

A GEOPOLITICAL ASSESSMENT OF THE BELT AND ROAD INITIATIVE

Edited by Csaba Moldicz



BUDAPEST BUSINESS SCHOOL
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of the Belt and Road Initiative**

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Oriental Business
and Innovation Center
Budapest Business School



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Foreword

On May 2-3, 2019, the Oriental Business and Innovation Center (OBIC) successfully organized its third OBIC Conference titled *"The V4 in East Asia and East Asia in the V4: Present Economic and Political Relations between the Visegrad Four Countries and East Asia"*. One of the most frequently debated topics of the conference was the Belt and Road Initiative launched by China in 2013. The project has been hailed in several developing and emerging countries as a next step in the globalization process, whereas it has also been framed ambiguously and increasingly cautiously in the West. As of March 2020, 138 countries signed a Memorandum of Understanding with China and joined the Initiative.

Since the project started, the volume of scientific articles around this topic has become astounding. This edited collection contains several papers of assessments of the Belt and Road Initiative, which were presented at the OBIC Conference 2019, and in some cases they (even their main topics) underwent significant changes.

This collected volume is part of the OBIC Book Series, where eight books have been published until now. These collected books cover several topics ranging from economic development strategies to concentrated works focusing on a single country. The present book centers on the critical and geopolitical assessments of the Belt and Road Initiative. The emphasis is put on both political and economic factors of the project. The authors whose research is presented in this volume are from different countries, such as Australia, Poland, Serbia, and Colombia guaranteeing a wide scale of opinions and approaches on the Belt and Road Initiative.

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Editor of the book:
Csaba Moldicz, PhD
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Political Risk on the Belt and Road

David Morris

1. Introduction to the Belt and Road Initiative

By the second decade of the twenty-first century, China had become a key driver of the global economy. Rapid pragmatic reform and internationalization of its economy brought China to the point that between 2010 and 2015, it had overtaken Japan to become the second largest economy, passed Germany to become the world's largest trading economy and surpassed the United States (US) to become the world's largest economy on purchasing power parity terms (Woetzel et al., 2019). Its export industries became integrated with global supply chains, partly driven by the presence of a large number of foreign investors taking advantage of China's competitive advantages. At the same time, its market for imports was expanding as a result of a rapidly growing middle class consuming on a greater scale than ever before. From imbalances in its trade, especially with the credit-fueled US, China amassed huge foreign reserves, providing it with a new capacity for outward capital investment. Meanwhile, at the same time that China had become a formidable player in the global economy, brimming with confidence in its own model of development, the major developed economies had fallen into financial crisis and suffered a decline in political confidence. The times therefore suited an initiative to leverage China's advantages by building broader and deeper economic linkages with the fastest growing regions of the world and, simultaneously, to address its disadvantages by strengthening China's power in the international system.

The Chinese vision of building new silk roads of trade connectivity for the twenty-first century was outlined by China's new leader, Xi Jinping, in a series of major speeches in 2013 and 2014 in Kazakhstan and Indonesia, and later expanded in policy detail by China's leading coordinating agency, the National Development and Reform Commission (NDRC). The Belt and Road Initiative (known in Chinese as "One Belt One Road") envisages a network of new inter-regional trade routes and production chains, linking the growing Chinese economy with the developing world and providing alternative routes to developed markets. China would fund infrastructure and new capabilities to enhance global economic integration, providing finance for development in

places that had previously struggled to attract infrastructure investment. It would foster trade and investment cooperation, financial integration, policy coordination and strengthen people-to-people links (State Council of the People's Republic of China, 2015; National Development and Reform Commission, 2015). If successful, the plan would shift the center of the world economy closer to China and address China's geopolitical imperative to ensure access to a greater diversity of land and maritime trade routes.

The response across most of the world was initially positive, with more than one hundred and twenty-five nations, mostly in the developing world, signing up to participate in the initiative and to qualify for new, Chinese-funded infrastructure projects (Raiser – Ruta, 2019). For decades, developing countries have suffered dependence on aid and migration of talent and were keen to access more finance for the infrastructure required to build new industries and internationalize their economies. In Asia in particular, the fastest growing region of the global economy, a severe infrastructure deficit meant China's additional pool of funds to support infrastructure would find a ready pipeline of projects to drive further economic growth and regional linkages. Japan had already become a major infrastructure funder across Asia, and now China was set to compete. For most in the developing world, the opportunities appeared to outweigh any risks.

For China itself, the BRI serves a number of purposes. In fostering outward foreign investment and shifting low-value manufacturing to lower-cost developing country locations, it supports China's restructuring away from a domestic investment/production focus to a higher-value consumption economy. The BRI projects provide opportunities to deploy China's massive foreign reserves for higher return, in support of its giant firms in construction and logistics and utilizing their spare capacity. New links to Central Asia promise to strengthen the economic development of China's troubled Western regions. The new trade routes offer valuable diversification away from exposure to maritime choke points and towards a wider range of suppliers as well as new logistical links to new markets for Chinese exports. The BRI builds a new multi-bilateral network of inter-regional relationships and economic interdependence for China, strengthening the new multipolar nature of the international system.

Perhaps more than anything, the BRI is a brand, with China collecting under its banner a wide range of activities that build bridges to the developing world, including bilateral financing for development, bilateral aid and private sector investment. The image of new silk roads consciously evokes the trading networks of old, that stretched from ancient China through Central Asia to the Persian and Roman Empires.

The twenty-first century version sees China as cashed up, confident and going global. While the giant Chinese policy banks are predominantly providing the finance, the Export Import (Exim) Bank of China and the China Development Bank (CDB), China has also established a Silk Road Fund and initiated new multilateral banks, envisaged to also fund BRI projects, the Asian Infrastructure Investment Bank and the New Development Bank (formed with BRICS partners, Brazil, Russia, India and South Africa). By developing new infrastructure connectivity, the BRI promises to contribute to trade and investment across the developing world, with the World Bank estimating that trade in BRI corridors is currently 30 percent below potential and foreign direct investment is 70 percent below potential, with BRI investments likely to raise global income with significant net benefits for BRI countries, particularly in East Asia (Maliszewska – van der Mensbrugghe, 2019).

To date, firms engaged in BRI projects have been overwhelmingly Chinese financial institutions, state-owned enterprises and Chinese private sector partners, with local contractors and local government partners. However, it is likely there will be further internationalization of BRI projects, involving international financial institutions and firms from a range of developed and developing countries and across a wide array of sectors. For all of these actors, a comprehensive understanding of political risks will be important, in particular if the BRI is generating new kinds of risks.

2. Political Risks

A new risk narrative in the Western discourse on the BRI can be traced to around the same time as the US abandoned its decades-long policy of constructive engagement with China and embraced a new doctrine of strategic competition (The White House, 2017; Department of Defense, 2018). The narrative goes that China is trapping nations in debt that will be impossible to repay and is laying the groundwork for Chinese economic and political domination, potential seizure of strategic assets and other risks (Chellaney, 2017; Hart – Johnson, 2019; Lee, 2018). This paper proposes three categories with which to identify, analyze and assess risks. First, there will be risks at the geopolitical level because of the shifting world order and these may therefore include factors that are specific to the BRI. Second, there will be risks at the country level that may relate more to the normal political risks of operating in that location than any particular BRI risk. Third, there will be risks at the project level which will have characteristics that are related to Chinese business practices and therefore might include political risks as well as normal economic risks. The risks manifest differently at each level.

These three levels of risk build upon traditional political risk theory, usually understood to refer to discontinuities in the business environment from political factors that impact on profit or other goals of an organization (Robock, 1971). A risk refers to a likelihood or probability of an event or set of problems that can be identified, understood and managed (Fägersten, 2015). Usually, these risks are understood to arise at a national level as a result of the governance environment and described in this paper as “country risks”. There are many well-developed risk frameworks to assess these (Alon – Martin, 1998; Jarvis, 2008) and several surveys of risks on the Belt and Road have been developed (Arduino – Gong, 2018; Russel – Berger, 2019; World Bank, 2019), which all list location-specific problems facing firms, from conflict in high-risk settings to uncertainty about local regulations as well as more micro-level, project-specific risks such as poor corporate social responsibility and local social resentment. These latter kinds of risk will be discussed below as “project risks”. Missing, however, from the literature so far has been a new category of “geopolitical risks” for firms or other actors, despite a prominent geopolitical discourse emerging in international relations.

2.1. Geopolitical Risks

Geopolitical risk has traditionally been a term applied in political risk theory to measurable conflicts or other events or processes disrupting international peace and security, such as Russia's hybrid warfare tactics in Ukraine or the rampage of international terrorist networks (Wernick, 2006). Geopolitical risk has sometimes been utilized to observe the effects of major power competition but within a positivist, zero-sum geopolitical survey of “objective” factors such as competition for resources, communication lines and industrial regions (Sykulski, 2014). There is nothing objective about some of the geopolitical claims concerning the BRI, so “geopolitical risk” will be utilized here to refer not only to objective, measurable events or processes of major power competition but also, in a disruptive period of “fake news”, trade wars and geopolitical transition, to include constructed risks and threats.

The audacity of China as a rising power proposing a scheme on the giant scale of the BRI has prompted a return to geopolitical analysis and fears that the BRI is less a geoeconomic plan for infrastructure connectivity than a grand strategy for maritime and land route domination by China. The US has actively promoted the new geopolitical risk discourse that the BRI is “debt diplomacy”, seeking to trap nations in debt and develop dual-purpose strategic infrastructure around the world (Pence, 2018).

Any firms engaged in BRI projects, whether Chinese firms or the partners of Chinese firms, face risks of blocked investment, trade restrictions or reputations damaged in an atmosphere in which every Chinese port, finance or communications project becomes a suspected vector for Chinese expansionism, every increase in Chinese economic footprint a zero-sum threat to others.

A leading Chinese private sector firm, Huawei, is confronting bans in some countries, trade restrictions and reputational damage, with fears by the US and some of its allies that the firm poses risks of espionage or other cyber risks such as sabotage of critical infrastructure (Bryan-Low et al., 2019; Gilding, 2020). Huawei is a key player in China's vision of a "digital silk road", in which China and BRI partners are investing in communications networks, smart city and other digital infrastructure. The firm is widely considered to be one of the leading innovators in new communications technology and has a global network of suppliers, customers and business partners who are all impacted by these risks. The campaign against a particular firm has been a remarkable new feature of the rising geopolitical tension between the US and China and constitutes a new kind of geopolitical risk.

New port infrastructure along the Belt and Road commonly features in the risk narrative, with fears that developing nations are being trapped in debt and that China will seize ports to turn into geopolitical assets. Hambantota Port in Sri Lanka is commonly cited as a live example, despite studies finding China was a minor provider of debt to that country and the port was not "seized", but that the then government entered willingly into a public-private partnership with China Merchants Group to develop the port (Weerakoon – Jayasuriya, 2019; Zhang, 2019). Fears about China wanting to build a military base in the South Pacific (Wroe, 2018a, 2018b) have never been substantiated, but continue to run through the discourse about China in the Pacific, where developing nations have sought Chinese finance for port infrastructure.

Some of the countries included in the BRI now have high levels of indebtedness, while others do not. China itself is facing high levels of debt after a decade of expansionary policies. This is a new risk environment in which some countries may be ill-prepared if a new global financial shock occurs in the short or medium term, which could force adjustment to asset bubbles that have followed the flow of funds from China to emerging economies (Zhang, 2018). Debtor countries seeking to renegotiate the terms of debt may find themselves negotiating from a position of weakness. This is the risk of disproportionality in BRI projects, which tend to be bilateral deals, often lacking transparency around conditions. To date, at least, it is evident debtor countries have been able to achieve rescheduling of debt or even conversion of debt to grant aid.

Ethiopia's repayments for a problematic railway project were deferred from ten to thirty years (Pilling – Feng, 2018) and even tiny Tonga, which became heavily indebted to China, has been able to convince China to defer repayments (Dornan – Brant, 2014). A Rhodium study of forty cases of Chinese lending to 24 countries over a decade found no evidence that China was deliberately trapping nations in debt (Kratz – Feng – Wright, 2019).

To date, at least, fears about the BRI as generating geopolitical risks appear to be exaggerated. Most countries and firms continue to work with Huawei and most developing nations continue to seek Chinese finance for key infrastructure. It is unlikely that the risk discourse will disappear, however, and indeed it appears likely to escalate as China's relative power continues to challenge the status quo in the international system. For now, China remains a "partial power" (Shambaugh, 2013). It does not enjoy dominance of the digital economy or the maritime environment and it has not yet surpassed the US on any security-related measure of global power. Nevertheless, its challenge to the US dominance of the international system is generating risks for firms, governments and communities along the BRI that projects may be caught up in the escalating geopolitical contest.

2.2. Country Risks

As discussed above, classic political risks occur at the level of the nation state, where specific governance conditions may have likely and consequential impacts. The BRI encompasses a diversity of operating environments including some high-risk locations, some exhibiting poor governance, corruption, clientelism, law and order problems, inadequate environmental regulations and other risks. Some "country risks" such as crime, conflict and corruption can be plotted quantitatively (Zhang – Xiao – Liu, 2019). BRI projects have faced significant security challenges, including terrorism and sabotage in South Asia, Central Asia and Africa (Feigenbaum, 2017; Saltskog – Clarke, 2019). Some high-profile projects have failed, such as the US\$4 billion Addis Ababa-Djibouti freight railway, because of poor planning, underuse and power shortages, which cost the China Export and Credit Insurance Corporation (Sinosure) losses of around US\$1 billion (Ng, 2018).

Country risks from poor governance are regularly faced by foreign investors regardless of whether projects fall under the BRI or not. Typically, only large resources and energy investors are prepared to take on the highest-risk environments (in expectation of high returns). Nevertheless, Chinese infrastructure and other firms are now to

be found pursuing projects badged as “Belt and Road” in countries across the spectrum of risks. In each case, the Chinese Government is demonstrating confidence in its model of infrastructure bringing development benefits as well as mutual benefits of closer bilateral and people-to-people connections over time. Close information sharing between the local Chinese Embassy and Chinese firms (many of which are state-owned) tends to assist risk management. In theory, projects are aligned with the host government’s national development plan.

In practice, country risks are difficult to manage at the government-to-government level, China’s preferred modality. Adaptation of the project to local risk conditions, or “capture”, is common, but varies from country to country. Similar projects had vastly different outcomes, for example in two Pacific island countries, Samoa and Tonga, because of different processes of government accountability and expert coordination (Dornan – Brant, 2014). Corruption risks vary from country to country and, while the Chinese Government has embarked in recent times on a high-profile anti-corruption drive, its opaque legal system makes it difficult to assess whether this has been successful or whether the same level of anti-corruption vigilance has been extended to Belt and Road projects, despite much lofty rhetoric. The high costs of many projects and anecdotal chatter that corruption is often recycled after ministers of governments in BRI partner countries change, suggest problems are widespread, but evidence is scarce.

Further, the BRI brings environmental risks, which affect not only country stakeholders but the global environment, as China demonstrates a continued willingness to fund and construct new coal-fired power stations for its BRI partners, even while it is domestically investing in moving to more renewable energy sources. In some cases, Chinese firms are facing protests by local stakeholders because they are softer targets than unresponsive host governments with inadequate environmental regulations, such as widespread protests against the Bank of China for funding the Batang Toru Dam in Indonesia, damaging the habitat for the endangered orangutan (Chan, 2019).

2.3. Project Risks

Infrastructure investment always entails significant project risks that must be managed by all stakeholders. Big, complex projects often fail, are poorly designed or executed or captured by local corruption or clientelism, as discussed above. But are there particular project risks on the Belt and Road? Chinese state-owned enterprises and private sector firms have demonstrated expertise in infrastructure project finance,

planning and construction in diverse locations, and might be expected to manage the risks as well as firms from other countries, but many Chinese firms are still in the early stages of internationalization and can often be observed to export elements of Chinese business culture, which sometimes generates new risks on the ground. These include opaque tender processes and closed shops, a common failure to conduct adequate due diligence, to adapt to local conditions and to engage with local stakeholders. This is consistent with Chinese investor behavior even in highly developed, non-BRI markets (Powell Tate – Weber Shandwick, 2017). Further, across the vast geography of the BRI, Chinese firms and bureaucrats have sometimes for their own political purposes brought projects under the BRI banner that have not been well designed or executed and that pre-dated the BRI, generating duplication, confusion and poor communications, all problems that are familiar dynamics often observed in domestic provincial settings distant from Beijing (Ang, 2018).

The nature of BRI projects, characterized by Chinese funding, project management and construction, often by state-owned enterprises employing a significant proportion of Chinese labor and contracting Chinese suppliers, is collectively understood by Chinese stakeholders including the Chinese Government, to provide risk mitigation. The Exim Bank and CDB require the utilization of Chinese firms for a significant proportion of each project they fund. However, local communities can therefore all too easily stereotype BRI projects as pursuing only Chinese interests, snubbing local workers or worse. Perceptions that Chinese state-owned enterprises are subsidized and therefore are at an unfair advantage (Heide et al., 2018) may also constitute a political risk to Chinese firms. In Croatia, when a Chinese firm successfully tendered to construct a bridge for the first time in the European Union, it was challenged and characterized in international media as likely unfair bidding, despite its tender being upheld on appeal (Santora – Surk, 2018). It seems there are short memories in most countries that have featured large, subsidized state-owned firms themselves in the past. Nevertheless, the world will look to China to follow the rules of fair competition given its preponderant size and Chinese firms would be well advised to pay attention to reassuring local stakeholders of the local benefits from their investments.

In recognition of the problems in implementation of some BRI projects to date, there is now an important debate underway in China about “fine tuning” projects, learning from the mistakes of the first few years and ensuring projects are more market-oriented, sustainable and “win-win” for all participants (Ghiselli, 2018). This is consistent with a broader push to focus outward flows of investment to projects with sound business cases, at the same time with the Chinese Government’s efforts to stem outflows of cash to developed countries for trophy real estate and other purchases. The

Chinese Government has reviewed the massively subsidized new freight train routes to Europe, signaling subsidies will be reduced over time to require a new focus on efficiency and lower operating costs (Wang, 2018). The powerful NDRC, which oversees the BRI, will need to take a closer look at the political risks attached to BRI projects, as will China's BRI partners, and it appears there is a growing understanding of this. After recent elections, both Malaysia and Pakistan carefully reviewed, and in some cases dramatically downscaled, BRI projects.

The most effective way to both transmit learnings and improve perceptions and implementation of BRI projects would be for China and its firms to more actively seek to engage with local and third-party partner firms, including seeking more co-financing with multilateral development banks. This would likely improve project design, transparency in tendering, governance accountability and local stakeholder engagement and ownership. Whether through such partnerships or deepened experience in international markets, it might be expected that Chinese projects will over time be as well received as those from Japan or other international financiers. Alternatively, China may double down on its confidence in its own exceptionalism, especially if the BRI becomes a geopolitical contest, and operating norms may diverge rather than converge over time, which would result in declining trust.

3. Conclusion

The Belt and Road Initiative represents a new chapter in China's internationalization, this time with China proactively taking its economic development plans to the world, after decades of engaging in the world more passively. No longer is China "biding its time" but, under Xi Jinping, it is now acting as a major power planning to make its mark. The BRI is only one component of a China that is more ambitiously staking its regional and global interests, just as it is building new security arrangements such as the Shanghai Cooperation Organization, new institutions such as the Asian Infrastructure Investment Bank and taking a leading role in global coalitions such as the Paris Climate Change Agreement. If the BRI, as a new platform of economic cooperation, can help developing countries to build important new infrastructure and industries, creating jobs and opportunities to overcome previous barriers to development, it will be judged a success. In that scenario, China will amass much influence and standing as a leading player in the international system.

If the fears of China's geopolitical competitors come true, however, and China takes advantage of its disproportionate power to bully other countries to meet its will, the

international judgment is likely to be harsher. It is early days for the Belt and Road Initiative and perhaps simplistic threat scenarios are inevitable in the early stages of a geopolitical shift in the world order, while there is ample opportunity for further investigation to either produce or refute evidence for such claims in the future. In the meantime, there are indeed new geopolitical risks to be identified, analyzed and assessed, whether constructed because of the geopolitical contest underway or whether they represent real and grave security risks.

To be sure, there are also ample risks at the country and project levels to be managed, some pre-existing because of the difficult business environments to which the BRI is bringing major projects, and others because of the nature of the BRI and Chinese traditional business practices. These risks all need careful strategies for risk management, to ensure adequate returns, repayment of debts and economic development benefits. Such risk management is the responsibility of all stakeholders including not only the Chinese Government and its state-owned firms, but their private sector partners, BRI partner governments and their businesses and communities that stand to benefit (or not) from these important infrastructure projects and the new trade routes and production chains they promise to build.

To date, the application of conventional political risk analysis has neglected to factor in the geopolitical risks, or in an emphasis on the geopolitical risks, has neglected other factors at the country or project level. A more empirical, evidence-based process of risk identification, analysis and assessment in future case study research, using the three categories proposed—geopolitical risk, country risk and project risk—promises to be particularly valuable to key actors involved in BRI projects, to support development and implementation of risk management strategies.

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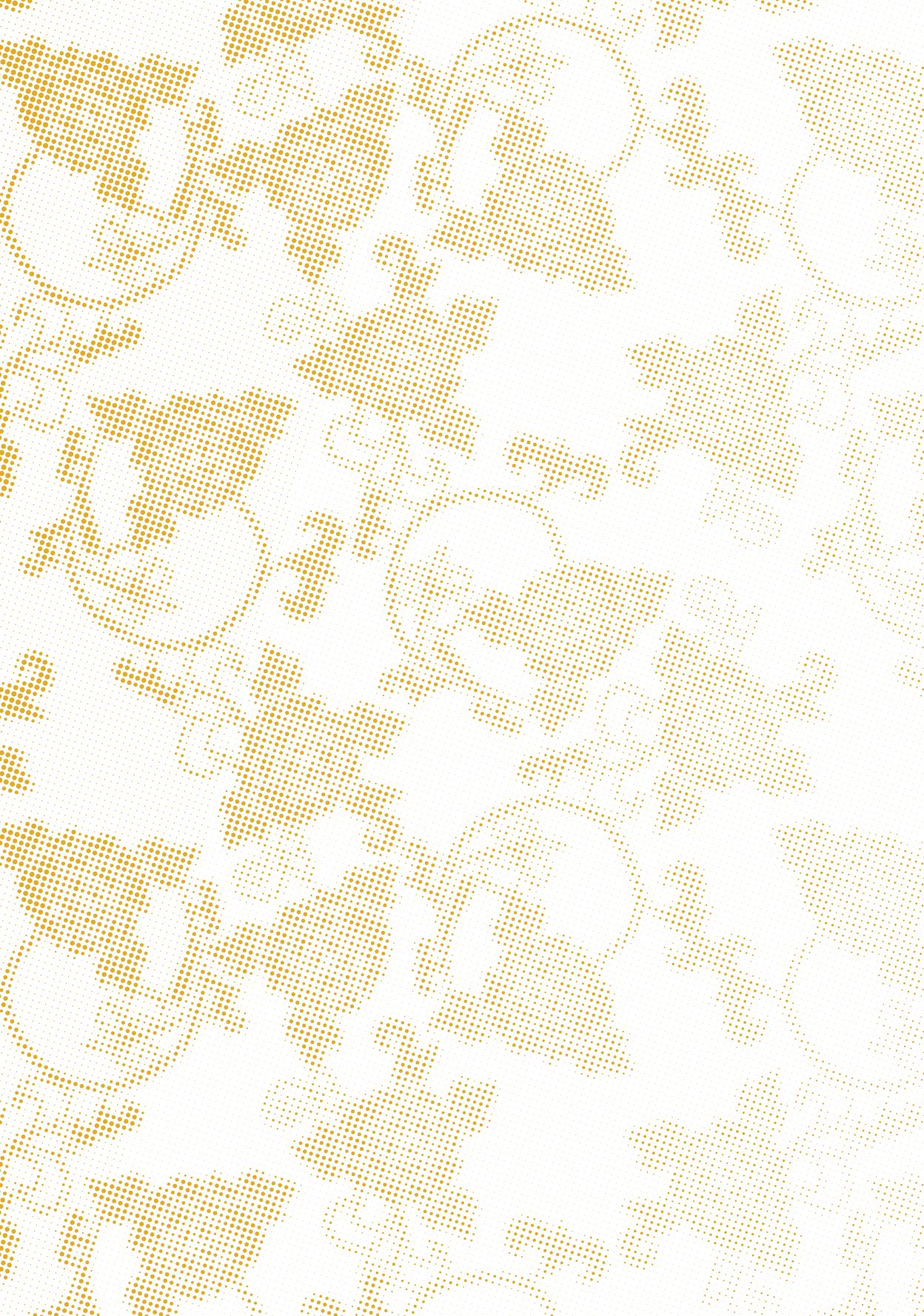
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China's Economic Progress and the Perceptions of the "New Silk Road" in Central Asia

Pál Gyene

1. Introduction

Since their independence, Central Asian regimes have always emphasized the significance of good relations with the neighboring China. Following the bilateral settlement of border conflicts and the establishment of the Shanghai Cooperation Organization (SCO), in the 2000s, the perspectives of economic and strategic cooperation with China seemed even more attractive. In the eyes of Central Asian leaders, it may have been an especially tempting partner because, unlike in the West, Chinese credits and investments have never been made dependent on political conditions, which makes China a "popular" economic partner with several developing countries. György Neszemlyi, for example, points out this difference in his analysis of Nigeria (2016, pp. 107-123). It was not by accident that Uzbek President Islom Karimov declared in 2013 that "[i]n 22 years of bilateral relations between Uzbekistan and China, the latter has never set any political demands" (Beshimov – Satke, 2013). On the other hand, Kazakh President Nursultan Nazarbayev said that the BRI is "a wonderful concept [...] and solidarity will be our strength in developing regional cooperation along the Silk Road" (Shi, 2014). Statements with similar content could be quoted from practically all the heads of Central Asian republics (Laruelle – Peyrouse, 2009, p. 64).

Nevertheless, not all Central Asian regimes maintain equally strong ties with Beijing, and the Chinese are not making the same effort to make an impact in all of the five post-Soviet republics. China realized how internally disconnected the region is and pursued a bilateral approach in its relations with Central Asian governments from the late 1990s onwards. The Chinese have acted patiently and pragmatically and over time have managed to build working relations with each of the five countries. As Vakulchuk and Overland (2019, p. 117) remark, despite the fact that the BRI is a regional project, it is likely that, in the short and medium term, the collaboration between China and Central Asia will be based primarily on bilateral relations. It is to be noted that only four of them are members of SCO (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan). Ever since gaining its independence, Turkmenistan

has been extremely isolationist in its foreign policy under the slogan of “positive neutrality”¹ and thus has not been part of this cooperation, either.

It can perhaps be stated in general terms that since Turkmenistan and Uzbekistan are not China’s neighbors, its economic weight is perhaps less overbearing than in the other three republics. Although Turkmen export dependence on China is becoming as one-sided as its dependence was on Russian transit-infrastructure in the 1990s, overall the two countries enjoy more advantages than disadvantages of Chinese investments and are less affected by other aspects of the Chinese economic presence such as the large-scale Chinese migration.

The stronger economic “exposure” of Kazakhstan, Kyrgyzstan and Tajikistan is obvious. As next-door neighbors, they are target countries for Chinese state companies’ investments, their citizens do considerable cross-border trade with China, and for over a decade there has been significant Chinese migration as well. The perception of these developments is not uniform in the three countries. The civil war in the 1990s hampered Tajikistan’s development for at least a decade, and the shortage of capital and labor² is still so critical that not only the elite but also most citizens welcome Chinese investors rather than seeing them as potential competitors (Olimova, 2009, pp. 61-78). In addition, Tajikistan is the only one among the five Central Asian countries where the language is a variety of Persian rather than of Turkish. Thus, neither the Uyghur issue, nor pan-Turkish sympathies burden the country’s relations with China in the same way as it does the Kyrgyz or Kazakh public opinion (Laruelle – Peyrouse, 2009, p. 174).

It is in Kazakhstan and Kyrgyzstan that relations with Beijing are most politicized. Beijing’s increasing economic influence and the Chinese migration have generated strong social tensions over the past decade, and although these are the two countries with the closest economic ties to China, their public opinion seems to be the most Sinophobic. Naturally, we should not overlook the fact that these are the two

¹ President Saparmurat Niyazov announced the foreign political doctrine of positive neutrality in 1994. Accordingly, the country intends to maintain good relations with all states but does not want to participate in any multilateral cooperation. Turkmenistan’s neutrality was acknowledged by the United Nations General Assembly in 1995 (A/RES/50/80). For details, see: Anceschi (2009).

² In our days, some 1.5 million Tajik nationals (i.e. about one-fifth of the population) work abroad, mostly in Russia and Kazakhstan. In the former Soviet Union, and globally as well, this is the country with the highest proportion of the population being guest workers, while Kyrgyzstan is fourth in the world. See: Erlich (2006).

Tajik guest workers’ remittances are estimated to amount to about 40 percent of the country’s GDP. At least 15 percent of households live exclusively on remittances. See: Nazriev (2009), World Bank (2012).

countries that allow a degree of press freedom that enables such political discourse (Laruelle – Peyrouse, 2009, p. 64). That is why in the following case studies we will mostly focus on Kazakhstan and Kyrgyzstan.

2. Expected Economic and Political Impact of the New Silk Road

When analyzing the product structure of trade relations between China and the Central Asian republics, it is conspicuous that while post-Soviet countries almost exclusively export energy and industrial and agricultural primary commodities to China, over 80 percent of Chinese exports are made up of finished products and consumer goods (Mogilevski, 2012, pp. 16-31). Trade between the two regions surged from 1.8 billion dollars in 2000 to 46 billion in 2012, thus China has overtaken Russia as the Central Asian republics' main trading partner. China constitutes 16 percent of Kazakhstan's total trade, and external debt to China amounts to US\$12.3 billion (Vakulchuk – Overland, 2019, p. 119). It is estimated that over 80 to 90 percent of consumer goods available in the Kazakh markets are made in China (Cardenal – Araújo, 2014).

Kyrgyzstan, which after joining the WTO in 1998 was the first and for a long time the only Central Asian member (Tajikistan joined the WTO in 2013, and Kazakhstan in 2015), is still the main center of the cross-border trade and re-export of cheap Chinese mass consumer goods. In this respect, the most significant regional distribution points are the Dordoy and Karasu markets in Kyrgyzstan. Chinese goods to be re-exported usually enter Kyrgyzstan and Tajikistan duty free, or a minimal customs tariff of 1-5 percent is levied on them before they are exported primarily to Russia, Kazakhstan and Uzbekistan. These commodities do not usually feature in the given Central Asian country's import statistics. Therefore, their volume can only be estimated. Still, it is believed that by 2006 it may have reached seven billion dollars (Kaminski – Mitra, 2011).

Although after Kyrgyzstan had joined the Russian–Belarusian–Kazakh Customs Union in 2015, the country's border trade slightly decreased, and it is estimated that even today the value of Chinese consumer goods sold in Kyrgyz markets is close to the full annual GDP of Kyrgyzstan (Brown, 2016, p. 76). While some of the merchants in bazaars clearly benefit from the commerce of Chinese goods, there are serious reservations about the quality of Chinese products dumped on Central Asian markets—occasionally voiced by the tradesmen themselves. Sellers in the Kyrgyz Karasu bazaar have repeatedly organized protest actions against Chinese goods that

compete with their products but are of lower price and inferior quality. Between 2002 and 2010 fires were set several times in the sections of Kyrgyz bazaars occupied by Uyghur and Han merchants. One of the protest demonstrations in 2010 also ended in violence: the crowd set on fire a Chinese-owned shopping mall (Shambaugh, 2014, p. 201). On the other hand, the consumer needs of Kazakhstan and Kyrgyzstan would hardly be possible to be met without Chinese imports.

Chinese investments in the region are directed almost exclusively at the energy sector and to the related infrastructure. Thanks to the Kashagan oil fields discovered in the north-western part of Kazakhstan, the country has the largest untapped crude oil reserves outside the Middle East: it is the 19th largest oil producer in the world, and its gas reserves are also huge (Afanasyeva, 2012). Sinopec invested US\$1.4 billion, and the China International Trust and Investment Corporation (CITIC) and the China Investment Corporation (CIC) recently invested US\$0.95 billion. The China National Petroleum Corporation (CNPC) invested more than US\$12 billion in petroleum production and provided US\$6.2 billion to build oil and gas pipelines in Kazakhstan to facilitate the supply of energy resources from Central Asia to China. By now, Chinese firms control nearly a quarter of Kazakhstan's oil production (Vakulchuk – Overland, 2019, p. 119). In addition to its presence as an investor in the oil and gas sector, China is financing the construction of several hydroelectric power stations in Kyrgyzstan and Tajikistan, considering them vital also for the energy supply of Xinjiang Province (Cooley, 2012, p. 91).

In Central Asia, the energy sector is always strongly intertwined with state power; oil and gas companies as state-owned firms are typically owned by the “presidential family” circle or elite groups close to them. As co-authors, Marlène Laruelle and Sébastien Peyrouse (2009, pp. 66–72) note, the latter, who are the main beneficiaries of Chinese investments, are pro-China lobbies in possession of decisive power. Consequently, the worries voiced among others by Kemel Toktomushev (2018, pp. 77–85), a researcher at the University of Central Asia, are not at all unfounded that in addition to their obvious economic advantages, the New Silk Road developments might strengthen the rent-seeking attitudes of “clan-based” Central Asian elite groups.

Investments related to BRI are associated with large-scale corruption everywhere in Central Asia. In April 2016, a comprehensive corruption scandal caused the downfall of Temir Sariyev, the 27th Prime Minister of independent Kyrgyzstan: he got involved in a conflict with his own transport minister Arginbek Malabayev over a hundred-million road construction project near Lake Issyk Kul. With the help of the head of

government, the tender for the tourism-related development was won by the Chinese Longhai construction firm, which the minister objected to and suggested that Sariyev should be dismissed. Eventually, President Almazbek Atambayev also got involved in the two politicians' conflict. Finally, it was the Prime Minister who had to leave his post, but the Chinese partner in the project did not have to be replaced (Eurasianet, 2016).

Kazakh Prime Minister Karim Masimov (in office in 2007-2012 and in 2014-2016) was also widely seen as an avid supporter of Chinese interests. The politician from an Uyghur ethnic background studied in Beijing, was the leader of the Hong Kong merchant house of the Kazakh state, and was fluent in Chinese. In the eyes of the more nationalistic public open to opposition ideas, he was the most emblematic figure of the "Chinese lobby" (Laruelle – Peyrouse, 2009, p. 68) that is of decisive impact on government circles. According to Kazakh secret service estimates, in the Korgas "free port" at the Kazakh–Chinese railway border crossing hub, the value of illegal trade amounts to 3 to 4 million dollars a year, and high-ranking Kazakh officials supposedly have a vested interest in maintaining it (Ibid.).

As Rachel Brown (2016, p. 78) warns us, due to the New Silk Road investments and a more pronounced Chinese economic presence, in the future, political fault lines in Central Asian societies, especially in Kazakhstan and Kyrgyzstan could become sharper between beneficiaries of Chinese investments (i.e. political and elite groups and the energy sector) and the wider sections of the population employed in manufacturing, who see their jobs and living threatened by Chinese imports and investment. Vakulchuk and Overland (2019, p. 120) also argue that it is possible to distinguish between the "Sinophobes" and "Sinophiles". The latter is represented by the political and economic elite, whereas the former is manifested mainly by the political opposition, Uyghur associations and small business representatives. These two camps can be found in all five states of Central Asia.

3. Fears of Chinese Migration

The objections discussed above are aggravated by fears of Chinese migration, which is clearly on the increase. The apparently rampant concerns in Central Asian societies are mainly due to China's excessive demographic weight. The country's labor force has been growing fast since the early 2000s: its working age population went up by nearly 200 million between 2000 and 2015. Especially because of the slower economic growth of the past few years, China's internal labor market is unable to

absorb this mass of labor power; in 2017 they already had close to 100 million unemployed people registered (Garibov, 2018, p. 143). Thus, China is the largest provider of migrant workers. On the other hand, the total population of post-Soviet Central Asia (including Kazakhstan) is maximum 70 million. In addition, Kazakh demographic trends have not been favorable either over the past two decades: between 1991 and 2015 some 3.5 million people emigrated from Kazakhstan. Because of this, and also due to the falling number of births, in the 1990s, the country lost one-fifth of its population. Although the trend later reversed thanks to higher birth rates and more favorable economic terms, still, in 2015 China had almost as many babies born as Kazakhstan's full population (Ibid.).

Kazakhstan is the only Central Asian country that keeps accurate statistics of Chinese immigrants. They show that the majority of new arrivals in the 1990s were typically of Uyghur ethnicity or repatriated Kazakhs (so-called "Oralman"). The 2000s saw the beginning of a Han Chinese influx. It is estimated that there were already 130 to 150 thousand Chinese citizens at that time staying and working illegally in Kazakhstan. Only in 2016, 368 thousand work permits were issued to foreign nationals by the Kazakh Ministry of Labor, with 34.5 percent (127 thousand people) to Chinese applicants. Although even in the 2000s unemployment in Kazakhstan was not particularly high, a considerable part of Kazakhs interviewed in a questionnaire survey in 2007 said that the growing number of Chinese migrants could have a negative effect on the labor market (Sadovskaya, 2015). This fear persists despite the fact that the proportion of Chinese employees did not exceed 5 percent even in Chinese companies operating in Kazakhstan (Garibov, 2018, p. 150).

The concerns are better founded for Kyrgyzstan, from where about a quarter of the working age population has emigrated because of high unemployment and low wages. Although Kyrgyz statistics are much less reliable, the number of Chinese immigrants around 2005 is estimated to have been around ten thousand. In 2010, they put a ceiling of 13 thousand on the number of foreign guest workers, and since then 70 to 80 percent of this quota has been made up of Chinese immigrants. Officially, there are 28 thousand Chinese guest laborers in the country. However, experts believe that the actual figure must be around double, while Kyrgyz nationalist organizations recognize 300 thousand illegal Chinese immigrants (Orozobekova, 2016).

Similarly to Kazakhstan, Kyrgyzstan has also introduced a quota system: Chinese firms active in the country should employ Kyrgyz nationals at least in 80 percent. This is a serious challenge to Chinese companies: they claim that local labor is not always sufficiently qualified for complex engineering and technical tasks. At the same time,

Kyrgyz employees are not satisfied with their situation either: they report harsh work environments and complain because in Russia even if they did seasonal jobs, they could earn more (Asanov – Najibullah, 2013).

The poor conditions coupled with tensions between Kyrgyz and Chinese workers have repeatedly led to violent incidents. In 2011, for example, some three hundred Kyrgyz miners at the Chinese-owned Solton-Sary field protested against their treatment and violently attacked three Chinese workers and the police (Rickleton, 2011). In 2013, another fight broke out in the southern village of Kurshab between Kyrgyz and Chinese employees at the construction site of a high-profile power line: 28 people were injured with one policeman among them (Trilling, 2013). In 2014, in turn, locals started demonstrations against the strategic Kara-Balta oil refinery, partly because it pollutes the environment, and partly because the Chinese operator was not employing the right number of local workers under the right conditions. These moves also led to violence (IndustriALL Global Union, 2015).

A particularly sensitive aspect of Chinese migration in Central Asian societies is the presence of widespread fears about Chinese land acquisition, which adds to concerns about the expected shortage of land due to global climate change (Viter – Zsarnóczai – Vasa, 2015, pp. 75-82). When in the 1990s borders were delineated between China and the Central Asian republics, people in the latter region often voiced their dissatisfaction with territorial concessions made to China. When Kyrgyz President Askar Akayev decided to cede 87,000 hectares of Kyrgyzstan's southern territories to China in order to resolve a long-standing border dispute, his plan triggered popular protests, and clashes with the police resulted in six protestors' deaths. Probably out of revenge, a few days later a Chinese diplomat and his driver were killed in Kyrgyzstan (Marat, 2008).

The 2009 protests in Kazakhstan broke out for similar reasons. President Nazarbayev announced that they were to lease one million hectares of land to soy farmers, and although the country had no particular shortage of farmland, the dominant public opinion held that "the country had been sold to China". The protestors imposed a yellow Chinese dragon on the Kazakh national flag and beheaded a toy panda in public (Lillis, 2010). Tensions surfaced again in March 2016. The government intended to change the land law by raising the maximum of foreign nationals' agricultural land lease from 10 to 25 years. This triggered vehement protests, especially in Western Kazakhstan's cities: thousands went to the streets in Atyrau, Aktobe and Semey. The government, highly sensitive to all forms of political mobilization, finally backed out and withdrew the planned land reform (Burkhanov, 2018, pp. 157-158).

The widespread concerns about Chinese economic and social expansion are associated with a certain degree of cultural aversion in the Kazakh and Kyrgyz societies. So far only one comprehensive professional study has analyzed national attitudes towards China and the Chinese, yielding telling results. According to Yelena Sadovskaya's 2007 research (pp. 20-29) conducted in Kazakhstan, 70 percent of respondents thought that Chinese migration into their country would have more negative consequences.

Central Asian societies' negativity towards China has a long history. The way Kazakh Hordes resisted the invasion of the Qing dynasty in the 18th century is deeply embedded in the national memory. Manas, the hero of the Kyrgyz national epos (whose name is borne by Bishkek Airport) was also valiantly fighting the innumerable Chinese warriors (Garibov, 2018, p. 147). Propaganda in the Soviet decades also represented China in dark colors, especially after the 1969 Soviet–Chinese war. The image created at the time still seems to be influencing the attitudes of post-Soviet Central Asian peoples.

The overwhelming majority of the 2007 respondents felt that China was culturally more distant than Russia, or even the states of Western Europe. It should also be remembered that although in several respects Moscow's political influence is viewed with mistrust, the language of the press, public life and popular culture is still mainly Russian. In comparison, Beijing's cultural impact is negligible: the questionnaire survey finds Kazakhs are completely uninformed and ignorant of Chinese culture (Laruelle – Peyrouse, 2009, p. 175; Garibov 2018, p. 151).

In Central Asia, Kazakhstan and Kyrgyzstan are the only republics whose press is sufficiently pluralistic, so that the media can voice the population's suspicions, distrust or occasionally even hostility, which do not resonate with the official discourse. In this respect, Aziz Burkhanov's (2018) analysis of the tone of China-related news items published in the Kazakh media is particularly relevant. He notes an interesting duality. The Russian-language press closer to government circles and the official political direction, such as the government-owned *Kazakhstanskaya Pravda* daily, presented news related to China in a neutral or positive context, putting the main emphasis on economic cooperation and development investments. Among other things, they reported the following: in 2014 Kazakhstan exported 20 thousand tons of wheat to China; the Chinese car manufacturer Geely introduced a new production line in Kostanay where 50 percent of the workers are local; China supported Kazakhstan in organizing the 2017 EXPO (Burkhanov, 2018, p. 158).

In contrast, the more oppositional and, at the same time, more nationalistic Kazakh media, such as *Zhas Alash* or the *Turkestan.kz* portal, underlined the darker sides of Chinese–Kazakh relations. Thus, in their coverage unfavorable demographic trends and migration conflicts feature as recurring themes. For example, the *Turkestan.kz* portal was scaremongering that the masses of single Chinese men arriving in Kazakhstan were paid by Beijing if they married Kazakh women. In a 2017 article they claimed that Chinese men “would receive 10 to 15 thousand dollars if they returned with foreign wives” (Ibid.).

4. Xinjiang Province and the Uyghur Issue

In the analysis of Chinese–Central Asian relations, the position of the Muslim-majority in Xinjiang Province cannot be ignored.³ It once was an integral part of “Turkmenistan”, i.e. of the Inner Asian Muslim, Persian–Turkic civilizational sphere. In the 18th century, China conquered Eastern Turkmenistan, roughly at the time when the Russian colonization of the Khiva, Bukhara and Kokand Khanates, i.e. the later Soviet Central Asia, also started. Therefore, Uyghurs of Xinjiang Province have close ethnic, linguistic and cultural ties to Turkic peoples there. However, especially after the deterioration of Chinese–Russian relations in the 1960s, the Maoists did everything in order to isolate Uyghurs from their Central Asian kin and the Soviet ideological influence (Brown, 2016, p. 71).

Despite all this, Central Asian public opinion usually views the Uyghur issue with sympathy. In the leaders’ eyes, however, fruitful economic relations seem to carry so much weight that they cannot support any kind of Uyghur separatism. In addition, since gaining their independence, Central Asian republics’ priority has been the maintenance of their territorial integrity and the maximum ethnic homogenization of their own populations. They conduct a type of sovereignty-maximizing foreign policy, whereby the regimes concerned try to have a “free hand” in their internal affairs and increase their latitude in the international arena.⁴ In exchange, they have been highly reluctant to interfere in their neighbors’ internal affairs, especially in those of the

³ In 2000, the majority of Muslims, who make up 60 percent of the population, belonged to the 8.3 million Uyghur and the 125 million Kazakh population. In addition, there is a 700 thousand Dungan community, the ethnic (Han) community. The proportion of Han Chinese (41 percent) settled in Xinjiang already equals that of ethnic Uyghurs. The Chinese are mostly concentrated in the large cities, while the western regions of the province are left practically uninhabited by them. See: Dobrovits (2015).

⁴ Uzbekistan provides a good example of this: it prefers to deny Uzbek citizenship to the Uzbek minority living beyond the borders rather than tolerating other states (e.g. Russia or Tajikistan) making demands of double citizenship for ethnic Russians or Tajiks. See: Roy (2000).

superpower China. Outside China, Kazakhstan is the country that has a considerable Uyghur population. According to the last Soviet census in 1989, they numbered about 180 thousand; by the 2009 census the figure increased to about 220 to 240 thousand. The Uyghur minority lives primarily in the south-eastern part of Kazakhstan, concentrated in the Almaty region where they make up about 9 percent of the full population. However, some experts speculate that their actual proportion could be twice as high (Burkhanov, 2018, p. 154).

Kazakhstan Uyghurs have a number of cultural and business-related associations in Almaty: for example, the Kazakhstan Uyghurs' Cultural Association, the Society of Uyghur Tradesmen, Entrepreneurs and Farmers, and even an Uyghur theater. However, these organizations are not involved in any political activity, not even having their voice heard in issues related to their Xinjiang kin. As Kazakhstan's Constitution does not allow political parties to operate on ethnic bases, the political formation called Uyghuristan People's Party cannot be legally registered, either. In the early 1990s, media critical of the oppression of Xinjiang Uyghurs, such as *The Voice of Eastern Turkistan* and *Uyghuristan* newspapers, were still allowed, but in 1993-94 pressured by the Chinese Foreign Ministry, they were banned (Ibid.). In brief, in Kazakhstan, maintaining good relations with China is more of a priority than the cause of Xinjiang Uyghurs.

5. Conclusion

Central Asian political and economic elites are not only supporters but also personal beneficiaries of Chinese investments and the infrastructural development of the New Silk Road. The fate of Xinjiang is a warning sign for their societies: whatever happened to East Turkestan might happen in the future to the whole of post-Soviet Central Asia. Thus, in addition to bringing the promise of progress, many see the New Silk Road as the depressing possibility of Chinese "neo-colonialism". We should repeatedly emphasize the fears concerning cheap Chinese goods dumped on the market, the concerns about migration, the Kazakh and Kyrgyz tradesmen's and employees' worries about potential competition, the Chinese threat of land acquisition, and finally, a certain degree of widespread cultural aversion towards China. China will have to seriously consider these reservations, no matter how well-founded or rational they are, if it intends to realize its ambitious objectives as a superpower in Central Asia.

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The Visegrad Group as a Chinese Gateway to the European Union

Lady Gaviria-Ochoa

1. Introduction

The bloc of Visegrad countries represents joint efforts and common perspectives in the European Union (EU) and the world. Their political and institutional unity shows their political voice and potential future power, given that their guiding principles of trust, values, flexibility and traditions aim to achieve political and social proposed goals (Visegrad Group, 2017). Nonetheless, the Visegrad Group (V4) faces political and economic challenges given regional and global changes in power balance and governance.

The V4 countries appear to be in a paradox in what they have achieved as EU members, despite the political imbalance, and how to create new forms of international cooperation that creates economic diversification and future benefits. It is as if the V4 is moving in a pendulum leaning towards change and maintenance, or maybe a combination of both.

Following Palmer and Morgan (2006), states pursue change or maintenance through their foreign policies. This means that states shape their foreign policies as a group of interdependent actions, which could be generalized or implemented in a timely and geographical fashion. In the case of states with less resources, they aim to maintain the status quo; whereas states with more resources invest in foreign policies that allow them to modify the international issues of their interests (Ibid.).

This neutral approach by Palmer and Morgan (2006) applies not only to the V4 countries but also to China and the EU itself. Nevertheless, the Sino-V4 and EU-V4 relations present the imbalance in terms of resources, and this could influence change or maintenance in the V4's foreign policy, which means change in terms of China and maintenance in the case of the EU. In addition, China is trying to create change through the Belt and Road Initiative (BRI) in order to implement a new global governance order; whereas the EU aims to maintain the current status quo, which helps to ensure continuity in its global leadership.

However, the combination of change or maintenance of the V4 is not that straightforward. The Sino–V4 relation defies the EU’s cautious and doubtful relation towards China. In this scenario, there is no clarity on whether the EU might cooperate with China or follow the designed Chinese future endeavor. Yet, the Chinese interest in the V4 also remains unclear. The relation is mainly based on diplomatic strategies to make sure that the V4 countries “[...] understand China’s policies, practices and domestic concerns” (Song, 2014, p. 113). However, realization of meaningful Chinese investment is required.

Consequently, this paper aims to establish if the role of the V4 group in Chinese foreign policy is a gateway to the EU, or if China is interacting with the V4 in order to understand the EU’s proceedings and institutions. This qualitative research takes a descriptive approach based on the theoretical approach of change and maintenance in foreign policy by Palmer and Morgan (2006). The methodology uses Krippendorff’s (2004) approach to content analysis based on the definition, coding and contextualizing units, which could be subject to different forms of inferences. The selected units of analysis were economic cooperation, foreign policy and institutions, to be codified in primary and secondary sources such as institutional documents, papers from journals and newspaper articles. After unitizing, trend inferences were made in order to identify emerging topics and tendencies in the context related to the selected units.

The first section of this paper presents an overview of the Visegrad Group and the existing relations with the European Union. The second section describes the political side of Sino–V4 relations. Lastly, the text finishes with some final comments.

2. V4–EU Relations

The bloc of countries formed by the Czech Republic, Hungary, Poland and Slovakia founded the Visegrad Group (V4), signing the Visegrad Declaration in 1991 (Visegrad Group, 2017) and shaping an institutional alliance prior to their inclusion as member states in the European Union. The onset of such unity was due to a diversity of reasons from the existing similarities of ideas in the political elite of the time, the need to dismantle communist influences in the region, to prevent possible hostilities between country members, but most importantly, to join efforts to achieve political and social goals (Ibid.). Further endeavors and changes in the context required the strengthening of the Central European identity, which was stated in the New Visegrad Declaration in 2004 (Ibid.).

The V4's yearly presidency leads the direct united responses in the political context, creating a common voice. This rotating presidency guarantees the power balance and a sense of equality of contributions and demands of each country member (Visegrad Group, 2017). In addition, this provides a stable political setting for materializing their main cooperation principles, that is, "mutual trust, flexibility, and a focus on common traditions, values and interests" (Ibid.).

Such joint efforts have fostered bloc unity, which requires connection and communication between "[...] countries, governments, people, ideas and values in an inclusive and open manner" (Ibid.). Therefore, united and coordinated efforts and endeavors are key to survival and prevail on the achievement of the proposed goals (Prince Michael of Liechtenstein, 2016; Vondra, 2018). In other words, to maintain the status quo as states.

According to the 2017/2018 and 2018/2019 Visegrad presidencies, the Visegrad Group needs to face the challenges related to their place in the European Union and their need to find economic diversification, that is, a need for change. The path indicates cooperation, connectivity and integration with the European Union and the international community, especially countries that could guarantee investment in infrastructure, such as China.

On the one hand, the Hungarian Presidency of 2017/2018 fostered the "power of connectivity", which implies principles of inclusiveness and openness (Visegrad Group, 2017). This connectivity is not unrelated to the current global economic movement. This issue creates productive infrastructure, effective use of scarce resources, rapid flow of information for decision-making processes, improvement of the quality of life through economic growth, and high levels of innovation (Khanna, 2016). Thus, the V4 considers connectivity as an opportunity for their nations to foster economic growth, with the principle of interacting and cooperating globally.

The V4's approaches to "connectivity" include the European, Regional, Digital and Global approaches. In the latter, the V4 supports cooperation with global partners such as China, which challenges and defies Brussels' suspiciousness towards China (Visegrad Group, 2017). Regarding the European approach, the interaction within the EU lights up the existing tensions. The Hungarian Presidency of 2017/2018 demanded more inclusion in EU dialogues and decision-making processes; even more, this presidency called for cohesiveness, which would lead to a stronger and non-fragmented Europe (Ibid.). However, it gathered momentum saying that "[...] instead of 'more Europe' we should focus on creating a 'better and stronger Europe', a more efficient

Europe. To reach this goal, it is necessary that the European Union considers the opinion of every Member State" (Visegrad Group, 2017, p. 7).

On the other hand, the Slovak Presidency of 2018/2019 called for integration considering that the V4 cannot be isolated from the EU. Thus, the Slovak Presidency of 2018/2019 constructively promoted Europe as the V4's "common future", declaring that "making the EU stronger through constructive and open dialogue and effective cooperation continues to be our main objective" (Visegrad Group, 2018a, p. 1). The V4 recognizes that each member state is linked to the values and principles that guide the EU, thus, integration is key to preserve its unity and continuity.

The Slovak Presidency's discourse presented a change in the rhetoric and the intentionality in political terms towards the EU. Europe has become the V4's priority and center of action, especially when acknowledging that "the European Union is our common existential space, providing us with a high level of peace, security, and prosperity. Therefore, we want to actively promote a positive agenda and to act within the EU as a constructive and relevant player bringing its own views and solutions" (Visegrad Group, 2018b, p. 2). The Slovak Presidency's guiding principles presented a conciliatory tone that offered beneficial solutions, consensus and respect for differences (Visegrad Group, 2018b).

Although the Slovak Presidency presented an open and positive agenda, the V4's interest in the Chinese Silk Road project was not banished. Furthermore, the presidency committed to "[...] create a space for the exchange of experience with the implementation of the Silk Road project at National Levels, adopting legislative instruments and measures for facilitating trade" (Visegrad Group, 2018b, p. 30). This provided a sense of continuity to the previous presidency and the common perspective of having China as a strategic ally for the region.

The V4's future vision tries to balance up their integration into the EU and the potential Chinese economic and political relations. However, both relations tend to show a power imbalance which leads to a convenient combination of change and maintenance. Regarding the EU, its onset brought a power imbalance within as the Treaty of Rome was prepared by Germany, France, Italy and Spain, and the text "[...] reflects the signatories' poor leadership and limited vision" (Prince Michael of Liechtenstein, 2017a). This meant centralized power practices with a lack of inclusiveness and autonomy towards those states that could be integrated later on, such as the V4 countries.

The V4 contributed with diversity to the EU but has been demanding inclusiveness and equality within the Union. However, this creates tensions about their perspective on the topic of discussion, for instance in the case of Brexit, migration quotas or Chinese influence on the Central European region.

After Brexit, V4 leaders are afraid of being marginalized in the process of EU integration and claim that the EU should grant them more voting powers in the Union (Connolly, 2016). Also, V4 leaders are concerned that their contributions are not considered or heard within EU debates (Ibid.), for instance Viktor Orbán affirms that Hungary has got the future vision of what Europe should be (Oltermann, 2018). The V4 countries want to preserve their autonomy and control of local conditions, which contradicts the integrationist efforts of France and Germany (Connolly, 2016).

However, in the current Brexit context, the EU institutional framework cannot afford to face new divisions. Marginalization directly challenges the EU 27's future in a more competitive and multipolar world. Yet, division between the V4 group and Germany has been publicly known due to the issue of migration quotas. The political decision to create migration quotas was solely led by Germany in spite of other EU countries' considerations, "the V4 felt (literally) marginalized by Angela Merkel's decision to keep her country's borders open to refugees at the peak of the crisis in 2015" (The Economist, 2018). This decision made the V4 countries a mandatory place of transit.

Moreover, this situation has awakened sentiments within the V4 countries. On the one hand, "irritation turned to anger when she [Angela Merkel] later urged every EU Member State to admit a quota of refugees" (The Economist, 2018). On the other hand, Hungary expressed disregard of the aforementioned political decision; for instance, Mária Schmidt, Director of the Museum House of Terror, affirmed that "we are Hungarians, and we want to preserve our culture. We don't want to copy what the Germans are doing or what the French are doing. We want to continue with our own way of life" (Oltermann, 2018). Such views could be interpreted as an anti-EU perspective that drifts the V4 region away, or as messages of nationalistic postures.

Further division is created by how the V4 countries and Brussels or Berlin perceive the Chinese influence on the region. According to Oltermann (2018), Eastern European countries must rebalance their economic models in order to avoid the "Europeanisation trap"; however, situations such as "Zeman's courting of trade with China and Russia has drawn ire from Brussels and Berlin" (Ibid.). Still, Czech President Zeman is known as a fond ally of China and he calls BRI as "the most remarkable initiative in modern human history" (Hala, 2018). Furthermore, after the EU cut financial

transfers to Hungary and Poland in January 2018, President Orbán defied the decision saying to business leaders in Berlin that “we need financing for new roads and pipelines. If the EU can’t provide it, we’ll get it from China” (The Economist, 2018).

The V4 countries have been promoting themselves as attractive allies to China, which have simultaneously been measuring up the advantages that these countries pose. Actually, “China understands the nature of the Visegrad group, together with the political benefits it provides—the Czech Republic, Hungary, Poland and Slovakia are, if united, a major political power (and a fairly powerful potential Chinese ally) sitting at the European table” (Lagazzi, 2018, p. 4). Thus, the Sino–Visegrad relation might just be the opportunity for China to influence the impenetrable European Union from within, that is, to implement a Trojan horse strategy.

All in all, the V4–EU relation is challenged and tense in several forms. First of all, the centralized institutions in Brussels need to respect local and regional conditions (Prince Michael of Liechtenstein, 2017a) in order to preserve their autonomy and own forms of governance. Secondly, power imbalance needs to be addressed as it deepens inequality and marginalizes the V4 voice and contributions. And, thirdly, the imposition of decisions, such as migration, could lead to the strengthening of nationalist or anti-EU sentiments. Therefore, the V4 and EU need to understand that integration is the key, but this requires openness towards political dialogue and mutual support (The Brookings Institution, 2016).

3. The Dragon and the Visegrad

According to Song (2014), the first time that the V4, as a bloc, had a unified China policy was in 2011. The author highlights that China began to develop diplomatic strategies towards the V4 from 2012 in order to create mutual understanding and effects on the economy (Ibid.). Nonetheless, the current relations between the V4 and China is institutionally in the making.

China sees geographical and political advantages in the Visegrad countries. On the one hand, the Visegrad countries have a convenient geographical proximity that is the gateway to the resistant Western Europe. According to Turcsányi, Matura and Fürst (2014, p. 134), “China is aware that the space between Germany and Russia has been historically very sensitive and it might be interested in preserving its stability, both for economic reasons of facilitating a smooth connection with Western Europe, but also as a possible check to any potential Russian rise, which would be geopolitically

threatening to China". This allows not only the possibility of keeping under control the Russian influence on Central and Eastern Europe, but also guarantees the flow of trade along the proposed Belt and Road.

On the other hand, the Visegrad countries are an active bloc within the EU. This strategic alliance leads China to a further understanding of European laws and norms, given that "[...] the process of Europeanization of the V4 countries seems irreversible and these countries have already established European norms to understand the world" (Song, 2014, p. 110). Furthermore, Sino–Visegrad relations could lead to a more balanced Sino–EU partnership (Moldicz, 2017; Song, 2014). Notwithstanding, the Visegrad affiliation to the EU might create new unforeseeable difficulties.

Considering the V4's perspective, countries such as Poland, the Czech Republic and Hungary promote the idea of a future Chinese strategic partnership (Moldicz, 2017). For instance, Poland has high expectations of becoming the transport hub and the main recipient of Chinese investment in the region (Stoszek, 2018). The Czech Republic sees itself as "China's gateway to Europe" (Hala, 2018); and, Hungary smoothly becomes the "first" in many aspects of the political relation, that is, the first to have officially signed the BRI intergovernmental cooperation, the first to have established a Renminbi clearing bank, the first to have issued bonds in yuan among other actions (Przychodniak, 2018, p. 173). However, can these feelings of hope and expectation be realized by Chinese investment?

The main question leads us to reflect on how China perceives investment in the Visegrad countries. According to the China Going Global Investment Index 2017, the region presents a perspective of low risk/low opportunity with Poland ranking 22, Hungary 23, Slovakia 33 and the Czech Republic 16 (The Economist Intelligence Unit, 2017). This is not negative per se, low risk can provide a stable environment that fosters economic growth and that can eventually create opportunities for investors (The Economist Intelligence Unit, 2013).

This then reveals two sides to the Sino–Visegrad relation. The first side shows that Chinese strategic investments and endeavors seem to be more targeted along with their China Going Global Project (China Policy, 2017). According to the Chinese Foreign Minister in March 2018, the Visegrad countries are considered "the most dynamic force in Europe" (The Economist, 2018). This "dynamic force" evidences the economic imbalance between China and the Visegrad countries: "In contrast to the general trade structure of CEE [Central and Eastern Europe] with the whole world and EU 15, which was sustained by intra-industry trade, 75.5% of CEE's total trade with China

was one-way trade. Moreover, 70.7% of the trade was one-way imports from China" (Lin, 2018, p. 89). This consolidates the idea that the Visegrad countries are convenient geographically, politically and economically for China.

However, the second side shows that the Visegrad countries are willingly accepting relations shaped by asymmetry and power imbalance. The economic asymmetry between China and the V4 could be addressed by how local markets' structures and possibilities of cooperation are potentialized (Budeanu, 2018). Yet, the power imbalance appears to be more unfavorable for the V4.

The V4 are part of the "16+1 Cooperation" framework that deploys a no-strings-attached and win-win perspective. According to Xi Jinping, inclusiveness and interaction between nations require that the autonomy in the decision-making processes of each nation is respected, that diversity is embraced, and a sense of equality is created (New China TV, 2018). Thus, the proposed cooperation that fosters development needs commitment towards openness, connectivity and shared interests; yet, Xi Jinping clarifies that the BRI does not have a hidden agenda or geopolitical interests (Ibid.).

The win-win cooperation approach confronts the traditional development approach historically promoted by Western countries. Historically, the world has been divided economically and politically to frame the exercise of power, especially after World War II when the discourse of development, fostered by the Western hemisphere, promoted the model of homogeneous order, civilization and progress (Escobar, 1996; Mason, 1997; Paz, 2004). Contrarily, the Chinese win-win cooperation provides a new direction for developing countries that could face a zero-sum game, and it is for China a responsible way to grow economically with the world (New China TV, 2018). However, the "golden opportunity" of a win-win situation does not translate into a half-half share; it implies a "mutual benefit" or no loss on both sides, and no harm to a third party (Xin – Zhigao, 2018).

In the aforementioned context, Chinese foreign policy aims to strengthen the message of change that BRI has been promoting globally. Even though the established relations with the V4 countries evidence their geographic and institutional convenience to reach the EU, Chinese endeavors need a future materialization of investment in infrastructure and connectivity rather than diplomatic programs. Only then could the V4 countries be considered as the Chinese gateway to the EU.

4. Final Comments

Undoubtedly, Europe has been cautiously establishing relations with China. This could be understood as passivity, which could lead to surrendering power and control to Beijing (Prince Michael of Liechtenstein, 2017b); might be also interpreted as a lack of proposed alternatives by the EU, which could end up in the acceptance of Chinese leadership (GIS, 2018); or could be understood as a real concern in terms of Chinese actions against civil and freedom rights (Moldicz, 2017). Thus, the Sino–EU relation is thoughtfully in the making.

The V4 country members have already made their choice to try to attract Chinese investment and be aligned to the EU future vision. Nonetheless, future fragmentation could be found within the EU. Recently, Italy became the first G7 member to sign and commit to cooperate with China, providing access to Chinese investment in the port of Trieste (Lau, 2019). This has created discontent in Germany to the extent that “[...] the eurozone's biggest economy has been exerting pressure behind doors in Rome, Berlin and Brussels” (Ibid.). This also exposes a North–South division in the EU, which shows a need to change politically and economically.

The EU has been cautious and suspicious (Moldicz, 2017), especially Germany, of Chinese interest in the region. The BRI has been generally criticized for fostering local governmental corruption with their non-interference policy, inflating economic costs of projects, creating inviable debt sustainability, promoting environment degradation, replacing local labor for Chinese labor, and compromising political decisions and willingness, which create a high political and power-related cost (Doig, 2019; Fickling, 2019; Sharma, 2019; Wright – Hope, 2019). Furthermore, BRI has been understood as “[...] a somewhat chaotic branding and franchising exercise” (Fickling, 2019), which is a modern type of Chinese propaganda.

Regardless of the different interpretations that BRI and Chinese endeavors may provoke in the Western world, countries participating and cooperating in the BRI framework are open to the Chinese future vision. In the case of the V4 country members, Central and Eastern European countries have worked this cooperation to be aligned with the China–EU strategic partnership (Xinhua News Agency, 2015; Moldicz, 2017); nevertheless, the EU leaders remain doubtful of the true nature of Chinese intentions, and forethoughtful of mutual cooperation in the BRI framework.

In this geopolitical setting, V4 countries have been trying to attract Chinese investments and promoting diplomatic interactions to strengthen their political and

economic relations with China. Simultaneously, V4 countries defy EU leaders' perspective on the matter, which creates tensions. However, the V4 group cannot deny their own Europeanization process, their need to integrate into the EU and ensure economic and political stability for their citizens.

The aforementioned conditions shape two choices for the Chinese government. The first choice is to pursue a relationship with the V4 countries to reach cooperation with the entire EU, which requires transformations in the EU leadership and the renewal of powers or full inclusion of member states. This choice makes the V4 a difficult entry point with visible barriers, which makes non-EU countries more appealing to Beijing. Therefore, the second one is to learn from V4 interaction and try to gain experience to face EU's matters. This also could make China follow the path of the Western Balkans as their gateway for Europe, but this implies a loss in terms of EU cooperation and acting or influencing decision-making processes within.

In the end, as Xi Jinping stated in November 2018, old driving forces should be replaced by new ones (New China TV, 2018). It may be time for the old continent to accept that the longest lasting civilization in the world has revived and aims to be the most powerful global economic and political force. Therefore, it is time to embrace changes in the global governance system, which implies adequate representation and inclusion (World Economic Forum, 2017). This may also apply to political power forces within the EU.

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The Belt and Road Initiative and Its Implications for Poland

Joanna Ciesielska-Klikowska

1. Introduction

The aim of the article is to show how the Polish–Chinese cooperation has been developing and what it currently looks like. The article focuses on the bilateral cooperation in the period after 2012/2013 up until the present, and so the caesura is the concept of creating the 16+1 initiative and the inauguration of the Belt and Road Initiative (BRI). To understand today's cooperation better, the text also briefly presents a history of the bilateral relations in the post-1989 period.

Furthermore, the paper examines the importance of societal and political attitudes as well as economic associations in Poland towards the Belt and Road Initiative by using the liberal explanatory approach, which emphasizes the significance of social support for the country's foreign policy as well as the international economic cooperation.

The article is divided into seven parts—it begins with an introduction, followed by a theoretical section, in which the research approach used in the preparation of this text is featured. In the next part, the text focuses on the presentation of scientific and popular science literature as well as the social environment that influences the contemporary perception of the Poland–China cooperation. This section also presents the results of social research on the perception of BRI and the People's Republic of China (PRC) by Poles. The subsequent part draws attention to the political relations between both countries in the period after 1989; the topic is elaborated on and supplemented in part five, that presents the current political cooperation at the highest level, its challenges and problems. The penultimate section of the text shows, in a concentrated form, current economic relations between both countries. The conclusions and implications of the BRI for Poland are described in the last part of the article.

The paper is based on an in-depth literature research—mainly scientific literature as well as surveys, reports, media interviews and statistical data, which give a valuable insight. The author studied the political discourse in Poland regarding relations with

China and, more broadly, within the framework of the 16+1 and the entire New Silk Road initiative.

2. Theoretical Approach

As it is argued by Moravcsik (1997), the relationship between the state and society is of key importance for the state's behavior in the international arena. In every state, there are views, interests and institutions shared by the public or by particular social groups that influence the behavior of states by shaping state preferences. Those state preferences, on the other hand, can be defined as the fundamental social goals underlying any strategies undertaken by national governments. In practice, international relations are based on the configurations of these preferences. Brummer and Oppermann (2014, pp. 31-37) further show that in the liberal analysis of foreign policy, the social interests in the distribution of values are transferred to the political system through assertive intermediary institutions (such as business associations and non-governmental organizations), and then, in accordance with the institutional participation opportunities (such as the number of institutional players represented by the political parties) to the governments of other states. Different priorities of political and economic values as well as assertiveness in government policy are applied (Moravcsik, 1997, pp. 513-553; Moravcsik, 2008, pp. 234-254) in order to explain the compatibility of these preferences with those of third countries. Thus, liberal international relations theory initiated by Moravcsik is based on three main assumptions corresponding to particular levels of analysis—the level of the individual, the level of the state and the level of the international system.

From the perspective of liberal theory, one can find various answers to the question of how dependently or independently the government can shape the foreign policy of the country. The rulers, motivated by common goals of the community, try to influence the society in such a way as to obtain certain behaviors and actions from the community. On the other hand, society can participate in political life and through various institutions influence the decisions made by the government, providing the political system creates such possibilities.

Politics is an expression of the political aspirations of the society, and the very way of governing the state—its organs and the means of implementing internal and foreign politics—is the result of ongoing top-down, generated in the process of governance, and bottom-up activities, emerging in the environment governing and addressed to the power system. This topic is also examined by the sociology of politics, which

according to the assumptions of Wnuk-Lipiński (2008, pp. 11-12), deals with political issues, a fragment of collective life that is associated with the sphere of domination. The core of this sphere is the problem of power—its distribution, legitimacy and functioning. The subjects of interest in the sociology of politics are institutions, relations, phenomena, attitudes and behaviors, beliefs and regulations, which refer to political power and influence the decision-making process.

3. Societal Preferences

Therefore, it seems extremely important to analyze whether, and to what extent, Polish society influences the process of making political and economic decisions with regard to shaping cooperation with China. To do that, it is necessary to search for sources that make it possible for the Polish society to gain information about China, its political, economic and cultural system.

Looking at the literature, it has to be highlighted that Chinese subjects were always a topic of interest for Polish scientists. Many remarkable works on history, economy, society and cultural changes that took place during the last decades or centuries in China came from Bogdan Góralczyk (2010, 2012, 2014, 2018), Krzysztof Gawlikowski (2012) and Waldemar Dziak (2012). Yet, the subject of Chinese political and economic involvement on the old continent and its in-depth research in Poland has become dominant in recent years. In fact, since 2012, after the signing of the strategic Polish–Chinese partnership, there has been a considerable scientific interest leading to a research revival of bipartisan cooperation and the growing role of China in the international arena. Many interesting studies have been published so far by authors, who represent institutions with long histories and reputations, such as the Polish Institute of International Affairs and the Center for Eastern Studies, as well as new think tanks—Center of Poland–Asia Studies/Boym Institute from Warsaw, Center for Asia–Pacific Research at the Institute of Political Studies of the Polish Academy of Sciences in Warsaw, Center for Asian Affairs from Lodz, Asia Research Center from Warsaw, or—to a lesser extent—West Institute from Poznan. They all publish insightful analyses of Chinese politics, its impact on Europe and Poland, most often on websites, although there are also some wider printed reports focusing on selected topics. The magazine *Asia–Pacific: Society, Politics, Economy* has been published for more than 20 years and prints high-quality texts on Asian topics. These sources are the basis for spreading general and specific knowledge about China and, more broadly, about Asia, among Polish society.

Research on detailed topics or cooperation sectors, such as the Asian paradiplomacy (Pietrasiak et al., 2018) or the New Silk Road (Kaczmarek, 2016; Hübner, 2018), are also gaining wider interest. A lot of books are published in Polish (Ostaszewski, 2011; Mencil, 2016; Marszałek-Kawa – Dmochowski, 2018), yet since the results of the research projects are often available in English, they attract attention from outside the Polish borders too (Góralczyk – Huashou, 2014; Gacek – Trojnar, 2014; Pietrasiak et al., 2018).

With the growing concern on Chinese (as well as overall Asian) affairs, there are also corresponding fields of study which educate future entrepreneurs, scientists and officials in Poland. Currently, Sinology as a field of study is offered by large academic centers—Krakow, Warsaw, Gdansk, Poznan, Lublin and Wroclaw (BA studies, a total number of 425 students in the academic year 2016/2017) (GUS, 2016); while Asian studies (covering a context broader than China itself) are carried out at universities in Warsaw, Krakow, Poznan, Lodz, Bydgoszcz and Opole (BA studies, approximate number of students 1,100 on all Asian specialties) (WIM, 2018). Certainly, the perception of China's culture and policy in the 21st century is translated by the functioning of the Confucius Institutes in Poland, established by the Chinese State Office for International Chinese Language Promotion (Hanban). In Poland, the first Confucius Institute was opened in Krakow in 2006 (at the same time it was the 108th Confucius Institute in the world). It was created at the Jagiellonian University as a separate administrative unit. In 2008, three more institutes were opened—in Opole (operating at the Opole University of Technology), Poznan (at the Adam Mickiewicz University) and Wroclaw (at the University of Wroclaw) (Hanban, 2019). In the following years Confucius Institutes were created in Gdansk and Warsaw as well.

Alongside the rise of Polish interest in China, there is also a noticeable surge of Chinese tourists in Poland. Their number has been increasing recently. According to the Polish Central Statistical Office (GUS, 2018a), 212,524 tourists from the PRC arrived in Poland in 2018. This is a clear boost compared to previous years—in 2014, Poland was visited by approximately 70,800 tourists from China, in 2015 by 72,600, in 2016 by 97,700 (the Central Statistical Office does not provide data for 2017).

There is also growing public interest in Chinese culture, language and cuisine. This has a bearing on the perception of political and economic initiatives proposed by the Chinese side. Studies conducted in Europe by the China–CEE Institute (Xin, 2018, pp. 57–59) show that in a growing number of countries in Central and Eastern Europe (CEE), the activities of Chinese entities are welcomed. According to the survey, over half of Poles know what the 16+1 Initiative is about and are familiar with the BRI

project. The possible impact of the New Silk Road initiative and strengthening trade and economic relations between China and Poland in the next 5 years are considered to be positive by Poles (that is better than the Central and Eastern European average). By age groups—the representatives of the 15-29 and 50-59 years old, by sex—the men, by township—the people who live in big cities and in the rural area, by the level of education—the secondary and higher educated people rated above the Polish average. Generally, Polish citizens evaluate the relationship between China and Poland as close (which is again better than the CEE average). By age groups—the most representatives of the 40-59 years old, by sex—the men, by township—the people who live in big cities, and by the level of education—the secondary educated people rated the Sino-Polish relationship as very close.

This multifaceted and comprehensive interest in recent years translates into the way in which Chinese matters are discussed in Poland, and the efforts of many researchers have made it possible to increase the significance of Poland in dealing with the PRC. The appearance of numerous valuable publications as well as research centers and think tanks emerging in recent years are proof of the growing demand for understanding Chinese issues and seeing this as an opportunity for professional and economic success. This translates directly into the perception of China and its activities by Poles. It wins the sympathy of Polish citizens and at the same time opens the country to both Chinese investments and tourists.

4. Outline of Polish–Chinese Political Relations

The history of Polish–Chinese relations goes back to the 17th century and the times of the first Polish missionaries to China. However, more recent political relations between Poland and China can be discussed only in reference to the 20th century. Intensification of contacts took place after the Second World War, and Poland was the second country after the USSR to open its diplomatic representation to Chinese authorities. The official establishment of diplomatic relations between the Polish People's Republic and the People's Republic of China took place on October 7, 1949.

The deciding influence on Polish–Chinese relations in the first years after establishing official relations had a degree of subordination of Polish and Chinese politics from Moscow as well as enormous internal problems faced by both states. Despite the scale of tasks in the post-war period that Poland and China faced, geographic distance, cultural and civilizational diversity, their mutual contacts developed. Yet, until the 1980s, the conditions were very turbulent.

In 1983, the PRC Prime Minister Zhao Ziyang expressed a friendly feeling towards the nations of Eastern Europe and the appreciation of their achievements and experience in socialist construction and the progress made in various areas in the development of their bilateral relations (Cheng, 1988, pp. 157-191). It was a sign of a positive change. At that time, the most important for Poland was the clear opposition of the PRC to potential military intervention of the USSR in the country after December 13, 1981, and introduction of the martial law. In view of the sanctions imposed on the Polish People's Republic by the administration of US President Ronald Reagan, the Chinese side provided Poland with significant financial aid to improve the dramatic situation in terms of food supply. Polish authorities and Polish diplomacy began then to support efforts to normalize relations between Beijing and Moscow (Stec, 2013, pp. 76-77).

The turn of the 1980s and 1990s brought a weakening of Polish contacts with China and other Asian countries. Since 1991, however, there has been a return to political dialogue and political contacts with main partners in Asia. Starting in 1991, there have been exchanges of visits of foreign ministers and ministers for economic cooperation with Poland and China abroad. The resumption of bilateral, periodic political consultations at the level of undersecretaries of state came as well. In subsequent years, there had been an exchange of official visits, a number of meetings of the highest political representatives and an intensification of contacts. The completion of the period of building Polish–Chinese relations after the political changes of 1989 was the first visit of the President of the People's Republic of China to Poland, which took place in 2004. During this visit on June 8, 2004, the Polish Head of State Aleksander Kwasniewski and the President of the People's Republic of China Hu Jintao signed a *Joint Declaration between the Republic of Poland and the People's Republic of China*. This document sets the framework and general principles for the development of bilateral relations in the following years (China Radio International, 2004).

The culmination phase was initiated in December 2011, when a state visit of the Polish President Bronisław Komorowski to the PRC was organized—it was the first visit of a Polish President to China in 14 years. The leaders of both countries decided to raise relations to the level of strategic partnership. As a result of this decision, an unprecedented intensification of the exchange of high-level visits and the creation of new cooperation structures took place. In April 2012, Prime Minister Wen Jiabao paid a visit to Poland—it was, after all, the first official visit of the Chinese Prime Minister in Poland after 1989. In the course of his stay in Warsaw, the summit of the heads of governments of China, Poland and 15 other Central and Eastern European countries took place, during which Prime Minister Wen announced “12 initiatives”

for the development of cooperation between China and the CEE region. It was the point in time when the 16+1 Initiative started, which aimed to intensify the cooperation of the PRC with 11 EU Member States and 5 Balkan countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Hungary) in the fields of investment, transport, finance, science, education and culture. This cooperation was integrated into three potential priority areas of economic cooperation: infrastructure, modern technologies and environmental technologies. The meeting of such a numerous group brought hope for widespread cooperation and evoked the expectations of the Polish side. Prime Minister Donald Tusk stated after the meeting that “China and Central Europe are the world’s symbols of success and development” and encouraged to develop cooperation “on the scale of both continents” (PAP, 2012).

5. Poland, China and the BRI

The Polish–Chinese cooperation has been gaining momentum since the end of 2013, when it was boosted by the project presented by President Xi Jinping—the New Silk Road. As a concept of the Silk Road Economic Belt (SREB) it was introduced by the Chinese leader during his visit to Kazakhstan in September 2013. The idea of creating the New Silk Road was concretized by the President of the People’s Republic of China in October 2013, when he proposed to achieve an agreement between China and the countries belonging to the Association of Southeast Asian Nations (ASEAN) and presented the assumptions for the project of the Maritime Silk Road (MSR). Therefore, the plan was based on two pillars—the land and the maritime Silk Road—and is nowadays considered as one of the largest infrastructural and investment ideas in history. It includes almost 70 countries, inhabited by 65 percent of the world’s population (4.4 billion people) and responsible for 40 percent of global GDP in 2017 (Campbell, 2017). The project focuses on the expansion of the infrastructure network connecting China and the countries of Central Asia, the Middle East, Africa and Europe in order to create favorable cooperation opportunities in the field of infrastructure and financial projects. Although its original name was One Belt One Road (OBOR), in subsequent years it was changed into the Belt and Road Initiative (Běrziņa-Čerenkova, 2016).

This economic *grand design*, as China’s initiative to open up transport and communication between the PRC and Europe, was aimed at being the next step towards economic integration with the European Union. Since the existing export-investment economy model in China is being exhausted, the New Silk Road could be a tool to

maintain the current development model of the PRC. Wanting to find an outlet for production surpluses and production capacities, China carried out efforts to implement numerous foreign investments, which would translate into a political dimension also to the construction of China's world power position. Due to its geographical location, Eastern Europe could then become a "gate" through which the New Silk Road would reach the European Union. This was also the reason for starting the 16+1 cooperation. The format was afterward integrated with the BRI project to facilitate talks with the countries of the region on the implementation of Chinese investments.

Throughout the years, the goals of maintaining an intensive cooperation between China and the Central and Eastern European countries have been both political and economic as well as serving the development of BRI in four dimensions:

- building a positive image of China in Europe;
- coordinating the PRC's policy towards the countries of the region;
- shaping the Sino–EU relations through lobbying from the countries of the region that belong to the 16+1 cooperation;
- testing the possibility of economic expansion in the CEE countries within the conditions of EU legislation and investment placement focused on the EU market (Kaczmarek – Jakóbski, 2015, pp. 3–4).

Poland is playing a significant role among the Central and Eastern European countries in the implementation of the BRI. It is an EU Member State and at the same time, through its territory runs the main transport route, which connects China via Kazakhstan, Russia and Belarus with Western Europe. Hence, from the beginning of the initiative, it has been believed that Poland has the opportunity to become a hub for the Chinese economy, allowing the distribution of goods to other EU countries and vice versa—a place where goods from all over Europe can be sent to China. Therefore the "Go China" program was launched under the patronage of President Komorowski. It was a symbolic landmark in Poland's policy towards China. The economic disadvantages of Europe, which affected Poland, as well as the shortage of domestic capital, were to be cured by Chinese investments and growing exports to China. Also, during his state visit to the PRC in 2015, President Andrzej Duda tried to get the support of state officials in pursuit of these goals (Prezydent, 2015).

Another major step was taken a year later, during the visit of President Xi Jinping to Poland, when a "Comprehensive Strategic Partnership" was signed. The new document encompassed provisions regarding investment cooperation, just like the previous one. In fact, 40 new agreements were signed both at the intergovernmental

level (including those signed by ministers responsible for development, science and finances) and at the level of enterprises, companies or institutions. It was seen as a clear signal that both countries were eager to cooperate in such fields as finance, transport, logistics, infrastructure, energy, agriculture and environmental protection. It was also planned to place new Chinese company headquarters in Poland and to intensify scientific contacts. The greatest emphasis was put on pragmatic economic interests. But in fact, political consensus with China and a change in rhetoric did not result in a dynamic growth in exports that would have compensated for the increase in imports in terms of value.

Consequently, the New Silk Road project raised high hopes. Poland was one of the countries that enthusiastically adopted the initiative because it was supposed to serve the development of economic cooperation between states by creating a network of economic connections (through coordination of strategic development plans of individual countries, development of transport and energy infrastructure, creating a network of trade agreements, financial integration and standardization of values and development of interpersonal relations through cultural and scientific exchange). It was also seen as an opportunity to increase Poland's role in the region as well as to raise its importance in the wider international context (Ministerstwo Spraw Zagranicznych, 2016). Polish authorities were forced to combine the goals of strategic cooperation between Poland and China as part of the implementation of the Belt and Road projects and the Polish "Plan for responsible development" and even looked for creating synergies in them (Góralczyk, 2016).

The visit of President Duda to China in 2015 and Xi Jinping's visit in Poland in 2016 were to open a new chapter in relations between Warsaw and Beijing and to create new economic opportunities for Polish exporters. They were perceived as a new opening in bilateral relations and a breakthrough moment that should be followed by a significant intensification of cooperation. Chinese investments in Poland would become a flywheel for the development of the Polish economy.

However, the events of the following months and political decisions taken at that time by the Polish side made it impossible to fulfill those hopes. They began to dissolve after the decision made by the previous Polish Minister for National Defense, Antoni Macierewicz. He decided to block the sale of a building plot in the city of Lodz, where a great logistic hub would have been created for the BRI project. Lodz was an example of a soaring demand for a rail cargo service between China and Europe; it has been estimated that in 2016 between 27-40 percent (Jakóbowski – Poptawski – Kaczmarek, 2018) of trains traveling between China and Europe were loaded or

unloaded in the Lodz terminal (Mierzejewski, 2017, pp. 154–169; Kamiński, 2019, pp. 1–16). The reasons for Macierewicz's decision are still unclear and incomprehensible to the public. Another issue was the visit of Prime Minister Beata Szydło in Beijing in May 2017, which was a failure. During a forum devoted to the BRI, despite meetings with the highest representatives of the PRC, Xi Jinping and Li Keqiang, no new noteworthy economic contracts were signed (Kublik, 2017). From that point in time, the pace of cooperation at the governmental level began to slow down dramatically. Also, the current Prime Minister Mateusz Morawiecki stated at the end of 2017 that economic relations with China were difficult, and the Chinese market was very hermetic and closed. Previously, however, he had repeatedly underlined the willingness to strengthen bilateral cooperation and was seen as a pro-Chinese politician. He pointed out that with no other country did Poland have such "unbalanced" trade relations as with China, since the ratio was 12:1 in favor of China, and without a change, it would be a big failure on both sides (Forsal, 2017).

Relations with China were also a great challenge for Poland in the following year. Critical remarks and some misunderstandings were elements of bilateral affairs. At the beginning of 2018, Morawiecki made a clear pivot from China towards the USA (the most important partner in the political sense for the present Polish administration) and in the following months his attitude emphasized this turn. The Prime Minister did not take part in the 16+1 meeting in July 2018 in Sofia, demonstratively choosing to go on a pilgrimage to Jasna Góra (a place of religious worship in Poland). The Polish government was represented by Deputy Prime Minister and Minister of Science Jarosław Gowin.

This attitude of Prime Minister Morawiecki was highlighted in November 2018 when, during his speech in Hamburg, he said "China is challenging the world of democracy and NATO" (Premier, 2018). The head of the Polish government pointed out during the FOTAR Conference, where together with the Vice-Chancellor and the Minister of Finance of Germany Olaf Scholz he spoke about the European perspective for the future of transatlantic relations, that the most important partners for Warsaw are European countries (mainly belonging to the Visegrad Group) and the United States. Morawiecki said, "Poland would like to have peaceful relations with everyone, including Russia and China, but we see problems on the part of China and Russia rather than the United States" (Ibid.).

In the light of this, it is worth noting the lack of stability in Poland's foreign policy towards China, which over the past years has undergone several radical reversals. In 2008, Prime Minister Donald Tusk from the Civic Platform Party boycotted the

opening ceremony of the Olympic Games in Beijing due to the issue of human rights in Tibet. Three years later President Bronisław Komorowski (from the same political wing) signed an agreement with China on a strategic partnership. Tusk himself admitted in 2013 that he “assumes responsibility for setting a clear line for the repair of Polish–Chinese relations” (*Gazeta Wyborcza*, 2013). The next Polish President Duda as well as the next government under Beata Szydło and her successor Morawiecki (all representing the other side of the Polish political scene, namely the Law and Justice Party) initially expressed deep optimism about the strengthening of relations with China. It translated into the visit of Xi Jinping in Warsaw in mid-2016, when the issue of raising cooperation for the “Comprehensive Strategic Partnership” was discussed. The latest chapter in Polish–Chinese relations is now being rewritten, though it is equally inconsistent with language. It is worth remembering that Morawiecki, as a Deputy Prime Minister, did not hide that his idea of Polish “Strategy for Responsible Development” relies largely on the concepts of structural economy promoted by the Chinese economist Justin Yifu Lin, but on the other hand, he sent clear signals that Beijing is a “second-class” partner, especially in comparison to the USA.

As it is pointed out by Sarek (2018), this changeability of policy towards China results from differences in goals and methods of conducting foreign policy by individual political parties and factions within the parties as well as the lack of cross-party agreement regarding the main principles governing relations with the PRC. The discrepancy between the expectations of cooperation with China and their effects is due to insufficient consideration by some decision-makers in Poland of the goals and priorities pursued by the Chinese Communist Party. China's rapid economic development, huge share in global trade, technological development, entering the world's leading investors and bold economic initiatives obscure the fact that China is a country that pursues its goals in an authoritarian way, often contrary to the goals of potential partners. The Chinese economic system allows Chinese party leaders to control the economy at the central as well as increasingly at the local level.

In addition, politicians in Poland often forget that despite many advantages, Poland is, at best, a secondary partner for the Chinese government, which has limited opportunities to negotiate terms of cooperation (Pepermans, 2018, pp. 196–197). Therefore, stating that Poland is a “gate” to the European Union, or to Western Europe, is not much more than expressing a hopeful wish.

6. Economic Cooperation

Polish authorities expected that due to the Belt and Road Initiative as well as to increasing Polish activity, Polish exports would grow dynamically, the deficit would decrease, and Chinese investments would flow into Poland.

Although during the Belt and Road project, the economic exchange intensified, the official data of the Polish Central Statistical Office does not indicate that there has been a surge in cooperation over the past few years. Looking at the official figures, Poland's trade in goods with China reached almost USD 29.331 billion in 2017. There was an increase in mutual turnovers by 13.2 percent compared to 2016, but mainly due to the increase in imports from China to Poland. In 2017, the value of Chinese imports to Poland increased by nearly USD 3.1 billion (12.9 percent), while the value of Polish exports to China by less than USD 400 million (20.6 percent). In 2017, the asymmetry characteristic of trade relations with China increased—Poland imported goods from China worth almost 12 times more than the value of Polish exports to China. The deficit of the bilateral exchange of goods increased to a record level of almost USD 24.721 billion.

Table 1

Poland's trade exchange with China (in thousands of USD) in 2010-2017

	2010	2014	2015	2016	2017
Export to China	1 229 000	2 250 634	2 017 344	1 911 143	2 304 985
Import from China	12 615 000	23 502 171	22 655 330	23 945 058	27 025 983
Trade turnover	13 914 000	25 752 805	24 672 674	25 856 201	29 330 967
Deficit	-11 386 000	-21 251 537	-20 637 986	-22 033 915	-24 720 998

Source: Polish Central Statistical Office (GUS), 2018b.

In the commodity structure of Polish exports to China, the most important item still remains copper and copper products. The value of Polish exports to China increased in 2017 by approximately USD 216 million (53.9 percent) after a decrease in 2016. The share of copper and copper products in the Polish export structure amounted to 26.7 percent. Among other major changes in the export structure of industrial goods, a large (nearly USD 45 million, 15.2 percent) increase in exports of goods was visible in nuclear reactors, boilers, machinery and mechanical equipment and parts thereof, non-commercial vehicles and their parts and accessories (an increase of nearly USD 24 million, 27.7 percent) and wood and wooden products (over USD 12 million, 53.9 percent). Changes in the export of Polish agricultural and food products to China were quite varied. In 2017, Poland's biggest food export was dairy products (approximately

USD 54.1 million), and the value of exports increased by 52.3 percent in comparison to 2016. The export of processed food products from flour and malt extract also grew dynamically—by 51 percent as compared to 2016. On the other hand, exports of sugar and confectionery products, the third most important item in Polish agricultural exports to China, decreased by 11 percent (GUS, 2018b).

The structure of Chinese imports to Poland remained unchanged. The essential goods imported from China include high-processed goods, i.e. wired telephony apparatus, computer devices, parts for transmitting devices and radio and television receivers, parts and accessories for office machines. Among other goods imported from China there are labor-intensive goods typical of Chinese exports, such as toys and games, clothing and underwear, lamps and lighting fixtures, shoes and suitcases.

Analyzing the latest data about overall Chinese investments in the European Union, it can be presumed, that they are clearly decreasing—their value last year amounted to EUR 17.3 billion, which was a 40 percent decrease compared to 2017 and by more than a half compared to a record level of EUR 37 billion in 2016. According to the report from the German think tank MERICS and Rhodium Group, the CEE region is in charge of only 1.5 percent of Chinese investments in Europe. In general, in the years 2000-2018, Chinese companies invested EUR 7.1 billion in the CEE countries. There is also a small chance that Brexit will cause Chinese investments to be delivered to countries belonging to the Visegrad Group (Hanemann – Huotari – Kratz, 2019).

This trend is a part of the global decline in Chinese FDI. Among the reasons for the clear turndown in the action of Chinese investors are, on the one hand, the activities of European states to protect markets and sensitive sectors in the EU, and on the other hand, the idea of the control of the outflow of capital by the authorities in China and the economic slowdown in China in the perspective of the trade war with the United States. Moreover, it is clearly visible that for Chinese investors the most important thing is technology. Yet, their small resources in the CEE have long been bought back by other foreign investors (Kowalski, 2019).

In 2019, China invested in technologically advanced companies in Poland (production of Nuctech cargo screening systems and a TCL TV factory near Warsaw, and a factory of electrolyte cartridges for Guotai Huarong car batteries in Lower Silesia). It is still few, especially when compared to the declarations of the so-called “Chinese revolution” affirmed in autumn 2017 by the Polish Investment and Trade Agency (PAIH, 2017).

Also, Poland's participation in the Asian Infrastructure Investment Bank (AIIB) has not brought any tangible effects. Among AIIB projects implemented in Asia, the closest to Poland are those in the Caucasus, and Polish construction companies have rather little chance of obtaining the next contracts in the near future.

An opportunity for Poland could be the development of railway connections within the framework of BRI. Due to its geographical location and the already existing railway infrastructure as well as new investments, Poland may become a place of logistics hubs for Chinese goods on the way to Europe. However, as highlighted by Sarek (2018), it should be taken into account that many industries, in which Chinese imports grow, are competition for domestic Polish producers, and do not support export competitiveness by supplying cheaper components. The increase in pressure from Chinese imports is felt by Polish companies active in producing, i.e. textiles and clothing, metal products, leather footwear, aluminum products, tires, bathroom ceramics, fittings or household appliances. In these industries, the increase in imports means, at least in part, the crowding out of Polish products by Chinese producers. It has also not been demonstrated that the potential benefits resulting from the increase in revenues of the logistics industry and customs and other tributes will outweigh the costs associated with the increase in imports from China. They also do not solve the problem of pressure felt by Polish producers related to asymmetric mutual access to the markets for Chinese and Polish manufacturers.

The data from recent years clearly show that although economic cooperation is increasing, it is not unique. While it was expected that the 16+1 format and the BRI would translate into intensive Polish–Chinese cooperation, the result is disappointing. It turns out that the most important partner for China in Europe is still Germany (Destatis, 2019), and the countries of Central and Eastern Europe, including Poland, are only marginal partners in Europe.

7. BRI Implications for Poland

As Pendrakowska (2019, p. 1) points out, the Polish perspective of the BRI focuses primarily on the potential economic and political benefits that may arise for the country from participation in the project. Since Chinese–Polish relations are characterized by a gap in expectations related to investment and trade deficits, there is a conceptual ambiguity around the potential assignment to various areas of cooperation. It is evident that the Polish–Chinese cooperation is an element of a wider context and is implemented on many levels. On the other hand, it is difficult to determine exactly

which political and economic relations are a result of arrangements made within the framework of 16+1 cooperation, implementation of BRI projects or realization of bilateral cooperation.

In Poland, there is still a lack of a specific and consistently implemented long-term strategy for the development of foreign policy, including economic policy towards China. Some issues, such as trade policy issues, including customs and market protection, the issue of negotiating an agreement on the mutual protection of investments, have been ceded to joint EU bodies. However, the absolute majority of prerogatives connected with running foreign policy are in the hands of Poland. Relations with China are consequently a reflection of many problems of Polish foreign policy towards non-European partners.

Therefore, it can be assumed that the difficulty in relations with China lies mainly on the Polish side—there is no specific conception for cooperation with the PRC, which can be accessed and implemented by subsequent governments, regardless of their party colors. Meanwhile, Warsaw's foreign policy is a kind of sinusoid, which is completely incomprehensible for partners in Europe and Asia. The Polish side needs new investments and is looking for them in the international arena (an example is searching for an investor in the planned Central Communication Port near Warsaw, or another who would be ready to support the construction of the Elbląg channel), however, through political and diplomatic actions (words about "preparations for war with China" in Hamburg in November 2018, or sending the Deputy Prime Minister to the 16+1 meeting in Sofia) the Polish government is hurting its relations with China.

Today, China is trying to increase its global activity in practically every aspect—political, military, technological, and above all, economic, by developing the BRI. Poland is an important element in this project, but at a politically high level, it is not eagerly accepted due to the United States' resentment. Meanwhile, the New Silk Road, if approached in the right way, would be a great opportunity in many economic areas. China very dynamically establishes multilevel cooperation with the states on the BRI route, so the cooperation with Poland for instance within the academic milieu, would be a chance.

In fact, the academic and scientific environment is very eager to cooperate with Asian countries, including China. In recent years, new fields of study related to knowledge about this region have emerged, Sinology studies are becoming increasingly popular, and the number of analytical centers investigating cooperation with the PRC and the intellectual base for the cooperation projects between Poland and China has

significantly increased. The regional cooperation is also full of potential, depending to a large extent on the involvement of local authorities (a good example of such paradiplomatic success story is the relation between the city of Lodz and the Chinese Chengdu) (Szczudlik, 2016, p. 46).

An undoubted advantage of Poland is its location, providing the easiest access by land to Western Europe. However, given the proportionately small scale of land transport and China's great interest in European ports, probably paying greater attention to the Maritime Silk Road would be appropriate. Ports in Szczecin and Gdansk would undoubtedly benefit from such cooperation. A good solution would also be to get involved in creating the Arctic Corridor.

Referring to the liberal theory, it is worth pointing out that social support for that kind of involvement already exists. Cooperation with the Chinese side is attractive for Polish citizens, who perceive the Belt and Road Initiative as a (very) positive Chinese project, focusing on the connection of the Eurasian continent. Hence, social conditions are met and business is also open. Yet, the lack of a political strategy is a great omission.

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Hungarian–Chinese Tourism Diplomacy from the Perspective of Chinese Outbound Tourism

Levente Horváth

1. Introduction

Tourism and travel are the most important cultural and economic exchange between countries, and they have also become one of the largest industries around the world today. International tourism is a multimillion-dollar industry that involves billions of people moving around the globe, therefore more and more countries are interested to develop their tourism diplomacy to show the most appealing side of their countries and to get a bigger share of this huge industry and, in addition, to utilize the positive side effects of tourism in other fields of their economy.

Hungary also has to be ready for this new kind of diplomacy and should put efforts into building good diplomatic relations in tourism with leading countries in this field, such as China. China has now become the largest outbound tourism market and the biggest spender on travel abroad, which made a lot of countries compete in attracting more Chinese tourists.

The study briefly introduces the past and current characteristics of the Hungarian–Chinese tourism relationship, then presents the result of the research on the Hungarian–Chinese tourism diplomacy in the perspective of the rapidly increasing Chinese outbound tourism. Finally, it makes suggestions how to improve tourism diplomacy strategy in the context of Hungary's relations to China in order to enhance competitiveness and make the Hungarian–Chinese tourism diplomacy a win-win cooperation.

2. Tourism and Diplomacy

Today tourism has become one of the biggest industries in the world, and it has also become one of the most important instruments of the diplomatic toolbox of international relations. The globalization process and developing tourism industry make the globe „smaller” and therefore the relations between two countries have also grown

closer. This chapter gives a short introduction to tourism from the perspective of diplomacy and the role of diplomacy in tourism, and finally sums up the concept of tourism diplomacy.

2.1. Tourism

There are numerous definitions for tourism, so the United Nations World Tourism Organization (UNWTO) created a common glossary of terms for tourism: "Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which imply tourism expenditure" (UNWTO, 2008).

As we can see from the above definition, tourism is a social, cultural and economic phenomenon, so the movement of travel, especially international tourism, has a big effect on the countries' foreign economic relations as well as on international relations and also influences the public diplomacy between two states.

The roots of tourism go back to the ancient times when commercial traveling and the religious pilgrimages were an important feature of the ancient peoples' life, so it has a long history of development.¹

¹ One of the biggest ancient tourist events was the Greek Olympic Games, which nowadays also plays a very important role in sports tourism and is a significant tool of diplomacy, too. Every country is competing for getting the right to organize the Olympic Games, which allows them to build the brand of their own countries, through which they can have access to more tourists and get a bigger piece of the cake of world tourism.

In the Roman Empire, due to the developed infrastructure, not only the commercial traveling but also visiting entertainments, festivals and cultural events became part of people's lives.

After the collapse of ancient empires in the 5th century, with the development of feudalism, the tourism was hindered for many centuries. Only landlords, priests had the possibility to travel. From the 15th century, with the beginning of the era of great discoveries, the conditions of tourism had slowly been modernized.

During the First Industrial Revolution in England, the foundations of the modern tourism were laid down. This is partly due to the modern and spreading forms of transportation, such as railways and steam engines, and partly due to changes in social conditions. Urbanization has formed the need for recreation in nature, trips, holidays, entertainment, and the development of the economy has created a source of income for traveling, while the reduction in working time has led to an increase in leisure time. All of this affected a growing number of tourists.

At the beginning of the 20th century, the motorization resulted in new vehicles such as cars and buses, which made traveling more convenient. During World War I and II the development of tourism halted, but after the wars, airplanes have brought big boost for the improvement of tourism. Ultimately, modern tourism was born.

High numbers of international travelers encouraged the governments to discuss the regulations on the field of tourism. The tourism also became the interest of world organizations. In 1963, the Rome Conference of the United Nations dealt with the international tourism for the first time, provided conceptual definitions and made recommendations for the development of world tourism.

In 1975, a professional world organization, the World Tourism Organization (WTO) was established, and since 2003, it has become part of the United Nations, called UNWTO. It consists of 153 government members and 350 associate members. The results of the work of the World Tourism Organization appear in the declarations of world conferences, in the accepted programs of general meetings and prominent world events.

The Manila Declaration adopted by WTO's World Tourism Conference in 1980 stated that the right to leisure and, in particular, the right to holidays and to freedom of travel and tourism were recognized as an aspect of the fulfillment of the human being by the Declaration of Human Rights. The themes of the twenty-five statements emphasized are: the social, economic and educational importance of tourism to hosts and visitors; the promotion of international understanding and cooperation brought about by tourism; the creation of employment and new areas of economic and cultural activity; and the role of tourism in promoting the new international economic order. The First Interparliamentary Conference on Tourism was held in The Hague, on April 10-14, 1989, the result of which was the Hague Declaration on Tourism and a set of specific recommendations. The declaration is seen as an instrument of international cooperation and rapprochement between people and as a factor of individual and collective development.

2.2. Diplomacy

According to the Encyclopedia Britannica (Freeman – Marks, n.d.), the word diplomacy is derived via French from the ancient Greek *diploma*—meaning “folded in two”—and the suffix *-ma*—meaning “object”.

The holder of the document had a privilege, usually the right to travel, and the term originates from the documents through which princes gave such benefits. Later it covered all official documents issued by chancelleries, especially those containing agreements between kings. Afterwards, diplomacy was connected to international relations, and the direct link to the documents disappeared. From the 18th century onwards, the French expression *diplomate* (equal to diplomat or diplomatist) referred to a person entitled to represent the state.

Within the foreign policy instruments diplomacy has the most dominant role. The goal of foreign policy is to promote the interest of the state based on geographic status, history, economic and geopolitical powers. Diplomacy aims to strengthen the state, the nation or the organization serving others by promoting the interests.

Diplomats play a major role in diplomacy but are not its only functionaries. They play the role of experts in conveying messages, adjusting relationships and settling disputes between states and nations. The words are their swords, the state or organization they represent is the backup for them. Diplomats support their rulers to understand the intentions and actions of foreigners and to develop strategies and tactics that influence the behavior of foreigners, especially foreign governments. To conclude, we can define diplomacy as the management of relationships between countries.

2.3. Tourism Diplomacy

In the United States (US) and the European countries, the expression for diplomatic activity for building the brand of the country does not exist. In Hungary and in China a similar term is in use for the management of tourism relations between two countries, this is tourism diplomacy. In the western countries, the expression of public diplomacy or people's diplomacy is a common term for this kind of diplomatic activities, however, this phrase covers a bigger field of diplomacy (Hall – Jenkins, 1995, p. 116).

Tourism diplomacy has become one of the most important elements of foreign policy, and every state is working on making their country much more attractive for other countries' outbound tourists. The governments are establishing tourism offices abroad and delegating tourism attachés to other states to win more tourists for their country. In my study, I would like to introduce tourism diplomacy through the example of the Hungarian–Chinese tourism diplomacy.

3. Hungarian and Chinese Tourism Diplomacy

3.1. Hungary's Tourism Diplomacy

At the beginning of the 20th century, international tourism in Hungary was minimal. At the end of the 1920s, however, the government recognized the importance of international tourism, so the Ministry of Trade of Hungary established the National Tourism Committee, and in 1935 the National Tourism Bureau was opened. Yet, World War II and the new regime coming afterwards made international tourism impossible until the 1960s.

The United Nations Conference on International Travel and Tourism held in Rome in 1963 gave a big impetus and support to international tourism, thanks to which international tourism "woke up" again also in Hungary. The government reopened the National Tourism Bureau and the Hungarian tourist service agencies were renewed as well. Until 1990 most foreign tourists in Hungary came from the Soviet Bloc.

From the '90s onwards, international tourism took a great boost. In 1994, the National Tourism Bureau was transformed into the National Tourism Service, and later it became the Hungarian Tourism LLC. In 1998, the position of Deputy State Secretary for Tourism was established by the Ministry of Economy to support the development of tourism industry. From 2002 to 2018, the supervision of tourism was going through a lot of ministries and several changes. The government created a system of tourism attachés for building tourism diplomacy around the world. In 2013, there were already 22 tourism attachés all around the world (Table 1) to build the country image abroad and attract more foreigners to come to Hungary for traveling.

Table 1

Hungarian tourism offices around the world

North America	Europe			Middle East	Far East
United States of America	Austria	France	Spain	Israel	Japan
	Benelux countries	Poland	Slovakia	Arabian region	China
	Czech Republic	Italy	Ukraine		Southeast Asia
	United Kingdom	Russia	Southern neighbor countries		
	Northern Europe and Baltic states	Romania	Germany: Berlin Germany: Munich		

Source: Turizmus Online, 2016a.

In Hungary, by the 21st century, tourism has become one of the most important parts of the national economy; according to the data of the Hungarian Tourism Satellite Accounts, the tourism industry constitutes a big share of the Hungarian GDP (Table 2). The government of Hungary is working on a new concept for the tourism system and has chosen the Cabinet Office of the Prime Minister to supervise the development.

Table 2

Tourism's direct and indirect contribution to GDP in Hungary

	2010	2011	2012	2013	2014	2015	2016
Tourism's direct contribution to GDP	5.4%	5.6%	5.8%	6.1%	6.4%	6.5%	6.8%
Tourism's direct and indirect contribution to GDP	8.7%	9.0%	9.3%	9.6%	10.3%	10.3%	10.7%

Source: Hungarian Central Statistical Office, 2017.

By 2016, the concept of Hungarian tourism policy was successfully accepted by the Hungarian government, the Hungarian Tourism Agency was established, and a Tourism Diplomacy Department was created within the Ministry of Foreign Affairs and Trade (Turizmus Online, 2016a). These establishments represent the mission of tourism diplomacy, however at the same time, they closed the foreign offices of the Tourism Agency, only the Chinese and Russian tourism attachés could continue the work because they originally belonged to the Ministry of Foreign Affairs and Trade (Turizmus Online, 2016b).

In the last few years and in the coming years the government has been making heavy investments for improving the country's tourism industry and to make the country more attractive for the tourists of other states. At the Tourism Summit 2017 Conference held in Budapest, the Prime Minister of Hungary announced that the government would invest EUR 2.7 billion in tourism and that it had accepted the National Tourism Development Strategy 2030 outlining the plan of actions for tourism development for the next 13 years. The strategy also set the target to increase the direct and indirect contribution of tourism to GDP from 10 to 16 percent.

The Prime Minister of Hungary also highlighted the main line of the tourism diplomacy strategy of Hungary: "together with the V4 [Visegrad Four], we have developed a joint marketing plan; and with this plan, together we can present ourselves on the markets of countries from which the largest numbers of people may be expected to visit our region. We are conducting joint Central European campaigns primarily in the United States, Latin America, Russia, former Soviet states, India, China, Southeast Asia and South Korea" (Kormany.hu, 2017).

3.2. China's Outbound Tourism and Tourism Diplomacy

In 1949, the People's Republic of China was formally established. In the past 70 years, the development of tourism industry can be divided into four periods (Liu, 1999, p. 54). From 1949 to 1983, leaving the country was not allowed to the people, only diplomats and members of government could go abroad to deal with another country's diplomacy. For the travels of diplomatic delegations, in 1954 the Chinese government established the China International Travel Service Limited, which is nowadays also one of the biggest tourism agencies. From 1983, the border was opened for Chinese people who had relatives in Hong Kong or Macao. In 1987, the Chinese government allowed the residents of Dandong city (in Liaoning Province) a one-day visit to the North Korean city, Sinuiju. With this permission, "border tourism", the visiting of neighboring countries under a very strict supervision (time, members, money etc.) started. Step by step, the government allowed "border tourism" for Heilongjiang, Inner Mongolia, Liaoning, Jilin, Xinjiang, Yunnan, Guangxi etc. to visit the neighboring countries like Russia, Mongolia, Vietnam etc. (Zhang, 2002, p. 410).

"Traveling abroad" can also be divided into two periods. Between 1988-1997 the Chinese were permitted to go abroad to visit relatives. First, in 1988, Thailand, then in 1992, Singapore, Malaysia and the Philippines became approved travel destinations. This was the beginning of outbound tourism for the Chinese.

The second period is from 1997 to nowadays. In 1997, the Chinese government announced the new law about managing the Chinese citizens' outbound tourism as the "Interim Measures for Chinese citizens to travel abroad at their own expense"². The Chinese government publishes the new list of the Approved Destination Status (ADS) countries every year. In 2003, Hungary and eight more countries got the ADS permission, and in 2004, other 35 countries were listed (Table 3). In addition, outbound tourism became easier and more convenient for the Chinese citizens, and as a result, from 2004 the Chinese outbound tourism has boomed (Figure 1) (Zhang – Lai, 2009).

It was mentioned by Wolfgang Georg Arlt in 2006 (p. 300) that China's foreign policy contained outbound tourism as a policy tool of the central government to strengthen the relations to the Chinese living overseas. Tourism was mainly used for the raising of Chinese national identity around the world for the benefit of the government of the People's Republic of China (PRC), as mentioned above, too. In his work, Arlt had a

² In original: „中国公民自费出国旅游管理暂行办法”.

closer examination of outbound tourism and stated that it was developed along the channels and roads established by overseas Chinese, and the central government made efforts to utilize outbound tourism for rebuilding the ties and connections of overseas Chinese to the mainland.

Ten years later, in 2015, the director of the Chinese Tourism Bureau announced the concept of “tourism diplomacy” (Zhao, 2015, p. 6). After the announcement, China started to organize and advertize several “Year of Tourism” programs in cooperation with other countries. Some of these events organized on this line were the Chinese–Korean, Chinese–Indian, Chinese–American, Chinese–Central and Eastern European (CEE) and Chinese–Mexican “Year of Tourism” programs held during 2015–2016. It marks the magnitude of the program series very well that Chinese government leaders attached high importance to these events, which were realized by high-level politicians who took part in the opening ceremonies of the “Year of Tourism” programs. Out of these it is outstanding that on January 17, 2017 even the president of the PRC, Xi Jinping participated in the opening of the Chinese–Swiss tourism year, and Prime Minister Li Keqiang attended the China–EU tourism year on June 2, 2017.

These events do not only contribute to the increase of the number of tourists, but they also improve political relations, facilitate trade and investment and cultural exchanges. In 2017, tourism diplomacy gained a significant emphasis within the core activities of the Ministry of Foreign Affairs (Mu, 2017, p. 12).

In 2018, on the sessions of the 13th National People's Congress, the Chinese government announced the merge of the Tourism Bureau with the Ministry of Culture, and as a result, the Ministry of Culture and Tourism of the People's Republic of China was created (Xinhua, 2018). Inbound and outbound tourism became an increasingly important industry in China. Nowadays, China is the largest country in outbound tourists ranking (CTA and Ctrip, 2018).

4. Hungarian–Chinese Tourism Diplomacy

In 1949, Hungary was one of the first countries which formally recognized the People's Republic of China. From the establishment of diplomatic relations between the two countries, they have had a strong cooperation in the fields of trade, investment, education, sport, culture, and also in tourism which became one of the most important areas of cooperation between Hungary and China.

Table 3

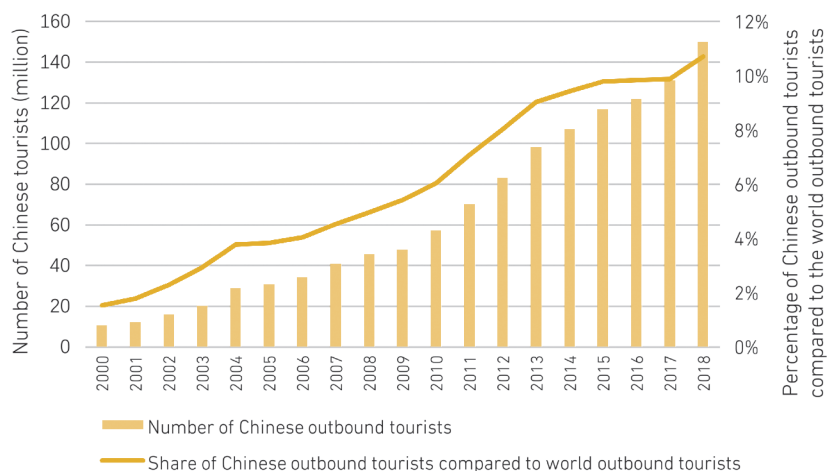
The Chinese list of the Approved Destination Status

Date of approval	Total number of countries	The new approved destinations
1988	1	Thailand
1992	4	Singapore, Malaysia, Philippines
1994	5	Russia
1995	6	Mongolia
1996	7	North Korea
1997	10	Kazakhstan, Kyrgyzstan, Tajikistan
1998	11	South Korea
1999	13	Australia, New Zealand
2000-2001	18	Japan, Vietnam, Cambodia, Myanmar, Brunei
2002	23	Nepal, Indonesia, Malta, Turkey, Egypt
2003	32	Hungary, Germany, Croatia, Sri Lanka, Maldives, India, South Africa, Cuba, Pakistan
2004	67
....		
2018	130	

Source: Ministry of Culture and Tourism of the People's Republic of China, 2018.³

Figure 1

The number of Chinese outbound tourists, 2000-2018



Source: China National Tourism Administration, 2019; UNWTO, 2019.

³ List of the ADS countries by the Ministry of Culture and Tourism of the People's Republic of China. [online] Available at: <http://zt.mct.gov.cn/cjyzl/gltl/201507/U020180724606008331724.jpg>

4.1. Tourism Relations between Hungary and China

The relations between Hungary and China has a long history, especially in the field of tourism.⁴ Formal diplomatic relations were established in the 20th century, in October 1949. From that date we can talk about formal tourism relations. In these past 70 years, the Hungarian–Chinese tourism relations can be divided into five stages (Table 4).

Table 4

Timeline of tourism diplomacy between Hungary and China

Term	Year	Introduction
1.	1949-1988	Most of the travelers were members of the government.
2.	1988-1992	Hungary opened the border for Chinese tourists, they could come to Hungary without visa. The visa-free entrance lasted for two years, then they restored the visa to control the number of tourists between the two countries. After the collapse of the Soviet Union in 1991, Hungary turned to the West.
3.	1992-2000	During this period Chinese tourism started to increase, parallel to the decline of Hungarian tourism due to the dissolution of the Soviet Union.
4.	2000-2010	In 2003, Hungary as the first East-Central European country received the Approved Destination Status (ADS) from China. In February 2004, the Budapest–Beijing flight was launched. In 2004, Hungary joined the EU, and 3 years later became a member of the Schengen countries, so for the Chinese tourists Hungary became a reachable destination. From 2007, high-level delegations held discussions about tourism cooperation between Hungary and China: in 2007, the Hungarian Prime Minister opened the Hungarian Cultural Year in China. In 2008, the Hungarian–Chinese Twin City meeting was held in Budapest.
5.	2010-nowadays	With the announcement of the Hungarian “Opening to the East” policy, the Chinese and Hungarian diplomatic relations grew closer and stronger. From 2010 onwards, Prime Ministerial level meetings were held between China and Hungary every year: in 2010, the Hungarian Prime Minister participated in the World EXPO Shanghai, in 2011, Wen Jiabao Prime Minister visited Hungary, from 2012 onwards, the China-CEE ⁵ Summit was held regularly, hosted by different countries, and in 2017, the summit was hosted by Hungary in Budapest. The Chinese National Tourism Administration opened its regional office in Budapest in March 2016. In 2019, the Budapest–Shanghai direct flight was launched.

Source: author’s own compilation.

⁴ In the 13-14th centuries, there were some Hungarians who traveled to China to discover the country and the roots of the Hungarian and the Hun nation, but already from the 18-19th century, a lot of famous Hungarian explorers, researchers or entrepreneurs went to China to study the culture, the geography as well as the history of the Middle Kingdom. For example, Sándor Kőrösi Csoma (1784-1842) philologist and orientalist went to Tibet and wrote the first Tibetan–English dictionary and grammar book; Lajos Lóczy (1849-1920) geologist and geographer with Béla Széchenyi (1837-1918), the son of the “Greatest Hungarian”, István Széchenyi, as well as Aurél Stein archeologist, etc. made a lot of successful expeditions to China, while at the same time they were something like diplomats between the two countries (Salát, 2009).

⁵ Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia.

In the first period, high-level delegations visited each other, and these meetings were reported also by the main media of the Chinese government, the People's Daily (Table 5). At the same time, however, the citizens of the two countries were not allowed to travel abroad.

Table 5

Official meetings between Hungary and China reported by the People's Daily between 1949-1991

Date	Page	Title
September 27, 1954	1.	President Mao welcomed the delegation of the Hungarian government
January 17, 1956	4.	Vice President Zhu De visited Hungary
January 10, 1957	1.	Visit of Prime Minister Zhou to Hungary
October 21, 1958	6.	Prime Minister Zhou and Vice Prime Minister Chen Yi enjoyed the show of the Hungarian art delegation
May 1, 1959	1.	China and Hungary are brothers, leaders of the capital city of China warmly welcome the Hungarian delegation
November 13, 1978	4.	Vice Prime Minister Chen welcomed the Hungarian delegation
June 15, 1987	1.	Visit of Zhao Ziyang, the General Secretary of the Party in Hungary
March 8, 1991	6.	Qian Qichen, Minister of the Foreign Affairs during his visit in Hungary answered the journalist that he was very optimistic about the Chinese–Hungarian relations

Source: People's Daily archives, 1954, 1956, 1957, 1958, 1959, 1978, 1987, 1991.

After 1990, between the Hungarian and Chinese governments there were less diplomatic connections than before because of the changing of systems. However, later, from 2000 onwards, relations between the two countries became closer again. Hungary was one of the first countries to which the "Approved Destination Status" was given in 2003. In 2004, Hungary already had a direct flight to China. Hungary joined the Schengen area in 2007, and a lot of convenient flight infrastructure became available for Chinese tourists, though no increase in demand was observed since not many of them chose Hungary as a destination.

4.2. Chinese Outbound Tourism Trends in Hungary

In 2017, 5.5 million Chinese arrived in Europe, but most of the Chinese tourists chose Western Europe as destination, and only for the second or third time would they travel to the CEE region (Ctrip, 2018).

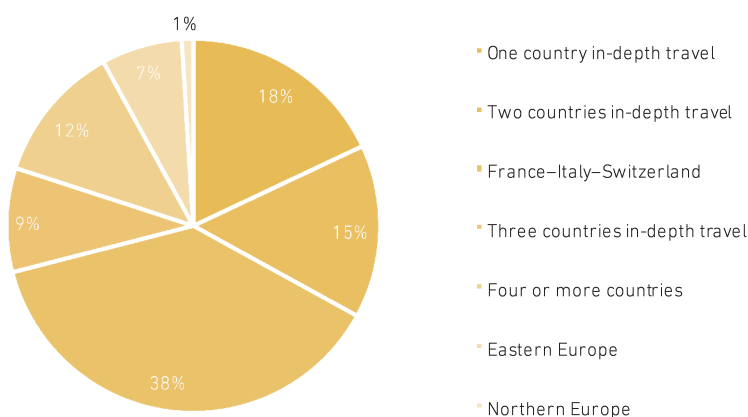
Today, the CEE region is becoming more and more attractive for Chinese tourists who had already visited Western European countries earlier, so in the coming years

an Eastern European tourism boom is to be expected with respect to Chinese outbound tourism. Between 2011 and 2016 there was an intense growth in the number of Chinese tourists visiting the CEE region, as from 500 travelers the number of tourists increased to 1.3 million, which means a 146.3 percent growth (The State Council of the People's Republic of China, 2017).

Due to the big distance, while traveling to Europe⁶, Chinese tourists usually prefer visiting 3-5 countries. Yearly, there are 5.5 million Chinese tourists visiting Europe, though actually a very small proportion of them decides to visit the CEE countries (Figure 2). Trips to Hungary are typically included in a visit of altogether 2-5 states (mostly Germany, Poland, the Czech Republic, Slovakia and Austria).

Figure 2

Division of destinations chosen by Chinese tourists



Source: Ctrip, 2018.

In Hungary, most of the Asian tourists, including the Chinese, primarily visit Budapest, only a small proportion decides to travel to the countryside as well (Table 6). According to the Hungarian Central Statistical Office (2019), in the last 8 years, year by year a continuously growing number of Asian tourists arrived in Budapest.

⁶ From China to Western Europe the direct flights are 11 hours long, indirect flights to Eastern Europe are about 16 hours.

Table 6

Division of various destinations of Asian tourists in Hungary between 2010-2018

Area/Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Budapest and Central Danube Region	90%	88.2%	91.7%	94.4%	92.8%	95.7%	98%	97%	99%
Budapest	87.7%	87.7%	90.3%	93%	91.7%	94.5%	97.3%	96%	98.7%
Central Danube Region	2.3%	0.5%	1.3%	1.4%	1.1%	1.2%	0.6%	1%	0.3%
Northern Great Plain	1.9%	4.3%	2.1%	2.9%	2.6%	1%	0.2%	0.5%	0.1%
Western Transdanubia	3.1%	3.4%	1.2%	0.3%	0.2%	0.1%	0.1%	1%	0.3%
Northern Hungary	0.9%	1.2%	1.9%	0.3%	0.2%	1%	0.4%	0.1%	0.1%
Lake Balaton	3.7%	1.7%	1.1%	0.4%	1.3%	0.7%	0.7%	0.2%	0.8%
Lake Tisza	0.3%	0.3%	-	0.0%	-	0.3%	0.1%	0.2%	-
Central Transdanubia	0.8%	0.6%	4%	0.4%	2.4%	1.8%	0.1%	0.2%	0.1%
Southern Great Plain	1.1%	1.8%	1.7%	1.1%	0.5%	1%	0.7%	1.1%	0.1%
Southern Transdanubia	3.3%	2.6%	1.6%	1.1%	1.4%	0.5%	1.1%	0.3%	-

Source: Hungarian Central Statistical Office, 2019.

Due to the 3-5 countries preferred as destinations during each trip, Chinese tourists are in a hurry at every sightseeing spot and attraction; this behavior is described even by them as "Get on the bus to sleep, get off the car to go to toilet, take pictures at the scenic spots, and go home without knowing anything"⁷. With the intention to change this phenomenon, the European states try to provide "in-depth travel" routes in order to win the Chinese travelers to spend more time and money in their own countries. Western Europe already has a big share of the Chinese "in-depth travel" tourists, but in the CEE countries the above-mentioned phenomenon is still usually observed.

Outbound Chinese tourists spend the most on shopping, which is followed by accommodation and dining (Table 7). In terms of average total annual spending, outbound Chinese tourism consumption has risen steadily. Chinese tourists visiting Europe also prefer shopping in local luxury shops, as European luxury products are cheaper than those of the same quality in China. Since in China there is a luxury tax imposed upon luxury products, the Chinese can apply for tax exemption.

Based on data provided by the China Tourism Academy's (CTA) and Ctrip's, the biggest Chinese travel agencies' report (2018), Chinese outbound tourism is mainly influenced by three major factors, which are: the visa, the exchange rate and the available flights to a given country. Hungary is part of the Schengen area, so the visa procedure for those entering Hungary is the same as in any other Schengen country. There is a

⁷ In original: „上车睡觉, 下车尿尿, 到了景点拍拍照,回家一问啥都不知道”.

difference only in how many consuls are involved in issuing visa and how fast the procedure is for the Chinese tourists.

Table 7

Top 3 travel expenses by Chinese and non-Chinese tourists

Chinese Tourists		Non-Chinese Tourists	
1. Shopping	25%	1. Accommodation	29%
2. Accommodation	19%	2. Dining	18%
3. Dining	16%	3. Shopping	15%

Source: Nielsen, 2018.

Regarding the exchange rate, the Chinese prefer to use only one foreign currency during their traveling, consequently for them Hungarian Forints might be inconvenient, since they have to exchange money several times while traveling in the region. At present, between China and Hungary there are only two direct flights from Beijing and from Shanghai to Budapest. This means that the Chinese tourists have to travel with transfer via other countries to reach Hungary. This is an additional inconvenience concerning Chinese traveling habits.

4.3. Hungary from the Perspective of China

Nevertheless, at the high-level government meetings there is a good relation between the two countries, although the citizens of Hungary and China do not have an in-depth knowledge about each other.

China had good relations with the CEE countries because of the similar political system. They call Hungary, the Czech Republic, Poland and other countries from this region "old friends". At the same time, despite of the new, digitalized and globalized world, the Chinese tourists do not know much about the Central and Eastern European countries. Instead, Chinese people prefer watching Hollywood movies, they are fans of the UK's and Germany's football teams and consume French wines, buy Swiss watches, etc.

In China, they know that Budapest is the capital city of Hungary, that Hungary was previously famous in football. Indeed, some Chinese have heard about Ferenc Puskás, the most popular Hungarian football player, and they also know Queen Sissi. However, they have not heard about Hungarian wines, thermal waters, and they do not know that the Rubik's cube is a Hungarian invention, just like the biro, the ballpoint pen, and they do not know any other city of Hungary except Budapest. They do not associate

Petőfi, the most famous Hungarian poet with Hungary, while they all know his poem *Freedom and Love* by heart. What is the reason for this?

In 2012, China became the world's top spender on shopping in outbound tourism and has remained so ever since. Tourism expenditure from China rose from USD 24 billion in 2006 (3 percent of the world's total) to USD 261 billion in 2016 (21 percent of the world's international tourism spending) (UNWTO, 2018). Thanks to these figures, European countries realized that it is worth fighting for Chinese tourists: the British Tourist Authority spent 1.6 million pounds to make Chinese signs at the most visited attractions and launched the „Welcome Chinese tourists” program, which provides guidelines for UK retail and tourism industry on how to serve Chinese tourists (Chinanews, 2015). In order to attract more Chinese visitors, the French government has introduced a lot of measures, for example they launched the mobile payment system and provided Chinese guides in every famous tourist area (Tourism Information Online, 2018). Germany tries to use the Chinese social media to attract more tourists from China (Wangyi Online, 2018). The European countries are competing for Chinese tourists, so every government is developing new tourism policies for the Chinese, for example by giving convenience services in the visa procedures (Chinanews, 2016). Following the Chinese social media trends, the UK, France and Italy are spending a huge number of financial sources to hire famous Chinese stars to be their tourism diplomats.

Besides the initiatives of the governments, after the reform period and opening in 1978, European multinational companies also entered the Chinese market and spent huge amounts of money on marketing their products. Ultimately, they indirectly supported their governments in building their country image.

In China there is no big Hungarian company present, and thus there is no famous brand building, which means the lack of marketing for Hungary in the Chinese market, therefore the Chinese people do not know much about Hungary. On the other hand, since Hungary is a small country—compared to China—Chinese people usually think in terms of Central and Eastern Europe, especially after establishing the 16+1 China–CEE cooperation.

4.4. Hungary's Tourism Diplomacy in China

From 2003, at the Embassy of Hungary in Beijing, there was only one tourism attaché who was responsible for the Europe-sized China. While there was only one tourism attaché, in 2004, the Consulate General of Hungary in Shanghai was reopened,

and in 2010, a new Consulate in Chongqing was established. Moreover, in 2013, the Hungarian Consulate in Hong Kong was reopened, which in fact also facilitated tourism diplomacy as they are providing visa services for the tourists, and the consuls are involved in building the country image via cultural events as well.

In the past years, several successful projects have been carried out, for instance, in November 2013, at the meeting of the Heads of Governments of China and Central and Eastern European countries in Bucharest, the Prime Ministers signed "*The Bucharest Guidelines for Cooperation between China and Central and Eastern European Countries*", whose VII/4. point specifies to "support the establishment of a China-CEEC association of tourism promotion agencies and businesses and welcome Chinese and CEEC tourism promotion agencies and businesses to join on a voluntary basis. Promotion events of Chinese and CEEC tourism products will continue to be held at the China International Travel Mart" (Xinhua News Agency, 2015).

In February 2014, the Hungarian Prime Minister, Viktor Orbán and his delegation arrived in China and signed several cooperation agreements, including the memorandum of understanding on setting up a joint tourism promotion organization with the Chinese State Tourism Office. The Hungarian and Chinese Prime Ministers agreed to establish and operate a Tourism Coordination Center in Budapest within the framework of the China-CEE partnership policy. The main objective of the Hungary-based tourism pillar is to present the Central and Eastern European region in a more efficient way, as a common destination, on the increasingly competitive Chinese tourism market (Ministry for National Economy, 2015).

On March 25-26, 2015, the China-CEE "Year of Tourism" was opened in Budapest, and the first China-CEE tourism ministers' meeting was held. Because of the high-level meetings and the tourism coordination, in 2015, the direct flight connection between Budapest and Beijing was restarted after three years rest. In order to achieve this, there were several meetings held at ministerial level. In 2016, the China National Tourism Administration established its CEE regional sub-office in Budapest.

In 2016, the Consul General of Hungary in Shanghai—following the trends of the Chinese film and tourism industry—met the Shanghai Municipal Administration of Culture and Tourism and the president of the biggest Chinese television company, the Shanghai Media Group (SMG) and had a discussion about filming one of the film-star reality shows in Hungary. SMG made the reality show in Hungary with 6 Chinese film stars who have 30-40 million fans, so the TV series made an indirect Hungarian advertisement targeting more than 100 million potential tourists.

In June 2019, the Shanghai–Budapest direct flight was launched, which was decided by the Prime Ministers and ministers of the two countries. Besides the above success, we can see that most of the tourism cooperation was led by high-level members of the governments. On the other hand, the cooperation in tourism, while it is very important in the Hungarian–Chinese tourism relations, is mostly of political nature, which means that it is not a brand building marketing for the Chinese tourists.

In 2018—as mentioned earlier—the Hungarian Tourism Agency closed the tourism offices abroad, so the tourism attaché position at the Beijing Embassy was also terminated. In China, now there is no tourism attaché or Hungarian tourism office.

The Hungarian government announced the National Tourism Development Strategy 2030, and in this new strategy the Chinese outbound tourism is highlighted. The Hungarian government positions Chinese outbound tourism as a long-haul market, so in the strategy for the Chinese market the increase of the knowledge about Hungary gained priority. However, it is not elaborated what the next steps would be or how the tourism cooperation is planned to be further strengthened.

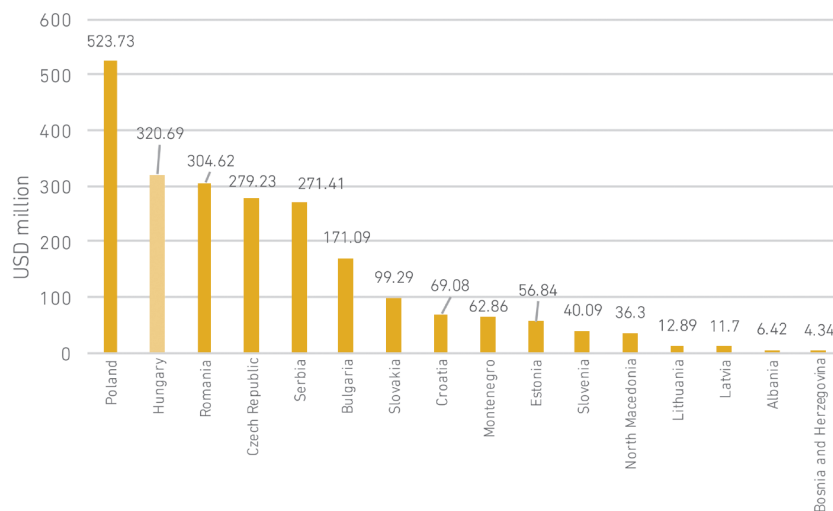
4.5. Comparing Hungary's and the V4 Countries' Diplomacy with China

The V4 countries are all participating in the 16+1 cooperation, so they all work together with China in the field of tourism. The V4 is playing an important role in the China–CEE 16+1 cooperation, not only in the context of investment and trade (Figures 3 and 4) but also in the touristic cooperation. The V4 countries are amongst the leading countries in the Central and Eastern European region.

Comparing the Hungarian tourism diplomacy and the number of Chinese tourists with the V4 countries, we can say that Hungary is the second behind the Czech Republic. In China, the Czech Republic has two tourism offices besides the Consulates, one in Beijing and another in Shanghai. From Prague there are direct flights to five cities: Beijing, Shanghai, Chengdu, Shenzhen and Kunming. Furthermore, the Czech tourism office is utilizing the facilities provided by Chinese social media, such as WeChat or Weibo etc. The Chinese social media plays an increasingly active role. The Czech Republic invests a lot in promotion and marketing in the Chinese tourism market, and is following the trends of the Chinese media, social network and tourism. In 2018, the Czech Republic was the fourth on the list of Chinese outbound tourism destinations' "dark horses" (CTA and Ctrip, 2018); more than 600,000 Chinese tourists visited the country.

Figure 3

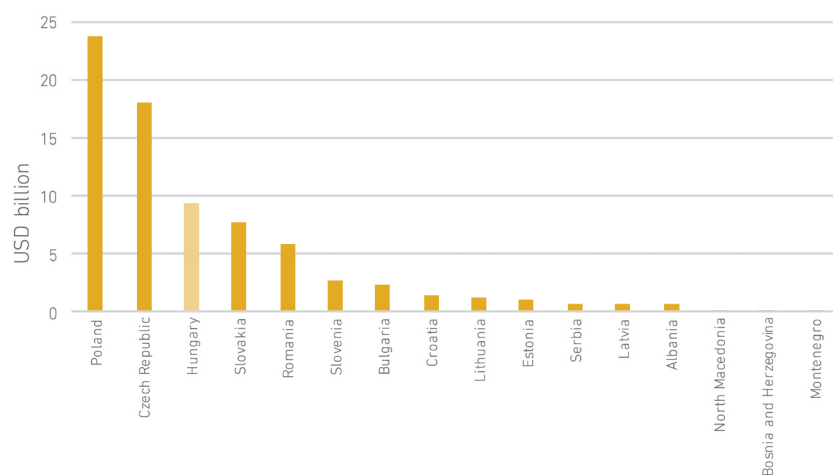
Chinese FDI stock in the CEE countries, 2018



Source: Ministry of Commerce of the People's Republic of China, National Bureau of Statistics and the State Administration of Foreign Exchange, 2019.

Figure 4

Trade between China and the CEE countries, 2018



Source: Ministry of Commerce of the People's Republic of China, Embassy of the People's Republic of China in CEE countries, 2019.

Hungary welcomed 256,000 tourists from China in 2018. Poland also has its tourism office in Beijing, operates direct flights from Beijing to Warsaw and was visited by 150,000 Chinese tourists. Slovakia has neither tourism office nor direct flights, so only 61,000 Chinese tourists traveled to Slovakia.

Based on the statistics of the V4 countries, we can observe that the active tourism offices, direct flights and the role of social media are decisive in tourism diplomacy and in the tourism cooperation. This means that Hungary has still miles to go to implement the goals set out in its tourism strategy.

5. Conclusions for the Future

China is a centralized country, sometimes the value of the FDI or trade is decided by the government, so the level of tourism and its financial weight also depends on the leaders of the Party. According to Tony Tse's study on *"Chinese Outbound Tourism as a Form of Diplomacy"* (2013), the Chinese government uses tourism as a form of diplomatic influence, or soft power. China controls outbound tourism through the Approved Destination Status system. As mentioned above, Hungary was given the ADS already in 2003. The Chinese government also provides support to other countries by outbound tourism, while, at the same time, it is also used as a sanction.

In order to benefit from this process, destination markets not only need to "know consumer needs and wants", but they must also "understand the policy and politics" at play. As we have seen, most of the success of the Hungarian–Chinese tourism cooperation is not due to an increasing demand from the market side but is a result of the Chinese and Hungarian governments' decisions. Consequently, it is very important to have more and more high-level meetings dealing with tourism cooperation, especially in these years when the boom in the number of Chinese tourists is to be expected in our region.

To welcome more Chinese tourists in Hungary, there are some suggestions how to further develop the Hungarian tourism diplomacy with China:

- Though the tourism industry in China is an instrument of foreign diplomacy, and high-level meetings are necessary to develop the tourism relations, the establishment of tourism offices are essential to foster and maximize the efficiency of the results of high-level meetings. On the other hand, while doing business with China, meetings, dinners and close relations cannot be avoided, to the success of which

the tourism offices in big cities of China, with professional officers having in-depth knowledge of the Chinese culture and language, could greatly contribute.

- Launching more direct flights between Hungary and China is crucial in order to make traveling easier between the two countries. During the China–CEE meetings Hungary has already been appointed to be the coordinator for tourism, so Hungary should launch more direct flight connections to several Chinese cities.
- The Hungarian government should cooperate more with the China National Tourism Administration's Hungarian office.
- Hungarian Consulates would need more consuls to process the huge number of visa applicants, and thus make the access to Hungarian visa the fastest in the region. Today, a lot of tourists and tourist agencies in China prefer Western countries' consulates because they can get visa to the Schengen area faster and easier.
- There is certainly a need for following the most recent tourism trends such as film tourism, wedding tourism, sports tourism etc.
- The use of social media such as WeChat and Weibo also play a major role in attracting more tourists. In China there are 800 million net citizens (CINIC, 2018), which means that using social media tools in reaching target consumers is quite easy, and it does not need a huge investment.
- Being prepared for the boom of the Chinese tourists in Hungary will be decisive: placing Chinese signs at the popular spots and attractions, knowing the needs of the travelers, e.g. satisfying the Chinese habits, such as water heaters in the rooms because the Chinese like drinking hot water or Chinese tea, employing Chinese interpreters in luxury shops, etc.
- Offering WePay or Alipay can greatly contribute to making the travel more comfortable for the Chinese.

I believe that the above-mentioned eight suggestions could greatly contribute to increasing the number of Chinese tourists, and as a spillover effect it would indirectly make other industries develop as well. Consequently, this would result in a faster development of the Hungarian tourism industry. Obviously, these are just examples, would need a systematic approach and should be handled as a comprehensive program which needs the support of tourism diplomacy, especially in the tourism relations with China.

However, there are several other factors that might influence tourism trends. Factors that have very recently and suddenly appeared, such as the recent coronavirus pandemic in China and which—due to their unforeseen nature—cannot be easily controlled. China has made considerable efforts to prevent the spread of the new virus all over China and the world, for which the country has taken even self-sacrificing measures in economic terms. The Chinese government closed the tourism offices until the risk of the outbreak disappears. The pandemic has caused huge problems for the Chinese tourism industry and also for the tertiary sector. In the first half of 2020, the number of the Chinese outbound tourists will surely decrease compared to last year, and also a significant share of the inbound international tourism might turn to different destinations instead of China. According to the experience gained during the SARS epidemic in 2003, the tourism industry is expected to recover during the third or fourth quarter of 2020. Hence, currently China is not in the position to utilize its tourism diplomacy but will regain or reinforce its growing role in the tourism sector by the end of the year.

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New Thought for New Age – Confucius Discourse in the Geoeconomics and Geopolitics of PR China, Case Study Countries of the V4

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1. Introduction

According to some researchers, China occupies a special position in the contemporary world. It does not seek any substantial conflict with the West, but it is also not striving for any excessive convergence with it (Kerr, 2010, p. 149). This paper shall begin with a thorough introduction and explanation of the Peaceful Development concept as one of the main concepts in Chinese foreign and domestic policy. At the very beginning, we will analyze the reasons that pushed China to introduce this concept. After that, our focus will be on how this concept influences, i.e. changes Chinese geopolitical and geoeconomic behavior within the international order. On the same level, we will examine whether this concept influences Chinese repositioning in global governance, with particular focus on the space covered by the Visegrad Four (V4) group of countries. In other words, it will be very useful to understand whether the V4 countries perceive China's development as an opportunity or challenge regarding their stability and sustainability. For China, it is of crucial importance to be domestically and internationally perceived as a legitimate and peaceful world superpower. Here we would like to accentuate some of the reasons for that perception. First, China has to be recognized as such a state if it wants to achieve the "Two Centenary" and "Chinese Dream". Thus, this perception has tremendous importance regarding the sustainability of Chinese economic development. As a third reason, we can underline the legitimacy of the Communist Party of China, which depends on improving the human quality of life. The fourth is the necessity to appease increasing nationalism amongst the Han population, which was reinforced after organizing the Olympic Games. Fifth, China is striving to be perceived as a benevolent and legitimate world superpower because its proactive behavior has been interpreted as an assertive re-evoking of Sino-centric world order structure, especially by Western states. Hence, peaceful development has tremendous importance in Chinese endeavors to present to the international community that Chinese development is not based on the traditional concept of power politics, although some scholars define Chinese behavior as assertive and aggressive when it comes to the issues such as the South China Sea or Xinjiang terrorist uproots, to name but two.

The Peaceful Development concept was introduced by the fourth generation of the Chinese Communist Party (CCP) run by former Chairman Hu Jintao. Some authors claim that this concept is a continuation of the previously perpetuated idea “to use theory to guide practice” (Yongnian – Tok, 2005, p. 7). During Chinese history, this interconnectedness between theory and practice within domestic and foreign policy, in both economy and security, was the main platform of leaning to one side (*yi bian dao*), theory of Three Worlds (*san ge shi jie*), and comprehensive power (*zonghe guoli*). However, it is yet to be seen which kind of theory guides the Peaceful Development concept.

After the introduction of a policy of “reforms and opening-up”, China succeeded in obtaining tremendous, but in many sectors questionable, economic leverage (Mitrović, 1995, 2012). Although many authors emphasize that Chinese development is not sustainable, its rise imposes the question not just about the future of Chinese society but about the future shape of the international community as well. In that context, the Peaceful Development concept was strategically much needed on both domestic and international levels, pointing out that economy and security are mutually inseparable. From the strategic point of view regarding the adoption of the Peaceful Development concept, Xi Jinping states the following: “taking the path of peaceful development is a strategic choice made by our party in accordance with the development trend of the times and the fundamental interests of our country. [...] we must strengthen thinking, strengthen strategic determination, better coordinate the two domestic and international situations [...] struggle for a peaceful environment, maintain and promote world peace through its own development, continuously improve China’s overall national strength” (People’s Network – China Communist Party News Network, 2013).

The first part will, in a detailed manner, tackle and explore why the Peaceful Development concept was introduced. Firstly, it was initiated as the concept of Peaceful Rise. After explaining the reasons that triggered the semantic change from Rise to Development, we will explore the role of the middle path within the concept. Furthermore, as the paper focuses on the relations between the V4 and China, we will demonstrate the changes that occurred amongst the V4 countries in their perception of China. Hungary, Poland, the Czech Republic, and Slovakia have multilayered identities. They are sovereign states, European Union member states, NATO member states, founders of the regional V4 platform of cooperation and participants of the China + 17 Central and Eastern European (“17+1”) framework of cooperation.¹ On each of these layers, V4 countries establish, change, jeopardize and enrich their

¹ This framework of cooperation was launched in 2012 in Warsaw.

relations with China. Decision to take a role in the “17+1” initiated and led by China is a confirmation that citizens and governments of V4 countries are willing to include the options for development offered by Chinese foreign reserves and overcapacities in steel, glass and cement industry, that can be used for constructing infrastructure facilities and improving the interconnectedness amongst states. On the other side, there is a question whether those states have the capacities to negotiate on an equal footing with China, who is a much stronger partner or challenger in terms of economy, military and diplomacy. Thus, is this new thought a middle path or a “charming trap” for V4 countries? The second part of the paper will focus on concrete projects that Confucius Institutes (CI) implement on the territories of the V4 states. That will be helpful to understand what kind of tools China uses within its foreign policy to improve its national image on the subregional V4 level as a part of the ambitious Chinese Belt and Road Initiative (BRI).

2. China's Peaceful Development and the V4's Middle Path

The fourth generation of communist leaders run by former Chinese chairman Hu Jintao introduced the Peaceful Development concept. Through a reform and opening-up policy, China became the second largest world economy, the biggest trading country and one of the largest global investors. It is a permanent member of the United Nations Security Council and in 2008 it organized spectacular Olympic Games. Keeping a low profile, official Chinese policy behavior introduced by Deng Xiaoping is about to become an anachronism because the geographical spectra of Chinese national interests are global. Globally presented national interests require the protection on the same level. Achieving the above-mentioned results, China became the most debatable phenomenon of the contemporary world order. By its strength, different set of norms and point of view on the same terminology, it offers many possibilities and challenges. After the Tiananmen incident, the collapse of the Soviet Union and the bombing of the Chinese embassy in Belgrade, the leadership of the CCP understood that it had to reconsider its perception of international security and economic development and the nexus that exists between them. In line with that, China recognized its vulnerability and the importance of becoming more proactive regarding the protection of national and overseas interests. This protection, that is, proactivity included the modernization of the army and demonstration of Chinese power projection capabilities. That raised many questions about the future of the world. With the aim to rebut misunderstandings and potential misleading of its development, China, firstly, introduced the Peaceful Rise concept. This concept was represented by Zheng Bijian on the 16th National Congress of the CCP (The Brookings Institution,

2005).² But becoming aware that the word “rise” triggers negative connotation due to the historic experiences—Germany and Japan—and former Sino-centric world order, Chinese officials introduced ostensible, semantic changes because China’s new international thinking remained, in crucial parts, intact (Popović, 2018). Namely, during Hu Jintao’s speech “*China’s Development as an Opportunity for Asia*” (2004) the word “rise” changed to the word “development”. Consequently, the focus just on semantic reason unobjectively simplifies perplexed reality and China’s objectives. In that context, we must take a wider picture of China’s international and domestic goals and its activities to make them feasible. Those goals could be separated into two main categories—economic and security, i.e. geoeconomic and geopolitical, which are mutually interconnected. This is also notable in official documents through which Chinese leadership and strategists underline the coordinated development of national defense and economy (Yao, 2011). In other words, as the global economy becomes more integrated—hence more interdependent—the state of a country’s economy and its relations with that of the others become a huge security question (Yongnian – Tok, 2005, p. 12).

For some authors, China uses the Peaceful Development concept as a tool for demonstrating its system of values, trying to explain hardly understandable political practice as its authenticity in harmony promotion (Popović, 2018, p. 15). From that point of view, the Peaceful Development concept is not just an ideological structure, rather it represents the operational and strategic concept in Chinese foreign policy. In that vein, this concept requires active relations between China and the international community, as a part of creating the atmosphere of mutual learning, that is, the atmosphere which presupposes complementary dichotomy. According to the Chinese side, this type of dichotomy is non-excluding in nature, and it is in the absolute contrast compared to the Hegelian dichotomy. It is, seemingly, based on Confucian “harmony in diversity” platform. According to some authors, this thinking advocates the benevolent acceptance of differences between individuals or entities without wavering from one’s own original standpoint (Yongnian – Tok, 2005, p. 6). At the same time, this concept cannot be taken for granted and only analyzed from a cultural point of view because there are no certain guarantees that Confucian inclusive rationalism will dominate Chinese foreign policy in the future, especially when Beijing officially launched BRI (Zhang, 2015). As this dichotomy is striving to synergize the ostensibly challenging points of view, we can presuppose that it absorbs both liberalism and realism as concepts of

² Indeed, Zheng Bijian’s inspiration for the concept arose during his official visit to the US in December 2002, where he reportedly experienced, first-hand, the pervasive discourse of “China Threat” and “China Collapse” theories in the United States (Yongnian – Tok, 2005, p. 6).

international relations. According to Feng Zhang (2015), liberalism is dominating in economic policy, whilst realism in security issues. Consequently, the biggest part of this concept represents *Zhongyong* (中央). According to Qin Yaqing (2014), *Zhongyong* represents the knowledge where (and when) to move ahead, to stop, and to step back. The *Zhongyong* dialectic is a Chinese way of thinking, a Chinese worldview and understanding of the world and the universe, and a Chinese principal behavioral norm (Qin, 2014, p. 287). From our point of view, as the *Zhongyong* dialectic is complementary in its essence that means that peace and conflict are inseparable processes. In other words, through this logic, China is demonstrating that in the process of its repositioning it will be a cooperator, but when it is necessary to protect its global interests or when it is provoked by some other states' geopolitical or geoeconomic ambitions, it will use the strategy of competition (Zhu, 2014). When it comes to the Chinese case, the conflict or the competition could be defined in terms of the "active defense principle" in protecting vital national interests.³ That kind of the Chinese attitude was confirmed in the speech "*Strengthen the Foundation for Pursuing Peaceful Development*" by Xi Jinping. Namely, the Chinese chairman stated the following: "We will continue to follow the path of peaceful development. However, we will never give up our legitimate rights and never sacrifice our core national interests. No foreign country should expect China to trade off with our core national interests, to swallow bitter fruit as a result of our core national interests being undermined, which include sovereignty, security, and development interests" (Anderlini, 2013). Hence, China will be assertive when its core interests are at stake. The question is whether the Chinese view on international affairs through the prism of complementary dichotomy is enough for Beijing to justify its assertive behavior in the Pacific region? At the same time, it is quite understandable and reasonable that one state protects its own interests, using the tools that are in accordance with conditions, national interests and selected strategies.

What does *Zhongyong* as a middle path represent for V4 countries? In which manner does this Chinese logic of "complementarity" affect their politics of balancing between West and East? From the Chinese side, this logic offers V4 countries the opportunities to cooperate with both China and the West. Following that way of perception, V4 countries are offered the opportunity to create the "gateway" or "bridgehead" position for Chinese strategies towards the "Old Continent". This position is additionally reinforced by the fact that China, at least on a formal level, does not impose any kind of political

³ The three core national interests of the People's Republic of China, according to former State Secretary Dai Binguo (2011), are the preservation of the state system and leadership of the Chinese Communist Party (CCP), the territorial integrity and national sovereignty, and the sustainable development of the economy and society.

and economic conditions. As was noted by Mitrović (2014, p. 26) cooperation with China is, unlike with major Western powers, on an equal footing, with neither subordinating treatment nor humiliating preconditioning. From our point of view, “free-values diplomacy” could be regarded as one of the initial sparks, as to why the V4 implemented a more open and proactive perception of China as a new source for accelerating its economic development and boosting geopolitical position within the EU. Additionally, the V4’s decision was reinforced by the fact that the EU is still troubled by Eurozone debt, migrant, social, security and ethical crises. This is followed by crises of the EU (non-) unified position. Having in mind, firstly, practical reasons, V4 states, Hungary, Poland, Slovakia, and the Czech Republic decided to be participants within the “17+1” framework of cooperation. In other words, their governments strive to create a suitable environment for making benefits and overcoming the challenges which stem from geopolitical competition between the EU and China that can jeopardize further economic development of the V4 group of countries. As the V4 states are not the main creators of the foreign and security policy of the EU, this geopolitical competition is limiting the possibilities for cooperation because the EU and China pursue different practices, culture and procedures in business areas. Furthermore, the EU and China emphasize different interpretations of the same terminology which is coherent to their economic policy, political systems, geopolitical goals, and tradition (Poggetti, 2019). The EU as a whole, which was not invited to participate within the “17+1”, must protect its sphere of influence as a “shaper” of geopolitical balance of power and geoeconomic distribution of wealth. The obvious examples of the EU protectionism are represented by the Belgrade–Budapest high-speed railway, and more recently by Huawei (Zhong, 2019). Besides that, Germany as the most powerful EU economy must protect its interests amongst the V4 countries, where it has opened many factories and created what the International Monetary Fund identified as a “German–Central European Supply Chain Cluster”. Germany uses those factories to produce goods and then to re-export them on the Chinese vibrant market (Šebeňa, 2018).

Choosing to participate within the “17+1” framework of cooperation, the V4 states adopt a still carefully positive, and in many aspects, passive political perception of China. Every state of the V4 group of countries signed a Memorandum of Understanding on promoting the Silk Road Economic Belt and the 21st Century Maritime Silk Road. Besides that, V4 countries adopted diverse strategies in communication with China, which are influenced by their domestic and international goals and by China given possibilities and/or challenges. For example, Poland is the only V4 state which is a founding member of the Asia Infrastructure Investment Bank (AIIB) led by China. Furthermore, Poland in 2012 adopted the official “Go China” policy.

Hungary is even more active. Budapest in 2010 officially adopted, after their famous “NO” to the International Monetary Fund, the Opening to the East policy. The Czech Republic within the official document “*Concept of the Czech Republic’s Foreign Policy*” mentioned China just as a part of Asia Pacific and advocates exerting more pressure on China regarding Tibet and human rights issues (Ministry of Foreign Affairs of the Czech Republic, 2015). Slovakia is even more suspicious and cautious regarding China. A look into major documents on Slovak foreign policy reveals an interesting feature—more recent documents seem to pay less attention to China than somewhat older documents. For instance, the recent mid-term strategy for foreign policy until 2015 does not mention China (or Asia in general) at all, and instead, the document presents a rather “traditional” European and Atlantic approach. The declaration on foreign policy direction for the year 2014 mentions the EU–China strategic partnership, proposes the possible development of relations with China in the V4 platform and mentions the possibility of utilizing Chinese economic potential. A similar document from 2013 mentions also vaguely the goal of “intensifying economic cooperation” with China, and in 2012 a document tells of “supporting of Slovak exports” to newly emerging markets (Kugiel, 2016, p. 36).

As we previously said, the V4 cooperation with China for the most part is inspired by pure economic reasons and overcoming the consequences of the global economic and financial crises. Following this logic, V4 countries are looking for new investors and trading partners, and this is exactly what China has offered (Terazi – Şenel, 2012). In line with that, during the last few years, the V4 has been developing the global dimension of their foreign policy and exploring economic opportunities in non-European markets. The financial and economic crisis in the EU, coupled with the strong growth in emerging economies, has made the diversification of exports a more attractive option than before. However, cooperation with distant, culturally diverse and much larger partners is not always easy and comes with new opportunities and challenges (Kugiel, 2016, p. 7). Although China emerged as their important trading partner, the V4 countries, such as Hungary, record a tremendous deficit in trading with China. According to data offered by Trading Economics (2019) and United Nations COMTRADE (2019), in 2018, Hungary’s import from China reached a value of US\$6.38 billion, whilst Hungarian exports to China were about US\$2.37 billion. When it comes to investments the situation is not much better. Chinese investments in the V4 are on a very low level when compared to Chinese investments in Western Europe. Although between China and the V4 countries there exist favorable political relations, and V4 countries have resources in terms of cheap, educated labor, investments are lacking, particularly the greenfield type of

investments.⁴ During 2017, the top five European destinations for Chinese investments were the UK (42.2 percent), Germany (20.6 percent), France (12.4 percent), Italy (13.7 percent) and the Netherlands (9 percent) (Hanemann – Huotari, 2018).

Officially, Beijing on its side accentuates that each V4 state is a gateway between China and the EU. Thus, China with each of the V4 states signed diverse strategic or some other type of partnership. Beijing declares that each V4 member state possesses the crucial gateway position, firstly between China and the EU, and lately within the BRI. China's approach determines the strategies of the "European 17", and according to many scholars, competition amongst V4 countries (Mitrović, 2014). At the same time, we have to be very careful that the germ of European internal competition does not only lay in Chinese geopolitical and geoeconomic behavior. It also has fertile soil in insurmountable different interests towards China. Gabriela Pleschová (2015, p. 26) noticed the same issue stating that the major challenge, however, remains the same both for the CEE and the EU platforms: how can they overcome the differences in the member states' interests in relations with China, when member states often choose to act more like competitors than partners?

3. V4 Perception of China's Geopolitical and Geoeconomic Soft Power

To what extent this rapprochement between China and V4 countries is based on China's soft power capacities and to what extent on China's growing economic power? To give a more precise answer, besides the economic and security issues which were analyzed in the previous part of the paper, we will mainly look at the aspect of education and cultural exchange. Unlike the Western European countries where

⁴ Richard Turcsányi, Tamás Matura and Rudolf Fürst (2014) accentuate diverse interests between the V4 and China, regarding the type of investments, sectors and procedures. According to these scholars, in the fields of FDI issues there is a fundamental contradiction between Chinese and Central European intentions. While China is mostly looking for infrastructure investment opportunities (preferably through governmental public procurements), most Central and Eastern European (CEE) countries are keen to attract greenfield investments in order to create jobs and industrial production. Central European EU member states can apply for non-refundable financial support for infrastructure development; therefore, Chinese loans are not attractive, while any attempts to pay off Chinese construction companies from European funds will possibly provoke political turbulence. Both sides are looking for something different, which is a fundamental problem (Turcsányi – Matura – Fürst, 2014, p. 133). The importance of infrastructural instead of greenfield investments is also accentuated by guidelines signed within the "17+1". Furthermore, competitiveness between V4 countries could be regarded as one of the reasons why there are no high Chinese investments. As it could be seen up to now from Chinese praxis, officially, Beijing wants more unified markets and behavior as it can more easily inject its overcapacity in many sectors and tremendous financial reserves. A united Europe is a stable and reliable partner for further Chinese economic development as it was during the past.

preconceived notions and expectations of China form an obstacle and make European audience less willing receivers, countries of the V4 are, in some aspects, trying to represent Chinese endeavors as an additional source to the EU (d'Hooghe, 2010).

Analyzing advantages and disadvantages of China, strategists and public policy makers of Beijing became aware that soft power is a missing aspect alongside economic, military, diplomatic and political power. Consequently, we will tackle the activities of cultural soft power which China implements amongst the V4 countries.

In the speech which Xi Jinping addressed to the 12th Group Study Session of the Politburo of the CCP Central Committee on December 30, 2013, amongst other aspects, he underlined that in order to enhance China's cultural soft power, four requirements must be stressed: "the need to build a solid foundation for the country's cultural soft power, the need to propagate contemporary Chinese values, the need to display the unique charm of the Chinese culture and the need to enhance international discourse power" (Qian, 2013). The proposed discourse system is built, as recommended by the Chinese president, "with the utmost care", introducing creative measures, telling the story of China, spreading Chinese values. In doing so, China is trying to rebut the doubts raised about its geopolitical and geoeconomic might and future intentions. This brings us back to the promoters of this discourse i.e. Confucius Institutes (CIs), think tanks, academia, sports competitions etc.

Regarding the relations between China and the V4 countries, involved stakeholders have been trying to bridge cultural, ideological, language, traditional, economic and political differences for a long time. In the 1950s, political partnerships between China, Czechoslovakia, Poland and Hungary resulted in founding a number of organizations that were to promote awareness about their distanced cultures. This way, the institutions such as the Hungarian–Chinese Friendship Society, the Polish–Chinese Friendship Society and the Czechoslovak–Chinese Friendship Society were established, at that time under state control. Today, only one of them—the Polish–Chinese Friendship Association—has been active in engaging the wider public. All other institutions that nowadays exist in Central Europe to promote knowledge about China and Chinese culture were only established after 1989 (Slobodník – Pleschová, 2016).

Our paper will focus on CIs (*Kong Zi Da Xue* – 孔子大学) as promoters and windows of China's world perception. Furthermore, CIs are in official service for Beijing's endeavors to develop its public and cultural diplomacy on both the international and regional level. During the Cultural Revolution of 1966–1976, Confucius teachings were seen as an obstacle to progress. Nowadays, through Confucius thoughts, Beijing is making an

effort to demonstrate that unification, harmony in diversity, equality, inclusivity are the basic concepts of Chinese perception of the world order. However, the revival and rebirth of Confucianism in contemporary Chinese society is a phenomenon provoking numerous discussions. Confucianism reappears as an attempt to overcome challenges both inside China and in the interactions with its neighbors and even further afield. A revival of Confucianism is seen as a strengthening of Chinese identity and as a symbol of a nation meeting globalization (Stevic, 2017). On the other side, the same rebirth has been perceived as China's charming attempt and tool to win hearts and minds for political purposes and to revitalize the Sino-centric world order (Ibid.).

Parallel to the process of the Chinese rising is the process of the increasing demand for learning the Chinese language and understanding its history and culture. To respond to this new trend, China started opening of the CI first as a pilot project in July 2004 in Uzbekistan, and then established the first CI in Seoul in November 2004. A total of 568 CIs and 1,076 Confucius Classrooms have been established in 142 countries and regions according to the Confucius Institute Headquarters. Furthermore, 135 CIs were set up in 51 countries along the Belt and Road. According to the official data available on the site of Hanban, there are 16 CIs in V4 countries. Beijing located 6 of them in Poland, 4 in Hungary, 3 in Slovakia and 2 in the Czech Republic (Hanban, 2019).

The CIs are under the control of Hanban, a state-owned agency for education—the Office of Chinese Language Council, which opens many questions regarding their scopes and methods of operating.⁵ CIs' work model is rather specific and it distinguishes CIs from other cultural institutes, i.e. British Council, Goethe Institute, Cervantes. Although they all promote language and culture, CIs rely on the local stakeholders, who not only provide advantages to craft projects and programs but are also helpful in terms of engagement with the local community (Stevic, 2017). The engagement of local stakeholders makes it easier to secure external funding from local businesses or the government.

Thus, CIs are typically created through a partnership between two academic institutions, one foreign (domestic/host country) and one Chinese. By doing that, China is attempting to internationalize domestic universities, to boost people-to-people

⁵ The Office of the Chinese Language Council International is governed by a group made up of members from state ministries and other organizations. These include the State Council, the Ministry of Education, the Ministry of Foreign Affairs, and the Ministry of Culture. The Confucius Institute Division is one part of Hanban, which also includes an Examinations Division, focusing on Chinese proficiency tests; a Teaching Quality and Evaluation Division, which concerns itself with Chinese language teaching materials; and a Communications Division, which handles international cooperation and exchange activities.

cooperation, particularly amongst the youth. According to the regulations, Hanban provides start-up money for the institutes, which in most cases are physically located on university campuses. Pursuing activities, such as the managing of international cultural exchanges, are organized to promote friendly relations among states, as ultimately such activities in some way also contribute to the strengthening of the security of the relevant state by creating conditions for the prevention or elimination of conflicts (Pajtinka, 2016, p. 182).

The largest of all CIs amongst the V4 member states, in terms of organizational structure, the number of staff and activities, is the one at Eötvös Loránd University (ELTE) in Budapest, which employs 36 native teachers. Its annual contribution from Hanban is 200,000 US dollars, which is twice as much as the Chinese contribution to smaller institutes, for example, those in Szeged or Olomouc (Hartig, 2015). Aside from language related activities, the institute in Budapest sponsors a range of cultural events and programs. These include the Lunar New Year festival, Chinese lantern festival, kids' day, the Go world cup, a talent show together with various concerts, photo exhibitions, Chinese arts and crafts workshops, courses of Chinese knotting, cooking and *taiji* workshops, monthly lectures on China and outdoor family activities among others. The ELTE Confucius Institute (ECI) was one of the first founded in this part of Europe. It was established in 2006 and is ranked as a model CI. The whole project was initiated by the Sinology department, and the process included long negotiations between the department and leaders of the university to secure the university provision of space and infrastructure for ECI. The Chinese partner is the Beijing Foreign Studies University (BFSU), an institution they had close contact with for a long time since BFSU has a Department of Hungarian Studies. This university is also a training center for Chinese language teachers in the region. Besides the one in Budapest, there are CIs at the University of Szeged, University of Pecs and at the University of Miskolc.

Besides the CI, in Budapest there is a high-profile Hungarian–Chinese bilingual school, too. The school was established in 2004 and is now the only public school in the Central and Eastern European region offering a 12-year education taught in both Hungarian and Chinese Mandarin. The school has Confucius Classroom status as well. So far, the two most successful CIs in Central Europe are those in Budapest and Krakow and they are both labeled as the model CIs.

There are six CIs in Poland. The first one was opened at the Jagiellonian University in Krakow. It is also a model CI (a category awarded by Hanban to the best CIs). Other CIs are located in Opole, Gdansk, Wroclaw and Poznan. Activities are focused on the same subjects as in Hungary. The Jagiellonian University has the Institute of Middle

and Far East Studies at the Faculty of International and Political Studies. They run one of the most successful CIs in the region teaching Chinese at primary schools, too. In March 2016, the Asian Studies program offered by the Institute of the Middle and Far East of the Jagiellonian University was awarded the certificate "*Studia z przyszłością*" (Studies with a Future). They also offer scholarships, summer schools and language courses. Educational and cultural activities affect the perception of China, which is not seen as a threat, but more as an opportunity. The university in Krakow made a step forward introducing the prestigious Business in Asia Studies. Based on the interview that the author made with CI representatives at the Jagiellonian University, one of the main reasons for the popularization of Chinese studies is seen in the opportunity to improve job opportunities.

When it comes to the Czech Republic, CIs have the same structure as the others, with both directors, domestic and Chinese in charge of the management of the CI. Chinese language teaching and cultural workshops are led by Chinese lecturers, who are graduates of Chinese universities majoring in teaching Chinese as a foreign language. The biggest CI is at Palacký University.

Slovakia is to a certain degree different from other V4 countries. Chinese studies have a much shorter history in Slovakia than for example in Poland, the Czech Republic and Hungary: the first academic institution (Institute of Oriental Studies, Slovak Academy of Sciences) was established in Slovakia in 1960 only with the launching of the Chinese Studies program at the Department of East Asian Studies at the Comenius University in Bratislava. In 1988, the number of experts in Chinese started to rise slightly (Slobodník – Pleschová, 2016; Pleschová, 2015).

We must say that the whole Hanban structure of CIs in the world is a rather complex one and the V4 countries are no exception. Since the CIs are situated mainly at local universities, they need to follow the rules of the host countries and this sometimes causes misunderstandings and difficulties for both sides. Many activities are quite popular in all V4 countries such as preparing Chinese dishes, tea ceremonies, calligraphy and *taiji* workshops, lectures by guest speakers who share their experience with China, and the programs that introduce the Chinese culture to kids. For one such program, entitled "Good morning Panda", the institute in Krakow was awarded a prize for the best language teaching activity for children in the city. Furthermore, a very popular activity of CIs is organizing the HSK, the Chinese Proficiency Test. Even if most CIs in Central Europe offer similar activities selected from the list recommended by Hanban, each of them typically has its own specific project. Each institute creates its projects together with the partner universities, but mainly it is up

to the host university CI management to create specific traits of its CI, which fit in with Hanban priorities. Thus, the institute in Olomouc offers music classes in Chinese pipe instruments and it prepares a Week of Chinese Culture, which was introduced in 2000. The institute in Szeged runs a table tennis course, in Miskolc they organize the cooking of dumplings and in Krakow they make picnics, fashion shows and they fly Chinese kites. In Bratislava, the institute has dispatched a Confucius boat on the Danube River with a presentation of Chinese culture and history. The Confucius Institute in Poznan cooperates with the cultural center Zamek, and the institute in Wroclaw contributes annually with its China-related program to the Lower Silesian Science Festival (Slobodník – Pleschová, 2016; Pleschová, 2015).

In general, cooperation and success depend a lot on personal relations and background competitions. In other words, there is competition amongst the V4 member states as to which country will attract the biggest amount of direct investment from China's foreign reserves, and the same situation exists regarding the CIs. Since funding of CIs is almost solely dependent on Hanban, rather than on some kind of market mechanism, a key to secure stable financing is to do projects that Hanban prioritizes. From our point of view, this reflects the non-adaptability and non-flexibility of Chinese soft power to the local conditions. After that, this opens the issue of imposing the values and the framework through which China and its ambitions have to be understood. Furthermore, this Chinese approach is imposing uniformity in thinking about China. Consequently, the Zhongyong dialectic is not feasible if Beijing by its economic power does not allow the opportunity to widen the framework of analyzing and developing cooperation with China. The image that China is presenting through Confucius Institutes of a country with centuries-long, traditional culture and values seems to fail the audience. Young people attending the CI courses are not generally interested in paper cutting or traditional Chinese dance, which is promoted by Hanban, but more business Chinese language, contemporary art, modern China's foreign policy and economic development. From their point of view, the knowledge in these areas can bring them more benefit than knowledge of traditional Chinese art. One interviewee saw different working styles as a problem between him and his Chinese colleagues as he had originally come from the business sphere. For another institute, the main challenge has been cooperation with the Bureau of Border and Alien Police while arranging the permits for their Chinese teachers (Slobodník – Pleschová, 2016; Pleschová, 2017).

Besides this, the next challenge for the directors of the CIs in the region represents the lack of ability of native Chinese teachers to speak the local language and the shortage of local teachers with a good knowledge of Chinese who can work with children and youth in particular.

As it can be seen, the main purpose of the CIs is to bring ideological and cultural gaps closer together. Consequently, and mainly for the Chinese side, this can minimize the possibilities of misunderstandings and misleading representation of Chinese activities. Contrary, China must respect the ideas of home institutions or it will reinforce already numerous doubts regarding Chinese intentions. China cannot build its image just on imposing the values that it has selected as the most appropriate. As the Zhongyong presupposes the complementary dichotomy, the local institutions should have the possibility to combine local values with Chinese principles in implementing joint projects and creating the atmosphere of win-win cooperation. The question remains whether the soft power projected through this type of public diplomacy is producing the result and presenting the image China wants. The research requires further investigation into the perception of people in V4 countries including those attending courses within CIs. Thus, we will be able to clearly conclude whether the public diplomacy and its mechanism, the Confucius Institutes, are reflecting soft power and producing content attractive to the public.

4. Concluding Remarks

Although China introduced the concept of Peaceful Development and the complementarity between differences, still, there are many challenges that China faces in the process of becoming the global superpower. From the one part, challenges stem from the obvious gap between what China proclaims and its behavior in some respects. For example, China insists on a common approach in resolving security or economic issues, but it denies such a possibility in resolving disputes in the South China Sea. On the other side, challenges are occurring from the interpretation of the Chinese political system, understanding human rights and the concept of responsibility. According to some authors, as long as China is not defined in terms of Western parameters as a democratic country, it will face great challenges in representing itself as a responsible and peaceful stakeholder (Yongnian – Tok, 2005, p. 17).

However, pursuing the concept of Peaceful Development from our point of view has tremendous importance in achieving geopolitical and geoeconomic goals. This concept is in service of attracting new partners and creating wider support for ambitious, controversial, pretentious, intercontinental and transforming Chinese initiatives and plans. The shared communist past is not an argument for cooperation and in countries of the V4 is definitely seen as a burden. Even China is not using the discourse of post-communism related to the political history of those countries. As noted by some authors, the period of close cooperation between China on the one hand and Poland,

Hungary and Czechoslovakia on the other, anchored in the shared socialist ideology, can hardly be something on which their contemporary and future cooperation can be built (Slobodník – Pleschová, 2016). The wider support should be acquired by China respecting the ideas proposed by home institutions because it nourishes harmony in diversity. On the contrary, not just Cls' administration, but local governments and citizens will question the principle of harmony. What kind of harmony? Under what conditions does China create harmony? Is that harmony unilateral, bilateral or multilateral?

The intensive work of China's Cls, as a tool of soft power, is in the service of promoting China's "*doxa*". According to Anastas Vangeli (2018), the *doxa* is the set of beliefs and viewpoints of the dominant actor that defines a particular field and appear natural and commonsensical to others, thereby serving to underpin power relations between them in a form of an axiomatic consensus. However, *doxa* is not static and can be transformed as a result of changes in the power balances between actors. Through their words and posture, actors that wield symbolic power can make novel *doxic* claims and instigate a process of transformation of the common sense of the given field as well as the self-perception of subordinated actors (Vangeli, 2018, p. 676). Thus, soft power as a strategic tool underpinned by economic strength represents a Chinese "mixture" in attracting the nations to its understanding of international relations, global geopolitical landscape, security order and the position of the global South in the international community.

Analyzing the proposed subject, we understood that China uses the same kind of "mixture" towards the Visegrad Group. Keeping in mind, that none of those V4 countries refused to be a participant of the "17+1" framework of cooperation, China is creating its diplomatic leadership position in this part of the world. According to Oran R. Young (1991), this position consists of three kinds of leadership: 1. structural; 2. entrepreneurial; 3. intellectual. Structural leadership presupposes the ability of "devising effective ways to bring structural power (power based on material resources) to bear in the form of bargaining leverage over the issues at stake in a specific interaction". Entrepreneurial leadership is about the ability of "making use of negotiating skills to influence the manner in which issues are presented and to fashion mutually acceptable deals". Intellectual leadership is defined as the "power of ideas to shape the way in which participants understand the issues at stake and to orientate thinking about the options available" (Young, 1991; Song, 2011).

In sum, "China's way" of doing things is changing the manner we see the balance of power in the global landscape. Nevertheless, it is still to be seen as to whether the rising China has the strategic and ideological capacities to achieve the desired goals.

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