
Comparing PRC Engagement in Central and Eastern Europe with Latin America

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Abstract

The text analyzes the engagement of the People's Republic of China (PRC) with the countries of Central and Eastern Europe (CEE) and compares it with that of Latin America and the Caribbean (LAC). It also highlights the PRC's interest in power infrastructure projects, digital sectors, media and the financial sector in CEE. Military cooperation and political aspects of relations between the PRC and both regions are also mentioned. In this sense, the importance of analyzing China's similarities and differences in each region to understand its global nature is highlighted.

Keywords: Engagement of the People's Republic of China, Central and Eastern Europe, Latin America and the Caribbean, Electric Infrastructures, Digital Sectors, Media, Political Relations.

Introduction

On June 26-30, the 19th annual conference of the Romanian National Defense University "Carol I" was held in Bucharest, where academics and personalities from the country spoke about the PRC's engagement with CEE countries, including Albania, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Romania, Slovakia and Slovenia.¹

After observing PRC activities in LAC for over twenty years, parallels were found with CEE nations. The similarities highlight the global nature of China's involvement, its expansion and evolution, and the insights that can be gained by examining what its companies do the same and what they do differently in each geographic area.²

In economic terms, PRC trade with LAC and EEC representatives experienced exponential growth since joining the World Trade Organization (WTO) in 2001.³ In 2022,⁴ trade with CEE states increased 22-fold, reaching \$124.4 billion,⁵ while trade with the territories that make up LAC grew 28 times more, reaching \$483 billion.⁶

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In both regions, Chinese companies bought commodities and sought markets for their higher value-added goods and services.⁷ In CEE, the industrial legacy of the Cold War highlighted the competitive nature of trade with China more than with LAC. While trade between China and LAC was relatively balanced, in CEE there was a huge deficit, importing \$95 billion⁸ and exporting only \$29 billion.⁹

Also of note is the presence of Chinese companies in CEE, which have attempted to build or acquire a presence in strategic infrastructure in the region. Although historically not on China's "Silk Road"¹⁰ CEE countries joined the PRC's Belt and Road Initiative relatively early, starting with Hungary in 2015.¹¹

Comparative Analysis in Various Sectors

In both CEE and LAC, PRC showed interest in electric infrastructure projects, from the Senj wind farm¹² in Croatia to nuclear facilities such as Belene¹³ in Bulgaria and Cernavodă¹⁴ in Romania, albeit with little success. In addition, PRC marketed its electric buses and other vehicles in CEE countries, such as BYD in Hungary¹⁵ and Dongfeng electric vehicles in Croatia.¹⁶

In the transport sector, Chinese companies have carried out numerous large-scale projects in the EEC, such as the Budapest-Belgrade¹⁷ railroad, the Peljesac bridge in Croatia¹⁸ and a huge tunnel connecting Estonia with Finland.¹⁹ They have also been involved in the operation or expansion of the ports of Burgas (Bulgaria),²⁰ Varna²¹ and Koper,²² among others, as well as the international airport in Albania.²³

In terms of digital sectors, PRC-based companies such as Huawei, XTE and Xiaomi are present throughout CEE, although Huawei's cloud services are not available in any of the CEE states.²⁴ Huawei is establishing a telecommunications and artificial intelligence research center in Bulgaria,²⁵ as well as "smart city" initiatives in Osijek and Pula (Croatia).²⁶ However, unlike LAC, several CEE countries, such as Romania,²⁷ Albania and Poland,²⁸ have responded to data security concerns by excluding China-based companies from their 5G telecom architectures.

In the financial sector, PRC-based banks have numerous offices in CEE, such as Bank of China operating in Czechia, Poland, Hungary and Romania.²⁹ In Poland, in 2016, the government offered Renminbi (RNB)-denominated "panda"³⁰ bonds in Poland, despite CEE states being less willing, compared to LAC states, to implement currency swap agreements or conduct significant transactions in RNB rather than dollars.

As for the media, in CEE and LAC,³¹ the PRC courts the media and journalists, including a content-sharing agreement³² between Bulgarian television and closed-circuit

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television (CCTV);³³ and regular cooperation between Xinhua and Slovenia's main press outlet, STA.³⁴ It is worth mentioning that the PRC acquired a television channel in the Czech Republic.³⁵

In political terms, in both the EEC and LAC, governments have sought a balance between principles and benefits in their relations with the PRC. Some CEE administrations made symbolic gestures of support for Taiwan in a manner unusual in LAC.³⁶ In contrast to LAC, which offered little resistance to the PRC from the Community of Latin American and Caribbean States (CELAC)³⁷ to advance its agenda, the three Baltic states in CEE have withdrawn from the analogous 17+1 (now 14+1)³⁸ European forum, while others, such as Poland, have shown hesitation about further recourse to the forum.

Finally, the PRC changed its balance between benefits and principles in the EEC, due to changes in government,³⁹ from the more pro-China Miloš Zeman in the Czech Republic to the more critical position of Peter Pavel.⁴⁰ In terms of political relations, Hungary's membership in the European Union (EU) has made the PRC-friendly attitude of Viktor Orbán's government problematic at times, such as in 2016, when Hungary blocked an EU resolution to condemn the PRC for militarizing disputed reefs and shoals⁴¹ in the South and East China Seas.

It also used "people-to-people" diplomacy to pursue its interests in both regions, including the establishment of 27 Confucius institutes in CEE,⁴² as well as regular trips⁴³ to the PRC by scholars, consultants,⁴⁴ journalists and government officials from the region. It has even partnered with universities in several CEE countries to establish centers for China studies, such as the Bulgaria-China Center at the University of National and World Economy in Sofia and the Fudan University campus in Budapest.⁴⁵ There are also Chinese "commissariats" in CEE, including those in Croatia and Romania,⁴⁶ which are believed to take advantage of their relatives in China to influence the behavior of ethnic Chinese in the countries where they operate.⁴⁷

Conclusions

The engagement of the People's Republic of China (PRC) in Central and Eastern Europe (CEE) and Latin America and the Caribbean (LAC) has been subject to analysis and comparison. Similarities have been found in the overall nature of China's engagement in both regions, as well as in the PRC's interest in power infrastructure projects, digital sectors, media and the financial sector. In economic terms, the PRC's trade with both regions has expanded exponentially since joining the World Trade Organization (WTO) in 2001. In terms of digital sectors, PRC-based companies such as Huawei, XTE and Xiaomi are present throughout CEE and LAC. In the financial sector, PRC-based banks have numerous offices in CEE and LAC. In media, the PRC courts media and journalists in both regions. In the military field, cooperation with the PRC appears more limited in

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CEE than in LAC. In political terms, in both CEE and LAC, governments have sought a balance between principles and benefits in their relations with the PRC. The PRC, in turn, has used people-to-people diplomacy to pursue its interests in both regions, including the creation of Confucius institutes and partnerships with universities.

About the author:

Robert Evan Ellis is a renowned U.S. academic and public policy analyst specializing in Latin America and the Caribbean. His extensive experience addresses security, defense and international relations issues in the region. He has worked in prestigious academic and governmental institutions, advising the Department of Defense and the Department of State. His publications and lectures focus on topics such as Chinese influence, drug trafficking and hemispheric cooperation. As a professor of National Security Studies at the Institute for Global Studies at the National War College in the United States, his perspective is valued in academic and policy circles related to Latin America and the Caribbean.

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