

CHINA'S IMPACT ON CENTRAL EUROPE AND HUNGARY

Looking at the map of our region, one might get the impression that the countries of Central Europe have been crushed into smaller and smaller pieces by the gravitational tug exerted by the surrounding empires over the centuries. After the calm and stability of the past decades, China has emerged as a new, distant yet powerful power in the region, challenging the status quo in economic and non-traditional security policy areas.

The 16+1 Cooperation, established in 2011–2012, aimed to develop closer political and economic ties between the People's Republic of China (PRC) and sixteen countries in Central and Eastern Europe (CEE). Despite – or perhaps because of – its initial success, the initiative quickly came under fire from critics. Concern was expressed in Western European Member States, in the EU institutions in Brussels and finally in the United States, fearing that China had won the political sympathy of the countries of the region in exchange for economic benefits and that Beijing had consequently established a strong influence in the region that threatens the cohesion of the EU, or at least the integrity of its common policy towards China. However, the decade-long cooperation has begun to weaken in recent months, which has challenged these concerns by highlighting that Beijing's presence in the region is not nearly as strong as many had thought, and that the PRC has failed to develop structural dependencies in the CEE region. Several countries expressed deep disappointment at the lack of tangible economic results, and Lithuania announced its withdrawal from the cooperation framework at the beginning of 2021, which resulted in an existential crisis for the 16+1 cooperation. Meanwhile, U.S. attention also returned to the region, as the Trump Administration's policy of confrontation with China brought the CEE countries to a crossroads on certain issues of strategic importance.

The aim of this paper is to examine the reasons underlying China's emergence in eleven EU Member States of the region (CEE-11), how it has changed the foreign policy and foreign economic room for manoeuvre of the states concerned, and finally, to what extent these effects are proving to be lasting.

THE EVOLUTION OF 16+1

The Central and Eastern European (CEE) region has clearly never played a particularly important role in China's foreign policy. The total population of the CEE countries is equal to that of a major province in the PRC, and their combined economic output is a fraction of China's gross domestic product (GDP). At the same time, the membership or candidacy of these countries to the European Union (EU) and the economic potential of the region have led Beijing to take a renewed interest in the region over the past decade. Following their successful integration into the Euro-Atlantic alliance system, most of the CEE countries also turned their attention to the huge Chinese market, which offered many potential economic and business opportunities, while the global financial crisis and the difficulties of the European Union gave a new impetus to bilateral relations with Beijing. After decades of mutual disinterest resulting from the Soviet–Chinese break-up and the subsequent regime changes in Central and Eastern Europe, China and the CEE countries began to move closer again in the mid-2000s. Hungary was one of the first countries to re-evaluate its China policy, and Prime Minister Péter Medgyessy visited China in August 2003, a few months after Hungary signed the Accession Treaty to join the EU. Other countries in the region have also followed Hungary's example, while the economic and political potential of the region also attracted China's attention. The global and European financial and economic crisis heightened mutual interest on both sides, as CEE countries had to find new sources of investment and trade opportunities amid the collapse of Western markets (EU goods

exports from the region fell by an average of 23% in 2009¹), while China saw an opportunity to take advantage of the window of opportunity created by the EU's weakness to gain a foothold in the Eastern Member States and the Western Balkans.

Despite the first Orbán Government's openly anti-China foreign policy, the second Orbán Government – already before it was formed – turned towards Beijing, after it had taken into account the realities of the changed global economic situation. Budapest played a leading role in the region in this field too, and in March 2011 the Hungarian capital hosted the first “China–CEEC Economic and Trade Forum”, which was attended by a number of political leaders and businessmen from the region, as well as Chinese Premier Wen Jiabao² and the business delegation accompanying him. The meeting was such a success that Beijing decided to set up a mechanism for a regular summit between the Heads of Government of the 16 Central and Eastern European countries and the Premier of the State Council of the People's Republic of China, the first of which was held in Warsaw in 2012. This quasi-organisation, later known as 16+1, comprised eleven EU member states and five Western Balkan countries (Albania, Bulgaria, Bosnia and Herzegovina, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, [Northern] Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia), and was temporarily enlarged to seventeen members with the accession of Greece in 2019. (With Lithuania's departure announced in 2021, the organisation can de facto be called again 16+1.) It was mostly the global financial crisis of 2008–2009 and the subsequent Eurozone crisis that motivated CEE countries to build profitable economic and business links with the fast-growing Chinese market. Since some countries in the region were too small and economically irrelevant from a Chinese perspective, it was a logical step for Beijing to establish cooperation at the regional level. The combined size of the sixteen countries (more than 100 million

¹ UNCTAD 2011.

² In this paper, the official Chinese pinyin transliteration is used for Chinese names, conforming to international standards, except for the names already established in Hungarian.

inhabitants and a nominal GDP of \$1.4 trillion in 2012) was an attractive order of magnitude even for China. In this respect, the 16+1 cooperation can be seen as a program to reduce Beijing's transaction costs, allowing the Chinese Premier to meet with the leaders of 16 nations at the same time, and facilitating cooperation and coordination. In addition, China already had experience in developing similar regional cooperation schemes, having set up similar quasi-institutions in Africa and Southeast Asia in previous years.³ The political benefits for the CEE countries were also clear, because without the initiative, most of the region's prime ministers would have held bilateral talks with their Chinese counterparts at most once a decade – or perhaps never.

However, the cooperation has been the target of serious criticism from the very beginning. The EU and some Western Member States were concerned about increased Chinese activity in the eastern part of the integration and feared that Beijing might try to divide and conquer the EU through the 16+1. In recent years, the governments of the CEE countries have been accused by their Western partners and the EU institutions of trading off the EU's political cohesion for economic benefits from China. Though, these accusations are somewhat tempered by the fact that it is exactly the Western Member States that have the closest economic ties with China, and some of them – especially Angela Merkel's Germany – have often treated Beijing with kid gloves, even politically. Other frequent objections are that the lack of transparency and the semi-institutionalised form of the project serve Chinese interests, and that the 16+1 cooperation itself is a malicious Chinese attempt to divide and conquer Europe. Moreover, EU–China relations themselves have grown increasingly cold over the past decade, as Europe has become increasingly concerned about China's economic and political rise and Beijing has increasingly voiced its frustration over the criticism from the EU, while its own self-confidence has been steadily growing. The EU arms embargo on China, human rights related matters or China's market economy status are all difficult issues on the agenda, and the reception of the 16+1 in Europe has put further strain on relations.

³ JAKÓBOWSKI 2018: 659–673.

Some large European countries, such as France and Germany, have not taken a positive view of the growing Chinese influence and competition in the CEE region. Western criticisms were not only voiced in diplomatic or expert background talks, but also picked up by the press in the wake of major developments. In April 2018, *Handelsblatt* published an article on a report by EU ambassadors in Beijing that was strongly critical of China's Belt and Road Initiative (BRI), which was signed by everyone except the Hungarian ambassador. According to the article, countries such as Hungary and Greece, which both rely on Chinese investment, have already shown their vulnerability to Chinese pressure.⁴

In what follows, I would like to challenge this oversimplified discourse and point out that Chinese influence in the region is very limited and its source is not economic, as, contrary to all previous expectations, the Chinese economic presence in the CEE region remains insignificant. The cooperation opportunities offered by China do not represent an attractive economic alternative for EU Member States in the region.⁵ Moreover, the 16+1 has not helped the situation that most Central and Eastern European countries face the same problems and challenges in their China policy: a growing trade deficit, competition between these countries for Beijing's attention, EU and U.S. concerns, the rise of Chinese influence in the region and, above all, the painful lack of tangible results after a decade of cooperation.

ECONOMIC DEPENDENCIES – MYTHS AND REALITY

Initially, the cooperation promised bright economic prospects: the global and EU financial crisis left CEE countries looking for new investors and export markets, while China needed new investment opportunities and new markets due to its large financial and (construction) industrial overcapacity, and both sides were happy to strengthen mutual economic ties.

⁴ HEIDE et al. 2018.

⁵ KACZMARSKI-JAKÓBOWSKI 2017.

However, it is important to examine the extent to which the CEE-11 countries (i.e. the eleven EU Member States of the region that participate in the 16+1 initiative) actually need economic cooperation with China, especially compared to the Western Member States. First, economic growth in the CEE-11 countries outperformed the EU average between 2012 (i.e. the start of the 16+1 cooperation) and 2020, with average annual GDP growth of more than 2%, compared to just 0.6% in the EU as a whole.⁶ The region's macroeconomic stability has been based on strong net exports, relatively low inflation and unemployment, high inflows of foreign direct investment and around €150 billion from EU structural funds.

In addition, the CEE-11 countries have enjoyed significant trade surpluses in recent years, and exports to China have grown dynamically at an average annual rate of 7% since the formation of the 16+1.⁷ This may seem a welcome development, as one of the main arguments for cooperation with China was to strengthen exports from the region. However, despite the major trade announcements and events of recent years, China is still not among the most important partners of the countries in the region, with only 1.64% of the exports of the countries concerned going to the East Asian state on average, even in 2020. Even though CEE exports to China grew relatively rapidly, the weight of the Chinese market in CEE exports increased only slightly, as the CEE countries were trading more and more with all other regions as well – and this was also true for the EU as a whole. While in 2012 only 1.28% of the total exports of the countries surveyed went to China, this share increased to 1.64% in 2020 and hence remains negligible.⁸ Meanwhile, 3.26% of the total EU exports went to the People's Republic of China in 2012 and 4.34% in 2020. This means that China has always been and still is a much more important export destination for Western Member States than for the CEE region, and its importance in absolute and relative terms is much greater than for the EU participants in the 16+1 cooperation. It is also important to note that the CEE countries accounted for only 5.8% of EU

⁶ UNCTAD 2021b.

⁷ UNCTAD 2021a.

⁸ UNCTAD 2021a.

exports to China in 2020, up only 0.9 percentage points from 2012.⁹ Moreover, a very significant proportion of exports from the countries of the region to China (in some cases more than 90%, although unfortunately no precise figures are available) are in fact exports of products from large multinational companies, which calls into question the significance of the role of these CEE governments. The data suggest that, although strengthening exports to China was the main objective for the CEE countries, despite partial results, they failed to create a situation – or become so dependent on the Chinese market – that would justify the concerns mentioned earlier about Beijing's economic influence.

Another important economic factor, alongside exports, is the issue of foreign direct investment (FDI). The picture that emerges here is that the CEE countries have not been able to attract economically significant amounts of Chinese capital over the past decade. Although there are serious uncertainties in the literature about the stock and flow perspective of FDI, recent research shows that the stock of FDI from China in the 16+1 EU Member States, including Hungary, is far below the level of Western European countries. Chinese FDI is significantly higher in the five largest economies in Western Europe (Germany, the United Kingdom, France, Italy and Spain), and in relative terms, only two EU Member States – Hungary and Romania – have a slightly higher share of Chinese FDI in total FDI than the U.K., France or Germany. However, even in case of Hungary and Romania, only less than 4% of total FDI comes from China, even by the most generous estimates.¹⁰

Summarising the issue of economic relations, none of the countries in the CEE region is dependent on China, while Germany, the U.K. and France are more dependent on China for exports than any other CEE country, and the amount and often relative importance of Chinese capital invested there exceeds that of the level in the 16+1 EU Member States. The lack of significant economic achievements has triggered a wave of disappointment in many CEE countries in recent years, and China does not yet seem capable of strengthening its economic role in the region in the future. Even China's

⁹ UNCTAD 2021a.

¹⁰ MATURA 2021.

well-known admirers such as President Milos Zeman complained about China's failure to fulfil its previous promises.¹¹ The coronavirus crisis has further increased suspicions about China, and since the mid-2020, foreign policy analysts and Chinese experts alike have been reporting that China has lost the region.¹²

CHINA'S POLITICAL INFLUENCE – MORE SMOKE THAN FIRE

Although the strength of economic ties has fallen short of expectations, the allegations concerning cooperation between the PRC and the CEE region were not entirely unfounded, as some states in the region have repeatedly blocked the creation of a unified EU position in recent years in the hope of forging close ties with China. For example, in 2016, Hungary and Greece blocked the EU's joint declaration regarding the South China Sea,¹³ and Budapest openly supported the granting of the status of a market economy to China, which the EU opposed,¹⁴ and in 2017 the EU was unable to unanimously condemn Beijing over the arrest and alleged torture of human rights lawyers in China due to Hungary's objections. Czech President Milos Zeman was the only EU leader to attend the controversial military parade in Beijing to mark the anniversary of the end of World War II in 2015, while Western countries boycotted the event because of the nationalist overtones of the parade and China's increasingly ambitious foreign policy.¹⁵ Hungary twice blocked the EU's joint resolution on Hong Kong in 2021, which would have condemned China's national security law aimed at exerting tighter control over the city.¹⁶ At the same time, none of the main opposition political parties in the Visegrád countries is in favour of too close relations

¹¹ LAU 2020.

¹² BRÎNZĂ 2021.

¹³ BENNER–WEIDENFELD 2018.

¹⁴ BBJ 2016.

¹⁵ CHAN 2015.

¹⁶ CHALMERS–EMMOTT 2021.

with China; the preference for closer relations was mostly supported by the parties currently in government, or a particular political leader, such as Czech President Miloš Zeman, Hungarian Prime Minister Viktor Orbán or Romanian Prime Minister Victor Ponta. However, this also means that Beijing does not enjoy organic cross-party support in the region, so when a particular pro-China politician falls out of power, it almost immediately brings with it the undermining of Beijing's position.¹⁷

The intellectual background of the current U.S. administration does not have a very flattering opinion of Hungary's China policy. According to a Carnegie Endowment report, the reason for Budapest's intention of deepening its ties with China is that Chinese financial resources could further support what they see as *state capture* processes in Hungary and the strengthening of Eurosceptic voices. In this way, according to the report, Hungary has become one of Beijing's main advocates in the EU, thereby earning Beijing's distinctive attention, which a small country of its size could not have achieved otherwise. To this end, according to the Carnegie experts, the Hungarian Government tries to avoid situations where it may be confronted to the PRC, and hence Budapest did not intervene in the case of Michael Kovrig, a Hungarian–Canadian dual citizen arrested in China, it does not follow U.S. requests for action against Huawei, and the pro-government media generally portrays a positive image of China and avoids reporting on issues such as the human rights situation. The U.S. experts also noted the presence of a strikingly high number of Chinese institutions in the country compared to the size of Hungary, which, according to their assessment, could serve to strengthen the East Asian country's soft power. Thus, for example, the China CEE Institute established by the Chinese Academy of Social Sciences in Budapest, the five domestic Confucius Institutes (which have been closed down in several places in the West because of their controversial activities), or the planned Budapest campus of Fudan University, all give the impression to the independent institution, which is close to the Democratic Party, that relations between Hungary and China have taken a worrying turn from the U.S. point of view.¹⁸

¹⁷ ŠIMALČÍK et al. 2019.

¹⁸ BRATTBERG et al. 2021.

The EU institutions themselves have also expressed the view that some of the CEE-11 countries have become more understanding of Beijing's foreign and domestic policies, and that the 16+1 allows the PRC to transform the states of the region into political allies, so that they can support China's interests at EU level. Moreover, according to European Parliament research, some CEE-11 countries have used their 16+1 membership to strengthen their negotiating position with the EU. As they put it: "The Hungarian government has no illusions about China, but is willing to tolerate Chinese influence in order to achieve certain political and economic benefits. Hungary's welcoming attitude has enabled China to make economic and political gains in Europe."¹⁹

THE QUESTION OF SOCIAL SUPPORT – THE CURSE OF UNPOPULARITY

The foreign policy latitude of a country is significantly determined by its domestic political situation and the public perception of its international partners. Thus, the way the populations of the CEE-11 countries perceive Beijing's role and thus support their own government's China policy is therefore also important.

Research in recent years has shown that the populations of the CEE-11 countries are mostly not supportive of their governments' enthusiastic rapprochement with China, which by now has had foreign and domestic policy consequences in many cases. According to a Eurobarometer survey made in 2017, 50% of Hungarian respondents, 48% of Poles and 44% of Slovaks had a negative view of China, while those with a positive view of China, including those with neutral views, were in a relative minority in all three countries. However, already back then, the Czech Republic was the country with the most anti-China public opinion in Europe, with 69% of respondents having a negative attitude towards China, compared to just 25%

¹⁹ GRIEGER 2018.

positive.²⁰ A large international poll conducted in the second half of 2020 came to a similar conclusion. Despite a decade of political and economic cooperation between the countries of the region and Beijing, the image of China remains negative. The Czech population has the most unfavourable overall view of China, because, as an after-effect of the policies of the late Václav Havel, opposition to communism and authoritarian regimes is part of national identity; that is why half of the population has a negative view of the East Asian state. It is surprising that Hungary is the second most anti-China society among the Visegrád countries, despite the pro-China policy of the Budapest Government over the past decade and the positive image of Sino–Hungarian relations conveyed by state communication. In addition, the above mentioned survey was conducted before the domestic developments related to Chinese vaccines and the Fudan University, so it can be assumed that the perception of China in the eyes of Hungarians has further deteriorated in the past year. The picture is slightly more nuanced in Poland and Slovakia, as both countries have a lower proportion of people with negative feelings towards China, but still only a very modest number of people trust Beijing. In case of Poland, this is explained by their distrust of Russia, which is, in turn, linked to China; meaning that although Poles are less averse to China itself, they have little confidence in Beijing because of the closeness of Russian–Chinese relations. In Slovakia, on the other hand, the opposite is true, as those who have a better opinion of Russia also have a better opinion of China, so Russian results have also pulled China's image up. The situation outlined above has of course been significantly worsened by the outbreak of the war in Ukraine and the Chinese foreign policy attitude of supporting – even if only tacitly – Russian aggression. In most countries in the CEE region, public opinion and thus political attitudes have taken a strong negative turn towards China. In particular, the Baltic states, Poland and the Czech Republic have made a spectacular turnaround in foreign policy, and in the year since the outbreak of the war have sought to distance themselves from China. For the three Baltic

²⁰ European Commission 2017.

countries, this meant withdrawing from the China–CEEC cooperation, which as a result is now limited to only 14 countries, although it is expected to be further reduced in 2023 due to the Czech Republic’s departure.²¹

THE ROOM FOR MANOEUVRE FOR
HUNGARY AND THE CEE-11 COUNTRIES
BETWEEN CHINA AND THE WEST

Despite the above facts and figures, it is undeniable that China’s influence has increased in some CEE-11 countries over the past decade. One of the most obvious examples is Hungary, as the current government has on several occasions taken a clear stand with Beijing on certain contentious international issues. Due to Budapest’s opposition, the EU’s joint declaration on human rights could only be presented in a much more restrained form, Hungary was the first EU country to join the controversial BRI project, the government signed memoranda of understanding with China, in contravention of the EU’s expressed wishes, and even supported China’s position on the South China Sea, as described above.²² At the same time, it would be a mistake to attribute this to Beijing’s proactive influence, as it seems – although this is naturally difficult to research – that Budapest is making gestures towards China more out of “self-interest” or as a result of the broader context of the government’s foreign policy, in other words it is not the Chinese side that is asking the Hungarian Government to take these steps. In fact, in personal conversations with Chinese academics and foreign policy experts, it has been a recurring theme for years that while Beijing understands and welcomes these friendly moves by Hungary, they often embarrass the Chinese Government itself, fearing that they reflect badly on China’s cooperation with the CEE region and could serve as evidence to the EU and the U.S. that Beijing is seeking to divide European integration. It is also important to point out that the CEE-11 countries – and Hungary

²¹ MATURA–SZUNOMÁR 2023: 160–180.

²² BENNER et al. 2018.

in particular – allow themselves to make gestures towards China almost exclusively in the political sphere, while on economic issues of importance to the EU, and especially to Germany, they tend to support the Community position. In other words, a kind of double game is played here, where the leaders of the CEE-11 countries are willing to take steps in favour of Beijing on issues that are perceived as less important (human rights, Hong Kong, Xinjiang, South China Sea, etc.), but they do not risk undermining the EU's common position on economic and financial disputes that are important for the EU's main actors. This is logical because for most countries in the region, Germany, not China, remains the most important economic partner, and a significant part of economic relations with the PRC are also conducted through German companies (see Hungarian automotive exports), so what is in Berlin's interest vis-à-vis China is also important for the CEE-11 countries.

In the context of the foreign policy room for manoeuvre of the CEE-11 countries, it is worth examining what steps the states of the region could afford to take on issues that have become important to the United States in recent years. One of the most important cases in this area is the U.S. action against China's 5G technology and the Chinese company Huawei itself, which has put the CEE-11 countries at a crossroads. The 'Clean Network' program, an initiative launched by the Trump Administration, is officially described as a program to protect the private and sensitive data of U.S. companies and citizens from "interference by malicious actors such as the Chinese Communist Party".²³ It says a lot about the situation of the CEE-11 countries that the then U.S. Secretary of State Mike Pompeo visited several capitals in the region in 2019 and 2020, after which most countries joined the initiative and refused to allow Chinese companies to participate in the creation of national 5G infrastructure. The Secretary of State toured the region in February 2019, visiting Budapest, Bratislava and Warsaw, and in August 2020, Prague, Ljubljana, Vienna and Warsaw, which largely delivered the results Washington had hoped for. According to U.S. analyses, it is precisely because of the growing Chinese – and Russian – pressure that the United States found it important to pay more attention to its Central European

²³ U.S. Department of State 2017–2021.

partners, which were perceived to be vulnerable.²⁴ In May 2019, more than 30 countries, EU and NATO representatives and industry players gathered in the Czech Republic to discuss the issue at the 5G Security Conference in Prague.²⁵ During his 2020 visit, Pompeo discussed with his Central European partners issues aimed at reducing China's role in the region. Thus, in Prague, the Three Seas Initiative was discussed as a potential competitor to the 16+1 itself, a joint statement was issued with the Slovenian Foreign Minister on 5G technology, in which the Slovenian side essentially agreed to exclude Chinese companies and joined the Clean Network program (similar agreements were signed by the U.S. with Poland, Estonia and the Czech Republic). Also in Warsaw, the security of 5G networks and the Three Seas Initiative were among the main topics of discussion.²⁶

The return of U.S. attention to the region paid off, as all but one of the CEE-11 countries signed agreements with Washington to join the Clean Network program and/or to establish regulations to exclude untrustworthy (i.e. Chinese) suppliers from the deployment of 5G networks.²⁷ Hungary was the only one that did not give in to U.S. pressure. Though Mike Pompeo, on a visit to Budapest, said that it could make U.S.–Hungarian cooperation more difficult if the Hungarian Government allowed the use of Huawei's devices. The Hungarian side, however, dismissed the U.S. warnings as being based on double standards and even hypocrisy, as the real users of Chinese devices in Hungary are in fact foreign – British and German – owned telecom companies.²⁸ The Hungarian Government's determination on this issue is clearly demonstrated by the fact that it not only allowed the Chinese company to participate in state telecommunications systems (such as the 112 emergency call system), but also did not join the Clean Network program, ignoring U.S. concerns. In fact, a year and a half after the U.S. Secretary of State's visit to Budapest – and two months after his second tour of Central Europe – the Huawei Research and Development Centre opened in Budapest

²⁴ BRATTBERG 2019.

²⁵ KAHN–LOPATKA 2019.

²⁶ CHING 2020.

²⁷ Radio Free Europe 2020.

²⁸ Euronews 2019.

in October 2020. The U.S. Embassy in Budapest reacted to the development in a statement, in which they wrote, among other things: “More and more countries around the world are recognizing that companies based in the People’s Republic of China are obliged to cooperate with the security services. These countries are taking steps to protect their citizens and their national security. We hope that all US allies will join the program.”²⁹

Although much more cautiously than on the 5G issue, but there is also a shift in the domestic politics of several Central European countries in relation to Taiwan. Whereas in the past the relativisation or questioning of the “One China” policy could not even be raised at state or even municipal level, the past year has seen several developments that have started to challenge one of the PRC’s most fundamental national interests, the sovereignty Beijing claims over Taiwan. Already during the first wave of the coronavirus epidemic, the CEE countries, such as Lithuania, Poland, the Czech Republic and Slovakia, were the only ones in the EU to donate vaccines to Taiwan.³⁰ At the end of 2019, the mayor of Prague cancelled the twin town arrangement with Beijing because it included the Czech commitment to the ‘One China’ principle, and in January 2020, he called the PRC an unreliable partner and announced that the Czech capital would sign a twin town arrangement with Taipei.³¹ In addition, the President of the Czech Senate, one of the country’s top public dignitaries, paid an official visit to Taipei in September 2020 and concluded his speech in the Taiwanese Parliament with the phrase “I am Taiwanese”, echoing President Kennedy’s famous Berlin speech.³² Lithuania followed suit, announcing in July 2021 that it would open reciprocal representative offices with Taiwan in each other’s capitals, and that the branch in Vilnius would be the first in Europe to use the Taiwan name. This is a significant departure from the previous practice of calling these offices the Taipei Trade Bureau. This comes at a remarkable coincidence with a bipartisan proposal submitted to the House of Representatives in Washington in May to allow U.S.-based offices

²⁹ BUZNA 2020.

³⁰ HILLE–MILNE 2021.

³¹ France 24 2020.

³² Reuters 2020.

to use the word Taiwan in their names. The Lithuanian moves had not gone unanswered, as for the first time since the creation of the EU, China called for the departure of the Baltic ambassador to Beijing.³³

All in all, it seems that China's presence in the region has given the CEE-11 countries the opportunity to increase their foreign economic and, to some extent, foreign policy room for manoeuvre within the European Union, but this effect has not been long-lasting for most of the states in question. The room for foreign economic manoeuvre has largely disappeared due to the insufficient development of trade and investment relations with China, so the CEE-11 countries have also turned back politically towards the EU. A good example of this is that even in the midst of the coronavirus crisis, all Central European countries except Hungary were committed to EU cooperation, including not buying Chinese vaccines. Meanwhile, the foreign policy room for manoeuvre of these countries vis-à-vis the United States did not increase, but quite the opposite: Washington's attention was again drawn to the region because of Beijing's activities in the region, and U.S. foreign policy quickly rebuked most of its Central European allies. The only exception is again Hungary, which remains committed to its policy towards China, both vis-à-vis the EU and the United States. The question is whether this is a real or perceived room for manoeuvre. Budapest's behaviour may be influenced firstly by the outcome of the German elections on the European side, and secondly by stronger action on the U.S. side, although it is clear that the Hungarian Government considers Washington's ability to influence to be limited. However, this may change in the near future, as the Biden Administration continues its predecessor's policy of trying to regulate China, and is also committed to democratic principles, so in many ways it may have good reasons to increase pressure on the Hungarian Government. One of the recommendations of the Carnegie Endowment's study on Chinese influence is precisely that Washington and Brussels should take joint action against the Orbán Government, including the possible use of sanctions mechanisms against officials and businessmen involved in

³³ HIOE 2021.

local corruption cases related to China.³⁴ If the U.S. ideas are translated into action and meet the ambitions of the new German Government's possibly changing policy towards China (which is an increasingly tangible reality, partly due to the Russian aggression against Ukraine), this could lead to a rapid narrowing of Budapest's foreign policy room for manoeuvre, not only with regard to China.

SUMMARY

So the question arises: what motivated some CEE countries to move closer to Beijing if the results of economic relations were far below expectations? One possible explanation is the personal political ambitions of some political leaders in the region. Most Czech experts see President Miloš Zeman as the main initiator of the country's pro-China policy. In Hungary, Prime Minister Viktor Orbán apparently sees strong Sino–Hungarian relations as a means of strengthening his bargaining position with the EU, and China is also the world's largest illiberal state. In Romania, Prime Minister Victor Ponta was the main advocate of close ties with China, but after his resignation, Bucharest visibly took a back seat within the 16+1 initiative, and then over time began to move closer to the West and the United States. Similar processes were taking place in Warsaw, as the rapprochement initiated by Donald Tusk was handled more cautiously by the next Polish Government, and since 2017 Polish–Chinese relations have taken a less friendly turn, which confirms the assumption that certain political leaders and their interests have played an important role in the development of China–CEE cooperation. However, this also means that China's political influence in the region is not structural, but rather tied to individual Central European political leaders, and could quickly fade away when the domestic political winds change in the given country.

³⁴ BRATTBERG et al. 2021.

Another important conclusion is that China and its regional partners have made serious mistakes over the past decade. Through their communications, Beijing and the governments of Central and Eastern Europe have raised expectations that they have ultimately been unable or unwilling to meet. To consolidate its soft power, China adopted a top-down approach, targeting the social elite of the region rather than appealing to the wider population, which, given today's growing populism and the influence of the mass media, would probably have been more effective than vainly appealing to an elite already suspicious of the communist superpower. While Beijing had hoped that the similar historical experiences of the two sides would help deepen relations, in reality this has proved to be more of an obstacle, as societies in the region have a strong antipathy towards one-party communist regimes, precisely because of the negative events of their own past.

Moreover, China does not play a geopolitical role in Europe, so the CEECs must continue to rely on the European Union and the United States of America for security, which makes Beijing a political partner of secondary importance. Thus, neither civil society, nor political parties, nor the media support the pro-China policies of their countries, and after the hoped-for economic benefits have turned out to be a mirage, most of the countries of Central and Eastern Europe are returning to where they have always belonged, to the West.

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