organization such as IMF, or word bank. During Deng Xiaoping's time, there are changes on this situation. China also have major macroeconomic reforms. China opened for the foreign aid, and borrowed capital, and technology from other developed countries, through the open and reform policy. However, at the same time, China still protected the key sectors of local economies during the first stage of open and reform policy.

Deng Xiaoping set up special economic zones for trade in order to implement the open and reform foreign policy. Four locations in China,(three, Shenzhen, Zhuhai, and Shantou, in Guang Dong province, and one Xiamen in Fu Jian ) were set up as special economic zones.

In Deng Xiaoping's area, after the opening door policy in the 80<sup>s</sup> century, the economy of China developed very fast. China has experienced proves of modernization. China's foreign trade in export and import have risen so rapidly. China has doubled its export, and earned twice as much hard currency as did Soviet Union,

and Eastern European countries combined.<sup>49</sup> China also opens for foreign investment for Multinational Companies in China. China adopted neoliberal approach of foreign policy. By attracting the foreign investment, China provides huge labor forces, and imported high technologies, and capital from other countries.

The open door policy has gone beyond simply of extending foreign trade, and importing turnkey industrial plants. It has paved the way for a wide range of societal interaction with the outside capitalist world.<sup>50</sup>

There is changes of relations between China and other capitalist countries. In 1979, China and United States firmly opened up. In Deng Xiaoping's time, China established good relations with United States. United states provided economic aid to China, and provided opportunities for military power in China. This created a favorable situation of China to develop. China's relations with Soviet Union are in the opposing condition because of the improving relations between China and United States, and the ideology differences. Because China's tense relations with Soviet Union, China's relations with Central Eastern European countries are not good. But China established bilateral ties with other western European countries.

### **2.32 from 1990-1995**

However, in 1989, there were big changes in the international world. The communist bloc collapsed, the Soviet Union collapsed, and Central Eastern European countries have experienced political, and economical transformation. In China, there happened Tian Anmen incident. This aroused great antagonism in the international world. Western countries began to have sanctions on China. In the early 1990s, China has become an isolationist states. This changed China's image as an open country in the 1980s after the "Open and reform" policy to an isolate country. China strives to break the image, and cooperate with other western countries. China continued deepening economic reform, and tried to have break through with cold relations with other countries. China's identity in its foreign policy labors as "Biding time , Hiding

<sup>49</sup> Steve smith, Amelia Hadfield, Tim Dunne, Foreign Policy: Theories, Actors, Cases, Oxford University Press, 2012, P81

<sup>50</sup> Michael yahuda China' s foreign policy after Mao, Palgrave Macmillan publisher, 1983 P 125

brightness, not taking the lead, but doing some things”.<sup>51</sup> Deng Xiaoping argued that China should “observe clearly, secure our position, and cope with affairs calmly.”<sup>52</sup> CCP made the following observation in the international world after Tianan Men incident : (a) the Party Central Committee had not changed its basic views on the global situation, the trends of detente between East and West had not changed, and likewise the triangular relationship among the U.S., the Soviet Union, and China; (b) China would continue to improve relations with the Soviet Union and the Eastern European countries, but this improvement in relations could not surpass China's relations with the U.S., Japan and the western countries; China in the past had been too close to the West and the rich countries, and had neglected the World and the old ends in Africa. China therefore should strive to resume and develop relations with these old friends. Like the rest of the world, the Chinese leaders had not anticipated the significant changes that ended the Cold war and completely altered the interactional balance.<sup>53</sup> China adopted a pragmatic approach of foreign policy in international relations.

The main objective of China's foreign policy during this time is that China wants to develop its economy, and narrows the gap with other western countries. China continues to want to secure a peaceful environment to develop its economy. China wants to maintain a respectable growth rate to compete with other Asian countries.

In 1992, during Deng Xiaoping's famous southern Sojourn, Deng Xiaoping said, “we will become a big political power if we keep a low profile, and work hard for some years, and then we will have more weight in international affairs. “It indicate that China will keep a low profile in international affairs. Deng Xiaoping said in a talk with leading members of the party central committee on September 1989, :“In short, my views about the intentional situation can be summed up in three sentences. First, we should observe the situation coolly. Second, we should hold our ground. Third, we should act calmly. Don't be impatient, it is no good to be impatient.” Keeping a low

<sup>51</sup> David Shambaugh , China goes global : China ' s partial power, oxford university press , 2014 P 19

<sup>52</sup> Deng Xiaoping's lasting legacy | The Japan Times  
<https://www.japantimes.co.jp/opinion/2014/08/27/editorials/deng-xiaopings-lasting-legacy/>

<sup>53</sup> Joseph, Yu-shek CHENG, China ' s foreign policy in the mid-1990s. Ling Nan University .1995



profile is the new identity of China's foreign policy. Learning from the collapse of Soviet Union, and eastern European countries, China decide to develop its economy. He had completed the shift in China's strategic culture from the emphasis of struggle to cooperation and development.<sup>54</sup>

The socialist with Chinese characteristics is different from Mao's time that adhered to Marxism and Leninism. It is that China adheres to the basic principle of socialism, but different from the socialist model formulated by Marx and Engels or practiced by Soviet Union.<sup>55</sup> China will lean from the capitalism, and have capital economy, but not going to the way of capitalism.

Chinese government focused on economic reform, and improve people's living standard, in order to restore the political stability after the incidents. After Tian Anmen incident, Deng pushed further of market economy of China, which attracted further investment from other countries. Private ownership is legalized, stock market is opened, a division of labor between market and government have been worked out. As Deng Xiaoping said in 1992 southern tour, "whether China should focus more on a planned economy or on a market economy is not the fundamental difference between socialism and capitalism"<sup>56</sup>

China seeks to improve relations with western countries after the Tian Anmen incidents. China continues stick to five principles of coexistence to deal with relations with other countries and avoid ideology differences. China improved good relations with neighbour. Gradually in the early 1990s, China's relations with the west is normalized. However, China is constantly criticized by other countries on the issues on Human rights. Central eastern European countries are the countries to strongly criticize China on human rights, Tibet, and Tai Wan issues. China had a restriction and seek to improve relations with the west. In the meantime, China adopted good neighbourhood policy. In 1994, Chinese president Jiang Zemin visited Moscow, and

<sup>54</sup> Meng Honghua, Special issue: National identity in the course of globalization China's China's National Identity in Transition: Domestic and International Perspectives (1982-2012) Social Sciences in China, 2014

<sup>55</sup> Meng Honghua, Special issue: National identity in the course of globalization China's China's National Identity in Transition: Domestic and International Perspectives (1982-2012) Social Sciences in China, 2014

<sup>56</sup> Meng Honghua, Special issue: National identity in the course of globalization China's China's National Identity in Transition: Domestic and International Perspectives (1982-2012) Social Sciences in China, 2014

two countries settles disputes over the western part of the border. In 1993, Indian prime minister Pamulaparti Venkata Narasimha Rao visited Bei Jing and two countries concluded an agreement on border issues. China also established good relations with South Korea since 1992, and kept good relations with Japan. As United States, and other western European countries are occupied in other region of the world, China take advantage of peaceful environment in Asia Pacific, and improve its international image.

Since China's open and reform, China changed from a closed country to an open country, state centered economy to market economy. There are changes in China in many aspects. After 1992, China has become the major trading power. From 1993, exports of China increased by 60 percent in two years, and doubled in space of five years. <sup>57</sup>China has become the main receipt of FDI in 1993.

### **2.33 From 1995-2003**

Jiang Zeming was the third generation of Chinese leaders. Jiang Zeming adopted the same foreign policy with Deng Xiaoping. Jiang Zemin didn't change Chinese foreign policy approach during Deng Xiaoping's time, and keep the same identity as previous time. China's foreign policy approach is still "keeping a low profile, observing calmly and doing things". Jiang Zeming held Deng Xiaoping's flag, and identifies himself as successor of Deng Xiaoping. China during Jiang Zemin's time have experienced peaceful transactions. In the international world, China have good relations with United States, and relations improved after the September 1<sup>st</sup> in 2001. China's relations with neighbourhood countries improved. China also starts to establish good relations with Europe, central Asia, Africa, south and central America. The objective of China's foreign policy during Jiang Zeming's area, besides for the continuation of previous foreign policy objectives, China would respect cultural diversity of the world, and promote democratization in the international relation through the policy of calm

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<sup>57</sup> Shaun Breslin, *Capitalism with Chinese Characteristics: the Public, the Private and the International*, Asia Research Centre or Murdoch University.2004

observation and careful response.<sup>58</sup>

According to Deng Xiaoping's flag, China's seeks to establish good relations with United States despite all the confrontations. China would observe calmly, stand firmly, behave wisely, defend tightly, and do not stand out, act decisively. China also engaged in regionalism during Jiang Zemin's time. China hosted APEC summit meeting in Shang Hai in 2001, and established Shan Hai cooperation organization. China established free trade zone with ASEAN countries. China wants to increase its global, and regional influence through engaging in regionalism.

Besides that, China adds new identity during Jiang Zemin's time. China strives to be a responsible global major power. In a speech at Harvard University in November 1997, Jiang Zemin emphasized that on many important issues in relation to human survival and development, China and the US "have wide-ranging shared interests, and bear common responsibilities." During the economic crisis that broke out in Asia in 1997, China acted as a responsible power, and not devalued its RMB. China contributed an estimated USD 4 billion to aid neighbors, and establish good relations with neighbor. It promotes China's image as a responsible power, and establish good relations between China and other Asian countries. Being a responsible global power can also be embodied in many other Chinese leader's speech later. For example, on March 4, 2006, Premier Wen Jiabao declared to the world that "China has become a responsible power." On April 29, 2010, at a joint press conference with José Manuel Barroso, the President of the European Commission, he announced that "China will certainly assume more international responsibilities; this is not only the expectation of the international community, but also in accord with China's interests." And the Report to the 18th CPC National Congress stresses that China will "get more actively involved in international affairs, play its part as a responsible major power, and work jointly with other countries to meet global challenges."<sup>59</sup>

China is a developing country and status quo power during this period. During the 1998- 2004, China has joined the "WTO" as a developing country status. China

<sup>58</sup> IDE Spot Survey, China's foreign policy of the post Jiang Zemin's Era, China's New leadership, 2003

<sup>59</sup> Meng Honghua, Special issue: National identity in the course of globalization China's China's National Identity in Transition: Domestic and International Perspectives (1982-2012) Social Sciences in China, 2014

identifies itself as a socialist country with Chinese characteristics. China tries hard to gain the market economy status in the WTO. In 2001, on the 80<sup>th</sup> anniversary of creation of CCP, Jiang Zeming approved of allowing private entrepreneurs to join the communist party, which was a sign of ideology reform of China.

Since China joined the WTO, The economy of China is developing very fast. China identified itself as a developing country, because of relatively low GDP per capital, and uneven economic growth and development in China. After joining the WTO, China had joined the process of globalization. In 2003, the planning economy is disappeared in China totally, and planning commission was merged with structural reform office of the state council. <sup>60</sup> China's rapid and stable development has drawn strong compliment, and demand in international society. The trade with other countries increased significantly. China's economic relations with Central Eastern European countries also increased after China joined the WTO.

With the fast developing economy, China has become a status quo power, and took a positive attitude to facilitate the development of international system, reshaping its identity. China has become a responsible, constructive, and predicable contributor to the international system.

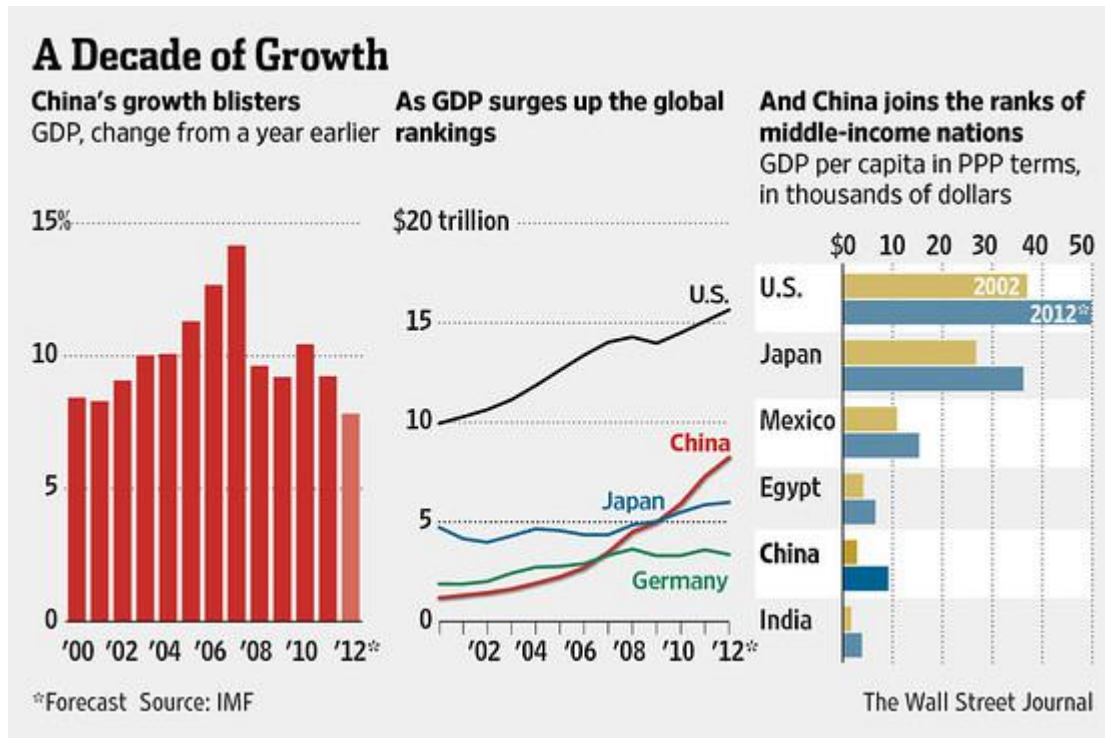
## **2.4. China's major identity from 2004- 2010 and foreign policy under Hu Jintao's area**

China's economy develops very fast during Hu Jintao's area. There is a fast economic growth, with increasing employment, and stability. China's GDP development have increased on average growth of 10% a year during Hu Jintao's time in the office. China's economic wasn't influenced too much by the economic crisis in 2008.

Graph one: the growth of China's economy in a decade

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<sup>60</sup> Shaun Breslin, Capitalism with Chinese Characteristics: the Public, the Private and the International, Asia Research Centre or Murdoch University.2004



(Charting China's Economy: 10 Years Under Hu - China Real Time Report - WSJ

<https://blogs.wsj.com/chinarealtime/2012/11/16/charting-chinas-economy-10-years-under-hu-jintao/>)

The income of Chinese citizens increased. GDP per capita measured in purchasing power terms more than tripled from \$2,800 in 2002 to a forecast \$9,100 in 2012 according to the International Monetary Fund.<sup>61</sup> This has lifted China from poor income countries to middle income countries.

Despite fast growing economies, and some features that China shows that it has been a developed states such as modernization and industrialization, China still defines itself as a developing country. This shapes China's dual identity during Hu Jintao's period. On the one hand, China is becoming increasingly confident. On the other hand, China feels insecurity because China is still a developing country. Faced with the fast economic growth in China, there are rising voice of China risk, and China threat in the international society because of China's continuous economic growth, and accumulation of military power, and rising global influence.

<sup>61</sup> Charting China's Economy: 10 Years Under Hu - China Real Time Report - WSJ  
<https://blogs.wsj.com/chinarealtime/2012/11/16/charting-chinas-economy-10-years-under-hu-jintao/>

China's foreign policy aim in the 2000s is the new concept of China's new security concept. It was announced in ASEAN regional forum in 1997, which is the principle that guides China's foreign policy. Besides acknowledging five principles of coexistence, it emphasize mutual benefits on economic cooperation, confidence building and establishing "strategic partnership" with a third country.

According to the western countries, in the China threat theory, China's threat comes from military and strategy; economic, and trade; political, and ideology. The military threat came from China will challenge United States for global hegemonic leadership, and the Tai Wan strait issue. The economy and trade issue came from the result of Chinese manufacturing bought job losses in the world. The political and ideology threat is about China's one-party rule, and lack of democracy. Chinese leadership is aware of the perceptions of China as a threat can lead other countries to adopt belligerent policies to China. China try to build a positive image of China to neutralize China's threat" theories.

The new security concepts sets a stage for China's foreign policy concept during Hu Jintao's time, "peaceful rise." China identifies itself as "peaceful rise" and create "harmonious society" in contrast with international perception as "China threat". It stresses that not only China's cultural and civilization tradition stresses harmony, but China's development, and rise will be peaceful. China defines itself as "revival", as rise also propose certain threat in its meaning. China wants to ensure the international community that China will develop, and rise peacefully, without challenging hegemony of United States, and contribute to win win cooperation with other countries. The official terminology is peaceful development, which was consistent with Deng Xiaoping's "peace, and development."

The origins of the peaceful rise theory occurs in a December 2002 trip to United States by Zheng Bijian. He was a delegation from a Chinese Communist party affiliated research unite, called the China- Reform Forum. Zheng was a former president of Chinese communist party school, and now the chairman of China- reform forum. Zheng met American president Bush, and American representatives to discuss about China's future, and American's concerns of China's possibility to challenge the

current international order, and threatens the United States' interests. After he returned to Bei Jing, Zheng Bijian submitted a report to central committee, about American's concerns about China's rising status. In this report, Zheng advanced a concept of the "development path of China's peaceful rise."<sup>62</sup> He proposed a study project on the "relationship between the construction of socialism with Chinese characteristics that began in 1970s, and its process of integration with the region and the world."

In November 2003, Zheng Bijian spoke the term peaceful rise in a speech at Bo'ao forum, entitled as "The new road of China's peaceful rise and the future of Asia" in which he explained that China's development path is not only a path striving for rise, but also a path of adhering to peace and never seek hegemony."<sup>63</sup> Zheng advanced three core principles of the concept: China must deepen the political and economic reform, to promote the market economy, and socialist democracy so that it can guarantee China's peaceful rise. China must take part in fostering human civilization, and promote rich culture in order to ensure peaceful rise; China must develop both urban and rural areas, different regions, different societies, and balance different sectors, man and nature, society and economy, and create a social environment for China's peaceful rise.<sup>64</sup> He argued that China's development would not be a threat to the world order. Zheng defined China's peaceful rise as an equivalent to China's modernization, and emphasized China could secure capital, technology, resources, through peaceful means, because China opens itself to the world markets. He further emphasized that China would rely on its own strength. It needs a peaceful environment to accomplish the task of lifting its enormous population out of the condition of underdevelopment. He pledged that China would rise the status of great power without destabilizing the international order or oppressing its neighbors.<sup>65</sup>

In December 2003, Hu Jintao and Wen Jiabao both used peaceful rise in public speeches. In Wen Jiabao's speech in Harvard University, Wen declared China as, "a

<sup>62</sup> Bonnie S. Glaser and Evan S. Medeiros, The changing Ecology of Foreign policy making in China: the Ascension and Demise Theory of "peaceful rise" The China Quarterly, 190, June 2007, pp. 291-310

<sup>63</sup> Bonnie S. Glaser and Evan S. Medeiros, The changing Ecology of Foreign policy making in China: the Ascension and Demise Theory of "peaceful rise" The China Quarterly, 190, June 2007, pp. 291-310

<sup>64</sup> Bonnie S. Glaser and Evan S. Medeiros, The changing Ecology of Foreign policy making in China: the Ascension and Demise Theory of "peaceful rise" The China Quarterly, 190, June 2007, pp. 291-310

<sup>65</sup> Falk Hartig Chinese Public Diplomacy: The Rise of the Confucius Institute, Routledge, 2017 P23

rising power dedicated to peace... while opening still wilder to the outside world, we must more fully and more consciously depend on our own structural innovation, on constantly expanding the domestic market, on converting the huge saving of our citizens into investments, and on improving the quality of population and scientific, and technical progress to solve the problems of resources, and environment. Here lies the essence of China's relative peaceful rise and development (China daily, 2003)

In 2004, Hu Jintao further expounded the peaceful rise theory at the tenth "collective study" sessions of the Politburo. He urged fellow leaders to persist in the development path of peaceful rise and peaceful foreign policy of independence and self-reliance.<sup>66</sup>

In the level of leadership, peaceful rise is frequently discussed. However, public opinion considered that peaceful rise is still a threat to the world, so Chinese leader changed the peaceful rise into "peaceful development." In April 2004, Hu Jintao made a speech in Bao'ao, and used the term "peaceful development".

In 2005, the state council issued a white paper entitled "China's peaceful development road". In the white paper, China emphasize on achieving peaceful development goal, and will stick to the road of peaceful development.

China's road of peaceful development is a brand new one for mankind in pursuit of civilization, and progress, the inevitable way of China to achieve globalization and a serious choice and solemn promise made by Chinese government, and the Chinese people.<sup>67</sup>

It presents China as a modest state, and China's development will not impose threat to anyone, but China wants to develop as a nation. China's development is an important component of global development, and will promote world peace, and make contributions to the mankind.<sup>68</sup> In 2011, China's white paper issued a second white paper on China's peaceful development. "China has declared to the rest of the world on many occasions that it takes a path of peaceful development, and is committed to upholding world peace, and promoting common development and prosperity of all

<sup>66</sup> Bonnie S. Glaser and Evan S. Medeiros, *The changing Ecology of Foreign policy making in China: the Ascension and Demise Theory of "peaceful rise"* The China Quarterly, 190, June 2007, pp. 291-310

<sup>67</sup> State council information, 2005

<sup>68</sup> Falk Hartig *Chinese Public Diplomacy: The Rise of the Confucius Institute*, Routledge, 2017 P23



countries.”<sup>69</sup> It highlights the emphasis of China’s goal is to create a peaceful environment for its developing.

“China will continue to carry out exchanges, and cooperation with the parliaments, parties, and local authorities and NGOS of other countries and expand people to people exchange and cultural exchanges to enhance understanding and friendship between Chinese people and people of the other countries.”

The peaceful rises reflects Chinese leaders’ reorganizations that China needs to have a peaceful, and stable international environment, in order to develop China’s economy, and achieve great power status. It has the same tone as Deng Xiaoping’s “Biding Time”, and “Hiding one’s abilities”.

As to the foreign policy adopted by Hu Jintao, Hu Jintao avoided to confront with western powers, and made pragmatic accommodations to live with hegemony. China made it clear that it will not challenge the existing global order, and US hegemony. Since 2000, China had stable relations with United States and other countries. At the same time, China made an effort to guard its core interests. For example, China refused to sign a tougher agreement on climate exchange in Copenhagen in 2009, and China was strongly against American’s demand for stronger sanctions against Iran. In relations with Asian neighbors, China has adopted the “Good neighborhood policy” for the economic development. China strongly protected the territorial integrity of China, and claims the ownership of the island, and at the same time, China proposed the mutual development of the island.

“Harmonious world” is another identity of China during the Hu Jintao’s period. In his UN speech of Hu Jintao, he explained that China’s goal of building “a harmonious world with lasting peace, and prosperity “where countries with different values, cultures, and political systems exist in peace. Such a world should be based on multilateralism, mutually beneficial of economic cooperation, and respects for political and cultural difference, and would ensure the lasting peace, and prosperity. <sup>70</sup>

Three months later, Wen Jiaobao called for respect of different civilization, and create

<sup>69</sup> Full Text: China's Peaceful Development, 2011  
[http://www.gov.cn/english/official/2011-09/06/content\\_1941354.htm](http://www.gov.cn/english/official/2011-09/06/content_1941354.htm)

<sup>70</sup> Falk Hartig Chinese Public Diplomacy: The Rise of the Confucius Institute, Routledge, 2017 P23

a harmonious world. Wen Jiabao said, “Harmony is ultimate source of coexistence, and development of the world’s civilizations.”

In 2005, China’s white paper on China’s peaceful development road states that “China advocates the building of a harmonious world of durable peace, and common prosperity and work with other countries in pursuing the goal. To China, it is both a long-term objective and a current task.”<sup>71</sup> The white paper also proposed how to build a harmonious world. In the political terms, countries should respect each other, and treat each other as equals, and work together to promote democracy in international relations. “In cultural terms, countries should draw on each other’s strength, seek common grounds while putting aside the differences, respect the diversity of the world, and promote progress in human civilization.” China will pursue more exchanges of civilization and to do away the mistrust, and ideological differences.

According to Hu Jintao, “harmonious world “have four principle contributes, (1) effective multilateralism with a strong role for the United Nations, (2) development of a collective security mechanism, (3) prosperity for all through mutually beneficial cooperation, and (4) tolerance and enhancement of dialogue among diverse civilizations.”<sup>72</sup> Both “peaceful rise,” and “harmonious world” mean that China will not change the current global order.

China has become a major power in the Asia pacific region with great global influence since Hu Jintao’s time. China located in the center of Asia, with large population, and resources. Historically, China was a major power in the Asia, with its tribute system as foreign policy. China is a permanent member of UN Security Council, and play an important role in IMF, and G20, and other international organizations. With the fast growing Chinese economies, China’s influence is increased. In 2006, China was first started to be seen as world power. It is since 2006 that “The group of two theory” was popular in the international community.<sup>73</sup> In 2010,

<sup>71</sup> Full Text: China's Peaceful Development

[http://www.gov.cn/english/official/2011-09/06/content\\_1941354\\_4.htm](http://www.gov.cn/english/official/2011-09/06/content_1941354_4.htm)

<sup>72</sup> David Shambaugh , China goes global : China’ s partial power, oxford university press , 2014 P 19

<sup>73</sup> David Shambaugh , China goes global : China’ s partial power, oxford university press , 2014 P 19

China has overtaken Japan in GDP, and become the largest economy in the region. The peaceful rise identity is intended to counter China's threat attitude, and US strategy of containing China by deepening relations with Asia Pacific powers. During Hu Jintao's period, China adhered to Deng Xiaoping's "Biding time", and "keeping a low profile" image, and kept a low profile in the foreign policy. John Fairbank believes that China's most successful foreign policy has been non-violence: The use of diplomatic maneuvering and other non-coercive means is often preferred over coercion.<sup>74</sup> China's diplomacy in the past three decades has shown an important feature: sticking to the 'no-enemy assumption' and navigating along the 'middle course', even if a crisis occurs.<sup>75</sup> China had few frictions on relations with US, Japan, and ASEAN countries, however, because of China's "No-enemy assumptions", the relations always have a few turning points. In 2010, China had a strong claim of the core interests in the South China Sea. And China's foreign policy has a major shift from 2009 to 2010 due to the major changes in its self-perception, however, in order to counter China threat theory, in 2010, state councilor made a speech titled, "adhere to the path of peaceful development".

China during this period is also a "status quo power". China benefits from the international order, which is based on liberalism led by western powers. China claims that it will not challenge US's hegemony. From 2003 to 2010, China has real GDP growth. The average growth of GDP was over 10 percent from 2003 to 2006, and exceeded to 11 percent in 2007. Average annual industrial growth rates have exceeded 15 percent in 2008.<sup>76</sup> This gave China a sense of confidence. However, there are still many problems of development in China. China is rather defined itself as an emerging power. China still faced both domestic, and international challenges. In the domestic aspects. The uneven growth, and low number of per capital GDP and other problems influence China's development. The per capital of GDP is relatively low in China, compared with overall GDP. China's GDP per capita was 3,315 dollars in 2008,

<sup>74</sup> Qin Yangqing, *International Society as a Process: Institutions, Identities, and China's Peaceful Rise*, The Chinese Journal of International Politics, 2010

<sup>75</sup> Qin Yangqing, *International Society as a Process: Institutions, Identities, and China's Peaceful Rise*, The Chinese Journal of International Politics, 2010

<sup>76</sup> (US-China Business Council 2008B; Morgan Stanley 2008; The Economist 2008E; China Daily 2008B)

ranking 106th in the world. In 2009, it reached 3,678 dollars and ranked 97th; in 2010, it grew to 4,520 dollars, ranking 90<sup>th</sup>.<sup>77</sup>

With the fast growing economy in China, United States considered that China is going to challenge its hegemony, and neighbourhood countries considered China as a threat. US starts to return to the East and increased strategic cooperation with Japan and other countries. US increased cooperation with northwest of central Asia, south Asia, southeast Asia, and east China sea, trying to restrain the development of China and China's influence on the region. China has faced a lot of security problems with the neighborhood, which made China try to keep a peaceful development image, and have good relations with neighborhood countries, and other countries.

The year 2008 is a turning point of China's foreign policy. China has already become the fastest growing economy in the world, and at the same time, United States, and other European countries were experiencing global financial crisis. China is not influenced by economic crisis in 2008. China has more confidence in the international world after the year 2008, and China has gained more voice in the international communities. Central eastern European countries started to adopt foreign policies that are leaning towards east since the year 2008.

China's political image during Hu Jintao's time is still seeking to be a responsible major power. With the world largest population, and being the second largest economy, China tries to undertake more international responsibilities, and play more active role in the international word. For example, on March 4, 2006, Premier Wen Jiabao declared to the world that "China has become a responsible power."<sup>78</sup> On April 29, 2010, at a joint press conference with José Manuel Barroso, the President of the European Commission, he announced that "China will certainly assume more international responsibilities; this is not only the expectation of the international community, but also in accord with China's interests." And the Report to the 18th CPC National Congress stresses that China will "get more actively involved in

<sup>77</sup> Meng Honghua, Special issue: National identity in the course of globalization China's China's National Identity in Transition: Domestic and International Perspectives (1982-2012) Social Sciences in China, 2014

<sup>78</sup> Meng Honghua, Special issue: National identity in the course of globalization China's China's National Identity in Transition: Domestic and International Perspectives (1982-2012) Social Sciences in China, 2014

international affairs, play its part as a responsible major power, and work jointly with other countries to meet global challenges.”<sup>79</sup> For example, in 2003, China decided to set up a peacekeeping center in the defense Ministry to train personnel for PKO missions, and this became operative in 2009. In 2008, during the global financial crisis, China again played an important role as a stable economic responsible power. Besides China made active economic policy to boost economic growth in China, China also proposed investment, and aid to ASEAN countries, and its neighbors. The global financial crisis changed China’s economic status in the international world, and decreased the United States’ prestige in economy. In 2011, China and Russia vetoed a resolution calling for economic sanctions against Syria. China will undertake more political and economic responsibilities with the rising role of China.

### **Discuss and criticism on China’s slogan of ‘Peaceful rise’ and “Harmonious world”**

Though China promote its image as “peaceful rise” and create a “harmonious world” these political slogans, in the international world, there is still a growing concern of China threat. United States considered that it was impossible for China to rise peacefully because of “Thucydides Trap”. according to John Mearsheimer, China is not going to rise peacefully. The rising China would definitely challenge the existing world order, and United States’ hegemony. Based on realist theory, survival is the basic interests of the states, and no states know the intention of other states. For United States, since it won independence from Great Britain in 1783, United States policymakers worked hard to turn United States into a regional hegemony. United States’ interests have been expanded from Atlantic to Pacific Oceans. Throughout the history, United States is engaged in preventing any big powers controlling Europe, and Asia. As regard China, China is very likely to dominate Asia just as United States dominates the western hemisphere. The fast growing economy of China, and the increase of military spending will increase China’s influence in the region. The increasingly powerful China will drive United States out of Asia. China would prefer

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<sup>79</sup> (Hu Jintao, op.cit., p. 48.)

a military weak neighbors of Japan and Russia.

China's neighbors have fears towards growing powerful China as well. They consider China as a threat. At present, China's external security environment is unfavorable. China's rise will influence US- Japanese alliance, US unilateralism, NATO expansionism, and globalization. China's rise will also arouse concerns from its neighbors who have territory disputes with China. Neighbour countries like India, Japan, Russia, as well as smaller powers like Singapore, Vietnam, and South Korea, have regarded rising China as a threat, and try to prevent China achieving hegemony. These countries have developed good relations with the west, to prevent China from dominating the region.

In Chinese societies, there is a growing nationalism among Chinese societies who considers that peaceful rise will weaken China's determination to recover the "lost territory" and deter Tai Wan issues. China should keep a high profile in the international politics, and have more voice in the international world. However, there are also debates that it is too early to talk about China's rise because China has a lot of internal problems to deal with, and China needs to develop first as a nation. It is important to keep good relations with other countries, and keep the fast economy growth rate. "peaceful rise" is against Deng Xiaoping's "Biding time" foreign policy, and China should be more modest. The fast development of China's economy will definitely lead to a shift of China's foreign policy, and change China's identity in the international world in the next leader Xi Jinping's area.

## **2.5 China's major identity and foreign policy from 2012- present under Xi Jinping's time**

In November 2012, Xi Jinping was appointed as Chinese communist party General secretary, which begins China's new political area. After the global financial crisis in 2008, China's economy continues developing. International relations have been titled into China, and United States' prestige has been weaken. China becomes more confident after the year 2010 when China has surpassed Japan and become the second

largest economy in the world. China has also surpassed United States, and become the world largest trading nation. Unlike previous leader Jiang Zeming and Hu Jintao, Xi Jinping's leadership has more centralized powers. After 19<sup>th</sup> people's congress, President Xi used the occasion to consolidate his control. His name and his ideology has been put into Party's constitution. Different from his previous leaders which was "collective leadership" that was formed since Deng Xiaoping's leadership, Xi Jinping himself was centralized as general secretary, and have all powers in his hands, including the army forces. There is a political shift in China's behavior regarding to the foreign policy. China's foreign policy is no longer biding time, and keeping a low profile, but China strive for achievement and have more assertive foreign policy during Xi's time. Despite previous leader had cautiously choose Deng's foreign policy to hide its capabilities, and bide the time, Xi apparently choose a different approach. In Xi's first work forum on peripheral diplomacy (Zhou Bian waijiao) in October 2013, Xi had laid planned priorities for PRC foreign policy in his term of office. Different from his predecessors, he avoided mentioning "Tao Guangyanghui", but instead mentioning that a country should "strive for achievement".<sup>80</sup> "Striving for achievement" has become the main theme of Chinese foreign policy. It showed that China will adopt more active approach of foreign policy in the international world, rather than passive way of diplomacy that China adopted since 1990s. In the international world, China is considered as challenging the status quo of regional order of Asian Pacific, and China's foreign policy is too assertive. On the Chinese side, China moves from a "Keeping a low profile" strategy to "striving for achievements", putting emphasize on the way to the rejuvenation of Chinese nation.

Besides previous aim of China's foreign policy "to achieve modernization, create a benevolent and peaceful external environment, and take steps that allow it to develop economy, ", China also aims to "strive for achievement" in global issues, "bring more benefits" to Chinese neighbors, and "share the burden" in regional, and international

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<sup>80</sup> Nele Noesselt, China and Socialist Countries: Role Change and Role Continuity, GIGA Research Program, Legitimacy and efficiency of Political systems, 2014

organizations. Bei Jing intended to pull together a coordinated grand strategy to ensure country's great power status.<sup>81</sup> China's identity changes during Xi Jinping's area. On the one hand, China has becoming a country to compete with United States, and world second largest economy. China has adopted more assertive foreign policy during Xi's time.

China has adopted several political slogans and ideologies during Xi's time. Xi Jinping proposed "China Dream" since he became the General Secretary of the Chinese communist party at the 18<sup>th</sup> CCP congress in 2012. The "China dream" is a unifying theme for the Chinese to achieve a great national revival, which has become a theme of Xi Jinping's public speech ever since. There are two objectives regarding to the China's dream: the determination of making China a developed nation by 2020, turned China into a socialist modernized country rich, strong, democratic, culturally advanced, and harmonious" by 2050.<sup>82</sup> Xi Jinping and other Chinese leaders highlighted China's peaceful intentions, stronger Chinese international contributions, and Chinese aspirations to be a responsible and constructive power in the international system. Chinese leaderships seek to promote "China dream" internationally as a continuation of China's peaceful development

The China dream is to call for China to regain its international position as the most major power in the world. It is deeply rooted in Chinese history, when China has century of humiliation by western powers. In foreign policy practice, Xi Jinping strongly defend China's core interests, build a strong army, defend territorial integrity, and propose Belt and Road initiative as a major foreign policy and so on.

In 2012, Xi Jinping began to promote "China dream". He noted "achieving the rejuvenation of the Chinese nation has been the greatest dream of the Chinese people since the advent of modern time." In 2013, Xi laid out the planned priorities for PRC foreign policy during his term in the office, and unlike his processors, he avoided using the term "Tao Guang Yanghui"( Biding the time), but emphasized "strive for

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<sup>81</sup> Nele Noesselt, China and Socialist Countries: Role Change and Role Continuity, GIGA Research Program, Legitimacy and efficiency of Political systems, 2014

<sup>82</sup> Geetha Govindasamy and Md. Nasrudin Md. Akhir, Xi Jinping ' s foreign policy, the China Dream. international journal of east Asian studies, 2017



achievement”.<sup>83</sup> During the working conference on neighbored states diplomacy, Xi Jinping discussed the essential objectives of Chinese foreign policy in the next five years. They are: follow and strive to realize the ‘twin hundred year goals’, achieve the great Chinese rejuvenation, comprehensively develop relations with the periphery, consolidate friendly ties with neighboring states, deepen mutually beneficial cooperation, and safeguard and utilize the period of strategic opportunity that China has in which to develop; defend state sovereignty, security and developmental interests; and strive to deepen friendly political relations, consolidate economic hubs, and deepen security cooperation and cultural ties with neighboring states. In the 19<sup>th</sup> congress, “The great rejuvenation of the Chinese nation “received twenty seven mentions in the documents, <sup>84</sup> this shows that achieving China dream, and realizing the great rejuvenation of Chinese nation will become China’s top priority goal. According to Xi’s report during the 19<sup>th</sup> congress, China will become a socialist, modern, and powerful country. Xi refers that China dream will not only benefits China, but also other countries. China is a peaceful country, and full of opportunities. “To realize the Chinese dream, we must pursue peaceful development. We will always follow the path of peaceful development, and pursuing opening up strategy that brings mutual benefits. We will concentrate on both China’s development, and on our responsibilities, and contributions to the world as a whole. We will bring benefits to Chinese people, and people of the whole world. The realization of Chinese dream will bring the world peace, opportunities, not threats.

(Xi Jinping, the governance of China, 2014 P 62)

Xi Jinping wanted to dedicate his power and energy to turn China into a global superpower, and the world’s preeminent nation.” Xi Jinping is active in conducting China’s foreign relations. Just one week before Xi became the president, he made a state visit tour to Russia, and Tanzania, addressing the “BRICS” summit that is held in South Africa. Xi jingping also made frequent visit to Europe, Latin America, Africa,

<sup>83</sup> Nele Noesselt, China and Socialist Countries: Role Change and Role Continuity, GIGA Research Program, Legitimacy and efficiency of Political systems, 2014

<sup>84</sup> Xie Tao, Chinese Foreign Policy With Xi Jinping Characteristics - Carnegie Endowment for International Peace, 2017  
<http://carnegieendowment.org/2017/11/20/chinese-foreign-policy-with-xi-jinping-characteristics-pub-74765>

and United States, and Asia, attending a number of international forums, and meets states leaders at home. Since 2013, Xi has logged twenty-eight overseas trips that brought him to fifty-six countries across five continents, as well as headquarters of major international and regional organizations.<sup>85</sup> Xi underlined during his address at the world economic forum in Davos, where he presented himself as a champion of free trade, and global cooperation. “China dream” or “rejuvenation of great Chinese nation” is raised as a result of growing self-confidence of China with its economic development and achievement recent years.

Chinese leader also delivered some speeches concerning some new elements regarding to the China’s new foreign policy. One is “new type of international relations” (新型国际关系), that China works for and that is based on win- win cooperation, and peaceful resolution of international disputes.<sup>86</sup> China’s foreign policy under Xi Jinping changes with a new thinking, and new approach. There are changes in China’s way to engage in the international system. China is more and more active in the international world, and tries to achieve modernization, create a benevolent and peaceful external environment, and take steps that allow it to develop its domestic economy.

In October 18<sup>th</sup>, 2017, China convened 19<sup>th</sup> party congress. Xi Jinping’s report during the congress was not only longer than his previous leader Jiang Zeming and Hu Jintao, which lasted two hours, but also more ambitious in its agenda. After summarized the party’s prevailing doctrinal principles and new ideological orientation in two separate sections, the first, relatively brief, section established the CCP’s “historic mission” in a “new era” (section 2); the second, on the “Thought on Socialism with Chinese Characteristics for a New Era and the Basic Policy”, covered the “major theoretical innovations” of the past five years and their practical implications for 14 areas of policy (section 3)<sup>87</sup>

<sup>85</sup> Xie Tao, Chinese Foreign Policy With Xi Jinping Characteristics - Carnegie Endowment for International Peace, 2017

<http://carnegieendowment.org/2017/11/20/chinese-foreign-policy-with-xi-jinping-characteristics-pub-74765>

<sup>86</sup> Camilla T. N. Sørensen, The Significance of Xi Jinping’s “Chinese Dream” for Chinese Foreign Policy: From “Tao Guang Yang Hui” to “Fen Fa You Wei” JCIR: VOL. 3, No. 1 (2015)

<sup>87</sup> Heike Holbig, The 19th party congress: its place in History

According to Xi Jinping's report, it also stated Chinese communist party's goal in the next thirty three years. The CCP aims to secure a "decisive victory in building a moderate prosperous society" by 2020, and to develop China as a "Great modern socialist country that is prosperous and strong democratic, culturally advanced, harmonious, and beautiful" by 2050.". and by 2035, to make China basically realize socialist modernization. According to Xi Jinping's report, his goals are more ambitious, and detailed than previous leaders, including " the dream of building a powerful military", and building a " community with a shared Destiny of mankind", and the goal that "China will continue to play it part as a major and responsible country, take an active part in reforming and developing global governance system and keep contributing Chinese wisdom and strength to global governance". <sup>88</sup>These are Chinese new identity that Chinese government tries to build under Xi Jinping's area. Xi Jinping's thought was annexed into party's constitution. The former leader whose ideology could be put into party's constitution was Mao Zedong and Deng Xiaoping- "Mao Zedong thought" and "Deng Xiaoping theory." Xi Jinping's thought in the constitution was written as "Xi Jinping's thought on socialism with Chinese characteristics for a new area"

In the 2014 work conference, Xi emphasized specifically that Chinese diplomacy should be conducted with a salient Chinese characteristics, and Chinese vision. In defending China's national interests, while "developing "a distinctive diplomatic approach befitting the role of a major country. <sup>89</sup> Xi noted that China will continue following the path of "peaceful development", but he also affirmed that China's judgement concerning period of strategic opportunity"<sup>90</sup> Xi also emphasized of building a strong army, and guard China's core interests. This can be seen that under Xi Jinping's area, China adopted new foreign policy which is a little far from

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China' s "New Era" with Xi Jinping characteristics | European Council on Foreign Relations, 2017  
[https://www.ecfr.eu/publications/summary/chinas\\_new\\_era\\_with\\_xi\\_jinping\\_characteristics7243](https://www.ecfr.eu/publications/summary/chinas_new_era_with_xi_jinping_characteristics7243)

<sup>88</sup> Heike Holbig, The 19th party congress: its place in History

China' s "New Era" with Xi Jinping characteristics | European Council on Foreign Relations, 2017  
[https://www.ecfr.eu/publications/summary/chinas\\_new\\_era\\_with\\_xi\\_jinping\\_characteristics7243](https://www.ecfr.eu/publications/summary/chinas_new_era_with_xi_jinping_characteristics7243)

<sup>89</sup> Zhang Yongjin, Dynamism and contention: understanding Chinese foreign policy under Xi Jinping, international affairs, 2016

<sup>90</sup>Christopher K. Johnson, President Xi Jinping' s "Belt and Road" Initiative, 2016

Deng Xiaoping's "Hiding one's capacity, and biding one's time." But more "strive for achievement".<sup>91</sup> This can be showed in the more assertive China's foreign policy.

China's identity as a country trying to achieve rejuvenation of Chinese nation can be showed in its foreign policy. In order to realize China's dream, and achieve modernization, create a benevolent, and peaceful external environment, and take steps to develop domestic economy, Chinese seeks to keep good relations with other countries, both neighbors, and other countries far away. China proposed the idea of new model of big power relations with United States, with the intention to keep good relations with United States, and create win win cooperation with United State, which is suitable for United States and China's interests. Xi argues for "mutual understanding and strategic trust", "respecting each other's core interests", "mutually benefit cooperation", "enhancing cooperation and coordination

in international affairs and on global issues." with United States.<sup>92</sup> China also seeks to have more influence towards Asia pacific region. Though most Asian countries is under United States' influence, they still keep good relations with China, and at the same time, they considered the rising China as a threat. China has several territorial disputes with neighbourhood countries. China seeks to solve the territorial disputes with other countries through coordination and negotiations,, and secure the nature resources. Bei Jing wants to assure its neighbors of common development, and win win. At the same time, China shows the strong determination to protect China's national interests. During Xi's speech to the Politburo study session, Xi stated "We will keep walking on the peaceful development road, but we must not forsake our legitimate rights and interests, must not sacrifice core national interests".<sup>93</sup> As regard the territorial disputes, Bei Jing took measures strongly to strongly defend its territorial claims, such as demonstrated the announcement of an east China air defense zone of East China Sea on the disputed islands between China and Japan,. China build

<sup>91</sup> Zhang Yongjin, *Dynamism and contention: understanding Chinese foreign policy under Xi Jinping*, international affairs, 2016

<sup>92</sup> Mikael Weissmann, *Chinese Foreign Policy in a Global Perspective: A Responsible Reformer* "Striving For Achievement", *JCIR: VOL. 3, No. 1* (2015)

<sup>93</sup> Jian Zhang, *China's new foreign policy under Xi Jinping: towards 'Peaceful Rise 2.0' ?*, *n Global Change Peace & Security* • February 2015

artificial island in the South China Sea; and China's strong claim of territorial integrity of Tai Wan strait. The raise of "OBOR" foreign policy strongly shows that China wants to strengthen its global influence, secure its strategic interests, participate in building the new global order, and create "win win" cooperation.

Moreover, under Xi Jinping's governance, China is growing more global, and ready to take more international responsibilities. China continue promotes its image as a "responsible great power" that is either threatens the interests of others, or challenging the existing global world order, while promoting the regional and global economic prosperity. <sup>94</sup>However, China proposed an alternative to existing international order. Different from the US and the west, and current international order "uni-polar hegemony of the Pan America", China offered a democratic international order. This alternative emphasizes the role of United nation, and multilateral world. Countries settle dispute by dialogue and consultation and oppose the use of force but focus on economic development. The different civilizations coexisted peacefully, and accommodate each other. November 2014, Xi conveyed another party conference on overall diplomacy. It was the 4<sup>th</sup> Central Foreign Affair work conference, which was also a rare event, because previous three conference happened in 1971, 1991, and 2006. It was a signal of China's new active diplomacy in the international world.

The main line of conference was to appeal of building "Big power diplomacy with Chinese characteristic" <sup>95</sup>Xi argued that the world order is becoming more and more complex, and complicated. It more and more depended on China. China is becoming more influential in the world. This provided opportunity to China. In order to achieve the rejuvenation of Chinese nation, China should promote global governance, and international order reform. <sup>96</sup> China should also work on its soft power, and prepare for its positive image.

In the global perspective, China is still United States' second largest trading partner,

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<sup>94</sup> Mikael Weissmann, Chinese Foreign Policy in a Global Perspective: A Responsible Reformer "Striving For Achievement", JCIR: VOL. 3, No. 1 (2015)

<sup>95</sup> Justyna Szczudlik-Tatar, Towards China's Great Power Diplomacy under Xi Jinping, PISM, 2015

<sup>96</sup> Justyna Szczudlik-Tatar, Towards China's Great Power Diplomacy under Xi Jinping, PISM, 2015

following the EU. United States is China's largest trading partner. China and United States are cooperators, and competitors at the same time. China hopes to build good relations with United States. In 2012, during the trip to United States, president Xi proposed to build "a new type of relationship between major countries in the 21<sup>st</sup> century." Xi argued that in order to build a new type of relationships, countries should have mutual understanding and strategic trust, respect each other's core interests, have mutually beneficial cooperation, and enhance cooperation, and coordination in international affairs, and global issues. <sup>97</sup>With China's growing influence, United States wants to restrain China's development, so that China will not challenge US's hegemony. In Obama administration, United States launched "pivot in Asia" foreign policy and develop relations with China's neighborhood countries, to stop China's going influence. Such policies are like TTP, and United States' interference in South China sea, etc. Under Trump administration, United States launched trade war with China, to restrain China's rising. China strongly defends its national interests, and seeks to solve the disputes with United States. The proposal of OBOR is for the geoeconomic tool to have more influence in the world; and China also raise the tariff towards products from the United States. China wants to build its image as a country which promote liberal world order. China continues opening the country, and welcome the investment from other countries, to promote free trade with other countries.

China's relations with EU is a limited but strategic partnership, in which cooperation, and discord are delicately and perpetually balanced. EU is also China's very important partner. China has invested strongly in the western European countries, including Germany, France, the UK and Italy. China's foreign policy towards central eastern European countries is more active under Xi Jinping's area, because of central eastern European countries is a very important region in the OBOR. China has put emphaze on the "central eastern European countries" this region and started deepen the cooperation and investment in this region.

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<sup>97</sup> Mikael Weissmann, Chinese Foreign Policy in a Global Perspective: A Responsible Reformer "Striving For Achievement" , JCIR: VOL. 3, No. 1 (2015)

China didn't only have slogans, and new initiative, but also created institutions to achieving the goal. China has successfully established Asian infrastructure development bank for the implementation of belt and road initiative. It is the China lead bank, with 180 membership of countries. It is an important institution to realize OBOR, and achieve China's dream of participating in the new world order.

China also focus on emerging developing world and emerging powers. China tries to have more influence on emerging powers. China develops good relations with Central Asia, south Asia Latin America, and Africa, and involved in BRICS. China also tried to develop closer relations with emerging states such as India, South Africa Mexico, and Russia. China also starts to put emphasize on developing good relations with Central Eastern European states. The policies with these emerging powers can be seen in the OBOR initiatives, the proposal of new economic belt, and maritime Silk Road, to connect Asia with Europe. China established "Asian development bank", which is seen as China's way in engaging to create a new world order. These foreign policies can be seen as China to gain more influence globally, and counter United States.

However, despite the fact China has become the second largest world economy, and on the road of becoming a superpower, there are still a lot of limits on China's development, because of various domestic problems in China. This is still the top priority of Xi Jinping's foreign policy. With the fast growing of Chinese economy, the gap between the rich and poor is enlarged in China. Moreover, Chinese people have more demand of government than before with the improvement of living standard. Recent years, starting from the 2012, China's economy is slowing down of economies, especially in the manufacturing sector. There are also other problems in China, such as high estate price, and environment pollution, etc. The developing as a nation is still the priority of China's foreign policy. However, China's foreign policy approach still didn't change. Even during the trade war with United States, China showed much determination, and confidence in having trade war with US, and insisted on equal negotiations with US.

In conclusion, in Xi Jinping's time, China is a relatively a "revisionist states", and trying to take part in forming the international world order. In order to strive for

achievement. China plays a more active role, and tries to build big power diplomacy during Xi's time. China seeks to keep good relations with other countries, and have a peaceful international environment. The cooperation with other emerging powers is a part of this strategy. The 'Belt and Road' initiative is part of the foreign policy of China to strive for achievement.

### **Criticism on Xi Jinping's thought**

China's new ideology has faced criticism, and technological, and economic test. There are many criticism on China's active foreign policy under Xi Jinping's area. Criticism augured that at present China still faced many severe domestic problems, and China's assertive policy would not benefit to China's development. Different from international communities' opinion that China is on the rise, domestically Chinese people are worried whether China can keep on the fast economic development path, due to many domestic problems. The slowing down of economy, and the corruption, and social injustice in the society and other problems have caused many domestic problems. Chinese people criticized government that they should focus on improving the domestic welfare of Chinese citizens, rather than to be active in the foreign policy, and increasing the influence of other countries.

Critics also argued that China doesn't have a very friendly international environment to develop economy at this moment. There are many challenges of China's foreign policy under Xi Jinping's area. China should keep Deng Xiaoping's "keeping a low profile", and "not take the lead" in the international relations, rather than "keep a high profile in the foreign policy." United States have considered the growing China as a threat to its hegemony, and current international world order. China's high profile would provoke United States. United States will try to prevent China from developing. Maintaining good relations with United States should be the most important foreign policy of China. However, United States started to rebalance China. In order to prevent China from developing, and China's plan of Made in China 2025, United States launched trade war with China. China's economy greatly influenced by the trade war. China is reported to have slowest quarterly growth rate since global crisis



from July to September in 2018.<sup>98</sup> Many China's domestic problems appeared resulted of US' trade war.

Moreover, China has unfavorable neighbourhood environment. Neighbourhood countries considered China as a threat. China's high profile in foreign policy would increase China's threat theory. The ongoing pressures on China's island disputes would challenge China's foreign policy. It is better that China keep a good neighbourhood foreign policy, and not so active in the international relations. China should follow the peaceful development, rather than acting assertive foreign policy.

## 2.6 Culture identity of China

Confucianism is the culture identity of China. Confucianism have influenced Chinese culture since 140BC, In Han dynasty which turns Confucianism as state's ideology. Confucianism greatly influences China's foreign policy. Confucianism not only influences Chinese foreign policy, but also influence Chinese foreign policy in practice. Confucianism norms such as the principle of "Zhong Yong" and pragmatism, aversion of use of force, and preference over defense rather offence, have strongly influence on China's foreign policy. In the history, In the east Asia, under the tribute system of China, there didn't broke the large scale war in the east Asia. When Zheng He in Ming Dynasty started the voyage to explore overseas countries, and trade with Chinese good with other countries, there didn't broke war, or China explore overseas market, or set up colonizes just as Colombia, and other western countries did. This is partly because of Confucianism in Chinese culture. Confucianism emphasize on moral conduct, and rules of property. Chinese culture norms have shaped contemporary international relations and Chinese leaders socialized these norms into their foreign policy.<sup>99</sup> These norms have exerted influence on conduct of China's foreign policy since 1949.

During the 19<sup>th</sup> century, when external countries invaded China, Chinese society

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<sup>98</sup> BBC News - Profile: Non-Aligned Movement  
<http://news.bbc.co.uk/2/hi/2798187.stm>

<sup>99</sup> Qingxin K. Wang & Mark Blyth Constructivism and the study of international political economy in China, 2013 International Political Economy

began to doubt its culture, and learn from the west. During Mao Zedong's time, Confucianism played a complicated role in Mao Zedong's thinking. Mao Zedong cautiously embraced Confucianism, as Mao considered himself as a leader of new thoughts from the west. Mao Zedong abandoned Confucian teachings in the culture revolution (1965-1975). It is regarded as a tool of Gang of Four to attack enemies. Confucianism was attacked during the culture revolution. After the end of the culture revolution, when Deng Xiaoping took into power, Confucianism have recovered its importance in Chinese society. The influence of Confucianism have risen. However, During Deng Xiaoping's time, Confucianism is still adopted passively. Since the 1978, the reform and open up policy, China has opened up to western culture, and there was a massive infuse of western culture to China, which weakened the influence of Chinese culture. China absorbed a lot from western culture and integrated into the international world. Generally speaking, China has a large but not very strong culture. China's soft power influence to other countries is not as large as United States. In the 90s and before, little information about Chinese soft power, or building China's image was released by government, or press. With the development of Chinese economy, and accumulating wealth of Chinese people, Chinese traditional culture was reexamined, and reemphasized. Starting from the late 2000s, the national people's congress and top party leadership of China began to put emphasize on culture diplomacy, During the 17<sup>th</sup> congress, Hu Jintao addressed "a country's culture is a very important element of soft power and China would make all efforts to use this assets in building a positive image around the world. in order to promote Chinese ideas, and enhanced of China's soft power. In Hu Jintao's "Harmonious society", Confucius tone was embodied. Hu Jintao's period emphasize on culture diversity in China. Premier wen reflected, "Cultural diversity is an objective reality in this world and only when the diversity of cultures is respected, will civilizations progress."

China's foreign policy in practice is strongly influenced by Confucianism. After China has joined WTO, APEC, UN peace keeping forces, China expected that that impact of Chinese culture Confucianism can help to build the international norms. China adopted good neighbor policy, which is influenced by Confucianism. Under Hu

Jingtao's governance, Confucianism benevolent governance was embodied in foreign policy in practice. China promoted science and technology in Hu Jintao's area. China guarded its national interests and tried to keep economic development. These are all based on Confucianism philosophy.

In Xi Jinping's area, Confucianism gradually become more and more important. Xi Jinping launched counter culture revolution, and restored Confucianism as China's ideology.<sup>100</sup> Xi considered that Confucianism, along with other philosophies and cultures take shape and grows within China. It is the records of spiritual experience, rational thinking, and cultural achievements of a nation while thrives to build its identity.<sup>101</sup> During the 18<sup>th</sup> Congress of communist party of China in November 2012, Chinese leaders emphasize on upholding China's culture heritage. "The country's cultural soft power should be improved significantly". The communique stressed to strengthen China's soft power, in the later Congress of communist party of China.<sup>102</sup>

The reemphasize of Confucianism, and revise of Confucianism culture in China is considered as a way to counterbalance the influence of western thoughts, such as individualism, and freedom in China, which is considered by Chinese communist party as a threat to its legitimacy. It is also regarded by government to build new social values on Chinese societies, as tensions like social gap, decline in morals values among young people. Confucianism is also used by China as sharp power to increase its influence among other countries. So far, there are about 465 Confucius Institutes have opened in 123 countries to promote Chinese culture, and Chinese language over the decade.<sup>103</sup>

Culture diplomacy has become key pillar of China's foreign policy nowadays. China

<sup>100</sup> Revival of Chinese civilization: through kaleidoscope of old capital - China - Chinadaily.com.cn  
[http://www.chinadaily.com.cn/china/19thcpnationalcongress/2017-10/17/content\\_33360832.htm](http://www.chinadaily.com.cn/china/19thcpnationalcongress/2017-10/17/content_33360832.htm)

<sup>101</sup> Xi Jinping endorses the promotion of Confucius | South China Morning Post  
<https://www.scmp.com/news/china/article/1603487/xi-jinping-endorses-promotion-confucius>

<sup>102</sup> Parama Sinha Palit, China's Cultural Diplomacy: Historical Origin, Modern Methods and Strategic Outcomes | China Research Center, 2014  
[https://www.chinacenter.net/2014/china\\_currents/12-2/chinas-cultural-diplomacy-historical-origin-modern-methods-and-strategic-outcomes/](https://www.chinacenter.net/2014/china_currents/12-2/chinas-cultural-diplomacy-historical-origin-modern-methods-and-strategic-outcomes/)

<sup>103</sup> Xi Jinping endorses the promotion of Confucius | South China Morning Post  
<https://www.scmp.com/news/china/article/1603487/xi-jinping-endorses-promotion-confucius>

wants to increase its soft power, and allow other countries to know more about China and Chinese culture in order to eliminate hostile impression towards China in the western societies. As Minister Zhao Qizheng of the state council information office argues that “serious distortions, even attacks often appears in reports about China in the western media. Over the years, they have constantly invented and hyped up buzz topics as China threat. These are spread through powerful media group, resulting wild spread misconceptions about China among foreign politics.” (Ionutcritian Clinci, 2015) in order to change the distorted China’s image broadcast in the western media, and promote the cooperation with other countries, China decide to use culture diplomacy towards other countries in order to build a positive image of China. Besides establishing Confucius institutes, China also organized Chinese culture events in other countries. in order to foster people to people exchange. China made an effort to promote art exhibitions, musical performance, and large scale events to other countries- such as organizing 2008 Olympic Games, and 2020 world expo. These have promoted positive image of China, and increase the understanding of China from people in other countries.

### **Conclusion:**

National identity is a self determination of a state in its national image in the international relations. It is influenced by history, culture, politics, and social context of agents, and other factors. A country’s national identity influence a country’s foreign policy making, according to constructivism.

Since the establishment of people’s republic of China, China’s national identity changes. During Mao Zedong’s time, China combines several major identities. China identifies itself as a socialist country, based on Marxism-Leninism ideology, and combined with Mao Zedong’s thought. Century of humiliation has a strong influence in China’s identity, and China’s foreign policy. China’s foreign policy is based on five principle of coexistence, self sufficiency, anti-imperialism. China also identifies itself as speakman of the “Third world country”. China’s major foreign policy strategy is

focused on the third world. The history also formed China a dual identity. China strives to become a strong, and responsible power in the international community.

When Deng Xiaoping came into power, China changed its identity, and foreign policy. From the end of 1970s to 1990, China has experienced great domestic changes. Deng Xiaoping proposed “Open door” policy, and started the economic reform. The main objective of China is to develop the economy, and achieve the modernization. China wants to build a new identity, “socialism with Chinese characteristics”. China promoted trade with other countries, and tried to have good relations with other countries.

Starting from 1990, there is a big changes in the international world. The communist bloc collapse, and in China, there experienced Tian Anmen incident. Tian Snmen incident changed China’s image, and turned China into a isolationist country. China continued deepening the economic reform, and identified its foreign policy as “Biding time, hiding brightness, not taking the lead, but doing things.” China deepened market economy reform, and gradually changed its isolationist status. China adopted foreign policy pragmatically.

From 1995 to 2003, China is under the leadership of Jiang Zeming. Jiang Zeming still raised Deng Xiaoping’s flag, and adopted the same foreign policy as Deng. Besides the previous identity, China strives to be a responsible global major power. China joined WTO as a developing country status. China continues deepening the market economy reform, and develop good relations with all the other countries. China has become a status quo power and took a positive attitude to facilitate the development of international system.

During Hu Jintao’s period, China develops very fast. China defines itself as a developing country, however, China has some features of being a developed state. In the international community, faced with the continuous fast developing of China, there is growing fear of “China threat.” Neighborhood countries start to have Territorial disputes with China, and China tries hard to keep good relations with United States. In order to counter “China threat” theory, China promote itself as “Peaceful rise”, and create “Harmonious society”. China avoids confront with western

powers, and have pragmatic foreign policy. China at this period is a status quo power. China is a emerging economy, and take more responsibilities in the international community.

When Xi Jinping came into power, China has surpassed Japan, and become the second largest economy, and surpassed United States as the first trading nation. There is a political shift in China's behavior and China's identity. China gradually walked far away from Deng Xiaoping's "Keeping a low profile" to "strive for achievement". Xi Jinping proposed "China dream", to realize the rejuvenate of Chinese nation as its major identity. China wanted to become a global superpower, and the world's preeminent nation. China tried to identified itself as socialist country with Chinese characteristics for a new era, and the basic policy. China's foreign policy is becoming more and more active. China strive to keep good relations with neighbors, and at the same time, China strongly guard its national interests. China proposed "OBOR" foreign policy, and tried to participate into forming the new world order.

Confucianism is the culture identity of China. Since ancient time, Confucianism have influenced Chinese people, and China's foreign policy. In the beginning of establishment of people's republic of China, Mao Zedong and Chinese government have a sceptical attitude towards Confucianism, and launched champion in culture revolution to attack Confucianism. When Deng Xiaoping came into power, Confucianism gradually recovered its importance. However, Chinese leaders adopted Confucianism rather passively. Starting from late 2000s, Chinese government put emphasize on culture diplomacy, and improve China's soft power towards other countries. Confucianism culture was revived. In Xi Jinping's time, Confucianism gradually become more and more important. China used Confucianism as tool to have culture diplomacy. China strives to improve its sharp power, and soft power, and make the international communities to have a better understanding of China.

## **Chapter three Historical relations between China and CEE states**

### **3.1 Definition of CEE states**

Central Eastern European states is a term that includes the states in the Central Europe, the Baltic states, and southeastern Europe. To China, this definition is not only a geographic area, but also a term that have ideology concepts, Most Central Eastern European states are former communist states from the Warsaw pact in Europe. After the collapse of Soviet Union, the former communist bloc gradually are free from the influence of Moscow, and have political and economic transformation, The eight socialist countries in the eastern Europe (democratic Germany, Czechoslovakia, Hungary, Poland, Romania, Bulgaria, the Federal Republic of Yugoslavia, and Albania) have become Central Eastern European states. Yugoslavia is divided into six (Serbia, Croatia, Slovenia, Bosnia and Herzegovina, Macedonia, and Montenegro), the Czech Federation is divided into two (Czech Republic and Slovak Republic), Together with three Baltic countries, Estonia, Latvia, Lithuania, these sixteen countries are defined as Central Eastern European states. In geography, these 16 countries are among the area of eastern part of Germany and Austria, north of Greece, south of Baltic sea, and west of Russia, and members of common wealth states of European members. It can be divided into three groups, the five states of Central and Europe (Poland, Hungary, Czech Republic, Slovakia, Slovenia), the three Baltic states (Estonia, Latvia, Lithuania) and the eight states of Southeast Europe (Romania, Bulgaria, Serbia, Montenegro, Croatia, Macedonia, Bosnia and Herzegovina, Albania).

The CEE states can be further subdivided according to their accession status to the European Union. Eight countries joined European Union on May 1<sup>st</sup> 2004 on the first accession wave, Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland, Hungary, and Slovenia. Two states joined the European Union on January 1<sup>st</sup>, 2007, Romania, and Bulgaria. Croatia joined the EU in 2013.

The last countries are candidates of European Union members.

There are many similarities and differences among 16 CEE states. Poland has the largest territory and population among all CEE states. Montenegro has the smallest territory and shortest history among all CEE states. Bosnia is a country with three ethnic groups, and three religions. Czech republic, Hungary, Poland lies in the heart of Europe.

The six Central Eastern European states lie in the Central and Eastern part of Europe, and have very important geographic position, which connects Asia, with Europe. Central Eastern European states have important resources, diverse landscapes, rich forests, good national environment, and advanced tourism.

In 2012, Premier Wen Jiabao visited Warsaw, and proposed twelve measures of dealing with relations with CEE states. China first raised the concept of cooperation with 16 states of Central Eastern European states. The 16+1 forum is set up to deal with relations. The Central Eastern European states that I am talking about in the thesis is in accordance with sixteen states within the 16+1 forum.

These 16 states have different religion, history, and political background, however, they have something in common. During the cold war, these states are all belonged to communist bloc, and have experienced the political, and economical transformation after 1989. The development of these Central Eastern European states are all belonged to the middle class level.<sup>104</sup> These states have established long relations with China since the establishment of People's Republic of China.

### **Historical nature of CEE states**

Central Eastern European states (Czechoslovakia, Yugoslavia, Poland, Hungary, Latvia) become independent after the first world war, after signing of Treaty of Versailles. The newly independent Central Eastern European states are between Germany, and Soviet Union. They set up diplomatic relations with republic of China in the 20<sup>th</sup> century. In the Second World War, Poland, and Czech were invaded by

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<sup>104</sup> Long Jing , Relations between China and CEE Countries: Development, Challenges and Recommendations\_China Institute of International Studies, 2014  
[http://www.ciis.org.cn/english/2014-11/21/content\\_7388215.htm](http://www.ciis.org.cn/english/2014-11/21/content_7388215.htm)



Nazi Germany, however, other CEE countries supported Nazi Germany. At the end of Second World War, the troops of Soviet Union marched on the Central Eastern European states, and support the communists build the country. These Central Eastern European states have joined the communist bloc. In the beginning, Soviet Union still kept weak alliance with United States, and Central Eastern European states seeks to seek balance between soviet Union and United States. They even wished to joint the Marshal Plan of United States. But soon, Soviet Union and United States started the cold war, and Central Eastern European states leaned with Soviet Union, and joined the communist bloc. In 1955, Soviet Union lead these Central Eastern European states formed the Warsaw pact, to counterbalance the NATO which was lead by United States and western allies. Central Eastern European states' foreign policy rely highly on Soviet Union, In the 60s century, Central Eastern European states seeks to develop communism independently. There broke Poznan uprising, Prague spring, and Hungary incidents in central eastern European countries. China supported central eastern European countries to develop independently.

In the late 1960s, and 70s, Central Eastern European states started the second wave of reform. The main economic reform is to improve the economic dynamism, and economic efficiency. For the political reason, after Poland October, Prague spring, and Hungary incident, communist party regard the economic reform would be better for the political st-abilities. The economic reform is in the direction of decision making, and increased in market mechanism. The reform is not only in industrial sector, but also in arboriculture. The second wave of reform in Central Eastern European states have been very heated. However, this reform is short lived. The implantation of economic reform in CEE states is rather too radical. The economy lacked of efficiency, which gradually led to the break of the plan. In the end, it lead to a full turn of the old system. As regard to political factors, the adherence to soviet union foreign policy also influence the falls of the economic reform in CEE states. In Czech, there was a clear cut of economic reform, and appearance of re-centralization of economy because of political demotion. In Hungary, there is a beginning of reversal of system of functioning of economy together with political reshuffles. In Poland, the failure of

reform led to worker's protests for the rising of high commodity prices. The failure of the second wave reform finally caused the severe economic problems of CEE states.. There is rise of inflation, the rise of class problems among the CEE states. It finally led the political, and economic transformation of CEE countries in the end of 80s century.

In the beginning of 90s, The Warsaw pact was dissolved in 1991, when the communism was collapsed. Central Eastern European states started to have political and economic transformation, and return to Europe. Central Eastern European states adopted western values, and seeks to join NATO and EU. Central Eastern European states developed very fast since joining the EU. Nowadays, the economy growth of Central Eastern European states are about 3 percent, with highest among the EU members. The total economic volume of 16 Central Eastern European states is about 1.5 trillion US dollars, 1/10 of the EU. <sup>105</sup>

### **Historical relations between People 's Republic of China and CEE states.**

CEE countries are among the first countries to recognize People's Republic of China since establishment of PRC, because both Central Eastern European states, and China are communist country. Soviet Union recognized China, and Central Eastern European state followed Soviet Union, and recognize People 's Republic China. CEE states have a historical relations with PRC. Because of the same ideology, China and CEE countries have good political relations with each other, which is greatly influenced by the relations with Moscow. After the end of cold war, relations between China and CEE states has turned cold. It is not until the beginning of 21 st century did relations between China and CEE states have improved. Nowadays, CEE states have become a very important regions of China for economic, political and cultural reasons.

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<sup>105</sup> Regional Economic issue central eastern and southern Europe. How to get back on the fast track, May 2016

Historically, the relations between China and CEE states can be divided into the following stages.

### **3.2 China's relations with CEE states before 1989**

#### **3.21 Background**

2000 years ago, In Han dynasty, under the command of Chinese emperor, Zhang Qian started missions and explorations to the central Asia, which started the ancient silk road. Ancient Silk Road is an ancient trade routines that connects the east and west, through central Asia to Middle East, and southern Europe. The early connections between China and Central Eastern European states is with the ancient trade routine. This is the connection in Eurasian land.

There were some connections between China and Central Eastern European states in the ancient time. Benedict Polak was the first European who visited China from 1245 to 1247. He was the ambassador of Roman emperor. In the 19<sup>th</sup> century, there were some communications between China and CEE states. Several CEE states like Poland established diplomatic relations with republic of China.

In the modern time, after the Second World War, communist party in China have won the civil war, and established People's Republic of China in 1949.

After the end of Second World War, the former allies were split between United States, and Soviet Union. These two superpowers lead the international system. The Soviet Union, and United States have different ideology. The Soviet Union is a communist country, and United States stands for the capitalist country from the west. By the final weeks of Second World War, soviet troops had advanced westwards, and occupied the Central Eastern European states. The Soviet Union absorbed the former independent Baltic States, Latvia, and Lithuania, as well as piece of Romania, established Moldavian Soviet Socialist Republic. In other central eastern European countries, the Soviet Union helped to established to communist country that is modeled by Soviet Union system.

In order to confront the west, Soviet Union formed Warsaw pact together with other

communist countries. While in order to confront the spread of communism, the United States formed NATO with other western countries. The cold war began two years after the end of the Second World War. There were a competition between the two bloc during the cold war.

China has experienced two generation of political leaders during this period. Mao Zedong was the first generation of Chinese leadership. He is a founder of Chinese communist party. He was born from a peasant family in Shaoshan, and received good education. He was an ambitious leader, with strong self-esteem, endure hardship, and rebellious character.<sup>106</sup> China's foreign policy objective during Mao's area is to make China a powerful state. China wishes to become a key player in the international world. China wanted to develop in both military and economic aspect to reply with hundred years' humiliation of China.

During Mao's time, on the domestic policy, China focused on developing agriculture. China's major focus was to increase the production of agriculture. As to the machinery, only the heavy industry was developed. 70% of economic export during Mao's area was dependent on agriculture sector.

As to China's foreign policy during the Mao's time, in the early time, there were three major concerns of China's foreign policy, impact of foreign imperialism, special relations with Soviet Union, interests of oppressed nation in the international system. China use different strategies to gain China status as a great power, such as becoming nuclear power, alliance with United States, getting permanent seat in Security Council giving recognition to PRC as a sovereign independent state. Mao Zedong focused on bringing reform in domestic policies, and depended only on demography and military power. The start of culture revolution brought China isolationism, which influenced China's relations with other countries. In the late 1960s, after China had split with Soviet Union, China changed its foreign policy with United States, and became an ally of United States, to counter Soviet Union's influenced.

Generally speaking, the main characteristic of China's foreign policy are: Maintaining

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<sup>106</sup> Huang Xiaoqiong, MAO Zedong's Early Personality Analysis , International Journal of Liberal Arts and Social Science,2015

independence ; Maintaining world peace, Friendly relations and cooperation , Good-neighborly and friendly relations, Enhanced unity and cooperation with developing countries, and Opening policy.<sup>107</sup>

In 1954, China successfully identified itself with community of developing countries during the Asian- African conference. This applies not only in African, and Asian countries, but also in the central eastern European countries.

The ideology difference between China and Central Eastern European states is enlarged in 1956, and China and Soviet Union had a split with each other. After Stalin's death, Khrushchev wanted to destalinized Soviet Union, while it is confronted with China's ideology. It caused a serious concern to China's domestic ideology, which put Stalin and Stalinism into Chinese communist party ideology. In the 1950s, Soviet union adopted the foreign policy to peacefully coexisted with the west, while China had confrontation with United States. United States' military presence in Taiwan caused China's security concerns. The relations between China and Soviet Union worsen. Soviet Union withdrew from the agreements on helping China to develop nuclear weapon, and relations between China and Soviet Union goes worse. China's relations with Central Eastern European states were influenced by the factor of soviet Union. Central Eastern European states have adopted a different attitude towards the split between China and soviet Union, so China adopted different foreign policy towards Central Eastern European states. Bulgaria, Hungary, Czechoslovakia, Poland, East Germany stood for Soviet side. Albania, Romania, and Yugoslavia are China's allies. In the 70s, China and Yugoslavia normalized their relations. Albania held a different opinion with China on improvement of relations between China and US. Romania's relations with China keeps good all the time.<sup>108</sup>

In 1971, Kissinger visited China under a special president envoy. In 1972, Nixon visited China. China and United States normalized relations, out of the strategic thoughts that United States had a competition with Soviet Union. China's foreign

<sup>107</sup> Gatien Du Bois & Michaela Davidova, China and the Czech Republic, a recent political shift | Nouvelle Europe, 2015

<http://www.nouvelle-europe.eu/en/china-and-czech-republic-recent-political-shift>

<sup>108</sup> Conference China and eastern Europe 1960-1980s, proceedings of international symposium: reviewing the history of Chinese-east European relations from 1960s to the 1980s, Bei Jing , 24-26 March 2004

policy towards Central Eastern European states is to isolate the revisionist of soviet union. The normalizations of sino -America relations have caused an impact on Central Eastern European states. China and Romania's relations greatly improved.

In the late 1970s, after the culture revolution, Deng Xiaoping came into power, and became the second generation of Chinese leaders. Deng Xiaoping was a clear sighted economists, and launched open and reform policy in China in 1978. His political career had experienced ups and downs. From 1957-1966, he was an important, but junior member of the small group of top leaders. In 1973, Deng was recalled to Bei Jing and worked in foreign affairs. From 1975, he had gained power in communist party of China. Deng Xiaoping's economic policy in 1975 are to rectification, and accelerate economic growth.

The eleventh congress of communist party of China held in August 1977, and national people's congress held in February and March, announced the goal to transform China into a "Great and powerful country at the end of the century."<sup>109</sup> In 1978, Deng Xiaoping started the "Open and reform" policy in China. The economic development had become the main task of China. The public statement is relating no matter it is black cat or white cat, as long as it can catch the mouse, it is good cat. China wanted to develop socialism with Chinese characteristics, which was also one of China's identity that was created at that time. The theory was connecting Marxism with present Chinese conditions.

In the mid- 1980s, Deng Xiaoping pushed repeatedly more rapid economic growth and reform. In the 1987, Party General Secretary, Zhao Ziyang, provided a theoretical framework that explained the dominance of economic development as the party's primary goal.<sup>110</sup> China began to promote the private ownership, and formally accepted the capitalist methods. China created an identity as a socialist country with Chinese characteristics as this time. China's foreign policy towards other countries is influenced by China's identity.

<sup>109</sup>Conference China and eastern Europe 1960-1980s, proceedings of international symposium: reviewing the history of Chinese-east European relations from 1960s to the 1980s, Bei Jing , 24-26 March 2004

<sup>110</sup> Shaun Breslin Capitalism with Chinese Characteristics: the Public, the Private and the International, Working Paper No. 104, 2004

China normalized relations with Central Eastern European states normally at the end of 1970s, with the normalization of relations between China and Soviet Union. After 1978, the decision of open and reform policy in China, China's relations with Central Eastern European states improved, though different countries have a different situations. In the report of Hua Guofeng during the 11th congress of CPC, he mentioned that Chinese leadership will strengthen the bind of socialist countries, but it still leaves the opportunity to define which country is truly socialist and which is not. (Conference, 2004) In 1982, in the report of Hu Yaobang during the 12<sup>th</sup> CPC the socialist countries are mentioned only in the context of cooperation with the so called "friendly socialist countries." -DPRK, Rominia, and Yogosliavia.<sup>111</sup> Other socialist countries are not refereed in the report. China stressed "Five principles of coexistence of dealing with relations with all other countries, including the socialist countries." Chinese leadership divided socialist countries as "third world", as both China and socialist countries are victim of hegemony. China wanted to have friendly relations with third world countries. China adjusted its policy towards Central Eastern European states and have more pragmatic cooperation with them.

China established three respects towards Central Eastern European states. First was to respect their domestic, and foreign policies based on their own national conditions. Second was to respect their special relations with Soviet Union that were formed in history. Third was to respect for ideas and means of developing relations with China.

<sup>112</sup> China stressed the commonalities between China and Central Eastern European states. These included the traditional friendship, the absence of fundamental interest conflict, central interest in domestic construction, effort of promoting world peace, and hope of developing mutual relations. <sup>113</sup>

The trade relations between China and some Central Eastern European states increased significantly, and cooperation on economic, and scientific were established.

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<sup>111</sup> Conference China and eastern Europe 1960-1980s, proceedings of international symposium: reviewing the history of Chinese-east European relations from 1960s to the 1980s, Bei Jing , 24-26 March 2004

<sup>112</sup> Conference China and eastern Europe 1960-1980s, proceedings of international symposium: reviewing the history of Chinese-east European relations from 1960s to the 1980s, Bei Jing , 24-26 March 2004

<sup>113</sup> Conference China and eastern Europe 1960-1980s, proceedings of international symposium: reviewing the history of Chinese-east European relations from 1960s to the 1980s, Bei Jing , 24-26 March 2004

In the second half of 1980s, the cooperation between China and Central Eastern European states is closer.

China's relations with Central Eastern European states before 1989 is influenced by China's identity. Because of the similarity of the ideology, China had very close relations with Central Eastern European states, and leaned on communist side. The relations with CEE states during the communist area was greatly influenced by the relations with Moscow. China's relations with CEE states have experienced good relations to worsen relations and improvement again before 1989. In the beginning of 50s, China identified itself as leaning on communist side, and the leader of third world countries. China supported Central Eastern European states on developing socialism on its way. In the late 70s, China identified itself as a socialist country with Chinese characteristics, and have more pragmatic cooperation with Central Eastern European countries. The main reason for the change of relations is the factors of relations with Soviet Union. Since the 1978, the start of open and reform policy in China, China pursued more pragmatic cooperation with CEE countries. Here I will focus on China's relations with Poland, Hungary, Czechoslovakia, and Romania as case studies.

### **3.22 China's relations with CEE states before 1989**

#### **Relations between China and Poland**

Poland had a very close relations with China during the cold war period. Poland is among the first countries to recognize People's Republic of China, and the diplomatic relations between Poland and China was established during the same year. In the fifties, both Poland and China have acted as allies of Moscow. China and Poland had an intense of cooperation in political, economic, and cultural areas. In the political level, there was a frequent high level of political visits between the two countries. Zhou Enlai, Zhu De, Peng Dehuai, He Long and other Chinese leaders visited Poland at different times and Premier Zhou Enlai paid two visits to Poland. Polish leader Boleslaw Bierut, Edward Ochab, Jozef Cyrankiewicz and others also visited China at



different times.<sup>114</sup> In the 1950s, the first agreement on good exchanges, and payment were signed. In 1951, two countries signed agreement on cultural cooperation, which was the first cultural agreement that was signed between China and central eastern European countries.<sup>115</sup> In 1954, both countries conducted scientific –technical cooperation. In 1955, Poland and China had signed long term bilateral ship agreement, and started consequently Chinese-Polish joint stock shipping company.

In 1956, there broke the Poznan uprising in Poland. Poland wanted to develop communism based on their own way. Soviet Union send troops to Poland, and intervene. The Soviet Union postponed their final decision to use armed forces in Poland, and waited for the response from other communist countries. China is against soviet union's intervention to Poland, and China supported Poland for independent development. In the conversation with Polish ambassador, Mao added,

“ the Soviet comrades asked the leadership of the CCP for approval of the use of armed forces [in Poland]. Mao said that the CCP categorically opposed the Soviet plans and immediately sent their delegation headed by Liu Shaoqui to Moscow to present the Chinese standpoint in a direct way.”<sup>116</sup>

The states leader visits between China and Poland is frequent in the 50s. Premier Zhou Enlai visited Warsaw in 1957, "The First Secretary of KC PZPR Władysław Gomułka and the Prime Minister of People's Republic of Poland Józef Cyrankiewicz paid an official visit to China in 1958. In 1959, the chairman of council of state Aleksander Zawadzki visited China.”<sup>117</sup>Both countries cooperated each other politically, economically, and culturally. There was also an exchange of dancing

<sup>114</sup> Website of ministry of foreign affairs of people's republic of China 中国同剧变后的中东欧国家发展双边关系 — 中华人民共和国外交部

[http://www.fmprc.gov.cn/web/ziliao\\_674904/wjs\\_674919/2159\\_674923/t8994.shtml](http://www.fmprc.gov.cn/web/ziliao_674904/wjs_674919/2159_674923/t8994.shtml)

<sup>115</sup> Website of ministry of foreign affairs of people's republic of China 中国同剧变后的中东欧国家发展双边关系 — 中华人民共和国外交部

[http://www.fmprc.gov.cn/web/ziliao\\_674904/wjs\\_674919/2159\\_674923/t8994.shtml](http://www.fmprc.gov.cn/web/ziliao_674904/wjs_674919/2159_674923/t8994.shtml)

<sup>116</sup> K Palonka, Economic and trade relations between Poland and China since 2004 | SpringerLink, Asia European Journal, 2010

<https://link.springer.com/article/10.1007/s10308-010-0284-5>

<sup>117</sup> Marcelli Burdelski, 60 years of diplomatic relations between Poland and people's republic of China Historical review, Polish political science, 2011

groups, theoretical troops, and exhibitions between Poland and China.

Because of different doctrine of interpretation of Marxism, and Leninism, China have a spilt with Moscow in the 60s. Poland sided with Moscow, and the relations between China and Poland were stagnated. The high level of political visits came to an end. In 1967, China broke the culture revolution, and the relations with Poland were worsen. The communication between China and Poland were stagnated. In Poland, the propaganda were against China, and followed Moscow.

In 1971, Poland celebrated the 20<sup>th</sup> anniversary of the founding of the sino- Polish Shipping company. The Polish marine transport minister, and the Chinese communications minister exchanged the visits.

In the 70s, Henry Kissinger visited China. President Nixon visited China, starting the thawing of relations between China and United States to withstand the Moscow. China's relations with Poland didn't improve. Poland didn't support China on normalization of relations between the United States, and China, and followed the Soviet Union.

China normalized its relations with Poland in the mid-1970s after the open and reform policy. China have more pragmatic cooperation with Poland. There were more economic agreements signed between China and Poland. In 1981, China offered Poland a 100 million loan in the form of pork meat shipment. Chinese government announced that China supported the Poland to develop socialism independently. In the 1980s, there were frequent bilateral visit between Chinese and Polish high officials. Both countries expressed wish to develop relations comprehensively. In 1986 general Wojciech Jaruzelski, as the Chairman of the Polish Council of State visited China. In 1988 the Prime Minister Zbigniew Messner visited China, setting the highest record in history.<sup>118</sup> In 1987 the Prime Minister of China and one of the reform initiators – Zhao Ziyang paid the visit to Poland. Parliament Speakers also paid a visit.<sup>119</sup>The

<sup>118</sup> Website of ministry of foreign affairs of people's republic of China 中国同剧变后的中东欧国家发展双边关系 — 中华人民共和国外交部  
[http://www.fmprc.gov.cn/web/ziliao\\_674904/wjs\\_674919/2159\\_674923/t8994.shtml](http://www.fmprc.gov.cn/web/ziliao_674904/wjs_674919/2159_674923/t8994.shtml)

<sup>119</sup> Marceli Burdelski, 60 years of diplomatic relations between Poland and people's republic of China Historical review, Polish political science, 2011

economic cooperation between China and Poland started to grow. The total trade volume between China and Poland has grown to 1 billion dollars in 1986.

## **Relations between China and Romania**

Since People's Republic of China was established, Romania and China have very close relations. Romania is the third state to recognize People's Republic of China since its establishment. In the 50s, as China and Romania belong to the common communist bloc, the relations between the two countries is very close. With the rise of Sino-Soviet split in the 60s, Romania have a closer relations with China and keep a distance with Soviet Union. The Sino-Soviet dispute was manifested in China's relations with central eastern European countries, especially in China's support of Albania's break with Soviet Union. In the 60s till the beginning of 70s, after the Sino-Soviet split, among the central eastern European countries, the only countries that are Chinese allies, and kept good relations with China were Albania, Romania, and Yugoslavia. In the 1960s, Zhou Enlai openly supported Romania's independence in the wake of Prague event.<sup>120</sup> When China had limited access of high technology, Romania helped China with development.

Romania played a very important role regarding to the normalization of Sino-American relations. In the 1960s, Romania played a very active role to transmit the message from United States to China, wishing that two countries could normalized their relations as soon as possible. In the November 1970, during the visit of Radulescu, member of Romania communist party central committee, and vice chairman of the council of ministers, he informed China of Nixon's visit was interested in normalizing the relations with China, and have technological and culture cooperation. During the 1970s, the relations between China and Romania reached the highest. During the 70s, the massive flood hit Romania, the Chinese government

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120 Andrea Chiriu, Liu Zuokui, Sino-Romanian Relations - 英文 - 中国中东欧国家智库交流与合作网络, 2016

<http://16plus1-thinktank.com/1/20160111/1094.html>

supported Romania for the reconstruction of damaged landscape with 25.000.000 dollars <sup>121</sup> Romania helped China in the recognition of UN in the 1971. In 1971, Romanian president Ceausescu visited China during China's culture revolution time, and when he came back to Romania, he introduced some patterns of culture revolution in Romania. He improved party education, political ideological education at schools, tightened control in media, and publishing horse and so on. Trade ties between China and Romania reached the highest in 1979, with amount of US\$1.094 billion <sup>122</sup> Since 1979, Romania and China have pursued a different path. The president of Romania Ceausescu decided to pay the huge debt of Romania, while China had pursued the open and reform policy, and opened the Chinese market. During the 1980s, Romania is no longer an economic partner with China. The trade between the two countries decreased. However, both countries kept political, and diplomatic ties.

Two countries have kept good tie of cultural relations. In the 50s, China have signed several agreement on cultural cooperation with Romania, which was influenced by good political relations. In the 1953, two countries firstly signed agreement on cooperation on science and technology. During the communist time of Romania, China and Romania encouraged people to people exchange between the two countries.

## **Relations between China and Hungary**

Hungary and China were both belonged to the communist bloc during the cold war, and two countries have established diplomatic relations since the 1949. The official contact between China and Hungary maintained a balanced, steady, and predictable relations that are based on mutual benefits. There were close political, economic, and cultural ties between China and Hungary. The relations between China and Hungary is

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<sup>121</sup> Vlad Costea, Sino-Romanian Relations- From 1949 to the Present - The Political Science Club, 2014

<http://thepoliticalscienceclub.com/sino-romanian-relations-from-1949-to-the-present/>

<sup>122</sup> China daily Sino-Romanian relations

[http://www.chinadaily.com.cn/english/doc/2004-06/08/content\\_337604.htm](http://www.chinadaily.com.cn/english/doc/2004-06/08/content_337604.htm)

influenced by the relations with Moscow, however, Hungarian's policy diverse from Moscow slightly. Hungary supported China on Tibet, Tai Wan, and UN membership. At the end of 1950s, Hungary followed Moscow on the ideological difference. With the start of culture revolution in China, the relations between China and Hungary turns cold.

In the 1970s, Hungary had ambivalent attitude toward development of Sino -America relations. Hungary welcomed the visit of Nixon but had worries of its influence. Hungry worried that the development of Sino America relations would cause the further split between China and Soviet Union, and caused Soviet Union further control of central eastern European countries. In 1978, China started the open and reform policy. The relations between China and Hungary improve. China started to have pragmatic economic cooperation with Hungary. China tried to reestablish cooperation with Hungary in the 50s. There were high level of official visits between China and Hungary in the 80s. In June 1984, the state councilor and minister of foreign economic relations and trade Chen Mu-hua visited Hungary. In august 1984, Hungarian Deputy Prime Minister Marjai visited China. In 1984, the Sino-Hungarian Committee of Economic and Trade, and Scientific and Technological Cooperation was established. In May 1985, Vice Premier Li Peng paid an official visit to Hungary, and the two sides signed the long-term trade agreement for the period from 1986 to 1990. In June 1986, State Councilor and Foreign Minister Wu Xueqian paid an official visit to Hungary. In August, the Hungarian deputy prime minister and director of the state planning bureau Faluvegi visited China. In September, Vice Chairman Liao Hansheng of the Standing Committee of the National People's Congress (NPC) of China led the NPC delegation to visit Hungary. In 1987, the Sino-Hungarian relations entered a new era, and the top leaders of the two Parties exchanged visits. The relations between China and Hungary is closer.

Hungary and China have rich link in culture. In the 50s, China have signed several agreement on culture with Hungary, and send delegations, and culture exchange to Hungary. In the 50s, China and Hungary decided to exchange language students. In the 60s, and 70s, because of political relations turned cold, the cultural exchange were

declined, but the exchange of group students maintained a certain degree. In the 70s, the culture exchange between the two countries resumed. In the 80s, China and Hungary signed several agreements on science, health and technology cooperation.

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## **Relations between China and Czechoslovakia**

Czechoslovakia is one of the first countries to recognize people's republic of China. Similar with other east European countries, the relations with China is greatly influenced by the relations with Moscow during the communist time. In the 50s, China and Czech has good relations. In order to support the construction of new China, Czech Republic has assisted China in the construction of a number of industrial, and agricultural projects, such as Sino- Czech Friendship Farm in Zhang Zhou city, HeBei province, and sino- Czech friendship Machine tool plant. The trade between China and Czechoslovakia increased from the period of 1955-1957, which ranked the third, following the USSR and east Germany.<sup>124</sup> In the 60s, and culture revolution, Sino – Czechoslovakia's relations is worsened by the split of ideology between China and Soviet Union. The culture revolution also cooled the relations between China and Czechoslovakia. The economic relations between China and Czechoslovakia is influenced by the split with Soviet Union. However, in 1968, ten years after Hungarian incident, Soviet Union invaded Czech as Soviet Union determined to counter any centrifugal force within communist camp. China opposed strongly against Soviet Union's invasion towards Czech, and in Chinese propaganda, Soviet Union is portrayed as big power chauvinism. In the 70s, China tried to expand its influence on the states in central eastern European countries, beyond its allies -Albania , Yugoslavia, and Romania, Czechoslovakia held the similar political view with Moscow, and had cold relations with China. Czechoslovakia had close

<sup>123</sup> China daily

Sino-Hungarian relations

[http://www.chinadaily.com.cn/english/doc/2004-06/08/content\\_337607.htm](http://www.chinadaily.com.cn/english/doc/2004-06/08/content_337607.htm)

<sup>124</sup> R Fürst -Czech and Slovak Relations with China: Contenders for China's Favour, Europe-Asia Studies, 62:8, 1363-1381, 2010

political ties with Vietnam, and supported Soviet Union's criticism on China being a member of UN Security Council.<sup>125</sup> Czechoslovakia supported for the international sanctions on China regarding to the China Vietnam war. The second crisis of China and Czechoslovakia relations happened in 1984 when China initiated the new initiative to central eastern European countries. Czechoslovakia delayed its reaction when China sent a delegation led by premier Li Peng to east Germany, Poland and Hungary after intermission of more than two decades. In the second half of 80s, the relations between China and Czechoslovakia improved. There was an increasing bilateral visit between China and Czechoslovakia. In 1987, prime minister of Czechoslovakia L. Strougal and president of Czechoslovakia Gustav Husak paid a visit to China. Exchanges of parliamentary delegations and ministry level visits in top level of communist party between the two countries and government level visits promoted the trade between the two countries. The close political ties influence the close corporation on economic, and culture between the two countries.

### **3.3 China's relations with CEE states between 1989-2003**

#### **3.31 Background**

In the beginning of 90s century, Soviet Union collapse. There happened political, and economic transformation in Central European states. Germany reunified, the Central Eastern European countries has turned into capitalist track, the Soviet Union and Yugoslavia disintegrated and many newly independent countries emerged; the East-West confrontation ceased and the Cold War came to an end. CEE states began to have political, and economical transformation. CEE states have adopted western values, and try to become a democratic country. After the collapse of communism in central eastern European countries, in June 1989, Harvard professor Sacks came to Warsaw, and gave suggestions of economic reform. Central Eastern European states all decided to have market economy as targeted economic model, and privatize the

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<sup>125</sup> R Fürst -Czech and Slovak Relations with China: Contenders for China's Favour, *Europe-Asia Studies*, 62:8, 1363-1381, 2010

economy. Central Eastern European states followed the economic model in the Western European countries. Most Central Eastern European states adopted shock therapy for the economic reform, except for Hungary, and Romania.

In 1995, the market economy was set up in Central Eastern European states.

The political, and economical transformation in Central Eastern European states is rather very successful. The state controlled company has been privatized, and private companies have been developed. In Central Eastern European states, the restrictions of setting up small and middle sized companies have been eliminated. The percentage of private companies in the share of whole economy has been increased. In Poland, till 1999, there were about 65% of private companies in Poland, Czech, 80%, Hungary, 80%, Slovakia, 80%, Romania 70%. Other Central Eastern European states also have a large percentage of private companies in their economy. <sup>126</sup>

Central Eastern European states sought the goal to join EU and NATO after the political, and economical transformation. In 1993, during the European Council meeting in Copenhagen, it sets up criteria for CEE states to join the EU. Central Eastern European countries have a cold relations with China because of differences in ideology. During the 90s, Central Eastern European states criticized China on Human rights, Tai Wan and Tibet issues.

As to the China side, despite there is political transformation in Europe, Asian pacific is quite tranquil. In 1989, China broke the Tian Anmen square incident, which made China an isolated country in the international arena. China's image is damaged by the 1989 Tian Anmen incident. Facing such a hard-international environment, China have adjusted its foreign policy towards Central Eastern European states. In the beginning, China considered collapse of Soviet Union, and political transformation of Central Eastern European states as a dangerous mistake. In order to learn from the mistake, China changed its identity and foreign policy. China adopted a pragmatic, and realistic approach to foreign relations. They wanted to have a peaceful environment, and concentrated on developing the economy. In the international

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<sup>126</sup> Kong Tianping, 中东欧经济转型的成就和挑战, (the achievement and challenge of economic transformation in central eastern European countries, )Comparative Economic & Social Systems, 2012



world, China wants to have good relations with all countries, and adopt a foreign policy of “keeping a low profile”, “do things”, “work hard for some years”, to have more weight in international relations. Deng Xiaoping said, “we should make friendly exchanges with developed countries. We keep them as friends, and also have a clear understanding of what they are doing. We should not criticize or condemn other countries without good reason or go extreme in our words and deeds.”<sup>127</sup> China realized the main task of China is to develop its economy. China continues its open and reform policy, focuses on developing relations with western countries, and keep good relations with all countries.

China realized that the international competition in the coming decades are on the basis of “comprehensive national power”. China determined to narrow the gap with advanced western countries. Economic diplomacy occupied a prominent role in China. It involves in the following aspects. In the first place is to development of good political relations is considered essential to guarantee and promotion of foreign economic relations. Second, the important objective of China’s foreign diplomacy is to protect the economic interests, and to remove the obstacles in its foreign economic relations. Third, China will rely more on economic means to realize foreign policy objectives. Finally, diplomatic work will increasingly include bilateral and multilateral economic cooperation. China not only wants to maintain a peaceful international environment, it wants to create a favorable environment to support of economic modernization.<sup>128</sup>

In the domestic aspects, China steps to the road of deepening economic reform. China tried to avoid the mistake in Soviet Union, and central eastern European countries. China actively reform the central planning system, and encourage the market economy. In the 1992, on Deng Xiaoping’s famous Southern Sojourn, he emphasized the importance of opening up economy of China, and further economic reforms. It ended the debate of capitalism and socialism in China.<sup>129</sup>

<sup>127</sup> Ibid.

<sup>128</sup> Cheng, J. Y.-s. (1995). China's foreign policy in the mid-1990s (CAPS Working Paper Series No.28)

<sup>129</sup> Deng Xiaoping's famous speeches - Global Times  
<http://www.globaltimes.cn/content/696154.shtml>

In the 14<sup>th</sup> congress of the Chinese communist party, held on October 12-18, 1992, Jiang Zeming's political report clearly stated that China's goal was to establish "socialist market economy". It was the first time for China to approve market economy.<sup>130</sup> The main foreign policy of China was to economic diplomacy.

Because of China's economic policy, the economy of China developed very fast. China ends the isolation, deepened its economic reform, and joined the global economy. The international status of China is raised. From 1991 to 2001, there is an increase on gross investment, and household consumption share of GDP in China. (39.28% in 1991, and 43.75% in 2001. political reasons is one of the reasons that stimulates the economic growth. There is a growing sector of share of private sector in China's economy. China's export to other countries is also stimulating by the gradual devaluation of RMB against US dollars and tax deductions in the business.

<sup>131</sup> In 1999, Jiang Zeming proposed "Opening up the west" strategy, as a program of investment in infrastructure railways, highways, communication facilities, the energy sector, and large-scale industries, intended to decrease the difference in development between the east and west.<sup>132</sup> In 2000, the Chinese government initiated its "Go global" policy to encourage domestic companies to explore market overseas, and become global competitive. It introduced new policies to encourage firms to engage in overseas activities in specific industries, particularly in relation to trade. In 2001, this was integrated and formalized under the 10th five year plan, which echoed the importance of "Go global" policy. This policy shift was part of the continuing reform and liberalizing Chinese economy and also reflected Chinese government's desire to create internationally competitive and well known company brands.<sup>133</sup> In the international area, the sanctions imposed on China on Tian Anmen Incident, had disappeared. China gradually warmed up its relations with other countries. Jiang Zemin put Deng Xiaoping's foreign policy in practice, and held

<sup>130</sup> Zhi Yuancui, Making Sense of the Chinese "Socialist Market Economy" A Note sage pub journals. 2012

<sup>131</sup> Bogusława Drelich-Skulska, Sebastian Bobowski, Anna H. Jankowiak, Przemysław Skulski, China's trade policy towards central eastern European countries in the 21st century, example of Poland, Folia Oeconomica Stetinensia, 2014

<sup>132</sup> (Foreign Affairs Analyst Foreign Affairs, Defense, and Trade, China's Western Development Campaign, CRS Report for Congress Received through the CRS Web, 2001

<sup>133</sup> (B Kowalski, China's foreign policy towards central and eastern Europe

up "Deng Xiaoping"'s flag.<sup>134</sup> and used his position as Deng's successor as the basis of authority.

The relations between China and CEE states warmed up a little in Jiang Zemin's areas. The bilateral visits between China and CEE states increased. However, different countries have different relations with China, and generally speaking, the relations between China and CEE states during this period is still very cold. CEE states are still too far away from China. To CEE states, their foreign policy is still focused on the west.

In the 1995, there were frictions between China and US on the Tai Wan strait. CEE countries began to keep good relations with Tai wan, and support Tai Wan's independence. The relations between China and Czech Republic belong to the coldest ones in Europe at that period. In 1995, on the occasion of arrival of the prime minister Lien Chan led delegation from Tai Wan in Prague, and President Harvel gave Tai Wan verbal support for Tai Wan's independence in the UN session in the same year.

Jiang Zemin focused on multilateralism in his foreign policy, In his report to the 15th Congress of the Chinese Communist Party (1997) Jiang Zemin reaffirmed the idea of a changing world, wherein "relations between great powers are being subject to deep and significant adjustments", "both international and intercontinental organizations are appearing as more active" and the "developing countries' situation is coming to consolidate". The mufti polar world would prevent war, and ensure a peaceful international environment. Inheriting from Deng's foreign policy legacy, China will the Composure, a more interceptive one, far from the tactical defense role imposed by Deng Xiaoping<sup>135</sup>

### **3.32 The relations between China and Central Eastern European states from 1989-2003**

<sup>134</sup> Andrea Chiriu, Liu Zuokui, Sino-Romanian Relations - 英文 - 中国中东欧国家智库交流与合作网络, 2016 <http://16plus1-thinktank.com/1/20160111/1094.html>

<sup>135</sup> Andrea Chiriu, Liu Zuokui, Sino-Romanian Relations - 英文 - 中国中东欧国家智库交流与合作网络, 2016 <http://16plus1-thinktank.com/1/20160111/1094.html>

China's relations with Central Eastern European states have experienced two stages during this period. From 1990-1994, and 1995-2003. On the first stage, China's relations with Central Eastern European states have turned cold. Only the basic economic ties were kept on the first stage. On the second stage, from 1995-2003, the relations between China and Central Eastern European states have normalized, and warmed up.

### **From 1990-1994**

In the beginning of 90s, because of political transformation in Central Eastern European states, and China's international image was damaged by the 1989 Tian Anmen incident, the relations between China and Central Eastern European states were frozen. A lot of Central Eastern European states established relations with Tai Wan, and criticized China on Human rights and Tibet issues. For example, in 1992, a Taipei Economic, and culture office was established in Warsaw. The communications between Tai Wan and Poland both politically, and nonpolitically are very intense. The official line of new democratic Polish government was to propagate "the democratic system" on Tai wan. Polish president Lech Wałęsa visited Tai Wan several times during Chen Shuibian's presidency in Tai Wan. In January 1990, Czech President Havel officially invited the Dalai Lama to visit Prague and his visits to Czech became regular after that. As to Hungary, The political communication between China and Hungary was minimum during the beginning of 90s. Because in the 1988, the agreement between China and Hungary is to abolish visa requirement. In the 90s, the Chinese minority in Hungary were approximately 40,000.<sup>136</sup> In 1992, Hungary introduced visa requirement, so the number of Chinese people in Hungary were decreasing. The political relations between China and Romania was an exception. Despite after political, and economic transformation, Romania had changed its foreign policy into west oriented, there were still bilateral visits between political leaders between China and Romania. In August 1990, Chinese deputy foreign minister Tian Zengpei visited Romania and came to a consensus with deputy state secretary of

<sup>136</sup> Agnes Szunomar Agnisza maccelb and Xin Chen, Economic relations between China and central eastern Europe trade and investment issues, From "China" s relations with central and eastern Europe, from old comrades, to new partners ,2017

Romanian foreign ministry: the development of the Sino-Romanian relations was in the interests of both countries and it should not be influenced by the change of Romanian domestic situation. In January 1991, Romanian president Ion Iliescu paid an official visit to China, which Chinese President Yang Shangkun called “a starting point” of the development of traditional friendly relations between China and Romania. In 1994, Chinese premier minister Li Peng visited Romania, and made a joint declaration with Romania on friendly and cooperative relations.<sup>137</sup> The political relations between China and CEE states was cold during 1990-1994, however, the economic relations between China and CEE countries maintained the basic links during this period, though neither China or Central Eastern European states focused on developing economic relations with each other. Because Central Eastern European states had political transformation, trading between China and CEE states have changed from account trade to cash trade. The trade between China and CEE states is decreasing.

In the beginning of 1990s, CEE states was still the frontier areas of Chinese migrants, with low density of Chinese competitors, and a post socialist economy. Starting from the end of 80s, China have more culture exchange with CEE states, and CEE states are the top destination for Chinese to come to study abroad. These people have become the first generation of migrants from China.

### **From 1995-2003**

In order to adjust the relations with Central Eastern European states, China acknowledged the way of path that people in Central Eastern European states choose and adjust its foreign policy towards Central Eastern European states. To deal with relations with Central Eastern European states, China hold the principle of “Peaceful coexistence.” China wants to build its identity as big market socialist country, and pursue the foreign policy of multilateralism. China wants to keep a low profile, and achieve things. It wants to have good relations with all the countries and have a peaceful environment to develop its economy.

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<sup>137</sup> Gao Ge The Development of Sino-Romanian Relations After 1989, Institute of Russian, East European & Central Asian Studies Chinese Academy of Social Sciences, 2016

As regard Central Eastern European states adopt western value, and focus on the west in its foreign policy, China respects the choice of CEE countries, and not interfere with its internal issues. China tires to maintain good relations with CEE states, despite the difference in ideology and social systems. In 1994, during Li Peng's visit to Romania, China raised "Bucharest principle" as the guideline to deal with relations with CEE countries.

*"Based on the principle of mutual respect for the independence, sovereignty and territorial integrity, non-interference in each other's internal affairs, equality and mutual benefit, peaceful coexistence and other recognized principles of international law, the friendly and mutually beneficial cooperative relations in the field of politics, economics, science and technology should be developed. The rights of people all over the world to decide their own fate and choose the political system, economic system and the path of social development freely as well as the human basic rights and freedom should be respected. The differences of ideology, economic model and development path should not hinder the normal development of the relations between the two countries.*

Based on Bucharest principle, China choose not to be the leader of third world countries after the collapse of Soviet union, and political transformation in Central Eastern European states, and respected and not interfered in the internal affairs of other countries. China developed good relations with other countries, not based on ideology. China wanted to develop good traditional friendship with Central Eastern European states, strengthen mutual beneficial cooperation and common development and prosperity.

China's relations with Central Eastern European states gradually normalized under the "Bucharest principle". After 1994, the state's visits between China and CEE states have increased.

In 1995, Jiang Zemin visited Hungary, and based on Bucharest principle, China raised "Budapest principle". This is the basic political principle to deal with relations with CEE states.

*The Chinese government respects the institutional choices of the Central and Eastern*

*European countries. This is because the Chinese government has changed the political situation in the Central and Eastern European countries since 1989 and has abandoned the socialist system to turn to the West's capitalist system. Second, it hopes that The "Principles of Peaceful Coexistence" is based on the development of relations with Central and Eastern European countries. Third, there is no fundamental conflict of interest between China and the countries of Central and Eastern Europe. The cooperation between the two parties abides by the principle of bilateral relations. Fourth, China expands on the principle of equality and mutual benefit. Economic and trade cooperation with Central and Eastern European countries will promote the economic development of each other so as to benefit the people of their respective countries. Fifth, China supports the countries of Central and Eastern Europe in the peaceful resolution of disputes and strives to raise the level of regional cooperation. After the "Budapest Principles" declaration, the bilateral political and economic relations between China and the countries of Central and Eastern Europe appeared to recover.<sup>138</sup>*

On the political aspects, the bilateral visits of states officials between China and Central Eastern European states increase. In 1997, Macedonian President Gligorov, Romanian President Konstantinescu, Yugoslavian President Milosevic, visited China successively. In 1997, president Alexander Kwasniewski of Poland paid a state visit to China, which is the first state visit of Poland to China after the political transformation of Poland in 1989. Two head of state signed a joint communique, which shows the improving relations between the two countries. In 1996, Czech president acknowledged "One China" policy, and supported for territorial integrity of China, trying to seek investment in China.<sup>139</sup>

In the beginning of 21<sup>st</sup> century, China has joined WTO. The WTO membership required China to adjust its economic foreign policy in accordance with WTO rules, which requires China to liberalize global trade in goods, services, capitals, and

<sup>138</sup> 中国和中东欧国家关系的发展-中国社会科学院俄罗斯东欧中亚研究网  
[http://euroasia.cssn.cn/cbw/cbw\\_wzsf/201611/t20161108\\_3269398.shtml](http://euroasia.cssn.cn/cbw/cbw_wzsf/201611/t20161108_3269398.shtml)

<sup>139</sup> Par Gatien Du Bois & Michaela Davidova | 29 juin 2015, China and the Czech Republic, a recent political shift | Nouvelle Europe  
<http://www.nouvelle-europe.eu/node/1906>

technologies. China's accession to WTO bring positive impact on China. China has become a global trade partner, with comparative advantage in many industrial sectors, such as cheap, and abundant work forces, improved technology qualifications, and cheap costs of production. China's economic relations with Central Eastern European states is within the framework of WTO. In the 16<sup>th</sup> national congress of China, Chinese government raised, "after the great power is the key, the periphery is the foremost, the developing countries are the basis, and the multilateral is the stage for the overall diplomatic strategy." Relations with CEE states is defined by China as the relations with developing countries. After this grand strategy, China's relations with CEE states have improved steadily.

In the economic and cultural aspects, there isn't any big changes in China's foreign policy towards CEE states. At the late 1990s, China launched "Go global" strategy to encourage the expansion of Chinese businesses overseas, through government sponsored trade, and investment activities and promotion in the developing world, which was also the main reason for Chinese companies to invest in CEE states. However, CEE states is still not a focus of foreign policy of China.

In the late 1990s, with the warming up of political relations between China and CEE states, the trade relations between China and CEE states have increased. In 2000, the trade relations between China and CEE states reached 3.09 billion US dollars, an increase of 3.4 times from 1991 (the total volume of import and export 896.8 million dollars).<sup>140</sup>

The following table is the trade between 9 CEE states and China, 1999-2003, in millions of Euros

Table 3 | Trade between 9 CEEC and China, 1999–2003, in millions of euros (Data for Poland and Slovakia unavailable, no data for Croatia 1999-2001. I= Imports, E= Exports, T= Turnover, B= Balance)

Table 1	1999	2000	2001	2002	2003
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<sup>140</sup> Website of ministry of foreign affairs of people's republic of China 中国同剧变后的中东欧国家发展双边关系 — 中华人民共和国外交部  
[http://www.fmprc.gov.cn/web/ziliao\\_674904/wjs\\_674919/2159\\_674923/t8994.shtml](http://www.fmprc.gov.cn/web/ziliao_674904/wjs_674919/2159_674923/t8994.shtml)



Hungary	I:573.1 E:67.3 T: 640.4 B: -505.8	I: 1030.5 E: 44.1 T: 1074.6 B: -986.4	I: 1488.7 E: 126.1 T: 1614.8 B:-1362.6	I: 2208.9 E: 163.8 T:2372.7 B:-2045.1	I:2914.1 E:157.5 T:3071.6 B:-2756.6
Czech	I: 528.5 E: 55.0 T: 583.5 B: -473.5	I: 754.8 E: 71.5 T: 826.3 B:-683.3	I: 1198.5 E: 89.8 T:1288.3 B:-1108.7	I: 1991.8 E: 157.0 T: 2148.8 B: -1834.8	I: 2417.0 E: 213.5 T: 2630.5 B:-2203.5
Romania	I:135.6 E:34.3 T: 169.9 B:-101.3	I: 188.8 E: 93.2 T: 282.0 B:-95.6	I: 282.2 E: 99.7 T: 381.9 B:-182.5	I: 392.5 E: 216.2 T: 608.7 B:-176.3	I: 582.9 E: 248.5 T: 831.4 B:-334.4
Croatia				I: 271.3 E: 2.6 T: 273.9 B:-268.7	I: 358.0 E: 3.8 T: 361.8 B:-354.2
Slovenia	I: 127.2 E: 12.1 T: 139.3 B:-115.1	I: 148.6 E:15.8 T: 164.4 B:-132.8	I: 176.8 E: 12.6 T: 189.4 B:-164.2	I: 237.6 E: 22.9 T: 260.5 B:-214.7	I: 291.0 E: 26.5 T: 317.5 B:-264.5
Bulgaria	I: 55.3 E: 6.7 T: 62.0 B:-48.6	I: 74.2 E: 11.9 T: 86.1 B:-62.3	I: 97.6 E: 10.8 T: 108.4 B:-86.8	I: 145.8 E: 13.4 T: 159.2 B:-132.4	I: 248.6 E: 54.5 T: 303.1 B:-194.1
Estonia	I: 41.6 E: 2.3 T: 43.9 B:-39.3	I: 163.7 E: 6.9 T: 170.6 B:-156.8	I:418.2 E: 16.4 T: 434.6 B:-401.8	I: 264.5 E: 20.5 T: 285.0 B:-244.0	I: 257.0 E: 26.9 T: 283.9 B:-230.1
Lithuania	I: 59.1 E: 0.7	I: 89.2 E: 1.6	I: 134.9 E: 2.1	I: 193.4 E: 3.0	I: 268.8 E:7.2

	T: 59.8 B:-58.4	T: 90.8 B:-87.6	T: 137.0 B:-132.8	T: 196.4 B:-190.4	T: 276.0 B:-261.6
Latvia	I: 14.1 E: 0.1 T: 14.2 B:-14.0	I: 25.8 E: 0.2 T: 26.0 B: -25.6	I: 30.2 E: 1.8 T: 32.0 B:-28.4	I: 30.2 E: 1.8 T: 32.0 B:-28.4	I: 59.5 E: 14.6 T: 74.1 B:-44.9

*Source: China's trade with Central Eastern European EU members: an Analysis of Eurostat data, 2004-2014 Jeremy Garlick*

According to the table, the trade relations between China and Central Eastern European states increased in the late 1990s, and beginning of 21<sup>st</sup> century, though still consisted very low volumes. The trade relations are greatly influenced by political factors. To the Central Eastern European states, the trade has shifted to the western Europe <sup>141</sup>, and neither China nor Central Eastern European states regarded each other as important trade partner. One of the reasons for the increase of trade between China and Central Eastern European states in the beginning of 21<sup>st</sup> century is that China has joined the WTO. The economy of China has developed very fast, which began to integrate into the world economy; while in Central Eastern European states, the market economy is better established. The trade between China and Central Eastern European states began to increase. The vast majority of trade consists of imports from China, and exports from CEE to China are at a very low level before CEE states joined EU. <sup>142</sup>

### **3. 4 China's relations with CEE states from 2004 and 2010**

#### **3.41 Background**

After China had joined the WTO, the economy of China develops very fast. China's economy went global. There was an increase in the levels of capital, advanced

<sup>141</sup> Jeremy Garlick, 2015. "China's Trade with Central and Eastern European EU Members: an Analysis of Eurostat Data, 2004-2014," Acta Oeconomica Pragensia, University of Economics, Prague, vol. 2015(4), pages 3-22.

<sup>142</sup> Jeremy Garlick, 2015. "China's Trade with Central and Eastern European EU Members: an Analysis of Eurostat Data, 2004-2014," Acta Oeconomica Pragensia, University of Economics, Prague, vol. 2015(4), pages 3-22.

technology and management expertise in China. China's economy developed at a rate of 8% annually from 2006 to 2010 during the 11th five year plan.<sup>143</sup> China's economy grow 8% annually from 2006 to 2010.

China's economy continues developing fast during Hu Jintao's era. Chinese government strives to keep fast economic growth in China. China's manufacturing industry grew by annual rate of 10.3 percent during the period of 10th five year plan (2001-2005) , accounting for 52.2 percent of China's GDP in 2003. The income of Chinese people rise continuously, and poverty is greatly reduced in China. The per capita income of urban and rural residents grew by annual averages of 9.2 per cent and 5.2 per cent from 2001 to 2005. In 2010, China has become the world second largest economy. China's economic growth during this period is stimulated both by investment and export. China's economic growth is marked by growing external demand, and fixed asset investment. There is an increase in private savings during this period.

The fast economic growth in China increased China's international role and status. However, facing the fast economic growth in China, in the international world, there is also increasing voice of China threat to the international security. Scholars argue that China will challenge the existing world order that is created by western countries. There is also growing worries of China's increasing military spending. In 2009 the U.S. military spent over USD \$738 billion, whereas estimates of China's annual military budget range from USD \$69.5 billion to USD \$150 billion <sup>144</sup> They worried that a growing China will threat United States' hegemony, and world security.

When Hu Jintao came into the power, he was extremely and largely focused on maintaining domestic economic growth. Hu Jintao was born in a rich tea merchant family, and trained as an engineer. During the culture revolution, he exiled himself in the desert, and worked on the construction of third line project in the countryside. He was dynamic, articulate, genial, loyal, and political rights. He represented the left

<sup>143</sup> China's economy to grow 8% annually from 2006 to 2010  
[http://www.chinadaily.com.cn/english/doc/2005-03/21/content\\_426718.htm](http://www.chinadaily.com.cn/english/doc/2005-03/21/content_426718.htm)

<sup>144</sup> China Announces 12.2% Increase in Military Budget - The New York Times  
<https://www.nytimes.com/2014/03/06/world/asia/china-military-budget.html>

wing reformist in the communist party of China.<sup>145</sup> In order to counter the “China threat’ image, and develop China’s economy; Hu Jintao launched a new political slogan of China. To develop a “Harmonious world”.

*To put people first, we should take people's interests as the starting point and foothold of all of our works, make continuous efforts to meet various needs of the people and promote an overall development of the people. To enact comprehensive development, we should quicken the pace of building socialist political and spiritual civilizations while we constantly improve the socialist market economy and maintain coordinated, healthy economic development, thus constructing a structure that features mutual improvement and common development of material, political and spiritual civilizations. To enact coordinated development, we should promote a balanced growth between urban and rural areas, different regions, economic and social undertakings, man and nature as well as domestic progress and opening-up to the world. To conduct sustainable development, we should foster a harmony between man and nature, tackle problems inherent in economic construction, population growth, resource utilization and environmental protection, and push society onto a path toward civilized development featuring growing production, an affluent lifestyle and a sound ecosystem China created an identity to develop peacefully.*<sup>146</sup>

The harmonious world is with Confucian overtones. China wanted to develop economy scientifically, and improve the living standard of Chinese people. China indicates that China is a peaceful country, and will not challenge the United States’ hegemony. The core objective of China is to develop economy peacefully, and scientifically. It is an identity of China to counter China threat theory. Hu Jintao emphasized that despite the fast-economic growth in China, the gap between the rich and poor in China is still very huge. And while per capita GDP had reached nearly US\$8,000 (or just over US\$11,000 in PPP terms), putting China in the category of a middle-income country, inequality had also grown rapidly, reaching South American

<sup>145</sup> John Tkacik, Who's Hu? Assessing China's Heir Apparent, Hu Jintao | The Heritage Foundation, 2002  
<https://www.heritage.org/asia/report/whos-hu-assessing-chinas-heir-apparent-hu-jintao>

<sup>146</sup> SCIENTIFIC CONCEPT OF DEVELOPMENT & HARMONIOUS SOCIETY  
<http://www.china.org.cn/english/congress/227029.htm>

or southern African levels. <sup>147</sup>Development is still core goal of China's foreign policy. Harmonious world was proposed in accordance with China's rapid economic growth and development. In 2005, white paper on China's peaceful development states, "China advocates on building a harmonious world of durable peace, and common prosperity, and work with other countries in pursuing the goal. To China, building a harmonious world is both long term objective, and current task. In the white paper, there states how to build a harmonious world. For example in political terms, countries should respect each other and treat each other as equals, and work together to promote democracy in the international relations. In cultural terms, countries should "draw on each other's strength, seek common grounds, while putting aside the differences, respect the diversity of the world, and promote the progress of human civilization. White paper calls for more dialogues, and exchanges among civilizations, "to do away the ideological prejudice, and distrust, and make the society more harmonious, and the world more colorful."

China paid a lot of attention to build its image and brand. During Hu Jintao's time, China has contributed more on UN activities such as peace keeping, and it took the lead of setting up Shang Hai cooperation organization in 2001, and it was the key player of BRIC. <sup>148</sup> China has increasing soft power influence towards other country, and gradually gained more friends by its successful economic development.

In the meantime, in 2004, eight CEE states Poland, Czech Republic, Slovakia, Hungary, Slovenia, Lithuania, Latvia, Estonia have joined EU. From 1989, to 2004, V4 countries has undergone a successful transition. (1) transition from authoritarian political regimes to full-fledged democracies; (2) transition from centrally planned economies to market economies; and (3) integration of these new polities and economies into the structures of the European Union. <sup>149</sup> Central Eastern European states have taken some basically reform in order to meet the requirement of EU

<sup>147</sup> PETER FERDINAND, *Westward ho—the China dream and 'one belt, one road': Chinese foreign policy under Xi Jinping*, 20 June 2016

<sup>148</sup> PETER FERDINAND, *Westward ho—the China dream and 'one belt, one road': Chinese foreign policy under Xi Jinping*, 20 June 2016

<sup>149</sup> Bogusława Drelich-Skulska, Sebastian Bobowski, Anna H. Jankowiak, Przemysław Skulski, *China's trade policy towards central eastern European countries in the 21st century, example of Poland*, *Folia Oeconomica Stettinensia*, 2014

candidates. There is increasing importance of CEE states to China. China gradually began to recognize the strategic value of CEE states, and seek to invest in CEE states. At the same time, the foreign policy of CEE states gradually more mature. Besides focusing on developing relations with western countries, CEE states gradually paid more attention to develop relations with other countries. The success of the economic development in China has attracted CEE states' attention. CEE states launched the foreign policy of going to the east. By entering EU, the Central Eastern European states are included into Brussel's strategy towards China. As China has become a major player in the world economy, and politics, CEE states is interested in developing relations with China. The slowing down of world economy, and financial crisis in 2008 make CEE states seek for more opportunities in other countries. In 2006, China launched the 11<sup>th</sup> Chinese five year plan, which provided new fields of cooperation with Central Eastern European states. According to the 11<sup>th</sup> five year plan, China wanted to improve the technology in industry, and in environmental friendly agriculture. CEE states wanted to attract Chinese investment to develop their economy.

However, as to the political relations between China and CEE states during this period is still cold. CEE states still criticized China on Human rights, Tibet, and Tai Wan issues. From 2003 to 2009, Poland and Czech criticized China on Human rights and Tibet issues every now and then. For example in 2008. When Dai Lai visited Europe, he was received by Polish president lech Kaczynski and Czech Prime Minister Mirek Topolaneck.

### **3.42 The relations between China and Central Eastern European states during 2003-2010**

The relations between China and Central Eastern European states have improved in the 21 century. China began to put emphasize in this region especially after CEE states joined the EU in 2004. China proposed to improve the relations with CEE states comprehensively. China's foreign policy towards Central Eastern European states is influenced by China's identity of "Peaceful development", and "harmonious world".

China wants to expand its market, and benefit more on global trade.

### **Political relations**

As Central Eastern European states have joined EU, Central Eastern European states become important to China. China's foreign policy towards Central Eastern European states is within the framework of EU. China will expand its market in Central Eastern European states, and develop good relations with Central Eastern European states. China also wants to promote its soft power towards Central Eastern European states, to counter China threat perception in international world. China promote its image as a big power who develops peacefully, and make Central Eastern European states believe that cooperation with China is an opportunity. In October 2003, China released first policy paper towards EU, upgraded the relations between China and EU as comprehensive partnership, acknowledging the growing importance of EU entity.

In November 2003, a report by the renowned China institute of contemporary international relations published in November 2003, clearly stressed respect for the political choice of CEE states, acknowledging that both sides will not be strategic partners with each other. From this point, CEE countries were also firmly treated by China as a part of Europe.<sup>150</sup> China's foreign policy towards CEE countries are mainly included in its foreign policy towards EU.

As China's economy continues developing in a fast speed, there is a change of attitude of CEE states towards China. In 2003, the Hungarian prime minister and his delegation visited China. Peter Medgyessy had discussions with the Chinese Premier, with the State President and with the Chairman of the National People's Congress Standing Committee. This was not only a successful political event, but also a mark of rebuilding confidence between China and Hungary. This marked of change of foreign policy of Hungary towards China. In the year 2004, there was a meeting of Hungarian Chinese joint Economic committee in Bei Jing, to further strengthen the cooperation.

The year 2004 is a marked year for relations between China and CEE states. In April, 2004, the Czech president Václav Klaus visited China, and became the first Czech,

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<sup>150</sup> Tomarsz Kaminski, Tomarsz Jurcyk Untapped Instrument, Sovereign Wealth funds, and Chinese policy towards the central eastern European countries.

and Czechoslovak- President to visit China. Two countries signed documents on economic cooperation, cultural cooperation, and cooperation on protecting the environment. After EU'S eastward expansion, Chinese president Hu Jintao visited Poland, , Hungary and Romania to increase mutual understanding. On June 24<sup>th</sup>, 2004, Chinese president Hu Jintao visited Romania and made a speech in the Romania parliament, which is titled as conciliating traditional friendship, and expanding mutual cooperation. Hu Jintao put forward of developing comprehensive relations between China and Central Eastern European states, which marks the beginning of Chinese top leadership's strategic attention towards CEE, with China seeing the region as a window of opportunity as part of its larger EU strategy.

China proposed the second Bucharest principle.

*First, strengthen friendly exchanges, increase mutual political trust, increase understanding, expand consensus on the basis of mutual respect, equality, and non-interference in internal affairs, and take care of and support each other. Major political concerns, further develop bilateral relations;*

*Second, expand economic and trade cooperation, promote common development, adhere to the principle of mutual benefit, strive to increase investment and technological content in economic cooperation, and complement each other, so that Central and Eastern Europe and China become stable economic and trade*

*Third, expand cultural exchanges, consolidate traditional friendship, strengthen exchanges in the fields of culture, education, science and technology, tourism, health, and news, and constantly enrich the connotation of cooperation.*

*Fourth, strengthen international cooperation and jointly meet challenges in the fight against terror. On issues such as anti-proliferation, non-proliferation, combating transnational crimes, and giving play to the role of the United Nations, strengthening strategic dialogue and cooperation, and working together to maintain world peace and stability.<sup>151</sup>*

It can be said that these new principles will greatly increase the level of relations

<sup>151</sup> 中国和中东欧国家关系的发展-中国社会科学院俄罗斯东欧中亚研究网  
[http://euroasia.cssn.cn/cbw/cbw\\_wzsf/201611/t20161108\\_3269398.shtml](http://euroasia.cssn.cn/cbw/cbw_wzsf/201611/t20161108_3269398.shtml)



between China and the countries of Central and Eastern Europe, and bilateral relations will also enter a new period. Central and Eastern European states have become very important international political subjects in China's foreign relations.

During Hu Jintao's visit to Poland in 2004, Chinese ministry of foreign affairs declared, "bilateral relations were upgraded to a friendly partnership of cooperation". Therefore, in this sense, the bilateral relations between China and the states in Central and Eastern Europe still entered a completely new stage in 2004.

China paid more attention to Visegrad Group members,, as it has been noticed in China that they process "an intra-European Union voting weight equal to France and Germany combined".<sup>152</sup> In 2009, Xi Jinping visited five CEE states, Belgium, Germany, Romania, and Hungary, which signaled China put emphasized to this region. The tour was to develop economic cooperation between China and five states, and more focused on China's "Go out strategy, indicating that China was eager to develop good relations with the region, and accelerate their diverse strategy towards the region.

CEE states began to be interested in developing good relations with China. In a speech in Shang Hai during the 2008 visit, Polish Prime Minister Donald Tusk characterized Polish-Chinese relations as emanating from a "natural confidence resulting from tradition and mutual respect"<sup>153</sup> .Central Eastern European states started to look into the east, and changed their attitude towards China. They began to cooperate with China. The communications between China and Central Eastern European states increased. Central Eastern European states do not pursue sensitive issues such as Human rights, Tibet, and Tai Wan issues, approaching them more pragmatically since 2008. "

## **Economic relations**

China continues its "Go out" economic policy in the mid 21<sup>st</sup> century. Go out strategy was part of Chinese 10<sup>th</sup> five year plan in 2001. It was not until the mid 2000s,

<sup>152</sup> Tomarsz Kaminski, Tomarsz Jurczyk Untapped Instrument, Sovereign Wealth funds, and Chinese policy towards the central eastern European countries.

<sup>153</sup> Krystyna Palonka, Economic and trade relations between Poland and China since 2004, *Asia Europe Journal* : Volume 8, Issue 3 (2010), Page 369

Chinese companies. Organizations and localities began to follow government's encouragement to internationalize, while intensifying soft power initiatives. China became interested in strengthening economic relations with CEE states as CEE countries joined EU, which was also followed China's politics and economy. The good market, educated, but cheap labor, the potential of growth, stability in the government made CEE states very attractive to Chinese companies. Chinese companies treated CEE countries as bridge head of EU market. States in Central Eastern European perceived China as a future partner because of China's fast economic growth and political potentials. according to Hungarian ambassador Cecilla Szilas, "The EU –China strategic and commercial partnership provides a favorable framework and the impetus for the cooperation of CEE- China countries, the strategic agenda in 2020 for cooperation between the EU and China marks the exact borders of CEE countries in order to develop the relations with China into a harmonious and efficient manner." <sup>154</sup>

China's interest in CEE states is visible after CEE states joins the EU.

In October 2003, China has announced China's policy paper on EU, which is also the first policy document on EU, highlighted China's objective towards EU, the areas of cooperation between China and EU in the latest five years. The paper identified EU as a major world force, that plays a increasingly important role in regional and international issues. (Embassy of people's republic of China, Romania, 2004) China's interests in CEE states are related to economic dimension of foreign policy related to EU, to increase the trade with CEE states. By investing in CEE states, China can more easily enter into the market of EU countries, and create its brands.

China is interested in the market of Central Eastern European states in the last one and a half decades, particularly after 2008. It is the result of China's go global strategy, which encouraged Chinese company to go overseas. The 2008 global economic crisis increase Chinese interest in this region, because there is an increased interest of cooperation of the CEE side. The foreign policy of CEE states is more mature after

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<sup>154</sup> Huang Ping, Liuzuokui, the cooperation between China and Central eastern European countries.

the 21<sup>st</sup> century. Besides leaning towards the west, and put the relations with EU, and United States as priorities, they pay more attentions of developing relations with countries like China, with the rapid economic development in China. They focused on economic area of cooperation with China. China's investment towards CEE states began to rise starting from 2006, under the 11<sup>th</sup> five year plan.

The bilateral trade relations between China and CEE states have increased remarkably during this period. China's WTO membership has a positive effect on the trade. Not only China's trade with EU increased, but also with new EU members. In 2001, the total trade volume between China and CEE states in the region was only US\$ 4.3 billion, and the figure sharply increased to US\$ 52.9 billion in 2011, with an annual average growth of 27.6%. China has become a major import partner for CEE countries, and China and CEE states has trade imbalance.<sup>155</sup>

After 2004, CEE states has been integrated into with the global value chains of multinational firms that have also been developing rapidly in China as well. Trade deficit between China and Central Eastern European states is also increasing. Trade deficit with China is partly linked with the transfer of productive factors within the mentioned chains. The trade relations between China and CEE states continued growing despite the global financial crisis. China's import from CEE states has grown a rate of 30% annually.<sup>156</sup>

China's investment in CEE states increased since CEE states joined the EU. However, CEE states is still not the focus of China's investment. Chinese investors invested heavily in western European countries. In 2005, according to the data published by ministry of commerce of people's republic of China, 97% of China's FDI flows directly to ten EU countries. The largest China's FDI flows to Luxembourg, Sweden and Germany.<sup>157</sup>

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<sup>155</sup> Long Jing , Relations between China and CEE Countries: Development, Challenges and Recommendations\_China Institute of International Studies, 2014  
[http://www.ciis.org.cn/english/2014-11/21/content\\_7388215.htm](http://www.ciis.org.cn/english/2014-11/21/content_7388215.htm)

<sup>156</sup> Long Jing , Relations between China and CEE Countries: Development, Challenges and Recommendations\_China Institute of International Studies, 2014  
[http://www.ciis.org.cn/english/2014-11/21/content\\_7388215.htm](http://www.ciis.org.cn/english/2014-11/21/content_7388215.htm)

<sup>157</sup> Bogusława Drelich-Skulski, Sebastian Bobowski, Anna H. Jankowiak, Przemysław Skulski, China's trade policy towards central eastern European countries in the 21st century, example of Poland, *Folia Oeconomica Stetinensia*, 2014

China's investment in new EU member states is also increasing. The amount of China's investment in CEE states increased steadily. Poland, Hungary, and Romania attracted the most volume of China's FDI in CEE countries, which accounted about a joint 88% of new EU member states.

China's investment in CEE states have covered chemical, the Chinese investments in CEE states have covered chemical, machinery, household appliances, telecommunications, automobiles, new energy and other sectors, and expanded to other new fields of agriculture, finance, and science and technology, contributing increasingly to local economic growth and employment.<sup>158</sup> Chinese companies were interested in such mergers, and acquisitions, not only in core EU countries, but also in the periphery of the EU. As to the CEE states, as China has become a major player in the world economy, CEE states also become more interested in developing relations with China, and seek new opportunities. The trade deficit is often raised by CEE states during the high level of political talk. In 2008, Chinese vice premier Zeng Peiyan visited Poland and trade deficient was discussed between China and Poland during the visit.

The economic crisis in 2008 strengthened relations between China and CEE states. The CEE states were deeply affected by economic crisis. The EU institutions was inefficient in solving the crisis. There was a wide spread euro skeptics among CEE states. CEE states began to look towards the east, and seek new cooperate partners. Despite the anti Chinese sentiment in these countries before, they starts to seek more close cooperation with China.

### **Hungary**

Because of political and economic transition of Hungary, China had limited contacts with Hungary during the 90s. The relations between China and Hungary starts to develop in the 2003, with the visit of Hungarian Prime Minister Peter Medgyessy. China emphasized the region, because of Hungary has joined EU, and Hungary refocused its foreign policy towards China because of its development in economy.

<sup>158</sup> Long Jing , Relations between China and CEE Countries: Development, Challenges and Recommendations\_China Institute of International Studies, 2014  
[http://www.ciis.org.cn/english/2014-11/21/content\\_7388215.htm](http://www.ciis.org.cn/english/2014-11/21/content_7388215.htm)

Since the visit of Medgyessy government towards China, China started to invest in Hungary and Hungary government changed its foreign policy towards China. In 2003, a branch of Chinese bank has arrived in Hungary. In 2004, there created Chinese-Hungary bilingual schools, and launched direct flights between Hungary and China.

Hungary is the country has close relations with China, and it is the most Euro septic country.

In 2007, the Hungarian session's event took place in China, which was not only an economic, but also a tourist, and cultural event. It provided many business opportunities for Hungarian enterprises to be a supplier during the Olympic game in 2008.

Since 2010, Fidesz party had won the election, and Viktor Orban had become the prime minister of Hungary. Compared with precious government, Orban government is populist right wing party, which consolidates power with increasingly authoritarian measures. New Orban government didn't rely solely on European Union to develop its economy, but seeks investment from other countries. Developing economy, and economic diplomacy have played a greater role in Hungarian's foreign policy.<sup>159</sup>

As towards foreign policy towards China, Since 2010, after Hungarian election, the Hungary prime minister began to seek closer relations with China. Hungarian government announced the eastern opening policy in 2011, and it is supplemented by a southern and global opening of Hungary. It was another instrument of foreign policy which aims at China, central Asia, and Middle east. With the increasingly close relations with China, the new Orban government has weakened relations with the west. "New alliance with significance with people's republic of China." The prime minster Orbán visited to China at the end of 2010 and negotiated with China on the Chinese purchase of Hungarian Biochemical giant, borsodchem. In 2011, Chinese state councilor Dai Bingguo visited Budapest to discuss joint business deals In transportation, aviation, and energy, as well as political and cultural cooperation. Chinese minister Wen Jiabao visited Hungary in 2011. China has signed dozens of

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<sup>159</sup> Veronika Jóźwiak, 2017, China's Role in Hungarian Foreign Policy  
<https://www.pism.pl/publications/bulletin/no-71-1011>

agreement with Orbán government with amount of 2.62 billion Euros, including plans for joint investment in a Hungarian solar panel plant, a critic acid factory, development of air, water, and rail transportation, and plans to develop Hungary's Szombathely airport into a major European cargo base. Wen Jiabao promised to purchase unspecific amount of Hungarian debt.

China has become one of Hungary's important trading partners in terms of imports since 2005. Hungary has trade relations with China in almost every province, and city with main partners Bei Jing, Guang Dong, Zhe Jiang, Guang Xi, Jiangsu, Shang Hai, and Tian Jin. <sup>160</sup> By 2012, China's import to Hungary increased more than two and a half times. China's investment towards Hungary increased significantly after Hungary joined EU. According to Chinese statistics, it rapidly increased from 0.65 million US dollars in 2005 to 370.1 million US dollars in 2010. In 2010, Hungary received 89 percent of the total Chinese capital flow to the CEE region. (Ágnes Szunomár, blowing from the east, 2015)

Table4: the trade statistics between China and Hungary (from Chinese customer service)

#### China-Hungary Trade Statistics (China Customs Statistics)

(Amount unit: 100 million US dollars)

Year	Total	Export from China	Import from China	Trade balance
2003	25.9	22.9	3	19.9
2004	31.3	26.5	4.8	21.7
2005	28.6	24.9	3.6	21.3
2006	39.9	32.9	7.0	25.9
2007	62.3	50.2	12.1	38.1
2008	74.7	60.9	13.8	47.1
2009	68.1	53.4	14.7	38.7
2010	87.2	60.2	22.0	43.2

<sup>160</sup> Attila Fábián – Tamás Matura - Erzsébet Nedelka – Zoltán Pogátsa1, Hungarian-Chinese relations: foreign trade and investment. , current trends and perspectives in development of CHINA-v4 Trade and Investment.2014

Sources: economic and commercial councilor's office of the embassy of the people's republic of China in Hungary.

From the table, we can see that the total volume of trade between China and Hungary tripled from 2003 to 2010. There are more exports from China than imports. The trade deficit also increased. China's WTO membership has a positive effect on China-Hungarian relations. In 2009 because of financial crisis, the whole trade between China and Hungary shrank, in 2010, the trade between China and Hungary increased rapidly,

The structure of bilateral trade is quite similar. The main products of trade are motor vehicles, and its part, electronic and tele-communications equipment. Export from Hungary to China increased too

Hungary attracted most of Chinese investment in the region before 2010. The largest stock in the region approximately USD 2.5 billion is to be found in Hungary, China is also purchasing Hungarian government bonds. <sup>161</sup>

## **Poland**

Besides Hungary, Poland is also a close partner of China, and China focused a lot on developing good relations with Poland. Poland's joining of EU arises China's great interests in Poland.

During Hu Jintao's visit to Poland in 2004, China and Poland have signed several agreements, including one for the historically important copper Mining industry. In 2009, the Polish export to China has increased, and trade deficit was narrowed between China and Poland. During the meeting between Poland and China's vice premier Zeng peiyan in 2008, it discussed using Chinese enterprise and labor for the infrastructure projects, and trade deficit problems between China and Poland. After this visit, China and Poland has signed two export contracts. one for delivery of 40,000 tons of copper for the Chinese Minmetals Corporation (showing once more the traditional strength of that sector of Polish industry for trade with China) and the other for

<sup>161</sup> A Fábián, Hungarian- Chinese relations, foreign trade and investment, current trends and perspectives in development of China- V4 Trade and investment, 2014

delivery of helicopters for Jiujiang Red Eagle Corporation. Infrastructure projects, including highway construction, were accepted in 2009 and negotiations are in progress concerning Chinese stakes in the Polish seaports Gdansk and Szczecin. A delegation from the Chinese Ningxia Hui Autonomous Region and the State Commission for Development and Reforms was received by the Polish Ministry of Economy to establish cooperation with the Polish coal mining industry, cooperation from which the Polish company Kopex benefitted. Such enterprises and joint ventures should help lessen the trade deficit between Poland and China. <sup>162</sup>

In 2008, Polish Deputy Prime Minister Waldemar Pawlak visited China and discussed the enforcement of Chinese-Polish economic cooperation, and was received by president Hu Jintao, and prime Wen Jiaobao. The Polish and Chinese companies' cooperation was discussed during the meeting.

The trade relations between Poland and China increased significantly after 2007. Poland has become China's largest trading partner in Central Eastern European states, and the mutual trade continuously growing till 2009, and reached 16 billion Euros. <sup>163</sup>

Table five: the trade statistics between China and Poland

(Unit: 100 million US dollar)

Year	Total	Export from China	Import from China	Trade balance
2003	19.79	16.20	3.59	12.61
2004	23.31	18.44	4.87	13.57
2005	31.53	25.95	5.57	20. 38
2006	46.72	40.04	6.67	33.37
2007	79.3	69.3	10.0	59.3
2008	104.6	91.8	12.8	79.0
2009	92.1	77.4	14.7	62.6

<sup>162</sup> K Palonka, Economic and trade relations between Poland and China since 2004 | SpringerLink, Asia European Journal, 2010

<https://link.springer.com/article/10.1007/s10308-010-0284-5>

<sup>163</sup> K Palonka, Economic and trade relations between Poland and China since 2004 | SpringerLink, Asia European Journal, 2010

<https://link.springer.com/article/10.1007/s10308-010-0284-5>



2010	109.9	93.4	16.5	77.0
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Sources: Ministry of commerce of China

From the table, we can see that the trade between China and Poland increased significantly after Poland joined the EU. Starting from 2007, mutual trade increased significantly. In 2004, in the year that Poland joined the EU, there is an increase of trade between China and Poland. China's export to Poland increased 13.7% than previous year, and China's import to Poland increased 77.4 %. The trade deficit between China and Poland increased after 2004. After the meeting between leaders Poland and China on trade deficient, the trade deficient declined slightly in 2009. from 2004 to 2010, China mainly exported to Poland machinery, transportation equipment, manufacture goods, as well as clothing, and clothing accessories, and assorted commodity, such as arms, toys, and jewelries. China mainly imports from Poland transport equipment, electrical appliance, furniture, vegetable products, non-ferrous metals, organic chemicals, electrical machinery, apparatus, and appliances.

Main areas of Polish- Chinese economic cooperation are:

- Mining and relating groups of goods like mining equipment,
- Export of food and agriculture products,
- Environment protection,
- Aviation industry,
- Chinese companies participation in the implementation of infrastructure building projects in Poland, such us: building new airports, motorways, roads, stadiums and commercial real estate in the cities,
- Development of transport and logistics centers in Poland with Chinese investors playing an active role,
- Bilateral tourism cooperation,
- Railways and aviation – very intensive cooperation

The amount of Chinese investment in Poland is rather limited in the 2004, but increased with Poland joining the EU. China realized the fast development of Polish

economy, and potential Polish market since 2007. Poland is regarded the third China's flow of FDI in the CEE region, next to Hungary, and Romania. China's investment to Poland increased significantly since 2007. According to Polish ministry of economy, the cumulative amount of investment from China in Poland China's direct investment in Poland was about \$93 million in 2007. In 2008, this amount increased by an unprecedented 49% to \$140 million. As of December 31, 2009, China's direct investment in Poland continued to soar, reaching a total of approximately \$375 million.<sup>164</sup> Among the biggest investors were TTL Polska (LCD TV sets; about 80 million euros), GD (Guangdong) Poland, which runs the Euroazjatyckie Centrum Handlowe wholesale distribution centre near Warsaw (33 million euros) and Min Hoong Development (real estate in Warsaw and Sopot; some 33 million euros).<sup>165</sup> However, because of lack of understanding of European rules, and customs between Poland and China, there are some failed projects of Chinese investment. One of such cases is that China's Covec construction investment in A2 high railway was a failure.

### **Czech and Slovakia**

There isn't much advancement in trade relations between China and Czech Republic during 2004- 2012. Czech continued support Tibet issue, Tai wan issues and attack China on Human rights issue, which influence the relations between China and Czech. Since Czech entered the EU, Czech followed EU's trade relations with China. The former treaties were replaced by treaties between China and EU. China and Czech have successively revised the China-Czech Economic and Trade Agreement (to be changed to the China-Czech Economic Cooperation Agreement, and there was an improve on trade between China and Czech. In the Czech Export Strategy paper for 2006–2010 issued by the Ministry of Industry and Trade, there has been no government-level basic document that would define specific national interest or a general policy towards the PRC The Czech's export to China which in 2007 increased

<sup>164</sup> Poland-Invest

<http://poland-invest.com/poland.html>

<sup>165</sup> K Palonka, Economic and trade relations between Poland and China since 2004 | SpringerLink, Asia European Journal, 2010  
<https://link.springer.com/article/10.1007/s10308-010-0284-5>

annually by 70%, still did not exceed 0.6% of total Czech exports in 2007–2009, leaving China as generally the one remarkable disappointment in the country's trade strategy.<sup>166</sup>

Table six: the trade statistics between China and Czech

(Unit: 100 million US dollar)

Year	Total	Export from China	Import from China	Trade balance
2003	29.24	26.81	2.43	24.38
2004	37.81	35.11	2.70	32.41
2005	41.1	39.24	1.86	37.38
2006	61.11	57.11	4.00	53.11
2007	98.9	91.94	6.96	84.98
2008	132.2	124.42	7.78	116.64
2009	113.9	105.46	8.44	97.02
2010	165.47	153.32	12.15	141.17

Similar with Czech, the treaties between China and Slovakia were replaced by treaties between EU and China. Compared to Czech, Slovakia has rather pragmatic relations with China. China's trade policy with Slovakia during this period is within the framework of EU- China trade policy. Slovakia's exports to China increased 70% annually in 2007, but barely exceed 0.7% of total Slovakia's export.<sup>167</sup>

Table seven: the trade statistics between China and Slovakia

(Unit: 100 million US dollar)

Year	Total	Export from China	Import from China	Trade balance
2003	2.91	2.15	0.76	1.39
2004	8.75	7.97	0.78	7.19

<sup>166</sup> R Fürst -Czech and Slovak Relations with China: Contenders for China's Favour, *Europe-Asia Studies*, 62:8, 1363-1381,2010

<sup>167</sup> R Fürst -Czech and Slovak Relations with China: Contenders for China's Favour, *Europe-Asia Studies*, 62:8, 1363-1381,2010

2005	12.41	11.14	1.27	9.87
2006	18.89	16.70	2.19	14.51
2007	34.82	30.42	4.40	26.02
2008	47.86	41.73	6.13	35.60
2009	38.92	31.22	7.70	23.52
2010	52.91	40.03	12.88	27.15

Both countries wanted to have close cooperation with China since they have joined the EU. Both countries have played an active role in EU- PRC common agenda, and China's market economy status in EU. However, the advancement in relations is not very significant.

### **Romania**

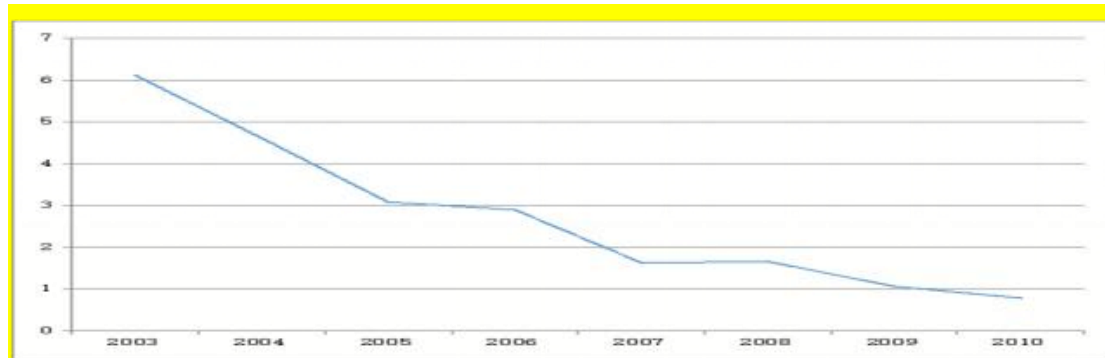
China has long established good relations with Romania, and bilateral relations are kept even during the political, and economic transformation in Romania. Though the political relations with Romania maintained well in the 90s, but the economic relations suffered a lot during the 90s. In 1999, the trade volume between China and Romania was Euro 0.170 Billion.<sup>168</sup> Starting from the 2000, the economic relations between China and Romania improved. Since the 2000s, China launched the “go out” strategy, Romania is the among the first choice of investment of Chinese companies in the CEE region. In 2005, Romania calculated two thirds of the overall Chinese investment stock In the CEE regions. <sup>169</sup>China's FDI in Romania is the largest in the central eastern European countries in the early 2000s, however, since 2005, China's investment has shifted to Poland, Czech republic, Hungary and other countries in the region. <sup>170</sup>

<sup>168</sup> Sarmiza Pencea, Romania- China trade and investment relations against the backdrop of “One Belt, one road” strategy, Romanian Economic and Business Review 2016

<sup>169</sup> Sarmiza Pencea, Romania- China trade and investment relations against the backdrop of “One Belt, one road” strategy, Romanian Economic and Business Review 2016

<sup>170</sup> (Jan Drahokoupil, Vassil Kirov, Aurelian Muntean and Elena Radu, 2016, Chinese investment in Romania and - European Trade Union Institute

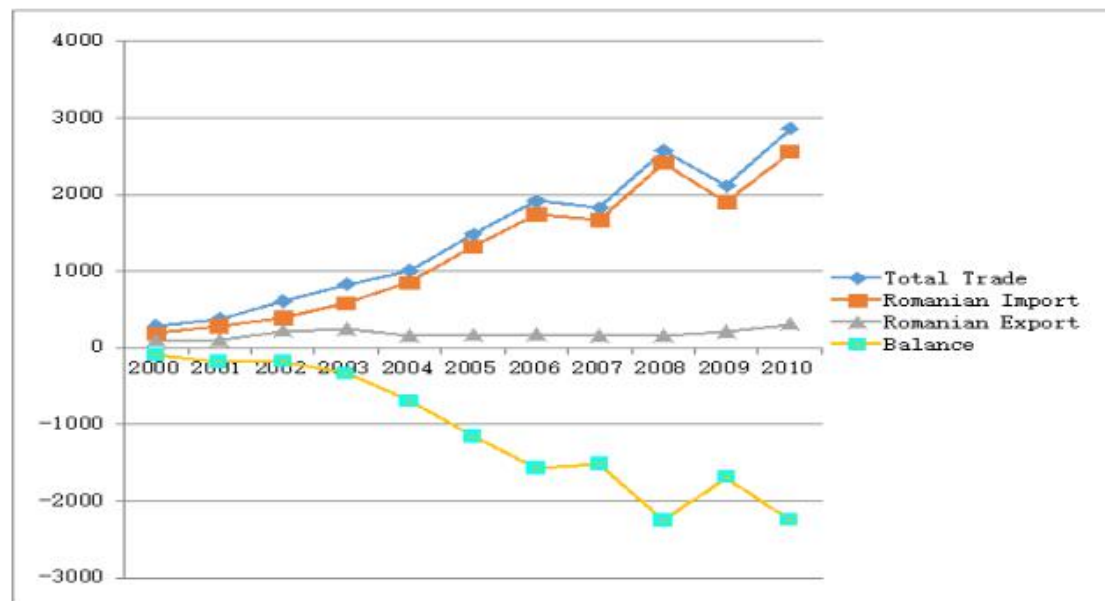
Graph 2: Decline of Romania's quota in Chinese FDIS to Europe.



Source: ( Andrea Chiriu Liu Zuokui , 2016 ,  
<http://16plus1-thinktank.com/1/20160111/1094.html>)

After 2007 when Romania joined the EU, the trade between China and Romania increased. China's economic policy towards Romania is within the framework with EU.

Graphic 3. China-Romania trade, 2000-2010. € Million.



Source: Data source: Institutul Național de Statistica, Anuarul Statistic al României 2006; Institutul Național de Statistica, Anuarul Statistic al României 2007; Institutul Național de Statistica, Anuarul Statistic al României 2011, p. 573; Corneliu Russu, Marius Bulearca, "Chinese Economic Reform and the Romanian-Chinese Economic Relations", in Buletinul, Universitatii Petrol-Gaze din Ploiesti, Vol. LXI, no. 4, Seria

Stiinte Economice, 2009, p. 50.

<http://www.upg-bulletin-se.ro/archive/2009-4/6.%20Russu,%20Bulearca.pdf>.

We can see from the graph, the trade between China and Romania increased after 2007, despite there is a slight fluctuation because of economic crisis.<sup>171</sup>

In the period 2005 to 2010, the main products exported to China are nuclear reactors, boilers, machinery, machinery and electrical equipment, copper and copper articles, wood, charcoal and articles of wood and apparel and clothing accessories, other than knitted or crocheted, representing 60,1% of Romania's exports to China in 2010.

According to this survey among the top 25 categories of products exported by Romania in China in 2010, the largest decrease was recorded at cast iron, iron and steel products. Also the largest increases were recorded for the following products: fertilizers, ores, slag and ash, optical, photographic, cinematographic instruments, rubber and rubber products, alcoholic and non-alcoholic beverages, vinegar, man-made fibers, discontinuous copper and copper articles and machinery and equipment.<sup>172</sup>

### **Cultural relations**

With the fast development of Chinese economy, China tries to revitalize traditional Chinese culture and improve China's image in the international world and increase its soft power influence among other countries. Hu Jintao addressed in the 17<sup>th</sup> CCP congress in 2007 that countries' culture is a very important element of soft power, and China would make all efforts to use this asset in building a positive perception in the world.<sup>173</sup> In the May 2010, Premier Wen Jiabao reiterated this message, with emphasis on developing culture exchanges, increasing China's international culture influence with soft power becoming the key terms for the two congress.

<sup>171</sup> Andrea Chiriu, Liu Zuokui, Sino-Romanian Relations - 英文 - 中国中东欧国家智库交流与合作网络, 2016 <http://16plus1-thinktank.com/1/20160111/1094.html>

<sup>172</sup> R Cecilia-Irina The tendency of international trade of Romania and China- A comparative analysis, European Scientific Journal May 2014

<sup>173</sup> Hu Jintao calls for enhancing "soft power" of Chinese culture [http://www.gov.cn/english/2007-10/15/content\\_776553.htm](http://www.gov.cn/english/2007-10/15/content_776553.htm)

China realized the importance to increase its soft power influence in CEE states, and increase of understanding of China. China wanted to decrease the anti Chinese sentiment in the Central Eastern European states, and decision makers of the west. Moreover, by spreading Chinese culture abroad, China wanted to be more attractive to the country overseas. China realized the need of a culture policy accompanying with economic foreign policy.

In the culture aspects, the culture communication between China and CEE states increased significantly. With the joining of European Union, and growing trade between China and Europe, more and more Chinese people migrant to CEE states. Hungary and Poland become the popular destination of Chinese migrants.

Since 2003, there are a wild range of programs for people to people exchange, scientific and technology cooperation between China and CEE states started. The number of students coming to Central Eastern European states increased significantly. During Hu Jintao's visit to Poland, Hungary and Romania in 2004, several agreements on culture were signed. In Poland, there are at least four strong centers for Chinese studies in Poland, and four Confucius institutes in Krakow (established 2007), Poznan, Wroclaw and Opole (founded in 2008) The scientific exchange agreement between Poland and China during Hu Jintao's visit to Poland was arousing openly for the first time. According to the agreements, the mutual, intergovernmental annual exchange of all kinds of students, PHD students, scholars, lecturers, or interns, should be composed of 25 people-in both directions. (1987 the number was raised to 40, as the agreements were signed for only two or three years.<sup>174</sup> During the visit of Hu Jintao to Hungary in 2004, Chinese president Hu Jintao and Hungarian president Ferenc Mádl signed an agreement to establish public bilingual school. During the later mutual visits between the high politicians between China and CEE states, several agreements on culture were signed. China and CEE states have closer connections on culture since 2004.

In CEE states, there are also several Chinese festivals, and exhibitions taking place every year to boost Chinese culture. For example, since 2009, the Chinese cultural

<sup>174</sup> (Bogdan Góralczyk, Polish Sinology – Reflection Paper1, 2015, Mongolian Journal of International Affairs

festival has taken place in Poland, Bulgaria, and other CEE countries, including the Chinese culture festival concert, the exhibition of contemporary art, and ink painting, the China National day photography exhibition, China film week and other cultural activities. All of these activities increase the mutual understanding between China and CEE states. .

## **Conclusion**

In the ancient time, there are connections between China and Central Eastern European states, through old silk road, and missionary tasks. In the modern time, Central Eastern European states are among the first countries to established people's republic of China. The relations between China and Central Eastern European states have experienced five periods so far.

During Mao Zedong's time, in the beginning, both China and Central Eastern European states belong to communist countries. The relations between China and Central Eastern European states is greatly influenced by relations with Soviet Union. China established political, economic, and cultural cooperation with Central Eastern European states. In the 60s, China has a split on ideology difference with Soviet Union, and relations between China and Soviet Union goes worse, which in turn, influenced the relations with Central Eastern European states. China adopted different foreign policy towards Central Eastern European countries. Bulgaria, Hungary, Czechoslovakia, Poland, east Germany stood on Soviet side, and Albania, Romania, and Yugoslavia are China's allies. In the late 60s and beginning of 70s, China started the culture revolution, and communication between China and Central Eastern European states are stagnated. The normalization of Sino American relations also caused great impact on Central Eastern European states.

China normalized relations with Central Eastern European states at the end of 1970s, with the normalization of relations between China and Soviet Union. After the open and reform foreign policy, China's relations with Central Eastern European states generally improved. China have pragmatic cooperation with Central Eastern states in



the political, economic, and cultural areas. There is a frequent bilateral states leader visits between China and Central Eastern European states, and trade between China and Central Eastern Europe states increased significantly.

In 1989, there is big changes in the international world. Central Eastern European states have experienced political and economic transformation. Because of ideology difference, the relations between China and Central Eastern European states have turned cold. A lot of Central Eastern European states criticized China on Human rights, and Tibet issues. They kept diplomatic relations with Tai Wan. Because of cold political relations, the economic relations between China and Central Eastern European states during this period maintain the basic links.

In order to adjust the relations with Central Eastern European states, China raised “Bucharest principle” and later “Budapest principle” as the guideline to deal with relations with Central Eastern European states. China respects the choice of people in CEE states, the ideology difference, and deal with relations with CEE states based on five principles of coexistence. China’s relations with Central Eastern European states gradually normalized.

In the 2000s, China has joined WTO. The WTO membership bring positive impact on China. China’s economic relations with Central Eastern European states is within the framework of WTO.

The relations between China and Central Eastern European states are greatly improved in the 21<sup>st</sup> century. Starting from 2004 EU’s enlargement, Central Eastern European states have joined the EU. China began to put emphasize in this region. At the same time, with the fast growing economy of China, CEE states began to be interested in developing good relations with China, especially after global financial crisis in 2008. In the political aspects, there is a frequent bilateral visits of states leaders between China and CEE countries. In the economic aspects, Chinese companies began to explore the market overseas, and started to invest in CEE countries. The economic relations between China and CEE states is within the framework of EU. The bilateral trade relations between China and CEE countries have increased a lot during this period. In the cultural aspects, China deepened the

cultural communications with CEE states. Since 2003, China has signed a wide range of cultural programs with CEE states. China wants to increase its soft power influence among CEE states.

## **Chapter four   China's relations with CEE states under Xi Jinping's area. (2010-)**

### **4.1 Background**

Xi Jinping is the successor of Hu Jintao. Xi Jinping is the most powerful leader in China since Mao Zedong and Deng Xiaoping. He has more centralized power compared with previous leaders, and Xi Jinping's name was put into constitution. In 2016, Xi Jinping was declared as the core leader of CCP. Previously only Mao Zedong and Deng Xiaoping was granted such status. Xi Jinping has a different style of foreign policy approach. He was the second-generation red. His father was the great revolutionary leader Xi Zhongxiong, who was the close comrade of Mao Zedong during 1940s and 1950s. During the Cultural Revolution, Xi Zhongxiong was persecuted by Mao Zedong, and he was sent exile to the west. After the culture revolution, he joins the Communist party of China, and his career takes off. Xi Jinping has a better control of Chinese military, because of his father, and also because he was once served as personal secretary of military of defense. Geng Bao.

Xi Jinping became the chair of the national security mission in 2013, and tightened control towards military, with the movement of anti-corruption campaign among the communist party, as well as in the military.

Hu Jintao was relatively risk reserve, while Xi Jinping is very ambitious, urgent, and resolute. Xi has a cult of personality. In Chinese societies, people considered Xi as charismatic leadership, which stimulation could be compared with Mao's time. However, the context of Xi's rule is different from Maoism. Xi's ideology is characterized by a degree of eclecticism, combining the elements of nationalism, and tradition of adherence to Marxism, and socialism.<sup>175</sup> Because of his personal experience, Xi Jinping has an authority among the Chinese communist party. Different from "collective leadership party" that followed Deng Xiaoping's leadership in the late 1970s, Xi Jinping has more power, and more centralized leadership. After the 19<sup>th</sup> congress, Xi Jinping's thought was written in the guide of the party, which was the first leader after Mao Zedong to put his guideline into the party guideline. He is more willing to take risks, and adopt more assertive foreign policy. Because of his past, he has more power and freedom for the foreign policy decision making. As former Australian Prime Minister Kevin Rudd argues that Xi is not a status quo politician.<sup>176</sup>

When Xi Jinping came into power, China has experienced years of continuous economic development. In the 12<sup>th</sup> China's five year plan, China has set an economic growth rate at 7.5%, but the actual economic growth has exceeded 11%.<sup>177</sup> Under Xi Jinping's area, China definitely didn't just want to be a status quo power, but also wanted to participate in forming the new global economic order. China's foreign policy under Xi Jinping's leadership is different from the previous leaders. Under Deng Xiaoping, Xi Jinping has shifted foreign policy from "Keeping a low profile", and "Biding for the time" during the Deng Xiaoping's time to "striving for

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<sup>175</sup> John Lonn, China's domestic policies, and foreign policy, January 2017 analysis, Briefing paper, House of commons library, 19th January, 2017

<sup>176</sup> Kevin Rudd. How Xi Jinping Views the World The Core Interests That Shape China's Behavior, 10th May, 2018 <http://kevinrudd.com/blog/2018/05/10/kevin-rudd-writes-in-foreign-affairs-how-xi-jinping-views-the-world/>

<sup>177</sup> Roderic Wye, The Chinese five year plan Programme(2011-2015) and Europe 2020, short policy brief 5, Europe China research, and Advice Network (ECRAN)

achievement”. Unlike Hu Jintao, China is more and more confident in dealing with relations with western powers. Different from previous leaders who are focusing on making money, China started to make friends in the international community, and achieve more influence globally.

China has surpassed Japan and become the second largest economy, and the biggest trading state. China has become the largest GDP growth regional and globally in recent years. It is forecasted that more than USD 1 trillion Chinese FDI will flow by 2020 to other countries.<sup>178</sup> Chinese leader considered the current world order has created an opportunity of China to take the lead. Xi Jinping officially announced in its statement that PRC should establish great power policy with Chinese characteristics, and Deng Xiaoping’s principle is placed by phrases “active and pressing on”, or forging ahead.<sup>179</sup> China strives to become a responsible and influential power.

China’s identity of becoming a responsible superpower country is unchanged during Xi Jinping’s time. In the previous leaders, after Mao Zedong’s failure in economic, and social policy, and Tian Anmen incident that resulted China’s isolationism, China’s foreign policy has shifted mainly towards economic development oriented. Under Xi Jinping’s time, China’s situation is different. China relatively have dual identities. On the one hand, China feels strong, and confident. China is facing more and more pressure on taking more responsibilities, while on the other hand, there is a slowing down of economic growth in China. There is a decline in exports, and investment in China, and there is a need of transforming the current economic model into supply side reform, and development driven by innovation.

Under Xi Jinping’s campaign, there is a shift in conceptual shift in foreign policy. Besides the importance of economic goals, China pays more attention to have more political achievement. China promotes “China dream” as its propaganda, which forms a new identity of China as “rejuvenate of Chinese nation.” “China dream” in literature

<sup>178</sup> Christopher K. Johnson, President Xi Jinping’s “Belt and Road” Initiative A Practical Assessment of the Chinese Communist Party’s Roadmap for China’s Global Resurgence, A Report of the CSIS Freeman Chair in China Studies, 2016

<sup>179</sup> Justyna Szczudlik-Tatar, *Towards China’s Great Power Diplomacy under Xi Jinping*, PISM, 2015

means the dream of successful and modern China. It means to build a “rich powerful, democratic, civilized, socialist modernizing China”, with the improvement of living standard of people, under China’s communist party’s leadership and realize the rejuvenation of Chinese nation after century of humiliation in the 19<sup>th</sup> century.

According to Xi Jinping’s statement, there are two goals for China that needs to achieve. By 2021, (100<sup>th</sup> anniversary of the CPC), China should become an affluent society, with a double of GDP and income per capital in the year 2010 and by 2049, (the 100<sup>th</sup> anniversary of PRC), China should become a prosperous, and harmonious society, based on socialism with Chinese characteristics.<sup>180</sup> China is to play a greater role in the international world, and participate in the global governance, promote Chinese values, safeguard territory integrity.

The “China dream” has received many responses. In public, China dream expressed the expectations of a resurgent China. Economic reformers expected that to realize China dream, China could use resources more efficiently, and improve the consumption domestically, and encourage the creative industries, and banks to lend money on small businesses. Some people think that “China dream” is a propaganda that will increase China’s soft power and influence. It shows that China strives for achievement under Xi Jinping’s leadership, and it is ideological objective of Xi Jinping’s regime. In Xi Jinping’s words, “The China is the inner meaning of upholding and developing socialism with Chinese characteristics.” Its essence was a “rich and powerful country, revitalizing the nation and enhancing the well-being of the people.”<sup>181</sup>

After the 19<sup>th</sup> congress, foreign policy under Xi Jinping was highlighted as to seek for achievement. The 19<sup>th</sup> congress have strongly confirmed the need of China to play a more active role in the world. According to the work report, China has entered a new area, with greater goals, more self-confidence. China expressed an ambiguous desire to become leadership alongside with United States, and other powers.<sup>182</sup>

<sup>180</sup> Justyna Szczudlik-Tatar, *Towards China ’ s Great Power Diplomacy under Xi Jinping*, PISM, 2015

<sup>181</sup> Peter Ferdinand Westward, *the China dream and OBOR*. International affairs, 2016

<sup>182</sup> Michael D. Swaine, *Chinese Views of Foreign Policy in the 19th Party Congress*, China Leadership Monitor, No.55 John Lonn, *China ’ s domestic policies, and foreign policy*, January 2017 analysis, Briefing paper, House of

“Peaceful development” is still the guiding principle of development under Xi Jinping’s regime. China has strong interests in achieving “peaceful international relations”<sup>183</sup>, because China wants to have a stable environment to develop its economy, and achieve China’s modernization, which has been long the aim of China’s foreign policy. China is not strong enough to challenge United States’ hegemony . “OBOR” initiative was to realize the new international order, based on multilateral cooperation, and win win situation. It is a liberal international order, as China benefit of the economic globalization. However, there are significant changes in foreign policy in practice. Chinese leadership view China as a “great power” and a “rising power” at the same time. China considers itself as a norm shaper. China’s foreign policy in practice is more pragmatic to the world rules. In Xi Jinping’s first work forum on the peripheral diplomacy (Zhou Bian Wai Jiao) in October 2013, unlike his predecessors, he avoided mentioning “Tao Guang Yang hui( biding the time), but instead mentioning “fen fa You wei.” ( A country should strive for achievement), which has become the framework of Chinese foreign diplomacy. <sup>184</sup>

With the change of China’s approach of foreign policy, China’s foreign policy in practice is different from the previous leaders. There are three distinctive characteristics of Xi Jinping’s foreign policy. Xi Jinping pays more attention to the neighbor, and Asia pacific region, shows its ambition to become a global world power, and pays more attention of dealing with relations with United States.

China wants to become a regional leader, and have more influence in the Asia pacific region. In the late 2013, Xi Jinping has convened unprecedented, first every party work forum on neighborhood Diplomacy. Xi Jinping stated during the meeting that neighborhood plays an important and strategic role in China’s diplomacy. Xi has stated China’s ambition to become an Asian ruler, and norm settler. <sup>185</sup> China has a strong claim of territorial integrity, and defend country’s core interests. The growing

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commons library, 19th January, 2017 , 2017

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<sup>184</sup> Nien-chung Chang-Liao, (2016) China’ s New Foreign Policy under Xi Jinping, Asian Security, 12:2, 82-91

<sup>185</sup> Justyna Szczudlik-Tatar, Towards China’ s Great Power Diplomacy under Xi Jinping, PISM, 2015

China's influence in the region, and Chinese more assertive way of practicing foreign policy made its neighbors uneasy. They considered that rising China as a threat. Since 2010, China has tense relations with neighborhood countries. China has territorial disputes with ASEAN countries on South China Sea. China's relations with ASEAN countries, such as Philippines, Vietnam is becoming strained because of each country has its own claims of island in the South China Sea, and claims the rights of exploration in the South China Sea. There are a few clashes between fishermen from China and other ASEAN countries. In 2016, an arbitration tribunal constituted under Annex VII of the United Nations Convention on the Law of the Sea have ruled against PRC's maritime disputes with Philippines. China has taken measures to protect territorial integrity, and claims the right of the island. On the one hand, China seeks dialogue, and communications with other ASEAN countries, and tries to explore the resources together with ASEAN countries; on the other hand, China established Air Defense Identification Zone (ADIZ) in the South China Sea, refuses to accept the arbitration on disputes with Philippines, and build artificial island on the South China Sea. Besides the disputes with ASEAN countries, China also have territorial disputes with Japan over Diaoyu Island, and disputes with India on border.

China is more involved globally since Xi Jinping's time. China shows its ambition to become a rule settler in Xi Jinping's time. In November 2014, Xi convened the 4<sup>th</sup> central foreign affair work conference, and states that China is going to build big power diplomacy with Chinese characteristics. The world is becoming more and more dependent on China, and China has growing influence around the world. The development of the world and China itself have created strategic opportunity for China. China should catch the opportunity and realize "the rejuvenation of Chinese nation." China should have more voice in the world, increase its soft power, and build global partnerships.

The belt and road initiative is an example of China's involvement in building the new world order, and Chinese companies go globally. The belt and Road initiative covers 60 countries, and connects Asia, with Europe, and extends to Africa. It is a foreign

policy that contributes the global economy, and regional integration. <sup>186</sup>China Pays more attention to CEE countries during Xi Jinping's time, and started to deepen the cooperation with CEE countries.

With the China's growing influence in the Asian pacific region, United States started to refocus on Asian pacific region, and have pivots in Asia to restrain the growing power of China. United States perceived rising China as a challenge to its hegemony, and made foreign policies to restrain the development of China. United States perceived China as a revisionist state. China's more assertive neighborhood foreign policy is challenging United States' influence in the region. United States considered that China will strive to change the world order that is based on western values. In order to contain China, during Obama's regime, United States proposed "TTP" which excluded China to limit China's influence in the region. Under this circumstance, China proposed "OBOR" to counter the pivot of United States. Under president Trump, United States started trade war with China, and raised tariff on Chinese products to the United States.

China is more and more confident in dealing with relations with United States. China proposed to build the new model of great power relations, and build "global network of partnership."

### **Domestic background**

Domestically, under Xi Jinping's area, China faces new challenges. China's economy slows down since 2012, especially in the manufacturing factor. Chinese economy slows down since the year 2012. The manufacturing factor has experienced a sharp slows down. Since 2006, many Chinese production industry have been facing overcapacity since 2006. China wants to explore new markets in other regions and activate the slowing down of China's domestic economy. In 2016, China announced the 13<sup>th</sup> five year development plan. Under the background of international financial crisis, and rapid Chinese economic development recent years, China's five year plan wanted to deepen the reform, and accelerate the transformation of economic growth.

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<sup>186</sup> Michele Ruta, *Three Opportunities and Three Risks of the Belt and Road Initiative*, The World Bank, 2018,



China planned to have all round opening up and move forward the Belt and Road initiative.

Table seven : Summary of 13<sup>th</sup> five year development plan in China

Summary of 13 <sup>th</sup> five year development plan in China:
<p>1, Main thread of development:</p> <p>To change China's economy into a supply side structural reform to build a prosperous society in all aspects</p>
<p>2, Innovation development:</p> <p>According to the five year plan, China wants to have innovation driven development model. China wants to modernize agriculture, optimize modern industrial system, development cyber economy, and modern infrastructure networks</p>
<p>3, coordinated development:</p> <p>China plans to have new urbanization, development coordinated between the regions, socialist, cultural, and ethnical progress, and have coordinated economic and defense development</p>
<p>4, Green development: China wants to protect the ecosystems, and the environment</p>
<p>5, open development: China wants to have all around opening up, and have deeper cooperation between mainland Hongkong, Mecaο, and Tai Wan</p>
<p>6,shared development: China plans to fight for poverty, promote better education, and health care for citizens, and support for public well being</p>
<p>7, strong safeguards: stronger, and more innovative social governance, stronger socialist democracy, and rules of law; strong guarantee for plan implementations.</p>
<p>8, policies, and programs, and initiatives:</p> <p>Strengthen for science, and technology reform; strengthen support for structural upgrading; strengthen support for infrastructure, strengthen support for ecological, and environment system; strengthen support for the improvement of quality of life.</p>

Sources; an overview of the 13<sup>th</sup> five year plan

[http://en.ndrc.gov.cn/newsrelease/201612/t20161207\\_829923.html](http://en.ndrc.gov.cn/newsrelease/201612/t20161207_829923.html)

Since the open and reform policy in China, there is an unequal growth between western regions, and eastern regions in China for four decades. The western regions of China is the last opening up region according to Deng Xiaoping's open and reform policy. In 2013, per capital income in the western provinces such as Gan Su, Gui Zhou, Qing hai, and Xin Jiang was only between a third and a half of that in eastern provinces such as Guang Dong, Fu Jian, and Zhe Jiang, and only a quarter of that in Shang Hai and Bei Jing. It is necessary for the companies in the west to go out, and explore the market overseas. In order to develop the economy, and narrow the gap between the east and west, China initiate "Go out" strategy and opening up the west, which help the Chinese companies to explore the market overseas, and boost the west area in China.

Moreover, there are other problems in China during Xi Jinping's time. The price of real estate in China has bubbles. Developers are heavily in debt. The stock market is very weak in China, because of the high real estate price. Some local governments are in debt, and requires more cautious investment. There is a growing need to establish cooperation with local government of other countries, and establish win win cooperation. States owned companies in China wants to explore the market overseas, and invest in other countries. China is also pushing forward RMB reform, to promote internationalized of RMB. In 2015, International Monetary Fund has admitted RMB as currency.

OBOR initiative is proposed following the domestic, and international demand. OBOR in essence is building economic and trade corridors starting from China through the development of transport links. China aims to connect Europe with Asia. During Xi Jinping's time, Central Eastern European states have become an important region for China. China started to focus in the region, and deepen the cooperation with the region. Central Eastern European states are important corridors for "Belt and Road" initiative. China started launched USD10 billion loans for the investment in the region, and hoped to develop full round cooperation with CEE countries. During Xi Jinping's time, the states visits between China and Central Eastern European states

increased. There is a boost in trade and investment between China and Central Eastern European states. By 2015, the European Union have been China's major partner in eleven years, and the relations with CEE countries still represented a small part of bilateral relations, however, CEE countries have becoming increasingly important to China in recent years. The trade with CEE countries have represented 10 % of China's trade with EU.<sup>187</sup> The culture communication between China and Central Eastern European states are more frequent.

### **Reasons why China emphasize CEE states**

There are many reasons why China put emphasize on CEE states since Xi Jinping's time. It has both political, economic, and cultural reasons. China shows itself as a responsible big power in dealing with relations with CEE states, and deepen the all-round cooperation with CEE states. For the economic reason, CEE states is regarded as a good place for investment for Chinese companies. Most CEE states are EU countries, and five are partially integrated to the EU market. CEE states is considered as factory of EU products, with low labor costs, and good, educated labor. China invests in CEE countries, because China wants to have products in EU market, as China is the second largest trading partner of EU. CEE states are considered by China as good place of investment, and China can adjust EU laws at low costs.<sup>188</sup> China perceived CEE states as places for location for manufacturing "Made in Europe" goods for Chinese investors.

Secondly, the political situation in CEE states is rather stable. Most CEE states are EU countries, and EU candidates. They are democratic economies, with complete law system. CEE states have stable investment environment, which also the reason to attract China's attention in the region.

Thirdly, the economy of CEE states is developing very fast. It is not much influenced by economic crisis. For example, the economy growth rate in Poland is 3.7% in

<sup>187</sup> Agatha Kratz, the best of both worlds? CEE's place in China- Europe economic relations. China's investment in influence: the future of 16+1 cooperation | European Council on Foreign Relations(2016)

[https://www.ecfr.eu/publications/summary/chinas\\_investment\\_in\\_influence\\_the\\_future\\_of\\_161\\_cooperation72](https://www.ecfr.eu/publications/summary/chinas_investment_in_influence_the_future_of_161_cooperation72)

<sup>188</sup> Marcin Kaczmarek, China on Central-Eastern Europe: '16+1' as seen from Beijing | OSW, 2015

<https://www.osw.waw.pl/en/publikacje/osw-commentary/2015-04-14/china-central-eastern-europe-161-seen-beijing>

Poland in 2010, 3.8% in 2015, 5.2% in 2017, one of the best in Europe.<sup>189</sup> The CEE states have a population of over 120 million, and the per capital income level of CEE countries is also rising.

Besides economic reasons, political elements are also the reason why China is interested in this region. The proposal of OBOR is when China has competition with United States, and have territorial disputes with neighborhood countries. Most CEE states are EU member states, and every EU member state has a veto in the European parliament. By cooperating with CEE states, China wants to shape China –EU countries and have more voice in the European Union. China also wants to have good political relations with CEE states, and get support from CEE states in the issues of Tibet, Tai Wan, South China Sea, and other issues. China also wants CEE states' support of market economy status in the European Union.

Culture reasons is also the reason why China wants to engage in the region. China wants to develop comprehensive relations with Central Eastern European states, and have more culture exchanges in the Central Eastern European states. China realized that building its soft power on CEE states will help to achieve political, and economic cooperation. China wants to promote China's culture soft power, and spread modern Chinese values, and show Chinese culture to the world. China promotes tourism educational exchanges, people to people exchange and exchange of art and music with CEE states. China is very concerned with the public media in the CEE states to broadcast China's image. In the past, the coverage of China in the the media of CEE states is influenced by western medias, and rather negative. But China made continuous efforts to improve its image, and promote its culture. This strategy is considered as sharp power strategy of China. By manipulating, and managing information about China by media, and educational system towards CEE states, China wants to change the public opinion of CEE states. In the past, CEE states are the states

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<sup>189</sup> Matkowski, Zbigniew; Rapacki, Ryszard; Prochniak, Mariusz, Comparative Economic Performance: Poland and the European Union, 2016, WORLD ECONOMY RESEARCH INSTITUTE  
SGH WARSAW SCHOOL OF ECONOMICS

who criticized China's human rights, Tibet, and Tai Wan issues. Some CEE states like Poland support the sects like Fa Longgong. By deepening culture cooperation with CEE countries, China's sharp power increased in CEE states, and Chinese influence ranking is raising in CEE states. .

European Union is still the largest trading partner of China, largest export market, and largest source of imports. According to statistics of Chinese customs, China-EU bilateral trade volume reached 479.7 billion US dollars in 2010, which have experienced an increase of 31.8 % of previous year, and accounted for 16.4% of China's total trade volume.<sup>190</sup> Similar to China's five year development plan, EU also set up the EU 2020 strategy, to put forward the development of EU, and realize the goal of achieving well off development of EU member states. China and EU have upgraded their relations into comprehensive strategic relations after the global financial crisis in 2008. In 2013, China and EU have adopted the EU- China 2020 strategic agenda for cooperation. According to the agenda, China and EU will deepens the cooperation in the area of "peace, prosperity, sustainable development, and people to people exchange." EU reaffirmed its support for China's sovereignty and territorial integrity, and China support EU's integration. However, there are many frictions between China and EU relationship. EU has arm embargo towards China in the political area. As regard to economics, EU didn't grant China market economy status, which is the biggest obstacles for Chinese companies to enter the EU market. In recent years, there are many crisis inside the EU. Starting from the Euro crisis in 2009, and migration crisis in 2015. There is disagreement within EU members on the migration issues, especially between the old EU members, and new EU members from CEE states. Populism government won the election in EU member states, whose foreign policy challenge EU values. Such member states such as Hungary, and Poland have adopted foreign policy which leans to the east. China's increasingly attention to CEE states roused concerns from EU, which is considered by EU as divide and rule Europe. Though China has mainly times claimed that the relations with CEE states

<sup>190</sup> China-EU - international trade in goods statistics - Statistics Explained  
[https://ec.europa.eu/eurostat/statistics-explained/index.php/China-EU\\_-\\_international\\_trade\\_in\\_goods\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php/China-EU_-_international_trade_in_goods_statistics)

is within the framework of relations with EU. This provides the challenge of cooperation between China and CEE countries.

### **CEE states response towards China's cooperation**

Belt and Road initiative received very warm response from CEE states. Most CEE countries seek to develop comprehensive relations with China. For example, Czech Republic seeks to have more economic cooperation with China, and no longer accept the visit of Dalia Lama. CEE states also compete with each other to attract China's investment. For the most important reason, CEE states perceive the cooperation with China as an opportunity of develop its economy. Most CEE states have developed its mature foreign policy. The fast economic growth of China, and China's growing influence make CEE countries want to cooperate with China and seek for new opportunities. Moreover, starting from 2008, EU has faced many problems, such as economic crisis, migration crisis, and so on. CEE states want to seek opportunities to develop their economy, and get rid of impact of Euro crisis. As to the individual countries, different countries differ from their motivation to attract China's investment. Taking the two biggest recipients of China's investment in CEE states- Poland and Hungary as an example. For Poland, Poland started to attract China's investment since 2009 when the break of global financial crisis, because Poland feared of too much dependency on EU funds and investments. Poland hope to attract foreign funds, such as China's investment in order to reduce too much dependency on EU. For Hungary, Hungarian government have turned east policy. Chinese investment can be used as a bargain with Brussels in case Brussels take a firmer stance.<sup>191</sup>

CEE states also have a high expectation on cooperating with China. CEE states perceived that "Belt and Road" initiative will improve the connectivity of the region. The former president of Slovenia Danilo Turk commented that connectivity is one of the characteristic of multi region cooperation, and "16+1" cooperation that CEE felt

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<sup>191</sup> Matej Šimalčík and Ivana Karásková, ChinfluenceCE Round table, The extent and kind of China's influence in central Europe., NED, 2018

accustomed to.<sup>192</sup> Blagoje S. Babic, the former director and senior researcher of the Institute of International Politics and Economics, Serbia, said that China's infrastructure project in Europe provided the rare opportunities for EU memberships of Central Eastern European states and therefore received warm welcome in Central Eastern Europe.<sup>193</sup> Most countries including Poland, Hungary, Croatia, Estonia and Latvia have great interests in China's project in improving connectivity between Asia and Europe. The construction of economic belt have gained support from CEE countries. For example, Poland strongly supported to the express train from Cheng Du to Lodz. During Polish foreign minister's visit to China in 2015, Polish PKP signed agreements with Zhengzhou International Hub Development and Construction Co. Ltd to establish freight and logistic center in the border of Poland and Belarus. Poland viewed it as an opportunity to improve connectivity, as many trains goes from China to Europe will pass Poland.

## **4.2 China's foreign policy towards Central Eastern European states (2010-present)**

### **4.21 OBOR**

China's identity changed during Xi Jinping's area. China became a revisionist power, and gradually adopted a foreign policy to strive for achievement in order to realize the rejuvenate of Chinese nation, rather than "keeping a low profile" and "biding the time" that previous leader adopted. China has become a superpower during Xi Jinping's regime, to compete with United States in the international world. China's foreign policy is more assertive, in the aspect of increasing the global influence among the other countries. During Xi Jinping's time, Central Eastern European states is highly emphasized by China. President Xi Jinping proposed "OBOR" as the major foreign policy currently in China, and Central Eastern European states are very

<sup>192</sup> Liu Zuokui, Europe and the Belt and Road initiative: responses and risks, 2017, P 10  
Huang Ping, Liu Zuokui, The cooperation between China and central eastern European countries 2012-2017  
China- CEE Think Tank series

<sup>193</sup> Liu Zuokui, Europe and the Belt and Road initiative: responses and risks, 2017, P 10  
Huang Ping, Liu Zuokui, The cooperation between China and central eastern European countries 2012-2017  
China- CEE Think Tank series

important locations regarding to the belt and road initiative.

China's foreign policy towards Central Eastern European states currently is mainly in the framework of "Belt and Road". "Belt and Road" was raised by president Xi Jinping in 2014, when he visited Kazakhstan. During the visit, he gave a speech entitling "Promote friendship between Our People and Work Together to Build a Bright Future"<sup>194</sup>. He firstly proposed "Belt and Road" initiative during the visit.

"OBOR" consists of "The Silk Road economic belt" and 21<sup>st</sup> century maritime Silk Road. The Silk Road economic belt modeled on ancient Silk Road, when Chinese people in Han dynasty (206BC-220AD) crossed vast west regions, and established trade relations with central Asia, and Europe. The Silk Road economic belt spread across Central Asia, and Russia, and reached to the Europe, linking China with European countries. The 21<sup>st</sup> century maritime Silk Road is a maritime trade routine that passes Southeast Asia, India and Africa, and connects China and Europe. It is inspired by Zheng He's naval in Ming dynasty.

There are six economic corridors along the economic belt. ( land and sea corridors of one belt and one road <sup>195</sup>

(1) China- Mongolia- Russia Economic Corridor:

It includes two economic corridors. One starts from Northern China, extends through Hohhot, Inner Mongolia, and reaches Mongolia and Russia. Another corridor starts in Northeast China, extends through Manzhouli, and reaches Chita, Russia. Both corridors rely on the Trans-Siberian Railway to connect China with Europe.

(2) New Eurasia Land Bridge (Second Eurasia Land Bridge) economic corridor:

It is a route that is divided into three parts that connects Lianyungang, Jiangsu Province, with the Port of Rotterdam in the Netherlands. It is also said to be possible to connect to Japan, South Korea, and Europe through Lianyungang. It can reach from Iran and Russia to Hungary by way of Kazakhstan. The routine Covers over 30

<sup>194</sup> Promote Friendship Between Our People and Work Together to Build a Bright Future  
[https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/t1078088.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1078088.shtml)

<sup>195</sup> R Aoyama , *"One Belt, One Road": China's New Global Strategy*, Journal of Contemporary East Asia Studies, 2016



nations.

(3) China- Central Asia- West Asia Economic corridor

It Starts in the XinJiang Uyghur Autonomous region, extends through the Persian Gulf, and reaches the coast of the Mediterranean sea and the Arabian Peninsula. It Connects central Asia nations such as Kazakhstan, Kyrgyzstan, and Tajikistan as well as Iran and Turkey, includes regions that are rich in oil, and various mineral resources, and would serve as a resource/ energy source for China.

(4) China-Indochina Peninsula Economic Corridor

Starts in Nanning, Guangxi Zhuang Autonomous Region and Kunming, Yunnan province, and ends in Singapore. China has established an FTA with ASEAN and cooperated in developing the Greater Mekong Subregion, but there are also tensions in the south China sea, and establishment of this economic corridor faces great difficulties.

(5) China-Pakistan Economic corridor:

It is a 3000Km route connecting Kashgar, Xin Jiang Uyghur Autonomous Region with Gwadar port in Pakistan. It has the role of connecting the “One Belt”with the “One road”. There is an agreement between China and Pakistan to cooperate broadly in areas such as energy, infrastructure, and industry in addition to developing Gwadar Port.

(6) BCIM economic corridor:

To be established together with Bangladesh, India, and Myanmar. Through this economic corridor, China can promote ties with Bangladesh, and India, with which it historically did not have close ties.

One maritime Silk Road routine:

(7) 21<sup>st</sup>- century Maritime silk road:

Consists of routes from the south China sea, and the Indian Ocean to Europe and Africa, and routines from the south China sea to the south Pacific. In order to establish the Maritime Silk Road, China would concentrate its investment in 15 harbor cities including Shang Hai, Tianjin, Ningbo, and Zhoushan.

According to Chinese sources, if the OBOR is realized, it will create a promising

economic corridor, directly benefiting a populace of 4.4 billion people or 63 percent of the global population, with a collective annual GDP of US\$21 trillion that accounts for 29 percent of the world's wealth.<sup>196</sup> In 2014, during the November 2014 Asia-Pacific Economic cooperation meeting in Bei Jing, Xi Jinping announced that China will establish 40 billion USD funds for the OBOR project, and the bank of China announced that it will extend credit of no less than USD 20 billion to OBOR related project in 2015, and USD 100 billion for the next three years. It is backed by the China Investment Corporation (China's sovereign wealth fund), the China Development Bank, the Export-Import Bank of China, and the State Administration of Foreign Exchange. (the China Investment Corporation (China's sovereign wealth fund), the China Development Bank, the Export-Import Bank of China, and the State Administration of Foreign Exchange,<sup>197</sup> After the summit, Xi addressed in CCP hierarchy at a highly authoritative Foreign Affairs Work Conference that "We should prepare timetables and road maps for the coming years for the OBOR project and will focus on some significant projects and let the construction of the OBOR commence as soon as possible."<sup>198</sup> In the 19<sup>th</sup> congress of China, Xi Jinping emphasized the OBOR foreign policy, and China desires to revive the ancient Silk Road.

There are two multilateral institutions let by China to support the OBOR. The Bei Jing- based Asian infrastructure Investment Bank, and Shang Hai based new development bank. These two banks are major financiers for the initiative. In 2016, for example, AIIB approved 1.7billion dollars in loan to nine development projects along the belt and road.<sup>199</sup> According to Louis Kuijs, head of Asia research at

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<sup>196</sup> Christopher K. Johnson, President Xi Jinping's "Belt and Road" Initiative A Practical Assessment of the Chinese Communist Party's Roadmap for China's Global Resurgence, A Report of the CSIS Freeman Chair in China Studies, 2016

<sup>197</sup> Christopher K. Johnson, President Xi Jinping's "Belt and Road" Initiative A Practical Assessment of the Chinese Communist Party's Roadmap for China's Global Resurgence, A Report of the CSIS Freeman Chair in China Studies, 2016

<sup>198</sup> Christopher K. Johnson, President Xi Jinping's "Belt and Road" Initiative A Practical Assessment of the Chinese Communist Party's Roadmap for China's Global Resurgence, A Report of the CSIS Freeman Chair in China Studies, 2016

<sup>199</sup> Zheping Huang, OBOR: A simple guide to understanding China's One Belt, One Road forum for its new Silk Road — 2017, May 15th

Oxford Economics, estimates that the annual Chinese lending to other OBOR countries stands at around \$130 billion (paywall) in recent years—and the bulk of that is from commercial banks.<sup>200</sup>

CEE states have very important strategic position in the belt and road initiative. China planned to build six economic corridors along the economic belt, and China put more emphasize on Central Eastern European states region in building the economic corridors. CEE states consists of three economic corridors of six economic corridors of belt and road: The China-Mongolia-Russia economic corridor, the Central-Asia Western-Asia Economic Corridor, and Central Asia, Iran, Turkey, the Balkan and Hungary and new Eurasia Land Bridge. These corridors are not only geographically important positions in transport and travel, which is connected by opening of two railway routines, but also there are important investment and political cooperation along the routine. China has opened four freight train routines and further construction projects of power transmission lines, highways, ports, along the Eurasian bridge corridor; and improve the connectivity along the corridor in the China-Mongolia-Russia economic corridor; and along the central Asia western Asia corridor, several investments projects in energy were signed. CEE states also have the possibility to make a contribution of 21<sup>st</sup> Maritime silk road which China proposed one of the Maritime silk road goes from Guang Dong to Greece, and reaches the heartland of Europe via the Balkan Peninsula.<sup>201</sup>

Most CEE states welcomed China's investment in the region and started to "Looking east" In order to seek more investment, and opportunities, to make up the end of EU subsidies in the year 2020. For example, countries which had cold relations with China before such as Czech Republic is very active in improving relations with China,

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<https://qz.com/983460/obor-an-extremely-simple-guide-to-understanding-chinas-one-belt-one-road-forum-for-its-new-silk-road/>

<sup>200</sup> Zheping Huang, OBOR: A simple guide to understanding China's One Belt, One Road forum for its new Silk Road — 2017, May 15th

<https://qz.com/983460/obor-an-extremely-simple-guide-to-understanding-chinas-one-belt-one-road-forum-for-its-new-silk-road/>

<sup>201</sup> LIU Zuokui, Central and Eastern Europe in Building the Silk Road Economic Belt, working paper series on European studies institute of European studies Chinese studies academy of social sciences, 2014

and attracting China's investment. Polish government took the Belt and Road as an opportunity. In 2012, Polish government launched "Go China" project for Polish companies. Poland hope to attract more Chinese investment in the region. Poland wanted to be the bridgehead of China to invest in Europe, Poland strongly supported China's proposal of improving connectivity of CEE countries. So far, all the railway connecting China and Europe will pass through the Poland. For example, cargo trains from Chong Jing to Lodz opens every day. Blagoje S. Babic, the former director and senior researcher of the Institute of International Politics and Economics, Serbia, commented the benefits of China's infrastructure projects in Europe.

OBOR proposed cooperation with CEE states in political, economic, and cultural areas. I will elaborate China's foreign policy towards CEE countries in the aspect of political, economic, and culture.

#### **4.22 China's Political relations with CEE states (2012-)**

China wants to have more political influence on Central Eastern European states and used economy as a tool to establish relations with Central Eastern European states. China wants to expand its political influence in CEE states, and have more influence in the decision of EU. There are many reasons why China wants to have more political influence among CEE states. To China, Chinese communist party wants to keep authority, and legitimacy of leadership of China, and it wants to get support from other countries. China wants Central Eastern European states to support it on the disputed islands in the South China Sea. Moreover, traditionally, CEE states have experienced political and economic transformations. Because of its unique history, it always criticized China on issues of Tibet, human rights, and Tai Wan issues. China wants to change the situation, and deepen the friendly relations with CEE states. China wants to get political support from CEE states, and avoid the ideology differences.

Secondly, most CEE states are EU members or candidates of EU. By establishing friendly relations with CEE states, China wants to gain support from CEE states in the issues such as gaining the market economy status. Central Eastern European states

will have more vote in the EU, and will have influence on EU'S decisions. For example, Hungary supported China's market economy status in the EU, which was one of the effects of China's influence in the region.

China and CEE states have a frequent state visit since 2010. In 2012, Wen Jiaobao visited Warsaw, and proposed "twelve measures" to deal with relations with Central Eastern European states, which marks that China started to put emphasize to the region. This is also the guideline of China to deal with relations with CEE states.

Table eight: The twelve measures that are proposed by China to deal with relations with CEE states.

First, the China-Central and Eastern European Cooperation Secretariat was established. The secretariat is located in the Ministry of Foreign Affairs of China and is responsible for communicating, coordinating and coordinating the cooperation, preparing leaders' meetings and economic and trade forums, and implementing relevant results. Sixteen countries in Central and Eastern Europe have designated their own counterparts and one coordinator to participate in the coordination of the secretariat according to voluntary principles.

Secondly, set up a special loan with a total value of US\$10 billion, which will be provided with a certain percentage of preferential loans, which will be mainly used for the cooperation projects between the two sides in infrastructure construction, high-tech, green economy and other fields. The 16 countries in Central and Eastern Europe can submit project applications to China Development Bank, Export-Import Bank, Industrial and Commercial Bank of China, Bank of China, China Construction Bank and China CITIC Bank.

Third, it initiated the establishment of the "China-Central and Eastern Europe Investment Cooperation Fund" and the first phase of the fund raising target is 500 million U.S. dollars.

Fourth, China will send "trade and investment promotion missions" to countries in Central and Eastern Europe and take practical measures to promote bilateral economic and trade cooperation. We are willing to work together with all countries

to strive to reach 100 billion U.S. dollars' worth of trade between China and the 16 countries in Central and Eastern Europe in 2015.

Fifth, according to the actual situation and needs of Central and Eastern European countries, Chinese enterprises will be promoted to build an economic and technological park with other countries in the next five years. They are also willing to continue to encourage and support more Chinese enterprises to participate in the construction of existing economic and technological parks in various countries.

Sixth, China would like to actively explore with 16 countries in Central and Eastern Europe the financial cooperation in favor of swaps, cross-border trade settlement in local currency and mutual bank setups, and strengthen the protection and services for practical cooperation.

Seventh, the "China-Central and Eastern European Traffic Network Construction Expert Advisory Committee" was established. Led by the Ministry of Commerce of the People's Republic of China, the 16 countries of Central and Eastern Europe joined on a voluntary basis to jointly explore the construction of a regional expressway or railway demonstration network through various forms such as joint ventures, cooperation and joint contracting and other means.

Eighth, the initiative calls for the "China-Central and Eastern European Countries Cultural Cooperation Forum" to be held in China in 2013. In this framework, regular high-level cultural and expert meetings will be held and cultural festivals and special events will be held.

Ninth, in the next five years, 5000 awards will be provided to 16 countries in Central and Eastern Europe. It supports the construction of Confucius Institutes and Confucius Classrooms in 16 countries. It plans to invite 1,000 students from all over the world to study Chinese in the next five years. Strengthen inter-university exchanges and joint academic research in universities. In the next five years, 1,000 students and scholars will be sent to study in 16 countries. The Ministry of Education of China plans to hold a "China-Central and Eastern European Countries

Education Policy Dialogue" in China.

Tenth, the initiative to set up the "China - Central and Eastern European countries tourism promotion alliance." The National Tourism Administration of China, led by the China National Tourism Administration, welcomes the participation of civil aviation authorities, tourism and aviation companies of both sides in order to strengthen mutual promotion and joint development of tourism routes and explore the opening of more direct flights with 16 countries in Central and Eastern Europe. The China National Tourism Administration plans to co-host the China-Central and Eastern European Countries Special Tourism Product Promotion Conference during the Shanghai China International Tourism Fair this autumn.

Eleventh, the "Research Fund for Relations between China and Central and Eastern European Countries" was established. China is willing to provide 2 million yuan each year to support the two sides in studying academic opportunities and scholars to carry out academic exchanges.

Twelfth, China plans to hold the first "Forum of Young Politicians in China and Central and Eastern Europe" in 2013, inviting youth representatives from both sides to attend and promote mutual understanding and friendship.

(sources ; Ministry of foreign affairs of people's republic of China

China's Twelve Measures for Promoting Friendly Cooperation with Central and Eastern European Countries

[http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/wjbispg\\_665714/t928567.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/wjbispg_665714/t928567.shtml))

### **The institutions buildings for cooperation between China and Central eastern European states**

China established "16+1" forum, as new institutions to cooperate with CEE states in the area of investments, finance, science, transport, education and culture in 2012, one year before OBOR was launched. China set up a special secretariat under ministry of foreign affairs to deal with relations with Central Eastern European states, which was set up on September, 2012. The head of the Ministry of Foreign Affairs serves as the

Secretary-General of the Secretariat and the Office of the Secretariat has the European Division in the Ministry of Foreign Affairs. Twenty four central departments and related institutions are members of Chinese side, and sixteen Central Eastern European countries have appointed national coordinators to coordinate with Chinese secretariats.

### **Meetings between top officials between China and CEE states under the framework of 16+1**

16+1 is an initiative proposed by China to expand cooperation with 11 EU member states, and 5 Balkan countries. Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, in the field of investments, transport, finance, science, education, and culture.<sup>202</sup> The three-potential priority of cooperation is in the area of economic cooperation: infrastructure, high technologies, and green technologies. The “16+1” took roots in 2011, in Budapest, in the first China –Central Eastern Europe Trade and investment Forum in Budapest. It was officially proposed in 2012, which marked the founding of mechanism. After 2012, the summit between China and Central Eastern European states in Warsaw, the summit meeting between China and Central Eastern European states took place every year. After Warsaw, It took place in it took place in Bucharest, Belgrade, Suzhou and Riga, and Budapest.

During the second summit in Bucharest in 26<sup>th</sup> of November 2013, China and CEE states declare a wiliness to develop China -CEE friendship, strengthen the mutual trust, deepen the practical cooperation, and strengthen people to people exchange, and promote all around development on China- CEEE relations.<sup>203</sup> China and CEE states strengthen their will to establish a mechanism for pragmatic economic cooperation, stressing the cooperation in sphere of education and culture. During this

<sup>202</sup> About — CEEC-China (16+1)

<http://ceec-china-latvia.org/page/about/>

<sup>203</sup> The Budapest Guidelines for Cooperation between China and Central and Eastern European Countries

[https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/t1514534.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1514534.shtml)



summit, China and CEE states also stressed that China-CEE cooperation is within the framework of China-EU comprehensive strategic partnership.

With the guide line of summit, there followed several events on infrastructure, investment, and trade. China has achieved an agreement to construct a railroad between Hungary, and Serbia. Chinese companies signed several agreement with Romanian companies, including on possible cooperation to expand the Cernavoda nuclear power plant and to build the Tarnita-Lăpușești hydroelectric power plant.

During the third summit in Belgrade in 16<sup>th</sup> of December, 2014 , with a theme “New Driving Force, New Platform and New Engine”. All parties conformed to continue deepen the cooperation, and fully implemented the Bucharest guideline. China- CEE cooperation is in line with China- EU relations and contributed the implementation of *EU-China 2020 Strategic Agenda for Cooperation*. All parties highlighted the cooperation on infrastructure, and increase on mutual investment, and trade. It encouraged the financial cooperation between China and CEE states. China also has joint declaration with CEE states in infrastructure, communication, science, and other various aspects <sup>204</sup>

The fourth summit was held in Su Zhou in November 24<sup>th</sup> 2015 with the theme of “New beginning, new domains, new vision.” During the fourth summit, China and CEE states made a “Su Zhou guideline for cooperation.” During this meeting,” 16+1” was included into the framework of OBOR. China seeks to cooperate with CEE states in economic, culture, and politic in both government and local level. The list of cooperation between China and CEE states have also expanded. The cooperation on Agriculture, logistics, and a closer industrial cooperation was announced. During the Su Zhou summit, the development of Chinese-Latvian transportation and logistics projects was discussed.<sup>205</sup>

<sup>204</sup> Marsela Musabelliu, China’ s Belt and Road Initiative Extension to Central and Eastern European Countries - Sixteen Nations, Five Summits, Many Challenges, CIRR, 2017

<sup>205</sup> Marcin KaczmariskiJakub JakóbowskiJoanna Hyndle-Hussein, The China/Central and Eastern Europe summit: a new vision of cooperation, old instruments, 2015

The fifth summit was held in Riga In November 5<sup>th</sup>. During the summit, China and CEE states agreed to enhance the pragmatic cooperation and increase people to people exchange. The three Seas Interconnectivity” is the theme during the summit. China and CEE states will strengthen Adriatic-Baltic-Black Sea Seaport Cooperation, in line with the geographical distribution of ports and their future development needs. On trade and investment, CEE states and China welcomed the trade cooperation through e- commerce platform.<sup>206</sup>

In Budapest summit in November 27<sup>th</sup>, 2017, the cooperation between China and CEE states will be more pragmatic. China and CEE states reaches agreements to invigorate and expand their cooperation on a wide range of areas, China and CEE states will promote trade and investment, connectivity, finance, agriculture, science and technology, health, education, culture, people-to- people relations and local connections. <sup>207</sup> The Chinese side also expressed that Chinese cooperation with CEE states added importance of China- EU comprehensive strategic partnership.

In 2017, China held the “OBOR” summit in Bei Jing. During the summit, 29 foreign heads of states and governments and representatives from 130 countries, and 70 international organizations joined the summit. <sup>208</sup> Prime minister Beata Szydło of Poland, Prime Minister Viktor Orbán of Hungary, and Prime Minister Aleksandar Vučić of Serbia among CEE states have attended the summit. During the summit, participates made a joint statement on international cooperation. Countries will strengthen the cooperation and establish close partnership, and promote “OBOR”initiative. Countries will also improve the connectivity along the belt and road routine, and increase people to people exchanges. Countries will promote sustainable development, and encourage cooperation on government, and

<sup>206</sup> Marsela Musabelliu, China’ s Belt and Road Initiative Extension to Central and Eastern European Countries - Sixteen Nations, Five Summits, Many Challenges, CIRR, 2017

<sup>207</sup> About — CEEC-China (16+1)

<http://ceec-china-latvia.org/page/about/>

<sup>208</sup> "World's biggest building project aims to make China great again" World's biggest building project aims to make China great again | World news | The Guardian

<https://www.theguardian.com/world/2017/may/12/chinese-president-belt-and-road-initiative> 2017, 05, 12

non-government organizations.

16+1 is a mechanism for implementation of OBOR. It is an important project of China's new diplomacy towards CEE states. It shows that China has put emphasize in the CEE region and wants to use geoeconomic as a tool to increase political influence in the region.

With the advancement of the 16+1 platform, China has positioned itself as a player in the future development of CEE region. The 16+1 summit meeting has become an important meeting between China and head of states of Central Eastern European states. It shows that China is deeply interested in the region, while Central Eastern European states also took it as an opportunity of development. The relations between China and Central Eastern European states have become the best than ever.

#### **Local leader meetings between China and CEE states under the framework of "16+1"**

In July, 2013, the first local leader meeting between China and CEE states was held in Chong Qing, China. Macedonian Prime Minister Gruevski, Romanian Prime Minister Ponta and nearly 70 local provinces, states and municipalities, and representatives from more than 600 enterprises attended the meeting. Central Eastern European states and China have launched "Chong Qing initiative", to promote local cooperation.

The second meeting was held in August 2014, in Prague. The China-Central and Eastern European Countries Cooperation Secretariat and the Czech Ministry of Internal Affairs signed the Memorandum of Understanding on Promoting the Establishment of the China-Central and Eastern European Countries' Local Governors' Federation, and formally formed a federation to sign more than 40 provinces, autonomous regions and municipalities to sign the letter of intent.

The third meeting was held in June 2016 in Tangshan, Hebei Province, China. The second working meeting of the Federation of Local Governors of China-Central and Eastern Europe was held simultaneously. "The Constitution of the Federation of Local Governors of China-Central and Eastern European Countries" and the "Tangshan Consensus" were published during the meeting.

## **Improved bilateral relations between China and CEE countries**

“16+1” has acquired many achievements in political area between China and Central Eastern European states. CEE states welcome cooperation with China. In the first place, China improved bilateral relations with Central Eastern European states. The amount of China’s strategic partnership in Central and Eastern Europe has increased substantially, and the level of cooperation level has been upgraded. After the Warsaw summit in 2011, China and Poland upgraded their relations into comprehensive partnership. In 2016, during president Xi’s visit to Serbia, China has upgraded relations with Serbia into comprehensive relations. China has friendly relations with Hungary, which hosted the largest Chinese investment, and upgraded the friendly relations into comprehensive relations in 2017. China has frequent political contacts with CEE countries. China also improved bilateral relations with other CEE states. Since the raise of 16+1 initiative, Romania president speak highly of the importance of developing relations with China, and deepening the cooperation with China.

China’s relations with Czech has experienced the biggest political improvement of all EU member states since 2013, when Milo Zeman won the election. He is a pro-China president. After the Warsaw summit, Czech’s attitude towards China have a shift. To attract Chinese investment, Czech’s policy towards China is very friendly. Czech no longer received the visit of Dalai Lama, or criticize China on Human rights, but strive to improve relations with China. In 2014, President Miloš Zeman visited China, and enhanced the relations between China and Czech. In 2016, China and Czech has declared its relations into strategic partnership. Czech government supported OBOR project strongly, and opened a new silk Road institute in Prague in late 2015, (NSRIP) as supplements of existing institutional framework of Czech- Chinese dialogue. It is a non-governmental organization. The first official session in the late 2015 was launched in the Senate of Czech parliament, chaired by former Minister of foreign affairs Jan Kohout, and addressed by Prime Minister Bohuslav Sobotka.<sup>209</sup>

Similar with Czech, Latvia also improved political relations with China, and ignored

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<sup>209</sup> ETNC report Europe and China’ s new Silk Road December 2016

issues of Human rights. Latvia became the country to host 2016 16+1 summit.

Secondly, China and CEE states have established many local cooperation. There are more sister cities between China and CEE countries. Cooperation is welcomed by two sides. Local cooperation can make the cooperation between China and CEE states more detailed. By December 2017, China has established 60pairs of sister cities between China and Central Eastern European states on the provincial level; and on the urban level, there are about 100.<sup>210</sup> In recent years, provinces such as Hebei, Chongqing, Chengdu, Suzhou and Ningbo opened up, and meet requirement of sister cities in central eastern European countries, and promote for cooperation.

EU is strongly suspicious of China's cooperation with CEE states. EU is suspicious of China's growing investment and influence in the region, and regard China wants to divide and rule Europe. German Chancellor Angela Merkel comments on China's infrastructure projects on CEE states, that "EU member states involved in Chinese infrastructure projects should maintain the bloc's foreign policy stand on China. "Otherwise the EU would be allowing itself to be divided against itself." <sup>211</sup>

Since the establishment of 16+1, China and CEE states have enhanced more political ties, and strengthened political cooperation with each other, in order to have more deepening economic ties. Though so far, China hasn't achieved the major political goals on involving in the region, including in particular the goal involving a significant increase in its economic presence in the region, establishing a launch pad on the EU market and expanding China's influence on the EU via CEE states. China has significantly developed political relations with the countries in the region. It will promote more deepening cooperation on economics in this area.

#### **4.23 China's Economic relations with CEE states (2012- )**

The launch of OBOR has economic significance towards China. China's economy has

<sup>210</sup> Huang Ping, Liu Zuokui, How the 16+1 Cooperation promotes the Belt and Road Initiative, 2017 China-CEE Think Tank series

<sup>211</sup> Wendy Wu, China could be using 'divide and rule' tactics to gain influence in Europe - Business Insider, March, 2018  
<https://www.businessinsider.com/china-could-be-using-divide-and-rule-tactics-to-gain-influence-in-europe-2018-3?IR=T>

slowed down since 2012. China wants to transform the growth of economy model from export oriented, and based on foreign direct investment, to the sustainable economy growth which are led by domestic consumption, innovation, and services. OBOR can increase the foreign demand, especially the products of heavy industries. OBOR is regarded as the second opening up of Chinese economy since Deng Xiaoping's open and reform foreign policy in 1978. It can encourage Chinese companies to take advantage of investment opportunities, and explore new market overseas, that is new foreign demand of Chinese companies.

China has launched considerable capital for the OBOR projects. the US\$40 billion New Silk Road Fund, the US\$20 billion China-ASEAN Investment Cooperation Fund, the US\$3 billion Investment Cooperation Fund between China and the CEE states, China's sovereign wealth fund (US\$746 billion) and its foreign exchange reserves (US\$3.19 trillion as of May 2016), which the country seeks to invest in higher yielding assets than US Treasury Bonds.<sup>212</sup>

In order to implement OBOR, China has built multilateral institutions. Asian infrastructure development bank is a China led bank that supported for building infrastructure in the Asian Pacific region. The bank was first built in 2015, and currently has 86 member states. China holds a 30.34% stake in the AIIB, which translates into 26.06% of the bank's voting rights.<sup>213</sup> It has a capital of 100 billion US dollars.<sup>214</sup> Asian development bank is a China led development agency, as a compliment to the long standing Breton woods system including the World Bank, and international monetary fund, It is built to help the implementation of OBOR, and shows China's interests in forming a new global governance economic order. In 2015, Chinese leader Xi Jinping speaking at Boao forum for Asia, Xi Jinping made it clear that China intends to change the global governance economic order. Different from western counterparts, AIIB offers an alternative approach to development by

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<sup>212</sup> Gisela Grieger, Briefing of One Belt, One Road (OBOR): China's regional integration initiative, European parliament research service, 2016

<sup>213</sup> Gisela Grieger, Briefing of One Belt, One Road (OBOR): China's regional integration initiative, European parliament research service, 2016

<sup>214</sup> "The Economist explains". The Economist. 11 November 2014

offering loans for infrastructure that steers clear of the domestic political controversies often raised by other donor agencies.<sup>215</sup> Among Central and Eastern European states, Poland is the one member state that joins AIIB.

As regard the Central Eastern European countries, since China proposed twelve measures as guideline of foreign policy towards Central Eastern European states, the relations between China and CEE states is strengthened. Most CEE states wanted to attract Chinese investment. There is a flow of Chinese capital towards CEE states, however, China's investment in the region is still limited. Their cooperation between China and CEE states in the economic aspects is enhanced.

In order to cooperate with CEE states, a series of institutional guarantees and platforms have been formed. China has granted 10 billion dollar loans for CEE countries, and 4 billion dollar to invest in CEE states provided by China's state policy bank, Exim Bank and the China Development Bank (CDB). To strengthen trade, greater investment, more exchanges, and transport for goods.

China's investment in the region focus on infrastructure, and acquisition. Improving the connectivity is one of the main tasks for the 16+1, as it is a part of Belt and Road initiative. Starting from 2010, China began to invest in infrastructure projects in CEE states, when the majority of the projects were carried out in non EU member countries such as Serbia, Albania, Montenegro, Bosnia, and Herzegovina. Chinese investment in infrastructure projects in EU member states are high recently.

The Balkan silk roads begins with China's investment in Port of Piraeus, as the gateway of Balkan states. China also invest in building the railway between Belgrade and Hungary, which was agreed on November 2016. However, EU is very suspicious of the projects and considered that investment in Hungary has violated EU laws. China also build a highway corridor from Romania to Montenegro to Italy, or some projects in Macedonia, linking the country with western Europe.<sup>216</sup>

Poland and Hungary are seen as transportation hubs for two main roads, for overload

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<sup>215</sup> RJ Hanlon, Thinking about the Asian Infrastructure Investment Bank: Can a China - Led Development Bank Improve Sustainability in Asia?, 11July, 2017

<sup>216</sup> Valbona Zeneli What Has China Accomplished in Central and Eastern Europe? | The Diplomat <https://thediplomat.com/2017/11/what-has-china-accomplished-in-central-and-eastern-europe/>

routes from central Asia, and Balkans. There are many trains that connecting between China and Central Eastern Europe were opened. Poland strongly support the express train from Cheng Du to Lodz. The express train from Cheng Du to Lodz started twice a week. However, usually, the train from Cheng Du to Lodz is full, while from Lodz to Cheng Du is half full. This may caused possible trade problems between China and CEE countries. During Polish foreign minister's visit to China in 2015, Polish PKP signed agreements with Zhengzhou International Hub Development and Construction Co. Ltd to establish freight and logistic center in the border of Poland and Belarus. The opening of express train promotes economic and trade cooperation between China and CEE states on both sides.

CEE states welcomes China's investment in infrastructure, to improve the connectivity of CEE countries. Recent years, Chinese companies also started investing in Central Eastern European states. The most popular destination is Visegrad countries, (Poland, Czech, Hungary, Slovakia), and Romania, and Bulgaria, which has attracted 95% of China's FDI.<sup>217</sup> The main form of investment in through acquisition. CEE states, however, hope to have more investment in Greenfield project from China to create more job opportunities for the local people. Currently there are a few project of Greenfield investment from China to CEE states such as an electric car factory in Hungary, a train factory in Bulgaria, and real estate development in Croatia. A 500 million funds were created for investment in CEE states. However, Most of Central Eastern European states received FDI from EU, and United States. Chinese FDI comprises only a small part of overall FDI in these countries. For instance, Poland, a country which on its own comprises 45% of the GDP of CEE, received less than 0.01% of its total FDI from Chinese sources in 2015. And even in the case of Hungary, the leader among the recipients of Chinese FDI in the region, Chinese FDI amount to around 1% of the overall total. China's FDI to the region is still limited.<sup>218</sup>

<sup>217</sup> Is China taking over Central and Eastern Europe? – Fact Check — Belt and Road Advisory  
<https://beltandroad.ventures/beltandroadblog/2017/12/18/is-china-taking-over-central-and-eastern-europe-fact-check>

<sup>218</sup> Is China taking over Central and Eastern Europe? – Fact Check — Belt and Road Advisory



Table Nine: China's investment in 16 CEE states between 2009 and 2014.

<b>Chinese investment in 16 CEE countries in 2009 and 2014 (stock/USD m)</b>								
	2009	2010	2011	2012	2013	2014	2009-2014 growth	Share of total Chinese investment in CEE (2014)
Hungary	97.41	465.70	475.35	507.41	532.35	556.35	471.14%	32.79%
Poland	120.30	140.31	201.26	208.11	257.04	329.35	173.77%	19.41%
Czech Republic	49.34	52.33	66.83	202.45	204.68	242.69	391.87%	14.31%
Romania	93.34	124.95	125.83	161.09	145.13	191.37	105.02%	11.28%
Bulgaria	2.31	18.60	72.56	126.74	149.85	170.27	7271.00%	10.04%
Slovakia	9.36	9.82	25.78	86.01	82.77	127.79	1265.28%	7.53%
Serbia	2.68	4.84	5.05	6.57	18.54	29.71	1008.58%	1.75%
Lithuania	3.93	3.93	3.93	6.97	12.48	12.48	217.56%	0.74%
Croatia	8.10	8.13	8.18	8.63	8.31	11.87	46.54%	0.70%
Albania	4.35	4.43	4.43	4.43	7.03	7.03	61.61%	0.41%
Bosnia-Herzegovina	5.92	5.98	6.01	6.07	6.13	6.13	3.55%	0.36%
Slovenia	5.00	5.00	5.00	5.00	5.00	5.00	0.00%	0.29%
Estonia	7.50	7.50	7.50	3.50	3.50	3.50	-53.33%	0.21%
Macedonia	0.20	0.20	0.20	0.26	2.09	2.11	955.00%	0.12%
Latvia	0.54	0.54	0.54	0.54	0.54	0.54	0.00%	0.03%
Montenegro	0.32	0.32	0.32	0.32	0.32	0.32	0.00%	0.02%
<b>Total</b>	<b>410.60</b>	<b>852.58</b>	<b>1008.77</b>	<b>1334.00</b>	<b>1435.76</b>	<b>1696.51</b>	<b>3.13</b>	<b>100%</b>

Source: Liu Zuokui's compilation based on data from the Ministry of Commerce and the National Statistics Bureau

16+1 is framework of bilateral and multilateral initiatives concentrated in three main areas: trade, investment, and transportation networks. Trade between China and Central Eastern European states rises significantly after China launched twelve measures of dealing with relations with CEE states. It reached \$58 billion in 2016, far

<https://beltandroad.ventures/beltandroadblog/2017/12/18/is-china-taking-over-central-and-eastern-europe-fact-check>

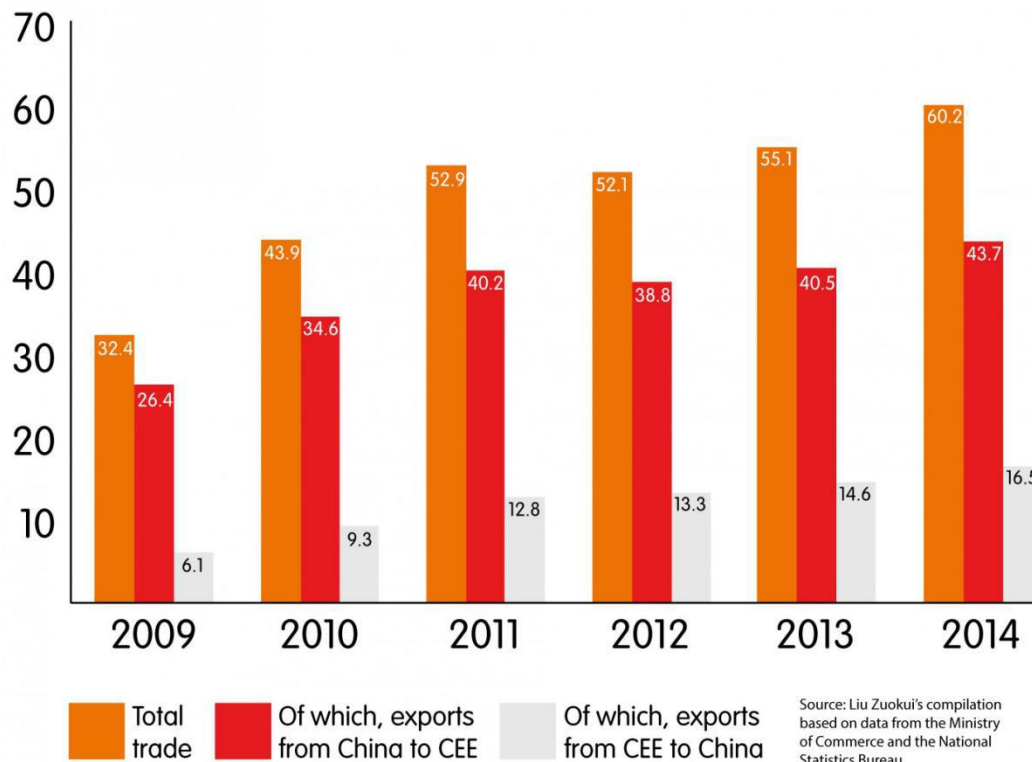
short of the objective to reach \$100 billion.<sup>219</sup> According to Ministry of commerce in China, from 2012 to 2014, most CEE countries' trade with China showed a downward trend, except a few countries like Poland, Bulgaria, Bosnia and Herzegovina, Montenegro, etc. By 2015, the trade between China and CEE countries declined quite dramatically. Domestically, this downward trend is partly result of China's economic reforms.<sup>220</sup> China tries to stabilize economic growth, and have supply side reform, and adjust economic structure. In Chinese market, there is growing costs of labor, and raw materials. Internationally, it is result of global economic environment. Moreover, there was a growing EU anti-dumping, and countervailing investigation on Chinese products, which will have a negative impact on the trade between China and CEE. However, starting from 2017, the trade relations between China and CEE countries is rising again. Generally starting from 2010, CEE countries' export to China has continuously increased, however, there is also growing trade deficit with China among CEE countries.

Graph 3: CEE countries' trade relations with China between 2009 and 2014

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<sup>219</sup> Valbona Zeneli What Has China Accomplished in Central and Eastern Europe? | The Diplomat <https://thediplomat.com/2017/11/what-has-china-accomplished-in-central-and-eastern-europe/>

<sup>220</sup> Liu Zuokui, Europe and the Belt and Road initiative: responses and risks, 2017, P 10



Trade between China and Central Eastern European states are highly concentrated on Poland, Czech public, Hungary, Slovakia, ad Romania, that constituent 80% of the total. As for non- EU countries in Balkan states, trade exchanges have reached 3 billion in 2015, which half conducted in Siberia, China's strategic partner in Balkans. China mainly exports machines, and electronics, including high end technological products to all CEE states. China's imports from CEE states varies among individual countries.

Local cooperation, and third party cooperation has been promoted during the China-CEE cooperation. Local and regional cooperation has played a very important role for the construction of Eurasia Land Bridge. At the meeting of heads of government of Central and Eastern European states and China in Romania in 2013, the support of local cooperation was proposed. which emphasized that.

In order to encourage and support local cooperation, local cooperation will be one of the key support for China- CEE cooperation. China's local government seeks to establish more sister cities with Central Eastern European states, and establish

cooperation locally. There are culture exchanges, exchanges visits of staff, exchanges, and cooperation on economic activities, and participate of international cooperation organizations of sisters cities on China and CEE side. By 2017, China has established 60 pairs of sister city relations with Central Eastern European countries at the provincial level, and 100 pairs for the urban level.<sup>221</sup>

Moreover, China and Central Eastern European states agree to support the establishment of a China- CEE association of chambers of commerce joined by chamber of commerce from China and CEEC on a voluntary basis. This promote the business cooperation between China and CEE countries.

There are also many forums for the local cooperation between China and CEE states. For instance China- CEE investment and trade expo was held by Ning Bo for the three consecutive years and have made great contribution to China-CEEC economic and trade cooperation. Suzhou held the fifth Summit of China and Central and Eastern European states, Chongqing and Hebei held the Local Leaders' Meeting of China and Central and Eastern European states, Beijing actively promotes the 16+1 Capital Mayor Summit, and all of these contribute to the local cooperation.<sup>222</sup>

## **A country level analysis**

I will mainly take V4 countries, (Poland, Czech, Hungary, and Slovakia) and Romania as an example to analysis the trade and investment between China and these countries.

### **Poland**

Poland has leading economic growth in CEE states. Based on its important strategic position, Poland pay a very important role in the OBOR. In the OBOR, Poland will be a production and distribution center to transfer the products along the Silk Road to different European countries. Since 2013, Poland and China opened two cargo railway connections- Lodz to Cheng Du line, and Warsaw- Su Zhou line. The cargo railway from Lodz to Cheng Du departure once or twice a week, connecting China with

<sup>221</sup> Liu Zuokui, Europe and the Belt and Road initiative: responses and risks, 2017, P 10

<sup>222</sup> Huang Ping, Liu Zuokui, How the 16+1 Cooperation promotes the Belt and Road Initiative, 2017 China-CEE Think Tank series

Europe. In 2015, the Lodz to Cheng Du line for the first time loaded with Polish agriculture, products, alcoholic, and nonalcoholic beverages. In 2016, another railway connecting Kutno with Cheng Du was launched. China regards Poland as transportation hub in the OBOR. So far, all trains connecting China with Europe would pass through Poland.

Poland government regards OBOR as an opportunity. Poland government is active in encouraging business to Poland under the OBOR. Poland is very active in cooperating with China in the economy and attract Chinese investors. There is an adjustment of Poland foreign policy towards China. Poland foreign policy has lean to the east since 2015. Poland hope to have more space of cooperation with China. The Ministry of Foreign Affairs in Poland Witold Waszczykowski stated that OBOR and AIIB is an opportunity of Poland. Poland seeks to have muti dimensional cooperation with China, including the local and sub regional level. Since 2010, the Polish Information and foreign investment agency has made a website in Chinese, and in 2013, it set a new website of “Go Poland” in Chinese to attract Chinese investors.

There is a frequent high level meeting between China and Poland about the OBOR, either political, or nonpolitical. China and Poland organized seminars for the OBOR conference. In 2016. A seminar on “China- Poland investment cooperation within the Belt and Road initiative” was held on Bei Jing. In June 2016, a huge international Silk Road Forum was held in Warsaw, which was attended by president Duda, and Xi Jinping.

Besides high level meeting between Poland and China, there are more Chinese delegates either from Local government, business circles, and representatives of state agencies coming to visit Poland to seek investment environment under the OBOR recently. They often come with business proposals. China is becoming more active and interested in Polish market. Chinese delegates are also eager to sign the specific projects with Polish side.

Followed by frequent diplomatic activity, and improved relations between Poland and China, the trade between Poland and China is growing steadily. Poland is China’s main partner in Asia countries. China has become the second largest export market,

and second largest import countries for Poland. The trade relations between China and Poland is regulated by a number of bilateral agreements, international agreements, mostly under the WTO provisions. With the new transport connections, there is increasing trade between Poland and China under the OBOR in recent years, either from exports, or imports.

Table ten: Foreign trade between Poland and China in the year 2013-2017

(Export, and import in goods, current market prices, in millions USD)

Year	Export		Import		Balance
	In million USD	%of total export	In million USD	%of total import	In million USD
2013	212	1.0	1126	5.0	-914
2014	223	1.0	1397	6.0	-1174
2015	202	1.0	1451	7.5	-1250
2016	190	0.9	1557	7.9	-1366
2017	233	1.0	1846	8.0	-1613

Sources: Ministry of commerce of People's Republic of China

The trade between Poland and China has increased significantly after the year 2012. In 2017, the total trade between China and Poland reaches 2.08 billion, with an increase of 19.1%. Poland mainly imported from China mechanical and electronical products, furniture, toys, miscellaneous products, and textiles and raw materials. Poland mainly exported to China Metallurgical products and products, electromechanical products and plastics and rubber. China exported to Poland mainly high technology products, while Poland mainly sell food, and food products in China. However, there is a huge trade imbalance between China and Poland. Usually, the cargo trains from China to Poland is full loaded, however, from Poland to China is half empty. There are many reasons for the trade deficient between China and Poland. Economy potential in Poland is rather low competitive compared with China. It is also

very difficult for Polish products to get access to Chinese market. There are many obstacles of Polish products entering Chinese market, including formal conditions, and practical issues. For example, the expired date for food products must be very long. This is impossible to fix for natural products without chemistry. There are also other reasons, like following Chinese law, and the costs of entering Chinese market. With the increasing of trade between China and Poland, the trade deficit is also increasing. During the meeting of heads of governments of 16 countries of CEE and China in Budapest in November 2017, the former Polish Prime Minister Beata Szydło complained that Poland encountered difficulties in access to the Chinese market. As an example of these difficulties she listed “the long and complex access procedures for regional agricultural products and the certification requirements for industrial goods”.<sup>223</sup>

Though there is an increasing Chinese investment in Poland, Chinese investment in Poland is still rather low. Before Poland joined EU, China’s investment in Poland is rather insignificant. China’s investment in Poland is increasing in recent years. Since 2012, according to Polish data, Chinese FDI stock in Poland has increased more than sixteen times to USD 288.1 million.<sup>224</sup> However, the amount is still very small, accounting to only 0.1 % of total Poland FDI. According to official data from Poland’s central bank NBP, the influx of Chinese foreign direct investment (FDI) to Poland amounted to only USD66.4m in 2014 (other data provide a figure of approx. USD72.4m), and only USD3.7m in 2015. According to the NBP report, in 2014 there was no Chinese FDI, thus China is not even included in this summary.<sup>225</sup> However, in 2016, there is an increase in Chinese investment in Poland. According to the latest data provided by the national Bank of Poland, the total Chinese FDI in Poland in 2016 has reached EUR 123.3 million.<sup>226</sup> Polish embassy in Bei Jing declared on the website, due to the two biggest Chinese takeovers in 2016( by Everbright, and Three

<sup>223</sup> Adam Kaliński, 2017 was a year without breakthroughs in Polish-Chinese relations 2018 <https://financialobserver.eu/poland/2017-was-a-year-without-breakthroughs-in-polish-chinese-relations/>

<sup>224</sup> ETNC report Europe and China’s new Silk Road December 2016

<sup>225</sup> Bogdan Góralczyk, 2017, The Chinese are coming to Poland | | Central European Financial Observer <https://financialobserver.eu/poland/the-chinese-are-coming-to-poland/>

<sup>226</sup> ETNC report Europe and China’s new Silk Road December 2016

Georges), and other declared projects, the estimated Chinese investment reached around EUR 757.6 million.<sup>227</sup> There are many reasons of rising Chinese FDI in Poland since 2016. China has put emphasized on the region, and Poland is a transportation hub in the central eastern European countries, because of its geographic location. Since the raise of Belt and Road initiative, China paid attention to deepen cooperation with countries in central eastern European countries, including Poland. In 2016, Xi Jinping paid a visit to Poland, which brought a flow of Chinese FDI to Poland. Since 2015, the law and Justice party has taken into power in Poland. The new government paid a lot of attention on developing good relations with other countries out of European Union, including China. Head visits of states between Poland and China is frequent since 2015.

Chinese companies invest in Poland mainly through Greenfield projects, and acquisitions, and merges. There are about 700 firms with Chinese capital in Poland, but the majority of them are small companies fewer than nine persons. By 2016, the major state owned company in China are China Everbright International, Liu Gong Machinery, Haoneng Packaging, Shanxi Yuncheng Plate-making Group, Sino Frontier Properties Ltd, Suzhou Victory Precision Manufacture Co, and TPV Technology Ltd

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Chinese investment in Poland is mainly in electronics, production of TV sets and LCD monitors (TCL Corporation, Victory Technology Polska, Chung Hong Electronics Poland, Digital View), electro-machinery (Nuctech), heavy machinery (LiuGong Machinery), ecology, such as municipal waste processing and alternative gas production (China Everbright International), publishing and printing (Haoneng Packaging), manufacturing of metals and metal products (Shanxi Yuncheng Plate-making Group), hospitality and real estate (Min Hoong Development Co., Sino Frontier Properties Ltd.), distribution of goods (GD Poland Investments Sp. z o.o.) and IT (Huawei, ZTE) (Heiduk et al. 2012)

<sup>227</sup> ETNC report Europe and China's new Silk Road December 2016

<sup>228</sup> Agnieszka McCaleb and Ágnes Szunomár Chinese foreign direct investment in central and eastern Europe: an institutional perspective, from Chinese investment in Europe: corporate strategies and labour relations, ETUI aisbl, Brussels publisher, P 217 2017



In recent years, China also established branches of Bank of China, and industrial, and commercial bank of China.

China mainly invest in Poland in Greenfield projects, and through mergers and acquisitions. At the end of 2011, there are 15 Greenfield projects. However, recently there were four cases of mergers and acquisitions in construction machinery (Liu Gong), aviation (Lantian Aerospace Industrial Park), ecology in the form of municipal waste processing and alternative fuel production (Everbright International, the biggest Chinese investment in Poland by the end of 2016) and automotive parts (Tri Ring) (PAIZ interview; Forsal 2016). <sup>229</sup>

As the cooperation within governmental level is not satisfactory, China focused on cooperation with local authorities of Poland. For example, the authorities of Opole have just signed contract with Chinese company Hongbo for the sale of an 8 hectare property for USD 78 m, intended for a LED lamp factory. <sup>230</sup>

There are many other examples. Recently, Chinese giant – the company Sinohydro which is known for the involvement of construction of three Gorges dam, recently signed a contract for USD150.4m for the construction of a 67-km long section of the electrical line connecting Chełm with Lublin. <sup>231</sup>

## Hungary

Hungary has upgraded its relations with China into comprehensive strategic partnership in 2017. Since 2012, Hungary has launched a new foreign economic policy with special emphasize on “east opening”. Orbán government emphasized that Hungary will not only maintain strong economic relations with traditional western partners, but also improve the relations with the east, to reduce the economic dependency towards trade on the west.. More specifically, the strategy aimed to

<sup>229</sup> Agnieszka McCaleb and Ágnes Szunomár Chinese foreign direct investment in central and eastern Europe: an institutional perspective , from Chinese investment in Europe: corporate strategies and labour relations, ETUI aisbl, Brussels publisher, P 217 2017

<sup>230</sup> Bogdan Góralczyk, 2017, The Chinese are coming to Poland | | Central European Financial Observer <https://financialobserver.eu/poland/the-chinese-are-coming-to-poland/>

<sup>231</sup> Bogdan Góralczyk, 2017 The Chinese are coming to Poland | | Central European Financial Observer <https://financialobserver.eu/poland/the-chinese-are-coming-to-poland/>

increase Hungary's exports to countries outside Europe to one third of total exports (from just under one quarter of total exports in 2012).<sup>232</sup>

According to "Going east" policy, Hungary seek to develop relations with Asian countries, and other countries, like China, India, Russia, South Korea, Turkey, ASEAN member states, Arab countries and the CIS. The goal is to increase the direct export to Asian emerging markets.

The east opening policy is not only to increase exports, but also to attract capital. Hungary seeks for new investment opportunities, and business opportunities with other countries. Hungary provides subsidies for the investors outside EU, including China. Hungary is also the only country in the Central Eastern European countries to have specific foreign policy towards Asian countries, including China.

China is Hungary's key partner in the east. Hungary's trade with China grows steadily. In 2017, the total volume of trade between Hungary and China is about 8 billion US dollars. Hungary's export to China is about 2% of total export of goods, almost doubled from the year 2010 to 2016. However, the share of Hungary's companies in the export is less than 10%, with the rest held by international companies.<sup>233</sup>

Table eleven: Foreign trade between Hungary and China in the year 2013-2017

(Export, and import in goods, current market prices, in millions USD)

Year	Export		Import		Balance
	In million USD	%of total export	In million USD	%of total import	In million USD
2013	186	1.7%	681	6.8%	-495
2014	183	1.7	661	6.3	-477
2015	104	1.4	461	5.1	-358
2016	151	1.5	584	6.2	-433
2017	178	1.6	631	5.9	-453

<sup>232</sup> ETNC report Europe and China's new Silk Road December 2016

<sup>233</sup> Valbona Zeneli What Has China Accomplished in Central and Eastern Europe? | The Diplomat <https://thediplomat.com/2017/11/what-has-china-accomplished-in-central-and-eastern-europe/>

Sources: Ministry of commerce of People's Republic of China

We can see from the table, there was a slight decrease of trade between China and Hungary from 2014-2016. The trade deficit between China and Hungary was decreased too. The value of Hungarian exports to China almost doubled in 2010-2016 (now about €2 billion). That represents 2% of Hungary's total export of goods <sup>234</sup> China is the largest source of Hungarian imports outside EU, followed by Russia. Hungary mainly exports from China machinery and electronic products. These products are exported by large European multinational companies which have subsidiary companies in Hungary. They include AUDI, Siemens, IBM, Allison and Microsoft (earlier Nokia). <sup>235</sup> The main products imported from China are also machineres and electronic products. China is the second largest sources of exports in regards to machineres and electronic products to Hungary following Germany.

Hungary has attracted the largest amount of stock from Chinese investment in the whole CEE region. In 2010, Hungary took 89 per cent of total Chinese capital flows into the region (Chen 2012). By 2012, the amount of Chinese investments had further increased, reaching USD 507 million according to MOFCOM data, by far the highest in the region. According to Hungarian reports, Chinese investment in Hungary by 2015 was about USD 3–3.5 billion or more, which represents around 2–2.5 per cent of Hungary's total FDI stock. <sup>236</sup> The Chinese major investment is related with two companies, Hua Wei and Wanghua, which was in Hungary before 2010. There have been no new Chinese investment in Hungary since 2011. After 2011, there was a decrease of Chinese investment in Hungary. In 2011, 89% of Chinese capital has gone to Hungary, but in 2016, the number is 6%. <sup>237</sup> Poland has surpassed Hungary and became China's largest flow of FDI in the region.

The investment of Chinese companies in Hungary covers industries such as

<sup>234</sup> Valbona Zeneli What Has China Accomplished in Central and Eastern Europe? | The Diplomat <https://thediplomat.com/2017/11/what-has-china-accomplished-in-central-and-eastern-europe/>

<sup>235</sup> ETNC report Europe and China's new Silk Road December 2016

<sup>236</sup> Agnieszka McCaleb and Ágnes Szunomár Chinese foreign direct investment in central and eastern Europe: an institutional perspective, from Chinese investment in Europe: corporate strategies and labour relations, ETUI aisbl, Brussels publisher, P 217 2017

<sup>237</sup> Veronika Jóźwiak, China's Role in Hungarian Foreign Policy <https://www.pism.pl/publications/bulletin/no-71-1011>, PISM. 2017

machineries, chemicals, telecommunications, trade, wholesale or retail, banking, hotels and catering, logistics, real estate and consultancy.<sup>238</sup> Most of Chinese companies invest in Hungary through merges, and acquisitions. For example Chinese chemical company Wang Hua has acquired 96% of stake in Hungarian chemical company BorsodChem through its Dutch subsidiary in 2010 and 2011. It is also the largest Chinese investment in central Eastern Europe so far.

Besides Wang Hua, the major Chinese investors in Hungary are Hua Wei, ZTE Corporation, Lenovo, Sevenstar Electronics Co., BYD Electronics and Comlink. Among them, Huawei, ZTE, Lenovo are Greenfield investment, and others are mergers, and joint adventures.

Hungary traditionally have good relations with China. With the east Opening policy, Hungary also established new department within Hungarian chamber of commerce, and industry. The Hungarian Chinese economic chamber, and Hungarian business committee was established for the bilateral cooperation.

In the framework of China-CEE cooperation, new Chinese financial resources were opened in in 2013, and the Hungarian Exim Bank and its Chinese counterpart concluded an agreement on a EUR 100 million credit line for export financing. A USD 500 million “Chinese Central Eastern European Investment Fund” was also established, with a USD 30 million contribution from the Hungarian side.<sup>239</sup>

China’s engagement in Hungary has gone beyond the classic trade, and investment. China has worked closely with Hungary to promote internationalization of RMB. In September 2013, the people’s bank of China has signed a 10billion yuan currency swap ith Hungary. In 2014, the bank of China opened its first branch in Hungary, providing loans to local companies which wants to trade with and invest in sovereign debt (potentially directly in RMB). In 2015, Hungary purchased Chinese sovereign debt. These cooperation have pushed China to cooperate with Hungary in the

<sup>238</sup> Agnieszka McCaleb and Ágnes Szunomár Chinese foreign direct investment in central and eastern Europe: an institutional perspective , from Chinese investment in Europe: corporate strategies and labour relations, ETUI aisbl, Brussels publisher, P 217 2017

<sup>239</sup> ETNC report Europe and China’ s new Silk Road December 2016

institutional level.<sup>240</sup>

Within the framework of 16+1, China considered Hungary as an important transportation hub for Chinese goods and products in the EU. China wanted to invest in Hungary in building Belgrade- Budapest railway. At the end of 2014, during the visit of Li Keqiang to Europe, China, Hungary, Serbia, Macedonia, signed the agreement in Belgrade, on constructing the Budapest- Belgrade railway, to ship the goods from Greece to Hungary, and further to the Western Europe. China's Railway Group, China Railway Corporation, and Hungarian state railway was awarded 1.5 billion Euro contract to build railway that connects the port of Piraeus in Greece to central and Western Europe via Macedonia, Serbia, and Hungary. (ETNC, 2016) China will provide a long term loan for 85 percent of the total budget through the Export- Import Bank of China. Currently, the project was suspended, because EU is very suspicious of China's motivation of building the railway, considering that China has violent EU laws.

### **Czech Republic**

Since 2012 China proposed twelve measures of dealing with relations of CEE states, and established mechanism to deal with relations, there is a shift of foreign policy of Czech towards China. Czech Republic seeks to improve relations with China, and attract Chinese investment, and seek business opportunities. The relations between Czech and China is greatly improved. The economic policy is the permanent and crucial part of Czech's policy towards China. In 2014, Miloš Zeman along with a large delegation of businessman visited China, acknowledging the economic cooperation, and enabling the finalization of agreement between China and Czech companies. With the visit of Chinese president Xi Jinping to Czech in 2016, the agreement on investment with a total value of Euro 7.39 billion was signed for the period of 2016 to 2020.<sup>241</sup> A number of cooperation agreement on economy and culture was signed between China and Czech. Currently, the People's Republic of

<sup>240</sup> Agnieszka McCaleb and Ágnes Szunomár Chinese foreign direct investment in central and eastern Europe: an institutional perspective , from Chinese investment in Europe: corporate strategies and labour relations, ETUI aisbl, Brussels publisher, P 217 2017

<sup>241</sup> ETNC report Europe and China' s new Silk Road December 2016

China is currently the fourth largest trade partner of the Czech Republic.<sup>242</sup>

Trade between the Czech Republic and China, particularly imports from China, has been rising steadily. The import from China has now accounted for 13% of all imports from Czech. The exports to China accounts for the tenth of the total exports of Czech. The trade deficient with China is also increasing.

Table twelve: Foreign trade between Czech and China in the year 2013-2017

(export, and import in goods, current market prices, in millions USD)

Year	Export		Import		Balance
	In million USD	%of total export	In million USD	%of total import	In million USD
2013	192	1.2	834	5.8	-642
2014	202	1.2	945	6.2	-742
2015	183	1.2	1167	8.3	-984
2016	191	1.2	1059	7.4	-867
2017	241	1.3	1189	7.3	-948

Sources: Ministry of commerce of People's Republic of China

From the table, we can see that generally the trade between Czech Republic and China increased steady recent years, with a slight fluctuation. Czech mainly exported to China machineries and electronic products. Transport equipment and optical medical equipment are the second and third largest categories of Czech exports to China. Czech considered China as priority of export.<sup>243</sup> Czech mainly imports from China electromechanical products.

Chinese investment in Czech Republic is increasing significantly since 2012. According to Chinese statistics, the amount of Chinese investment in Czech Republic

<sup>242</sup> Gatien Du Bois & Michaela Davidova, China and the Czech Republic, a recent political shift | Nouvelle Europe, 2015

<http://www.nouvelle-europe.eu/en/china-and-czech-republic-recent-political-shift>

<sup>243</sup> Jakub Groszkowski, An attempt at a new start in Czech-Chinese relations | OSW

<https://www.osw.waw.pl/en/publikacje/analyses/2014-10-29/attempt-a-new-start-czech-chinese-relations>, 2014

is USD 202.45 million.<sup>244</sup> However, the Chinese investment in Czech is still short compared to other Asian countries, such as South Korea ((EUR 2.232 billion) and Japan (EUR 1.277 billion)<sup>245</sup> China's FDI towards Czech has raised by five times from 2015 to 2016 from 68 billion Euro to 362 Euro. By October 2016, Czech Invest registered six major Chinese investments of about 130 million EUR in total.<sup>246</sup>

The main Chinese companies that invested in Czech are in the form of Greenfield investment. These companies include electronic production facilities Shanxi Yuncheng Plating Group, Changhong, Noark), IT (Huawei, ZTE Corp) and a food producer (Shanghai Maling). There are also joint venture Company on manufacture of transport equipment CITIC Marmes Bicycles.

China is interested in investing in energy projects in Czech. The biggest Chinese investment project in Czech is Shang Hai based China energy Company limited, which is China's sixth largest financial group. CEFC established European base in Czech in 2015. CEFC invested broadly in Czech Republic in the field of finance, tourism, energy, and culture areas.

China is also interested in investing in infrastructure projects in Czech. According to Chinese deputy Prime Minister Zhang Gaoli that China is interested in building railways in Czech Republic. The infrastructure project between China and Czech are following such as CRRC, the world's largest rolling stock manufacturer, is interested in Škoda Transportation, the biggest Central and East European train and Chinese Investment in Europe locomotive producer and the license holder for the EU common market that would open the European rail transportation space for the Chinese state-owned investor. Škoda Transportation, which is listed in Cyprus, exports more than 50 percent of its production to the EU and US markets, and the expected acquisition up to EUR 2 billion was to be confirmed during the Czech-Chinese Investment Forum in Prague in July 2017.<sup>247</sup>

<sup>244</sup> Agnieszka McCaleb and Ágnes Szunomár Chinese foreign direct investment in central and eastern Europe: an institutional perspective , from Chinese investment in Europe: corporate strategies and labour relations, ETUI aisbl, Brussels publisher, P 217 2017

<sup>245</sup> ETNC report Europe and China ' s new Silk Road December 2016

<sup>246</sup> T De Castro, trade and investment relations between Czech and China, society and economy, 2017

<sup>247</sup> ETNC report Europe and China ' s new Silk Road December 2016

China also set up banking infrastructures in Czech. The first branch of bank of China opened in Czech in 2015, and China Construction Bank and the China Development Bank also plan to open their branches in the Czech Republic.

Czech government hopes to attract Chinese investment not only in manufacturing, but also in science and culture spheres. Czech officials are negotiating with China on investment projects on technology, and development centers with university. Now, three direct flights between China and Czech Republic opened within one year, connecting Bei jing with Prague. (Hainan Airlines, since September 2015), Shanghai (China Eastern Airlines, since June 2016), and Chengdu (China's Sichuan Airlines, since August 2016). China also plans to acquire minority stakes in communications firm Medea Group and media company Empresa Media (which owns television channel TV Barrandov and publishes the weekly magazine Tyden.<sup>248</sup>

### **Slovakia**

Slovakia is considered as the state in Central Eastern Europe that least interested in China. Until recently, when China launched the "OBOR" and established "16+1" forum, Slovakia is active in establishing cooperation with China. Slovakia emphasized that they mainly treated the OBOR as economic cooperation, and trade oriented initiative, rather than political and other areas' of cooperation. In 2015, Slovakia was among the first countries to sign a memorandum with China on the "Belt and Road" initiative during the CEE 16+1 summit in Su Zhou, when some other countries Poland and Hungary also signed the memorandum. However, during the Slovakia media, the broadcast on OBOR is still limited. Most Slovakia media has broadcast OBOR initiative, but the discussion was very brief, without deep analyzing the benefit, and potential of OBOR project that brings to Slovakia. Slovakia usually criticized China on Human rights, Tibet, Tai Wan and other issues. Slovakia received Dalai Lama in 2016, which made Slovakia became the hot topic in the international world, and it aroused strong criticism from China.

Slovakia's premier minister seeks to improve the relations with China since 2006.

<sup>248</sup> Agnieszka McCaleb and Ágnes Szunomár Chinese foreign direct investment in central and eastern Europe: an institutional perspective, from Chinese investment in Europe: corporate strategies and labour relations, ETUI aisbl, Brussels publisher, P 217 2017



Robert Fico strived to improve relations with China and attracted Chinese investment. During his first term of office, he has chosen Bei Jing among the first destinations to visit, showing his interests in returning to China.<sup>249</sup> Since 2007, China's investment in Slovakia started to increase. However, a lot of projects between China and Slovakia is not materialized. For example the projects that fall out of terms include construction of hydro power plant on the Ipel River, the establishment of a branch of Chinese bank in Slovakia, etc.<sup>250</sup> Chinese FDI to Slovakia is very insignificant compared with overall FDI in Slovakia, and Chinese investment in other countries. This might decrease the enthusiasm of Slovakia to deepen the cooperation with China.

The trade relations between China and Slovakia keeps going since 2012. There is a fluctuation in 2015 and 2016. In 2017, the trade relations between China and Slovakia increased. China is a major import partner for Slovakia- more than 8% of Slovakia's import are from China, just below Czech, (More than 10%), and Germany (almost 17%)<sup>251</sup> China takes position of 14<sup>th</sup> of Slovakia's exports. China is Slovakia's important export partner in Asia.

Table 13: Foreign trade between China and Slovakia (2013-2017)

In USD million Dollar

Year	Import	Export	Total	Balance
2013	212	328	540	-116
2014	183	331	513	-148
2015	113	302	415	-188
2016	126	347	473	-221
2017	348	485	833	-143

Source: Ministry of commerce, people's republic of China

According to the ministry of commerce of People's Republic of China, Slovakia's main exports to China are automotive industries, transportation equipment,

<sup>249</sup> ETNC report Europe and China's new Silk Road December 2016

<sup>250</sup> ETNC report Europe and China's new Silk Road December 2016

<sup>251</sup> Kristína Kironská and Richard Q. Turcsányi, Slovak policy towards China in the age of Belt and Road initiative and 16+1 Format. China- CEE institute, 2017

mechanical, and electronical products. Slovakia's main imports from China are mechanical, and electronical products.

China's investment in Slovakia is relatively low. China's investment in Slovakia increased after 2007. According to the Rhodium Group, total Chinese direct investment transactions in Slovakia for 2000-2016 amount to EUR 49 million.<sup>252</sup> There are about 47 million Chinese FDI through October 2016, which is less than 1 percent of China's FDI in Slovakia.

The main Chinese investment in Slovakia are in the area of automotive industry, electronic industries, consumer products, and services, and financial and business services. The example of automotive industry are SaarGummi (production of sealants for the automotive industry), ZVL Auto (production of controlling stakes), Inalfa Roof Systems (special roof windows for cars) and Mesnac (research and development center focused on development of the tyre machinery) IT companies such as Lenovo Operation Center for Europe, Hua Wei. The Greenfield projects such as Flame shoes plants, and production facility for large-scale display screens by Leyard Shenzhen Opto Electronics.

There are a few projects are under negotiation. The Chinese Hesteel Group which is the world second largest steel producer, is to acquire one of the major companies in Slovakia-US steel owned factory in Koscie, Eastern Slovakia. In the financial area, China's CEFC have planned to purchase 50 percent stake in J&T Finance Group, which have developed services in banking, property, energy, operating in Czech Republic, Russia , Croatia, and Slovakia.

### **Romania**

The former Romania president Traian Basescu (2004-2014) was in alliance with USA, and the foreign policy towards China was neglected. In 2012, social-democratic leader Victor Ponta accepted the role of prime minister. Victor Ponta stressed the importance of developing good relations with China many times in public speech, and seeks to have more economic cooperation with China. The new government take measures to establishing good cooperation with China.

<sup>252</sup> ETNC report Europe and China's new Silk Road December 2016

In September 2012, the Ministry of Agriculture, Daniel Constantin, met with the Chinese vice Minister of Agriculture, Niu Dun. In October 2012, the Ministry of Foreign Affairs, Titus Corlăţean, met with the architect of China's foreign policy, Yang Jiechi. In the summer of 2013, Ponta met with both President Xi Jinping and Premier Li Keqiang.<sup>253</sup>

The trade between China and Romania showed a negative trend during the first year of Ponta's government. There was a decrease in both exports, and imports of Romania towards China, because of the slowing down of China's economy, and stagnation of Romania's economy. China's trade with Romania reached the climax during the year 2011, which is 4,201.86 billion US dollar in 2011.<sup>254</sup> The trade between China and Romania was rising in the following years, and reached 4.27billion US dollar in 2017. Romania held the second 16+1 summit in 2013, and Li Ke qiang arrived in Romania. China and Romania signed several agreements on economy, including the building of railway infrastructure project, and energy projects. The implementation of a Technology Park, the Romanian export of meat and livestock to China. The Complex Energetic Oltenia signed an agreement with China Huadian Corporation above the thermoelectric plant of Rovinari; similarly, the Complex Energetic Huneodara signed an agreement with China National Electric Engineering in reference to the implementation of the thermoelectric plant of Deva. The Romanian company Paunescu Corporation signed an agreement with the Mingyang Wind Power Group in the eolian field. The Sinohydro Corporation has manifested interest on the hydroelectric plant of Tarnița Lapuștești; BAOTA Petrochemical Group and JUNLUN Petroleum Co. are available to buy the Oltchim petrochemical plant.<sup>255</sup>

Table 14: Foreign trade between Romania and China in the year 2013-2017

(Export, and import in goods, current market prices, in millions USD)

<sup>253</sup> Andrea Chiriu Liu Zuokui , Sino-Romanian Relations, November, 2016  
<http://16plus1-thinktank.com/1/20160111/1094.html>

<sup>254</sup> Romanian Ministry of Foreign Affairs <http://www.mae.ro/bilateral-relations/3121#759>, last update January 2014, last access 28 January 2015.

<sup>255</sup> Andrea Chiriu Liu Zuokui , Sino-Romanian Relations, November, 2016  
<http://16plus1-thinktank.com/1/20160111/1094.html>

Year	Export		Import		Balance
	In million USD	%of total export	In million USD	%of total import	In million USD
2013	66	1.0	261	3.6	-195
2014	75	1.1	312	4.0	-236
2015	58	1.0	319	4.6	-261
2016	68	1.1	379	5.1	-311
2017	83	1.2	427	5.0	-344

Sources: Ministry of commerce of People's Republic of China

Tabel 15. PRC (Hong Kong excluded)-Romania trade, 2010-2013. \$ Million.

Year	Total Trade	Romanian Import		Romanian Export	Balance
2010	3,893.41	3,394.55	498.86	- 2,895.69	
2011	4,201.86	3,542.58	659.28	- 2,883.30	
2012	3,180.00	2,680.00	500.00	- 2,190.00	
2013 (10 months)	2,389.46	1,905.43	484.03	- 1,421.40	

Source: Sino-Romanian Relations -

<http://16plus1-thinktank.com/1/20160111/1094.html>

The most important products that exported by Romania to China are mechanical, and electrical products, wood, and base metals. The most important commodity imported by Romania to China is electromechanical products. China's labor intensive products have a certain share in the Romania import market, with imports of furniture, toys, textiles, and accessories.

Romania was a favorite destination for the early Chinese investment in Europe. The "Outbound Foreign Investment Catalogue" (OFIC) of 2004, showed that Romania was the second popular destination of China's investment besides Germany. These

investments are mostly small and medium size companies. China's FDI in Romania was the largest among the Central Eastern European states since 2005, however, recently Chinese investment in Romania is very minimum. In 2011, Chinese outward direct investment (ODI) into Romania remained well below the yearly value of EUR 50 million.<sup>256</sup> The maximum of Chinese investment in Romania is in the year 2014. The investment in Romania is mainly based on Greenfield projects, in the field of industries such as IT, tobacco, machinery, motorcycles and transportation. The main Chinese investors in Romania are Huawei, ZTE Corp., Shantuo Agricultural Machinery Equipment, China Tobacco International Europe Company SRL, DHS (motorcycles), China Shipping, COSCO, Yuncheng Plate-Making and F&J Group, an international investment company, which helps Chinese companies to invest and carry out mergers in Europe.<sup>257</sup>

Romania has the highest registered Chinese companies in Europe. At the end of December 2016, there were approximately 12,000 companies with Chinese capital in Romania. Most of them were small and middle sized companies. It represents 5.8 percent of the total number of companies with foreign capital.<sup>258</sup> In term of number of companies registered, Romania only surpassed by Italy (21 percent of the total number of companies with foreign capital), Germany (10 percent), Turkey (7 percent) and Hungary (6 percent). However, Chinese FDI in Romania only ranked 19<sup>th</sup> among the foreign investors, with only a share of 0.8 percent of total FDI in Romania. From 2000 to 2016, Romania is surpassed by other western countries, and Hungary, and Poland in the region in regard of Chinese capital.

#### **4.33 China's Culture relations with CEE states (2012- )**

In the culture aspects. China deepens cooperation with CEE states not only in politic, and economic area, but also in cultural area. During the first summit between China

<sup>256</sup> ETNC report Europe and China's new Silk Road December 2016

<sup>257</sup> Agnieszka McCaleb and Ágnes Szunomár Chinese foreign direct investment in central and eastern Europe: an institutional perspective, from Chinese investment in Europe: corporate strategies and labour relations, ETUI aisbl, Brussels publisher, P 217 2017

<sup>258</sup> ETNC report Europe and China's new Silk Road December 2016

and CEE states in Warsaw, China proposed to deepen the cooperation in tourism, culture, and education. Cooperation in the aspects of culture is mentioned in the following summit between China and CEE states. There is frequent people to people exchange between China and CEE states. China is spreading music, movies, religious forums, Chinese cultural products in general, exchange programs and cultural institutes and university to Central Eastern European states to improve the soft image of China. Belt and road initiative will promote more people to people exchange between China and CEE states. More Chinese tourist visit CEE states recent years. Educational department of CEE states signed cooperative agreements with China. There are many culture events, and art forum operated between China and CEE states.

### **CEE states' perception of China**

China wants to spread Chinese culture to Central Eastern European states, and reduce the negative perception of China and enhance the understanding of Chinese value among Central Eastern European states. Because of history, and different realities, CEE countries has a different image of China. People in CEE states lack of understanding of China. Historically, countries like Czech, Poland, and Slovakia criticized China more on issues of Human rights, Tibet and Tai Wan issues. Most people in these countries have a doubtful attitude towards cooperation with China, and Chinese values. this is partly because of the broadcast of negative news on the media in the past, the activities of NGOS, and some far right parties in these countries. According to the pew poll in 2017, 42% of Polish people expressed a favorable impression when asked whether they had a favorable impression of China, while 29% had an opposite attitude. The finger was 50% for favorable of China, and 42% had an opposite attitude of China in 2012. In Czech, this ratio is lower. In 2012, only 33% of Czech expressed their favorable attitude towards China, and 56% expressed negative views on China.

Public opinions in the states like Hungary, Romania, Bulgaria, and Slovenia are more favorable. They pay more attention to the business relations with China, and China have more influence in these countries. They kept good relations with China, and there was a frequent visits of leaders between the two countries. They supported

China on the issues of Tai Wan, Tibet, and Xin Jiang, and held a positive attitude of lifting the arm embargo on China. There were a frequent people to people exchange between China and Hungary. 62% of Romania people had a positive image of China, and 63% of Bulgarian people didn't believe China as a threat.<sup>259</sup>

As to the Balkan states, the government pay attention to establish good relations with China, and gain Chinese support to develop their economy. However, there was still limited cooperation between China and Balkan countries. Out of security concern, Blacken states rely on NATO, and EU. There are still anti-Chinese groups in these countries.

CEE states' attitude towards China improved recently. With the fast development of Chinese economy, and the succession of events that China hold, like 2008 Olympic game, and 2010 Shang Hai expo, people in CEE countries' perception of China improved. China's continuous investment in the region promote a better understanding of China in CEE states. However, China's soft power influence in this region is still very low. In order to achieve the long term goal of building a better cooperation with Central Eastern European states, China wants to increase its soft power towards CEE states, and promote Chinese image,

### **China's perception of CEE states**

According to some surveys, Chinese people considered EU as a global actor, in the area of politics, economic, and culture. Since the establishment of relations with EU in the 1975, China considered EU as a strategic partner. China's communication with EU have spread between the communities. Compared to EU, CEE countries is still not considered as a major partner. But CEE countries is considered to occupy very important geographic position in the EU.

As to the CEE countries, older people in China now have more information of CEE states' past communist experience, and political transformation in CEE states. Younger people may lack of knowledge of CEE states. This is partly because of frozen relations between China and CEE states in the 90s, when both sides lack of

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<sup>259</sup> Liliei Song, From mutual understanding to a new paradigm of cooperation: China's public diplomacy towards CEECS, 2017

relevant foreign policy towards each other.

With the enlargement of EU, and CEE countries joined the EU, there are more culture communications between China and CEE states. The joining of EU is an important factor for China to seek cooperation with Central Eastern European states.

With the raise of “OBOR” initiative, Chinese media promoted the cooperation with CEE states. Chinese media such as Xin Hua press has branches and correspondents in There are branches in Prague, Budapest, Warsaw, Bratislava, Ljubljana, Belgrade, Zagreb, Sarajevo, Tirana, Bucharest, Sofia, Tallinn, Riga and Vilnius, covering all the Central Eastern European states. Chinese media report of Central Eastern European states all come from the correspondents in the Central Eastern European states. Since the raise of OBOR, Chinese media positively broadcast the cooperation between China and Central Eastern European states. For example, according to China news, and Xin Hua press, the economy of Central Eastern European states have developed very fast under the recovery of EU economy. Chinese news broadcast the fast economy development in CEE sates have reached an annual growth of more than 3%. Chinese news also broadcast about the achievement of the 16+1 forum, and the increasing trade between China and CEE states in recent years. In order to make Chinese people understand more of Central Eastern European states along the belt and road, the CCTV in China have made a special program on the introduction of tourism, history, and culture among the CEE states along the Belt and Road initiative, “the home far away”. This help Chinese people have a better understanding of CEE states. China view CEE states as “window of opportunity” to the EU.

Chinese think tank on CEE countries speak highly of cooperation between China and CEE states. Huang Ping and Liu Zuokui listed the achievement of 16+1 in the recent five years, and have relevant studies of each states in Central Eastern Europe.

### **China’s culture diplomacy towards CEE countries**

According to Chinese culture diplomacy, China firstly wanted to improve the culture exchanges between China and Central Eastern European states. Firstly, a number of exhibitions and events on China was held in CEE states to boast Chinese culture. For



example, in 2013, the Chinese embassy in Bulgaria held the large Chinese culture series exhibition of “happy spring” in the newest Bulgarian mall. Consequently, the celebration of Chinese New Year has become a hot topic among the Bulgarian. Before the spring festival, China also organize “happy spring” in Polish national theater, which is a good way to promote Chinese culture. Moreover, there are also increasing number of exchanges of artists, and musicians between China and CEE states. In Poland, there organized “Chinese National culture” week every year. In Czech Republic, there are “Chinese film week” every year. China also have exhibitions of traditional Chinese culture in Central Eastern European states, for example, in 2016, there was an exhibition of painting, and life of Chinese ancient Literati in national museum of Poland.

Secondly, China wants to improve the educational, and scientific exchanges between China and Central Eastern European states. In order to have a better understanding of Central Eastern European states, Chinese government provides 5.000 scholarships to 16 CEE states in the next five years, and send 1000 students and scholars to CEE states. Ministry of education of China host several meetings with national universities of CEE countries. The universities between China and Central Eastern European states have held many activities to boost the exchanges, and communications. For example, The Warsaw and Bei Jing Forum was opened in Bei Jing and Warsaw successively since 2013, which promoted a good way of interaction between students from China and Central Eastern European states. In 2015, Ning Bo held the second China –CEE countries education culture, and exchange, and representatives from Poland, Estonia, Bulgaria, Romania, and China jointly issued the declaration of Ning Bo, and signed 13 education cooperation agreements. In the universities, high school, and international school in Warsaw, there organized “Chinese culture” day every year. There are a lot of activities during the event, including the lectures of Chinese culture, show of Chinese martial arts, and exhibitions of Chinese culture.

China also promotes Chinese studies abroad. China sets up Confucius institute in CEE countries, to teach people in CEE countries’ Chinese and spread of Chinese culture. Confucius institute is an important elements of Chinese culture diplomacy towards

CEE countries and focus on culture aspects of China. They teach Chinese language, organize events of Chinese culture, promote Chinese martial arts, and other aspects of Chinese culture. At the end of 2015, there are 25 Confucius institutes, and 58 Confucius classrooms established in 12 of CEE countries.<sup>260</sup>

In addition to Confucius institutes, many NGOs were created to increase the communications between local cultures, and China, such as teaching Chinese languages and culture.

Moreover, in order to build a positive image of China, China uses media as a tool to promote China's good image in CEE states. China uses public media, such as radio, internet, press, TV, films, and books to promote the achievement of China since the open and reform policy. For example, Under Xi Jinping's area, China launched the Xi Jinping's publication "On China's governance." In English version, and sell it in bookshops in CEE states. China international radio broadcast news in different languages of CEE states, to introduce political, economic, sport, and culture aspects of China to the people of CEE states. It has been a window for the people in CEE countries to know about China. In the website of Chinese embassy to local countries, there are web pages to introduce China to local people in different languages. Since 2000, China launched CGTN, which covers newscasts, in depth reports, and commentary programs, which helps to build China's image. CCTV4 also set up branches in central eastern European countries. Chinese media also visited Central Eastern European states, and established cooperation with local media, and help local media have a better understanding of China. The increasing communication between China and Central Eastern European states changed the China's image on public media in CEE countries. CEE states will broadcast more on China's achievement and cooperation with China. For example, the president of Polish Media association Marek Tracz visited China frequently and urged greater connection with China.<sup>261</sup>

Fourthly, China focuses on the regional culture exchanges between China and CEE

<sup>260</sup> Lilie Song, *From mutual understanding to a new paradigm of cooperation: China's public diplomacy towards CEECS*, 2017

<sup>261</sup> Polish media head urges greater connection with China - People's Daily Online  
<http://en.people.cn/n3/2017/1219/c90000-9306005.html>

states. Cities of China establish sister cities with countries in CEE states, and promote the regional cooperation. China has 59 pairs of sister provinces/states relationships and 41 pairs of twin cities arrangements with 100 provinces, states, and cities from 14 CEE countries (not Montenegro and Estonia.)

Both Chinese government and Polish government promote local cooperation between Chinese cities, and Polish cities. Both government take measures to increase the educational, culture communications in the regional level, and increase the tourists visit between two sides. For example, in 2013, the University of Silesia signed an agreement with the Northeast University in Shenyang, Liaoning province, and launched Polish language courses and classes on Polish culture.<sup>262</sup> As twin cities, Shanghai and Zagreb held alternately “Shanghai Day” and “Zagreb Day”.<sup>263</sup>

In the area of tourism, since the launch of “Belt and road” initiative, there are more Chinese tourists visiting CEE states. In 2016, Central and Eastern European states have attracted 4 million Chinese tourists.<sup>264</sup> China and CEE states seeks to promote tourism with each other. It is also a part of OBOR projects. According to the “twelve measures” of cooperation with CEE states, the China Tourism Administration will coordinate with civil aviation authorities, travel agencies, and airline companies of the two sides.<sup>265</sup> Several meetings of promoting tourism cooperation between China and CEE states took places following the raise of such measures. China- Central Eastern European countries Tourism Coordination Centre was held every year in Central Eastern European countries. On March 2016, China National Tourism Administration opened its first office in the CEE region in Budapest, and immediately started the advertisement campaign under the title “Beautiful China, Silk Road”, which was OBOR project.<sup>266</sup> In 2014, A special promotion of tourism products for China and

<sup>262</sup> (Adriana Skorupska, Justyna Szczudlik-Tatar, Regional cooperation key to Polish- Chinese strategic partnership, PISM, 2014

<sup>263</sup> Liliei Song, From mutual understanding to a new paradigm of cooperation: China’ s public diplomacy towards CEECS , 2017

<sup>264</sup> Chinese Tourists Attracted to Russia and Czech Republic | .TR  
<https://www.tourism-review.com/chinese-tourists-flood-central-and-eastern-europe-news10783>

<sup>265</sup> Liliei Song, From mutual understanding to a new paradigm of cooperation: China’ s public diplomacy towards CEECS , 2017

<sup>266</sup> ETNC report Europe and China’ s new Silk Road December 2016

Visegrad (V4) countries (Czech Republic, Hungary, Poland, and Slovakia) was held in Shanghai 2014, co-organized by China and the V4 Tourism Administration to present products for the Chinese to experience “Medieval Europe.”<sup>267</sup> To make it easier to travel, many direct airlines were opened between China and CEE states.

China also takes other measures of building a positive Chinese image in CEE states. Chinese government emphasize the communications between elites of China and CEE countries. Recently, the visits between China and CEE states are increasing, Chinese high officials visited CEE states. According to the twelve measures of dealing with relations with CEE states, in 2013, China held the China and Central and Eastern European Youth Politics Forum and invited the participation of youth politics from both sides to enhance the friendship between China and CEE states. China also focus on increasing relations with local Chinese associations, and regard Chinese associations in the CEE states as a bridge to increase the understanding with CEE states, and help Chinese companies to invest in CEE states. The Chinese associations in the CEE countries has a deep understanding of local culture, and protect the Chinese communities’ interests in local countries, and increase the link between China and CEE countries.

The civic exchanges between China and CEE states is very active recent years. The exchanges of visiting groups of China and CEE states is very large. In 2014, the exchange of visiting group between China and Poland is 43, with the number of 727 people.<sup>268</sup> The communications between think tanks is also very frequent. Poland, Hungary, Romania, there held several think tank meetings between China and CEE states to study the relations between China and CEE states.

#### **4. 4, the challenges of cooperation between China and CEE states**

China’s cooperation with Central Eastern European states have received warm response from Central Eastern European states. Central Eastern European states take

<sup>267</sup> Liliei Song, From mutual understanding to a new paradigm of cooperation: China’ s public diplomacy towards CEECS , 2017

<sup>268</sup> Chinese embassy in Poland, 2014 年中波文化交流简况  
<http://www.chinaembassy.org.pl/chn/wh/t1225755.htm>

advantage of “16+1” forum as an opportunity to develop relations with China. CEE states compete with each other on Chinese investment. Since the launch of 16+1 in 2012, there have a lot of achievement on the cooperation between China and CEE states, and at the same time, there are also a lot of challenges.

(1) On China’s side, the sixteen Central Eastern European states is not a homogeneous region. There were little common among these Central Eastern European states, so that it will be very difficult for China to form a common strategy towards these countries, and China should respect the difference, and deal with the relations with CEE states separately. CEE states differs with each other in language, culture, history, religion, social traditions, economic scale, political situation, and so on. Some CEE states are EU member states, and some are not; some are belonged to the Euro zone, and some are not. China should treat CEE states differently, according to the different situation of CEE states.

(2) There lacked of concrete implementation of the project of cooperation with CEE states so far.

In 2012, China proposed the twelve measures of cooperation with CEE states, and proposed to offer a line of credit of 10 billion dollars for the investment on CEE states. China’s offer towards CEE states is not different from China’s instrument of investment in other regions like Africa, and Latin America. However, Central Eastern European states have a total different economic situation compared with Africa, and Latin America. Most CEE states are middle income countries. 11 countries are members of European Union, and the other are candidates of EU. As regard to the politics, CEE states are democratic countries. These are in different situation with Africa, and Latin America where the economic, and political situations are much more unstable, To CEE states, European subsidies will be more attractive than China’s loan, because Chinese loan are less transparent in CEE countries’ opinion. Moreover, it will raise country’s debt crisis. For example, in Montenegro, a Chinese funded project aspiring to connect the Adriatic coast with Serbia is culminating into a public debt crisis. The country is nearing an 80% debt-to-GDP ratio and the IMF doubting the

country's ability to finish the project <sup>269</sup>

### (3) EU is suspicious of China's cooperation with CEE states

The cooperation between China and CEE states have aroused suspicious of EU who considered that China's continuous influence on CEE states would divide and rule Europe. German chancellor Angela Merkel once questioned China's intention on holding bilateral talks with CEE separately, and indicated the trouble ridden EU had to tolerant China's behavior. In 2012, when CEE states submitted the joint communique for China- CEE meetings to EU institutions, EU objected to the proposal of "institutionalizing the China-CEE relationship for a long term."<sup>270</sup> When cooperation deepens, EU set up obstacles for the cooperation between China and CEE states. EU uses regulations to restrict China's presence in the region. For example, a proposal of 10 billion dollar financing scheme of China often violate parts of EU's stability and growth pact. It made CEE states can not use China financial scheme. Another example is that the building of "Budapest, and Belgrade" railway was considered by EU as violation of EU law, and the project was suspended.

### (4) The challenges from United States

Because of security reasons, Central Eastern European states have good relations with United States, and rely heavily on NATO. Since April, 2018, United States started trade war with China, and raised tariff on Chinese products. This might influence China's OBOR projects. Moreover, there is an increasing risks in the market of the country that China invested, so Chinese government is more cautious of providing loans for the OBOR countries. In 2018. The value of the deals that Chinese companies are striking under the OBOR is smaller than a year ago, according to the official data. The activities of OBOR become more restrained, according to the official data. In the first five months of 2018. Chinese companies signed contract worthy of \$36.2 billion in business, down nearly 6 percent from the same period a year ago.<sup>271</sup> Facing the

<sup>269</sup> Andzej Filipowicz, China is Europe's business partner, not a geopolitical competitor in Eastern Europe, <https://www.europeaninterest.eu/article/china-europes-business-partner-not-geopolitical-competitor-eastern-europe/>, July 23rd, 2018

<sup>270</sup> Liu Zuokui, Europe and the Belt and Road initiative: responses and risks, 2017, P 10

<sup>271</sup> Keith Bradsher, As trade war erupts, China puts brakes on its global domination dream, June 30th, 2018

trade war with United States, EU has remain China's main economic partner. China hopes to open more market for EU investment, and become the leader of free trade. China wishes to protect international multilateral trading arrangements together with EU. From July 5<sup>th</sup> to 10<sup>th</sup>, Li Ke Qiang visited seventh meeting of China and Central Eastern European states, and co-chair of fifth round of intergovernmental consultation between China and Germany. China expressed the wish to strengthen the partnership with EU, to joint counteracting the trade wars with United States. In order not to antagonizing EU, the 16+1 framework may organized more within the EU's framework.

Last but not the least, there lacked understanding of culture for the cooperation, and there are some risks of CEE market.

CEE countries' foreign policy and economy is strongly depended on EU, and western countries. So far, China's influence on this region is not as large as other countries, in regard as investment and culture. As regard of cooperation, because of lacking of understanding of culture, and tradition; and lacked of understanding of EU laws, there may have the risks of investment in the region. For example, In Poland, COVEC highway construction was problematic, which sets a bad example on cooperation between China and Central Eastern European states.

## **Conclusion**

When Xi Jinping came into power, China has surpassed Japan and became the second largest world economy. China surpassed United States and became the largest trade country. There are both domestic, and international environment changes during Xi Jinping's time. China has become a revisionist power, and changed its foreign policy approach from keeping a low profile to strive for achievements. One of such foreign policy that is proposed by China is "OBOR".

CEE states have become very important region for China as regard to the "OBOR" foreign policy, because of its important strategic positions. In 2012, China proposed

twelve measures to deal with relations with Central Eastern European states. China established “16+1” forum, as an institutions to cooperate with Central Eastern European states in the areas of investments, finance, science, transport, education and culture. CEE states welcomes China’s investment, and actively cooperate with China. According to “twelve measures” , China deepens cooperation with Central Eastern European states in the area of politic, economic, and culture. In the political aspects, there are top official meetings between China and CEE states annually under the framework of 16+1 since 2012, so far, there held six annual summit between China and Central Eastern European states. Starting from 2013, there are local leadership meetings between China and Central Eastern European states. So far, there held three local leadership meetings between China and Central Eastern European states.

In order to cooperate with CEE states, a series of institutional guarantees and platforms have been formed. China launched considerate capital for OBOR projects, and sets up Asian infrastructure Development bank. Since the launch of OBOR. the trade relations between China and Central Eastern European states rises significantly, however, there is trade deficit with China among CEE states. China also granted 10 billion dollar loans for CEE countries, and 4 billion dollar to invest in CEE countries. China’s investment in the region started to increase. Poland and Hungary is the most favorite destination of China’s investment.

China deepens cooperation with CEE states not only in politics, and economic area, but also in culture area. The cooperation in culture is mentioned in the summit meetings between China and CEE states. China adopted culture diplomacy towards CEE states, and wanted to increase its soft power influence on the region. China sets up Confucius institutes in CEE states, increase education and science communications with CEE states, held culture exhibitions on China to Central Eastern European states, and organized culture events in Central Eastern European states. The perception of China is improved in CEE states recent years.

However, the cooperation between China and CEE states still have a lot of challenges ahead both on China’s side, from CEE states and other external factors such as EU and United States. Generally speaking, a more detailed cooperation should be seen



among China and CEE states under the framework of 16+1.

## **Chapter five conclusion**

I have made a research on China's foreign policy towards Central Eastern European states since 1949, the establishment of People's Republic of China. I have found out that China's relations towards Central Eastern European states can be divided into five period.

The first period is from 1949- 1978, under the leadership of Mao Zedong. Since the establishment of People's Republic of China, Central Eastern European countries followed soviet union, and they are among the first countries to recognize People's Republic of China. China leans on the socialist side, and the relations with Central Eastern European states are much depended on the Moscow factor. Both China and Central Eastern European states are socialist camp during the cold war. In the beginning of the 50s, China and most Central Eastern European states have very close political, economic, and cultural ties. There is very frequent communications between China and Central Eastern European states. The head visits between China and Central Eastern European sates are frequent. In the 60s, in Central Eastern European states, there broke some frictions between Central Eastern European states, and Soviet Union. Central Eastern European states wants to have reform and develop their country independently. There broke, "Poznan incidents, ""Prague spring", "Hungary incident" in Poland, Prague, Hungary... China supported Central Eastern European states for their own development, based on five principles of coexistence. Zhou Enlai made a speech that China support Central eastern European states. In the 60s, and 70s, the ideology difference between China and Soviet Union deepens. Domestically, China broke the culture revolution. The relations between China and Central Eastern European states turns worse, except with Romania, Albania, and Yugoslavia. The ties between China and most Central Eastern European states are stopped. In order to

counter imperialism, China renewed relations with United States.

The second period of relations of China's relations with Central Eastern European states is in the 80s. Under Deng Xiaoping's leadership, China started the "Open and reform" foreign policy. Developing economy has become the primary goal of China. China wants to rebuild its identity in the international world, and develop good relations with all countries. China start to have pragmatic cooperation with Central Eastern European states, in the field of politics, economy, and culture. The old friendship was renewed in the 80s, which lasted until the 1989.

The third period of China's relations with Central Eastern European states is from 1989 to 2003. After the end of the cold war, Central Eastern European states have political, and economic transformation. In the value system, they are more pro democracy, and wants to join NATO and EU as their goal. While in China, China just experienced economic reform, and opened up the country. China wanted to build socialism with Chinese characteristics. There broke the Tian Anmen incident in 1989 in China, which damaged China's international image. Because of difference in ideology, the relations between China and Central Eastern European states are stagnated. Both sides only kept basic economic ties, and political and culture relations were frozen during this period. Based on such a situation, China raised the "Bucharest principles" In dealing with Central Eastern European countries during Li Peng's visit in Romania. China proposed to develop good relations with Central Eastern European states based on the five principles of peaceful coexistence. China respects the difference in ideology between China and Central Eastern European states, and respects the choice of people in Central Eastern European states. After this principle, the relations between China and Central Eastern European states have warmed up. The states visits between two sides increased. However, generally, Central Eastern European states still criticized China on human rights, and Tibet, issues. The public opinion of Central Eastern European countries on China is negative. In 1994, during the visit to Budapest, China raised the Budapest principle. It is the principle that is based on Bucharest guidelines. In 1997, the states visits from Central Eastern European countries increased.

The fourth period of relations between China and Central Eastern European countries is between 2004 to 2010. In 1999, Central Eastern European states have joined the NATO. Starting from 2004, there was an enlargement of EU. Poland, Czech, Hungary, Slovakia, Romania, Latvia, Lithuania, Estonia has joined EU. China started to emphasize in that region. CEE states are regarded by China as bridge head of EU, and factory of European union. China wants to develop relations with Central Eastern European states, and support Chinese companies to go abroad. At the same time, China has joined the WTO in the beginning of 21st century. China has joined the process of globalization. The trade between China and Central Eastern European states are increased. After Central Eastern European states joined the European Union, China's foreign policy towards Central Eastern European states are within the framework of EU. China started to invest in the region. Hungary is the country that attracted most Chinese FDI before the 2011. With the development of Chinese economy, CEE states also began to look east, and seek for cooperation with China. Especially after 2008, the global economic crisis, CEE states wants to develop good relations with China. Most CEE states seek economic opportunities with China, and stopped criticized China on Human rights, Tibet, and Tai Wan issues. The trade between China and Central Eastern European states are growing. Chinese companies started to invest in the region, and there signed more culture exchange agreement between China and CEE states.

The fifth period of relations between China and Central Eastern European states is after 2011, under Xi Jinping's area. China's economy has developed very fast. China has surpassed Japan and become the second largest economy, and biggest trading country in the world. When Xi Jinping came into the power, he is different from previous Chinese leaders in conducting foreign policy. He is more confident and ambitious. The power is more centralized under Xi Jinping's area. There is a shift in China's foreign policy from "Biding the time" to "strive for achievement". The political slogan under Xi Jinping's area is that China wants to realize "China's dream" and achieve rejuvenate of Chinese nation and "strive to achieve something rather than keep a low profile." At the same time, with the fast development of China,

United States concerned that China wants to challenge United States' hegemony. United States shift its foreign policy and have pivot in Asia. The neighbors have concerned about the rising China, and China's growing influence. China has territorial disputes with neighbors on South China sea, and Diao Yu islands. In 2013, during Xi Jinping's visit to Kazakhstan, China raised "Belt and Road" initiative. OBOR include "new economic belt" and "Maritime silk road". It has six economic corridors, covering 60 countries, connecting Asia, with Europe, and reaches to Africa. China has developed relevant mechanism for the implementation of OBOR. China has set up Asia development bank, with a capital of 100 billion dollars. It is a China led development agency, with 86 member states. China also launched US 40 billion new silk road funds, the US\$20 billion China-ASEAN Investment Cooperation Fund, the US\$3 billion Investment Cooperation Fund between China and the CEE countries for the OBOR projects.

China started to emphasize on Central Eastern European states for economic, and political reasons. In 2012, when Wen Jiabao visited Warsaw, during the first summit between China and Central Eastern European states, China proposed twelve measures in dealing with relations with Central Eastern European states. China sets up a special secretariat under ministry of foreign affairs to deal with relations with Central Eastern European countries. China wants to deepen the cooperation with Central Eastern European countries in political, economic, and cultural areas. In order to cooperate with Central Eastern European states, China has granted 10 billion dollar loans for Central Eastern European states, and 4 billion dollar to invest in Central Eastern European states. "16+1" is a mechanism for the implementation of OBOR.

Since 2012, the 16+1 forum was organized between China and sixteen Central Eastern European states every year. Starting from 2012, the 16+1 summit was held in Warsaw, Bucharest, Belgrade, Su Zhou, Riga, Budapest, and Sophia. In 2017, the first OBOR summit was held in Bei Jing, Prime minister Beata Szydło of Poland, Prime Minister Viktor Orbán of Hungary, and Prime Minister Aleksandra of Serbia among CEE countries have attended the summit.

Since the raise of OBOR, China has achieved political, economic, and culture

cooperation with CEE states. The amount of China's strategic partnership has increased substantially, and the level of cooperation have been upgraded. The relations between China and Poland and Serbia have been raised into comprehensive partnership. China also upgraded friendly relations with other Central Eastern European states, which expressed their will to establish cooperation with China.

Since the raise of twelve measures of dealing with relations with CEE states, the economic relations between China and Central Eastern European states have deepened. Trade between China and Central Eastern European countries rises significantly after China launched twelve measures of dealing with relations with CEE states. It reached \$58 billion in 2016, far short of the objective to reach \$100 billion. Chinese investment in the region is increasing, however, still insignificant compared with investment from other countries. Poland has become China's most important partners in the region. Poland occupies the important geographic position in the OBOR, and Poland is the only state in the CEE region to participate the Asian Development Bank. Poland is also the biggest food exporter to China in the region. Hungary has attracted the largest amount of Chinese investment in the region, however, starting from 2011, the number is decreasing.

The culture relations between China and CEE states deepens since the raise of twelve measures. More Confucius institute was set up. There organized exhibitions on Chinese culture in the region, There are exchange of students, artists, music, film, and publications between China and CEE countries.

The research question of this paper is why there is a difference of foreign policy towards CEE states under different period, and what the outcome of such difference is. In order to analyze the question, the paper use constructivism as the methodology. Constructivism hold the opinion that international relations is social constructed, and states' identities, and interests are reason of interstates interaction. Identities forms the basic interests of states. Agents, and structures are mutually constructed. I mainly use holistic constructivism to analyze the change of China's foreign policy towards CEE countries in the aspects of internal and external factors. The domestic, and international factors that influence the China's foreign policy towards CEE countries.

China's identity influence China's foreign policy towards Central Eastern European countries. The second chapter of the thesis is evolution of China's identity. Since the establishment of people's Republic of China, during Mao Zedong's time, China identify itself as a socialist country that is anti imperialism. Because of this reasons, China supported Central Eastern European states to develop by its own way, and have frictions with Soviet Union in the aspects of ideology. China proposed five principles of coexistence of dealing with relations with other countries, China identifies itself as a third world country, so China seeks to establish good relations with Central Eastern European states China was established after century of humiliation, and China has a dual identity during Mao Zedong's time. One the one hand, China feels itself a sense of inferiority, on the other hand, China wants to become a strong power. Such identity makes China to seek cooperation with Central Eastern European states.

Domestically, the newly established people's republic of China just suffered century of humiliation. China focused on reform from agricultural country to industrial country. the main focus of China's foreign policy is Maintaining independence ; Maintaining world peace, Friendly relations and cooperation, Good-neighborly and friendly relations , Enhanced unity and cooperation with developing countries , and Opening policy. In the international environment, after the second world war, there was a split between Soviet Union and United States. Two superpowers led the international system. In order to confront the west, Soviet Union formed Warsaw pact with other communist countries. China's foreign policy leans on communism, and soviet Union. China's relations with central eastern European countries is much dependent on soviet Union.

During Deng Xiaoping's time, since the open and reform foreign policy, China identifies itself as a socialist country but develops with Chinese characteristics. The development of economy is the focus of China's foreign policy, Because of such identity, China seek pragmatic cooperation with Central Eastern European states. The relations with Central Eastern European states improved during the 80s.

Domestically, after the culture revolution in the 1970s, Deng Xiaoping came into power. Deng Xiaoping started the open and reform foreign policy, and focused on

developing economy of China, and achieve modernization of China. Internationally, China normalized relations with Central Eastern European states in the 1970s. Central Eastern European states started reform domestically. Soviet Union interfered in the reform of Central Eastern European states, and reform of Central Eastern European states has turned into failure.

However, in the 90s, there happened political, and economic transformation in Central Eastern European states. The communism collapse in the Central Eastern European states, and new government adopted western values, and tries to build a democratic country. They criticized China on Human rights, Tibet, and Tai Wan issues, and relations between China and Central Eastern European states frozen. In China in 1989, there broke the Tian Anmen incident, which ruined China's international image. During the southern tour to Sheng Zhen, Deng Xiaoping proposed China's new foreign policy, which is China's new identity in the international world. China decides to "Keep a low profile, and bide the time." In order to "work hard so that they could have more voice in the international world." China decides to learn from the mistakes from soviet Union, and Central Eastern European countries, and develop its economy. Based on such identity, during the visit of Romania in 1994, China proposed "Bucharest principle of dealing with relations of Central Eastern European countries." From 1995-2003, Jiang Zeming adopted the same foreign policy with Deng Xiaoping. China strives to be a responsible power. China has joined WTO in 2001, and granted the full market economy status. China's foreign policy towards Central Eastern European states is not a focus in China's political agenda. China's trade with Central Eastern European states is within the framework of WTO. However, after the Bucharest principle, relations between China and Central Eastern European states is improving.

After China has joined WTO, the economy of China develops very fast. China is becoming increasingly confident. China's economy developed at a rate of 8% annually from 2006 to 2010 during the 11<sup>th</sup> five year plan. China's economy to grow 8% annually from 2006 to 2010. Faced with fast economic growth in China, there was a China threat theory in the international world. International community considered

that China is going to challenge US hegemony. Under this circumstances, Hu Jintao proposed “peaceful development” and “harmonious world” as China’s new identity. China showed in the international world as a peaceful country, and develop its economy first. During the global crisis in 2008, China showed itself as a responsible country, which kept the stable of RMB. China wants to have a peaceful environment to develop its economy. China is an emerging power, with fast growing potentials. Based on the fast growing economy, CEE states started to develop relations with China, and seek cooperation opportunities. Many CEE states improved relations with China, and started to look east. As to China, after CEE states joined the European Union, China started to emphasize in this region. Chinese companies are encouraged to go out, and explore the market overseas. China’s foreign policy towards CEE states is within the framework of EU.

After 2010, China’s economy develops very fast. When Xi Jinping came into the power, China has more voice in the international world. China changes its foreign policy identity, and strive for achievement. China wants to achieve the rejuvenation of Chinese nation, and have a comprehensive development in economy, culture, and politics. Domestically, China’s economy has experienced new challenges. China’s economy slows down in 2012, especially in manufacturing factors. China’s production industry have experienced overcapacity. China wants to develop economy in other regions. China wants to have an all round opening up of economy. Internationally, China has border disputes with neighbors, and United States wants to restrain China’s growth, because it concerns that China would challenge its hegemony. China wants to take part in building the new world order, and proposed “OBOR” initiative. China sets up relevant mechanism for the implementation of OBOR. Central Eastern Europeans states are very important to China as regards the OBOR initiative. Central Eastern European states have a very important geographic location. China wants to invest in CEE states, for the economic, political, and cultural reasons. Central Eastern European states have become very important to China in the current Chinese foreign policies. China sets up 16+1 forum to deal with relations with Central Eastern European states specially. However, China’s focus of the region brought



suspicion of the European Union, who considers that China wants to divide and rule Europe. As to the future relations of China and Central Eastern European states, a lot of projects have been newly made between China and Central Eastern European states. However, there are many challenges of cooperation between China and Central Eastern European states, both internally, and in the international environment.

I have reviewed literature on China's foreign policy, and China's relations with Central Eastern European countries. The current literature focus on characteristic of China's foreign policy under different Chinese leaders, and China's relations with Central Eastern European states under different period. my research added value of evolution of China's identity, and the influence of such identity on China's foreign policy, and foreign policy towards Central Eastern European states. I use cases studies, and comparative studies to analyze my topic. I mainly use quantative research to analyze data. I compared the similarity and difference of China's foreign policy towards Central Eastern European states under different Chinese leaders. What I found is the reason of changes of China's foreign policy internationally and domestically. I have made a thorough study of China's foreign policy towards Central Eastern European states during different time in political, economic, and cultural aspects, and in the country level case studies. I tried to find out the reason why there is changes of China's foreign policy towards Central Eastern European states.

I have found out that China's foreign policy towards Central Eastern European states in Mao Zedong's time mainly focused on political aspects. Politics is the reason of developing good economic, and culture ties with Central Eastern European states. In Deng Xiaoping, and Jiang Zeming's time, China's foreign policy towards Central Eastern European states are very limited because of frozen political relations. Only basic economic links are kept. In Hu Jintao's time, economy is the main focus of China's foreign policy towards Central Eastern European states. China also seeks to improve political, and cultural ties with Central Eastern European states. In Xi Jinping's area, China seeks to establish cooperation with CEE states in both political, economic, and culture areas.

China's different foreign policy towards Central Eastern European states under

different period have different outcomes. In Mao Zedong's time, both China and CEE states are belonged to communist bloc. China establish good relations with CEE states. However, in Deng Xiaoping and Jiang Zeming's time after 90s, China's influence in the region is limited. After 2004, China started to invest in the region, however, China's investment in the region is still limited. After the raise OBOR, CEE states wants to compete with each other, and establish good relations with China to attract China's investment. China's influence in the region is increasing.

Despite China launched "OBOR " initiative, and China established "16+1" forum for dealing with relations with CEE states, there are many challenges for the implementation of such foreign policy both domestically, and internationally. On China's side, CEE states are not a homogeneous region. There are many differences between the countries in this region, in the aspects of history, culture, and religion. Moreover, CEE states have different demands of China on this cooperation. Internationally, EU is very suspicious of China's motive of cooperation with CEE states, and considers China wants to divide and rule Europe. United states, and Russia compete with China in this region. In reality, there are many projects that is suspended because EU considered it to violent EU law. Moreover, there are many risks in investing in CEE states, because of political, and cultural reasons.

So far, despite China has emphasized in this region, China's investment in this region is still limited. The total amount of Chinese investment in this region accumulated to 8 billion dollars, still less compared to other countries. There lacked of concrete implementation of the OBOR project, and in reality, the cooperation is very limited. As Chinese loans lacked of transparency, EU's subsidies is more attractive to CEE countries. These all will be a challenge of cooperation between China and CEE states.. For the further research, I will study the outcome of achievement of " 16+1," and China's foreign policy towards CEE states. The further research on China's relations with CEE countries, and the future cooperation and implementation of 16+1, is needed.

There are limitations in the dissertation when I am doing the research. Constructivism can not fully explain China's foreign policy towards Central Eastern European states.

The economic, and political interests of cooperation with Central Eastern European states can be the reason why China wants to cooperate with the region. China's current foreign policy towards Central Eastern European states can be driven by geoeconomic, and geopolitical interests.

When I am doing the research, sometimes, there lacked of information, and resources on China's foreign policy towards Central Eastern European countries. For example, especially during the 90s, the resources on China's relations with Central Eastern European states are very limited. This will influence the result of my study.

Thirdly, when doing the research, I use case studies of Poland, Hungary, Czech republic, Slovakia, and Romania as case studies. However, my topic is China's foreign policy towards Central Eastern European states. There are eleven more central eastern European countries is within the subject of my discussion. So, my case studies can not include all the relations between China and Central eastern European countries.

Moreover, the time to do the research is limited. I can't go through all the documents of China's foreign policy towards central eastern European countries, which will influence the result of my studies.

According to my study, China will continue deepen the cooperation with Central Eastern European states. In Xi Jinping's area, China will take measures to implement the "OBOR" foreign policy. In order to realize the rejuvenation of Chinese nation, and take part in forming the new global order, China will adopt more active foreign policy. Central Eastern European states will be very important to China for the "OBOR". China will continue view 16 Central Eastern European states as an independent region that is out of Germany and Russia's influence. According to the recent development of relations between China and Central Eastern European states, Chinese flow of FDI to Central Eastern European states will increase. There will be more concrete, and detailed cooperation between China and Central Eastern European states. A lot of projects between China and CEE states is under negotiation recently. China's presence in CEE states is increasing. The trade between China and CEE states is increasing because of the close political relations between China and CEE states

CEE countries welcomes China's investment, and seeks to have cooperation with China. In the 16+1 forum, CEE states will compete with each other on China's investment. As to the foreign policy of CEE countries, Central Eastern European states are gradually leaning towards east, and welcome the cooperation with China. More detailed institutions and foreign policy towards China is needed for the further cooperation.

EU will continue being the focus of China's investment compared with CEE states. In order to eliminate EU'S concerns on China's motivation, China's cooperation with CEE states will be within the framework of EU.

As to the CEE states, however, because of historical, and economic and security reasons, EU and United States will still the priority of foreign policy of Central Eastern European states. EU is still the main trading partners towards CEE states. For security reasons, CEE states will lean on United States, and welcome the presence of US army. China's influence on Central Eastern European states is increasing, but still will be limited.

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