

CHINA – CEE RELATIONS

Overview of China-CEE investment policies

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**CHINACHAM
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匈中经济商会

MAGYAR-KINAI GAZDASÁGI KAMARA
Hungarian Chinese Chamber of Economy

HUNGARY

October 4, 1949: Hungary formally recognized the P. R. of China

1989: democratic transition - refocusing of Hungarian foreign policy → For more than a decade, contact declined to a minimum

1990-1992: visa waiver

Hungarian government started to re-establish relations with China well before the other CEE countries

2003: visit of the Hungarian PM, to Beijing; forthcoming EU membership

Fruitful period began → Chinese investments started to flow into the country and trade also took off

- 2003: Bank of China (Hungary) Close Ltd.
- 2004: Bilingual Chinese–Hungarian Primary School in Budapest
- 2004: Budapest and Beijing direct flights
- 2005: Huawei
- 2010: Wanhua
- 2013: Bohong Group
- 2014: Bank of China Limited Hungarian Branch
- 2015: RMB clearing center
- 2017: BYD

2011: “Eastern opening policy”

- Hungary is the only country in Central and Eastern Europe to have adopted an official government strategy towards Asia (and China)

“[...]an Eastern wind is blowing in the world economy”

Viktor Orbán, Prime Minister of Hungary (2014)

Hungary is the destination of the majority of Chinese foreign direct investment (FDI) in the region, whilst serving as a regional hub for several Chinese companies and having the biggest Chinese population in CEE.

2017: comprehensive strategic partnership

CZECH REPUBLIC

6 October 1949: **Official relations** between Czechoslovakia and China.
1993: Czech Republic was established and inherited the Czechoslovak treaty.

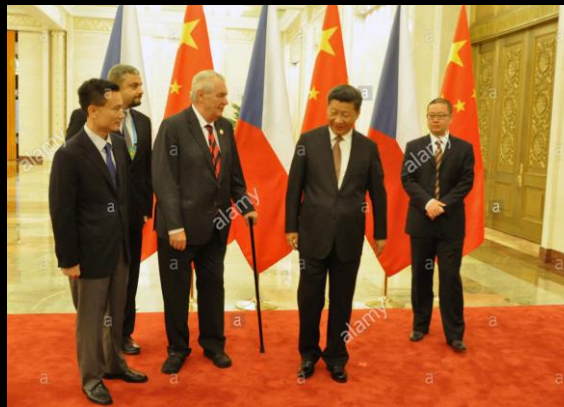
During the 1990's, the Czech foreign policy was mainly focused on securing the country's "**return to the West**"

1996: the Czech Republic reaffirmed its **One China policy**

Early 2000's: President Vaclav Klaus tried to **reset relations** with China

Czech Republic: part of the 16+1, officially joined the BRI in 2015 and quickly became (through the voice of Czech President Milos Zeman) one of Europe's most vocal and loyal **advocates of stronger ties with China**

In 2015, Milos Zeman was the only European head of state to attend the military parade held in Beijing to commemorate the end of the second world war.



1989-2003: Sino-Czech **relations were strained** under the presidency of Václav Havel who was highly supportive of Chinese dissidents and was a friend of the **Dalai Lama**.

1995 the Czech Republic allowed Lien Chan (Premier of TW 1993-97) and other **Taiwanese government** officials to have a state visit in the country

2000, 2002, 2006, 2008, 2009, 2011: Official meetings with the Dalai Lama – China minimalized the economical and political relations

2013, 2016 non-official meetings (Czech ministers and senior parliamentarians held a private meeting with Dalai Lama)



中国华信
CEFC CHINA



中信
CITIC

More than 1bn EUR investment in CZ

2017: Czech President Milos Zeman has appointed CEFC's founder and Chairman Ye Jianming as an advisor on economic policies.

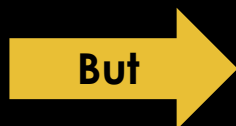
2018: Mr. Ye was detained in China

POLAND

Negligible significance (compared to its size)

Enormous unexploited potential

- Geopolitical power
- Size
- Population
- Economy
- Infrastructure
- Development



Never had a strongly pro-China government



Wróblew Wind Farm (2014)

Korytnica Wind Farm (2015)

Southern Wind Farm (2015)

Electronic Control Systems S.A. (2015)

Polenergia (2014)

October 5, 1949: relations officially began

During the 1950s relations between the two countries degraded. But Poland did support the P.R. of China's case for the UN permanent seat to return to the mainland government.

1950s to 1990s: economic activities using accounts on government agreements.

After 1989: the relations with Poland became the far margin of PRC Policy, but political dialogue was not stopped during the 90s

In the 1990s, agreement on trade payments in convertible foreign exchanges were signed.

November 1997: president Aleksander Kwaśniewski visited China

2004: Poland joined the European Union → no longer seen as a marginal state

Source: Marcelli Burdelski: 60 years of diplomatic relations between Poland and the People's Republic of China - historical review



2012: first in CEE

In January 2019, Huawei employee Wang Weijing was arrested in Poland on charges of spying for China.

SERBIA

Relations have been maintained since SFR Yugoslavia's recognition of PR China on October 1, 1949, while diplomatic relations between the two countries were formally established by the exchange of diplomatic notes between the two Foreign Ministers on January 2, 1955.

2014: Pupin Bridge - China's first big infrastructure investment on the European continent (CRBC)

Kostolac thermal power station (CMEC)

Smederevo steel mill (HBIS)

2017: Bank of China

2018- : Zijin Mining Group's invest \$1.46 billion in the Serbian RTB-Bor mines

2019: China's Shandong Linglong Tire Co to build a factory

2019: MINTH Automotive Europe

Highways

Budapest-Beograd railway line

In 2017, Agreement on the abolition of visa requirements

- Holders of ordinary passports
- to stay or transit through the territory of the two countries
- No more than 30 days



ROMANIA

October 5, 1949: Romania was one of the first countries which recognized the P.R. China

During Ceauseșcu's era: Golden Age – political and economic relations were very good

After 1989: Revolution took place in Romania – CN-RO relations entered a downward trend

1991 January: President after Ceausescu, Ion Iliescu, travelled to Beijing and signed several agreements and reaching a grant of \$20 million.

Romania's foreign policy two goals: becoming a NATO and a European Union member

After 2000 trade relations started growing

2006-2013: Gap in high-level meetings

Romania's renewed interest and opening towards China coincides with the year when the Belt and Road Initiative (BRI) was launched.

2013: Victor Ponta made his first visit to China as head of the government. In November 2013, Romania hosted the 16+1 Summit.

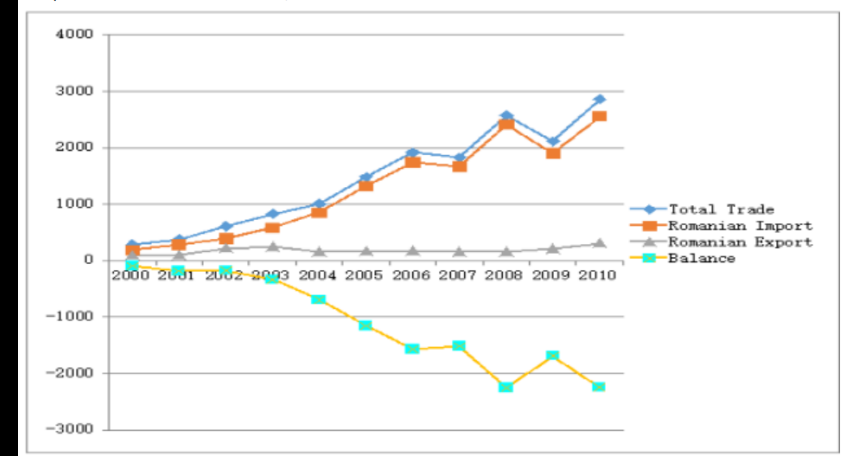
2017 May: First Belt and Road Forum – Romania was not represented at the level of president or prime minister (unlike other CEE countries)

- Huawei
- ZTE
- China Tobacco Int'l Europe Co.
- Eurosport DHS (bicycle producer)

- Smithfield Romania
- Pirelli Romania
- Rompetrol (Kazmonai Gas – CEFC)

Romanian-Chinese relations are lagging behind expectations

Graphic 2. China-Romania trade, 2000-2010. € Million.



Source: Andrea Chiriu Liu Zuokui: Sino-Romanian Relations. China-CEEC Think Tanks Network, 2016.

BULGARIA

October 4, 1949: established diplomatic relations

In the beginning of the 1980s the cooperation between Bulgaria and China was restored

November 2006: Agreement on Economic Cooperation between both countries

Discussion on infrastructure investments

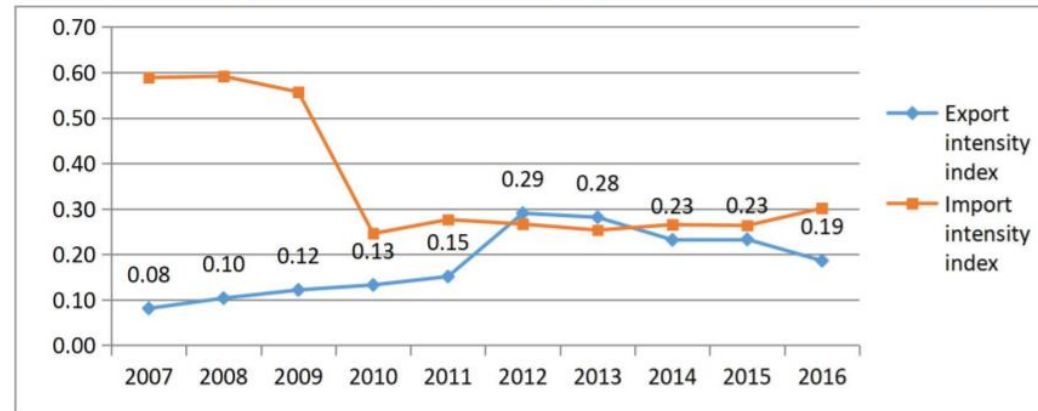
Since 1990: Agreement for the avoidance of double taxation in force

2011: landmark renewable energy act → several Chinese companies built over 150 MW in solar capacity or 15% of all solar installations in the country

2012: Great Wall Motors (GWM) – Litex Motors (5 years – bankruptcy)

TianJin Agrobusiness Company 10M EUR
China TianJin Tianshinong Farming Technology Ltd. 6M EUR

Fig. 1 Intensity indices of Bulgaria's foreign trade with China (2007-2016)



Source: Paskal ZHELEV: Bulgarian-Chinese economic relations in the context of 16+1 Cooperation. China-CEE Institute, June 2018.

2014: Bulgaria becomes regional center for agricultural cooperation between China and CEE countries

2015: China-CEE Investment Cooperation Fund completed its first investments in SEE (Walltopia, challenge holiday resort)

2018: a consortium between Hainan Group and Plovdiv Airport Invest won a concession procedure to manage the airport of Bulgaria's second biggest city Plovdiv. (35 years)



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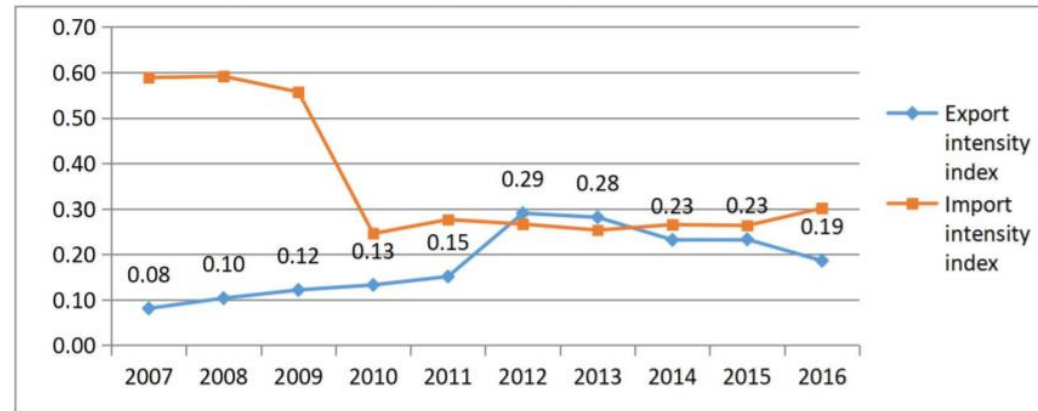
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THANK YOU FOR YOUR KIND ATTENTION!

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