



China and the Crisis in the “17+1” Initiative

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The summit of the leaders of the “17+1” format, postponed from 2020, was held on 9 February. The Chinese authorities blame the U.S. for the crisis in the initiative but it is mainly the result of a lack of a substantial Chinese offer to its participants. China will not give up the multilateral dimension of cooperation within the “17+1” framework, but will focus on closer cooperation with selected partners, such as Hungary and Serbia. Poland’s promotion of transatlantic interests and the EU’s assertive approach to China will deepen the differences in Polish-Chinese relations. This may lead Poland to consider leaving the initiative.

The “17+1” initiative, which was established in 2012 (first as “16+1” before Greece joined in 2019) is a tool of China’s to strengthen its image as an important actor in Central Europe, ensure regular contact with the countries of the region, and limit U.S. influence there, among other goals. However, [as a basis for development](#), it lacks a preferable offer from China to the participants. From an economic point of view, apart from increasing the possibility of promoting Central European companies and products in China, the initiative is not attractive to the majority of participants. Although China has tried to tailor it to individual partners, these actions have been mostly ineffective and, due to the authoritative character of Chinese policy, has even been perceived (e.g., in the Baltic states) negatively through the prism of historical memory of relations within the USSR. The initiative is now at a turning point due to an overlap of two factors. First, there is a strong belief among the majority of the participants who are EU members that there is no economic benefit from engaging in this cooperation platform. Second, there are the changes in individual states’ policy towards China, related to the perception of threats resulting from the tension in China-U.S. relations and the EU’s “systemic rivalry” policy towards China. In 2020, these processes deepened further as [China became more aggressive in its policy towards the EU](#) during the COVID-19 pandemic. The “17+1” leaders’ summit scheduled for April last year was postponed due to the coronavirus outbreak. It was rescheduled for 9 February in the form of a videoconference. The setting of the meeting so soon after

Joe Biden was inaugurated as U.S. president indicates that China anticipates the development of “17+1” participant contacts with the new American administration.

Challenges for China. Most of the “17+1” countries (mainly EU members) are dissatisfied with the effects of their participation in the Chinese initiative, notably the lack of Chinese investment or growing trade deficits with China. Their scepticism of China varies but manifests itself in two main ways: as threat perceptions related to the participation of Chinese companies in the construction of the 5G network and other critical infrastructure, and in China’s refusal to accept that certain activities violate human rights and international law, for example, in [Hong Kong](#), Xinjiang, or against [Taiwan](#). In the context of infrastructure, for example, Romania blocked a Chinese investment in the nuclear power plant at Cernavoda and plans to ban Chinese companies from participating in infrastructure tenders due to a lack of similar access to the Chinese market for EU companies. The Greek government excluded Chinese companies from a tender to purchase one of its power grid operators. Poland, Romania, and Slovakia are working on regulations (or have adopted declarations) that in practice will prohibit Chinese companies from participating in the construction of their 5G networks. Some governments also raise issues of human rights and freedom of speech; for example, six countries signed a statement criticising the conviction in China of an [independent journalist](#) reporting on the COVID-19 outbreak. Some of the countries (e.g., Lithuania, Estonia) are seriously considering leaving the initiative. Despite

dissatisfaction with the results of the “17+1”, other participating EU members uphold their participation in the initiative, treating it as a channel of political communication with China, as well as an instrument for increasing the recognition of exports in China.

China blames the Trump administration for the rising sentiment within the “17+1” against it, citing, for example, advising the Albanian prime minister to leave the initiative. China tends to believe that most of the European countries involved in the initiative find it difficult to dismiss the American suggestions due to the importance of the alliance with the U.S., which is key to containing Russia or stabilising the situation in the Mediterranean. The policy of “17+1” members towards this initiative also depends on internal political processes. This applies to the [Czechia](#) (e.g., in the context of strengthening relations with Taiwan) and Greece, where the change of government in 2019 resulted in a more assertive policy towards China. In reaction, China tries to present a unified position towards the antagonists, treating them as potential partners but overly focused on the U.S., although this will not change under the Biden administration. In China’s opinion, these countries (especially the EU members) will support close cooperation between the EU and the U.S. towards China.

Opportunities for China. Only a few participating countries emphasise the positive effects of cooperation with China in the “17+1” framework. Among them are mainly [Hungary](#), which replaced Poland as the leader within the initiative in the Chinese perspective, as well as Serbia and North Macedonia. The cooperation with China by these countries not only pertains to the economy but also to education, the health system, and other areas. This has resulted in, for example, the consent of the Hungarian government to the establishment of a branch of Fudan University in Budapest (by 2024) or the purchase by all three countries of Chinese vaccines against COVID-19. These countries decide to cooperate with China not only because of its economic importance but also because they perceive it as an element of diversifying the directions of foreign policy. For China, the most important thing in the relationship is backing by its partners for the Chinese rhetoric regarding the international situation, including relations with the EU or competition with the U.S. These states’ willingness to cooperate with China is also presented as confirmation of its influence in the region, although it is mainly aimed at public relations.

Conclusions and Perspectives. In 2021, the importance of the “17+1” initiative in China’s foreign policy will decline, due not only to changes in the perception of the format by its European participants but also China’s focus on its domestic market and reduction in financing Chinese foreign investments under its Belt and Road Initiative and other cooperation projects. This trend is amplified by the [effects of the COVID-19 pandemic](#) in China.

The close relations with Hungary and Serbia will allow China to emphasise the benefits of multilateral cooperation within the “17+1” framework by citing, for example, the implementation of the Belgrade-Budapest railway connection. In practice, multilateral cooperation within the initiative is a fiction, and the core of the “17+1” is China’s bilateral relations with selected partners. The format will focus even more than before on issues important to the Chinese authorities and their rhetoric. In 2021, these will be health issues, emphasising that China played a key role in fighting the pandemic, as well as being a supplier of COVID-19 vaccines. It will still be important to develop infrastructure investments (also in the digital sphere), although these will depend on the use by “17+1” members of their [investment protection mechanisms](#). It will also be important to try to improve the image of China in the region by strengthening cooperation in the field of environmental protection. China proposes calling 2021 the year of “China-Central Europe Green Cooperation”. However, this contrasts with Chinese investments in coal-fired power plants, [including in the Balkans](#). Cooperation in key areas for China will be continued mainly in bilateral relations with selected partners, including Hungary, Serbia, and North Macedonia. With other “17+1” participants, China will try to develop bilateral relations in less controversial areas: culture, science, and tourism. Sport will also be important, especially in the context of promoting the Beijing Winter Olympic Games in 2022.

The completion by China in December 2020 of [negotiations on an investment agreement](#) with the EU (CAI) was for the Chinese a great political success, and the swift ratification of the agreement is its priority. Given the negative sentiment towards the CAI in the European Parliament, which has to accept the agreement, China does not want to worsen relations with the EU. Thus, the Chinese will not intensify the “17+1” platform, which is badly perceived by the European Commission, Germany, and France as undermining the EU’s policy towards China. Chinese experts also advise the authorities to stop the development of regional cooperation projects with European countries in order to strengthen relations with the entire EU.

It is beneficial for Poland to remain in the “17+1” as long as it continues to influence the decisions and published documents, but it is advisable to be careful with the Chinese proposals, especially in digital and health matters. Remaining in the initiative may also increase Poland’s recognition in China. However, divergences will grow in Polish-Chinese relations and the view on the “17+1”, especially given the “systemic rivalry” between the EU and China and pursuit of transatlantic policy, supported by Poland, which are contrary to the Chinese interests. If the gap widens, Poland may even consider leaving the “17+1”.