

Seven Years of the 16+1

An Assessment of China's "Multilateral Bilateralism" in Central Europe



Justyna SZCZUDLIK

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Executive Summary

In the midst of the recent financial crisis that began in 2008, China established a cooperation formula with 16 Central and Eastern European (CEE) countries, known as the 16+1. This format is another example of China-led multilateralism, which is an indispensable element of PRC foreign policy. This paper aims to assess the rationales, evolution and results of the 16+1 format, but also to imagine the future development of this formula. After seven years of existence, which remains a rather short period, it is the right time to assess the effectiveness of this formula as seen both from the Chinese and CEE perspectives.

The three main Chinese rationales behind this format are economic, political and normative. For the CEE, the reasons for taking part in this initiative were to find new export markets and sources of investment. Taking into account the fact that the Western EU – the main economic partner for the CEE – was seriously hit by the financial crisis, the decision to open up new channels for contact with China was reasonable. But not less important were political rationales, such as catching up on relations with China as a rising global power and in that sense upgrading the CEE's political position in Europe and within the EU.

The 16+1 has evolved as a result of CEE and EU pressure, but also because of China's changing political motivations. In this sense, the formula is rather dynamic. Among new features of the 16+1 are the processes of "EU-ization", stronger bilateralism, loose institutionalization, and CEE attempts to make the format less China-centric. Among other changes are China-led endeavors that suggest the possibility of enlarging the formula (e.g. recent rumors about including Greece), expand its flexibility, multiply lower-level formulas and areas of cooperation, and also use the 16+1 as a political tool for furthering China's (but also the CEE's) interests. Both China and the CEE have proven eager to upgrade or downgrade the relevance of the 16+1 due to their own particular interests at a particular moment.

Results of the 16+1 to date have been both positive and negative as seen from China and the CEE. It seems apparent that the 16+1 has led to more political and normative results than economic ones. Indeed, economic outcomes mostly involve a trade surplus for China, which means an expanding deficit on the CEE side, and relatively insignificant Chinese

investments in the region, with a small exception for the non-EU CEE members. When it comes to political and normative achievements, a positive outcome for China is the fact that the 16+1 was set up and functions normally, including examples of CEE countries that might be described as China's political friends (e.g. Serbia and Hungary). China has become a significant player in Europe thanks to this format. While this could be assessed as a positive outcome for CEE countries that have managed to strengthen their relations with China, it also raises concerns about China's increasing assertiveness. These concerns have given rise to doubts within the EU about this formula and the PRC's role in CEE, but also a lack of willingness among CEE countries to institutionalize the 16+1 on the European side. Normative achievements that should be considered include political 'slogans' and initiatives that have been added to the 16+1 agenda. Among these are the Chinese-led Belt & Road Initiative (BRI) or connectivity, and the CEE-led Three Seas Initiative or Eastern Partnership.

This paper concludes by assessing the future prospects of the 16+1. Bearing in mind the rising global concerns about China, including increasing US-China rivalry in Europe but also the EU's more cautious approach to China and some 16+1 countries' disappointment with this formula (especially Poland), the PRC is unlikely to seek an augmented role for the 16+1. What China is (and will be) trying to do is to improve relations with the EU and placate Brussels in the midst of the disputes with the US. In this sense, the profile of the 16+1 will likely be kept low so as to avoid inflaming concerns in Brussels and Western Europe. Rumors about Greece's accession to the formula, if proven true at the Dubrovnik summit on 11-12 April 2019, might be promoted as the result of a Greek initiative (which vindicates the 16+1 relevance) and a consensus reached by all participants, but not as a Chinese attempt to divide Europe. At the same time, the format could be used by China to convince CEE countries not only to avoid decoupling with China but also to improve China's image and gather support for Chinese-led initiatives. It seems that this is the reason why the next 16+1 summit is scheduled in April 2019 (this time in Dubrovnik, Croatia, where an EU-funded bridge is being built by a Chinese company, a project that will be presented as a success story of the 16+1 and EU-China relations), a few days after the EU-China summit (9 April) and just before the second international BRI forum, to be held in Beijing at the end of April.

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Introduction

Since mid-2012, China has been trying to reinvigorate relations with Central and Eastern Europe (CEE), a region that, after collapse of the Iron Curtain, was rather neglected by the PRC government. The best example of China's new approach to this region is the 16+1 formula as a multilateral platform for the PRC's cooperation with 16 CEE countries. The upcoming 16+1 prime ministers' summit, to be held in Croatia in April this year, will mark the seventh anniversary of the formula. In advance of the summit – and also taking into account PRC President Xi Jinping's "great power diplomacy with Chinese characteristics", global concerns about China's assertiveness, including high-tech takeovers, cybersecurity threats, US-China disputes, and the EU's more cautious engagement with the PRC – it is worth looking at the 16+1 as a Chinese economic and political tool for this part of Europe. What were and still are China's motivations for creating the 16+1? Why have the CEE countries agreed to be members of this China-led initiative? Is the 16+1 a static formula or is it being constantly developed, and, if so, under what kind of pressure? What are the main characteristics of this platform today? But the most important questions seem to be about the results to date, and whether this format has met Chinese and CEE expectations, from both economic and political points of view. And finally, what are the prospects for 16+1's continued existence? Could the 16+1 eventually be enlarged? Could the 16+1 be a tool in US-China disputes? And what about this formula's role in EU-China relations?

16+1: The Genesis

In June 2011, Chinese Prime Minister Wen Jiabao visited Hungary. At the economic forum in Budapest, he announced Chinese plans to reinvigorate economic relations with Central and Eastern Europe (CEE).¹ Up to this meeting, the CEE region had not been seen as an important partner for the PRC. Economic cooperation (in terms of trade and investment) was scarce, while political dialogue was not intensive. At that time, China's relations with Europe were focused mostly on the western part of the continent – the “old” EU member states. But almost a year later, Wen paid an official visit to Poland – the first such since Prime Minister Zhao Ziyang's trip to Warsaw in 1987. Apart from being bilateral, the visit also had a multilateral or sub-regional dimension. Wen not only met with Polish officials, but also with 15 heads of government from the CEE: Albania, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Macedonia, Montenegro, Latvia, Lithuania, Romania, Serbia, Slovakia and Slovenia.² A day later, Wen took part in the second China-CEE Economic Forum . He delivered a speech with proposals for strengthening relations with the region.³

At that time, the Warsaw meeting was perceived as an *ad hoc* gathering, a result of Poland's efforts to organize something beyond the bilateral Poland-China agenda. Nobody knew that this meeting would be replicated every year and that Warsaw would be counted as the first 16+1 summit. But in September 2012, the Chinese MFA inaugurated the 16+1 Secretariat with the aim of coordinating Chinese institutions involved in this formula⁴ and establishing contact with CEE countries. Creating a secretariat within the Chinese MFA was a signal that the PRC had already created something new. The Secretariat requested 16 countries to appoint their national coordinators, at best at a high level, e.g. deputy minister.

1. Wen Jiabao zai Zhongguo-Zhongdong Ou guojia jingmao luntan shang de zhici (quanwen) [Wen Jiabao delivered a speech at the China-CEE countries economic and trade forum (full text)], 26 June 2011, available at: www.mfa.gov.cn.

2. Now, 11 of them are EU members and five are not, but aspire to EU membership.

3. Wen Jiabao zai dier jie zhongguo-zhongdongou guojia jingmao luntan shang de zhici [Wen Jiabao delivered a speech at the second China-CEE countries economic and trade forum], 26 April 2012, available at: www.mfa.gov.cn.

4. The Secretariat consists of about 24 institutions. The head is Deputy Minister of Foreign Affairs Wang Chao. In mid-2015, China appointed a special envoy to CEE16: ambassador Huo Yuzhen, who is also responsible for daily contacts with CEE countries. See: Zhongguo-zhongdongou guojia hezuo mishuchu jianjie [Introduction of China-CEE Secretariat], available at: www.china-ceec.org.

A further signal that there was a process to establish a new formula came a few weeks after the Warsaw meeting, when Wen's ordinary speech at the economic forum was recast and titled "China's 12 Measures for Promoting Friendly Cooperation with Central and Eastern European Countries".⁵ Since then, the so-called 12 Measures were extensively promoted by China as a main result of the first 16+1 summit and a program of this newly established formula. This document, which was put on the MFA's website, consists of short and medium-term goals, most of which are economic pledges, such as a \$10 billion credit line, an investment cooperation fund, etc. There are also non-economic proposals such as enhancement of cultural and educational cooperation, and expansion of tourism. It was a list of steps set up by China that would be undertaken by the Chinese government and implemented mostly in China, in the sense of organizing events at the PRC's initiative and held mostly in China. Moreover, it was a single offer for all 16 countries, without differentiation between them, thus not taking into account their different legal frameworks, levels of economic development, specific needs, etc.⁶ In that sense, the CEE was treated by the PRC as a bloc, and an object rather than subject, in terms of China's policy toward the region.

The proposals presented by Wen Jiabao in Warsaw were not properly consulted with CEE16, something that the Chinese MFA's representative openly admitted a few months later.⁷ It should be noted that, in Europe, there is no such region consisting of 16 countries, including three Baltic states (Lithuania, Latvia and Estonia), V4 countries (Poland, Czech Republic, Hungary and Slovakia), the Balkans (e.g. Serbia, Bosnia and Herzegovina, Montenegro, Albania, Croatia, etc) and others. Officially, China argues that the rationale to create this group was the fact that all of them are former fellow socialist states that have had diplomatic ties with China since 1949. But this argument is not convincing, as other former socialist countries like Belarus or Ukraine are not included.⁸

In the year after April 2012, China organized many lower-level meetings under the 16+1 formula as an implementation of the "12 Measures". Moreover, in the process of implementing the "12 Measures", divisions between China and CEE countries rose to the surface. For

5. Zhongguo guanyu cujin yu zhongdongou guojia youhao hezuo de shier xiang jucuo [China's 12 Measures for Promoting Friendly Cooperation with Central and Eastern European Countries], available at: www.china-ceec.org.

6. J. Szczudlik-Tatar, "China's Charm Offensive in Central and Eastern Europe: The Implementation of Its "12 Measures" Strategy", *Bulletin PISM*, No. 106 (559), 4 October 2013.

7. Author's personal communication with Chinese MFA representative, Beijing, September 2012.

8. For more about China's rationales see next section of this paper. See also: J. Szczudlik-Tatar, "China's Charm Offensive in Central and Eastern Europe: The Implementation of Its "12 Measures" Strategy", *op. cit.*, 2013.

example, the credit line, which is the cornerstone of the “12 Measures”, is not attractive for EU member states (EU funds are relatively “cheap” and easily available) or even legally feasible for the CEE¹¹. Brussels, in contrast to Chinese non-transparent loans with requirements for sovereign guarantees that shift the risk of the recipient country, requires competitive public tenders. The same situation concerns the proposal for setting up special economic zones for Chinese investors, which is the one of the “points” in the “12 Measures” document. According to EU law, member states cannot set up preferential zones only for entrepreneurs from one country – in this case for China.

When in late 2013 the next meeting of heads of governments was held in Bucharest (Romania), it became apparent that China had set up a regular, annual format for its cooperation with CEE countries. After the Warsaw meeting, the “12 Measures” announcement and the Secretariat establishment, Brussels voiced its concerns about the 16+1. The EU as an institution (as well as particular countries such as Germany) was worried that the new formula of cooperation with China might undermine the EU’s China policy and the EU’s competencies. There was anxiety that the 16 countries might formulate and then execute together their own independent policy towards China and establish a coordination center (e.g. a secretariat, similar to the Chinese one) – and overall that the PRC might try to divide Europe as a result.⁹

9. J. Szczudlik-Tatar, “Coming Out of the Shadows: The Polish Perspective on China-Central and Eastern Europe Relations”, *International Issue & Slovak Foreign Policy Affairs*, vol. XXIV, No. 3, 2015, p. 52; S. Bolzen and J. Erling, *Divide, Conquer, Aim East: China Has a Sharp New European Trade Strategy*, „Die Welt” (English Edition), 11 November 2012.

China's Motivations for Creating the 16+1

Bearing in mind the fact that the 16+1 did not result from China-CEE dialogue and then a joint decision of 17 countries to set up a new cooperation formula, but rather is a China-led sub-regional grouping, the question arises: Why was this formula eventually established? Why did China decide to create the 16+1 and why did the CEE16 agree to take part in this format? From the perspective of seven years, three sets of rationales can be distinguished: economic, political and normative.

Economy first

It seems that in 2012 the most crucial rationale for China was **economic**. This year was significant for China, especially taking into account that the strength of its economic model based on export and investments is waning. China set up the 16+1 in the midst of the global crisis that seriously hit Europe, especially the western part, with which China maintained close economic relations. At the same time, the CEE countries, including those beyond the EU, coped quite well with the crisis. A good example is Poland, known at that time as a “green island”, meaning that economic growth was good and the country was not seriously affected by the crisis. In reinvigorating relations with the CEE, China's goal was to secure existing European markets and find new ones in the 16 countries. What is more, due to saturation of the Chinese market, the PRC was also seeking new means to export not only goods produced at home, but also its manufacturing, construction and investment capacities (including labor forces). In that sense, China was focused on its core domestic interests, such as securing stability at home and averting social problems. Taking into account the fact that CEE development (including those countries that are EU members) is still behind that of Western Europe, China saw an opening to use its overcapacities in Central, Eastern and Southern Europe, e.g. in projects that might upgrade the infrastructure in this region.

“South-south cooperation” and China-led regional multilateralism

The second and third group of rationales – **political and normative** factors – are becoming apparent in the longer-term perspective. It is worth analyzing those goals through the prism of the PRC’s policy towards developing countries – which can be considered as the most solid pillar of the country’s diplomacy since 1949 – and China’s regional multilateralism (e.g. the Forum on China-Africa Cooperation, FOCAC).¹⁰

It seems plausible that China’s political rationale behind the 16+1 is to **expand its number of political friends** and in that sense to **diversify its diplomatic portfolio**. But it is also worth looking at this from the wider perspective of Chinese foreign policy as a whole. This may help bring to light a more sophisticated dimension of the Chinese political and normative rationales behind the 16+1 formula. As Bartosz Kowalski argues, “since at least the 1950s, active participation and promotion of **South-South cooperation** has become an important component of China’s foreign relations”. In that sense, China is trying to portray itself as a “**spokesman of the weak**” and then, together with them, to reform the international system created and dominated by Western countries. This is a heritage of the Bandung Conference, while the best example in practice nowadays is the China-led FOCAC.¹¹ But this also refers to the 16+1. China’s main explanation for why the formula was created is a repeated mantra of enhancing relations with its old friends (countries that have long had diplomatic ties with the PRC) that belonged to the socialist bloc. This communist past means that, according to the PRC, China and the CEE know each other well.¹² What is more, Chinese officials openly describe cooperation with the 16 countries as being with developing ones. In this context, Kowalski points to a speech delivered by Xi Jinping at the 5th 16+1 summit in Suzhou in late 2015. Xi said that “since the 16+1 was created, it set up a comprehensive, wide and multilayered cooperation framework, which opened new channels for China’s cooperation with its traditional friendly countries, has innovated China’s practice in relations with Europe and established new platform of South-South cooperation characteristics

10. See also: A. Ekman, “China in the Mediterranean: An Emerging Presence”, February 2018, Ifri, pp. 7-8; A. Ekman, “China’s Regional Forum Diplomacy”, *Issue Alert*, No. 44, European Union Institute for Security Studies, November 2016.

11. B. Kowalski, “China’s Foreign Policy towards Central and Eastern Europe: The 16+1 Format in the South-South Cooperation Perspective. Cases of the Czech Republic and Hungary”, *Cambridge Journal of Eurasian Studies*, 2017, p. 1.

12. Zhongguo-zhongdongou guojia hezuo winian: chengjiu zonghe (yi) [Five years of China-CEE cooperation: summary of results (one)], 1 March 2018, available at: www.16plus1-thinktank.com.

within the North-South cooperation”.¹³ Kowalski further argues that China divided its relations with Europe into two realms: with Western Europe (North-South) and CEE (South-South). This division may have significant political rationales behind it. Developing countries (referring to the Bandung spirit) have never taken part in the occupation of China and forced opening since the mid-19th century. In that sense, the cooperation with developing countries **may involve anti-Western sentiment**.¹⁴

China’s activism towards central and eastern Europe should also be understood by taking into account the broader framework of **China-led regional multilateralism**. If China sees the 16+1 as involving cooperation with developing countries, it seems that China-CEE16 should have similar goals, structure and mechanisms to those of FOCAC or the China-CELAC Forum (with Latin America). But what does Chinese multilateralism mean exactly? Jakub Jakóbowski underscores that Chinese-led regional platforms are nominally multilateral in a sense that they provide venues for talks with many countries. But in reality China uses them extensively to facilitate bilateral relations with other countries, and this is the case of 16+1.¹⁵ A report from the Chinese Academy of Social Science (CASS)¹⁶ argues that “in the 16+1 cooperation framework, bilateral cooperation has always been the foundation. If there is no basis for bilateral relations with 16 countries in Central and Eastern Europe, the 16+1 cooperation cannot be developed to the today’s level”.¹⁷

But why does the PRC want to facilitate bilateral relations with 16 countries? It seems that China would like to attract its political and **normative friends** and in that sense convince them to **adopt Chinese values**, or the **Chinese model** or “**Chinese solution**” (the latter is most

13. B. Kowalski, *op. cit.*, p. 6; “Xi Jinping juti huijian chuxi disici zhongguo-zhongdongou guojia lingdaoren huiwu de zhongdongou guojia lingdaoren” [Xi Jinping took part in the 4th China-CEE leaders meeting], *Renmin Ribao*, 27 November 2015. The CPC spokesperson also quotes Xi when it comes to 16+1: “[“16+1 hezuo”]”, 6 September 2017, www.theory.people.com.cn. See also: “Zhuangfang: “16+1” hezuo yi chengwei zhongou guanxi xinde zhongyao yinqing – fang Zhongguo zhu Oumeng shi tuan tuanzhang Yang Yanyi [Special interview: “16+1 cooperation has become an engine of EU-China relations – interview with Head of China Mission in EU, Yang Yanyi.

14. B. Kowalski, *op. cit.*, pp. 6-7.

15. J. Jakóbowski, “Chinese-Led Regional Multilateralism in Central and Eastern Europe, Africa and Latin America: 16+1, FOCAC, and CCF”, *Journal of Contemporary China*, 2018, Vol. 27, No. 113.

16. CASS is the main Chinese analytical institution that deals extensively with 16+1. There are two institutions devoted to 16+1 within CASS: the Department of Central and Eastern European Studies at the Institute of European Studies and the China-CEEC Think Tanks Exchange and Cooperation Network Office.

17. P. Huang and Z. Liu (eds.), *Zhongguo-zhongdongou guojia (16+1) hezuo wunian chengjiu baogao:2012-2017 nian* [Report on five years of China-CEE (16+1) cooperation results: 2012-2017], p. 1.

recently used and promoted in Chinese official communication).¹⁸ It is also worth mentioning that developing countries, which are the “subject” of China-led multilateralism, are treated as less developed, and in that sense the relations with the PRC are asymmetric because China is positioning itself to “help” those countries in their development.¹⁹ These unbalanced relations are being used by China to provide them with Chinese norms, values and political agenda, with an expectation that those ideas would be seen as more attractive than existing, e.g. Western, ones, seen currently as universal. In other words, China, which feels superior to developing countries, is trying to orientate them towards Chinese proposals.²⁰ This is the case with the 16+1 formula. It is China that prepares the main 16+1 annual “products”, which are the guidelines (named each year after the city where the summit takes place²¹) adopted at the prime ministerial summit. Several weeks before the summit, the guidelines are discussed between 17 countries (and then modified), but the initiative is always taken by China. The PRC is trying to add Chinese norms and slogans to the documents (not always with success). The best example is the “Belt and Road Initiative” (BRI), or the latest Chinese modern diplomatic slogan “community of shared destiny for mankind” (*renlei mingyun gongtongti*). What is more, Chinese experts, talking about the 16+1, describe this formula as an exemplification of the “Chinese solution” (*zhongguo fang'an*), a “new model of international relations” (*xin xing guoji guanxi*), or a “global network of partnerships” (*quanqiu huoban guanxi wangluo*) – all of these being official Chinese diplomatic concepts actively promoted globally in recent years, including at 16+1 gatherings.²²

18. See also: J. Szczudlik, “Towards a ‘New Era’ in China’s Great Power Diplomacy”, *PISM Policy Paper*, No. 1 (161), March 2018.

19. Currently, this narrative is used by China in the case of Huawei and its contribution to 5G development in CEE countries.

20. J. Jakóbowski, *op. cit.*

21. Up to now, the 17 countries have adopted the following guidelines: Bucharest Guidelines (2013), Belgrade Guidelines (2014), Suzhou Guidelines (2015), Riga Guidelines (2016), Budapest Guidelines (2017), and Sofia Guidelines (2018). The Dubrovnik Guidelines are expected to be announced in April 2019 after the 8th 16+1 summit.

22. P. Huang and Z. Liu (eds.), *op. cit.*, pp. 7-9, 13; Z. Liu, “Zhongguo he zhongdongou hezuo shi zhongguo gouzhu xin xing guoji guanxi de xin changshi [China and Central Europe Cooperation is a new attempt to build a new model of international relations], *Dangdai Shijie*, December 2016.

Central and Eastern European Countries' Rationales

As already mentioned, the “12 Measures” and the Chinese 16+1 Secretariat stirred concerns in the EU and some CEE countries about Chinese intentions and possible 16+1 impact on EU-China and bilateral CEE-China relations. For example, Poland expressed doubts after having, in December 2011, a few months before the Warsaw summit, upgraded its bilateral ties with China to a ‘strategic partnership’ level. There were concerns about the 16+1 casting a shadow on the newly established strategic partnership that was seen as a success of Poland’s policy towards China.²³

Bearing in mind these worries, but also taking into account the fact that the 16+1 persists until today based on the same membership as in 2012, the question arises as to why the CEE countries agreed to be in this framework. First of all, at the beginning of the 16+1, the political and especially normative dimensions were not so apparent. The narrative about “South-South that would be proper for North-South cooperation” was probably used or noticed for the first time at the 16+1 summit in Suzhou in 2015.

Secondly, the idea of 16+1 appeared at a good moment for CEE – coinciding with the rise of China (e.g. in 2010 China reached the status of the world’s second largest economy in terms of nominal GDP) and with the global crisis that seriously hit the EU and made clear that many European countries (like Poland) are over-dependent on European markets. In that sense, there was strong impetus for CEE **to seek other export markets and sources of capital**, bearing also in mind the fact that EU structural funds will be decreasing.

Thirdly, due to China’s global ascendance, it was reasonable for the CEE to reinvigorate relations with the PRC, not only for economic reasons but also to **intensify political relations with a rising global power**. In that sense, the CEE countries, that so far had been focused on their EU membership, and their relations with Europe and the US, but also were somewhat neglected by China, which was looking mainly at Western Europe, decided to **catch up**. It seems that the speech given by the Polish minister of foreign affairs in his exposé in 2015 is a good example of the

23. Personal communication with Polish officials.

CEE mindset in terms of relations with the Middle Kingdom at that time. He said “that the center of the world’s dynamics is shifting to the Pacific and the role of China as a global power is rising. In that sense, Poland is facing a huge challenge – it will become a country capable of taking an important place in cooperation between Europe and other continents, or will be doomed to limit its activities to its own region, and in further perspective will be marginalized. Asia currently contributes one-third of global GDP. Poland must be ready for these global trends.”²⁴

To sum up, at that time the CEE perceived the **16+1 as a new channel for contacts with the Chinese administration**. It was also a CEE signal to China that “we are here, and this region is worth cooperating with”. The 16+1 formula may help in reinvigorating bilateral political and economic relations with China as a rising economic and political power. It was especially important for smaller members and those countries that are not EU members, such as Albania, Bosnia & Herzegovina, Montenegro, etc. Meanwhile, for the EU members like Poland (which, apart from bilateral ties, is in contact with China at the EU level), the 16+1 provides an additional channel for more frequent access to China’s administration, at both the high and lower level.

24. *Informacja ministra spraw zagranicznych o zadaniach polskiej polityki zagranicznej w 2015 r.* [Minister of Foreign Affairs information about the tasks of Polish foreign policy in 2015], 23 April 2015, available at: www.msz.gov.pl.

Evolution of the 16+1 Formula Since its Creation

As of 2019, seven years have passed since the 16+1 was created. The history of this formula shows that the 16+1 has been constantly evolving. It is not an established and static formula entirely based on Chinese conditions and formatting.

Growing “EU-ization” and stronger bilateralism

Since the second 16+1 summit in Bucharest in 2013, the format has undergone many adjustments. The most important feature is the process of “**EU-ization**”. Those changes have been introduced due to EU but also CEE pressure. First of all, since 2013, 17 countries at the annual prime ministerial summits adopt guidelines, which, in that sense, are joint documents. This is a significant difference compared with the “12 Measures” that were prepared, announced and implemented by China. The text of the guidelines is drafted by China, then sent to the 16 countries for comments and amendments (such as to add elements that are important for particular states) and the final version is sent to Brussels. Brussels is responsible for scrutinizing if the content is in line with EU law and whether China-CEE cooperation violates EU competencies. What is more, since the second summit, an EU representative takes part in summits as an observer, while the guidelines include sentences such as “China-CEEC cooperation is in concord with China-EU comprehensive strategic partnership” (Bucharest Guidelines)²⁵ or “China-CEEC cooperation is in line with China-EU relations (...) thus contributing as appropriate to the implementation of the *EU-China 2020 Strategic Agenda for Cooperation*” (Belgrade Guidelines).²⁶ It is also worth mentioning that in Belgrade (2014), Li Keqiang in his speech even said that the 16+1 facilitates

25. “The Bucharest Guidelines for Cooperation between China and Central and Eastern European Countries”, 27 November 2013, available at: www.gov.ro.

26. “The Belgrade Guidelines for Cooperation between China and Central and Eastern European Countries”, 17 December 2014, available at: www.fmprc.gov.cn.

European integration.²⁷ Since the Riga Guidelines (2016), the document includes a passage stating that the 16+1 develops synergies with the EU-China Comprehensive Strategic Partnership, including through the EU-China Connectivity Platform.²⁸

The aforementioned EU criticism (e.g. 16+1 as a *divide et impera* tool to undermine the EU's China policy, etc), CEE doubts (e.g. Poland's concerns at the start of 16+1), and the differences between the 16 countries (mainly between EU and non-EU members), which make it difficult for the CEE16 to find common ground in terms of their relations with China, led to **stronger bilateralism** under the 16+1 formula. The 16 countries have not set up their own secretariat or another kind of joint steering committee to coordinate their work with China as a CEE16 bloc. From the CEE perspective, the 16+1 is a kind of a platform or “umbrella” for 16 bilateral dialogues with China, as has been argued by Poland since the beginning of this formula. In this sense, the CEE strengthened the 16+1 bilateralism. The 16+1 Secretariat was established on the Chinese side only, and thus serves as an internal mechanism within the PRC's administration. National coordinators, appointed at China's request in the 16 CEE countries, play rather representative roles. Two coordinator meetings are held twice a year, one in China and one in the country where the summit takes place, while daily work is carried mostly by the CEE16 embassies in Beijing.

Less Sino-centrism, more politicization

This leads to another noticeable development, which could be called a **progressively less China-centric agenda-setting** and the process of 16+1 **politicization**. This latter process is visible on both sides – Chinese and CEE. It refers both to the political and normative goals mentioned above and includes guidelines preparation as well as other documents that are signed at the various lower-level meetings, and mechanisms under the 16+1 formula. The politicization is visible in the topics, slogans and narrative that are elements of the political agenda of the countries, including problems that need to be solved, which are introduced to the 16+1 documents. It seems rather easy to assess which elements are “added” by China and which by CEE states. Where China's agenda is concerned, after the Bucharest summit in 2013, the PRC introduced the “connectivity” slogan, while after the Suzhou summit (2015) the focus was put on the BRI

27. “Li Keqiang zai disijie zhongguo-zhongdongou guojia jingmao luntan shang de zhici” [Li Keqian's speech at the 4th China-CEE Economic and Trade Forum], *Xinhua*, 17 December 2014.

28. “The Riga Guidelines for Cooperation between China and Central and Eastern European Countries”, 6 November 2016, available at: www.english.gov.cn.

and inland transport. At the Riga summit in 2016, China highlighted maritime issues and once again connectivity, which prevailed over trade. And since then, China has started to promote people-to-people cooperation as one of the most important dimensions of the 16+1 formula. At the Budapest summit in 2017, the PRC added to the guidelines its first China International Import Expo (CIIE), held in November 2018 in Shanghai, as well as more focus especially on e-commerce and energy cooperation.

The CEE countries also seek to add their own agenda to the 16+1 documents. Apart from the EU agenda, which is now an indispensable element of the guidelines, the most noticeable examples of a CEE agenda seem to be the Three Seas Initiative added to the Riga Guidelines (2016) and the Eastern Partnership introduced in the Budapest Guidelines (2017). In the Sofia Guidelines (2018), the CEE parts were probably those concerning problems such as trade deficits with China and very limited access to the Chinese market, including European investments. It should be noted here that the process of drafting 16+1 documents (and not only the guidelines) is far from smooth, due to China's resistance to CEE proposals. It is a kind of China-CEE tug-of-war. The PRC sometimes perceives CEE proposals as not consistent with China's policy (e.g. China does not want to "offend" Russia in any way, while some CEE countries, like Poland, are concerned about China-Russia relations, especially since the Russian war in Ukraine and the occupation of Crimea). In this process, the CEE countries not only are trying to add their own important political agenda to the 16+1 documents (such as the Eastern Partnership, which eventually was added to Budapest Guidelines, despite the PRC's resistance) but also to highlight problems they have with China (e.g. trade deficit) and to block the Chinese narrative. A good example of the latter is the lack of the "community of shared destiny" in the Guidelines, due to the CEE "veto", despite strong Chinese pressure.

In the Sofia Guidelines, the CEE likely forced China to accept and add the sentence about a need for "prior consultation and consensus by all participants about the role of observers and other third countries and institutions in 16+1 cooperation and their potential involvement". This was supposedly the CEE reaction to the Chinese invitations to other countries (such as Germany and other EU members) to the Sofia summit,²⁹ but also attempts to "add" other states through the back door, inviting them to lower-level 16+1 meetings. This leads to another possible 16+1 evolution, such as China's signals about 16+1 **enlargement**. The Riga meeting was a moment when China initiated rhetoric about the 16+1 as an open formula,

29. "Wang Yi huiying ouzhou dui '16+1 hezuo' de danyou" [Wang Yi responds to European concerns about 16+1 cooperation], *Xinhua*, 31 May 2018.

which means that China is eager to enlarge the format, at least through extending the number of observers.³⁰ The possibility of Greece's accession might be the best vindication of this premise.³¹

Expanding societal ties

Concerning the abovementioned people-to-people contacts, which are being promoted by China as one of the most important dimensions of the 16+1 at least since the Riga summit, it should be highlighted that the 16+1 is not just about annual summits of prime ministers. There is a progressive process of **multiplication of lower-level** and mostly (but not only) non-governmental **formulas**. They embrace mainly what China calls people-to-people cooperation. In that sense, the summits of prime ministers, ministers, deputy ministers and administrative staff is only a tiny part of the 16+1 activities. The same trend is noticeable in **areas of cooperation**. Strictly political and economic dimensions such as trade, investments, transport, agriculture, energy, etc, are only a part of 16+1 activities. The larger part includes local-level cooperation, but mostly people-to-people contacts. This area includes: tourism, culture (e.g. jazz festivals, composers' visits, literature translation, opera festivals, libraries cooperation, folk arts festivals, etc), think-tank cooperation (e.g. a regular 16+1 think-tank symposium), journalists (mutual visits), health (ministerial meetings, promotion of Chinese traditional medicine), dance (e.g. organizing summer and winter dance camps), martial arts, a young leaders' forum, and many more. The best example of this approach is the list of 233 events under the 16+1 formula that were held in 2012-2017, released by the Chinese MFA on the 5th anniversary of the 16+1.³²

Upgrading and downgrading the 16+1 as a political tool

Another proof of 16+1 adaptability is the processes of **upgrading and downgrading** the 16+1 depending on the countries' political interests at a particular moment. In other words, sometimes this formula is more useful, so its importance is upgraded, while sometimes 16+1 is seen as a burden and then its role is downgraded. This process is noticeable on both the

30. Currently, there are at least four observers in the 16+1 formula: the EU, Greece, Belarus and Austria.

31. B. Kowalski, "Greece in the "16+1" Format? Reading the Sino-CEE Tea Leaves", Blog, Ośrodek Spraw Azjatyckich, 2 April 2019; E. Kavalski, "China's "16+1" Is Dead? Long Live the "17+1."", *The Diplomat*, 29 March 2019.

32. "Five-year Outcome List of Cooperation between China and Eastern and Eastern Europe", Chinese MFA, 28 November 2018.

Chinese and CEE sides. In this sense, the 16+1 is more apparently used **as a political tool**. A good example of this evolution is the 16+1 summits. For example, the Suzhou summit in 2015 (and in that sense the 16+1 formula as such) was used by China as a shop window to demonstrate China's hosting diplomacy (*zhuchang waijiao*), an important dimension of Xi's foreign policy. In that sense, Xi showed, mainly to China's domestic audience, the PRC's global prominence and effective agenda-setting. A different story was noticeable two years later, at the Budapest summit (2017). This meeting was downgraded both by the host, Hungary, and China. Little information about the summit appeared in either the Chinese or Hungarian media. At that time, China was disappointed about the 16+1. Beijing planned to organize a summit in Hungary in April or May in order to announce the beginning of construction of the Belgrade-Budapest railway – a 16+1 flagship infrastructure project. But European Commission scrutiny over this project made the upcoming Budapest summit problematic in terms of serving as a success story.³³ The summit was postponed to December and China made this meeting low-profile, and Hungarian Prime Minister Orban presented Li Keqiang's presence in Budapest as his official state visit to Hungary rather than as his attendance at the 16+1 summit.

Another example of this flexible upgrading/downgrading approach is the 7th summit, held in Sofia (Bulgaria) in July 2018. A few months after the Budapest summit, there was talk among CEE experts about 16+1 stagnation. What is more, in March 2018, China sent signals to Bulgaria, as host of the next summit, that the meeting might be postponed to 2019.³⁴ This information stirred doubts about the PRC's engagement in the CEE and even the future of the 16+1.³⁵ A few weeks later, the situation concerning the summit changed dramatically. Eventually, the Sofia summit was held a half year earlier than usual (in July 2018, but not in November or December), just before the EU-China summit and Li Keqiang's visit to Germany. A few weeks before the Sofia meeting, China invited Germany and other EU countries to the summit and offered Germany possible trilateral cooperation, with the formula of China-CEE16-Germany.³⁶ It seems that the reasons for this shift were the China-US trade war and the

33. J. Kynge, A. Beesley and A. Byrne, "EU Sets Collision Course with China over 'Silk Road' Rail Project", *Financial Times*, 20 February 2017.

34. N. Barkin, R. Emmott and T. Tsovala, "Exclusive: China May Pare Back 'Divisive' Eastern Europe Summits", *Reuters*, 12 March 2018.

35. L. Poggetti and J. Weidenfeld, "China Seems to Tone Down its 16+1 Engagement: Three Possible Explanations", *MERICCS Blog - European Voices on China*, 14 March 2018, available at: www.merics.org; B. Kowalski, "Co dalej z formatem 16+1?" [What next for the 16+1 format?], Blog, Ośrodek Spraw Azjatyckich, 27 March 2018.

36. "Wang Yi...", *op. cit.* 31 May 2018.

EU's increased caution about the BRI (e.g. Western European countries not signing BRI MoUs) and China's investments (e.g. work on EU investment screening). In that sense, on the one hand China sent a signal to Brussels (and Germany) that it was ready to downgrade the 16+1 significance and in that sense defuse the EU's concerns, but on the other hand it organized the Sofia summit at a specific moment in order to get CEE but also Germany's and other EU members' support (or at least a kind of understanding or favor for its situation) in response to president Trump's policy.

The CEE countries also use this approach of upgrading or toning down the importance of the 16+1. The example of Hungary and the summit in Budapest has been mentioned. It is also worth highlighting the recent Polish stance about the 16+1. At the summit in Sofia, Poland was represented by the deputy prime minister, instead of the PM. It was an apparent signal sent to China that Poland was not satisfied with the 16+1 formula.

The emergence of subgroups

Along with this development, another feature closely connected with the aforementioned up- and down-grading approach should be underscored: the **expanding flexibility** of the 16+1 formula that is presented by the Chinese side. This flexibility is visible in China's process of seeking to set up or actually **setting up subgroups** within the "16". This trend concerns, for example, the V4 grouping. Several years ago, Chinese expert Liu Zuokui from CASS argued that "decision-makers take a very pragmatic view and show less will to promote dialogue between China and the V4. The Visegrad Group is not well represented in the Chinese media. Chinese entrepreneurs do not regard the V4 as a useful platform for the promotion of their trade activities".³⁷ At that time, the Chinese mindset was that the 16+1 is the main formula for China's relations with Central Europe. Now, due to changing circumstances such as the trade war with the US and a need to defuse EU concerns about the 16+1, China is eager to look closely at the EU members of the 16, such as V4. This is China's pragmatic approach, as explained by the Chinese experts.³⁸ A good example of this pragmatic approach is Chinese Minister of Foreign Affairs Wang Yi's meeting in March 2018 with a representative of the V4 countries.³⁹ What is more, in the CASS report about the outcomes of the 16+1 (2012-2017), the authors

37. Z. Liu, "How the Chinese Perceive the Visegrad Group", *Polish Quarterly of International Affairs*, No. 2, 2016.

38. Author's personal communication with Chinese experts, Warsaw, September 2018.

39. "Wang Yi huijian Weixiegelade jituan siguo fuwaizhang" [Wang Yi meets with four deputy foreign ministers from the Visegrad Group], *Xinhua*, 23 March 2018.

highlight that, among the 16 states, there are at least three groups of countries: V4, Balkans and Baltic. Those three groups may play different roles for China. The report suggests that the V4 might be important in terms of trade and investments, the Balkans mainly in infrastructure projects such as highways, and the Baltic states in maritime cooperation as well as linking Asia with Europe.⁴⁰ It seems that the Chinese narrative about the 16+1 as an open formula is also an example of Chinese flexibility within the 16+1.

Despite Chinese initial efforts, the 16+1 is **still loosely institutionalized**. Apart from the lack of a central coordination mechanism (such as the CEE's Secretariat), the other sectoral cooperation mechanism (sometimes called secretariats⁴¹) are loose platforms for cooperation, but not fully fledged institutions with structure, staff, budget and agenda.

40. P. Huang and Z. Liu (eds.), *op. cit.*, p. 2.

41. Up to July 2018 the following mechanisms, secretariats or centers existed or were in the process of establishment: tourism (Hungary), higher education (not specific country, rotation), investments (Poland), trade (Poland), local leaders (Czech Republic), agriculture (Bulgaria), technology (Slovakia), think-tanks (China), transport and infrastructure (Serbia), logistics (Latvia), forestry (Slovenia), health (China), energy (Romania), maritime (Poland), SMEs (Croatia), culture (Macedonia), bank exchange (Hungary), veterinary (Bosnia), environment (Montenegro), smart cities (Romania), fintech (Lithuania), Global Partnership Center (Bulgaria).

Results to Date

After seven years of existence, it is a good time to assess the tangible results of the 16+1 from two perspectives: the Chinese and the CEE's. First, it should be noted that, due to strong bilateralism in the 16+1, as well as loose institutionalization and the diverse agenda, it is difficult to distinguish which results are the outcomes of the 16+1 formula as distinct from the bilateral ties. The 16+1 guidelines are not cohesive lists of goals to be achieved by all members but rather a "box" where each country enters its agenda, problems to be solved, etc. The results assessment has been made more difficult since the BRI was announced. On the one hand, both initiatives – BRI and 16+1 – are not precisely defined in terms of goals and toolkits. On the other hand, it seems that the assumed rationales of the two of them are overlapping: China has actively and rather successfully put BRI on the agenda of several 16+1 summits. In that sense, it is not even possible to clearly distinguish which results are the "fruits" of bilateral, sub-regional (16+1) or BRI cooperation.⁴² Nevertheless, one may distinguish several results of 16+1. Both China's and CEE perspectives, including positive and negative aspects, have been taken into account to assess the results. Overall, it seems that, for both China and the CEE, there are more political and normative achievements than economic ones.

Economic outcomes

From the Chinese perspective, the positive economic result is **the expanding trade surplus with CEE**.⁴³ Another, but rather limited, positive effect for the PRC is Chinese **investments mostly in non-EU members** of the CEE. These projects (mainly infrastructure⁴⁴) are welcomed by those countries, which, contrary to EU members, lack easy access to "cheap" capital (money) from the EU or IMF. Their need for

42. It seems that the BRI, 16+1 and bilateral relations between China and particular CEE countries should be treated as parts of one idea or project. BRI is a wider "umbrella-like" idea, 16+1 is a narrower idea within the BRI, and then there are bilateral ties. Personal communication with Chinese diplomat, Warsaw, February 2019.

43. S. Pencea, "China's Initiative in Emerging Europe", *Asia Dialogue*, 31 August 2018.

44. See: A. Vangeli, "On Sino-Balkan Infrastructure Development Cooperation", in: Ł. A. Janulewicz (ed.), "Experience with Chinese investment in the Western Balkans and the post-Soviet space: Lessons for Central Europe", *EU Frontiers Policy Paper*, No. 16, December 2018, p. 14; "China and South-Eastern Europe: Infrastructure, Trade and Investment Links", European Bank for Reconstruction and Development, July 2016, p. 4.

infrastructure catch-up makes the Chinese offer attractive. In that sense, this cooperation might be seen as a win-win for the two sides: China invests in five non-EU members of the 16+1, gaining a foothold in those countries, while the recipients benefit by receiving money for infrastructure. But it should be noted that what the PRC offers, in fact, is loans, rather than investments as such. Credits are provided by state-owned institutions (policy banks) which often require sovereign guarantees, shifting the burden or investment risk onto the recipient country. The PRC also requires borrowers to use Chinese labor. This was the case for a bridge over the Danube in Belgrade. Another example is the ongoing highway project in Montenegro. China is thus trying to secure its export-oriented economic model, dispatching abroad its manufacturing and contractor (labor) overcapacities. From the Chinese perspective, these are positive results.

Although China and the CEE5 may benefit from this investment model, it may also bring negative outcomes for the two sides. The credits, which must be repaid, may increase a country's public debt; an example is Montenegro, whose debt totals about 80% of GDP. In addition, these projects are not always economically sound. Furthermore, it is argued that the possible problem with loan repayment may have a negative political effect for the CEE. Countries might become dependent economically on China. This overdependence may affect their prospects for joining the EU, for instance by decreasing the countries' economic and political ratings. In that sense, in a longer-term perspective, Chinese loans may have negative consequences for the non-EU CEE countries.

There are also negative results for China where the Chinese investment model is concerned. There are just a **few completed projects and many only in the planning phase**. The flagship Budapest-Belgrade railway is belated due to EU scrutiny and as a result of late announcement of the public procurement by Hungary for this project.⁴⁵ Furthermore, there is **no noticeable rise in Chinese investments in the EU member states**.⁴⁶ Moreover, the **Chinese credit line** that was announced in the "12 Measures", and which is the main Chinese economic

45. In December 2018, Hungary informed that a new, third tender would be announced soon because of a 10% increase in the estimated cost of the project. This means further delay in project implementation.

46. R. Turcsányi, "The Peculiar Case of China's (Missing) Investments in Central Europe", in: E. A. Janulewicz (ed.), *op. cit.*, pp. 18-21; S. Pencea, "China's Initiative in Emerging Europe", *Asia Dialogue*, 31 August 2018. See also: T. Hanemann, M. Huotari and A. Kratz, "Chinese FDI in Europe: 2018 Trends and Impact of New Screening Policies", Rhodium Group, Merics, March 2019.

offer for the CEE, **is not being used by the EU countries**. As already mentioned, there are at least two reasons why. First, EU members have access to “cheap” capital from EU funds. In that sense, Chinese credits are too expensive for the EU members. In other words, they generally do not need Chinese money and labor forces for infrastructure projects. Secondly, Brussels prefers “real” investment such as FDI and that based on competitive public tenders.

Political achievements

It seems that there are greater political as opposed to economic achievements for both China and – to some extent – for the CEE. From China’s perspective, the positive political achievement is the fact that **Beijing was able to create another China-led multilateral forum which still exists and functions rather well**, despite many concerns. Prime ministers attend annual summits, and other countries send signals that they would like to become members or observers of the formula. The best recent example is Greece, which just before the Sofia summit officially (in a written form) announced its willingness to become a member, despite the fact that there are no enlargement or membership procedures. The negotiations between 17 members about Greek membership accelerated just before the 8th summit in Dubrovnik (11-12 April 2019).

But what seems to be even more important is the lower-level and non-governmental dimension of the 16+1 cooperation. There are dozens of such initiatives. China is overwhelming CEE countries with those formulas that embrace almost all possible spheres of cooperation. The PRC produces various documents and declarations to be signed at the lower-level meetings. In that sense, China presents itself both at home and globally as an agenda-setter. These lower-level, non-governmental and people-to-people formulas may bring political results in the future. It seems that the goal is to bypass the administration and get access to “the people”, e.g. the younger generation in CEE countries, as well as experts and the think-tank community. China is thus **steadily creating circles of friends** in the CEE, including young think-tankers, the future elite and decision-makers. Young people who do not remember the communist past may be more prone than the older elites to assess China positively.

Another political outcome for Beijing is the fact that, through the 16+1, **China has diversified its diplomatic portfolio**. Apart from real Chinese influence in the CEE (which is difficult or even impossible to measure), generally the PRC is now perceived as a **significant player in the CEE**. Paradoxically, the concerns of Brussels and other countries (such

as Germany) about the 16+1 as well as Chinese intentions and actions in the CEE16, have upgraded China as a political and economic player in Europe. Recently, even the US confirmed this assumption. As Aaron Wess Mitchell, then Assistant Secretary, Bureau of European and Eurasian Affairs (he resigned from his post in January 2019), said in October 2018, “for the first time in history, China has become a major player in Central and Eastern Europe. Beijing uses debt-book diplomacy to accumulate infrastructure and force concessions on smaller nations. (...) Part of the reason that our rivals are gaining ground in Central and Eastern Europe is that for too long the West did not take competition seriously here. (...) Our allies in Central Europe must not be under any illusions that these powers [Russia and China] are their friends. (...) They want dependencies.”⁴⁷ A similar message was sent by US Secretary of State Mike Pompeo during his visit to Budapest and Warsaw in February 2019.⁴⁸

Another positive political result for China is the pro-Chinese stance of **several CEE countries** – although it should be underscored here that, due to 16+1 bilateralism, the vague goals of this format and the overlapping with the BRI, it is not fully clear to what extent the “pro-Chinese policy” is an effect of 16+1 as such, as distinct from the result of strictly bilateral relations without the 16+1 impact. Good examples are the Czech Republic and Hungary. Bartosz Kowalski argues that the Czech Republic, which was one of the staunchest critics of China regarding human rights, became the apparent regional leader of 16+1 cooperation. For example, Czech president Milos Zeman attended the military parade in Beijing in September 2015, the sole leader from Western Europe to do so, while a controversial city-to-city agreement was signed by Beijing and Prague, with a provision about the need to uphold the One China Policy. Another political signal was the appointment as a Zeman advisor of a Chinese citizen, Ye Jianming, a CEO of China’s officially private CEFC (Huaxin) company.⁴⁹ During two weeks in 2015, the company went on a shock-and-awe shopping spree in Prague, buying some prime real estate, a football club, a brewery, and a media conglomerate. The CEFC also established its second headquarters (apart from Shanghai) in Prague. Eventually, in March 2018, Ye was detained in China, and CEFC and its Czech investments were taken over by the Chinese state-owned group CITIC. As Martin Hala argues, the CEFC example shows China’s approach of “**elite**

47. A. W. Mitchell, Remarks at the Atlantic Council, Washington, 18 October 2018, available at: www.state.gov.

48. “US Secretary of State Mike Pompeo Warns America Might Scale Back European Partnerships if Countries Continue Business with Huawei”, *South China Morning Post*, 11 February 2019.

49. B. Kowalski, *op. cit.*, pp. 10-13.

capture” in the Czech Republic.⁵⁰ Seeking **access to politicians** seems to be one of the dimensions of the political results of the 16+1 formula. The Czech Republic case is an example.

Another example which shows Chinese political achievements in terms of a country’s pro-Chinese stance and access to politicians and decision-makers is Hungary. Orban praises almost all Chinese proposals and requests. Hungary supported granting China market economy status and the PRC’s stance on the South China Sea (SCS) issues. In the latter case, Hungary was among the countries that pushed for softer language in the EU statement after the Permanent Court of Arbitration ruling about the SCS in July 2016. Furthermore, Orban suggested that, for Hungary, China could be an alternative to the EU. The Hungarian prime minister said that “Central Europe has serious handicaps to overcome in terms of infrastructure; there is still a lot to be done in this area. If the European Union cannot provide financial support, we will turn to China”.⁵¹ During US secretary of state Pompeo’s visit to Budapest in February 2019,⁵² Hungarian officials confirmed the country’s China’s policy, underscoring the claim that the US is trying to interfere in Hungarian internal affairs and lecture other countries. In that sense, Orban uses the “Chinese card” also in relations with the US.⁵³

Positive attitudes towards China are also apparent among Balkan states. At one of the think-thank meetings under the 16+1 formula, representatives (mostly experts and former officials) from Macedonia, Serbia and Bosnia & Herzegovina not only praised BRI but also called for the formulating of a joint political narrative about the BRI, with a focus on this initiative as not a threat for third countries but an opportunity.⁵⁴ What is more, experts from those countries presented a very positive stance on 16+1, underscoring the format’s pragmatic structure (bilateral and multilateral), detailed agenda (the Guidelines), complementarity with EU-China cooperation (mentions of the EU in the Guidelines), Chinese infrastructural investments in the Balkans, which are needed and received as a positive example of China’s engagement in the region, etc. They also cited a slogan about the “eastern gate to the EU”.⁵⁵ A pro-Chinese stance is

50. M. Hala, “CEFC: Economic diplomacy with Chinese Characteristics: A Mysterious Company Paves the New Silk Road in Eastern Europe and beyond”, 8 February 2018, available at: www.chinadigitaltimes.net.

51. “Orban: If EU Doesn’t Pay, Hungary Will Turn to China”, *Budapest Business Journal*, 11 January 2018.

52. “Remarks at U.S. Embassy Budapest”, 11 February 2019, available at: www.state.gov.

53. “Press Availability with Hungarian Foreign Minister Peter Szijjarto”, 11 February 2019, available at: www.state.gov.

54. Author’s personal observation, 2017.

55. Author’s personal observation, mid-2018.

also rather openly presented in Serbia. Dragan Pavlicević highlights that Serbia has long been one of China's leading partners in Europe, playing a particularly prominent role within the 16+1, and the Chinese ambassador to Serbia even described 16+1 as a 15+1+1 format, with the two "ones" referring to China and Serbia.⁵⁶ It is also worth mentioning that Chinese experts perceive Serbia and Hungary as two "number ones" within the 16+1.⁵⁷

However, there are also some negative political outcomes for China. There are countries among the 16 that have a different approach to the 16+1. Poland is among these states. At the beginning of the 16+1, Poland was seen by China as an informal leader of the formula on the European side. The country was, to some extent, involved in the formula's creation due to the Warsaw meeting in 2012. What is more, Poland is the biggest European country in this formula and centrally located in the continent. The reasons for a recent change in Poland's assessment of the 16+1 formula are twofold. First of all, tangible economic achievements for Poland are lacking. The trade deficit on the Polish side is expanding, and the Chinese investment offer is not attractive. The second reason concerns political issues; although Poland sees the formula as an additional channel for contacts with Chinese leaders, or broadly the Chinese administration (but also as an instrument to stir China's interest in, or at least awareness of, the CEE's existence), in reality the 16+1 casts a shadow on bilateral Poland-China relations. An example is the difficulty of maintaining regular and intensive political dialogue at the bilateral level; the 16+1 is used by China as a kind of excuse for not organizing bilateral meetings, such as high-level visits, e.g. due to the hectic agenda of Chinese officials. Instead, the 16+1 meetings are used for short meetings with the Chinese prime minister (lasting just minutes), which have a merely ceremonial significance. It is also worth mentioning that, among the reasons for China's less enthusiastic approach, including the relevance of the 16+1 formula, is Poland's close ties with the US. What is more, there are **rising concerns about China's assertiveness** – for example, in the Guidelines text discussions (in which the Chinese take a tough line) and China's invitations to other countries to the format without prior consultations with the 16 members.

56. D. Pavlicević, "The Geoeconomics of Sino-Serbian Relations: The View from China", in: "China's Investment in Influence: The Future of 16+1 Cooperation", *China Analysis*, ECFR, December 2016.

57. P. Huang and Z. Liu (eds.), *op. cit.*, p. 6.

Other negative political results for China are the concerns voiced by Brussels, which have recently become even stronger. They are not only effects of the **EU's more cautious approach to China** (and especially the BRI and Chinese investments) over the last two years, but arise because of the dozens of 16+1 formats in which the EU cannot take part due to insufficient human resources (EU officials talk about the “tsunami” of lower-level 16+1 events).⁵⁸ EU officials are worried that the European countries, due to their intimate relations with China, may agree and then sign documents that violate or cross EU competencies. It is also said in Brussels that the fact of 11 EU members meeting with China under the 16+1 banner to discuss any topic that is “reserved” for the EU (such as trade, customs, etc) is seen as undermining EU cohesiveness.⁵⁹ EU officials often cite the “trade declaration” that China required to be signed at the first BRI International Forum in Beijing in May 2017 – although the declaration has not been signed because the EU countries jointly declined to do so. What is more, EU officials often argue that the 16+1 is a highly non-transparent formula, under which decisions are made in Beijing. In that sense, the 16+1 is seen in Brussels as a Chinese tool for strengthening asymmetric relations.⁶⁰

It seems that another political failure for China is the fact that – compared to, e.g. FOCAC – the **16+1 does not have a political dimension** as a foundation. In the case of FOCAC, the formula is also an instrument for promoting a political stance on international affairs.⁶¹ In the case of the 16+1, due to the strong bilateralism and the lack of a common denominator or interests, the common stance of the 17 countries is very vague (e.g. limited to a commitment to the UN Charter or compliance with WTO rules – since the Budapest Guidelines). China also, to some extent, appears to be fed up with the criticism of the 16+1, which comes from both the CEE and EU, and recently also from the US. In that sense, the 16+1 might be seen as a **lesson learned for China**. In other words, the PRC sees 16+1 as unsuccessful, and **a platform for criticizing China**. The author was told by Chinese experts that “we are tired with the 16+1 and the steady criticism, and we **do not want to create such new formulas**, e.g. with Nordic and Mediterranean states. What we plan is to have loose, not institutionalized, cooperation with those countries”. The author was also told that “we do not want to sacrifice our relations with the EU”.⁶²

58. Author's personal communication with EU officials, October 2018.

59. Author's personal communication with EU officials, November 2018.

60. Author's personal communication with EU officials, August and October 2018.

61. J. Jakóbowski, *op. cit.*, p. 667.

62. Author's personal communications: Brussels 2017, Shanghai March 2018.

However, the positive results of the 16+1 for the CEE should also be noted. The most important appears to be the fact that China's interest in Central Europe is seen in the region as a positive trend. The **CEE** has become more important for the PRC than it was a decade ago, when China was focused on Western Europe. The annual summits and lower-level meetings give the 16 countries opportunities to engage in intensive political dialogue with China. The best example is the Balkan countries. Their **visibility for China has increased dramatically**. The PRC's engagement is also used as a bargaining chip vis-à-vis the EU. New EU enlargement perspectives in the Western Balkans might be, to some extent, perceived as a China (and Russia) effect. The PRC is also presented as a possible alternative, in case of disputes with the EU, e.g. by Hungary. Regardless of Hungary's real intentions, this country, to some extent, **plays the Chinese card** in its relations with the EU institutions (as well as with the US.). In the case of (possible) Greek accession, the country with economic problems may also more extensively use the Chinese card in talks with Brussels.

But there are also negative political results for the CEE. The **region is perceived as a Chinese playground** and in that sense is seen as **an object, rather than a subject** in China's foreign policy. To some extent, former US Assistant Secretary Aaron Wess Mitchell, in his speech at the Atlantic Council, and recent remarks by US Secretary of State Mike Pompeo in Budapest and Warsaw vindicated this premise. The CEE is noticeably treated by the PRC as a useful political instrument in its relations with the EU, the US and even Russia – especially in 2018 when China used the 16+1 to prevent US-EU or even US-Russia cooperation against the PRC, in relation to Trump's anti-China policy. An example of the CEE being treated instrumentally by China is the rumors in March-July 2018 about the 16+1's future – mainly concerning lack of consultation with the CEE16 on the frequency of the summits, and on invitations to other countries to attend the summits or even become observers or members. It is also worth mentioning that Western EU countries and EU institutions also use the 16+1 as a tool to blame the CEE11 for undermining EU cohesiveness. The latest example is the "EU-China: Strategic Outlook" in which the European Commission calls for the responsibility of the CEE11 "to ensure consistency with EU law, rules and policies".⁶³ This approach might be seen as a Chinese success story in the sense that Brussels sees the EU11 as China's political friends. What is more, the fact that China treats the CEE16 as younger political brothers (with **asymmetrical relations**)

63. "EU-China: A Strategic Outlook", European Commission and European External Action Service, 12 March 2019, p. 2.

or clearly developing countries has become increasingly noticeable. The current Chinese narrative is that 16+1 serves as a platform to facilitate contacts between CEE countries that do not know or understand each other. In that sense, the PRC is trying to portray itself as an external power that assists European countries to know each other better.

Normative successes and failures

There are also some normative successes and failures, both for China and the CEE, but they are blurred, and to some extent may overlap with the economic, but even more with the political results mentioned above. The Guidelines serve as a channel for countries to promote their own agenda, including the normative dimension. What has been added to them appears in the next set of Guidelines and in that sense become a constitutive foundation of this formula. The best examples of positive results for China are **slogans written into the Guidelines such as those on BRI and connectivity**. Similarly, as previously indicated, CEE countries exerted pressure on China to add to the Guidelines the **Three Seas Initiative and Eastern Partnership**, among others. Also, the fact that every year the European dimension is more boldly highlighted in the Guidelines should be counted as a positive normative result for the CEE side.

Next, there are the negative results for both China and the CEE. Due to CEE objections, the “community of shared destiny for mankind” slogan, which China has promoted extensively since 2017, has not been added to the Guidelines. This buzzword is a kind of Chinese vision of globalization or a modern version of an ancient Chinese idea of *tianxia*, which literally means “all under heaven”. *Tianxia* refers to the Chinese vision of the world, in which China is in the center while the countries or nations living around it are friendly but dependent on China. In that sense, this slogan might be interpreted as a Chinese attempt to create circles of friends or a sphere of influence. For the CEE, a semi-negative result is the fact that **China strives to ensure that the Guidelines include positive-related content and language**. This is the reason why the trade deficit and request for market access – the problems “added” to the Sofia Guidelines at CEE request – were not explicitly named. The sentence in the Guidelines about the trade deficit and access to the market, including public procurement, was: “the need to develop a more balanced economic partnership” (*goujian gengjia pingheng de jingjin huoban guanxi*).

In the case of 16+1 normative results, it is worth referring to the concept of symbolic power, which Anastas Vangeli stresses “is mediated through careful wording that obfuscates reality”. For China, this means

projecting its dominant position in asymmetric relations, to shape thinking and behavior through the use of language and through speaking from a particular position.⁶⁴ Regarding Chinese symbolic power in the CEE, Vangeli presents two main outcomes. The first arises from China's **redefinition of Central Europe as a region**.⁶⁵ As noted at the beginning of this paper, the 16 countries do not constitute a recognized region. The fact that the 16+1 formula exists and that 16 countries are members of this format is a good example of China's effective normative power. No-one denies the fact that China created this formula. In that sense, China confirms its superiority over the CEE, and that confirms the existence of the South-South cooperation. This normative result is positive for China, but rather negative for the CEE because the 16 countries are to some extent dependent on China's vision of them. In other words, China applied its own vision of the region, based on Chinese interests.

The second normative result is the process of rethinking historical legacies; in other words, it's a matter of interpretation of history (e.g. the communist past). Vangeli argues that the CEE countries, which had a rather negative attitude to communism, by the time of the establishment of the 16+1 had **"gradually decoupled their ideological stance against communism"** from their China policy, and adopted a more cooperative stance. China, paradoxically, used a shared communist past to forge a common discourse and a common identity for CEE countries – as partners of China that are of special significance. Vangeli cites the example of Hungary and Prime Minister Victor Orban who, in his first term, presented a very anti-communist approach, while currently he is seen as the closest political friend of China among the CEE's EU members and is inspired by the so-called Chinese model. As Vangeli rightly points out, the fact that the CEE countries cooperate with China does not necessarily indicate a strong affinity for communism or the Chinese model. But the Chinese offer (the 16+1 mechanism, strengthening relations with China) "contributes to upgrading, or shedding a light on, the thinking that for many years since the end of Cold War was marginal or was not visible, thinkable or perceived as legitimate".⁶⁶

As a normative dimension, there is also China's focus on people-to-people contacts. Since this argument has already been covered in the paragraph about political outcomes, it is reasonable to look at this through the prism of symbolic power. When Chinese experts are asked about the

64. A. Vangeli, "Global China and Symbolic Power: The Case of 16+1 Cooperation", *Journal of Contemporary China*, 2018, Vol. 27, No. 113, pp. 647-687.

65. *Ibid.*, pp. 681-683.

66. *Ibid.*, pp. 683-685.

successes of the 16+1, they often refer to the people-to-people contacts (and admit that the economic dimension is not very successful, especially in EU11). It is difficult to assess or measure to what extent the formula has an impact on society in the CEE countries, but it appears that, by organizing dozens of meetings that cover almost all possible areas of cooperation, China is trying to create friends in CEE society and expert community. In that sense, through lower-level and non-governmental meetings, and intensive cultural, tourist and educational exchanges, China will build good relations with the societies of these countries, and not necessarily with the governments as such. For example, these activities will **create “ambassadors” who can change perceptions about China from within**, establishing **soft competitive advantages in individual countries**, weakening the centrality of the EU and **promoting the Chinese way of thinking**. In light of China’s diplomatic clash with the US or even Russia, good relations elsewhere may prove very useful in the long term.

Prospects: Toward Soft Diplomacy and EU-ization

The results to date, and the evolution of the format as well as the significant shift in the PRC's perception of the 16+1's significance, which was noticeable between the summits in Budapest (December 2017) and Sofia (July 2018) but also the timing of the next summit in Dubrovnik (11-12 April 2019), show that this format is used by China mostly as a political tool that is activated or deactivated depending on China's current interests. It seems that, due to very limited economic gains for China and insignificant investments (including those under the BRI banner) in the EU members of the 16, the political dimension is becoming more apparent. But the political dimension is still limited to the soft tools.

The results of this Chinese engagement, if any, might be visible in a longer perspective. This is why China approaches CEE society (e.g. bypassing a country's administration), especially the younger generation (including the expert community), offering them various cooperation modes within the 16+1 formula. In that sense, the use of symbolic power to defuse any negative perception of "communist" ideology or an authoritarian regime might be seen as important and effective in the longer term. This could also serve as a Chinese means to change the European perspective of alliances and security, which is now based on the EU, NATO and trans-Atlantic relations.

This long-term approach might become the most important dimension of China's use of the 16+1. Even the current "pro-Chinese" policy presented by several CEE countries might not be a solid approach. For example, playing the Chinese card in the EU could be seen as a bluff or just a short-term instrument. In that sense, the CEE countries' favorable policy towards China might change abruptly, e.g. due to new domestic circumstances such as change of power after elections. This political volatility may explain why the PRC is trying to get access to politicians not only of the ruling party but also of the opposition. A good example of a possible quick change in a country's policy is more noticeable discrepancies in the approach to China between the Czech president and the Czech government (which is rather cautious about the PRC). Recently, due to global concerns about Huawei, the gap between the Czech government and president concerning relations with China is becoming more apparent.

In the short-term perspective, one may expect China to focus on this soft engagement and fewer apparent attempts to antagonize the EU through the use of *divide et impera* tools. What Xi Jinping needs are success stories of China's global engagement and avoidance of criticism of China's behavior. But this criticism is becoming a global trend – e.g. in the case of BRI.⁶⁷ As it copes with the US trade war, including CFIUS reform and the general US policy to disengage (decouple) and/or contain China, together with increased cautiousness in the EU (e.g. EU investment screening, worries about China's cyber and high-tech infiltration, the new EU-China strategic outlook which calls China a “systemic rival” and “economic competitor”),⁶⁸ the PRC might be less prone to focus on the 16+1 formula as such. Indeed, Chinese experts recognize that the PRC authorities are getting weary of constant criticism of the 16+1 formula and are unwilling to sacrifice relations with the EU. This was also the reason why the Budapest summit was low-profile, and there were signals that summits might be less frequent. In that sense, regarding the content of 16+1 cooperation, especially in sensitive areas such as high-tech issues, the prime format of discussion and cooperation will be bilateral relations instead of the 16+1 platform.

Concerning the US focus on Chinese engagement in Europe, including the CEE countries (a good example of which is the Mitchell speech mentioned earlier), it seems that it is in the PRC's interests to maintain good relations with the EU as a whole. This is the reason why the 16+1 is leaning to the EU agenda; why the latest summit was held few days before the EU-China summit, while the upcoming summit in Croatia is scheduled for the same month as the EU-China summit and the 2nd BRI international forum; why China sent signals of its readiness to tone down the importance of the 16+1 and is trying to make the format more transparent (e.g. inviting Germany and other “old” EU members to the summit, or underscoring that potential upcoming Greek accession to the formula must be based on “consensus by all participants”). The time and place of the 8th summit (Dubrovnik, Croatia) also appears to be another example of 16+1 “EU-ization”. In Croatia, the EU-funded Pelješac Bridge is being built by a Chinese company (which won the tender) and this project will be presented at the summit as a success story both of 16+1 and EU-China relations.⁶⁹

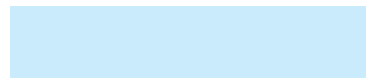
67. C. Balding, “Why Democracies Are Turning Against Belt and Road”, *Foreign Policy*, 24 October 2018. Rumors about Italy's decision to sign the BRI MoU during Xi's visit to Rome is another example of this approach.

68. “EU-China: A Strategic Outlook”, *op. cit.*, 2019.

69. V. Obucina, “Economic Importance of Pelješac Bridge”, *Central European Financial Observer*, 25 January 2019.

This is especially important taking into account a recent tough EU stance on China.

To sum up, in coping with Trump and more realistic or tough EU China policy, the PRC will probably focus mostly on the EU as well as “old” EU members as the most valuable economic partners, with more political impact on Brussels. Xi’s December 2018 visits to Spain and Portugal and his March 2019 trips to Italy and France may be seen as seeking support for BRI but also his attempts to avoid EU unity based on its new tougher stance. The 16+1 will remain one of the tools in the capacious Chinese diplomatic toolbox, increasing opportunities for China and expanding its room for maneuver. It will be activated whenever it is in China’s political interest to do so.



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