Six Years of '16+1'Framework of Cooperation – in Between EU, Expectations and Limitations[1]

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Abstract: In this paper we try to pursue general overview of the platform for cooperation between PR China and sixteen European countries that PRC initiated in 2012 under the name "Sixteen plus One" or "China and Central and Eastern European countries". After five years, several prime ministers' summits and different ways of cooperation being introduced, it left most, if not all its European participants with mixed impressions about the very experience and the prospect for the future development of the platform. Regarding the complex environment and intense dynamism and controversies surrounding the platform '16+1', we will try to analyze the achievements, problems and limitations for its future development, including its visibility and overlapping with the Belt and Road Initiative and its position within EU-China relations.

Key words: PRC, Central and Eastern European countries, "16 plus one", Belt and Road initiative, EU, connectivity, China rise

JEL Classification: F, F0

1. Introduction of the Framework and its Geopolitical and Geo-economic Context

When announced in Budapest, in 2011, by PRC's Premier Wen Jiabao and formally established one year later, the new format of cooperation between "Central and Eastern European countries" and China took everybody by surprise, including the sixteen participants and the EU. Unexpectedness of the Chinese initiative did not help when it comes to concerns coming from the Brussels and over the Atlantic Ocean or to the readiness of "the 16" actors chosen for collaboration.

Many analysts and policy makers wanted to know what was the interest of the "16 countries", especially of those eleven that, at the time, where already, or just to become, EU member states. But, the period before and after the outbreak of the global economic crises and the euro zone crises, was the period of disillusion of the "New Europe", as they were left on their own while the "Old Europe" financial and trade borders became again apparent in reality. Since the outbreak of the euro zone crises, new EU member states had been experiencing significant budget deficits, credit crunch and liquidity squeeze as well as the shrinkage by 50% of the foreign direct investment (FDI) from the "old" EU.. In the midst of EU's disappointing capabilities to deal with the ongoing crises, China stepped in with the new platform, for upgrading relations through the construction of transport and energy infrastructure, financial and "industrial capacity cooperation", culture and education, trade and other projects that should build the connectivity within "the 16" and between the "16" and China. China moved pro-actively on the European soil offering what was needed: funds, capability to perform and connect, market for specific goods coming from "the 16".

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The world economic crisis eased the accomplishment of huge Chinese interests in the EU market. China soon became an appreciated investor for some, even a rescuer of the Union's economy and of the EMU, while for the others it remained a profiteer and a challenger of the EU dominance in Europe. An important alarming signal for the later position has been the reviving of the economic cooperation between China and the Central and Eastern European countries through the "16+1" framework launching. This framework for cooperation looked at the time as matching interest-based cooperation between the CEE countries hungry for investments and the rising China, in the middle of its global dispersing asset-acquisition process. A long history and tradition in cooperation, dated from the very birth of the People's Republic, and the absence of political preconditioning only supported the initiative. As Chinese President Hu Jintao pointed in Zagreb in 2009: "*China has always respected sovereignty and territorial integrity of the South-European countries, as well as the development model chosen by the peoples of these countries*". In that sense, the cooperation with a rising China pleased each of these countries, although in some of them there were concerns that such a development could harm their close ties with the most powerful EU countries that – ironically - have China as a high priority global partner.

The impression of the political presence of China in the former republics of Yugoslavia, especially in Serbia - beyond the two high level visits to Croatia (2008) and Serbia (2009) -, was built by other elements. As a state that opposes the unilaterally declared independence of "Kosovo" and as a guarantor of the UNSC 1244 resolution, that keeps the runaway province within Serbia, for the first time China behaved proactively against unilateral secession, when taking part into the debate before the ICJ in Hague.. Also, the Chinese police forces took part into UN missions in Bosnia and Herzegovina and in Kosovo and Metohija.

Just a year later after "16+1" establishment, China initiated another, much more resonant and almost globally spread, initiative – the Belt and Road Initiative. Politically promoting The New Silk Road and strategic connectivity over Eurasia through numerous bilateral agreements of good neighbourhood, cooperative and strategic partnerships, China has financed and built transport, communication and energy infrastructure corridors over Eurasia, as well as in the Mediterranean. When it comes to the "16+1" cooperation, BRI added confusion to its already poor comprehensiveness. For some, including the Chinese officials and scholars in various occasions, they merged. Just as the previously agreed and even built projects were proclaimed BRI projects (similarly with parts of the Trans-Siberian Railways), some of the "16+1" projects "became" elements of BRI: cargo terminals of the Piraeus Port, or the Belgrade-Budapest railway (that contrary to the general understanding had existed for decades).

Along with the continuing, traditionally strong, foreground Chinese economic engagement to Asia, the PRC has become a big donor and investor in Africa and Latin America, but also - in accordance with its high leaders' repeated announcements of 2009, 2010 and later -, in Europe, too. The very obvious and attention-causing Chinese worldwide growing financial involvement, including the European one, has taken place as part of the implementation of the "Go Global" strategy (People's Daily, 2001).

The Chinese first attempts to present their new infrastructure building and management capabilities in this part of Europe (and in Europe generally) were not that successful. On the contrary, a Polish road-building project in 2009 was a negative benchmark for cultural clashes and a negative image of Chinese builders. It was marked by formal protests of the Polish company (that lost a bid with 50% more expensive offer than the Chinese one) and finally by the broken contract with *China Overseas Engineering Group* (COVEC), as proved to be unable to deliver its US$447 million contract for a 50 km highway from Warsaw to the German border.

When it comes to Southern Europe, China's interest was seen a few years before, although neither announced as a strategy, nor explained later as such, to the engaged "16". China proved able to enter the EU through channels it founded or created – as through the highly costly transport infrastructure projects in Greece, a country that had serious liquidity problems at the moment when China made a long-term USD 2.5 billion investment to rent for thirty five years the Piraeus seaport, the main Greek trade port, strategically located between Europe, Asia and Africa (Sofia Echo, 2010). Chinese state-owned shipping giant COSCO invested an additional amount of EUR 400 million in upgrading and enlarging three container terminals of the Piraeus port, to enable them to connect with the South-Eastern Europe (Michaletos, 2010). Since 2009, PCT (Piraeus

Container Terminal) - a wholly-owned subsidiary of COSCO Pacific Limited, which is a world-leading container terminal operator -, has been operating in Greece, focussing its engagement on increasing the capacity of the port's terminal by 30% (Dredging Today, 2013). Finally, COSCO Shipping bought 51 percent of the Piraeus Port (OLP) in April 2016 for EUR 280.5 million (USD 312.51 million), in a deal with the HRADF, Greece's privatisation agency (Georgiopoulos, 2016)[2].

When President Hu Jintao visited Croatia in 2009, it was the first highest-level visit from China to the so-called Western Balkan and the first time that the Chinese intention to develop the economic relations with the countries of the region was announced (Hu, 2009). During the visit, and later, the Chinese companies expressed their interest to invest into the Rijeka seaport, and into the railway line Rijeka-Zagreb. The next year, Wu Banguo visited Serbia and declared the preferential financing and building of the "Chinese bridge" on the Danube, in Belgrade (*Pupinov most*), the first bridge built by a Chinese corporation on the European soil.

During 2010 Chinese Prime Minister Wen's visit to Europe, the Chinese side also announced the acquirement of Greek state bonds and the establishment of the regional investment fund for the South-Eastern part of Europe, run by *China Development Bank*. The Chinese corporations' intentions to rent the Thessalonica seaport were also expressed, as well as their interest for investments in railways, airports, shipbuilding, telecommunications, tourism and agriculture. Although at the time humble China was the only visible face of the rising power, the visit has also had a role in eliminating scepticism in the EU about the very nature of Chinese intentions. Wen asked for undisturbed access for Chinese companies, while announcing and making new business deals, which paved the way for the long-term presence of the Chinese companies and state in Europe (Mitrovic, 2014). A total of USD 4 billion deals in shipping, trade and energy were signed by China and Greece by Premier Li Keqiang during his visit to Athens in June 2014, as a continuation of the numerous deals made in May 2013, during the Greek Prime Minister Samaras' visit to Beijing. China had strong motivation to invest in strategic infrastructure in the South and South-Eastern Europe, situated at the crossroads of major inter-regional and intercontinental routes. An important development was also the influx of Chinese funds, mostly through bilateral loans, thusly creating what many define as a long-term strategy of Beijing to build a significant foothold in one of the most strategic placements of Europe.

During the above described process, pretty harsh criticism started to come from some academic and political circles in Brussels, pointing at China as a distracting factor, that was "building a wall" across the EU territory, or its zone of interest and future expansion. They saw China using the situation to empower its influence over certain countries, as well as over the whole of the EU. Although such a development comes along the road, such an understanding expressed reservations and partly prejudices towards China within certain circles in Europe and an attempt to eliminate a competitor, by the others.

2. Unwrapping the Package – "Twelve Measures", Their Applicability and Further

In April 2012, the Chinese Prime Minister Wen Jiabao *de facto* co-hosted in Warsaw[3] high envoys from 16 Central and South-East European countries, at the economic forum announced a year before in Budapest and introduced some measures (that were named later on, the "12 measures") as tools for developing the relations between "16 + 1" (Wen, 2012).

While some of the measures were immediately implemented – such as, for instance, establishing the Secretariat in Beijing, although with a very modest number of assigned officials, also the naming of the General Secretary, engaging the lower levels of administration in China to join etc. -, some others waited much longer to come to reality (for instance, the Young Political Leaders Forum occurred in 2017) and some were even presented in public as new joint ventures with Chinese business involvement (e.g. the Borca economic zone in

[2] Part of the deal was mandatory investments up to EUR 300 million, that the Chinese company would pay to HRADF an additional 88 million Euros and increase its stake by 16 percent to 67 percent in the following five years.

[3] Previously, in 2011, Poland and China established relations of strategic partnership, the second such agreement after the first one established with Serbia, in 2009.

Serbia, in 2018).[4] The announced Research Fund was launched in April 2018 (China-CEEC org., 2018 a), while its availability has remained vague and obviously meant to be used by Chinese academic and research institutions (China-CEEC org., 2014) that would later pick up partners in "the 16" (China-CEEC org., 2018 b), often designated by the relevant state institutions through political connections in their relevant country, sometimes with no previous knowledge about China, nor relevant experts. Usually, Chinese institutions would be advised by the Chinese Embassy in the relevant country and an "appropriate" partner picked up that would stage the annual "scientific conference" that would allow funds to be used, Chinese scholars to travel to Europe and deliver the speeches and "cooperation" pursued. While the tourism effects of such conferences, as well as the opportunities for researchers to meet were created, the academic aspect of them has remained dubious in many cases.

The credit line worth USD 10 billion for the support of future projects among which some 30% of the amount was earmarked to be financed under preferential conditions, soon became not-at-all-preferential, due to the global downturn of the interest rates, while the balance of 70% were named "commercial loans". So far, the whole amount of USD 7 billion has remained untouched, as unofficially explained, due to its' unfavourable conditions. Projects in the area of transport infrastructure, high-technology, renewable energy were said to be prioritized. But, the terms of the loans for infrastructure projects offered by China to the sixteen countries[5] were not applicable to the eleven of "the 16" that were EU member states, due to the EU regulations on mandatory bidding and market distortions.

When, in 2013, the Chinese Premier Li Keqiang visited Romania to attend the second summit of the "16 + 1" Meeting of the Heads of Governments of Central and Eastern European Countries and China, he was the first Chinese Premier to visit that country in nineteen years, as a typical example of "rediscovering" old friends and partners that goes for most of "the 16".

But cultural cooperation or, more correctly, the Chinese cultural spreading over the sixteen became obvious much earlier. While in 2006 the first Confucius Institutes in CEECs were established in the capitals of Bulgaria and Hungary, by May 2014 there were already 24 Confucius Institutes and 8 Confucius Classrooms established in fourteen out of the 16 CEE countries, with 18,000 students enrolled, mostly to study the Chinese language. At the same time, China's announcement to offer 5,000 scholarships to CEE countries and to invite 1,000 students to study Chinese language in China started to be put into practice, but mostly in an non-transparent manner.

At the Belgrade Summit held in December 2014, the parties stated that they deem the basic principles of the document entitled "*China 2020 Strategic Agenda for Cooperation*" and the EU legislation as their basis for cooperation. The first large-scale infrastructure project of the "16 + 1 Cooperation", the reconstruction of the Budapest-Belgrade railway line was signed (although the agreement between the foreign ministers was signed two years before). At the Summit, the parties also declared their support for the set-up of the China-CEEC Business Council in Warsaw. The decision on the formation of the first sectoral coordination centres was passed: the China-CEEC Tourism Promotion Agency in Budapest and the China-CEEC Investment Promotion Agency in Warsaw and Beijing. During the summit, the Chinese Premier Li insisted that all the agreements and projects were in accordance with the EU regulations.

The year 2015 and the first half of 2016 were marked by intensified cooperation and high level visits. The regular prime-ministers' summit was held in Suzhou in November 2015 and the bilateral cooperation of China and the Czech Republic, the Republic of Serbia and Poland was highlighted by President Xi's visits to the three states in the Spring of 2016. The general feature of the relations during that time was upgrading and framing cooperation into China's wider internal and international frameworks.

[4] In January 2018, the Serbian government announced that it was to "set up a joint venture with CRBC (China Road and Bridge Corporation)" and construct an industrial park in the Belgrade's suburb of Borca. Construction works were to be done by CRBC and financed by loans from EXIM bank of China, China Construction Bank and China Development Bank, while the Serbian government would pay EUR 300 million (USD 362.2 million) for an industrial park, that was supposed to be "*set up by China in each of the sixteen*".
[5] The Chinese side required state guarantees from the recipient state.

The modernization of the Belgrade-Budapest railway was initially agreed by China, Hungary and Serbia in November 2013, at the China-CEE countries premiers' meeting in Bucharest[6] (Mitrovic, 2016). Once completed, the railway was supposed to become a major commercial transport corridor along the planned path from the Athens (the Piraeus Port), all along Greece, Macedonia, Serbia and further northward to Hungary[7]. In Belgrade, in December 2014, a Memorandum of Understanding was signed by China, Hungary and Serbia. Again, the cooperation plan for the railway construction was signed in 2015 in Belgrade at the meeting of the Trilateral Group of China, Hungary and Serbia for Traffic and Infrastructure Cooperation, setting dates for certain phases of the project. The project was highlighted again at the Belgrade Summit, at the Suzhou Summit, the Riga Summit, the Budapest 2017 Summit and at the first Belt and Road Forum in Beijing, in 2017. The Budapest summit was postponed from May to the end of the 2017, as the beginning of the works on the railway was expected by the year end, but it did not occur.

The problem was and remained that the three-party project, described by the Chinese media as "*China Railway Corporation's first project in the EU*" had not started yet. Ever since it was announced, Brussels has loudly criticized such a deal as opposite to the EU regulations and the business practice, as it excluded competition and public tenders by assigning a (Chinese) company that would deliver the works, as well as assessing its price as a ballooned one. Hungary, as an EU member state and Serbia, as a candidate country, have been under direct and indirect scrutiny, political pressure and questioning regarding the project. Orban's government proved to be tough in pursuing the project and at the same time trying to get it along with the EU regulations, while Serbia, being over-indebted, was combining the terms of the financing project by the Chinese loan (US$1.6 billion), the previously received Russian loan and other possible models of financing, going on with the works on the railway. The technical and legal preparations went on (Tanjug, 2014), but not a single piece of practical realization of the project had happened, although announced several times (Xinhua, 2014). There was one more symbolic opening during the Budapest Summit in 2017, but it ended with the Chinese corporation's engagement in renovating the Zemun railway station. The project was later officially connected to BRI, and it remained a top priority for the Chinese planners (Mitrovic 2013), while the Chinese president Xi Jinping named it as a top project within BRI Forum in May 2017.

In Suzhou, in his opening remarks, Li said that this framework for cooperation was one with "all win outcomes": for China, the 16 and the EU, as the "16+1" cooperation "*had fully accommodated the relevant concerns of the EU and moved in parallel with the greater interests of China-EU cooperation*". Again in Suzhou, another level in carving the framework of "16+1" was reached while the EU posted itself more visibly as observer. Also, on the final day, President Xi held a group meeting with leaders of "the 16" when he and President Duda of Poland, the Serbian Prime Minister Vucic, the Prime Minister of the Czech Republic, Sobotka, the Bulgarian Prime Minister Borisov and the Slovakian Deputy Prime Minister, Vazhny, signed intergovernmental memorandums of understanding on jointly constructing the "Belt and Road" between China and five countries (MOFA, 2015). Hungary was the first country to sign a memorandum of understanding with China on promoting the Belt and Road Initiative (Tiezzi, 2015), followed by the Czech Republic, the Republic of Serbia, etc. (Mitrovic, 2016).

When it comes to "*connectivity in Europe*" and connectivity between Asia (Eastern China) and Europe, there has been notable increase of the railway lines across the three corridors announced by China as parts of the continental BRI, or The Belt. Strong political promotion of the new railway routes that connect China and Europe, also serves China's political, commercial and security objectives, especially when it comes to creating an alternative path to export and import and to reducing the Malacca dilemma. Still, its profitability and sustainability remains questionable (Besharati, 2017).[8]

3. Problems, Achievements and Opportunities

[6] The rail section through Serbia totalling over 200 km and 166 km through Hungary. According to earlier estimates, the modernization would cost between EUR 1.5 to 2 billion.
[7] Ibid. p. 8.
[8] It is evaluated that each container has been subsidized by the provincial governments in the PRC with USD 7,000.

The fact that several of "the 16" are not located in named area of Europe (e.g. "Central and Eastern Europe"), but in the Southern-Eastern part, only illustrates the way they were perceived and put in the same basket by the initiator. It remained the puzzle which was the criteria that China used when decided to pick up those sixteen European countries, beyond the fact that they had been socialist countries. It seems that geopolitics and geography played an important role. Nevertheless, putting these sixteen very different countries in the same basket was not positively accepted. When later on, the Chinese PM wanted to meet all their prime ministers together during the summits it caused negative reactions as they all wanted to be individually perceived and treated.

These individual "treatments", though, did not help the functionality of the platform and its quality, as lack of coordination and alignment among "the 16" makes them exposed economically and politically to the enormously bigger partner. Not just that they could not articulate and coordinate their common interests in the platform, but they also performed as each other's competitors for the "gate of China towards Europe" position. Actually, the code of conduct of the "16+1" was bilateralism between each of them and China, much more than it became a truly multilateral cooperative platform. On the other hand, China's attempt to connect itself with "the 16" and to support their interconnectivity did occur when it comes to tourists, and especially experts in various think-tanks in "the 16", that were showered with a variety of invitations from China and towards similar institutions in the other fifteen CEECs. They grasped the chance that elevated their relevant importance in national academic and research communities, while others took the opportunity of getting government support and financing, and becoming advising tools.

Although both sides have experienced tremendous and substantial changes since they were closely cooperating the last time, China had successfully initiated certain level of coordination of the development plans and courses of "the 16" – but each of them - with its' ongoing 13th Five Year Plan and the Belt and Road Initiative's agenda, as it was suggested by Li Keqiang at Suzhou Summit (Mitrovic, 2016 a). Hungary introduced its *Eastern Opening policy*, Poland has the *Go China Strategy* and the Czech Republic has the *China Investment Forum*, while Slovakia launched a three-year (2017-2020) *Strategy for Development of Economic Relations with China*.

The growing political influence of China in the 11 EU member states and the 'alternative model' that it could offer to the five candidate countries have caused concern and moved the European Commission into action. Brussels' institutions have questioned the pattern of doing major infrastructure deals in the transport and energy sectors, in Serbia, Macedonia, Montenegro, Bosnia and Herzegovina and Albania. Without proper transparency about the contracts and no feasibility studies or public discussions on their quality or necessity, with the direct assigning of state-owned Chinese corporations to implement the projects and the picking of the local subcontractors in the same manner, these deals contributed to undermining the ongoing reforms of the local institutions, including the governance quality and to swaying them away from the reform path they had chosen according to the accession process towards the membership of the EU. Also, with each individual project, that could be huge in the relative context of the country's economic strength, China enlarged its economic presence without taking care of the financial burden made to the countries that received loans.

When explaining the platform, Chinese scholars and politicians would usually describe it as part of the EU-China relations or way of empowering EU-China relations, but it was not perceived as such from the EU side. That contributed to the vague impression of some in Europe, that China has some hidden agenda about the platform. When analysing the economic cooperation between China and "the 16", Chinese scholars typically analyse each of "the 16" individually and tend to express arithmetically their relevant "successes" in cooperation with China, with little, if any consideration towards the specific interests of "the 16".

When it comes to the "16+1" and the BRI overlapping, or the first being absorbed by the later, it remained ambiguous and open for different interpretations, while China's determination to incorporate into BRI projects those previously built or agreed was clear. President Xi's visit to three European - and all three "Eastern" European - visits during the spring of 2016 was aimed to further promote the political ties with EEC countries, to further align their respective development strategies with China's and to reassure their commitments for the Belt and Road projects (Mitrovic, 2016). As *Xinhua* pointed out in the commentary focused on President Xi's visit to the Czech Republic in March 2016, *"China, Czech Republic set example for broader region to advance Belt and Road Initiative"*, from their side, the three countries recommended themselves as "gates to EU" and "central points of China's presence in Europe", etc. seeking for benefits that China's economic presence in their relative economies could deliver through FDIs, opening segments of Chinese markets for their products and technology, better mutual and Eurasian traffic and people to people connectivity, soft and available loans, that could all upgrade their business environment.

Since China has started to more boldly push for its regional and global ambitions, it became louder and more present in Central and Eastern Europe with a dual approach to the EU: verbally abiding to its principles, while in reality taking advantage of EU's political, moral and economic weakness. China kept intensifying its far more important and profitable cooperation with the most developed Western EU economies, than the one with "the 16". That approach becomes obvious when it comes to evaluating China's accumulated direct investments in the economies of the 16 Central and Eastern European countries. By the end of 2016, they valued approximately USD 1.8 billion, according to the Ministry of Foreign Affairs and the Statistical Bureau of China, in spite of the 2015 record breaking China's private and state investment in Europe, of USD 23 billion. But, most of that impressive amount went into Western Europe. In 2017, the sum was colossal, due to the acquisition of the Swiss *Syngenta* for USD 43 billion, but the rest of the FDI into the top EU economies also significantly grew and hit the new record of USD $38 billion (Baker and McKenzie , 2016), accounting for almost 80 percent of the total China's European investment.

President Xi's visits to three "CEECs" in 2016 was also China's demonstration of a certain political triumphalism over the flaws and weak points of Brussels' *"high moral stands"*, including its concerns when it comes to all aspects of the "16+1" cooperation. The "New spring" in relations with the Czech Republic and Poland and "*special brotherly bond*" with Serbia, "*proved*" that China's road was a correct one and that it was on the right track with perceiving itself as a leading and creative power that "*as the second-largest economy in the world…should be more proactive in dealing with other countries"*, as president Xi told to the government officials, entrepreneurs and scholars in a recent meeting (Baijie, 2016). Additionally, by its position on the strategic water flow of Europe, the Danube (in Smederevo, Serbia), China strengthened its geopolitical grasp on Europe's soil.

High level visits and summits are important and powerful tools of political connections, but they failed to be followed by the Chinese investors. As it happened during Xi's visit to Prague, in March 2016, when he announced that the Czech Republic would receive over EUR 3 billion worth of Chinese investments by the end of that year, but so far there have been very modest implementation of those. The similar outcome followed in Serbia after the presidential visit, where there were a lot of promises from the Chinese side and only one investment deal happened[9]. Also, beyond the dramatic gap between China's FDI flow to the EU17 and that to "the16", mentioned before, there has been a strong geographic asymmetry among "the 16" themselves, as some 95% of the Chinese FDI go to Hungary, Bulgaria, Poland, Romania, the Czech Republic and Slovakia (Matura, 2018). But, in all those countries, even in Hungary as the biggest recipient among the CEECs, Chinese FDI account for only between 2.4 and 2.5 percent of the cumulative FDI in economy. During the 6th Summit of China and Central and Eastern European Countries prime ministers in Budapest in November 2017, the Chinese officials spoke of "*Chinese investment in CEEC … over US$9 billion*" (Xinhua, 2017), while they could actually only refer to Chinese loans borrowed by the different non-EU sixteen, plus FDI into "the 16" that were less than 20% of the mentioned amount.

When it comes to trade, aside of the proclaimed increase the two-way trade of up to USD100 billion by 2015 as one of the "12 measures" that was not reached, the trade increased continuously, but the trade deficit on the side of "the 16" did particularly so (Pencea 2017). In 2016, the trade volume between China and CEEC reached USD 58.7 billion, according to Chinese data. Additionally, the two-way trade was also focused on the

[9] *Construction of second Meita plant starts in Obrenovac – Investment worth EUR 90 million, jobs for 1,100 people*, (2018). E-kapija. April 3, Belgrade.

five mentioned CEECs, by 82 percent. In numerous participations to the trade fairs in China and in the sixteen partner countries, Chinese corporations were mostly interested in enlarging their export, while the biggest exporters among the CEECs, like Poland, complained that Chinese markets opened at certain points, but got closed for other products at the same time.

Cooperation has also included the financial sector, including the opening of the new branch of *Bank of China Ltd. Co* (that has already existed in Budapest) in Belgrade in 2017, and of several divisions of the *Bank of China* (in Poland and the Czech Republic), of the *Industrial and Commercial Bank of China* (in Prague and Warsaw) and of the *China Construction Bank* (in Warsaw), while the *Hungary Commercial Savings Bank* has opened a representative office in Beijing in 2017.

China has also established the USD 10 billion China-CEEC Investment Cooperation Fund I, in 2014, that it invested in dozen of projects worth USD 422 million, again in only five CEE countries, while Fund II was announced for secured commitments of USD 800 million and one billion as a target for the whole of 2018 (Gheorghe 2018). Hungary, Serbia, Lithuania and Poland have participated in China's bond market, while Poland was one of the founders of the Asian Investment Infrastructure Bank (AIIB), lately joined by Hungary and Romania. Cooperation between the central banks of the partners was also introduced, as well as the China-CEEC Inter-Bank Association. China has signed currency swap agreements with three of the CEECs: Hungary, Albania and Serbia, with a total swap size of 23 billion RMB.

Different and numerous additional institutional mechanisms were also introduced to serve various fields of cooperation, such as China-CEEC Investment and Trade Promotion Agencies Contact Mechanism, The China Investment Forum, China-CEEC Business Council, China-CEEC Secretariats on Logistic Cooperation, for Maritime Issues, for Customs cooperation, etc., situated in different CEECs and their frequency of meetings and events was pursued. There were over twenty different mechanisms so far, and although it might look like helping people to people and economic cooperation, V4 countries were particularly annoyed by the intensity of such frameworks that drained many of their capacities and, as said, prevented them to focus on the bilateral cooperation with China, that they appreciate much more than “16+1” framework. According to China specialists in these countries their relevant governments already made such comments when addressing their Chinese counterparts.

China and CEEC have truly witnessed growing people-to-people exchanges. In 2016, there were one million tourists between them, with the number of Chinese tourists visiting the CEE countries tripled, as compared to 2015.

4. Conclusions

For China, the 16+1 platform has served as a tool for multiplying and strengthening its presence in Europe, through building stronger influence on the EU from the inside and at the door step. China also wanted to get multiplied economic and geopolitical gains as seeing building, financing, investing, trading, connecting and spreading Chinese culture as part of the implementation of its *China Dream* and way of tackling its domestic economic problems. But, in spite of its strongest presence ever in the political arena and media of “the 16”, China’s economic presence remained symbolic compared to the EU or the German one, whether it comes to trade, or to foreign investments. Even that has caused strong EU reactions on the side of the Brussels and has caused China to get a more pragmatic and hedged approach. At the beginning of 2018, there were rumours that China would initiate new frequency of the “16+1” prime ministers' summit by making it happen every second year, instead of on yearly basis, but reactions within “the 16” were negative. Some saw this as China’s retreat in front of its much more important partner, the EU and its constant criticism.

However, the format, with all its shortcomings, put strong light on EU’s lack of political and economic capacity during the turbulent years of crises, during which the eleven member states and even more the candidate countries or to be candidate countries within “the 16” were politically disregarded and economically deprived of EU funds. Also, Brussels boldly insisted on the traffic corridors it drew while ignoring the needs and desires of the countries over which territories they were supposed to pass. China stepped in into “deserted” area and was welcomed by the local political elites, sometimes perhaps stimulated in various, not always acceptable ways (Xinhua, 2017). It could be that Chinese strong appearance "helped" the Brussels institutions to step in as responsible stakeholders with the *Junker Plan*, or the *Investment Fund for Europe* for the member states and other financial tools, and to introduce (though modest), a *Connectivity Agenda* as part of Berlin Process for the Western Balkans, worth EUR 1.4 billion. The other part of the EU awakening process is the *New Framework for Investment Screening* that will make any further Chinese corporation's attempts to acquire security-sensitive European assets, such as energy infrastructure firms, harbours, etc., much more difficult, and submissive to strict EU rules.

The Central and Eastern European countries are seen by China as an important factor of China's Belt and Road Initiative and partners, as all the 16 CEE countries are seated on the route charted by the Initiative proposed by Chinese President Xi Jinping in 2013. That is why the previously initiated framework of cooperation "16 + 1" was immediately incorporated into the Belt and Road Initiative with all its twelve proposals. The major cooperation projects between CEECs and China have been moving ahead steadily, with certain obstacles, coming from (i) the limited capabilities of the relatively small economies of the "16", (ii) the neglected ties between two sides in the past decades, (iii) China's tendency of treating them as a unique group of states, disregarding their differences, (iv) the obstacles coming from the membership of the eleven of the sixteen countries to the EU, that have legal, political and economic impact on the cooperation and (v) China's pursuing its way of conducting business operations (concluding business deals from top political level, with a strong state involvement in microeconomic matters and with minimum or no transparency). For the sixteen Central, Eastern and South-Eastern European countries cooperation with China will be much more beneficial if their governments manage to pursue less competition and more cooperation among them and try to form common middle and long-term positions in several major areas of cooperation. So far, they tend to be a passive partner in one of the most complex experiments of China's ascending towards its desired global position.

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