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End of Illusions in Relations between China and Central Europe

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As a result of the Russian aggression against Ukraine, there is currently no possibility of improving relations between China and most Central and Eastern European (CEE) countries. The reasons are China's strategic partnership with Russia and the undermining by both countries of the key role of the U.S. and NATO for European security. China is trying to limit the potential negative effects for itself of the policies of the CEE countries, which, after turning back the Russians, want to strengthen transatlantic cooperation and tighten the EU approach towards China.

State of China-CEE Relations. Russia's aggression against Ukraine has contributed to a further deterioration of China's relations with Central European countries and Greece in the "14+1" format, which was created after the three Baltic states withdrew from the "17+1" initiative in 2021-2022. Many of them, most notably Lithuania, had already perceived China's policies as a threat to their economic and political interests for several years. When the countries of the region could not reach a consensus on it, no meeting of "14+1" leaders was held in 2022, although there were a number of interactions between China and individual CEE countries between the start of the Russian full-scale invasion of Ukraine in February 2022 and June of this year. The main topic of those talks were the consequences of the war and the possibility of developing bilateral cooperation. Meetings mainly initiated by the Chinese side were held with varying intensity, for example, several times with representatives of Hungary and Poland and less frequently with representatives of Czechia, Greece, Latvia, Serbia, and Slovakia. In most cases (apart from a meeting between the Hungarian prime minister and the highest-ranking Chinese diplomat, Wang Yi), the diplomatic level of the meetings descended to deputy foreign ministers, primarily because of opposition from CEE countries to Chinese policy towards Russia after its invasion of Ukraine.

The political issues are compounded by the region's <u>disillusionment</u> with the effects of trade and <u>investment</u> cooperation with <u>China</u>. The increase in imports from China has

only aggravated the trade deficit on the part of the countries in the region. Among other things, this includes imports of components from China for further production and what some of them see as overdependence on supplies in certain sectors, such as medical products. In 2022, Poland's trade deficit with China was more than €50 billion, compared to more than €30 billion in 2021, Czechia's was more than €28 billion vs. €17 billion a year earlier, and Hungary's was more than €10 billion, up from €8 billion in 2021. Most countries in the region support the European Commission's drive to reduce the EU's economic dependence on China, especially in strategic sectors and critical infrastructure. They also support strengthening transatlantic cooperation vis-à-vis China.

A Divided Region. The main factors determining the policy of most CEE countries towards China are the Sino-Russian partnership, China's undermining of the stabilising role of the U.S. and NATO, and Chinese demands for a change in the security architecture in Europe. The Baltic States (especially Lithuania) and Czechia perceive China as a systemic threat to the international order, including because of its cooperation with Russia. Lithuania published its Indo-Pacific strategy in July this year, which highlights the dangers of China's push to change the international order. Czechia published a document in October 2022 containing similar perspectives, albeit with a softer assessment of China's policies. These countries in turn have strengthened relations—albeit largely informally—with Taiwan (including contacts with the executive branch), and

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advocate close cooperation with the U.S., including in radically reducing the EU's dependence on the PRC. They are limiting political relations with China, as indicated by the Baltic States' withdrawal from the "17+1" format.

Poland, Bulgaria, Romania, and Slovakia share the objections of Czechia and the Baltic States, especially regarding Sino-Russian cooperation and China's undermining of EU-U.S. cooperation. However, they communicate their approach differently. They do not deny the need for contact with China, even at the highest level, and continue to pursue the development of economic cooperation outside of strategic sectors and critical infrastructure. These four states are also strengthening relations with Taiwan, albeit largely informally. An example of this was the June unofficial visit by Taiwan's foreign minister, among others, to Poland.

None of these mentioned states see China as a reliable partner in bringing an end to the nearby war in line with Ukrainian interests or strengthening European security. This was evident in the Polish statement after the June meeting between the Polish deputy foreign minister and the Chinese government's special envoy for Eurasia, Li Hui. Poland in the meeting supported President Zelensky's peace plan rather than the Chinese proposals as the basis for ending the hostilities. It also stressed the need for China to condemn Russian aggression and not support Russia in circumventing sanctions.

In the CEE, Hungary and Serbia pursue a friendlier policy with China. Both countries support indirectly (Hungary) and directly (Serbia) China's anti-NATO rhetoric and its policy towards Ukraine. Hungary opposes reducing the EU's economic dependence on China and seeks to attract Chinese investment, including in the telecommunications and electromobility sectors. Serbia, like Hungary, sees strengthening relations with China as part of its aim to diversify its foreign policy beyond mainly relations with EU institutions or the U.S. Both countries are also keen to support China's narrative of the importance for the region of the implementation of the Belt and Road Initiative and the continuation of the "14+1" format.

China's Perspective. The marked differences in attitude between China and most Central European countries towards the Russian aggression against Ukraine have influenced China to reduce its expectations of the region. The attempt to revive relations with the CEE after the outbreak of the war was limited to a few visits by Chinese envoys to maintain relations with Central Europe. Among them, Special Representative Huo Yuzhen visited Poland, Czechia, Hungary, Slovakia, and other states in April 2022, while her successor, Jiang Yu, visited the region three times, first in October and again in November 2022, and then in June this year.

In China's contacts with countries in the region, it emphasises a message about the destabilising role of NATO and the U.S. for European security, pointing to American support for Ukraine as an example. At the same time, China promotes the positive aspects of cooperation with it using sympathetic experts and

academics in the countries of the region. It supports this narrative with economic decisions, such as allowing certain products onto the Chinese market, for example, Polish beef or blueberries. China's actions in the region focus on partners that support Chinese rhetoric, namely Serbia and Hungary. They are the main recipients of Chinese economic and scientific initiatives and participants in high-level talks. Chinese activity towards the EU and the intensity of relations with Western European countries are intended to neutralise the efforts of Poland, the Baltic States, Czechia, and others in strengthening the Union's cooperation with the U.S. This concerns in particular EU-U.S. cooperation on the economy, technology and the Indo-Pacific, or in reducing the Union's dependence on China.

Conclusions and Perspectives. China's approach to Russian aggression against Ukraine blocks the possibility of further developing its relations with most Central and Eastern European countries. A revival of the "14+1" format or the Belt and Road Initiative in the region is not to be expected. Visits by two Chinese Foreign Ministry envoys to the CEE ended without success. Chinese announcements of deepening cooperation are pure propaganda. They will remain façades, maintained for image issues of importance to China (although some countries in the region, such as Poland, consider the "14+1" to be a potentially useful channel of communication with the Chinese authorities). China is open to certain types of cooperation, mainly economic, with selected Central European countries. Incentives, such as increased access to its market, may be accompanied by expectations of support for China's policy towards, for example, the war in Ukraine or the issue of Taiwan. China's changing attitude towards the region is also evidenced by its lack of inclusion of Central Europe in the Global <u>Development Initiative</u> and the <u>Global Security Initiative</u>, key elements of China's latest vision of international relations. Although both initiatives are addressed to developing countries, which China also counts as participants in the "14+1" format, the absence of the CEE in them indicates not so much that they are treated as developed countries, but that the region's increasing cooperation with the U.S. is unfavourable from China's point of view.

Without a modification of China's approach to Russian aggression, it is difficult to expect an improvement in its relations with most of the CEE countries at least in the coming months. This fits in with the negative perception in the EU of China's policy towards the war in Ukraine. However, many Western European states do not view China mainly as a systemic threat and want to solve problems in relations with China not through sanctions coordinated with the U.S., but via cooperation. In this context, Central European countries should continue to cooperate with countries with similar assessments of the threats from China, such as Sweden, and support European Commission initiatives aimed at reducing dependence on China in cooperation with the U.S.