

ORIENTAL BUSINESS
AND INNOVATION CENTER
CONFERENCE

THE V4 IN EAST ASIA
AND EAST ASIA IN THE V4:
PRESENT ECONOMIC AND
POLITICAL RELATIONS BETWEEN
THE VISEGRAD FOUR COUNTRIES
AND EAST ASIA
BOOK OF ABSTRACTS

MAY 2-3, 2019

BUDAPEST BUSINESS SCHOOL
UNIVERSITY OF APPLIED SCIENCES

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ISBN: 978-615-5607-63-9

Budapest Business School, University of Applied Sciences, 2019

Editor: Amadea Bata-Balog

Cover design and graphics: János Baksa

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Publisher: Budapest Business School, University of Applied Sciences

Oriental Business and Innovation Center Conference Series

Foreword

This year marks the third consecutive year that the Oriental Business and Innovation Center will be hosting its annual conference at the Budapest Business School, University of Applied Sciences. The wisdom we have gained by organizing the previous events has vividly illustrated that there is a clear need for Asia-focused research in the Central European region. Not only does pure academic interests explain the necessity of this conference, but Hungary's economic interests also demand deeper integration with other parts of the global economy, of which Asia is the engine.

During and after the global financial crisis, it became clear that Hungary could not rely solely on cooperation with the West in order to catch up, but it must include cooperation with East Asian countries as well. Moreover, it could be argued that the asymmetric dependence of the Hungarian economy on the West excludes the full freedom of action that is needed for true economic sovereignty, and which is routinely denied to less-developed countries. This economic freedom can only be achieved by building more pillars to support our economic development. This recognition eventually led to the Eastward Opening policy of 2011.

The catching-up process is far from finished, and this conference gives us an ideal opportunity to discuss these and other pressing questions, as well as to celebrate several important anniversaries in the diplomatic relations between China and the Visegrad 4 countries, since Hungary, Poland, the Czech Republic, and Slovakia all established ties with China in 1949. These common anniversaries are outstanding occasions to celebrate these relations and to take another look at the crucial milestones of the development of relations between the Visegrad 4 countries and China. It is similarly important to explore the state of economic and political relations with Japan and South Korea in the ever-shifting political and economic environment that began to take shape in the wake of the Global Financial Crisis (2008-2009).

The aim of this conference and this book of abstracts is to systematically reveal the relevant questions determining the various economic and political factors affecting relations between East Asian and Central European countries—the V4 nations in particular—and analyze the responses of the economic and political players of the region to recent changes taking place in East Asia.

Csaba Moldicz
Head of Research
Oriental Business and Innovation Center
Budapest Business School
University of Applied Sciences

Oriental Business and Innovation Center (OBIC)

Mission and objectives

The Oriental Business and Innovation Center (OBIC) was established by the Budapest Business School, University of Applied Sciences and the Central Bank of Hungary in 2016.

OBIC's overall goal is to improve the competitiveness of the Hungarian economy by contributing to a better understanding of the Southeast Asian region. To achieve its objective, OBIC aspires to become a leading institution in oriental business studies—not only in Hungary, but also in the broader Central European region—by the application of its cutting-edge knowledge and efficient operation. As such, OBIC also plays a major role in the implementation of the international strategy of BBS. In its work OBIC concentrates on the following target countries: India, Indonesia, Japan, Malaysia, the People's Republic of China, the Philippines, the Republic of Korea, Singapore, Thailand, Vietnam and many others in the Asia-Pacific region.

By joint collaboration, OBIC was established due to various factors. The 2008-2009 economic crisis in Europe brought about a need to diversify trade and investment relations in Hungary. In principle, this need for international diversification, coupled with the evolving international economic and political environment, has opened up new prospects for economic relations and knowledge-sharing between Southeast Asia and Hungary—despite the geographical distance—and increased the demand for open-minded, culturally skilled and experienced specialists. The “Eastward Opening” policy of the Hungarian government since 2010 has been just one governmental initiative to which OBIC can provide significant feedback by broadening the economic, political and cultural knowledge base through strengthening the exchange of ideas, scholars and students.

Activities

To achieve its objectives, OBIC uses a variety of tools and instruments along the following lines:

- OBIC offers free courses of Oriental languages (Chinese, Japanese, Korean, Bahasa Indonesian and Vietnamese) as well as intercultural and business training programs at the Budapest Business School.
- Through its student mobility program OBIC provides scholarship for BBS students to travel to East Asian countries and gather first-hand experience in the form of student exchange and summer school.
- OBIC also supports the inbound and outbound mobility of researchers, thereby contributing to academic collaboration and the circulation of skills and ideas.
- OBIC is dedicated to promote advanced and focused research in order to provide wider knowledge.
- Last but not least, OBIC regularly organizes various events (conferences, workshops) related to the region in fields such as international business management, international relations, finance and commerce in order to educate and offer platforms for intellectual and academic exchange.

Principles and values

- Dedicated work
- Intercultural sensitivity
- Efficiency
- Measurable output
- Knowledge sharing – cooperation

Conference Topic

The year 2019 is a special year in the diplomatic relations between China and the Visegrad 4 countries since both Hungary, Poland, the Czech Republic and Slovakia established their diplomatic relations with China in 1949. (Since the Czech Republic inherited the treaty, Slovakia had to (re)establish these relations after becoming independent.) These common anniversaries are outstanding occasions to celebrate these relations and look at the crucial milestones of the development of relations between the Visegrad 4 countries and China. It is similarly important to explore the state of economic and political relations with Japan and South Korea in the ever-shifting political and economic environment that started to take shape in the wake of the Global Financial Crisis (2008-2009) and which has been considerably influenced by the pro-globalization policies of China and the inward-looking approach of the Trump-administration.

The aim of this conference is to shed light on how the different economic and political factors determine the East Asian countries' relations with the Central European region, in particular with the V4s and analyze the responses of relevant economic and political players of the region to recent changes in East Asia. Needless to say, in recent years the political and economic ties have strengthened between the two regions; the One Belt and One Road Initiative and the 16+1 transregional cooperation framework started to offer ample opportunities for the development of economic and political relations.

Since the Budapest Business School, University of Applied Sciences focuses on applied sciences in its research agenda, the OBIC Conference calls for papers focusing mainly on the following topics and arrange the panels accordingly.

Main panel themes of the conference

1. Different Layers of Geopolitics
2. Trade and Cooperation in Political Economy
3. Trade Relations in Retrospect
4. Asian FDI in Europe
5. The Soft Power of BRI
6. The Drivers of Cooperation between China and CEE Countries
7. Intercultural Issues in Cooperation between East Asia and Europe
8. The BRI's Perception in Eastern Europe
9. Culture Influencing Foreign Policy
10. The Next Frontiers: Asian Entrepreneurship and Data

KEYNOTE SPEAKERS



EMILIAN KAVALSKI

Emilian Kavalski is the Li Dak Sum Chair Professor in China-Eurasia Relations and International Studies and the Director of the Global Institute for Silk Roads Studies at the University of Nottingham Ningbo, China. He is also the Book Series Editor of Routledge's *Rethinking Asia and International Relations* series, and the Central and West Asia Regional Editor for *Asian Studies Review*. Emilian has held research positions at Aalborg University (Denmark), Academia Sinica (Taiwan), the American Center for Indian Studies (India), the Institute for Social Justice at the Australian Catholic University (Sydney), Osaka University (Japan), the Rachel Carson Center (Germany), the Research Institute for the Humanities and Social Sciences at the National Taiwan University, the National Chung Hsing University (Taiwan), Ruhr University-Bochum (Germany), Western Sydney University (Australia), and the University of Alberta (Canada). His work explores the interconnections between the simultaneous decentering of International Relations by post-Western perspectives and non-anthropocentric approaches. Emilian is the author of four books, including the most recent *The Guanxi of Relational International Theory* (Routledge, 2018), and he is the editor of eleven volumes, including *World Politics at the Edge of Chaos* (State University of New York Press, 2016).



GERGELY FÁBIÁN

Gergely Fábián is the Executive Director of the Executive Directorate of Financial System Analysis and Lending Incentives at the Central Bank of Hungary since September 2017 and Chief Executive Officer (CEO) of Budapest Institute of Banking (BIB) since August 2017. Prior to his current position, from 2015, he was the head of the Directorate Financial System Analysis and from October 2012, he led within the Bank the financial stability analyst team responsible for the financial stability report, where he started working in 2009. In the past years, he played an instrumental role in works related to credit stimulus, conversion of FX-denominated household loans and NPL resolution.



DAVID PICKUS

David Pickus is an associate professor, teaching global studies in the School of International Studies at Zhejiang University, People's Republic of China. He received his Ph.D. in German Intellectual history from the University of Chicago in 1995. He taught humanities at Arizona State University and moved to China in 2013. In addition to work on the globalization of higher education, his research focuses on central European thought, Jewish culture and the history of Yugoslavia. He is also the author of *Postcards from China: Travels Along the Grand Canal* (Zhejiang University Press, 2018).

ABSTRACTS

AKRAM, KHALID TAIMUR

Executive Director

Center for Global & Strategic Studies

Cultural Diversity in the East Asia-V4 Relations: A Case Study of BRI

The paper will demonstrate how the cultural diversity in the China-V4 relations has somehow been the cause of less Chinese investment. China is expanding its economic interests and is coming up with a lot of infrastructural projects, one of which is the Belt and Road initiative. This BRI project of China will connect a lot of countries in a time when there is a challenge to the world economy. The project is highly important in providing a lot of opportunities to the member states creating a sense of harmony and building up their economy. China once had a strong economic and political relationship with the Visegrad states, commonly known as V4 which is now gone to the back end, because the V4 states provide a small market for China. That is the reason why Balkan states are prioritized by the Chinese. In the area of economic relations with China, the Visegrad four countries represent the heart of the CEE region. 75% of Regional exports to China were reported in 2016 in the Czech Republic, Hungary, Poland and Slovakia (19.6%, 22.9%, 19.5%, and 12.9% respectively), while the other 12 countries only played a minor, if not an even miniscule part. The cultural diversity has ultimately become a fount of complexity among them. It may be considered interesting to understand the behavior, traditions and different points of view by reference to the cultural differences of the Chinese. On the other hand, cooperation in business with the Chinese is a problem. These intercultural issues have created a vacuum between the two parties so the graph of business has gone low. The paper will analyze these intercultural issues and the level of trade between the V4 countries and China, and how they can be overcome to provide a great opportunity for V4 countries to participate in BRI and attract Chinese investment.

Keywords: Belt and Road Initiative, culture, East Asia, China, Visegrad States

ANTALÓCZY, KATALIN

Professor

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Changes in the Pharmaceutical Industry with Special Emphasis on the Emergence of the Asian Pharma Companies

The pharmaceutical industry is at present in the process of undergoing significant changes. The industry is moving towards a new model, where first, profits are significantly lower than in the previous era, second, there is an ongoing consolidation, mainly through M&As and third, there is an emergence of pharma multinationals. The link between the first two phenomena can be traced in the previously high prices based on the exceedingly high costs of product (molecule) development. With the expiry of previous patents (and the appearance of new competitors with generic products), companies strive to find new molecules, which is increasingly costly. That is why firms increasingly rely on new strategies: they either outsource basic R&D or try to find small firms with potentially successful molecules. In these new circumstances pharma companies from "mid-developed" countries, such as Hungary cannot really compete with Big Pharma (leading pharma companies of developed countries) because of their limited resources in terms of both capital and human resources. On the other hand, for pharma firms coming from "mid-developed" countries, competing with emerging pharma multinationals (the third area of change) is also problematic because these latter have a significant cost advantage due to labor costs and economies of scale. These latter emerging pharma companies are coming mainly from Asia and can spur significant advantages due to their reliance on the enormous and not overly regulated local markets.

Our paper is organized as follows. First, it describes these three important changes in detail, paying special attention to the emergence of Asian pharma multinationals. Second, the paper shows what Hungarian pharma firms can do in this new "era" of the pharmaceutical industry and what possible strategies are to be followed.

Keywords: pharmaceutical industry, industry specificities, Asian pharmaceutical multinationals

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Comparative Study of Students' Disposition towards Autonomous Language Learning at a Malaysian and a Hungarian Higher Education Institution

As a key factor for the economic growth in the globalized world, English language teaching has been focused on for decades both in Central Europe and in Southeast Asia. Tackling the question of autonomy in language learning, as an example of cooperation between educational institutions from V4 and East Asia, a comparative study has been realized by researchers from Budapest Business School and Universiti Sains Malaysia, co-authors of the present paper, with the following aims: (1) to identify students' language learning goals; (2) to examine students' experience in language learning beyond curricular language courses and (3) to examine students' autonomous language learning behavior inside and outside of the classroom.

The study is relevant in both contexts, due to the disturbing fact that after years of compulsory English classes, both Malaysian and Hungarian tertiary students are still confronted with a lack of proficiency in the language. According to Tan (2016), an individual's inclusion in the advances of education and economy today relies heavily on his or her English proficiency as the world is and has been reliant upon English as a global lingua franca for a significant amount of time. This leaves: a) students with no choice but to become adept users of the language, and b) researchers and educators with the responsibility to determine our students' actual language learning goals as well as their language learning experiences and behaviors in an effort to help them achieve much better proficiency. In Malaysia, the National Higher Education Strategic Plan Beyond 2020 highlights that in order to scale greater heights in knowledge-based economy and to be internationally competitive in innovations, the human capital needs to be equipped with language proficiency and accordingly, the document entitled 'Fokozatváltás a felsőoktatásban', outlining the strategic objectives of Hungarian Higher Education until 2020 states that professional language knowledge is essential. The paper presents the results of the comparative study.

Keywords: autonomous language learning, comparative study, out-of-class learning, language learning goals, language proficiency

BÁBOSIK, MÁRIA

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Central Bank of Hungary

Assisting Development in South Asia by the V4 Countries: Solidarity, Humanitarianism, Geopolitics

After the transformation to democracy and market economy, the Visegrad Four (V4) countries re-joined the group of donors providing international development assistance to developing countries. The aim of the presentation is to help to better understand the contribution of the V4 countries to the development of South Asian countries by providing development assistance for them. The main research questions focus on the following issues: What is the history and the major motif of the V4 countries for providing international aid to the countries of South Asia? Which are the most preferred geographies and why? How much aid is provided and in what form? Has development assistance an impact on trade relations? Are there similarities or differences between the V4 countries in this respect? What lessons can be learnt? The hypotheses of the research to be tested are as follows: 1. Development assistance provided by the V4 countries to South Asia has its roots in the past regime which still has an influence on the present practice. 2. A special model for development cooperation between the V4 countries and South Asia can be identified. 3. The major motif of the V4 countries for providing development assistance for the East Asian countries shifted from serving the geopolitical interest of the ex "Soviet Block" to gaining economic benefits from the cooperation. The method of the research is literature review related to development theory and international aid as well as statistical analysis based on data on Official Development Assistance (ODA). Results prove the hypotheses. It can be concluded, that there is still a room for the V4 countries to increase development assistance to South Asia and utilize it more for the benefit of creating a better common future.

Keywords: international aid, development assistance, geopolitics, South Asia, V4 countries

BÁNHEGYI, MÁTYÁS

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NAGY, JUDIT

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Károli Gáspár University of the Reformed Church in Hungary

Korean Students' Underperformance in the Intercultural Educational Context of Hungarian Universities: Methodological Tips for Improving Korean Students' Oral Presentations

Delivering English-language oral presentations in an educational context different from the student's own is an intercultural experience both for the student and the teacher. When Korean students give oral presentations in the Hungarian educational setting, they are faced with a twofold challenge: the use of a foreign language (English) and the need to adapt to a foreign educational setting. Our literature review in search of factors impacting the quality of Korean students' oral presentations has shown that the primary factors that influence Korean students' performance in intercultural educational contexts are: students' general language proficiency (Lee, 2009; Jeon, 2005; Kim, 2013); socio-cultural values and norms, educational practices and teaching methods different from those of the host culture (Liu, 2001; Lee, 2004; Shin, 2005; Shin, 2008; Lee, 2009; Kim, 2013); and specifics of the in-class learning environment (Tsui, 1996; Singelis – Bond – Sharkey and Lai, 1999; Kang, 2005; Shin, 2008; Lee, 2009).

Relying on the results of our qualitative case study, this presentation identifies 9 causes that principally contribute to Korean students' underperformance in the context of Hungarian tertiary education when it comes to delivering oral presentations. Based on suggestions available in the literature and using some of the teaching ideas developed by Bell (2013), Bolster and Levrai (2013 and 2014), Durfee (2008), Edwards (2013), Hindley and Roberts (2013), Grussendorf (2007), Star (2005), Powell (2011) and the presenters, this talk offers proven methodological solutions and practical tips that are expected to generate positive effects when Korean students prepare to give oral presentations in Hungarian tertiary-level courses.

Keywords: business English, case study, intercultural factors, Korean students, oral presentation

BARTHA-RIGÓ, MÁRTA

Senior Lecturer

International Business School

The European Union and China: Flies in the United States' Soup

A lot of studies analyze the current role of the US on the world stage, especially after Donald Trump was elected for the president of the US announcing America's first policy. Some of the authors argue about the different roles of the EU and China as awakening powers in the system and how they try to replace the US. This paper supposes that their activity is better described by the term of soft balancing used in IR theory. However, both newcomers are using different approaches to counterbalance Washington's influence. The EU's trade policy is not only an economic tool to develop its foreign trade connections, but a political tool for delivering European democratic values. Moreover, considering the new directions of the EU's trade policy towards Canada, Japan, Singapore, Mexico and Latin-America, this can be a proof of the soft-balancing of US' influence. China's multilateral diplomacy and more active role in international organizations is both an economic and a political tool, used to provide better opportunities for trade and to enable themselves to determine the agenda. In that sense China and the EU share two common interests, since both would like to avoid hegemony and have a louder political voice on the world stage. The paper's main assumption is that both awakening powers have a common enemy, the hegemonic character in the system, and that they are not partners to cope with it. Because of this division, the US remains the biggest winner in this game, while they are only flies in the soup. The theoretical part of the paper analyzes the literature on balancing and soft balancing in IR theory and how the US' behavior has intensified this tendency. After that the EU's trade policy is studied together with its direction towards Asia and its impact on the depth of the bilateral relations compared to the current role of the US in the same countries. Simultaneously, China's multilateral role in these states will also be introduced. As a conclusion, the paper highlights the main shared interest and conflicts in this region and identifies the degree of their influence.

Keywords: China, the United States, the European Union, hegemon, rising powers, EU's trade policy, multilateral diplomacy, Asia

BÉRCES, EDIT

Associate Professor

Budapest Business School, University of Applied Sciences

Intercultural Management Issues in Recreational Sporting Events in Taiwan and Hungary: A Comparative Study of the Taiwanese and Hungarian Ultra-running Event Market

The present empirical paper focuses on the similarities and differences in the intercultural aspects of organizing sporting events in Taiwan and Hungary. There is no doubt that running has become one of the most popular types of exercise around the globe. The challenge of completing a marathon has turned out to be one of the most popular bucket list items worldwide. That is the reason why we decided to examine the market of recreational running.

The number of those engaged in running extremely long distances on the road, track, trails or on the treadmill is skyrocketing. Lake Balaton, the Hungarian sea saw the first non-stop running event of modern times in the year 2000. The number of participants was as low as five. Fifteen years later 88 people from 11 countries completed the same 221 km loop within the 35 hour cut-off time.

The Taiwanese equivalent of Hungary's run around Lake Balaton is a 246 km Race across Taiwan from the west coast (starting in Taichung) to the east (Hualien) of Taiwan. Its second edition saw 23 starters from 5 countries. By 2019 this number has significantly grown. The data analyzed in the paper will come from organizers and participants of the above events.

Our hypothesis is that oriental race directors tend to be more sensitive to other cultures than their European / Hungarian peers. The analysis is based on recent data gained from event participants and organizers in Taiwan and Hungary.

Keywords: intercultural sports management, Taiwan, Hungary, ultra-running, intercultural sensitivity, ultra-marathon

BOROS, SZILÁRD

PhD Candidate

University of Pécs

The role of the South China Sea in the Great Power Game of the 21st Century

The unipolar geopolitical order led by the United States after the fall of Soviet Union is changing rapidly. China, the rising power becoming a growing threat to the hegemonic global power of the US. China already took the second position in the size of economy, but on the other hand its military capabilities are far away from that of the US, but the gap is closing. As the geopolitical role of China in the world strengthens and the relative position of the US weakens, US tries to find ways to slow down the aspirations of China to keep the status quo, while China needs to redefine itself in the global game as a leader and policy initiator.

In the paper we analyze the delicate situation of the South China Sea in long term and short-term perspective. In the first section we examine the geopolitical role and importance of the South China Sea in the grand strategy of each nation laying emphasis on China because it is more concerned in the region. From Chinese side the Three-Phase Sea Strategy elaborated by Liu Huaqiang admiral, and its sub-strategy the Anti Access Area Denial (AAAD) strategy is analyzed, while from the US side the global naval strategy and capabilities are taken into consideration and the role of the South China Sea in it. In the second part of the paper we analyze the contemporary main geostrategic and national security circumstances, events and incidents of the South China Sea geopolitical game.

Keywords: South China Sea, China-US geopolitical power competition, geopolitics, national security

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Intercultural Issues in the Business Sphere: Women and Leadership

Background: International business and globalization has created avenues for political and economic advancements, particularly between the East Asian and Central European nations. This brings with it challenges in terms of communication, policy making, ethics and leadership. Women are an integral part of the change and are seen occupying leadership roles; however, cultural views and stereotypes continue to impact on their success.

Objective: The study aims to identify global leadership styles of Asia and the Visegrad 4 countries with a view to address advantages, challenges and barriers that impact on women leadership in these nations.

Methodology: The existing literature on various leadership styles with an emphasis on Asia and Central European nations has been reviewed. The findings have been discussed to analyze the impact of these styles on women leaders. Literature pertaining to advantages, challenges and barriers for women in the leadership roles has been addressed.

Results: The results suggest that culture plays an integral part in shaping leadership qualities and styles. Asian and European nations share leadership styles of self-protection, charisma and team orientation. However, humane orientation is prevalent in Asia. The democratic, humane and transformational leadership style of women was observed to be an asset. The three themes that emerged as challenges for women were stereotypes, work-life balance, and discrimination.

Conclusion: The study provides quality information for leadership and the role of women in International business, keeping in view the evolving global environment.

Keywords: women, leadership, international business, globalization, gender

CAU, ENRICO

PhD Candidate

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Strategic Studies

Stepping on Quicksand: Assessing Japan's Expanding Role and Strategy in Southeast Asia in Times of China Rise and Faltering American Power

As the quasi-unipolar era marked by American primacy in global politics fades and the United States enters a cycle of setback from the liberal order it has led to the end of WWII, the Indo-Pacific region finds itself at the epicenter of a crescendo of geopolitical shifts driven by the growing antagonism between a rising China and its search for a broader regional and global space on the one side, and the relative decline of the United States and its attempts to preserve its global primacy while retreating from the globalized dynamics that have characterized the post-Cold War era to date on the other. This new evolving scenario poses infinite questions for the Indo-Pacific and the countries that inhabit it, caught between a complex tangle of shifting paradigms forcing them to alter the path of their strategic calculus. This is true in particular for two of the driving forces that have traditionally held a vital role in shaping the regional geostrategic and geoeconomic landscape; Japan and ASEAN, with its 10 member states.

This paper discusses Japan's role in Southeast Asia. In the process, the paper also provides a broader outlook on the complex dynamics of the Indo-Pacific, through the analysis of the strategic posture and the main interests of the key actors involved in shaping the regional landscape and their influence on Japan's decision-making and foreign policy. Finally, the paper also offers some insights on the future landscapes that may contribute to shape Japan's foreign policy decisions in the region and beyond and doing so, offering a useful baseline for further research.

Keywords: Indo-Pacific, ASEAN, Japan, United States, China, Quad, Belt and Road Initiative

CHEN-RABICH, LI-JIUAN

Professor

Tamkang University, Graduate Institute of European Studies

The Study of the Economic Governance Related to the Asia-Pacific Area from the Aspect of the EU-Singapore Free Trade Agreement (EUSFTA)

With the restructuring of the global supply chain, both the ASEAN and the emerging countries in Southern Asia have become more and more important in the Asia-Pacific Area. This paper focuses on the regional cooperation model between the EU and the ASEAN since 1970. The ASEAN Economic Community was established in 2016. Since then the ASEAN members have worked together more intensively than ever before. Trade is one of the priority objectives. The ASEAN is increasingly important in the Asia-Pacific Area. The regional cooperation model between the EU and ASEAN is a good example for an interregional integration facilitating economic prosperity and trade liberalization. Due to the different industrial structures among the ASEAN members, the EU has negotiated with individual members, which is a milestone towards a region-to-region agreement with the long-term objective.

First of all, the paper works on the EU's Asia Strategy and the development of the regional cooperation between the EU and the ASEAN. The EU-Singapore Free Trade Agreement (EUSFTA) is a kind of new generation free trade agreement, including traditional tariff reduction and removing non-tariff barriers, trade in services, investment protection, competition, labor protection, environmental protection, sustainable development, etc. Finally, the EUSFTA is used as an example to analyze the EU's role of the economic governance in the Asia-Pacific area.

Keywords: EU, ASEAN, Regional Cooperation, ASEAN Economic Community, New Generation Free Trade Agreement

CIESIELSKA-KLIKOWSKA, JOANNA

Assistant Professor

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The Belt and Road Initiative and its Implications for Poland

The People's Republic of China has achieved the position of one of the major players in the international arena and is boldly pursuing the policy of foreign expansion. Its basic instrument is the Belt and Road Initiative (BRI), which in recent years has been one of the most important projects of the Chinese authorities, assuming the intensification of economic cooperation and cultural exchange between countries along the New Silk Road. The idea of a widespread cooperation gained interest also in Poland, where prior to the BRI the initiative of 16+1 cooperation had been launched in July 2012—through this “window of opportunity”, Beijing decided to create a specific bridgehead for further economic expansion in Europe. Since then, both countries have been trying to deepen cooperation on three levels—through political cooperation at the highest level, as part of the “Comprehensive Strategic Partnership”; through activity by the deepening of pragmatic cooperation (China and Poland are mutually the largest trade partners in their regions; in 2017, the Sino-Polish trade turnover reached over USD 29 billion); through expansion of people-to-people contacts (including community contacts, increasing social interest for China or paradiplomacy). However, this cooperation is not without difficulties, and recent events in domestic politics indicate that relations with China are a great challenge for Poland.

Keywords: Poland, China, Sino-Polish cooperation, Belt and Road Initiative, Polish foreign policy

FÁBIÁN, GERGELY

Executive Director of the Directorate for Financial
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One Belt, One Road Initiative from the Perspective of the Central Bank of Hungary

After the global financial crisis of 2008, the existing US-led unipolar international order has been significantly challenged. Due to the relative decline in US economic performance and the increasing economic and international role of emerging economies, particularly China, a new type of multipolar world order has started to arise. The One Belt, One Road Initiative is a grandiose, long-run vision among the rivalling concepts that reshape economic and political relations today. The Chinese initiative was announced in 2013, and its aim is to redefine the existing political and economic ties between China and Europe. Hungary is taking active part in the One Belt, One Road Initiative in the form of the “16+1 Cooperation” from the beginning. The concept of One Belt, One Road has five key elements, including cooperation in the field of finance with the aim of promoting economic development and joint regulation of financial services of the economies concerned. The Central Bank of Hungary has played a leading role in launching programmes aiming to promote economic and financial cooperation between China and Hungary. The Renminbi Programme of the Central Bank of Hungary and the Budapest Renminbi Initiative contributed significantly to the development of the Renminbi clearing and settlement infrastructure, and promoted real economic and financial market opportunities both in Hungary and China.

Keywords: One Belt, One Road Initiative, Hungary, China, Central Bank of Hungary, Renminbi Programme

GAVIRIA-OCHOA, LADY

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The Visegrad Group: China's Viable Geopolitical Gateway to the European Union or just a Diplomatic Learning Strategy?

The Visegrad Group has presented itself as a defying perspective within the European Union and an optimistic and hopeful gathering towards Chinese win-win cooperation proposals. National leaders such as Orban and Zeman have openly and loudly expressed how Chinese cooperation can become convenient as the V4 nations need to diversify their economic, dynamic and institutional funding. Furthermore, the strength of the V4 unity aims to obtain more autonomy within the European Union (EU), and, without hesitation, have defied and rejected mandates from the EU, for instance migration quotas. However, this has triggered an accumulation of tensions in the European Union, especially in Brussels, which has become suspicious of the true nature of Chinese interests and influences in the V4. This paper aims to describe how the relation between V4 and China can be understood from two different viewpoints: China either sees the V4 as a viable geopolitical entry point into the European Union because of the political strength of such a unity, or it merely uses the V4 as a diplomatic learning strategy to understand how EU's norms and rules should be complied with. This description includes the V4's future vision, the ongoing tensions between the V4 and the EU; and how China has become a possibility of economic diversification amid Brussels' suspiciousness and cautiousness. The methodology in this paper is based on institutional process inferences of content analysis by Krippendorff, and sources such as newspapers, papers, and institutional reports and statements. Results show that the Chinese institutional processes could lead to the inclusion of both aforementioned viewpoints furthering the understanding of the complexity and possible flexibility of Chinese foreign policy.

Keywords: Belt and Road Initiative, economic cooperation, foreign policy, international cooperation, Visegrad Group

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The Western Balkans as China's Economic Gateway to Europe

Recently, China has experienced unprecedented economic growth that has been accompanied by a political cooperation agenda aimed at securing its influence on a global scale. This has implied coordinated approaches on a regional level to both Africa and Latin America, which also have consolidated China as a regional ally. However, considering long standing divergences that range from political ideologies to business practices, the relationship between East and West leaves much room for development. China's recent initiatives to condense economic and political ties in Eurasia and Africa, especially transcontinental projects like the Belt Road Initiative (BRI), encourages us to reflection the fact that the strategic path towards Europe, and particularly the European Union, is still not defined. While many actors in the region can serve as strategic partners in this venture, one group provides a convenient environment for China's upcoming entrance into Europe: The Western Balkans. As potential EU members, these countries still provide some flexibility regarding economic regulations unlike other partners in the region, and the convenient geographic location gives centralized maritime and land access to the continent. However, can these countries offer China the access it covets to Europe, or will this relationship cause friction between the country's new allies and their EU counterparts? This paper aims to analyze China's developing approach to the region, both through its economic and political agenda, and the possible outcome of this strategy. This research uses qualitative approach to describe the current standing relationship using institutional process inferences in content analysis by Krippendorff. Results indicate that China's eagerness to develop a relation with Europe and the European Union could provide a favorable cooperation setting for The Western Balkans; however, only the materializing of future projects in the region could determine such win-win cooperation.

Keywords: Belt and Road Initiative, China, European Union, Western Balkans

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The Cultural Diplomacy of the One Belt One Road Initiative

The One Belt One Road initiative was intended to replace the former Silk Road Initiative. It was mainly an economic endeavor meant to create connections between states and regions, provide tools to develop trade and commerce and revive the ancient Silk Road that helped stimulate trade between the Far East and Europe. The One Belt One Road initiative has almost the same regulatory principles. However, despite its purely economic nature, there is also a cultural aspect of this process. Along with any economic exchange, the cultural dimension is highly stimulated, as any economic relation has at its very core cultural elements as well, such as the protocol or the rules by which any economic exchange is to be performed, to name but a few.

The aim of this article is to highlight the main elements of cultural diplomacy which stem from the One Belt One Road initiative and which can, to a great extent, lead to the improvement of the relations between the Far East, Europe, and especially China. The cultural diplomacy which stems from these types of exchanges can be a good instrument in establishing a framework of dialogue and cooperation that can last in the long term. Furthermore, it can advance a culture of peace that can serve as an example for other similar relations and that not only furthers economic cooperation, but also creates cultural and civilizational networks and connections.

The present article is a result of the work performed so far within the Institute of Advanced Studies for the Levant Culture and Civilization, especially within the project entitled "The Levant – bridge between the civilization of Western Europe and that of the Far Orient".

Keywords: cultural diplomacy, exchanges, Silk Road, dialogue, cooperation, peace

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Cultural Industries, Artists and the Silk Road: Past, Present and Future

The history of Eastern and Central Europe countries is the result of successive experiences and evolutions. In their development paths, itineraries and crossroads have played a major role in their richness and surprising risk. Starting with the Roman Empire, continuing with the Middle Ages Venetian traders and with the commercial initiatives up to our time, the cultural side of the Europe-Asia exchanges holds an important place in the development of international relations and knowledge of each other. The cultural industries enhance the creative field and contribute significantly to the cultural export of both European and Asian states. In the field of film and documentaries, creators and producers can explore an inciting perspective on how the Europeans enriched their view of the world once the waves of intracontinental navigators and Explorers took the Road to the East.

Our research draws on business and cultural data from the Romanian National Institute for Cultural Training, on a qualitative study of the trends in the development of the relations with East Asia and China and on the project launched by the Institute of Advanced Studies for Levant Culture and Civilization, focusing on the Silk Road and its cultural significance. The aim of the article is to extract the available data in this regard and put it forward as a working tool that could be emulated by other countries with difficult political paths, and which are looking forward to entering a framework of dialogue with their peers and create paths of cooperation and communication. Consequently, creative industries are an incredible asset to be used in advancing relations between countries and areas of the globe and the Silk Road and its results are a case in point.

Keywords: economic impact, cultural industries, documentary films, creative field

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The National Culture, Best Countries Rank Number, Corruption Performance Index, and Governance: A Study of 8 Countries

This paper implements correlation analysis to explore the relationships between the national culture, best countries rank number, Corruption Performance Index (CPI) and governance in 8 countries in the European region (Croatia, France, Hungary, and Italy) and the Asian region (Indonesia, Malaysia, Philippine and Singapore). The national culture is based on six dimensions of Hofstede et al. The best countries rank number is based on usnews.com. The CPI is based on transparency.org. The Governance is based on The World Bank Worldwide Governance Indicators, in six expressions. The 2 highest culture indicators is Malaysia (Power distance and Indulgence). The 2 highest indicators of culture are Hungary (Individualism and Masculinity), while the highest uncertainty avoidance is France and the highest score of long term orientation is Singapore. The highest CPI Score is Singapore (84 out of 100 scores) and the highest number of best countries is France (9 out of 80 countries). Six indicators of Culture correlate with governance indicators. CPI correlates with best countries rank number, and 5 governance indicators. Country Rank correlates with 6 governance indicators. The results show that not all of the variables correlate with other variables, but governance correlates with all the three variables. These suggest that the improvement of national culture, the higher rank number of the best countries and the higher CPI will lead to better governance.

Keywords: national culture, best countries rank number, corruption performance, governance

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China's BRI Project and its Perception in Post-Soviet Central Asia

Our present study intends to examine the reception and perception of China's economic rise and its ambitious Belt and Road Initiative in Central Asia. In the light of the mainstream discourse concerning the topic, the grandiose project seems to be economically beneficial for the landlocked region, and Chinese investments enjoy the unanimous political support of central Asian elites. However, central Asian societies—first of all the Kazakh and Kyrgyz: the ones primarily affected by Chinese influence building—seem to be much more divided concerning the question. While certain parts of Kazakh and Kyrgyz societies can be beneficiaries of Chinese infrastructural investments, others might look at them as competitors endangering jobs and domestic productive capacities. In the Kazakh and Kyrgyz population there are traditionally strong worries concerning Chinese migration and demographic expansion, while the Chinese cultural influence in the societies of the region is still marginal—unlike that of Russia. China must take into consideration these concerns—however solid or unfolded they are—if it wants to fulfill its Great Power ambitions in the Central Asian region.

Keywords: China, Central Asia, Belt and Road initiative, regional hegemony, soft power

CEE Countries: China's New Manufacturers: Trading Environment Analysis between China and the CEE Countries

The "Eastern Opening" reflects the strong willingness of Central and Eastern European countries (CEE countries) to seek diversity for economic growth and economic independence instead of relying on western European countries. The "Belt and Road Initiative" manifests vigorous efforts for global economic cooperation and the facilitation of trade liberalization from China together with industrial development. Obviously, both opportunities and challenges are existing under this circumstance. One of the potential scenarios is worth more attention: Will CEE countries become the new manufacturers for China?

With the aim to generate comprehensive and reliable investigation, this paper presents an analysis on trading environment between China and sixteen CEE countries in 2006 to 2017, in the background of the 16+1 Mechanism, adding consideration of the impacts of the Great Recession of 2008 to 2012. On the one hand, the fundamental background illustrates and compares the snapshot of China and CEE countries in 2017 by several key indicators. On the other hand, sections on subjects of trading environment attempt to evaluate CEE countries and China's current trade situation in four aspects through economic capability (GDP, GDP per capita, and GDP growth), trading value (value of exports and imports, trade balance), composition of trade (key products groups by SITC classification), trading relevancy (exchange rates, tariff rates, and FDI). Finally, the paper concludes that CEE countries are ideal choices to outsource of Chinese non-primary manufacturing. Furthermore, profound and comprehensive proposals are made to enhance cooperation between CEE countries and China.

Keywords: international trade, development economy, CEE, China, Belt and Road Initiative

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The Power of Tradition: Confucius Institutes in the V4 Countries

In the past few decades, educational and cultural institutions have become increasingly widespread and popular all over the world. The aim of non-profit public organizations such as Britain's British Council, Germany's Goethe-Institut, France's Alliance Française or Spain's Instituto Cervantes is promoting language and culture as well as facilitating teaching and cultural exchanges.

The Confucius Institute (孔子学院) of the People's Republic of China, founded in 2004, is a remarkably fast-growing example for such institutions. As of now, there are more than 700 Confucius Institutes all over six continents. The institutions named after the probably best-known Chinese philosopher, co-operate with local universities, sharing finances, promoting language courses, training teachers, organizing language exams and contests and hosting cultural and artistic events.

The "trademark name" is, unsurprisingly, often associated with China's projection of "soft power" in order to improve the country's international image, and, possibly, using diplomatic manipulation. Scrutinized or not, Chinese public diplomacy through the Confucius Institutes has been a phenomenal success story so far.

China's relations with the Visegrad Group countries have lately seen a significant growth within the ties of the so-called 16+1 platform and the One Belt One Road Initiative, both established in 2013. As Chinese investment approach usually walks hand in hand with soft power projection, it is no different in case of the V4 countries. In this paper I intend to give a comparative overview of the Confucius Institutes in the four Visegrad countries including statistical data, the institutions' fields and ways of operation and co-operation as well as the impact of this significant "soft power" push on the present and future of V4-China relations.

Keywords: soft power, culture, diplomacy, trade, transparency

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The V4 in the China-CEE Cooperation

In 2011, The People's Republic of China launched the "China-Central-Eastern Europe countries 16+1 cooperation", in which the prime ministers and ministers of the CEE countries and China meet every year to strengthen their cooperation in the fields of trade, investment, culture, education and tourism, etc.

Reviewing the trade and investment statistics and the projects between China and the Central-Eastern European countries, it is noticeable that the V4 group—Hungary, the Czech Republic, Poland and Slovakia—takes a big part of the "16+1" cooperation. The V4 group is leading the China-CEE cooperation, and the four countries have the strongest economic relation with China in the region. Is it possible to build up a China-V4 cooperation, like the Japan-V4 platform? Or just because of the Japan-V4 cooperation, does China prefer the "16+1" platform?

In my study, I would like to give an overview of the economic role of the V4 countries in the China-CEE cooperation, and introduce the efforts that have been made to facilitate the China-V4 cooperation. Finally, from the point of view of the V4 countries and China, I try to find an answer for the question whether there is an opportunity to develop the China-V4 cooperation like the Japan-V4 cooperation, or whether China will continue the "16+1" cooperation in the region.

Keywords: V4, China, 16+1, cooperation

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Forecasting Chinese Firm Stock Price Using the Arima Model

This study focuses on the computational model with special reference to Arima. Arima stands for "autoregressive integrated average statistical model" which is applied on the price movement of one of the major technological Chinese firms called the Tencent Firm. The Tencent Firm is the largest technological company engaged in internet-related commercial activities. The purpose of this paper is to understand the trend pattern of price movement in the Tencent firm. Important computational approach and methodologies have been discussed to understand the characteristics of market dynamics, where Neural network and Montecarlo methodologies are addressed in depth with emphasis on the application of the ARIMA model, in the context of emerging economies where the Tencent firm has major contribution in shaping the emerging economies. The statistical properties of the Arima model and performance is evaluated using univariate observed data for capturing the trend pattern of Tencent price performance. Furthermore, Arima is used to fit the model in order to shape the time series analysis to examine the significance of the firm price pattern. However, the autoregressive integrated moving average is highly beneficial in the short term prediction capability in many application fields. The Monthly Frequency data of the last 5 years is taken into consideration. The forecasting analysis is obtained from the best fitting model and its prediction perspective projected. From testing the dataset using ARIMA (P,D,Q) such that (2,2,0) (2,2,1) (2,2,2) are determined where the best model is selected as the ARIMA (2,2,2) model with corresponding values of RMSE = 17.95 and MAPE = 122.8 to test the prediction ability.

Keywords: autoregressive integrated moving average, short term prediction, Tencent firm, technological firm, ARIMA

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The Post-Modern Military model and Civil-Military Relations in the ROC

As the polity continues to evolve in Taiwan, so too does the relationship between the Republic of China (ROC) military and society. Democratization, the growth of civil society, economic and social liberalization, and greater equality in terms of gender and sexual orientation have marked a Taiwan society that is becoming liberal, largely in the same pattern that has taken place in much of the West. As society becomes more open and free, there has been a tendency for government and policymakers to push the military—an important social institution—in that direction as well.

In order to assess the applicability of the Western example, this research uses the Postmodern Military Model as its theoretical construct to describe how civil-military relations transform driven by changes in perceived threat. As developed by US military sociologists Charles C. Moskos, John Allen Williams, and David R. Segal, the PMMM describes the transformations that have taken place in the US military and other armed forces in the world, and aids in understanding the state of civil-military relations.

This study employs quantitative methods, using a survey of ROC citizens providing primary data, supplemented by documentary evidence, to determine the current state of civil-military relations using as a framework of the 11 dimensions of the PMMM. Analysis of the findings indicate that the ROC military does not neatly fit the pattern of the PMMM, but in a way that nonetheless sheds light on the state of civil-military relations in Taiwan. A closer look at these dimensions reveals how the PMMM, while not an appropriate roadmap for policymakers, is nevertheless an excellent tool for understanding the current state of ROC civil-military relations, and can yet contribute to the formation of a better policy.

Keywords: post-modern military, transitional justice, culturalism

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China's East-European "Leverage": Understanding the Region's Post-Communist Transition and Stance in Relation to the EU

In the most general methodological sense, Chinese experts' community of today looks upon East-Central European socio-economic and political developments since 1989 as a direct consequence of the "third wave of democratization", proclaimed in a famous book by S. Huntington in 1974. The fundamental improvement of East-West relations, the subsequent end of the Cold War and the collapse of the Soviet Union created an indispensable context for these pivotal systemic changes in the countries of the region. The perspective of the integration into the EU and the actual integration which took place with 11 East-Central European states are both viewed by the Chinese as crucial external conditions for understanding the substance and direction of the region's post-communist transformation. Moreover, this transformation is perceived by many in Beijing to be generally successful.

However, observing recent domestic trends in some important countries of the region and growing tension between them and EU authorities, several Chinese experts expressed the view that "shock therapies", "rapid privatization" and "swift transition to multi-party systems" "were a mismatch to the actual conditions of these societies". This "mismatch", according to such view, posed serious problems regarding the future path of the region's development as well as dynamics of the EU itself.

Chinese mainstream experts invariably underline the importance of PRC's economic cooperation with all East-Central European countries, not, however, at the expense of a deterioration of relations between Beijing and Brussels (EU in general and "Old Europe" in particular). This sensitivity is manifested, among other things, in China's stress to fully develop "regional cooperation" between PRC and East-Central European states. Chinese experts also point to serious socio-economic, political and cultural-historical differences and even discrepancies between the countries of East-Central European region.

Keywords: China, East-Central Europe, EU, external conditions, post-communist transformation

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Central Europe: Between the EU and Asia

Connectivity appears to be one of the buzzwords of our times. While its meaning remains fuzzy and opaque, the logistical and infrastructural outreach that the practices of connectivity entail seem to facilitate economic influence and geopolitical power-projection. Thus, in response to the complex challenges posed by the interdependence between local and transnational realities, between markets, migration, and social movements, and between pandemics, a looming energy crisis, and climate change, several countries have been promoting large-scale infrastructure projects to manage the hyper-social environment of a dynamic and constantly changing global life. Not surprisingly, therefore, competing connectivity projects are starting to clash. Central Europe—in particular, the so-called Visegrad 4 countries of Czechia, Hungary, Poland, and Slovakia—appears to be one region where such clash is in the offing. Central European countries are finding themselves at the crosshairs of the EU's integration process, China's Belt and Road Initiative (BRI), and Russia's Eurasianism designs. While these are not necessarily mutually exclusive, the overlay of these connectivity projects seems to presage conflict rather than cooperation. The paper traces the dynamics of such competition and discusses the implications of such clash of connectivities. At the same time, the discussion will outline the options for small states—such as those in Central Europe—who will be finding it increasingly difficult to maintain their strategic ambiguity between contending connectivity projects. The paper's conclusion is that, at least in the region of Central Europe, such clash of connectivities is largely overblown. In particular, in the case of the EU and China, there are more possibilities for collaboration on a wide range of issues—from tackling poverty to addressing climate change. In fact, Central European countries can play a crucial role in assisting the development of a mature and pragmatic relationship with China.

Keywords: China, 16+1, Visegrad 4, China Europe relations, Belt and Road Initiative

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Diversity: The Strategic Intercultural Element for the Sustainability of the Belt and Road Initiative

The Belt and Road Initiative (BRI) is the most prominent trade and commerce strategy for the 21st century, which goes beyond the mere exchange of goods and services. With the advent of the twenty-first century, the world powers prepared themselves to welcome globalization, but nevertheless, in their real essence, global linkages served as the foundation and paved the way for the Belt and Road Initiative to take root, and change the global dynamics under the core influencing element of diversity. The Belt and Road Initiative is a perceptively drafted initiative concentrating on amalgamating economic, cultural, political and social diversity. It is one of the biggest projects, which the world is going to experience in human history, however, it also poses daunting intercultural challenges in the business sphere. Since the BRI is a strategic initiative, this means that more inputs will be required for building bridges between nationalities for a constructive recognition of diversity, especially in this time and age when the world is fighting racism, terrorism and extremism. Accepting diversity comes along with its own set of limitations which should not be ignored, yet if managed with a strategic approach, the intercultural conflicts can be addressed, leading to a wholesome inference in the direction of changing the global dynamics of world trade. The suggested way forward is a stepping stone towards achieving the grand dream of this century.

Keywords: Belt and Road Initiative, diversity, culture, innovation, workforce, global, heterogeneity

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Determinants of Online Retail: A Perspective on Southeast Asia

The distribution sector is very much important to a country as it provides a crucial and dynamically evolving link between producers and consumers. In most of the countries, the commercial distribution sector occupies the second position in importance due to its significant contribution to business activity and the gross domestic product. Within the commercial distribution, retail becomes very important due to its high economic contribution. However, the retail sector is becoming very dynamic and innovative due to the large scale disruption by online services. Southeast Asia (including Indonesia, Singapore, Malaysia, Thailand, the Philippines, and Vietnam) is home to 574 million people. Of these, 272 million (47%) are online and 144 million made purchases online in 2018, making the region a magnet for investment by online retailers and venture capital firms from across the world. Forrester Analytics predicted the B2C online retail in Southeast Asia (SEA) to rise from its current \$19 billion to more than \$53 billion in 2023, accounting for at least 6.5% of all retail sales. Due to the enabling online environment, government policies, and the rapid infrastructural and technological development, there has been an increase in the number of online retailers, both established brands and starts-ups. However, this has led to a high competition in the market, where the e-tailers jostle for market share, visibility and brand awareness. This includes both the domestic and international players. For a new entrant into the industry to be successful, it has to pay attention to the factors that contribute to the success of online stores. Such determinant factors must be known to online retailers so that they can position themselves in this rapidly changing marketplace. This paper seeks to identify the most important determinants of the success of online retail in Southeast Asia and the ways these can be considered by the retailer. At the same time, it also outlines the factors that can lead to the downfall of an e-tailer. Technology, Government Policy and Marketing Channels are the most important perspectives included in this work.

Keywords: online retail, e-Business, B2C, B2B, retail determinants, trust

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Foreign Direct Investments of Chinese and Indian Multinationals in Hungary: A Comparative Perspective

The aim of our paper is to compare the main features of Chinese and Indian affiliates operating in Hungary. Outward foreign direct investments of emerging Asian economies have become a widely researched topic among academics in the last two decades. For the first time, in 2014, FDI outflows from the developing Asia outpaced that of North America and Europe. China can compete with the top traditional investors such as Japan and Western European countries in terms of annual FDI outflows. In addition, India also shows considerable catching-up to the top home economies of global FDI. Although East-Central Europe (including Hungary) is not the main target region for the foreign direct investments of Chinese and Indian multinationals, it is worth investigating the recent expansion of companies in the two largest Asian economies. In our paper we primarily focus on their growing investments in Hungary. Our analysis covers—among others—the motivation, trends, mode of entry (green-field, M&A), and sectoral preferences of Chinese and Indian foreign direct investments in a comparative perspective. We also put emphasis on studying the possible impacts of Hungary's Eastern Opening policy which was launched as an integral part of the new foreign economic policy strategy in 2012 and is also aimed to attract new foreign direct investments from the East, not only from traditional partners such as Japan and South Korea, but also from newly advancing investors such as China and India.

Keywords: China, India, multinationals, foreign direct investments

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The Impact of East Asian Led Firms on the Electronics Industry of the V4 Countries: Samsung and its Competitors

At the turn of the 1990s, with the collapse of COMECON, Central European domestic companies lost a major part of their markets, leaving prompt tasks for the governments in world economic adjustment. From among the Visegrad countries Hungary was first to invite foreign capital, followed in the mid-nineties by the Czech Republic and Slovakia, and finally by Poland. The paper analyzes the rapid, FDI-driven expansion of the electronics industry in the V4 countries from the second half of the nineties, mainly through their inclusion into the global value chains of East Asian led firms. In their home countries, even today the electronics industry contributes to the major part of the manufactured value added exports, employment and R&D expenditure, as for example in Korea, Taiwan or Singapore (Yeung, 2016). Global value chains, global production networks mark a new phase of globalization, where firms locate different stages of their value-adding activities across countries, even continents.

Through qualitative research, this paper investigates the opportunities for upgrading East Asian manufacturing subsidiaries and their local suppliers in the V4 region towards higher value added activities, and the level of the subsidiaries' embeddedness after 30 years of their appearance (the pioneer role played by Samsung Electronics). Their impact on trade relations between East Asia and the V4 is analyzed through quantitative research relying on the Global Value Chain databases of international organizations.

Keywords: East Asian lead firms, V4 countries' electronics industry, global value chains, global production networks, Samsung Electronics

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Cross-Cultural Diversity in Tourism Business Operations: Finding Space for Strategic Partnership amongst the Nations (India-EU)

Communication and success potential of a business are generally influenced by various cultural factors. Basically, cultural awareness provides direction to many firms which behave in a cross-culturally reflected international market. Understanding the cultural differences is one of the most significant skills for institutions like tourism to build in order to have a competitive edge in international business. Sustainable development and politics, differences in work culture and ethics make the nations to set up a common or cooperative framework to stand with the global competition. Globalization is linked with procedures, such as internationalization, unification and diversity, local and global and many more. India-EU relations are growing exponentially towards rectifying about what used to be for trade and fiscal relationship. Thus authorities handling India and EU relations are required to consider and cover all possible segments of interaction including tourism.

This study analyzes the key and methodological concerns of cross-cultural issues in international tourism and offers a framework for developing a competitive advantage for tourism firms engaged in international business with European nations.

The conceptual frame of this study intends to discuss the concept of tourism business development aligned with the European business culture. Moreover, the study also analyzes the various constraints and challenges to international business in terms of tourism.

The emergence of new travel trends has raised the level of competitiveness and hence also made it difficult for the nations to retain their position in the international market along with ensuring that all the destinations are equally developed and maintained in terms of integrity, quality and consistency. This paper will help to provide a clear understanding of the important drivers associated with the tourism business and culture with Indian counterparts and to draw up a framework for creating an influential market for tourism establishments for Europeans in India.

Keywords: cross cultural business, tourism establishments, Indian tourism, European Union

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The Influence of Entrepreneurial Character, Learning and Competence on the Performance of MSMEs: India vs Indonesia

Micro, Small and Medium Enterprises contribute enormously to the economy of any country and this is particularly true for the developing countries like India and Indonesia. However, their performance always remains a concern and must be improved. A comprehensive literature review has been carried out to identify the most significant entrepreneurial factors contributing to the performance of the MSMEs as well the factors to measure the performance. Entrepreneurial character, learning, and competence have been identified as the most important entrepreneurial factors responsible towards the performance of MSMEs, whereas the growth in sales, profit, assets and employment have been identified as measures of performance. The research was based on a combination of exploratory, descriptive and causal research design to establish a relationship of contributing factors towards the performance of MSMEs. All MSMEs in the East Java province of Indonesia have been considered as population from Indonesia, whereas all the MSMEs in National Capital Region of Delhi have been considered as population from India. A sample of 100 MSMEs has been taken for each country using purposive random sampling and response has been collected using a structured questionnaire. Structural Equation Modeling (SEM) has been carried out to analyze the relationship between the causes and measures of the performance of MSMEs. The AMOS 20 program has been used for data analysis. A comparative analysis has been presented for both countries.

Keywords: entrepreneurial character, ail determinants, trust

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Political Risks on the Belt and Road

China's new program for inter-regional economic connectivity, the Belt and Road Initiative (BRI), will develop new trade routes and production chains linking developing world economies with the giant Chinese market, making a unique contribution to global economic development. At the same time, problems with debt servicing, corruption and a range of other political risks have emerged in some BRI partner countries and with some projects, which have encouraged an increasingly negative commentary, particularly since the shift of the United States' rhetoric from 2017 characterizing China as a strategic competitor.

Whether the benefits of the BRI projects will be evenly shared or accrue disproportionately to China will be an important area for future study. It is too early to tell, after only six years since the initiative was launched. On the other hand, it is clear that the BRI raises a range of risks and that these are distributed between China and its partners. For China, the BRI can be understood as a giant risk mitigation strategy to support its economic restructuring and development of Western China by deploying surplus capital and construction capabilities to diversify global supply chains and markets. BRI projects are overwhelmingly delivered by Chinese firms with Chinese government-backed finance. As many of the BRI partner countries are high risk locations for investment and infrastructure development, China and its partners are also taking on significant risks.

There is a need for more empirical study of Chinese initiatives, finance and investment in diverse international business environments. This discussion of political risk for Chinese businesses and their partners in the developing world reviews the recent discussions of three broad categories of risk factors: geopolitical, country-level and project-level.

Keywords: China, Belt and Road Initiative, political risk, infrastructure, connectivity

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Strengthening the Economic Ties between Indonesia and Hungary in the ASEAN Economic Community (AEC) Era: Challenges and Opportunities for Regionalization

This paper explores the opportunities and challenges to strengthen Indonesia and Hungary in the ASEAN Economy Community (AEC) from the point of view of regionalization that believes market forces play a significant role to mediate between the two countries. This study uses qualitative approach by conducting in-depth interviews with selected knowledgeable persons in the ministry of foreign affairs and trade of Hungary, the Indonesian ambassador of Hungary, and the Director of Indonesian trade promotion center in Hungary in the early 2018. This study finds that most challenges are explicable by the limited awareness of Hungarians of Indonesia. Business people know little on how to do business in Asia, especially in Indonesia, such as the big differences in culture, high level of non-tariff barriers, and how to enter the new market. Therefore, this study suggests several opportunities in strengthening economic ties between Indonesia and Hungary such as creating more effective dissemination and socialization from the Indonesian embassy; establishing innovative efforts from the trade promotion center to facilitate exporters and importers from both countries; looking for new business niches; and conducting more engaging diplomatic mission in both countries.

Keywords: regionalization, Indonesia, Hungary, economic ties, ASEAN Economic Community

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Realities, Positions and Perspectives in the Relations with East Asia: A View from Romania

Central and Eastern Europe countries are in an increasingly changing situation that seems to make analysts and investors consider that, although times are uncertain, opportunities exist. And that is also true for the larger picture, well beyond Europe. Economic and social issues are rapidly unfolding, creating shifting and constantly alarming political situations with various possible outcomes, none very calming. Our research, informed by the diverse backgrounds of its three co-authors, looks at the position of Romania in the region and at the relations it has with Asia, mainly with China. Romania is not a member of the Visegrad Four Countries Group and even as it holds in 2019 the Presidency of the Council of the European Union it is also considered as one of the generally problematic member states of the EU. Nonetheless, in spite of its own obvious internal problems, in spite of its positioning in times of shifting influences and power games, Romania manages to have a good economic growth and a steady upward trend in general development.

Our research draws on business data from the Romanian-Chinese Chamber of Commerce, on a qualitative study of the trends in the development of the relations with East Asia in general and China in particular, in order to identify future perspectives for Romania's presence in the EU and for the way it develops relations with China.

Keywords: economic trends, business relations, change, business education

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Industry 4.0 as an Opportunity for International Cooperation on the Higher Education Sector in Indonesia

Recently, Industry 4.0 has become a popular phenomenon in many countries around the world. Focusing on digital technology, this industry has become one of the parameters of the country's capacity. Eastern European countries, such as Hungary and the Czech Republic, also implemented Industry 4.0 in their manufacturing industries. Hungary even joined the EU digitization program in the first half of 2018 and applied the re-industrialization plan.

Meanwhile, the phenomenon has appeared in Southeast Asia, including Indonesia. Indonesia realized that qualified human resources are one of the key components to support the development of the country. The phenomenon of Industry 4.0 has become a challenge, and an opportunity to increase the capacity of Indonesian human resources. One of the main challenges is developing the right skills for its current workforce, as production is shifting from a labor-intensive to a knowledge intensive environment.

On the other hand, it can provide an opportunity to establish cooperation between the higher education sector in Indonesia and other countries in Southeast Asia and Eastern European countries. It promotes internationalization; in the form of inviting foreign universities to cooperate with local universities, through several programs, such as exchange students and faculty member, and joint research.

This paper will discuss the phenomenon of industry 4.0 as an opportunity for enhancing cooperation in the higher education sector between Eastern European Countries and Indonesia by using the neoliberal institutionalism. Besides, it will propose a model of collaboration between the higher education sector and foreign related institutions. International collaboration and partnership, and the role of an institution are both needed to improve the capacity of the institution and its human resources.

Keywords: industry 4.0, internationalization, cooperation on higher education sector, neoliberal institutionalism, mobility

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Toward Belt and Road Studies as a University Discipline: An Investigation and an Opportunity

Universities are offering an increasing number of courses on the Belt and Road Initiative. Yet, as of the present, there is no established method for evaluating university curricula on this topic. Likewise, the goals and consequences of such courses have yet to be systematically explored. This paper takes up both of these themes by outlining the complexities and difficulties facing course offerings on One Belt, One Road. It then goes on to propose practical measures for addressing these difficulties. More specifically: a) it suggests what it means to study the Belt and Road in the historical context of China's long-term development, b) it outlines the institutional difficulties facing the Belt and Road Initiative, thereby providing a pedagogical field for further student/teacher inquiry and c) it emphasizes the importance of regionalism as a central trope in the development of this topic. To clarify this last point, the essay goes into detail, describing how the BRI changes China's interactions with regions like Central Asia, The Middle East, Eastern Europe and Southeast Asia. Hence, future pedagogy will be enriched by ongoing student immersion in the subject of the historical development of these regions as they relate to twenty-first century China. The paper ends with a plan and a proposal for scholars to collaborate in developing better BRI courses for the future.

Keywords: Belt and Road, 16+1, pedagogy, universities, academic co-operation

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Gains of Indo-Hungarian Trade

Both Marshall and Robertson postulated that free international trade is an engine of growth. But Adam Smith highlighted the division of labor as a promoter of productivity which together with market size led to the growth of the economy. P. N. Mathur (1962) used an input-output model to differentiate between trade gains (consumption of non-competitive imported goods and cheaper competitive imported goods) and growth gains (greater production of export goods) of international trade. Besides, Mathur also used Leontief gravity model to determine the growth gains of trade from regional groupings which furnish larger markets for traded goods. Incidentally, the EU had been the pace setter in this respect; it inspired the formation of such regional groups as the US, Canada, Mexico, African Union, ASEAN and SAARC. The pattern and level of trade between any two countries is, however, governed and guided by the tradable surpluses of the commodities of trading partners. But tradable surpluses depend on the level of economic development and the factor endowment. As the level of the output and the structure of the economy change with the growth of the economy, level, pattern and structure of trade also change with the economy through time. Investment, induction of advance technology and accumulation and deployment of more and better educated and healthier manpower are the key factors of growth. Hence, development not only alters capital-labor ratio but it also changes the quality of factor inputs and structure of their output. The level of development and the factor endowment change over the years; this is the important characteristic of the dynamic state of growth and trade. Therefore, the factor endowment theory of international trade does not hold true in such cases (see, B.S. Minhas for factor reversal theory, and S. Prakash – S. Dhir for growth effect on factor endowment, structure of economy and level and trade). The paper focuses on the determination of (i) Inter-temporal changes in the level and structure of Indo-Hungarian trade; and (ii) the growth effect of Indo-Hungarian trade. The paper uses descriptive statistics, input output and econometric models for analyzing data.

Keywords: trade, growth, gains, economic, economy

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The Environmental Regulation Effect of China's Belt and Road Investment

This paper makes use of the panel data of China's direct investment in 61 countries along the "Belt and Road" from 2006 to 2016. Using the investment gravity model, we found that the national environmental regulation along the "Belt and Road" has a significant inhibitory effect on China's OFDI. Environmental regulations in high income and intermediate-high income countries have a notable negative correlation with OFDI in China, while the environmental regulation in low- and middle-income countries has not had a significant impact on China's OFDI. The empirical results show that countries whose national environmental regulation level is higher than the average of EPI significantly inhibit China's OFDI, while countries whose national environmental regulation level is lower than the average of EPI do not have an impact on China's OFDI. The environmental regulation of European countries and West Asian countries significantly inhibited China's OFDI, while the environmental regulation of the Middle East and North Africa and East Asian countries had no significant impact on China's OFDI.

The scale of the economy in the investing home country, the host country's economic level, strategic resources, infrastructure, government regulation, and bilateral trade tightness are all important factors affecting China's OFDI. Except for the government regulation level, which has an inhibitory effect on China's OFDI, other factors have a strong promoting effect. The role of natural resources is not significant, indicating that China has insufficient incentives for natural resources along the "Belt and Road" countries.

Finally, the government should formulate different investment strategies accordingly. Chinese enterprises should raise awareness to prevent environmental regulation risks.

Keywords: environmental regulation, OFDI, One Belt One Line

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Preferential Bias in Intergovernmental Transfers: An Evidence from India

The one undying question that lingers forever in the minds of many people is that which government in center helps the most in maximizing the welfare of states. Social welfare policies and institutional reforms that promote equitable distribution of resources among states are very influential in answering the above question for it helps in accelerating growth and promoting economic development. This paper takes a step in reaching that coveted answer by comparing the two most prominent parties in India from the political economic context of partisan bias to see which of the two promote fair and just transfer of funds. By using a more robust methodology with alternative independent variables to explain the variation in allocation of discretionary transfers, this paper provides a new facet to the literature. Sufficient evidence has been unearthed which shows contrasting differences between the two chief political parties of the country.

Keywords: intergovernmental transfers, political parties, majority seats, partisan bias, India

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Trade Wars on Contested Leadership between the United States and China in Southeast Asia

The recent rivalry between the US and China is escalating and has become tenser. Trade war is one of action that appears and becomes an instrument to exacerbate the situation in international politics. Southeast Asia, as the region that has a pivotal role in the contested leadership between China and the United States will feel the impact of this action inevitably. This study aims at describing the implication of trade wars as a part of the contested leadership between the US and China in the regional dynamics. The concept in this study is mainly viewed by contested leadership which was coined by Flermes, Wojczewski, and Lobell and includes related concepts in analyzing the trade war. Qualitative method is the main methodology in this study with the support of quantitative data in explaining the comparison of the economic and political consequences of the trade war. The result of this research in the political and security sector, is that potentially both sides incline to carry out a military maneuver in the South China Sea and the Taiwan Strait and also complicate the domestic conflict in Southeast Asia as the proxy of China and the US in strengthening its influence and leadership in the region. In the economic sector, there are two possibilities for rapid change in the very dynamic circumstances. Either Southeast Asia is raised as a new market and exporter for China and the US in replacing China and the US, or Southeast Asia's economy can be devastated in facing this rivalry.

Keywords: trade war, contested leadership, US, China, Southeast Asia

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Chinese FDI in the Visegrad Countries

Chinese outward foreign direct investment (FDI) has grown significantly in the world economy; in certain years annual outflows have exceeded US\$ 100 billion, with nearly 5% of total global FDI stock currently originating from China. Though Europe and Central and Eastern European (CEE) countries are not among the primary targets of China's outward FDI, the continent and region has experienced a surge in Chinese investment. However, little is known about the real extent of Chinese FDI in Europe, mainly due to a lack of data. New methodologies in reporting balance of payments and publishing FDI data may help to lift the fog over this question. National banks are also now asked to publish FDI data by ultimate investing country, which helps to identify the real extent of Chinese investment in Europe as Chinese FDI tends to go through third (fourth, fifth, etc.) countries before reaching its final destination. This paper relies on these new datasets in trying to show the real extent of Chinese FDI in the leading CEE countries, i.e., the Visegrad countries of the Czech Republic, Hungary, Poland and Slovakia. Furthermore, corporate case studies and a review of the literature are used to elucidate the special nature of Chinese multinationals and subsidiaries mainly stemming from the Chinese government's extremely active policies and intervention in the economy. These may give rise to additional risks connected to Chinese FDI in comparison with the risks associated with FDI originating from developed countries or from certain emerging economies. Specific cases in the Visegrad countries underline the existence of such risks in connection with Chinese FDI.

The paper is organized as follows. First, the results of the literature on Chinese FDI are presented. Second, data from earlier estimates are shown and new data are introduced. Then each of the Visegrad countries is analyzed according to the new datasets, followed by an analysis of the Visegrad group as a whole and its position in Europe in terms of attracting Chinese FDI. The final section contains the conclusion.

Keywords: Chinese FDI, European Union, Visegrad countries, state-owned multinationals

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Ease of Doing Business and Best Countries Rank in Asia and Europe

This paper analyzes the relationship between ease of doing business (EDB) and best countries rank (BCR) of 43 countries in Asia and Europe. The EDB will realize economic gains, reduce corruption and encourage SMEs to flourish. The scores of EDB are based on the World Bank (2019) while the BCR scores are based on usnews.com. A purposive sampling method is implemented in the sample selection. The highest rank of EDB is Singapore (2 out of 190) and the score is 85 (out of 100). The highest rank of BCR is United Kingdom (1 out of 80) and the score is 10 (highest score). The results of correlation analysis show that the correlation between the Rank Number of BCR and EDB is 0.455 significant at α 1% and the correlation between Overall Score of BCR and the EDB is 0.453 significant at α 1%. These suggest that the better the rank number of BCR, the higher the score of EDB.

The result of single regression shows that there is a positive impact of the best countries score on the EDB that is significant at α 1%. The other single regression is between the region, proxied by a dummy variable (0 for Asia and 1 for Europe). The result shows that there is a positive impact of dummy variable and EDB. The regression results suggest that the higher the BCR the higher the EDB and the European region has a higher EDB score than the Asian Region.

Keywords: ease of doing business, best countries rank, Asia

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Indo-European Union Trade in Retrospect

In the era of commercial capitalism, the Asiatic mode of production, based on labor-intensive manual processes, made India and China the two most developed countries of the world. But the first industrial revolution resulted in the replacement of commercial capitalism by industrial capitalism, the manual by mechanical processes of production, and the low and small by high and large scale of production. European countries found that the size of their respective domestic markets was inadequate to absorb the factory output produced on a large scale. Consequently, these countries had to explore foreign markets like India and this ultimately resulted in the creation and spread of colonialism. India's foreign trade with Europe during the British rule was a bit restricted by the Imperial Preferences enacted by the British to contain their competition with European rivals in the large expanding Indian market. These Indo-British preferential trade relations withered away after India attained political independence in 1947. After WWII, the US and the USSR emerged as the two rival military and economic powers. On the one hand, the war and rapid reconstruction ravaged and damaged economies of Europe and Japan, while on the other hand, the growth of such countries as India, Brazil, China and Singapore transformed the global economic scene and trade relations in particular. European countries, specifically Germany, France and Belgium started striving hard to regain their pre-WWII economic eminence. They joined hands together as members of the EU to offer effective competition to both the US, and the erstwhile USSR. Meanwhile, the disintegration of the USSR and the worldwide spreading of the policies of liberalization, privatization and globalization resurrected the paradigm of free trade and heralded the process of the global integration of national commodity, capital, financial and technology markets. This has led to the emergence of the 'Emerging Market Economies' like Brazil, Russia, India, China and South Africa. As far as India is concerned, the blooming of its free trade regime has resulted in the replacement of the UK and the US as its largest trade partners by China and the EU.

Keywords: GNI, international trade, inter relations, growth, Engel Granger, analysis

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The Political Economy of Myanmar's Development towards China's OBOR Initiative: An Analysis of the State-Market-Society Perspective

China's One Belt and One Road (OBOR) Initiative has been in the center of heated debates in the international political economic arena. It is widely recognized that the Belt and Road Initiative (BRI) will shape the new paradigm of the geopolitical situation around the world. Along the history of the China-Myanmar relations, the military junta economically and politically depended on China's support. Yet, the domestic political reform in Myanmar has led its foreign policy to change and also has increased the role of public involvement in the executive policy-making process.

The China-Myanmar Economic Corridor (CMEC) is also part of China's Belt-and-Road Initiative (BRI). The implementation of CMEC is quite important for China, as well as Myanmar, for the development of mutual benefits. It was supposed that China proactively engaged with Myanmar by expanding the multi-layered engagement strategy (government to government and people to people) after the liberalization in Myanmar. Yet, what seems to be ignored is the response and impact of Myanmar's society under the political democratization.

This paper will argue that Myanmar's state-society relation has been transformed, in a sense, from the top-down to the parallel structure by providing some evidence. Mainly, we will explore the importance of the Myanmar's state-market-society relation that might affect its development policy toward China's OBOR Initiative. Indeed, Myanmar's development demands economic assistance from China's OBOR projects that will improve Myanmar's economy and the people's life, and in turn, will influence the domestic political atmosphere. In this sense, the question is why China's OBOR initiative is still rejected by Myanmar's policy, both by the state and by the society? Thus, it will be interesting to seek and examine these questions from the perspective of state-market-society analysis on "how Myanmar interacts with China's investment projects under the umbrella of the OBOR Initiative".

Keywords: political economy, Myanmar, China, OBOR Initiative, state-market-society analysis

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New Thought for New Age: Confucius Discourse in the Geo-economy and Geopolitics of PR China, a Case Study of the V4 Countries

Aiming to improve the Chinese international image and the present Chinese perception of international relations, the Chinese government has adopted the Confucius discourse. This is focused on the soft power, explicitly presenting specific traits of the Chinese language, culture, history and tradition as potential drivers for future global development. Accordingly, the platform of the discourse consists of the following concepts: Chinese Peaceful Development, Promotion of the Chinese Language and Culture via Confucius Institutes, activities aimed at presenting the Chinese view and perception of the global affairs, and a vigorously active network of think tanks directly linked to the central government of PR China. Such construction of the institutional framework aims to change, that is, improve the interpretation and the perception of Chinese foreign policy as viewed by the international community. The first part of the paper discusses the Peaceful Development indicating the reasons for its introduction, being one of the most important aspects of the Chinese foreign policy. We tackle the reasoning behind some of the changes in syntaxes, from a peaceful rise to a peaceful development and we show the importance of the *zhongyong* or dialectic middle path within the peaceful development. The success of the campaign will be measured by the potential changes in the perception of China and its initiatives within the V4 countries. We analyze the documents signed by the V4 and China, and the diplomatic initiatives and official policies initiated towards China. The fact that China created the multilateral arrangement 16+1, encompassing the EU territory, indicates positive, although vigilant changes in the perception of the new role of China on the stage of international affairs. In the second part we explain the roles of think tanks and CIs as promoters of the Chinese view of international affairs and the role of China in the global affairs. The focus will remain on the role of the V4 in Chinese foreign policy. This part will tackle how China views the V4 in the geopolitical and geo-economical sense not only in the 16+1 mechanism, but on the Belt and Road initiative, too.

Keywords: peaceful development, *zhongyong*, CI, think tank, soft power, V4, 16+1

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Beyond Dependence and Interdependence: The Political Economy of the Steel Industry Cooperation between Taiwan and Vietnam

The steel industry as the basic industry for the construction of a state, as the key for economic development, is usually one of the topics of political economic analysis. Vietnam has long been developing the steel industry. With "steel power" as the national development target, Vietnam must establish a "Dependent Development Model" that attracts foreign investment. On the other hand, establishing the concept of "interdependence" has always been an important theoretical basis to think that Taiwan is developing its external relations. According to the theoretical analysis of "Dependence Development" and "Complex Interdependence", the cooperation between the Taiwan and Vietnam steel industry should benefit both each other and could establish a "Sensitive Interdependence."

In fact, with the "State Autonomy" of Vietnam and geopolitical economy, Taiwan and Vietnam has not established the sensitivity of mutual trust. Via political economic analysis, this study proposes a feasible model for the political economy cooperation between Taiwan and Vietnam in the steel industry. In particular, "industrial demand," "industrial policy," "political economy," and "geopolitical and international co-opetition" are the four variables that are the key factors that influence the cooperation with Taiwan's industries. The project is put forward for two important reasons: the steel industry is the only means by which Taiwan can structurally change its cooperative relationship with ASEAN; there is a lack of "academic support" for "industrial cooperation" in the Taiwan South Bound Policy, and the project is expected to make up for the gap.

Keywords: Taiwan-Vietnam cooperation, steel industry, New Southbound Policy, interdependence theory, dependent development, geopolitical economy

Vietnam and the Visegrad Group's Trade Relations

The Visegrad Group (which is called V4 including Poland, Hungary, Slovakia and Czech Republic) always accounts for the vast majority of Vietnam-EU trade turnover. The V4 economies are significantly stable, sustainable and dynamically developing, although the debt crisis impacted many European economies. Situated in Central Europe, the V4 is a convenient gateway for Vietnamese enterprises to expand their presence to the remaining EU member states.

The EU-Vietnam Free trade agreement was signed in 2016, and it will be implemented in the coming years. Under the agreement, Vietnam will drop nearly 65% of the duties for EU goods with the entering into force of the agreement. After that, Vietnam will lift over 99% of duties for EU goods in the subsequent transition period of up to 10 years. In turn, the EU will lift 99% of duties on trade with Vietnam within 7 years. Therefore, the EVFTA promises a new chapter for trade relations between the EU and Vietnam. Especially, Vietnam and the V4 may have great chances to invest in many sectors, to create new businesses and to enhance their benefits. Based on typical and traditional ties of politics and economics, Vietnam and the V4 can continue their co-operations in which they can approach mutual benefits.

This paper aims to summarize the main achievements of trade relations between the V4 and Vietnam in recent years. It discloses some detailed information about trade relations between Vietnam and the countries of the V4. Using the gravity model for trade, it analyzes the potential impacts of the EVFTA on these economies. Therefore, it includes a literature review of recent studies which applied the gravity model for trade in general and in the case of the EU and Vietnam trade relations.

Keywords: Visegrad group, trade relations, the EU-Vietnam free trade agreement, gravity model for trade

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Value at Risk based on Skewed distributions: Evidence from the Asian Equity Market

It is more than twenty years since the Basel Committee on Banking Supervision (BCBS) first announced that Capital Accord and Morgan (1997) launched the Risk Metrics method. The Value at Risk (VaR) concept has attracted a lot of attention from both investors and scholars on market risk management. Following Polanski and Stoja (2010), this paper is based on the parametric density function of three skew distributions, such as Generalized Hyperbolic Distribution (GHD), Generalized Skew Student T-Distribution (STD) and Normal-Inversed Gaussian Distribution (NID) to derive VaR. Subsequently, we predict one-day ahead the Value at Risk to backtest risk measurement performance of six Asian markets which gain less attention in academy. This paper aims to provide a more efficient risk evaluation tool for real investment decisions.

The final result indicates that the 99% confidence level of VaR forecasts could not be used for risk management due to its conservative characteristic, in contrast to its 95% confidence level, which is highly accurate and useful for market risk management in all three distribution-based approaches. In the extensive empirical study, we evaluate the risk modelling performance from three distributions and conclude that the GHD-based model is very promising, used for market volatility prediction if compared to NID and STD-based model. This finding is full of promise if investors want to minimize their risks before investment decisions. In addition, all derived risk forecast models could be favorably applied in Asian countries, especially in South Korea.

Keywords: value at risk, expected shortfall, risk management

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The China-CEE Trans-regional Cooperation within the EU Framework: the Constraints of the EU Factors

The relation between China and the European Union is mainly confined to trade and investment with western European countries. However, the cooperation between China and Central and Eastern European countries (CEE) is much neglected. After profound international political economic changes followed by the European crisis and China's rise, these two parties started to seek cooperation. In 2012, the "16+1" institutional cooperation was established in Warsaw to deepen the relation between China and the 16 CEE countries, which is integrated as a part of the BRI (Belt and Road Initiative). This grand Chinese narrative has sparked heated debates at different levels and in different fields about whether it is compatible or in conflict with the EU interests. Therefore, the trans-regional cooperation is faced with a dilemma during the implementation. This paper focuses on the question how the EU hinders the development of the "16+1" cooperation. As the deepest integration actor in the world so far, the CEE member states still show great economic dependence on western EU members, and the member states are still facing EU institutional constraints when dealing with the third countries. There are many uncertainties and challenges for the China-CEE cooperation at both EU and sub-regional levels.

Based on the research question, comparative analysis and case studies are included in the paper to evaluate the feasibility of the China-CEE cooperation in the EU framework. Moreover, some policy recommendations on how to deal with the trilateral relations are put forward as very significant in the future implementation of the trans-regional cooperation from the point of view of the "16+1" mechanism.

Keywords: China, FDI, CEE, EU, institutions, political economy

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Bilateral Goods Trade between China and the Visegrad 4 Countries from 2007 to 2017

The aim of this article is to identify bilateral trade potentials and bridge the trade gap between China and the V4s. What is the current trade situation and the future trend between China and V4s? What kinds of goods contribute more to the trade deficit in China?

How can the trade balance be improved? The analysis is contextualized within the framework of the Belt & Road and the 16+1 Initiative to better understand both the political and economic relationships between China and the V4s.

In this paper we examine the trade growth and structure between China and the V4s, especially the trade imbalance situation and intra-industry trade trend, using data 2007-2017 from UN Comtrade. Then, we empirically analyze the main contributors to the trade imbalance in terms of goods categories, including labor- or capital intensive goods, technique contents and broad economic categories. Finally, we try to quantify the trade competition or complement situation for each partner and identify problems which block the trade growth between China and V4s.

With analysis using HS 6 digit data on bilateral trade, we find that the volume of the bilateral trade imbalance is accumulated. However, the growth rate of imbalance has been slowed down, especially after the "16+1 Initiative" was proposed. Furthermore, most of the trade surplus comes from labor- and capital-intensive goods manufactured in China. At the same time, as comparative advantages in the auto industry, the agriculture and ICT service industry are further developed in the V4 countries, the trade deficit against China can be reduced greatly in the future.

In order to reduce the trade imbalance between China and the V4s, the cooperative mechanism is to be developed and supports and incentives are to be precisely targeted. We identify the cooperative potentials for both parties in terms of subsectors, regions and even enterprises.

Keywords: trade imbalance, competitive advantages, intra-industry trade, extensive and intensive margin, capital-intensive

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