

Strategic Significance of Strengthening Cooperation between China and CEE Countries

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Abstract

The Central East European (CEE) countries have played a significant role in China's grand strategy. Both China and the CEE countries benefit from the bilateral cooperation, not only from the economic level but also from the geopolitical level. As the strategic competition between major powers become more and more clear on the international stage, the cooperation with the CEE countries could be considered by China as a way to maintain the economic and trade connection with the EU and also to cushion the political pressure from the West.

Keywords

Strategic Significance; Cooperation; Central East European Countries; Geopolitics.

1. Introduction

On February 9, 2021, the China-CEEC Summit was held to enhance the cooperation between the two sides to a higher level and increasingly highlight the powerful charm of a higher level of common development, mutual benefit and multilateralism. The position of CEE countries in China's foreign trade and economic strategy has been further consolidated and enhanced.

2. Geopolitical Characteristics of CEE Countries

Due to historical, practical and geographical factors, the countries of Central and Eastern Europe belong to the geopolitical zone where the power of the East and the West intertwine, and present a certain nature of "fragmentation": there are many races and ethnic groups, and many religions interact and compete with each other, making them a place of power struggle for the great powers.

During World War I, Halford John Mackinder indicated that the stability of Europe depended on a tier of independent states to separate Germany and Russia. [1] This tier was roughly equivalent to the countries of Central and Eastern Europe today. During World War II, the countries in the region were occupied or annexed by Germany and the Soviet Union respectively. After the end of the Cold War, the most significant expansion of Western influence took place in the region. Currently, 11 of the 17 CEE countries are members of the European Union, and the remaining 6 countries are candidates for EU membership. In addition, 15 of these countries are full members of the multilateral military alliance-North Atlantic Treaty Organization (NATO), with the exception of Serbia and Bosnia-Herzegovina. This has also led to increasing tensions between the West and Russia. So, as a region, Central and Eastern Europe (CEE) is not a geopolitically relatively "integrated and solid" union, but a loose group of more than a dozen countries with different backgrounds. This makes the CEE countries as a region with very complex and fragmented geopolitical patterns.

The special geopolitical pattern makes the economic and security policies of CEE countries present very obvious characteristics. First, the domestic and foreign policies of the CEE

countries are greatly influenced by the traditional Western countries. Joining the West and becoming a member of the Western world has been an important strategic goal that most CEE countries have been striving for. Therefore, some of the foreign policies of these countries have largely adopted the strategy of following the West, especially the US and the EU. In other words, the China-related policies of CEE countries are largely subject to the influence of Western countries such as the United States. On May 21, 2021, the Lithuanian foreign minister announced his withdrawal from the China-CEE ("17+1") Cross-regional Cooperation Mechanism, which is largely related to his pro-U.S. policy. However, as China's power and influence continue to rise, cooperation with China has also become a tool for CEE countries to counterbalance the EU or expand their influence within the EU. In Hungary, for example, President Orbán Viktor's affection and closeness to China can be explained to some extent by his attempts to gain more influence within the EU. In 2018, he publicly stated that his government would turn to China if the EU did not provide more funds for Hungary's infrastructure development. [2] Second, the level of social development in Central and Eastern European countries varies greatly, including the developed countries such as Greece and the Czech Republic, and the underdeveloped countries such as Albania, Montenegro and Bosnia and Herzegovina. In the Czech Republic and Albania, for example, the former has a GDP per capita of more than \$18,000, while the latter is less than \$6,000, and the former is more than three times as much as the latter. This "polarized" level of development makes some CEE countries have a strong desire to bring in capital and technology from outside the EU to develop and grow themselves. This is one of the important reasons why the cooperation between China and CEE countries is welcomed in the region.

3. The Importance of Strengthening the Study of Central and Eastern Europe

Influenced by history and national strength, the foreign and security policies of CEE countries also show a trend of complication. It is of theoretical and practical urgency to strengthen the assessment and research on the China-related economic and security policies of CEE countries, which is an urgent need to prevent external risks under the new era environment and international situation. Since the beginning of the 21st century, the contrast of power among countries has changed dramatically. 2008-2009 Financial Crisis, Brexit, the Covid-19 Pandemic and other "black swan" and "gray rhinoceros" events have occurred frequently, and some countries led by the United States frequently challenge the traditional international order and escalate the friction with China. The external risks and uncertainties facing China's development are increasing day by day, and it is urgent to raise the awareness of potential dangers and strengthen the systematic and forward-looking research on the external environment and risk factors.

To strengthen the research on China-related security policies of CEE countries is to serve the needs of "17+1" Cooperation and "Belt and Road Initiative". The Report of the 19th National Congress of the CPC emphasizes that we should focus on the construction of "One Belt and One Road", adhere to the importance of both bringing in and going out, innovate foreign investment methods, promote international production capacity cooperation, and accelerate the cultivation of new advantages in international economic cooperation and competition. Central and Eastern European countries are important targets of China's "Belt and Road Initiative" and construction. Both China and CEE countries have a strong desire to deepen their cooperation mechanisms. In recent years, international competition has intensified, the world economic recovery is sluggish, and countries are adjusting their policies to seek new development. The Covid-19 Pandemic has further exacerbated the turbulence and downward pressure on the global economy. Among the major global economies, only China maintained positive growth in

2020. The international megatrend of the mass rise of developing countries represented by China and the relative decline of traditional Western powers led by the U.S. is becoming more and more obvious. Against the backdrop of Sino-US economic and trade friction, the strategic competition between China and the US is still gradually deepening, spreading rapidly from the economic and trade field to high-tech, human rights, financial and other fields. Faced with the pressure of “decoupling” unilaterally exerted by the U.S. on China, China still needs to continue to deepen its reform and opening up, further expand its international market, and intensify and solidify the economic and trade ties between China and the world.

CEE countries are located in the heart of Europe, with convenient transportation, and they are the link between the Eastern and Western markets, which is of great practical importance for China to strengthen and intensify its economic and trade ties with the EU. Meanwhile, most of the CEE countries, for historical and practical reasons, still have a large gap in their development level compared to the Western European countries, and they also hope to use the power of China to achieve their own rapid development. Especially under the impact of the financial crisis and debt crisis, the investment and purchasing power of Western European countries have declined, and CEE countries need to seek new cooperation opportunities and financing channels, while China, as the representative of emerging economies, has been performing eye-catchingly on the political and economic stage of the world, and strengthening cooperation with China has become a strategic choice for CEE countries. [3] In 2019, the bilateral trade volume between China and CEE countries reached USD 95.42 billion, an increase of 6.9%, which is higher than the increase of China's trade with the EU. It is also in this context that the expansion of the “16+1” to “17+1” cooperation between China and CEE countries shows that both sides have a strong desire to deepen their cooperation mechanisms. In 2020, the bilateral trade between China and CEE countries, although hit by the epidemic, declined less than the decrease in the trade between China and the EU. By the end of June 2020, China had invested a total of USD 3.05 billion directly and over USD 12 billion indirectly in CEE countries. [4] In November 2020, the China Academy of Urban Planning and Design released the 2020 Global Cities Annual Report under the Belt and Road Initiative, pointing out that the international rankings of the cities along the Maritime Silk Road generally went up, the potential of the cities along the China-European Railway Line increased, and CEE countries became new growth points for trade cooperation. Under the framework of “17+1 Cooperation”, China's ties with CEE countries are growing closer. [5]

In recent years, Chinese enterprises have been actively investing in foreign countries, and the investment has been made all over the world and the investment fields have been increasingly expanded. The China-CEEC cooperation mechanism is becoming more and more mature, and the level of cooperation in industrial chains is constantly rising. CEE countries have strong economic complementarities and close ties with China, and play an important role as regional pivot points under the “Belt and Road Initiative”. Strengthening cooperation with financial institutions in Central and Eastern Europe is not only a concrete action to respond to the “Belt and Road Initiative”, but also a useful attempt to implement the “Enhancement of the Ability to Participate in International Competition”. Hungarian President Orban Viktor stated at the “16+1” Summit in Budapest, “We see the Chinese president's ‘One Belt, One Road’ initiative as the new form of globalization which does not divide the world into teachers and students but is based on common respect and common advantages.” [6] President Orban has been committed to carry out the Hungarian “Eastern Opening Policy” by increasing its trade ties with Asian countries. In his view, “a new multilateral economic world order is emerging and China is the first of the new power centres,” which comprised central and eastern European countries. [7] China's enlarging presence in the Central East European Countries, the backyard of European Union, encourages their cross region cooperation though increasing trade and investment. In May 2017, Serbian President Aleksandar Vučić also said that “Serbia is China's

steadfast friend and reliable partner, and Serbia has gained numerous benefits from the participation in the BRF (Belt and Road Forum for International Cooperation).” [8]

4. Conclusion

The devastating impact of the COVID-19 Pandemic and increasing strategic competition between China and the USA have imposed great negative impacts on global trade and economic activity. On the one hand, the romantic economic globalization seems to end or divide into isolated regions in order to control the pandemic and practice the power struggle. On the other hand, China's importance as an engine of the world economy has been further consolidated and highlighted. In 2020, China became the only one major economy which had seen a positive growth. It is hard for the Central East European Countries to balance the political pressure from the USA or the EU, and the economic lure provided by China. However, the China-CEE “17+1” Cooperation Mechanism always upholds the principles of consultation and voluntariness, joint discussion and construction, openness and inclusiveness in promoting cooperation. In this process, particular countries' doubts and repetitions about the cooperation mechanism due to particular incidents will not affect the overall cooperation process. At a time when China and the United States, China and Europe are getting more and more competitive over trade and human rights issues, the geostrategic importance of the CEE region will become increasingly prominent, both as an important destination for China's “Belt and Road Initiative” and construction, and as an important role in building a peaceful external environment for China's development.

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