



CHINA'S BRI IN CENTRAL AND EASTERN EUROPEAN COUNTRIES: THE ROLE OF '17+1' FRAMEWORK FOR REGIONAL ECONOMIC COOPERATION

CHIŃSKA INICJATYWA „JEDEN PAS, JEDNA DROGA”
W KRAJACH EUROPY ŚRODKOWO-WSCHODNIEJ:
ROLA FORMATU „17+1” W REGIONALNEJ WSPÓŁPRACY
GOSPODARCZEJ

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— ABSTRACT —

The aim of this research is to describe China's Belt & Road Initiative (BRI) in the context of broader economic cooperation among the Central and Eastern European countries (CEEC). This research investigates the infrastructural development in the CEE countries under the 17+1 initiative in the entire region. Further, this study explores different approaches of economic cooperation between CEEC and China and points out the Chinese foreign direct investment (FDI) in individual CEE-17 countries. What kind of cooperation and mutual interrelation does China's economic cooperation develop with the member states of the 17+1 initiative? To what extent do the CEE countries transform their economy in the framework of the 17+1 project? It is very clear that China needs to develop more effec-

— ABSTRAKT —

Celem niniejszego artykułu jest opisanie chińskiej inicjatywy BRI (Belt & Road Initiative, „Jeden pas, jedna droga”) w kontekście szerszej współpracy gospodarczej między krajami Europy Środkowo-Wschodniej. Przedstawione badanie dotyczy rozwoju infrastruktury w krajach Europy Środkowo-Wschodniej w ramach inicjatywy 17+1 w całym regionie. Ponadto zanalizowano różne podejścia do współpracy gospodarczej między krajami Europy Środkowo-Wschodniej a Chinami i wskazano na chińskie bezpośrednie inwestycje zagraniczne (BIZ) w poszczególnych krajach Europy Środkowo-Wschodniej. Jaki rodzaj wzajemnych relacji rozwija się dzięki chińskiej współpracy gospodarczej z państwami członkowskimi inicjatywy 17+1? W jakim stopniu kraje Europy Środkowo-Wschodniej przekształ-

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tive mechanisms for wider cooperation in CEE countries to achieve the goal of the BRI initiative. This research mainly produces empirical studies to investigate the objectives and hypotheses. As of now, the result of the BRI initiative and 17+1 framework projects impacted limited economic transition in the CEE countries. The article concludes that there is a need to accelerate different BRI projects proportionally in the CEE countries. Moreover, this study shows that there is a trade deficit between the CEE countries and China. This article indicates that as a recommendation for bilateral cooperation between CEE countries and China, there is a need for large levels of cooperation at the regional level.

Keywords: Belt and Road Initiative; New Silk Road; China; Central & Eastern Europe; Economic Cooperation; 17+1 Initiative

cją swoją gospodarkę w ramach projektu 17+1? Oczywiście jest, że Chiny muszą opracować skuteczniejsze mechanizmy szerszej współpracy w krajach Europy Środkowo-Wschodniej, aby osiągnąć cel projektu BRI. Artykuł dostarcza przede wszystkim badań empirycznych dla weryfikacji badawczych celów i hipotez. Do tej pory efekt działań inicjatywy BRI i projektów ramowych w formacie 17+1 wpłynął na ograniczoną transformację gospodarczą w krajach Europy Środkowo-Wschodniej. Z dociekania wynika, że istnieje potrzeba proporcjonalnego przyspieszenia różnych projektów BRI w krajach Europy Środkowo-Wschodniej. Przeprowadzone badanie pokazuje również, że istnieje deficyt handlowy między krajami Europy Środkowo-Wschodniej a Chinami. Ponadto w artykule wskazano rekomendację dla współpracy bilateralnej pomiędzy krajami Europy Środkowo-Wschodniej a Chinami, a mianowicie na istniejącą potrzebę współpracy w dużej skali na poziomie regionalnym.

Słowa kluczowe: inicjatywa „Jeden pas, jedna droga”; Nowy Jedwabny Szlak; Chiny; Europa Środkowo-Wschodnia; współpraca gospodarcza; inicjatywa 17+1

INTRODUCTION

The purpose of this study is to discuss what kind of economic cooperation has been initiated in the CEE countries by China. China's two flagship initiatives, the framework of BRI and 17+1, are related to wider economic and trade cooperation with CEE countries. There are 11 European countries that are members of this economic cooperation and China is dedicated to investing in European countries (Gate to Europe). The contemporary geopolitics connect the world in the context of the expansion of geoeconomics. China's willing to expand its geoeconomics toward the CEE countries to connect the European countries under the BRI and 17+1 framework. It is strengthening the historic Silk Road through Central Asia to Eastern Europe. The CEE countries are strategically important to enter the European countries by the land route. China's BRI and 17+1 projects provide

special attention to regional cooperation apart from the EU's strong presence in these areas. Moreover, this article empirically analyses the Chinese interest in the region, as China is showing immense interest in these 17 CEE countries (Szcudlik, 2022). The BRI was officially announced in 2013, and its expansion gradually increased across the region. It aims to connect the CEE countries with the development settlement into energy, transport, trade, automobile, and information and communication technology (ICT). The BRI and 17+1 framework is globally discussed by politicians, academics, and media personnel in recent years. The CEE countries seem to get much economic benefit from the BRI; these countries have limited grants from the EU for proper infrastructure development (Gruebler, 2021). China's various projects of BRI provide overall economic transformation in the region. China's main concern is to create a bastion through geopolitics to focus on the Eurasian areas. With respect to Europe, China wants to enter the Western European market in the context of BRI projects in the CEE countries (Brattberg & Soula, 2018). The nature of this research is a qualitative approach to investigating the CEE countries' economic and regional cooperation with China. The research empirically investigates objectives to use primary and secondary data. As a research hypothesis, neither the BRI development projects nor the 17+1 framework generated successful development in CEE countries in the context of multi-dimensional Chinese investment. The proposed work will be based on both primary and secondary sources. It will use primary sources like online published think tank articles, and various ministry reports from China and CEE countries; a secondary source would mainly comprise articles from leading journals and magazines, newspaper editorials and books.

LITERATURE REVIEW AND THEORETICAL BACKGROUND

In the time of post-modernism, world order tremendously moves forward toward economic cooperation and searching for a consumer market in the world. In this context, China initiates to revive the old and historic Silk Road across the world for economic and trade partnerships. China's President Xi Jinping announced the BRI projects in late 2013. These BRI projects connected the inter-continental trade route by the road and sea. Till now, the BRI projects connected South Asia, Central Asia, CEE and Balkan countries, and African countries (García-Herrero et al., 2017). According to Chinese rhetoric, BRI is a process of community building with a common future and shared values with each other to expedite the

cooperation as a win-win situation. It is a large-scale Chinese project to search for new markets and investment opportunities for their own enterprises. It is based on logistic and economic terms, infrastructure building, manufacturing, and construction world-wide. It is of global significance and contains importance among other economic powers. It has been spreading around 100 countries and many countries also agreed to be part of the BRI projects. In Beijing, May 2017, the Belt and Road Forum for International Cooperation was held and over 100 countries' representatives participated in this summit (Bağ, 2019, p. 12). China's BRI aimed to connect Asia, Europe, Africa, and Iceland countries via land (Road and Rail) and sea. This project creates an economic corridor for bilateral strategic cooperation at the global level. The main principle motto of BRI projects is the development of political coordination, infrastructure links, financial integration, free trade, and building the roots of economic engagement with partner countries.

BRI creates the context for identifying the roots of international and regional association to jointly develop business institutions and pave the way for consultation and agreements between the members of the BRI projects. By and large, priorities have been given to remove the bottleneck to facilitate the BRI projects smoothly to improve and construct international connectivity through rail, road, and sea. Thus, the Chinese companies have been involved in developing the infrastructure for investment. That is why China spent lots of money on establishing the seaport, airports, communication network, and pipeline infrastructure (OECD, 2018). The Chinese government focuses on the construction of railway routes for export and import (Hillman, 2018). Moreover, these economic initiatives vested wider cooperation at the international level. The initiatives concern the stimulation of economic and trade cooperation through the prism of investment to strengthen the regional cooperation in CEE countries. With regard to economic and financial expansion in CEE countries, China is accelerating the road connectivity from China to Europe. China wants to create financial institutions to monitor and strengthen the capabilities of financial risk management in the region, and, with respect to the bilateral relations between China and CEE countries, to promote Chinese culture, exchange and dialogue under the BRI (Ministry of Foreign Affairs of the People's Republic of China, 2019).

There is a special provision to finance BRI initiatives called the Silk Road Fund. The first Silk Road Fund got USD 40 billion to initiate the work mainly in infrastructure development for financial and industrial cooperation. This fund

was created in December 2014 for the international exchange by China's state institution dealing mechanism. Three major Chinese banks are cooperating with the government for financing BRI projects, the Export-Import Bank of China (EXIM), the China Investment Corporation, and the China Development Bank. Furthermore, the Asian Development Bank (ADB), the New Development Bank, and the Asian Infrastructure Investment Bank (AIIB) are new financial institutions that offer state and non-government financing of projects in the fields of energy, transport and telecommunications, rural infrastructure and agricultural development, supply water and sewage, environmental protection, and urban development and logistics. Thus, China's flagship BRI projects are funded by aforementioned banks and financing agencies to explore it in the regional economic cooperation in the world.

China's economic initiatives in CEE countries gained global significance and shaped the smooth qualitative relationship between China and the EU. The question of the European identity is strong in the CEE countries but the Chinese presence and its strong emergence in the region create challenges to the concept of the European identity (Kavalski, 2019, p. 407). In the context of the 17+1 framework, it has become increasingly widespread in the region. China's economic engagement with CEE countries expands projects throughout the region with better arrangements, binding rules and regulations. The BRI cooperation between China and the CEE countries was launched in April 2012 in Warsaw (Poland) by China's Prime Minister Wen Jiabao. Subsequently, this economic cooperation pushes the 17+1 initiatives across the region. The 17+1 project establishes a unique cooperation framework in the CEE region. The 17+1 framework coincides with intending to achieve economic engagement on a larger scale.

Since the fall of the Berlin Wall, each country has started to develop in idiosyncratic ways. The post-communist development adopted the modern way and engaged itself with the West European countries. Thus, the CEE countries adopted China's economic cooperation in the region.

China's BRI brings several benefits and opportunities for the CEE countries. There is also a challenge to the EU's regional cooperation in this region. The literature suggests that China's economic cooperation with the CEE countries is challenging for any other regional organisation (Gruebler, 2021). Chinese economic diplomacy in the context of the expansion of the New Silk Road towards CEE countries connects Europe. It is a divisive strategy of Chinese diplomacy to gain business and trade opportunities in the CEE countries. There is also

Table 1. European Countries Inside and Outside the '17+1' Framework

1	Western Balkan	Albania, Bosnia & Herzegovina, North Macedonia, Montenegro, Serbia	17+1 Framework Countries
2	CEE-11 (EU Members Countries)	Bulgaria, Czech Republic, Estonia, Croatia, Hungary, Lithuania, Latvia, Poland, Romania, Slovenia, Slovakia	
3	Greece	Greece is the only country within the 17+1 to have joined the EU prior to 2004	
4	European Union-15	Austria, Belgium, Cyprus, Germany, Denmark, Spain, Finland, France, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Sweden	Remaining Europe
5	EFTA	Iceland, Norway, Switzerland, Liechtenstein	
6	Eastern Neighbours	Belarus, Moldova, Russia, Turkey, Ukraine, and Kosovo – the only Western Balkan country not included in the 17+1 framework	

Source: <https://www.worldscientific.com/doi/pdf>.

a political debate on whether Chinese investment in the region is an alternative to EU economic spending in the CEEC region. The EU is also observing Chinese collaboration in European countries (Garlick, 2019). During Chinese Prime Minister Wen Jiabao's visit to Eastern European countries, there was a discussion on providing USD 10 billion for the credit line to boost the economic growth of the region. China's economic subsidy for CEE countries' development projects strengthens China's position compared to the EU (Simurina, 2014, p. 4). Furthermore, the literature asserts that China's economic cooperation with the CEEC is a significant concern for EU economic development in the region. There is confusion at the high level of EU authority at the local and national levels about the Chinese intervention in the region (Godement & Vasselier, 2017).

This study highlights and attempts to shape the theoretical framework to understand China's BRI and 17+1 framework in the context of economic engagement in the region. Whereas the EU does not seem to restrict the third country's position in the CEE regions. Even the Western countries enthusiastically joined hands with China's BRI expansion there (Jacoby, 2014). In China, there are political commentators and prominent authors that discuss BRI and its allied forum shaping the economic cooperation in the CEE countries (Liu, 2018; Song & Qiqi, 2018). China's economic diplomacy and its expansionist discourses connect internationally in the context of liberal trade and investment. China's domestic policy shapes its national interest on international platforms rather through the BRI projects, and not win-win outcomes. The economic policy of China

extends to its foreign policy in the form of geoeconomics as well as geopolitics connectivity around the world (Fewsmith, 1999; Z. Wang, 2004; Wenli, 2001). China's policy discourse is to pioneer the economic relationship to get benefits of China's presence outside its geographical location. There is a one main motto – to achieve economic supremacy at the global level. The Chinese government wants its economic and trade stronghold in Asia, Europe, and Africa (Kurlantzick, 2007). Chinese investment in CEE countries is relatively small compared to China's total FDI in Europe. Additionally, the research noted the growing influxes from China to the region, particularly Hungary and Poland's stronger relationship in the region rather than other countries (Matura, 2019, p. 395). Dragan Pavličević sees Chinese economic cooperation as a threat or an opportunity for the region. Chinese economic diplomacy towards CEE countries approaches the gateway to Europe. China's economic diplomacy pioneered the BRI projects and strengthened the economic cooperation at a larger scale in the CEE countries (Pavličević, 2018). The empirical literature highlights the importance of China and CEE economic cooperation to gain international appeal. The economic engagement of China and CEE countries influences intra-European relations and debates. The 17+1 framework is a litmus test for European unity and cooperation. CEE countries simultaneously want better cooperation with China and the EU for regional cooperation (Vangeli & Pavličević, 2019). Jakóbowski (2018) and Kowalski, Nolan, & Gerrits (2017) described the 17+1 framework as part of the globally renowned emerging project of China's BRI infrastructure and this initiative connects Asia, Africa, and Europe on a larger scale.

According to Ruggie, the theoretical framework corresponds to a cooperation tool between bilateralism and multilateralism. A normative structure ties up with the principles and terms of economic cooperation that need to be pointed out. These kinds of principles are useful for rational study to find out the output in the context of qualitative multilateralism across the world. On the other hand, China's foreign policy is constantly striving to strengthen multilateral cooperation to pave the way for BRI projects globally. The normative form of cooperation in the context of multilateralism level is used by China in the developing world. The Chinese academic debate is largely discussing multilateralism's commitment to strengthening BRI cooperation in Third World countries. This is the central issue of a Chinese think tank to expedite the thought process of economic engagement in Asia, Europe, Africa, and Latin American countries (Jakóbowski, 2018, p. 663). Vangeli (2017) has evaluated the 17+1 framework rationalising China's emergence as a global symbol of economic power. China's economic

cooperation with developed countries is an example of an economic giant challenging the USA across the world. Pepermans (2018) discussed that Chinese diplomacy uses the norms of soft power and economics to gain an advantage in order to establish a stronger partnership with the CEE and Balkan countries. (Pavličević, 2019a) analysed soft power as a tool for economic cooperation with the CEE countries by China and also for the EU, respectively.

DATA AND METHODOLOGY

The qualitative analysis of this study is focused on the CEE and Balkan countries in the context of economic cooperation with China. The concern of China-Greek economic cooperation under the 17+1 framework could not improve the investment. Since Greece became a member of the 17+1 format in April 2019, the international economic and trade investment synchronized because of the pandemic. During the early phase of the coronavirus, Greece expressed sympathy for the Chinese people who lost their life due to the pandemic (Tzogopoulos, 2020).

Table 2. The 17+1 Mechanism (Sectoral Associations)

No	Institution	Headquarters
1	Union of Colleges and Universities	Joint management
2	Agency for Tourism Promotions	Hungary
3	Contact Mechanism for Investment Promotion	Poland
4	Commercial Union	Poland and China
5	Mayors Association	Czechia
6	Association for the Promotion of Agriculture	Bulgaria
7	Technology Transfer Centre	Slovakia
8	Think Tanks Network	Chinese Academy of Social Sciences
9	Logistics Cooperation Union	Latvia
10	Transportation Infrastructure Cooperation Union	Serbia
11	Forestry Cooperation Union	Slovenia
12	Energy Cooperation Union	Romania
13	Association for Maritime Cooperation	Poland
14	Center for Cultural Cooperation	North Macedonia
15	Health Cooperation Union	To be agreed
16	Art Cooperation Union	To be agreed
17	Customs Cooperation Union	To be agreed

Source: Kavalski (2019).

The 17+1 framework is quite important for China and economic initiatives in the CEE region. This mechanism is spreading across the region in the context of dense institutionalisation and promoting Chinese tourists across the CEE and West Balkan countries. The 17+1 mechanism is a completely Chinese conception to cooperate with the CEE countries and support the regional economic transformation. Now, it becomes a reality to expedite regional cooperation in the European continent. From the Visegrad Group countries, Poland has a larger share of Chinese FDI in the country (Kavalski, 2020). The Polish media debate reflects the desire of political leaders to attract Chinese investment in the region (Kavalski, 2021).

In the case of the CEE countries, China attempts to create a fertile ground for broad economic cooperation in the region. That is why Beijing is committed to connecting many countries from Western Europe in the context of the BRI and 17+1 forum. China's intensive cooperation in the CEE region becomes the entrance to the western part of the EU countries (Garlick, 2020). Chinese initiatives in Balkan non-EU countries are building a power plant in Serbia and constructing national highways in Montenegro. China's prominent investor in the CEE region is China Ocean Shipping Company Limited (COSCO). This company is responsible for modernising the Piraeus port in Greece. China also won the tender to construct the Peljesac Bridge in Croatia over the EU market. It is called China's BRI cooperation, smoothly established in the CEE countries (Wnukowski, 2020). Chinese president Xi Jinping wants to create a railway network, energy pipelines, highways, and other infrastructure under the BRI of development and economic cooperation.

The MERICS statistics show that Beijing has financed the construction fields in the CEE countries since 2013, spending USD 715 million for several BRI projects in the region. The under-construction projects have funds of around USD 3 billion and future projects have provisions of around USD 10 billion (Chaudhury, 2022). The economic cooperation framework of 17+1 has paved the way for China's better regional development in this part of Europe. China's development programme in the CEEC has been attracting the attention of global economic giants in this region. That is why Japan is willing to shape extensive economic cooperation in this region against Chinese initiatives (Q. Wang & J. Wang, 2022).

China is using the norms of soft power to utilize the development and economic cooperation with the CEE countries. China-CEE economic engagement incorporates soft power analysis into the tourism sector and opens the Chinese

cultural and linguistic institutes across the CEE regions. China achieved success using the tools of tourism in the CEE regions and Confucius Institutes are providing the scholarship to the CEE countries' students. China is also opening university branches in Hungary and Austria to attract local students and researchers to collaborate with Chinese experts and professors (Garlick & Qin, 2022). There is 80 percent of the BRI related infrastructure construction projects located in the Balkan countries.

Table 3. Development Funds by the Different Agencies for the CEE Countries

Country	Total value of China related projects (EUR million)	Actual inflow of capital from China (EUR million)	Infrastructure projects (EUR million)	FDI (EUR million)	PRC MOFCOM (2019) (EUR million)	National governments (EUR million)	Chinese Embassies (EUR million)	Central Banks (EUR million)
Hungary	5420	2058	2000	3420	427	5000	4500	2188
Romania	2781	1610	0	2781	428	N/A	410	884
Poland	2748	734	7269	2021	555	1000	N/A	351
Bosnia-Herzegovina	1933	0	1933	0	17	N/A	3000	N/A
Slovenia	1479	329	0	1479	189	N/A	N/A	325
Montenegro	987	90	8966	90	85	1200	N/A	71
North-Macedonia	888	27	861	27	21	N/A	16	158
Bulgaria	360	360	120	240	157	N/A	N/A	11
Slovakia	305	131	0	305	83	245	400	31
Albania	300	0	0	300	7	N/A	760	40
Czechia	290	290	0	290	287	8585	2139	600
Lithuania	82	2	0	82	10	121	N/A	58
Estonia	78	53	0	78	63	27	49	N/A
Latvia	74	50	0	74	12	60	N/A	27
Serbia	9945	2645	7083	2862	165	10000	N/A	1656
Croatia	249	249	0	249	98	108	578	N/A
Total	27218	8628	13648	14072	2605	N/A	N/A	N/A

Sources: CEECAS (2021).

Table 3 shows BRI related concern banks and other institutions providing funds for the CEE countries, which are part of the 17+1 projects. The largest recipients are Serbia, Hungary, Romania, and Poland. Thus, the BRI and 17+1 initiatives bring investment to the CEE countries for healthy economic cooperation in the region. There is a visible trade deficit between the CEE countries and China, as the CEE countries' export rate is minimal in comparison to China.

Table 4. Chinese FDI Projects in Selected Host Countries, 2018–21

No	Country	Capital Investment (% of GDP)	Capital investment (EUR million)	Jobs created (per million inhabitants)
1	Serbia	2.161	1910.054	1666
2	Croatia	0.429	354.262	296
3	Hungary	0.387	861.672	260
4	Slovenia	0.261	150.666	533
5	Germany	0.182	5704.878	123
6	Czechia	0.132	410.336	86
7	Slovakia	0.121	144.629	231
8	France	0.089	1989.579	61
9	Estonia	0.084	28.575	128
10	Austria	0.074	258.748	57
11	Latvia	0.072	29.649	85
12	Bosnia and Herzegovina	0.053	18.453	3
13	Poland	0.052	453.324	69
14	Romania	0.018	76.256	31
15	Bulgaria	0.005	5.375	26
16	Montenegro	2.646	258.067	196

Source: Autor's own calculations based on FDI Markets and Eurostat.

In recent years China has focused on the renewable energy sector and the various countries adopted the investment in this specific energy field. There is a growing dependence of the CEE countries on China to drive future energy production in this region. Thus, the solar and wind energy sector is dominating and attracting foreign investment in the CEE countries. The overseas Chinese investment is supporting the BRI development projects in the CEE countries. In this regard, the Chinese government becomes a key player in the world in energy

security and FDI outflows in renewable energy boosting the 17+1 framework in the CEE countries (Zavarská, 2022).

Table 5. Chinese FDI for Greenfield Projects in the 17+1 Economies, 2018–21

Sector	No. of greenfield projects	Estimated capital expenditure (EUR million)
Renewable energy	11	842.02
Automotive components	11	248.98
Metals	9	773.95
Electronic components	8	301.80
Consumer electronics	7	216.89
Industrial equipment	6	43.93
Communications	5	124.78
Plastics	4	18.00
Consumer products	4	128.00
Transportation & warehousing	4	128.00
Chemicals	3	107.63
Aerospace	3	80.19
Automotive	2	153.95

Source: <https://www.econstor.eu/>

The above table shows that China's FDI accelerates several sectors for better regional development in the CEE countries. These sectors brought employment to the people and engaged lots of skilled workers. This research elaborates that the Chinese government provides loans to several CEE countries and it reaches up to 18 percent of GDP for Montenegro and 12 percent for Serbia. China's debt is rising in the region and influencing political decisions. There are several investments announced by the Chinese authorities under the 17+1 framework. China's foreign policy works to strengthen the economic and development agenda in the CEE countries (Matura, 2021).

The Central and Eastern European Centre for Asian Studies (CEECAS) stated in their recent research that China's presence in the region is a fact. But, in terms of China's FDI in the CEE countries, it is modest. There is data from China Global Investment Tracker, in the fiscal year 2000–2019, China invested in Europe USD 129 billion, but only USD 10 billion went to the CEE countries. It is a minimum amount of total investment in other parts of Europe by the Chinese. The rate

of Chinese direct capital investment in Europe in 2020 compared to 2019 was noticeable. China invested in Europe USD 13.4 billion in 2019 and it decreased to USD 7.2 billion in 2020 (Harper, 2021). “I was more worried two years ago when Chinese investments tended to be seen as purely commercial”, said Mikael Wigell, director of the Global Security research program at the Finnish Institute of International Affairs.

Table 6. China's Investments and Future Proposed Investments in 17+1 Countries

Various Project	China's Investment	Proposal Years	Host Country
Zelezara Smederevo Steel Plant	USD 55 million	2016	Serbia
RTB Bor Copper Mine	USD 1.26 billion	2017	Serbia
Cernavoda Nuclear Power Plant	USD 8 billion	2013	Romania
Budapest-Belgrade Railway	USD 2.89 billion	2013	Serbia, Hungary
Pupin Bridge	USD 170 million	2014	Serbia
Kostolac Thermal Power Plant	USD 715 million	2017	Serbia
Rovinari Thermal Power Plant	USD 1 billion	2013	Romania
Bar-Serbia Highway	USD 1.04 billion	2014	Montenegro
Slavia Praha	USD 52 million	2017	Czech Republic
Travel Service Airline	USD 48 million	2016	Czech Republic
Florentinum (office building)	USD 300 million	2016	Czech Republic
Invia.cz	USD 90 million	2017	Czech Republic
Lobkowicz Group Brewery	USD 78.4 million	2015	Czech Republic
Huta Stalowa Wola	USD 75.2 million	2012	Poland
Fabryka Łożysk Tocznych Kraśnik SA	USD 74.20 million	2013	Poland
400 kV line Lublin-Chełm	USD 150.4 million	2017	Poland
Novago	USD 130.38 million	2016	Poland
Jan Karski Mine	USD 630 million	2017	Poland
Magnetic MRO	USD 45.58 million	2018	Estonia

Various Project	China's Investment	Proposal Years	Host Country
Port of Klaipeda	USD 847.88 million	2015	Lithuania
Port of Piraeus	USD 881 million	2008	Greece
Independent Power Transmission Operator	USD 339.21 million	2017	Greece
Wind Parks Capelouzos	USD 3.18 billion	2017	Greece
Hellenikon Airport	USD 7.42 billion	2017	Greece
Tuzla Power Plant	USD 742.30 million	2017	Bosnia and Herzegovina
Krapinske Toplice Resort	USD 36 million	2017	Croatia
Rimac Automobili	USD 37.2 million	2017	Croatia
J&T Finance Group	USD 1.4 billion	2017	Slovakia

Source: Author's own compilation, based on various published data.

This study focuses on how China encompasses the CEE countries economically and politically due to Chinese investment in the region. The above table shows that several constructions and manufacturing projects have been developed by the Chinese companies. In the larger scenarios, the bilateral relationship between China and the CEE countries is connected to each other in a wider perspective. But the projects are criticised by the people of the region because the work is going slowly. Since 2013, when 17+1 projects were launched by the

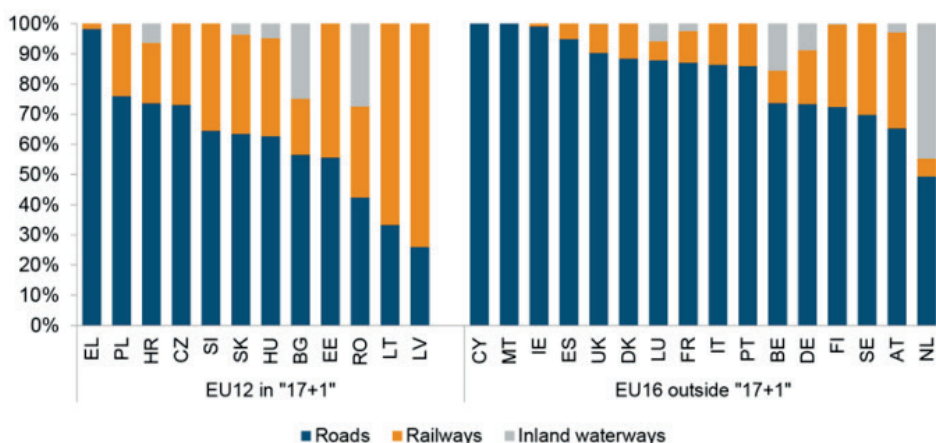


Figure 1. Freight Transport in Europe, 2017–2018

Source: Eurostat 2018 (tran_hv_frmod).

Chinese President Xi Jinping in the CEE countries, the 17+1 framework have not accelerated in the cohesive wave. To a great extent, China's flagship BRI initiative is lacking in the region because of its lack of substance. There are many projects that are either under negotiation, delayed, or cancelled by China. This kind of slowness affects China's image in the region and economic partnerships cannot achieve success for broad trade, economic and political collaboration (Brînză, 2019, p. 230).

The figure above shows percentage of each type of land transport in total freight performance measured in tonne-kilometres.

DISCUSSION AND RESULTS

China continues the process of diffusion of BRI development projects in CEE countries. Since 2013, China has started many projects under the 17+1 framework, but is not accelerating on a larger scale. China needs to shape development projects according to the country, with adequate research and development (Krpec & Wise, 2022). There is no doubt that Chinese investment nurtures the preliminary level of the development process in the CEE and Balkan countries. China is a growing economic power not only in the Asia sub-region. Its BRI projects connect more than 70 countries from Asia, Europe, and Africa. The EU pays particular attention to the West Balkan region, despite China's presence in several areas. Structural diplomacy shapes the EU's attention in the region and diminishes China's willingness in the whole area. The EU collaborates under the 'Berlin Process' with the Western Balkan countries. The EU strongly supports the Balkan countries, which should be attached to Brussels, overpassing Chinese activities (Pavličević, 2019b, p. 462).

China's economic agenda apparently worked and paved the way for its flagship BRI and 17+1 projects in the case of CEE countries. There is a goal set by the Chinese government to invest USD 1.25 trillion by 2025 (Shambaugh, 2015). There are several European countries becoming China's trading partners in large numbers. It is one of the largest economic partners in the world to exchange huge amounts of common goods and services. The EU has economic cooperation with China and it shares the second largest trade partner of the EU. And an investment is growing between European countries and China (Pacheco Pardo, 2018).

The Visegrad Group countries are much more influential in the CEE region than any other country. Poland is a key member state within this framework

because of its geography in the CEE region. That is why China has paid special attention to the Polish government to establish the vision of BRI. China's wood reached Poland in large numbers. The freight corridor shapes the export-import from Beijing to CEE countries. The BRI and its associated projects bring the CEE countries together under the 17+1 framework for economic cooperation with China. China successfully sent a bunch of tourists to the CEE countries using soft power politics. Hundreds of students are profiting from the Chinese scholarship to study in China's universities and institutions.

Table 7. Chinese Inward FDI Stock (USD in billion)

FDI Country	Total inward FDI stock		China-related projects		Chinese investment	Chinese FDI Stock	China's FDI stock share of total FDI stock
	2012	2020	2012	2020	2000-19	2020	2020
Czechia	136.5	188.8	0.00	0.86	0.84	0.33	0.18%
Hungary	104.4	101.0	3.48	5.88	3.59	3.91	3.87%
Poland	199.0	248.7	0.10	2.81	1.27	2.52	1.01%

Source: <https://data.oecd.org/fdi/fdi-stocks.htm>.

The Belgrade-Budapest railway line is a trademark project under the BRI development process. The Hungarian Prime Minister always seems to be the advocate of Chinese investment in the country and Table 6 shows that Hungary is benefiting from Chinese investment in construction and other projects. The CEE countries seem enthusiastic about the BRI economic cooperation offered by the Chinese government. By and large, China successfully entered the CEE market and also has established economic cooperation with the EU. The BRI and 17+1 framework opens the door for China to enter the Western part of Europe. Now, China has business partners from Western Europe as well. Italy, France and Great Britain have separate bilateral economic cooperation with China (Bharti, 2022, p. 102). China has been involved in promoting education and culture for the success of the China-CEE partnership to strengthen economic and trade cooperation. The promotion of the Chinese language and culture has changed the regional landscape in the CEE region and paved the way for BRI projects. The Confucius Institute is growing and a large number of scholarships are provided to the CEE countries' students, which the right conditions for the Chinese investments in the region (Karásková et al., 2020).



Figure 2. CEE Members of the 17+1 Framework

Source: Karásková et al. (2020).

CONCLUSION

The study emphasizes that the BRI projects bring many development projects across the CEE countries. China's economic agenda correlates several areas including education, tourism, and linguistic institutes. The CEE countries have more than 37 Confucius Institutes which creates a platform for 17+1 economic initiatives across the region. The Chinese universities have awarded scholarships to more than 1500 students from the CEE countries to study in China. Furthermore, this research finds out that Chinese economic diplomacy uses tools of education, culture, and tourism to promote economic cooperation in the CEE countries in the context of the 17+1 framework. Despite the EU presence in the region, China has successfully launched the BRI-related economic projects in the CEE countries. The Chinese companies won several bids for railway line projects, highways, airports, and ports. Describing empirical data on China's investment in the CEE countries has limited the economic transformation in the context of the EU's expenditure for regional development. Several highway projects were not completed on time. Due to the COVID-19, various development sector's economic grants affected the projects. The 17+1 did not build a unified identity in the involved CEE countries, nor did it help China to develop a state image as a better economic partner of the CEE countries (Suetyi & Yidong, 2022).

China has so far not been able to achieve the expected success in the CEE countries as part of the BRI projects and 17+1 economic involvement. The CEE countries seem to insist on EU economic support and its expansion in the region at the expense of Chinese economic cooperation. It is minimising China's stance in CEE countries at the broad level of economic cooperation. The pandemic has resulted in the halt and reduction of many economic projects and CEE countries must remove shortages and disadvantages in order to accelerate the BRI projects. There is need a for special attention to cooperation between CEE countries and China after the pandemic (Jing, 2020). Further research suggests that more empirical data is needed to assess the 17+1 framework of economic cooperation projects. There is a need for further empirical research on this economic cooperation. Consequently, this study also indicates that the pressure of the EU is one of the main concerns, and that China's willingness to continue working with the Western countries is limited to broader economic growth in CEE countries. The CEE countries do not want to get involved in the weakening of Brussels, which is why economic cooperation is not accelerated (Cumpănașu, 2019). Overall,

China needs to shape a better economic policy to strengthen cooperation with the CEE countries after the pandemic.

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