



China's Activities in 16+1: Pooling Knowledge and Sharing Lessons Learnt

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Introduction

This briefing paper summarizes the views and comments of participants of the ChinfluenCE international seminar held on June 6-7, 2018, in Prague, Czech Republic. The event was attended by China experts, think tankers, journalists and NGO practitioners¹ from the Central and Eastern European countries gathered in the 16+1 Initiative, whose aim was to discuss China's involvement, economic, political or otherwise, in each of the countries, and to help foster a region-wide debate on China's presence and the real intent and activities of the 16+1 Initiative.

The event was organized by the Association for International Affairs (AMO), Czech Republic, together with the Central and Eastern European Center for Asian Studies (CEECAAS), Hungary, and the Institute for Asian Studies (IAS), Slovakia, as a part of ChinfluenCE², an international project mapping Chinese political and economic influence in Central Europe. Through media content analysis it studies China's image and its perception in the region. It identifies key agenda setters who shape the discourse, and subjects them to social network analysis in order to determine their views of China, clarify their motivations and scrutinize links among them. The project contains a strong comparative element as it focuses on China's strategy across three different countries.

The ChinfluenCE research has been supported by the National Endowment for Democracy.

¹ The event was held under the Chatham House Rule, thus the names and affiliations of participants can not be revealed. The views expressed at the seminar by discussants and compiled into this paper do not necessarily reflect the views of ChinfluenCE partners.

² For the project website see www.chinfluence.eu



Perception of China in Central Europe: Introducing Chinfluence

The introductory session of the event presented the ChinfluenCE project, familiarizing the audience with the **findings of a large-scale piece of research of media reporting and political agency related to China in the Czech Republic, Hungary and Slovakia** from 2010 till mid-2017. The media mapping and social media analyses provide a novel insight into the formation of Chinese influence in the three countries, relying on a unique dataset based on an analysis of more than 7,700 Czech, Hungarian and Slovak media outputs and a series of interviews with agenda setters and insiders³. **In the Czech case, key political and economic players were revealed and their mutual links and connections to pro-China businesses were mapped via social network analysis**⁴.

Media analysis of the major media outlets in the three countries revealed several differences, as well as similarities in the local public discourses on China. **In Czech Republic and Hungary, the public discourses on China are heavily politicized and stereotyped.** The Czech media often did not inform about China as such, i.e. its domestic politics, economy or social issues - it rather informed about China only in connection to Czech domestic politics. **In Hungary, the debate was polarized mostly along party lines, with those media close to the Orbán government painting a much more positive picture of China** than those media which are believed to be close to the opposition. This is very different from Slovakia, where relations with China have not become a politicized issue yet. **Slovak discourse has remained largely neutral over the course of time.** This should be conducive to a constructive debate on what the Slovak interests are vis-à-vis China. However, such a debate has not emerged in Slovakia yet, partially due to the lack of interest in China and an absence of indigenous reporting (most information regarding China comes from foreign sources).

Thematically, **Slovak and Hungarian discourses were quite similar, as both focused primarily on China's economy.** Hungarian media also focused on mutual Sino-Hungarian relations while the topic of mutual Sino-Slovak relations has been notably absent from the Slovak discourse. On the other hand, the Czech discourse was markedly different from the Hungarian and Slovak ones. **In Czech Republic, topics like China's involvement in world affairs, human rights, Tibet, communism and censorship featured prominently,** arguably reflecting that Czech society has not digested its own communist past yet. The above mentioned value-based topics received only very little traction in Slovak and Hungarian media coverage dealing with China.

When looking at the agenda setters' landscape, Czech journalists formed the most prominent group responsible for establishing and shaping the Czech media discourse on China, while Czech politicians had the second highest involvement. In Hungary, journalists and government politicians shaped the views of the public on China, while opposition politicians remained muted on the issue. In Slovakia, the discourse was influenced mostly by journalists and economic analysts,

³ A policy paper summarizing media content analyses and the first part of agenda setters' mapping is available for download at the ChinfluenCE project website. Ivana Karásková, Tamás Matura, Richard Q. Turcsányi and Matej Šimalčík: Central Europe for Sale: The Politics of China's Influence (Praha: Asociace pro mezinárodní otázky, April 2018),

<http://www.chinfluence.eu/central-europe-for-sale-the-politics-of-chinas-influence-2/>

⁴ The interactive map visualizing these links and connections can be found at the ChinfluenCE project website. The map is available in Czech as well as in English:

<http://www.chinfluence.eu/czech-social-network-analysis/relations-between-political-elites-and-pro-china-business/>



which explains the largely economic focus of the reporting on China. **In all three countries, China experts have very limited exposure in the media, which only contributes to the shallowness of the domestic debates on China.**

In Czech Republic, as stated above, **key political and economic players and their links to pro-China businesses were mapped via social network analysis.** The map includes actors that do not necessarily directly comment on China in the media, but have the potential to influence the Czech-Chinese relations through their ties to political and economic elites. The two main business entities identified were the CEFC⁵ and PPF companies, with links to individuals such as Jaroslav Tvrdík (former Minister of Defence, former PPF employee, current CEFC/CITIC employee, affiliated with the Social Democratic party). The map is regularly updated to show new and changing relations among those contained in it.

Beyond Central Europe: Monitoring China's Activities in 16+1

During the next session, China's activities in the countries of the 16+1 Initiative were discussed in the form of a roundtable discussion. The perception of China, its investments and potential influence in these countries proved to be highly varied.

Investments

One of the recurring topics was the true nature and scope of Chinese investments in the countries of the 16+1 Initiative. China's true level of investment (as opposed to the promised investments) seems to be rather marginal in several of the 16+1 countries, including Poland, Croatia, Slovenia, Bulgaria, Macedonia and Albania. Participants in the seminar cited a number of reasons, with a significant one being the lack of capacity to meet with Chinese officials and business representatives and the lack of experience to implement elements from Chinese initiatives (such as in Macedonia and Slovenia), as well as the lack of will and vision for these investments and their future (such as in Albania).

In Poland and Slovenia, the investments are also dwarfed by the presence of Japanese and South Korean investments. According to one participant, Slovenia is actively **deconstructing the image of China as the only Asian investor** in the region, given the importance of Japanese investors on the Slovenian market. **Corruption and clientelism** also play their part, such as in Albania, where connections to local politicians seem necessary in order to invest in the country's market.

An important factor that can decide whether Chinese investment can successfully enter a country's market is the willingness to accept corrosive capital, and the option to choose not to. The participants debated about preferring good quality investment over just any investment (such as in Poland), versus **not having the freedom to choose the type of capital due to generally low foreign investments**, as is the case in Bulgaria, Albania and several other countries in the Balkan region, where such investments mostly benefit local oligarchs.

It was acknowledged that **active Chinese diplomacy (or its lack thereof) has an influence on future potential investments.** Croatia was observed to have a very active Chinese ambassador who propels Chinese investment in the country, which was compared with the Chinese ambassador to Slovenia, who seems to be less involved in activities that would result in increased Chinese capital in the country. One can assume Croatia to be a more important investment target from the

⁵ CEFC was bailed out by the Chinese state-owned CITIC group in 2018.



Chinese perspective, influencing the choice of the ambassador appointed there.

Acquisitions of existing structures (as opposed to the creation of new projects) do take place in several countries of the 16+1 Initiative, as is the case in **Albania and Bulgaria, where Chinese investors focused on strategic purchases such as airports and energy facilities.** The unfinished Belene Nuclear Power Plant in Bulgaria also presents an interesting example of how Chinese investment interests can affect power relations: a former Soviet- (and later Russian-) led project that was halted in the early 2010s, until recently under a moratorium, attracted Chinese investors who promised to lay down funds that would help finish its construction. The Bulgarian government could be aiming to use China's interest in the project as a bargaining chip vis-à-vis Russia, which is also interested in investing in this enterprise for geopolitical reasons.

Media and think tanks - scope and topics

The levels of actual investment seem not to have any correlation with the way the media in the stated countries boast about Chinese capital. As perceived by the seminar participants, **in countries such as Poland, Latvia and Bulgaria, the media cover Chinese investments extensively, despite many of the forecasted projects not materializing.**

Slovenia and Croatia had a rather low coverage on Chinese issues until recently, although the participants of the seminar believe this might change in the near future given some current developments in the Chinese investment in those countries. In Croatia, a Chinese consortium won (under a suspicion of price dumping) a tender to construct the Peljesac bridge linking the parts of Croatia's territories that are divided by a strip of Bosnia and Herzegovina, while one significant Slovenian businessman entered into an extensive partnership with a Chinese company this year; the expected outcome seems to be a pro-Chinese narrative in the media in these countries.

The debate also focused on the **topics covered by the media in relation to China.** In Macedonia and Bulgaria, reporters do not seem to really cover China in relation to economics and politics and economics, and presenters might only bring up China when talking about sports, a topic which should not be dismissed in importance. In Albania or Macedonia, topics such as Tibet and the Dalai Lama and human rights violations in China do not gain any traction in the media. In Poland, the coverage of China's politics (and political influence thereof) is not a hot topic as Russia is seen as the more disruptive power in terms of geopolitics; China is mostly presented through the prism of economics and trade. The Belt and Road Initiative (BRI) falls into this spectrum, and Slovenian media reports on all Chinese investments and purchases through discourse of the Initiative, similarly to Poland, where the reporting on BRI in general is rather enthusiastic, portraying Poland as being the 'gateway for China in the region'. (However, it is worth mentioning that, as far as was perceived by the seminar participants, any reporting that was enthusiastic about any kind of political partnership, trying to diminish the relationship with the West, would not be taken seriously.)

In Latvia, most of the coverage comes from foreign media outlets, i.e. removed from the Latvian context, with any original coverage on China not really focusing on domestic issues either. One exception was the media's focus on a group of 3,000 Chinese migrants that received Latvian work visas. In this case, local outlets discussed what effect such immigration could have on Latvian culture and whether it constitutes welcoming Chinese spies, or harboring Chinese dissidents. The fear of the Chinese stealing Latvian jobs was not an issue. As opposed to some other countries of the 16+1 Initiative, independence issues related to Hong Kong and Taiwan do gain some space in the Latvian media coverage.

An example of how China is attempting to manipulate its perception by the local population can be found in Croatia, where a study was published in the



national media 'revealing' that Croatians do not label China as a communist country anymore, but rather as a global power. The research that led to these conclusions was, according to a footnote below the article, funded by the Chinese embassy in Croatia.

16+1 Responds: Sharing Best Practices and Lessons Learned

It is apparent that China uses several mechanisms to encroach upon the general awareness of the populations of the 16+1 Initiative (assuming that the particular country seems to be China's target). **Presenting themselves as an economic power with great potential for distributing their capital and removing the image of being a communist state seems to be done through media, actual investment projects, and acquisitions. Establishing research institutes and financing TV programs about China, although less direct and more subtle, seem to be effective instruments as well.** In Budapest, a China-CEE Institute was opened last year; although it seems to be keeping a low profile at the moment (complying with all national and local bureaucratic regulations), it is contracting people to publish for them and is expected to play a soft power role in influencing the perception of China in Hungary. **The participants also noted that politicians, academics and reporters tend to be invited to China, with all expenses paid, and with the same desired outcome.**

One of the best practices would be to **spread knowledge of these mechanisms to the general public, through media, lectures and other appropriate means.** This is prevented by the **lack of China experts in the respective countries, which brings a lot of pressure on the few that there are,** who understandably do not have the capacity to fully embrace such a role. In certain countries, such as in Macedonia, there are no think tanks focusing on China; in others, such as in Slovenia, there are sinologists, but their focus lies on cultural aspects of China rather than on Chinese political influence. In general, the **China experts' exposure in the media is very limited,** repeating the trend of shallow reporting from the CEE countries encompassed in ChinfluENCE.

Creating a national strategy towards China would seem to be a practice that would clarify the countries' positions towards China. Except for Slovakia and Poland, however, there seem to be no formal national strategies to China or Asia in general. Estonia does not have a strategy towards China on the national level, but there is one within the Foreign Commission's Asian Strategy for the years 2020-2025.

The debate then shifted to discussing the **EU Screening Framework for foreign direct investment (FDI)**, which is meant to check capital flowing into strategic industries that could threaten the security and public order of EU member states, prior to investment materializing. Poland and Latvia have already implemented screening mechanisms on the national level, and in the Czech Republic, discussions about a similar instrument have started. As was noted by the participants, even when such mechanisms are not implemented into national legislatures, EU member states will have to submit annual reports specifying incoming FDI over the past year, and will be obligated to provide details and explanations on that capital that other member states deem suspicious.

Generally, such screening mechanisms might result in certain Chinese capital being blocked in the future, however, more has to be done in order to remedy the rising Chinese influence that seems to be rather subtle in many of the countries observed above. **Governments need to engage with China experts and**



educate the public about the geopolitical issues related to investments in general.

At the same time, **China scholars and foreign policy practitioners engaging with China from the Central and Eastern European region need to start exchanging information and lessons-learnt in order to bridge the knowledge gap.** It was observed by participants, that while China has been active in recent years in creating a network of China specialists (such as the 16+1 Think Tank Network led by the Chinese Academy of Social Sciences in Beijing) and extracting and processing information from the Central and Eastern European region, Europe has been rather passive on this account. **The participants have agreed to establish a transnational platform, aiming to meet twice a year to share lessons-learnt and discuss more concrete China-related topics.**



Association for International Affairs (AMO)

AMO is a non-governmental not-for-profit organization founded in 1997 in Prague to promote research and education in the field of international relations. This leading Czech foreign policy think-tank owes no allegiance to any political party or to any ideology. It aims to encourage pro-active approach to foreign policy issues; provide impartial analysis of international affairs; and facilitate an open space for informed discussion.



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