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**EU MEMBER STATES AND MAJOR EXTERNAL POWERS: IS CHINA'S
ENGAGEMENT IN CENTRAL AND EASTERN EUROPE POLITICALLY
DIVIDING THE EU?**

MA thesis

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EU MEMBER STATES AND MAJOR EXTERNAL POWERS: IS CHINA'S ENGAGEMENT IN CENTRAL AND EASTERN EUROPE POLITICALLY DIVIDING THE EU?

Xiaohan Ma

Abstract

China is increasing its engagement with the countries of Central and Eastern Europe. There are growing concerns in Europe that China's economic engagement in this region may translate into political influence, which may politically divide the European Union and hamper the Union's ability to speak to China with one voice. Against this backdrop, this thesis seeks answers to the question of what factors account for variation in adherence to the EU's common policy on China across EU member states. The potential explanatory factors that the thesis focuses on include the degree of member states' economic involvement with China and the degree of their normative compliance with EU rules and norms. The thesis employs a small-N research design with Estonia, Poland, Hungary and the Czech Republic as cases. By analyzing variation across the observed countries, the thesis concludes that both factors affect member states' adherence to the EU's common policy on China: there is an inverse correlation between a member state's economic involvement with China and its adherence to the EU's common policy on China, while a positive correlation exists between a member state's normative compliance with the EU and its adherence to the EU's common policy on China. Driven by different motives – economic gains or normative values, the member states respond to China's engagement differently, which results in internal vertical incoherence in the EU and growing difficulties for the EU to formulate a unified policy approach to China and to adhere to it. Based on these empirical findings, this thesis gives suggestions to the EU in response to China's increasing engagement that the EU should primarily focus on fixing the problem of internal non-compliance with EU norms and rules, so that the EU can deal with China as a truly unified Community in both economic and political realms.

Table of Contents

Introduction	11
1. Theoretical Framework	15
1.1 Vertical Incoherence of the EU	15
1.2 Rationalism and Constructivism: Two Broad Paradigms to Understand State Behaviors	22
1.2.1 Rationalism – Economic Dimension Prioritized	24
1.2.2 Constructivism – Normative Dimension Prioritized	27
1.2.3 Summary and Theoretical Expectations	30
2. Research Method.....	34
2.1 Research Design and Case Selection.....	34
2.2 Measurement of Variables.....	36
2.2.1 Measurement of Member States’ Adherence to EU Common Policy on China	36
2.2.2 Measurement of Member States’ Economic Involvement with China.....	43
2.2.3 Measurement of Member States’ Normative Compliance with EU Norms and Values	46
3. Case Studies	49
3.1 Case Study – Estonia.....	49
3.1.1 Estonia’s Economic Involvement with China	49
3.1.2 Estonia’s Normative Compliance with the EU.....	53
3.1.3 Estonia’s Adherence to the EU’s Common Policy on China	54
3.2 Case study – Poland	58
3.2.1 Poland’s Economic Involvement with China	58

3.2.2 Poland's Normative Compliance with the EU.....	62
3.2.3 Poland's Adherence to the EU's Common Policy on China	63
3.3 Case Study – Hungary	69
3.3.1 Hungary's Economic Involvement with China	69
3.3.2 Hungary's Normative Compliance with the EU.....	73
3.3.3 Hungary's Adherence to the EU's Common Policy on China	75
3.4. Case Study – Czech Republic	80
3.4.1 The Czech Republic's Economic Involvement with China.....	80
3.4.2 The Czech Republic's Normative Compliance with the EU	84
3.4.3 The Czech Republic's Adherence to the EU's Common Policy on China.....	85
3.5 Comparison of Cases.....	90
Conclusion	100
References	104
Appendices.....	122

List of Tables

<i>Table 1: Comparison between Vertical and Horizontal Coherence of the EU</i>	<i>19</i>
<i>Table 2: Two Approaches and Four explanations about Relations between Rationalism and Constructivism</i>	<i>23</i>
<i>Table 3: Comparison between Rationalism and Constructivism</i>	<i>31</i>
<i>Table 4: The EU's Common Policy on China.....</i>	<i>41</i>
<i>Table 5: Measurement Method of Member States' Adherence to the EU's Common Policy on China</i>	<i>43</i>
<i>Table 6: Average of Trade-to-GDP Ratio (%) and Average of FDI-to-GDP Ratio (%) – Comparison between the Observed Countries and the EU (2012-2017)</i>	<i>45</i>
<i>Table 7: Measurement Method of Member States' Normative Compliance with the EU</i>	<i>48</i>
<i>Table 8: Estonia's Trade with China (USD Million) and Trade-to-GDP Ratio (%) 2012-2017</i>	<i>52</i>
<i>Table 9: Measurement of Estonia's Normative Compliance with the EU</i>	<i>54</i>
<i>Table 10: Measurement of Estonia's Adherence to EU's Common Policy on China..</i>	<i>58</i>
<i>Table 11: Poland's Trade with China (USD Million) and Trade-to-GDP Ratio (%)2012-2017</i>	<i>61</i>
<i>Table 12: Measurement of Poland's Normative Compliance with the EU.....</i>	<i>63</i>
<i>Table 13: Measurement of Poland's adherence to EU's common policy on China</i>	<i>69</i>
<i>Table 14: Hungary's Trade with China (USD Million) and Trade-to-GDP Ratio (%)2012-2017.....</i>	<i>73</i>
<i>Table 15: Measurement of Hungary's Normative Compliance with the EU</i>	<i>75</i>
<i>Table 16: Measurement of Hungary's Adherence to EU's Common Policy on China</i>	<i>79</i>
<i>Table 17: The Czech Republic's Trade with China (USD Million) and Trade-to-GDP Ratio (%) 2012-2017</i>	<i>84</i>
<i>Table 18: Measurement of The Czech Republic's Normative Compliance with the EU</i>	<i>85</i>

<i>Table 19: Measurement of The Czech Republic's Adherence to EU's Common Policy on China.....</i>	<i>90</i>
<i>Table 20: Small-N Design of Estonia, Poland, Hungary and the Czech Republic</i>	<i>90</i>
<i>Table 21: The EU's Trade with China (EURO Billion) and Average of Trade-to-GDP Ratio (%) 2012-2017</i>	<i>122</i>
<i>Table 22: Inward FDI Stock in the EU by China (EURO billion) and Average of FDI-to-GDP Ratio (%) 2012-2017.....</i>	<i>123</i>
<i>Table 23: Estonia's Inward FDI Stock by China as % of Estonia's GDP (Euro Million) 2012-2017</i>	<i>124</i>
<i>Table 24: Poland's Inward FDI Stock by China as % of Poland's GDP (USD Million) 2012-2017.....</i>	<i>124</i>
<i>Table 25: Hungary's Inward FDI Stock by China as % of Hungary's GDP (HUF Million) 2012-2017.....</i>	<i>125</i>
<i>Table 26: The Czech Republic's Inward FDI Stock by China as % of the Czech Republic's GDP (USD Million) 2012-2017.....</i>	<i>125</i>
<i>Table 27: Freedom Ratings of Estonia, Poland, Hungary and the Czech Republic 2012-2017</i>	<i>127</i>
<i>Table 28: Annual Number of Pending Infringement Cases of the EU 2012-2017.....</i>	<i>129</i>

List of Figures

<i>Figure 1: Vertical and Horizontal Coherence in the EU</i>	<i>19</i>
<i>Figure 2: Schematic Diagram of Positivism.....</i>	<i>24</i>
<i>Figure 3: Hypothesized Relationship between Independent Variables and Dependent Variable.....</i>	<i>33</i>
<i>Figure 4: Estonia Exports to China and Imports from China 2012-2017.....</i>	<i>50</i>
<i>Figure 5: Share of Estonia's Total Export and Import Accounted for by China 2012-2017</i>	<i>51</i>
<i>Figure 6: FDI Stock in Estonia by China and in Total 2012-2017.....</i>	<i>51</i>
<i>Figure 7: Poland Exports to China and Imports from China 2012-2017</i>	<i>59</i>
<i>Figure 8: Share of Poland's Total Export and Import Accounted for by China 2012-2017</i>	<i>60</i>
<i>Figure 9: FDI Stock in Poland by China and in Total 2012-2017</i>	<i>60</i>
<i>Figure 10: Hungary Exports to China and Imports from China 2012-2017.....</i>	<i>71</i>
<i>Figure 11: Share of Hungary's Total Export and Import Accounted for by China 2012-2017</i>	<i>72</i>
<i>Figure 12: FDI Stock in Hungary by China and in Total 2012-2107.....</i>	<i>72</i>
<i>Figure 13: The Czech Republic's Exports to China and Imports from China</i>	<i>81</i>
<i>Figure 14: Share of The Czech Republic's Total Export and Import Accounted for by China 2012-2017</i>	<i>82</i>
<i>Figure 15: FDI Stock in Czech by China and in Total 2012-2017.....</i>	<i>82</i>
<i>Figure 16: Trade-to-GDP Ratio (%) and FDI-to-GDP Ratio (%) of EU, Estonia, Poland, Hungary and the Czech Republic 2012-2017</i>	<i>126</i>

List of Abbreviations

AMTI – Asia Maritime Transparency Initiative

CEE – Central and Eastern Europe

CFSP – Common Foreign and Security Policy

CNB – Czech National Bank

CR – Czech Republic

DV – Dependent Variable

EPC – European Political Cooperation

EU – European Union

IV – Independent Variable

LIBE – The Committee on Civil Liberties, Justice and Home Affairs

MEP – Member of the European Parliament

MNB – The Magyar Nemzeti Bank (Hungarian National Bank)

NBP – National Bank of Poland

OSCE – Organization for Security and Co-operation in Europe

PRC – People's Republic of China

SEA – Single European Act

TEU – Treaty on European Union

UK – United Kingdom

UN – United Nations

UNCLOS – United Nations Convention on the Law of the Sea

WITS – World Integrated Trade Solution

Introduction

The European Union as a political union and supranational institution is a remarkable achievement in regional integration. It is the result of efforts made by European leaders with the purpose of uniting Europe together and strengthening global influence of Europe. With “*sui generis*” nature based on a unique combination of supranational and intergovernmental features, the EU distinguishes itself from a pure federal state or an international organization. Over time, as integration has advanced and the EU has come to be perceived as a bloc in global politics, the supranational dimension of the union has grown considerably stronger. This development, however, has conflicted with the demand to safeguard member states’ sovereignty and autonomy. Frictions therefore emerge between the EU institutions and the member states due to their divergent understandings about the role of EU institutions. This is how problems with internal vertical incoherence emerge, making it difficult for the EU to speak with one voice on the international arena and *vis-à-vis* great powers.

In the EU’s external relations with other actors, especially with major external powers, the lack of coherence may lead to failures of foreign policy. For instance, Russia, as a great power substantially involved with European affairs, has been continually exerting its political influence on some of the EU member states and neighboring countries in order to achieve its strategic goals. The prominent engagement of Russia in European affairs has had a significant impact on the EU’s common strategy on Russia and has aroused concerns that Russia has the potential to divide the EU. The reality is that in today’s highly interdependent world, it is almost impossible for the EU to shut the door to external powers and prevent them from deepening economic cooperation with the member states. Economic leverage of external powers can translate into political influence which may break the EU’s unity in external relations.

China, as a rising power, is more and more engaged with EU member states by initiating

economic cooperation formats. The attempts of China to forge closer ties to European countries, however, are perceived by the EU as a potential threat. It is believed by some EU officials and observers that the economic involvement that some of the EU member states have with China will lead to their softened positions on controversial political and ethical issues concerning China, so that the EU's common position might be pushed in a more China-friendly direction. In 2012, the Chinese government launched the 16+1 format, which is a specific economic initiative with Central and Eastern European countries (CEE) designed to boost trade, stimulate foreign investment and facilitate infrastructure construction. The ongoing project is viewed by the EU as an ambitious move of China with evident intentions to seek alliance in the EU. Much of the attention in this respect focuses on how the largest CEE countries, such as Hungary and Poland, respond to China's overtures. Other smaller CEE countries, other than the Visegrád group, have also been pressured by the EU to distance itself from China's clout and economic leverage.

As we are seeing the increasing variation in the member states' adherence to the EU's common policy on China and the EU's growing concerns about the phenomenon, it is important to ask what factors can explain the degree of member states' adherence to EU common policy on China, which is the research puzzle that this thesis will solve. Two explanatory factors, which are the member states' economic involvement with China and their normative compliance with the EU will be taken into account. Selected CEE countries – Estonia, Poland, Hungary and the Czech Republic, which are both EU member states and participants of 16+1, will be observed and analyzed as cases. The methodological design employed in my research is a combination of case study and comparative method in the form of small-N design. Each of the observed countries will be an individual case study. To compare them scientifically, three variables and the corresponding measurements are necessary, including one dependent variable which is member states' adherence to the EU's common policy on China and two independent

variables which are member states' economic involvement with China and member states' normative compliance with the EU. The observed period is from 2012 when 16+1 was initiated, to 2017 (considering that some data of 2018 may not be available). After analyzing the observed countries in detail individually, I will compare them based on the variations of the variables. Through the comparison of cases, whether or not the independent variables affect the dependent variable and how will be presented. Hypotheses, therefore, can be tested. As my thesis is based on empirical analysis, considerable empirical sources, including news articles, policy reports of the EU and the observed countries, and primary economic data from reliable websites will be used.

With regards to the structure, my thesis contains four parts, including theoretical framework, research method, case studies and conclusion. The theoretical chapter illustrates the vertical incoherence of the EU as an issue and introduces rationalism and constructivism as two broad paradigms to explain the variation in motives across the member states from economic and normative dimensions. The aim of this chapter is to illustrate 1) vertical incoherence as an inherent problem of the EU accounts for the EU's failure in speaking with one voice in its foreign relations and 2) whether or not member states are adherent to the EU's common policy on an external power is determined by their prioritized motives, which can be either economic gains or normative values. To find out how these two factors affect the member states' adherence to the EU's common policy on China, the chapter of methodology presents the research method, which includes research design, case selection and measurement of variables. Following the methodological chain, the chapter of case studies provides empirical analysis on each observed country based on the measurement of variables. By comparing the cases, a conclusion will be made in the end to summarize the research results.

My research contributes to the studies on the EU's external relations. First, vertical incoherence as a continuous problem that the EU faces is usually discussed when the EU

has difficulty in launching sanctions or engaging in regional crisis management due to lack of consensus. However, in the EU's external relations, sanctions and crisis management are not daily affairs that need to deal with every day; instead, standing economic and political issues serve as more fundamental components in the EU's foreign relations with the rest of the world and great powers. As my thesis connects the issue of vertical incoherence to the variation in member states' adherence to the EU's common policy on an external power, it widens the application of vertical incoherence in the EU's external relations. Second, constructivism and rationalism, in the context of the studies on the EU, are often used as theories of European integration to explain the motives of existing member states to agree on the accession and the motives of accession countries to gain EU membership. In my thesis, rationalism and constructivism are used to explain motives of the EU member states' behaviors when they deal with great powers outside the EU. By introducing rationalism and constructivism into the theoretical framework, the emergence of vertical incoherence therefore can be explained as a result of diversified motives of member states. Overall, my contribution is to theorize the emergence of the EU's incompetence when dealing with external powers by using rationalist-constructivist framework to explain how vertical incoherence emerges and how it affects the EU's external relations.

1. Theoretical Framework

This chapter presents the theoretical framework. The first section of this chapter elaborates the issue of vertical incoherence of the EU and the theoretical insights into the issue to illustrate the EU's existing incompetence in dealing with external relations with a unified voice. It also reviews the implications of coherence as a universal principle for regimes and polities to achieve and particularly focuses on the notion of coherence including several dimensions in the context of the EU. The second section introduces rationalism and constructivism as two broad paradigms to explain the diversified motives of the member states from two dimensions, which are economic gains and normative values. Various behaviors of member states in response to external engagement are often the major reason why it is hard for the EU to form a common front on the external power. The section will parallel the main propositions of these two paradigms and touch upon how they are applied in the field of EU studies and what implications they can offer in this research.

1.1 Vertical Incoherence of the EU

Coherence as a principle to achieve efficiency and effectiveness in policy outputs is universally pursued by all political regimes. It is widely agreed on by scholars that coherence, though similar to consistency, is not identical to consistency. Consistency indicates that "different policies do not legally contradict each other" (Hillion 2008: 17), while "the notion of coherence relates more to creative positive synergies" (Hoffmeister 2008: 161). It means that "'[c]oherence' is commonly considered superordinate to the notion of 'consistency'... 'consistency' is thought of as a 'minimal requirement' for coherence in that it signifies 'absence of contradictions'" (Gebhard 2017: 108). Referring to more than absence of contradictions, coherence involves harmony and positive coordination among actors within the political system through a carefully-designed and functioning mechanism. Coherence is of much significance for states in their external

relations, as effective and efficient foreign policy requires unity and consistency. In the domain of external affairs, coherence means that on the one hand, the state is able to propose, decide and enforce foreign policies without contradictions among diverse bureaucratic branches; on the other hand, after the unitary foreign policy is made, the state is able to follow the approach with all the subparts of the state collaborating in harmony. These two aspects correspond to the two dimensions of the notion of coherence: on the one hand, coherence refers to “a technical or procedural dimension that concerns the administrative implications of having to reconcile different channels of policy making while involving both their respective bureaucratic machineries” (ibid: 108), while on the other hand, coherence also has “a strategic or policy-related dimension that refers to conflicting objectives or clashing political agendas” (ibid: 108). In that sense, coherence is not only about what kinds of policy needs to be made by reconciling diversified voices, but also about what procedures need to be laid down so that on the institutional level synergies can be provided to smooth the internal negotiating process with the purpose of achieving consensus and harmony.

In the context of the EU, coherence has all along been set as an important goal to achieve since the very first day of the EU’s creation and used as an indicator to illuminate the extent to which the EU can function collectively in response to external crises (Koenig 2012). However, the issue of incoherence, as opposed to the pursuit of coherence, has been showing its presence in the evolution of the EU as well. The concept of “Capability-Expectations Gap”, coined by Christopher Hill in 1993, which means there is a gap between what the EU can do “in terms of its ability to agree, its resources, and the instruments at its disposal” (Hill 1993: 315) and what the EU is expected to perform based on its “actorness” and “presence” (ibid: 308), reflects this long-standing problem. The Single European Act (SEA) marks the origin of the EU’s incoherence issue (Gebhard 2017: 105). According to Gebhard, the coherence requirement was introduced by the SEA, which called for the Community and the European Political Cooperation (EPC) to be in

accord with each other; however, in reality, these two policy realms functioned as two separate domains as the SEA also “drew a strict line” (ibid: 106) between them. The unclear division of functions between policy pillars makes it almost unlikely for the EU to achieve coherence. Later, in the 1990s, the Treaty of Maastricht (also referred to as Treaty on European Union, TEU) reasserted the coherence requirement (ibid: 106) through Article 3 and Article 13 which serve as “the legal bases for coherence in EU foreign policy” (Portela and Raube 2009: 4), and assigned the joint responsibility to the Council and the Commission (Gebhard 2017: 106). However, as EPC was superseded by the Common Foreign and Security Policy (CFSP), which is “a self-contained ‘pillar’ with its procedures and administrative capacities” (ibid: 106), the “bifurcation” (ibid: 106) problem of the SEA was not solved fundamentally but continually affected the EU negatively in terms of its incoherence issue. After that, both of the Treaty of Amsterdam and the Treaty of Nice did not bring much constructive and effective changes (ibid: 106-107). As seen from the history of the EU’s treaty-making, the institutional and structural deficiencies within the EU have not been overcome to make coherence a reality.

The EU’s “multilevel nature” (Gebhard 2017: 104) accounts for the incoherence issue of the EU. Multilevel governance inevitably leads to multi-dimensional requirements for coherence, which also means multi-faceted challenges and impediments to achieve coherence in external relations. Pointed out by some scholar, “EU foreign policy coherence is best defined simply as the adoption of determinate common policies and the pursuit of those policies by EU member states and institutions” (Thomas 2011: 3). “[P]olicy determinacy” and “political cohesion” can be used as two dimensions to measure coherence (ibid: 3-5). Some scholars even proposed a more elaborate conceptualization of coherence, which covers four dimensions, including horizontal coherence, institutional coherence, vertical coherence and multilateral coherence (Koenig 2012: 17):

“(1) Horizontal coherence denotes the extent to which the various EU crisis management policies are coherent with one another...

(2) Institutional coherence refers to the interaction between the different institutional actors that share responsibility for the EU’s crisis response...

(3) Vertical coherence describes the degree to which member states’ national policies and activities are a) in line with, and b) reinforce the EU-level crisis response...

(4) Multilateral coherence refers to the degree to which the EU’s crisis response is a) in line with, and b) positively contributes to the response of other international actors...” (Koenig 2012: 17)

Some scholars classified regimes into three ideal types, including state, international intergovernmental organization and the EU, in order to examine how coherence works and how it should be achieved in different regimes (Portela and Raube 2009: 2-3). They positioned the EU as neither a pure state nor an intergovernmental organization: “the EU would add a layer of government functions to the member states” (ibid: 3). For a state, the key question – from the perspective of coherence – is how to deal with the interactions among various branches of government and make them work together; for an intergovernmental organization, the primary concern is how to smooth frictions between the state level and the institutional level. Classified as the third category, the EU is a creative combination of a state and an intergovernmental organization. As a hybrid of state functions and intergovernmental mechanism, the EU inevitably embraces the structural deficiencies of both, which means the EU needs to achieve coherence by combining vertical and horizontal coherence (see *Figure 1*); in addition, as “a regional cosmopolitan order” (ibid: 7) and a bloc in the international sphere, institutional and multilateral coherence is also required for the EU to strengthen actorness.

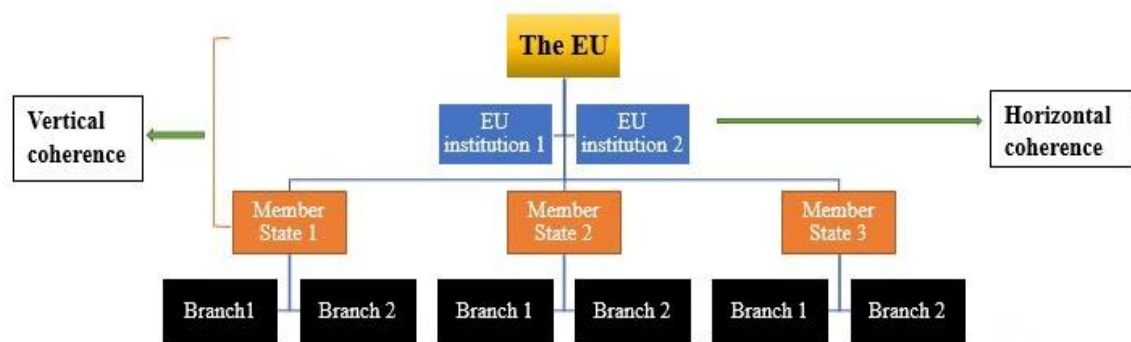


Figure 1: Vertical and Horizontal Coherence in the EU

(Source: own graph, based on Portela and Raube 2009)

Table 1: Comparison between Vertical and Horizontal Coherence of the EU

Categories of Coherence	Two Major Dimensions of Coherence within the EU	
	Vertical Coherence	Horizontal Coherence
Dimension	Strategic/Policy-related Dimension	Technical/Procedural Dimension
Main Focus	Political Cohesion	Policy Determinacy

(Source: own table, based on Koenig 2012, Gebhard 2017 and Thomas 2011)

Vertical coherence is particularly crucial to the EU, as the interactions between the EU and governments of member states directly relate to the extent to which the EU functions well in its external relations. Vertical coherence refers to the “concertation of member-state positions and policies with and in respect of the overall consensus or common position at the Union level” (Gebhard 2017: 109). It involves positive interactions between member states and the EU. The debate between supranationalism and intergovernmentalism on whether it is the EU or the national governments of member states that control(s) the decision-making and policy agendas of the EU remains to be the most relevant question in the field of EU studies. In the view of intergovernmentalism, the participation in international agreements is not a sign of delegation or pooling of states’ sovereignty. The EU, as an intergovernmental organization, will not deprive the member states of their sovereignty; instead, it serves as a forum for nation states to cooperate and

coordinate with each other for efficient solutions. Supranationalism distinguishes itself from intergovernmentalism by stating that EU has transformed itself from an intergovernmental arrangement which only passively responds to member states' demands to a supranational polity which can decide and enforce policies in an autonomous way. The ongoing debate illustrates the long-term paradox the EU faces. Speaking with one voice is the primary pursuit by the EU, which is also the original purpose to create the EU in the first place. However, in practice, as member states perceive themselves as fully sovereign and only arrive at compromises in low politics domains, the authority of the EU institutions is in question. The ideal status is supposed to be high-level compliance of the member states with the common goals, agendas and policies set by the EU. Unfortunately, in practice, the negative interaction between the EU, which perceives itself as a supranational institution beyond the member states, and the member states, which view themselves fully sovereign, leads to the issue of vertical incoherence.

Problems with vertical incoherence often emerge when the EU has to deal with difficult external relations. Two “substantive policies” (Portela and Raube 2009: 11) including “sanctions in EU foreign policy” (ibid: 11) and “crisis management” (ibid: 17), are the domains where vertical incoherence tends to appear as a persistent problem. As *Table 1* indicates (*cf. Table 1, page 19*), vertical coherence and horizontal coherence refer to different dimensions with different focuses in the EU context. Some scholars believe that to make sanctions work, as long as effective policy instruments are in place through proper institutional reforms, “the political will to use them has crystallised” (ibid: 14). This statement highly emphasized the significance of horizontal coherence through institutional methods, but it is not convincing enough, as whether or not the member states would like to resort to new institutional instruments to launch sanctions collectively cannot be ensured (ibid: 14). What remains key to this problem is that “[t]he origins of the inconsistency reportedly lie with member states' reluctance to strengthen the

intergovernmental level by operating through the EU” (ibid: 14). Due to the lack of consensus, referred to as “Consensus-Expectations Gap” (Toje 2008: 122), institutional instruments cannot grant the EU with full capability to deal with the disagreements between national level and EU level. In that sense, vertical incoherence chiefly accounts for the failure of the EU’s common decisions.

The EU’s incompetence in launching long-term, consistent and effective sanctions against Russia can be an example to illustrate the EU’s internal vertical incoherence in external relations with other great powers. In 2014, Russia abruptly annexed Crimea, which was a shock to the rest of the world. In response to the serious breach of international law, the EU member states had to show their tough positions on Russia. As a result, the EU started launching sanctions against Russia. The member states, without much hesitation or disagreement, agreed on launching “an initial round of sanctions on Russia” (Dempsey 2014). It seems to be a positive sign indicating that the EU eventually formed a common front on Russia; however, behind the scenes, divisions among member states in terms of their genuine stances on Russia always exist. What needs to note is that the decision on sanctions against Russia is not agreed on by the member states along with a long-term agenda; instead, it needs to be renewed by them every six months (Mikhelidze and Tocci 2018), which creates open-ended possibilities. The lack of long-term consensus on sanctions against Russia shows, regardless of the EU’s common position, the diversified intentions of member states due to the differences in “geographical proximity, dependence on trade and energy, historical ties and political governance” (Wieslander 2015). In November 2018, Russia seized three vessels in international waters, detained 24 Ukrainian soldiers and blocked commercial shipping in the Kerch Strait which connects the Azov Sea to the Black Sea (Mikhelidze and Tocci: 2018). This move marks the escalation of tensions between Russia and Ukraine as well as the futility of the EU’s sanctions against Russia when the political goal of the sanctions has not been achieved so far. Seen through the failure of sanction against Russia due to member states’ diversified

attitudes considering their own interests, vertical incoherence as an intractable problem is becoming more and more nonnegligible to the EU.

1.2 Rationalism and Constructivism: Two Broad Paradigms to Understand State Behaviors

As explained in the last section, vertical incoherence emerges as a result of the member states' divergence from the EU institutions. Since the member states are supposed to comply to the EU's directions and adhere to the EU's policy, the question is how the divergence happens between member states and the EU institutions. The key lies in the member states themselves. In essence, the emergence of divergence is a result of the member states' deviant choices from what the EU expects. Regardless of the EU membership, the member states are always sovereign and perceive themselves as sovereign. To maintain their autonomous rights of decision-making to the maximum extent, the member states are reluctant to pool their sovereignty to the EU. This is how the "classic federal problem" (Hill 1993: 319) takes place. The founding treaties of the EU also create leeway for the member states to act on its own, as they "are not enforceable and constitute a code of conduct rather than a firm commitment to 'speaking with one voice'" (Schmidt-Felzmann 2008: 170).

This is how the issue of vertical incoherence is related to variation in member states' behaviors when they deal with external powers. The member states can, based on their diversified motives, decide on their attitudes and behaviors in response to external powers. Motives can vary across different member states as a result of their different pursuits. To offer theoretical explanations into the varying motives of member states' diversified choices when they engage with a third country outside the EU, two broad paradigms – rationalism and constructivism, will be elaborated in this section. In a strict sense, neither rationalism nor constructivism is a theory; what they offer are general "approach(es) to

social inquiry” (Checkel 1998: 325) following two distinct paths.

Table 2: Two Approaches and Four explanations about Relations between Rationalism and Constructivism

Relations between Rationalism and Constructivism			Rationalism	Constructivism
Competitive	Version 1	They are mutually exclusive and zero-sum; They predict different behaviors from states and these differences should be measurable and testable	Strategic, instrumental behaviors by states	Norm-internalization
	Version 2	They are based on ontological commitments that are irreconcilable	Individualism	Holism
			Inherent rationality	Constructed rationality
			Essentialism	Social construction
Complementary	Version 1	They answer different questions about international relations	To explain the pursuit of interests by already constituted actors	To explain how actors acquire their interests and identities
	Version 2	They provide different views on the shared questions	To explain states’ behaviors from different perspectives	

(Source: own table, based on Ian Hurd 2008 and Jeffrey Lewis 2003)

Table 2 above provides two approaches to grasping the relationship between rationalism

and constructivism. Clarifying their relationship based on their different ontological natures and fundamental propositions is necessary, as it will help draw a clear line between them. When using them as the theoretical framework, only with clear clarifications between them can the observable implications of cases in my research be identified as evidence or reflections of either rationalism or constructivism. The following subparts will elaborate and compare their propositions in the field of international relations in detail.

1.2.1 Rationalism – Economic Dimension Prioritized

In the ontological sense, rationalism shows much affinity to positivism. Positivist epistemology holds the faith in the validity of causal effect that comes from the empirical world through scientific observation and measurement. Positivists believe that in human society there exist patterns which can be noticed, generalized and falsified (Hurd 2008:10). The patterns, as “the product of underlying laws that govern social relations” (ibid: 10), in the form of causal relationships which describe the existential linkage between two or multiple variables, are “believed to exist independently of the observer’s presence” (ibid: 10). Three fundamental propositions of rationalism from an in-depth positivist angle are, as *Figure 2* indicates, 1) empirical science exists independent from observers’ presence, 2) empirical science can be observed and generalized and 3) scientific methodology is needed to guarantee the reliability and validity.

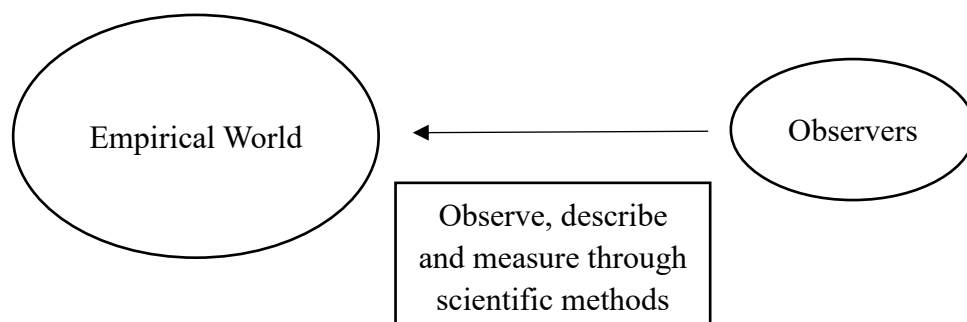


Figure 2: Schematic Diagram of Positivism

(Source: own graph, based on Hurd 2008)

Based on its affinity to positivism, rationalism shares some features with materialism, which has formed its material ontology. In the discipline of international relations, materialism is an approach which “seek(s) to explain international patterns and behaviors as the result of purely material forces, particularly the military hardware, strategic resources, and money that they see as constituting ‘power’” (Hurd 2008: 3). Rationalism relates itself to materialism by inheriting the high emphasis on material forces, which are perceived as not only the dominant driving force of political dynamics but also the ultimate goal to pursue in *realpolitik*. Substantive, tangible and concrete material benefits are identified as national interests by rationalists based on their material ontology. Following the core logic that material facts exist independent from human beings, when clarifying the notion of interests, rationalists perceive “interests of agents as exogenously given” (Wendt 1992: 391) and “uniformly attributable to all the relevant actors of the international system” (Browning 2008: 21). As interests are given and fixed, states, as self-interest actors, will tend to pursue the interests to the greatest extent. Identified by Abell (1992), the *individualism* assumption of rational choice (Jupille, Caporaso & Checkel 2003: 12; Abell 1992), emphasizes the core role of states in pursuing or maximizing interests and preferences. In that sense, rationalism overlaps with political realism which also views states as rational unitary actors in world politics with the purpose of maximizing their national interests. The *optimality* assumption (Jupille, Caporaso & Checkel 2003: 12; Abell 1992) serves as another principle that states abide by in practice: aware of what the interests are, they take optimal or strategic actions to achieve or maximize it.

Due to its practical nature, Rationalism sometimes is confused with instrumentalism. After calculating potential benefits and loss, states, aware of what their core interests are, optimize their choices and adopt suitable strategies. Following the rationalist assumption, everything can be instrumentalized as long as it is profitable. This is why liberal institutionalism is also in the category of rationalist theories: rationalists acknowledge the

role of international institutions in providing rules and regulations to maintain the stability and security in the world order with sovereign states involved as basic units, if the institutions also offer benefits for states themselves. Liberal institutionalists establish a connection between national interests and institutional choice – they do not necessarily contradict with each other, because the states, being aware of their preferences and interests, will take no matter what possible actions to maximize national interests; if institutional instrument is a profitable choice, states will turn to it.

The instrumental nature embodied in rationalism seems to have perplexed the distinction between rationalism and constructivism. As *Table 2* indicates, some scholars identify the relationship between the two paradigms as competitors in the way that rationalism predicts strategic and instrumental behaviors while constructivism by comparison prioritizes norm internalization (*cf. Table 2, page 23*). The dichotomy overlooks the fact that constructivism, though mainly focusing on the normative dimension of states' preferences, does not oppose the pursuit of interests. The parallel between “empirical focus on instrumental rationality in determining bargaining outcomes” (Lewis 2003: 98), which is rationalism, and “collective intentionality” along with “thick socialization” (Ruggie 1998: 20-21; Lewis 2003: 99), which is constructivism, seems to be mixed with value judgement, which implies that rationalism is more outcome-oriented in whatever means (the logic of consequences), while constructivism with normative pursuits prioritized is more moral (the logic of appropriateness). However, “[t]he social construction of actors may well create instrumental, goal-seeking agents who pursue their goals in part by comparing costs and benefits” (Hurd 2008: 14), which means the normative emphasis of constructivism is not necessarily incompatible with pursuit of interests (constructivism will be further elaborated in the next subpart).

Rationalist insights can be applied to European integration. The material benefits that come with EU membership for accession countries are direct and tangible, including the

common market, four freedoms, funds and special projects from the EU. In the negotiation process, the accession countries might have to make compromises and concessions as side payments for old member states to win their agreement (Moravcsik 2003: 53), but in a long run, to be a member state of the EU remains profitable to them. Regarding the old member states, material interests are also plausible and expectable for them. According to Moravcsik (2003), on the one hand, compromises and concessions made by the accession countries will compensate their potential losses brought by enlargement; on the other hand, they will also gain actual economic and geopolitical benefits from enlargement: “[d]istinct material benefits, however modest, accrue to the EU-15. The candidate countries will add to the internal market 100 million new consumers in rapidly growing economies” (ibid: 50).

Based on the propositions of rationalism explained above, the main implications of rationalism to be found in real life should be 1) state’s power or autonomy is very much stressed and 2) material benefits, or economic benefits, are perceived as major national interests and paid close attention to in external relations. As the goal of my research is to find out what leads to the variation in EU member states’ behaviors when they deal with China under the framework of 16+1, economic benefits, prioritized by rationalists as the major pursuits of states, represent a very important dimension that affects their strategy and policy on China.

1.2.2 Constructivism – Normative Dimension Prioritized

To begin this part, it is necessary to list four features of constructivism which are: 1) it is an alternative to materialism, 2) it focuses on the construction of state interests, 3) it purports the mutual constitution (or co-constitution) of structure and agents and 4) it offers a different logic of anarchy (Hurd 2008: 3-7). If we simplify the four features into two most fundamental elements of constructivism, which are interconnected with each

other as mutual prerequisites, they are 1) it is an approach to observe and generalize the world following a non-material path, as opposed to materialism or rationalism and 2) all of its beliefs are based on “[t]he irreducible core” (ibid: 8), which is “the recognition that international reality is socially constructed” (ibid: 8).

Constructivism shows affinity to post-positivism, which holds a critical view of positivism. As explained in the last section, positivism believes that “social facts” (Jupille, Caporaso & Checkel 2003: 15) are objective to observe and generalize as long as the methods to conduct the observation is scientific. However, as Hurd pointed out, post-positivism believes that it is impossible that observers can be completely independent from the observed objects and cast no influence on them: no matter how scientific the methods of observation are, facts are not fully “objectifiable” (Hurd 2008: 10); observers themselves as a constituent of the society cannot remain fully autonomous of the observed objects without influencing them; social facts as an interconnected and complex system cannot be broken up into several discrete causal relationships (ibid: 10).

One of the major proponents of constructivism, presumably the most influential scholar in this field, Alexander Wendt, purported “two basic tenets of ‘constructivism’¹: (1) that the structures of human association are determined primarily by shared ideas rather than material forces, and (2) that the identities and interests of purposive actors are constructed by these shared ideas rather than given by nature” (Wendt 1999: 1). Under the ontological premise, constructivism distinguishes the material world from the social world, with clear clarification that the former one is constituted by brute facts while the latter one constituted by social facts. Constructivists believe that social creations, as opposed to material creations, are constructed through continuous interactions and communications in the social world. Human beings establish a social network of cognitions and perceptions, which are constructed through their interactions and will further affect their

¹ “A term first used in International Relations scholarship by Nicholas Onuf (1989)” – this is a footnote in Wendt’s work.

way of thinking and expand the network with more social constructions.

In the field of international relations, the concept of social construction is applied by constructivists to explain some key concepts and phenomena, such as national interests, anarchy and structure. They are interpreted and understood differently by constructivists from the conventional realism approach based on the assumptions of materialism or rationalism. With regards to interests, as Martha Finnemore pointed out, “interests are not just ‘out there’ waiting to be discovered; they are constructed through social interaction” (Finnemore 1996: 2). To explain how interests are formed, different from rationalism which perceives interests as exogenously given, constructivists believe that interests are constructed in the international structure. States construct their values and identities in the process when they interact and communicate with other states. Based on the construction of identity, they can further construct their interests and preferences, which eventually determine the way that they view themselves and others. This is how states interests are connected with values and identities from the view of constructivists.

European integration can also be explained through the constructivist approach. Constructivists believe that it is the shared norms and values rather than the economic interests that have finally led to the collective agreement on enlargement, as opposed to what rationalists believe. In the process of European integration, accession conditionality, often known as Copenhagen criteria, has effectively shaped shared values and identity. The reconstruction of “self” and “other” has filled up the historical gap created by the Cold War and also opened a window of opportunities for Central and Eastern European countries to be members of the EU. Collective identity shared by the member states are shaped by the “interstate structure” (Aalberts 2004: 39), which means it is socially constructed through interaction and cooperation within the EU framework. The way how states view themselves and how they cope with other member states are not exogenously given but gradually generated during the process of identity-construction, and will in

return influence the constructions of other concepts. The enlargement of the EU and the growing competences of the EU institutions is the result of the strengthened collective identity endorsed by the member states. What needs to note is that the construction of shared identity and values does not go against the pursuit of interest; instead, they can be closely interconnected, as the construction of identity can serve as a normative tool to pursue interests which are also constructed. A shared European identity will boost the partnership among the member states and strengthen their economic ties in the common market, which are well established based on the shared ideology. This is why strategic and instrumental behaviors should not be exclusively entitled to rationalism – constructivism can also connect itself to pursuits of interests.

Based on the propositions of constructivism explained above, the main implications of this paradigm to be found in practice should be 1) shared values, norms and identities are paid particular attention to and stressed in external relations and 2) normative construction can be connected to national interests in either ways: the shared values, identities and norms themselves are part of the interests, or, they can help pursue further interests. As the goal of my research is to find out what leads to the variation in EU member states' behaviors when they deal with China under the framework of 16+1, values, norms and shared identities, prioritized by constructivists as the major incentive of states, represent the other very important dimension, which may also affect these countries' policy on China.

1.2.3 Summary and Theoretical Expectations

Based on the analysis above, the relationship between constructivism and rationalism can be described in this way: they offer different answers from different perspectives to the shared questions (see *Table 3*).

Interests are the core concept in the discussion. When answering the question how interests are formed, rationalists believe that interests are exogenously given, based on their material and positivism ontology, while constructivists believe that interests are socially constructed, based on their post-positivism ontology. Following their own logic, they have further developed different perspectives to analyze the motives of states behaviors: rationalists prioritize economic gains to explain motives of state behaviors, while constructivists prioritize normative values. Whether rationalism and constructivism are competitive or complementary is not the core question raised in my thesis; what really matters is that they have contributed two major categories of motives to describing the incentives of state behaviors and explaining the variation across different states.

Table 3: Comparison between Rationalism and Constructivism

Q2: What are the motives of states' behaviors? Q1: How interests are formed?	A1: Material/Economic gains	A2: Normative Values and Rules
A1: Exogenously Given	Rationalism	/
A2: Socially Constructed	/	Constructivism

(Source: own table, based on own analysis)

When using these two approaches in practice to analyze state behavior, there are two possible scenarios, which are 1) a state's motives of certain behaviors are a mix of both economic gains and normative values and 2) a state's motives of certain behaviors are either economic gains or normative values. A hypothetical example for the first scenario will be: politically, state A and state B are both democratic countries with shared values, while state C is identified as a dictatorship; economically, state A and B are both developed countries with advanced market economy, while state C has a small and weak state-directed economy. When state C expresses its wills to develop its relations with state

A, state A does not respond to the intention, as it will potentially hurt the relations between state A and B. In this case, state A's behavior is driven by both economic gains and normative values. However, if the state C as a dictatorship is one of the biggest economy in the world with attractive open market, situation might be different: state A may still reject state C's kindness to develop mutual partnership as the political system of state C is unacceptable for state A; or state A may choose to deepen its relations with state C for considerable economic benefits, willing to take the risk of irritating state B. This reflects the second hypothetical scenario, in which either rationalism or constructivism is able to provide the most accurate explanation about state behaviors. In reality, state behaviors are often driven by mixed motives. In many cases, both economic and normative factors show their presence in policy-making at the same time. My research aims to find out which factor(s) that affect(s) the policy direction and uses rationalist-constructivist framework to explain how.

In the theoretical framework, rationalism with its particular focus on economic benefits can be transformed into one of the independent variables, which is a member state's economic involvement with China, while constructivism with high emphasis on normative dimension will offer theoretical basis for a member state's normative compliance with the EU's rules and values, which is the other independent variable. The variation of their behaviors when dealing with China, also identified as their degree of adherence to EU's common policy on China, will be the dependent variable.

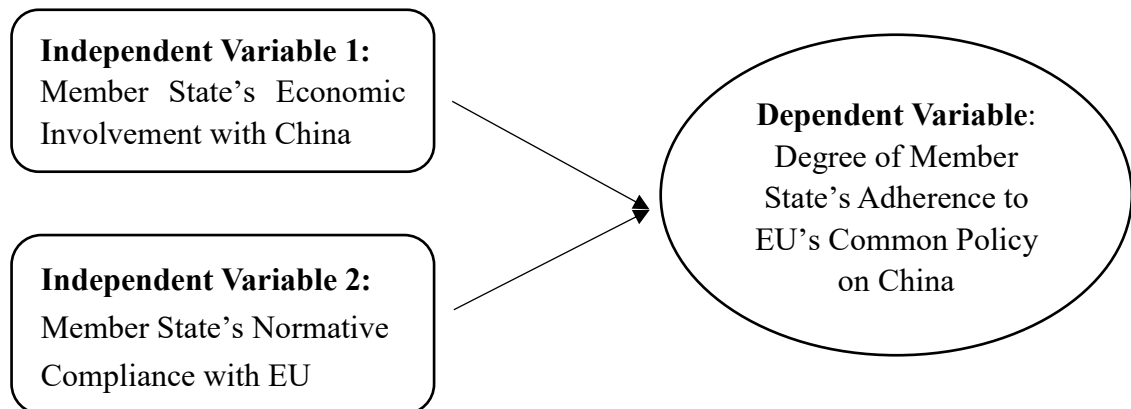


Figure 3: Hypothesized Relationship between Independent Variables and Dependent Variable

Based on the hypothesized relationship given by *Figure 3*, I propose two major hypotheses as follows:

Hypothesis 1: *The greater a member state's economic involvement with an external power, the lower the member state's adherence to EU common policy on the given external power;*

Hypothesis 2: *The greater a member state's compliance with EU rules and values, the stronger the member state's adherence to EU common policy on the given external power.*

Another hypothesis, concerning possible causal relations between the two independent variables, is given as a supplementary hypothesis:

Hypothesis 3: *The extent of a member state's economic involvement with an external power which is not a Western-style democracy is negatively associated with the member state's compliance with EU liberal-democratic values.*

To prove the hypotheses above, research method and empirical analysis will be presented in the following chapters.

2. Research Method

2.1 Research Design and Case Selection

My research examines the role of two explanatory factors that will affect the EU member states' adherence to the EU's common policy on China, which are the EU member states' economic involvement with China and their normative compliance with the EU's rules and values. In 2012, China launched an initiative called 16+1 to facilitate cooperation with Central and Eastern European countries. Eleven EU member states² participated in the format. The focus of my research will be on selected EU member states of them, which are three Visegrád countries – Hungary, Poland and the Czech Republic, along with one Baltic country – Estonia. The objective of my research is to examine the extent to which the observed countries adhere to/diverge from EU common policy on China (dependent variable), and to explain the observable variation in their degree of adherence by reference to two explanatory variables (independent variables): first, the extent to which a member state is economically involved with China; second, the extent to which a member state is in compliance with the EU's norms and rules. The variables of each observed countries will be measured as low/medium/high through measurement methods.

A key rule of case selection is that there should be sufficient variation across cases. Among all CEE countries, it is well known that Visegrád countries have close economic relations with China, while the Baltic states by contrast have low trade with China. However, even though Visegrád countries are believed to be economically close to China as a bloc, differences also exist among them in terms of the volume of trade and FDI. In addition, variation also exists across them in their affinity to the EU. Poland and Hungary are often identified as Eurosceptic, while Estonia is set as a pro-EU example³. Only when

² Eleven EU member states that participate in the 16+1 format are Bulgaria, Croatia, Poland, the Czech Republic, Hungary, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia.

³ Extra caution is required when labeling a member state as Eurosceptic or pro-EU, as the classification can be applied to multiple domestic political players including the public, the parties or the government. The system of evaluation is not always consistent when applied to different countries – sometimes focusing

variations exist can the comparison be made to contribute to the final conclusion. After measuring the degree of their economic involvement with China, their normative compliance with the EU and their adherence to the EU's common policy on China, the variation in the independent variables and the dependent variable will help build up a causal relationship, based on which it can be found out which factor that play a more significant role in determining a member state's behaviors when dealing with an external power.

My research design is a combination of case study and comparative method in the form of small-N design. Pointed by some scholar concerning the usage of comparative method in political science, "it does offer a stronger basis for evaluating hypotheses than case study... the comparative method allows systematic comparison that, if appropriately utilized, can contribute to adjudicating among rival explanations" (Collier 1993: 106). Each of the chosen countries in my research will be an individual case study with full coverage of measurement of independent variables and dependent variable. After all of them are analyzed in detail individually, they will constitute a systematical framework for comparison. To conduct the small-N design research, a cross-sectional approach will be utilized, which means four countries will be observed in the same period from 2012 to 2017. The period is chosen based on two justifications: first, as the 16+1 format was initiated in 2012, it should be the start year; second, to conduct a timely-updated research, the year of 2017 should be the end year⁴.

on a certain opposition party's position, sometimes focusing on the position of the government or the ruling party, while sometimes on public opinion. To avoid the ambiguity caused by the inconsistency when identifying a member state in terms of its compliance level with the EU, in my research, only the government position will be taken into account as the official position and can be used as evidence to measure a member state's compliance with the EU, because the official position of the government directly concerns the state's policy direction and policy output which cast immediate influence on its relations with the EU. Variation across the observed countries in their government position towards the EU will be presented in the following empirical-analysis section.

⁴ As many economic statistics of 2018 are not available yet, data of 2017 is the latest at disposal.

2.2 Measurement of Variables

2.2.1 Measurement of Member States' Adherence to EU Common Policy on China

To measure the member states' adherence to the EU's common policy on China, a quantitative method is not suitable, as the degree of adherence will be very difficult to quantify. Some scholars have conducted similar researches with the purpose of measuring similar variables to my dependent variable, which cannot be quantified either. For instance, to measure political cohesion of the EU, "(it) requires familiarity with the content and nuances of the policy in question and detailed evidence of what member states and institutions actually do, including what threats or reassurances they communicate to others, where they commit resources, and what agreements they agree or reject" (Thomas 2011: 5). Inspired by his method, in my research, to examine the degree of adherence to EU common policy on China, the primary task is to clarify what the EU common policy on China is/includes, then to find out what individual member states have done in the policy domains, which can be identified as either adherent or deviant.

Generally, the EU's common policy on China can be divided into two major aspects which are political policy and economic policy. In each of the domains, there are several key issues to pay close attention to. To find out the official stance that the EU takes towards China, three reports, including *A new era in EU-China relations: more wide-ranging strategic cooperation?* released by the European Parliament, *Council conclusions EU Strategy on China* released by the Council of the European Union and *Joint Communication to the European Parliament and the Council: Elements for a new EU strategy on China* released by the European Commission, will be used as official sources.

Economically, based on the "Trade for all" strategy the European Commission proposes, what the EU strives to achieve is prosperity and reciprocity through trade with China. To

boost its economic partnership with China in the principle of mutual benefits, first, the EU needs “a greater opening-up of the Chinese market” (Saarela 2018: 7) for EU goods and service, as well as enterprises and investments to gain more access to Chinese market; second, “a level playing field” (ibid: 6) should be guaranteed, so that both sides will be engaged in fair competition; third, “a reliable and transparent regulatory environment” (ibid: 6) should be ensured. In simple terms, the EU’s economic policy on China is to strengthen economic ties with China through trade, but the economic partnership should be developed in an even, transparent and regulatory environment. To achieve this goal, the EU has been negotiating with China to conclude the Comprehensive EU-China agreement in Investment to reach agreement on the issues raised in economic cooperation. Other than that, to better monitor and regulate the economic activities by foreign investors within the EU, the EU has been working on an EU-wide investment screening mechanism. The proposal to establish the screening mechanism to monitor the inflows of FDI from China was adopted by the Commission in September 2017, as “a response to a rapidly evolving and increasingly complex investment landscape” (Grieger 2018: 1) in the EU, with the aim to “strike a balance between maintaining the EU’s general openness to FDI inflows and ensuring that the EU’s essential interests are not undermined” (ibid: 1). Overall, the EU shows its pragmatism in dealing with China in terms of economic relations, but it does not give up its fundamental principles as a highly free, unified and organized economic union.

Politically, the EU holds a complicated attitude towards China on different issues. With regards to one-China principle, the EU has been selective and flexible in the light of the overall recognition of one-China:

“The Council confirms the EU’s ‘One China’ policy. The EU will continue to support the full application of the Basic Law and the ‘One Country, Two Systems’ principle in both Hong Kong and Macao. The EU confirms its commitment to continuing to develop its relations with Taiwan and to supporting the shared values underpinning

its system of governance. The EU will actively support the constructive development of cross-Strait relations as part of the peaceful development of the Asia-Pacific region.” (General Secretariat of the Council 2016: 3)

This statement summarizes the EU’s one-China policy. As it is universally known that to recognize and support one-China principle is the premise and foundation for foreign countries to establish official diplomatic relations with China, it is wise of the EU to confirm its one-China policy. However, on the issue of Taiwan, the EU does not overtly support China’s position that Taiwan is inseparable part of China; instead, the EU tries to carry favor with both sides:

“The EU should promote practical solutions regarding Taiwan’s participation in international frameworks, wherever this is consistent with the EU’s ‘One China’ policy and the EU’s policy objectives.” (European Commission 2016: 4)

This statement indicates that the EU is trying to maintain good relations with mainland China and develop relations with Taiwan at the same time, which is a double-dealing strategy.

Regarding territorial disputes with China involved, for instance, the disputes between China and the Philippines over the South China Sea, the EU openly stated its position on July 15, 2016 based on an official declaration given by the High Representative on behalf of the EU, in response to the ruling issued by the tribunal at the Permanent Court of Arbitration in the Hague on the Philippines’ case against China’s claims over the South China Sea:

“The European Union and its Member States...acknowledge the Award rendered by the Arbitral Tribunal, being committed to maintaining a legal order of the seas and oceans based upon the principles of international law, UNCLOS, and to the peaceful settlement of disputes.”

“The EU does not take a position on sovereignty aspects relating to claims. It expresses the need for the parties to the dispute to resolve it through peaceful means,

to clarify their claims and pursue them in respect and in accordance with international law, including the work in the framework of UNCLOS.”

(Source: “Declaration on the Award rendered in the Arbitration between the Philippines and China”, European External Action Service, July 15, 2016)

In the declaration the EU expressed its acknowledgement of the ruling and confirmed its neutral position on the disputes. In another report published two months later, the EU further stated its position:

“The EU pursues a ‘policy of principled neutrality’ on territorial claims and maritime space in the South China Sea... As set out in the 2016 EU-China Strategy, the EU is opposed to unilateral actions that could alter the status quo and increase tensions.”

(Source: “China and the South China Sea issue”, European Parliamentary Research Service, September 2016).

What can be interpreted from the statements above is that the EU will not be China’s ally when China deals with territorial disputes. The EU keeps its distance from hot-button issues related to China. Neutrality is what the EU pursues on the South China Sea disputes.

Human rights issues are the major point of divergence between the EU and China. Confirming that “[t]he promotion of human rights will continue to be a core part of the EU’s engagement with China” (European Commission 2016: 5), the EU, as the frontier of human rights protection, keeps urging China to improve human rights situation. Human rights dialogue between the EU and China is annually held; human rights issues related to China are constantly addressed by the EU. For instance, regarding the situation of minority groups in Xinjiang and Tibet, the EU decides that it “should also continue to urge China to...fulfil its international commitments in terms of protecting the rights of people belonging to minorities, not least in Tibet and Xinjiang” (European Commission 2016: 4). With regards to Tibet and Dalai Lama, the EU shows its intention and efforts to push forward the resolution of Tibet issue with “a range of policy options at its disposal

that it could use to achieve the goal” (Metten 2019). The EU’s attitude towards Tibet and Dalai Lama very much affects its relations with China. Being aware of the sensitivity of Tibet issues, “[o]ver the past 50 years, Europe has combined support for the Dalai Lama with political equivocation about Tibet” (ibid), which serves as the alternative policy rather than openly expressing its support for Dalai Lama, so that it will not irritate China to a great extent. As China is able to resort to diplomatic measures by using its economic and political clout to soften some EU’s member states’ tough positions towards Tibet, the EU fails to take a unified stance on Tibet, but it does not mean that the EU gives up its original position. On September 15, 2016, Dalai Lama met with then-European Parliament President Martin Schulz in Strasbourg. In a prepared statement, Schulz’s office confirmed his one-on-one meeting with Dalai Lama by stating that “President remains firm in deciding autonomously and free from undue pressure on who he should meet and in ensuring the European Parliament remains an open and pluralistic place for debate, hosting a number of guests and of different opinions” (Dorje 2016). In addition, it is also stated that the European Parliament endorses the one-China policy but concerns about the human rights situation in Tibet (ibid). This incident illustrates the EU’s double-dealing strategy on China in terms of Tibet issue.

Overall, the EU’s common policy on China can be summarized into several categories base on the analysis above (see *Table 4, page 41*). To achieve the policy goals specified in *Table 4*, the EU is fully aware of the importance of speaking with one voice, which means the member states should follow the EU’s pace. The EU has to follow a whole-of-the-EU approach to increase cohesion and effectiveness to strategically deal with China (Saarela 2018: 6). It requires high-level compliance of member states, which means their engagement with China must comply with EU’s common front in the form of laws, rules and policies (European Commission 2016: 5). However, as a result of vertical incoherence, even though the EU has made its common policy on China and called on member states to adhere to it, some member states, in pursuit of their own benefits, choose to not follow

the EU's directions.

Table 4: The EU's Common Policy on China

The EU's Policy on China	Overall Policy	Specific Issues/Policies
Economic Policy	“Trade for all”; Reciprocity	1. Greater market access; 2. An even playing field; 3. Reliable, transparent and regulatory environment.
Political Policy	One-China Policy	1. Taiwan issue: in the light of one-China policy, no political recognition of Taiwan, but full and solid economic partnership; 3. Tibet issue: no open statement to recognize Tibet as either inseparable part of China or independent; undercover support for Dalai Lama.
	Territorial Disputes	Neutrality, in favor of status quo, opposition to unilateral actions.
	Human Rights	Key issue; constantly calls for human rights dialogue and urges China to protect the rights of minorities in Xinjiang and Tibet.

(Source: own table, based on General Secretariat of the Council 2016, European Commission 2016, Saarela 2018, European Parliamentary Research Service 2016, and European External Action Service 2016)

Concerning the conceptualization of deviation, it needs to be clarified that who can deviate from EU policy on behalf of a member state and in what acts will count as deviation. In my research, to measure a member state's adherence to the EU's common policy on China, only the acts of the government will be taken into account, as they are the ultimate policy maker. Public opinion and position of other parties, as opposed to the

ruling party, will not count⁵. As regards the second question, deviation occurs as long as the policy output of a member states is different from EU's policy line. As the elements of EU's common policy on China have already been clarified (*cf. Table 4, page 41*), empirical examples of member states' deviation behavior from the common policy can be easily observed.

To find the empirical evidence of member states' deviation from the EU's common policy on China, official sources provided by the EU institutions may not be reliable and valid enough, as "EU member states whose behavior diverges from a common policy agreed at the Union level are unlikely to publicize this fact, and EU institutions have an interest in painting a rosy picture of compliance of Union policies" (Thomas 2011: 5). Therefore, as much evidence as possible through all possible channels including news articles, policy reports and researches of think tanks, as long as they have truly reflected what has happened/is going on, should be taken into account.

The most difficult part is the measurement method. What should not be utilized as a method is to identify deviations with high clarity by counting the times or frequency, because, for instance, if the government of a member state constantly expresses its opposition to the EU's common policy on China, it will be nor accurate or scientific to artificially identify it as either once or multiple times. Instead, the possible way to measure is to track the four countries' policies on China and compare their policies with the EU's common policy in a qualitative way. Based on *Table 4*, the EU's policy on China can be mainly classified into five categories (*cf. Table 4, page 41*)⁶. By finding out the

⁵ The differentiation is necessary. The public opinion may affect the government's position to some extent, but it does not absolutely dominate the trends of policy. Other parties may to some extent affect the dynamic domestic politics, but they cannot control the policy output either. Therefore, only the government position can represent a country's official position.

⁶ Five categories are policy on economic issues, policy on Taiwan, policy on Tibet, policy on territorial disputes and policy on human rights. In *Table 4*, the EU's policy on Taiwan and policy on Tibet are listed under "one-China policy". However, considering that there exist differences between these two specific issues and the EU's policy on them are not identical, these two issues should be viewed as two different categories when measuring member states' China-policy adherence to the EU.

observed countries' policies on China in these five categories and analyzing them qualitatively, each category will be marked as either "adherent" or "deviant". Based on the assessment, a member state's China policy adherence to the EU can be measured as follow (see *Table 5* below).

Table 5: Measurement Method of Member States' Adherence to the EU's Common Policy on China

Score System	Policy Category	Assessment	Point	Measurement: Score 1 + score 2 + score 3 + score 4 + score 5
Score 1	Economic Policy	Adherent	1	0 or 1: low 2 or 3: medium 4 or 5: high
		Deviant	0	
Score 2	Policy on Taiwan	Adherent	1	
		Deviant	0	
Score 3	Policy on Tibet	Adherent	1	
		Deviant	0	
Score 4	Policy on Territorial Disputes	Adherent	1	
		Deviant	0	
Score 5	Policy on Human Rights	Adherent	1	
		Deviant	0	

2.2.2 Measurement of Member States' Economic Involvement with China

To measure economic involvement, trade and investment are the two major categories. To measure the degree of economic involvement, simply comparing the values of trade or investment among the observed countries will not be scientific, as the sizes of their economies are different. Instead, the values of their annual GDP should be used as reference. Two economic indicators will be used to measure economic involvement: in

the category of trade, the observed countries' total trade volume with China as percentage of the country's annual GDP, also known as trade-to-GDP⁷ ratio, will be used as one indicator; in the category of investment, inward FDI stock⁸ in the observed countries by China as percentage of its GDP⁹ will be used as the other indicator. The data of the two indicators of the observed countries from 2012 to 2017 will be collected and the average of the ratios will be calculated. To make sense of the numbers of the observed countries, the average of the EU's trade-to-GDP ratio, which is 3.42% (see Appendix 1) and the average of the EU's FDI-to-GDP ratio, which is 0.97% (see Appendix 1), will be used as reference point.

Ideally, both the trade-to-GDP ratio and the FDI-to-GDP ratio will be used as indicators with same weight to present an overall picture of the observed countries' economic involvement with China. However, after collecting and processing the data of trade-to-GDP ratio and the FDI-to-GDP ratio of the observed countries (see Appendix 2), it is found out that the numbers of the latter one, compared to that of the former, are dramatically small; the differences in the observed countries' FDI-to-GDP ratio are also too small and marginal to observe and compare.

⁷ In this thesis, when using the term "trade-to-GDP" of a country, "trade" refers to the country's trade with China.

⁸ According to the definition given by Investopedia, FDI is "an investment made by a firm or individual in one country into business interests located in another country...takes place when an investor establishes foreign business operations or acquires foreign business assets, including establishing ownership or controlling interest in a foreign company" (Chen 2019). According to the definition given by Eurostat, FDI stock, as known as FDI position, is built up by investors through direct investment flows and have an impact on an economy's position of international investment (Eurostat 2018).

⁹ In this thesis, it is also referred to as FDI-to-GDP ratio. When using the term "FDI-to-GDP" of a country in this thesis, "FDI" refers to the country's inward FDI stock by China.

Table 6: Average of Trade-to-GDP Ratio (%) and Average of FDI-to-GDP Ratio (%) – Comparison between the Observed Countries and the EU (2012-2017)

	Trade with China as % of GDP (Average)	EU's FDI stock by China as % of GDP (Average)
EU	3.41	0.97
Estonia	6.41	0.017
Poland	4.75	0.04
Hungary	5.5	0.14
The Czech Republic	9.64	0.13

(Source: Appendix 1 and Appendix 2)

As *Table 6* indicates, the observed countries cannot be really distinguished from each other through the FDI-to-GDP indicator, as 1) the average numbers of their FDI-to-GDP ratios are all lower than the EU average and 2) the variation in the average of their FDI-to-GDP ratios is marginal to observe and compare. Under such circumstances, since FDI plays very limited role in the economic relationships between the observed countries and China, the FDI indicator does not have the significance for reference as expected. In contrast, trade shows its prominent presence: the average of trade-to-GDP ratios of the observed countries are all above the EU average during the observed period; besides, there also exists observable variation in the ratios, which means these countries can be differentiated from each other in the aspect of trade.

Therefore, the trade indicator, which is the trade-to-GDP ratio, will be used as the major indicator for economic measurement. Based on the variation in their trade-to-GDP ratios, the observed countries will be measured as low, medium or high in terms of their economic involvement with China. To create the metrics for measurement, the average of the EU's trade-to-GDP ratio, which is 3.41%, will be used as the baseline, which means

that any ratio below the EU average will be perceived as low. The percentage of double the EU average, which is 6.82%, will be used as another reference value to distinguish the medium level from the high level of economic involvement. Overall, the measurement method will be: if the average of trade-to-GDP ratio is below 3.41%, the economic involvement will be measured as low; if it is between 3.41% and 6.82%, it will be measured as medium; if it is above 6.82%, it will be measured as high.

2.2.3 Measurement of Member States' Normative Compliance with EU Norms and Values

The degree of member states' normative compliance with the EU can be measured through three indicators. The general one is the freedom rating assessed by Freedom House, which is "[t]he average of a country or territory's political rights and civil liberties ratings" and "determines the status of Free (1.0 to 2.5), Partly Free (3.0 to 5.0), or Not Free (5.5 to 7.0)" (Freedom House 2018). Based on the freedom ratings given by Freedom House, all the four observed countries are identified as free states with their ratings in the free-status range (see Appendix 3). However, as Appendix 3 indicates, Estonia and the Czech Republic maintain the highest score (1.0); Poland's rating is downgraded a bit in 2017 (1.5); Hungary by comparison shows a continuous decreasing tendency (from 1.5 to 2.5). The differences in the ratings among the observed countries should be taken into account and included in the measurement system.

In addition to this general classification, another two specific evaluation methods on normative compliance in the context of the EU should also be taken into account: one is Article 7 of the Treaty on European Union (Article 7 TEU), and the other one is the annual numbers of infringement cases.

As regards Article 7 TEU, according to its provisions in detail (see Appendix 4), it consists

of two phases/mechanisms. According to Appendix 4, Article 7(1) is the preventive mechanism of the procedure, which can be activated only in case of a “clear risk of a serious breach” (EUR-Lex 2012). Only when “the existence of a serious and persistent breach” (ibid) is verified by the Council can the sanctioning mechanism, constituted by Article 7(2) and Article 7(3), be triggered, which allows the Council to suspend certain rights of the EU member states in question (ibid). Considering how Article 7 works, when using it as one of the indicators of normative compliance, the following scenarios will be perceived as empirical evidence of a member state’s triggering Article 7 procedure, including 1) Article 7(1) is invoked, which means the Council verifies the clear risk of a serious breach of a member state and gives the country concerned a warning, but no further sanctioning mechanism is triggered and 2) both of the preventive and sanctioning mechanisms are triggered. In simple terms, as long as a member state has triggered the preventive mechanism, whether or not further sanctions are invoked, it will be viewed as having triggered Article 7.

Infringement procedure is a legal tool to make sure that the member states will properly implement EU law: “[a]ccording to the EU treaties, the Commission may take legal action – an infringement procedure – against an EU country that fails to implement EU law” (European Commission). In my research, when using the annual numbers of infringement cases of member states as indicator, it refers to the numbers of open infringement cases by the end of the year that are still pending. Related data can be found in the annual reports of *Monitoring of Application of Union Law* released by the Commission. To make sense of the numbers of the observed countries’ infringement cases, the average level in the EU, which is the number of infringement cases per member state will be used as reference value (see Appendix 5). According to Appendix 5, in the period from 2012 to 2017, the average numbers of infringement cases in the EU is 51.

These three indicators will be included in the measurement system of normative

compliance as follow (see *Table 7*).

Table 7: Measurement Method of Member States' Normative Compliance with the EU

Score System	Indicators	Metrics	Point	Measurement: Score 1 + score 2 + score 3
Score 1	The latest freedom rating in the observed period ¹⁰	1.0 ~ 1.5 ¹¹	2	0 or 1: Low 2, 3 or 4: Medium 5 or 6: High
		1.5 ~ 2.0	1	
		2.0 ~ 2.5	0	
Score 2	Whether or not has invoked Article 7	No	2 ¹²	
		Yes	0	
Score 3	Average number of infringement cases in the observed period	< 41	2	
		41 ~ 61	1	
		> 61 ¹³	0	

Based on the measurement methods of variables created in this chapter, the observed countries will be analyzed and measured in terms of their economic involvement with China, their normative compliance with the EU and their adherence to the EU's common policy on China in the following chapter.

¹⁰ The latest freedom rating can accurately reflect the country's current freedom status.

¹¹ 1.0 ~ 2.5 is the range of free-status, according to Freedom House. As all the observed countries are in this range, the metrics is created within the range.

¹² There are two reasons to score 2 when a member state has not triggered Article 7. First, to make the scoring system consistent, the highest score of each indicator should be the same, which is 2; second, Article 7 procedure, as a "nuclear option" of the EU, carries more weight than the other two indicators in the measurement. When Article 7 is invoked, it means there is risk of serious breach of EU law. When Article 7 is not invoked, it means member states adhere to the EU law well. Therefore, the 2-score difference between triggering and not triggering is necessary to show the significance of Article 7.

¹³ How the metrics are created: the basic idea is that the EU average (51) represents the medium level, numbers below which are relatively good and numbers above which are relatively bad. Therefore, there should be three ranges. As the EU average is a single number, to get the medium range, the number needs to be moderately extended into a range. Therefore, the EU average ± 10 , which is 41 ~ 61, is used as the medium range; the other two ranges are accordingly set as <41 and >61.

3. Case Studies

This chapter presents four case studies which are Estonia, Poland, Hungary and the Czech Republic. Each of the case study will give an overview of the economic relationship between the observed country and China and measure their economic involvement with China, normative compliance with the EU and adherence to the EU's common policy on China by using the measurement methods created in the last chapter. The end of this chapter will compare these four cases based on their variations; rationalism and constructivism will be applied to the comparison to explain their motives and behaviors that lead to the variations.

3.1 Case Study – Estonia

In this section, Estonia's economic involvement with China, its normative compliance with the EU and its adherence to the EU's common policy on China will be measured and analyzed.

3.1.1 Estonia's Economic Involvement with China

Diplomatic relations between China and Estonia were established on September 11, 1991, when the *Communiqué on the Establishment of Diplomatic Relations Between the People's Republic of China and the Republic of Estonia* was signed in Tallinn (Embassy of the People's Republic of China in the Republic of Estonia 2004). Since then, Estonia-China relations have been developing smoothly and steadily. However, due to the geographical distance, the lack of historical connections and the "differences in size as well as in regulations and culture between the two countries" (Ministry of Foreign Affairs Republic of Estonia 2015), Estonia and China do not view each other as a vital partner in both political and economic domains. As a result, cooperation between them has been slightly increasing, but not dramatically. The 16+1 format, proposed and promoted by

China under the broader framework of Belt and Road, is specifically designed to bring China and 16 Central and Eastern European countries together with the purpose of mutual economic prosperity. This initiative has established a quite considerable format with 16 European countries involved, which is viewed by the Estonian government as an opportunity to deepen economic cooperation with China and other CEE countries. For Estonia, “[o]fficials hoped to decrease their trade deficit with China, attract Chinese FDI, and incorporate their transport infrastructure into the network of roads, railways, and ports used to transport Chinese goods to Europe” (Bērziņa-Čerenkova 2018).

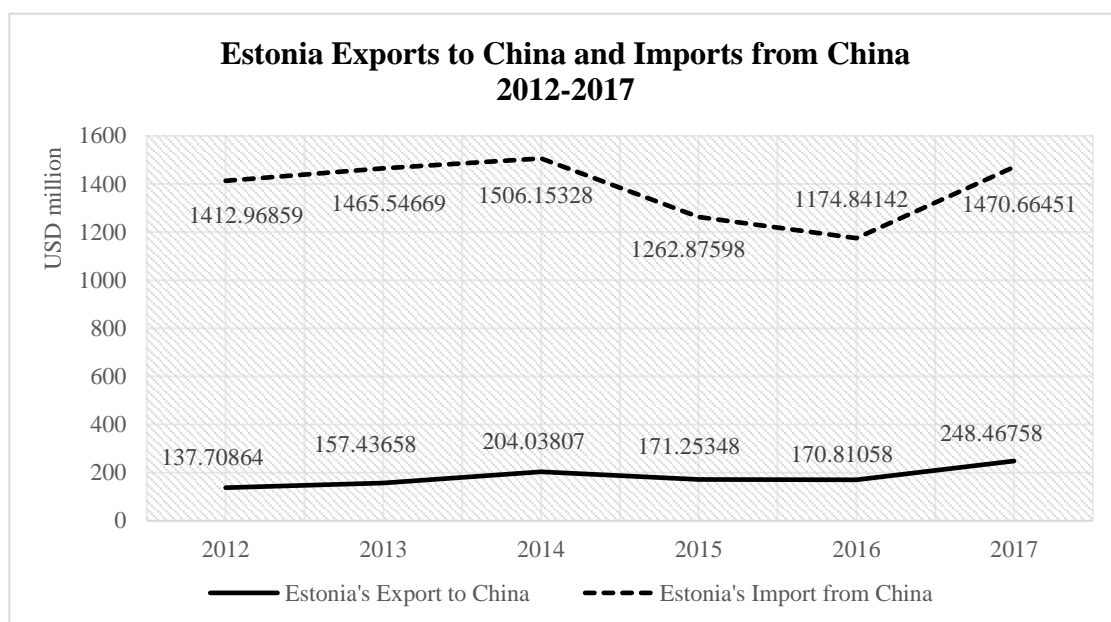


Figure 4: Estonia Exports to China and Imports from China 2012-2017

(Source: own graph, based on data from World Integrated Trade Solution)

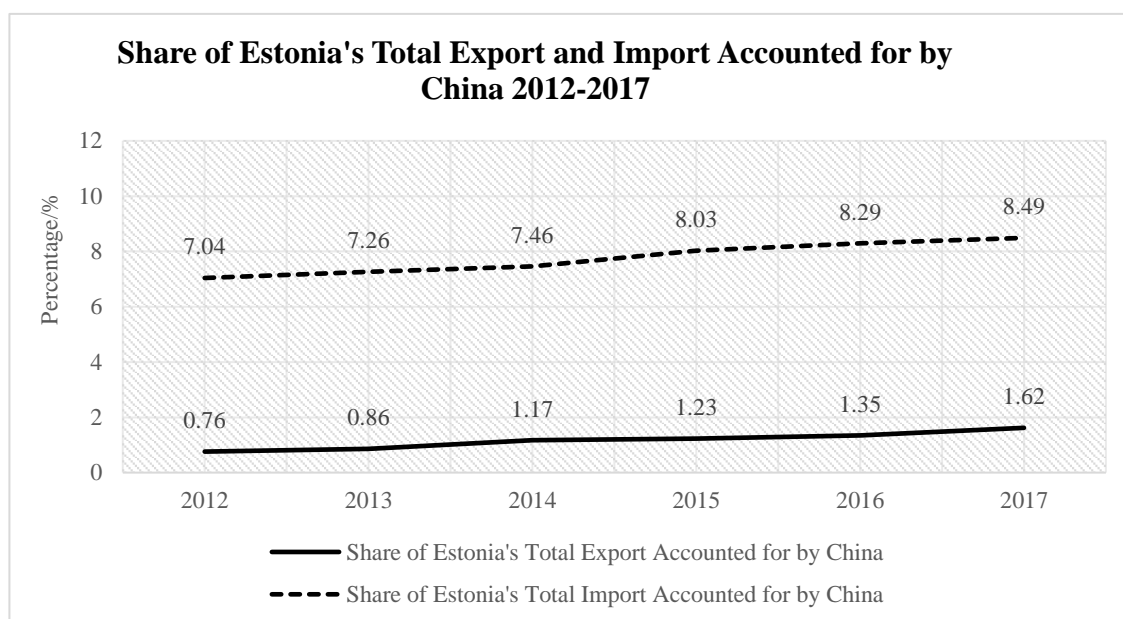


Figure 5: Share of Estonia's Total Export and Import Accounted for by China 2012-2017

(Source: own graph, based on data from WITS)

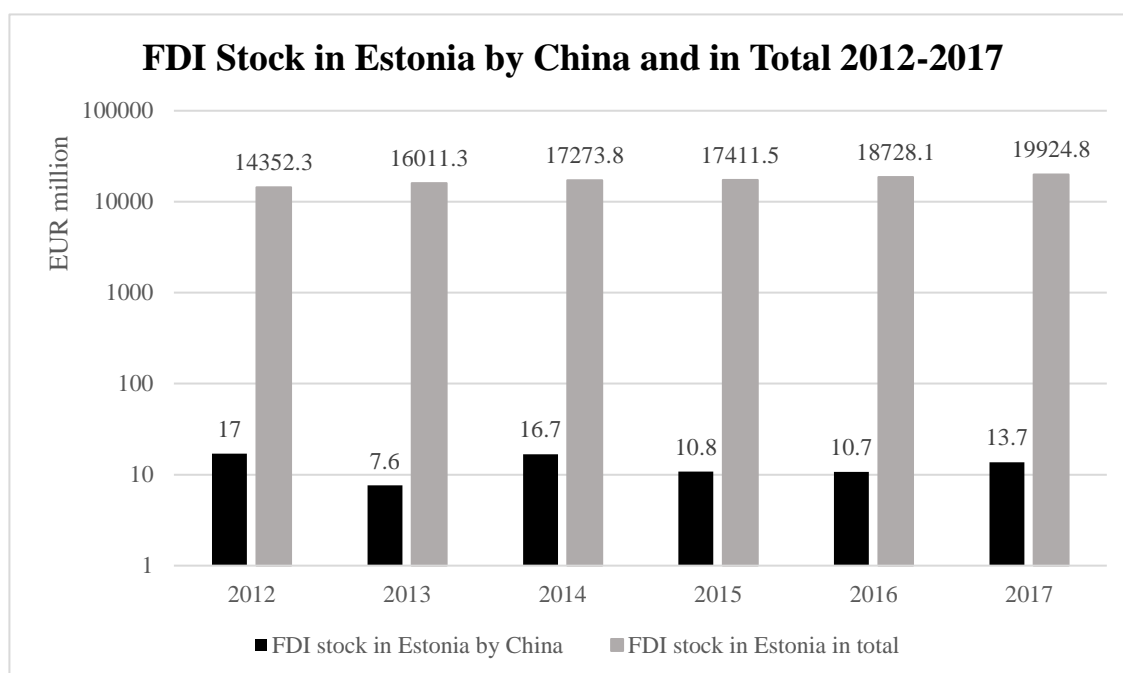


Figure 6: FDI Stock in Estonia by China and in Total 2012-2017

(Source: own graph, based on data from the Bank of Estonia¹⁴)

¹⁴ Eesti Pank in Estonian language.

Figure 4 and *Figure 5* illustrate that from 2012 to 2017, the deficit problem that Estonia officials hoped to fix was not solved. In 2015 and 2016, due to the decline of Estonia's import from China, the trade deficit experienced a prominent decrease, but soon in 2017 it went up again considerably. However, the good sign is from 2012 to 2017 the volume of Estonia's export to China has been increasing; the share of Estonia's total export accounted for by China too. From *Figure 6* it can be observed that FDI stock in Estonia by China is considerably small compared to the total FDI position that Estonia has received from the whole world. The volume of FDI stock in Estonia by China remains marginal from 2012 to 2017.

The figures above presents an overview of economic relations between Estonia and China. To measure Estonia's economic involvement with China, trade-to-GDP ratio as an indicator is shown in *Table 8* below:

Table 8: Estonia's Trade with China (USD Million) and Trade-to-GDP Ratio (%) 2012-2017

Estonia's Trade with China	2012	2013	2014	2015	2016	2017
Export to China	137.70 864	157.43 658	204.03 807	171.25 348	170.81 058	248.46 758
Import from China	1412.96 859	1465.54 669	1506.15 328	1262.87 598	1174.84 141	1470.66 451
Total Trade with China	1550.67 723	1622.98 327	1710.19 135	1434.12 946	1345.6 52	1719.13 209
Estonia's GDP	23040	25140	26220	22570	23340	25920
Trade-to-GDP Ratio (%)	6.73	6.46	6.52	6.35	5.77	6.63

(Source: own table, based on data from WITS and Trading Economics)

According to the data given in *Table 8*, the average of Estonia's trade with China as percentage of Estonia's GDP can be calculated, which is 6.41%. As 6.41% is in the range of 3.41% ~ 6.82%, the degree of Estonia's economic involvement with China is measured as medium.

3.1.2 Estonia's Normative Compliance with the EU

Since Estonia joined the EU in 2004, "Estonia has demonstrated that it is an active and constructive partner and continues with these pragmatic policies in its further integration into the EU" (Ministry of Foreign Affairs Republic of Estonia 2019). This is a positive self-assessment given by Estonia itself. In reality, the degree of Estonia's normative compliance with EU's rules and values needs to be measured through the following three indicators.

According to Freedom House, Estonia is a free state, rated 1.0 from 2012 to 2017, which means Estonia has been maintaining its high-level freedom status (see Appendix 3). In the context of the EU, as regards Article 7 TEU, Estonia has not triggered the procedure so far, which means Estonia has not been accused of any behaviors that may have potential risk of a serious breach of EU law or have constantly breached EU law for some time. With regards to infringement cases, the average of Estonia's infringement cases from 2012 to 2017 is 27 (see *Table 9*), which is much lower than the EU average. The measurement of Estonia's normative compliance with the EU is given in *Table 9* below, which shows that Estonia has high-level normative compliance with the EU.

Table 9: Measurement of Estonia's Normative Compliance with the EU

	2012	2013	2014	2015	2016	2017	Score
Freedom Rating	1.0	1.0	1.0	1.0	1.0	1.0	2
	The Latest Rating: 1.0						
Article 7 Procedure	No	No	No	No	No	No	2
	Article 7 Records: No						
Infringement Cases	24	25	16	26	30	33	2
	Average: 27						
Measurement	High Normative Compliance with the EU						6

(Source: own table, based on data from Freedom House and European Commission Publications – “Annual reports on monitoring the application of EU law”)

3.1.3 Estonia's Adherence to the EU's Common Policy on China

Estonia's economic policy on China has shown high-level overlap with the EU's common economic policy on China. As the 16+1 format has created a window of opportunities for Estonia and China to strengthen partnership, Estonia has shown growing interest in deepening economic cooperation with China. In November 2017, the Minister of Entrepreneurship and Information Technology of Estonia, Urve Palo, signed three economic treaties with China, which are the Silk Road Initiative Memorandum, the Digital Silk Road Agreement and the E-Commerce Agreement (Vahtla 2017).

“For Estonia, the agreement means prospects for foreign investments and provides additional opportunities for connecting the Rail Baltic rail link with the East-West transport corridor...The economic relations between Estonia and China continue to grow. In addition to traditional fields such as industry and tourism, we can increasingly talk about digital cooperation and online shopping...I see no reason why Omniva¹⁵'s success could not be extended to other companies, taking advantage of

¹⁵ Omniva is an international post and logistics company based in Tallinn, Estonia.

the geographical attractiveness of Estonia, quick management and favourable business environment.”

(Remarks by Urve Palo, Source: “Urve Palo signed three economic treaties with China”, Ministry of Economic Affairs and Communications of Republic of Estonia, November 27, 2017)

From the remarks above, it can be observed that Estonia holds faith in the future prosperity of Estonia-China economic relations. However, concerns about the economic outcome of 16+1 have never ceased within the participating countries themselves. Estonia is no exception. First, trade imbalance still remains crucial for Estonia-China economic relations. *Figure 4* and *Figure 5* have indicated the dramatic deficit. The imbalance may potentially undermine the faith of Estonia in the economic partnership with China, as Estonia is put in a relatively vulnerable position. Some observers even have a much more critical tone, saying that Estonia will lose its economic independence in its trade with China, as “[t]he pattern of China-Baltic trade also threatens to establish a neo-colonial pattern between primary resources/finished industrial products” (Scott 2018: 26). It is also argued that under asymmetric interdependence, it is in question that to what extent that Estonia can benefit from economic cooperation with China. Though reciprocity serves as the fundamental principle for the EU to pursue in dealing with China in economic domains and Estonia is pursuing the same goal as well, it remains unclear whether reciprocity can be achieved or it is just an empty promise. In addition to trade deficit, infrastructure construction, as one of the economic goals of 16+1, is said to be tricky. It is argued that China is promoting infrastructure development projects in the participating countries of the 16+1 Format through a “debt-based model” (Jakóbowski and Kaczmarek 2017: 3). In this way, small countries which cannot afford to pay off the high debt have to choose to take Chinese companies and workers to build up the infrastructure (Scott 2018: 27). In consequence, it is China but not the local economy that will be the beneficiary of the projects. Last but not the least, as the 16+1 format is not a multilateral format but a network of China’s bilateral relations with each of the

participants, it is not predictable which country will remain central to China's interest and which will be marginalized due to its relative insignificance. As a result, "with no block solidarity" (ibid), they may have to compete against each other. Overall, Estonia is consistent with the EU's common economic policy on China, which is a combination of expectations and concerns. On the one hand, to boost trade and achieve reciprocity is the ultimate aim pursued by both Estonia and the EU to develop economic relations with China. On the other hand, they share similar concerns about the feasibility of achieving reciprocity. To fix the trade deficit problem, a greater opening-up of Chinese market is needed; to evenly benefit from infrastructure development, a level playing field is also required. This is what the Estonian government wants to be improved in economic cooperation with China.

With regards to political policy on China, Estonia also shows high-level adherence to the EU's political policy on China. First, in line with the EU's one-China policy, "Estonia has always supported a 'One China Policy'" (Ministry of Foreign Affairs of Estonia 2015) and "considers Taiwan an inseparable part of China's territory" (ibid). Regarding China's human rights issue, Estonia follows the EU's critical approach as well. For instance, in March 2017, in response to the case of detained lawyers and human rights activists, a letter of criticism, addressed to China's minister of public security, was signed by eleven countries¹⁶ (Denyer and Rauhala 2017) – Estonia is one of them. Another incident happened in November 2018, when a draft letter, in which concerns were expressed regarding the U.N. findings on Xinjiang about Uyghurs' situation, was signed by 15 Western ambassadors¹⁷ (Wen, Martina and Blanchard 2018) – the ambassador from Estonia is also one of them. As Estonia put its name on the letters, its position on China's human rights issue is self-evident, which is consistent with the EU's close attention to

¹⁶ Countries which signed the letter are Australia, Canada, Japan, Switzerland and seven EU member states including Belgium, Britain, the Czech Republic, Estonia, France, Germany and Sweden (Denyer and Rauhala 2017).

¹⁷ 15 Western ambassadors are from Canada, Britain, France, Switzerland, the EU, Germany, Netherlands, Australia, Ireland, Sweden, Belgium, Norway, Estonia, Finland and Denmark (Wen, Martina and Blanchard 2018).

China's human rights issues. On the issue of Tibet, Estonia, after experiencing a difficult period in developing relations with China as the result of the unofficial meeting held by Dalai Lama with then-President of Estonia, Toomes Henrik Ilves, in 2011, has learned a lesson that as Tibet remains central to China's core interests it will be wise to keep distance from this issue if Estonia is still intended to develop economic relations with China. The slump period lasted for three years until 2014 when Estonia eventually delivered an apology which is viewed as the sign of normalization of Estonia-China bilateral relations (see Appendix 6). However, in the apology statement, "[w]hether or not the Estonian government gave understandings that the Dalai Lama would not be met by officials on future visits was left unstated" (Scott 2018: 30). It implies that Estonia has not worked out a clear and consistent position on Tibet yet. On the one hand, pressured by China, Estonia has realized that meeting with Dalai Lama, whether or not it is official, is unacceptable to China; on the other hand, from Estonian point of view, as Tibet issue is essentially human rights issue, Estonia does not want to completely give up its critical position. This is why Estonia apologized but did not openly pledge not to meet with Dalai Lama again¹⁸. Double-dealing strategy is used by both the EU and Estonia to deal with Tibet issue and China.

As regards disputes over South China Sea, Estonia remains consistent with the general direction of the whole EU as a bloc. According to the result of the research conducted by AMTI (Asia Maritime Transparency Initiative) concerning the real positions taken by countries towards the court ruling on China's claims over the South China Sea, Estonia is one of the 26 EU member states (UK and Austria are excluded) which positively acknowledge the ruling but do not call for further compliance. The EU's neutral position on the disputes is the result of the collective position of these 26 EU member states, so Estonia's position on the South China Sea disputes is consistent with the EU's.

¹⁸ The most recent meeting with Dalai Lama, with Estonia involved, was on September 24, 2017. Dalai Lama met with a group of parliamentarians from the three Baltic States, including three from Latvia, three from Estonia and four from Lithuania (Source: "Meeting with Baltic States Parliamentarians & Continuation of Teachings", September 24, 2017, His Holiness the 14th Dalai Lama of Tibet).

Based on the analysis above, the five categories of Estonia's policy on China are measured as follow (see *Table 10*).

Table 10: Measurement of Estonia's Adherence to EU's Common Policy on China

Estonia's Adherence to EU Policy on China	Economic Policy	Policy on Taiwan	Policy on Tibet	Policy on Territorial Disputes	Policy on Human Rights
Assessment	Adherent	Adherent	Adherent	Adherent	Adherent
Score	1	1	1	1	1
	5				
Measurement	High Adherence to EU's Common Policy on China				

As the result of measurement, Estonia has medium-level economic involvement with China, high-level normative compliance with the EU and high-level adherence to the EU's common policy on China.

3.2 Case study – Poland

In this section, Poland's economic involvement with China, its normative compliance with the EU and its adherence to the EU's common policy on China will be measured and analyzed.

3.2.1 Poland's Economic Involvement with China

In the historical context of post-war confrontation between two blocs, official diplomatic relations between China and Poland were established on October 5, 1949, shortly after the birth of the People's Republic of China (PRC). In the Soviet bloc, Poland and China, with mutual recognition of each other, laid solid foundation based on communist identity for further cooperation. During the 1950s and 1960s, the Sino-Soviet split affected their

relations, but not very negatively. In the late 1980s and early 1990s, both Poland and China experienced a hard time, as the chaos and failure of the Soviet Union posed a harsh challenge to the course of communism around the world. By choosing different paths, China sticks to the communist system with market economy as the result of the reform and opening-up policy, while Poland instead transformed itself into a Western democracy and joined the EU in 2004. Regardless of the differences between political systems, the relations between China and Poland, with previous common history as communist countries and current potentials for economic partnership based on market economy, are marked with economic opportunities. From Polish point of view, economic gains are the “absolute priority in Sino-Polish relations” (Yao 2017). The 16+1 format offers Poland opportunities to deepen economic cooperation with China with the goals “to expand exports towards China, attract Chinese investment and promote infrastructural construction” (ibid). As one of the leading CEE countries in 16+1, Poland shows both good intentions and concerns in dealing with China, as opportunities and challenges come along together.

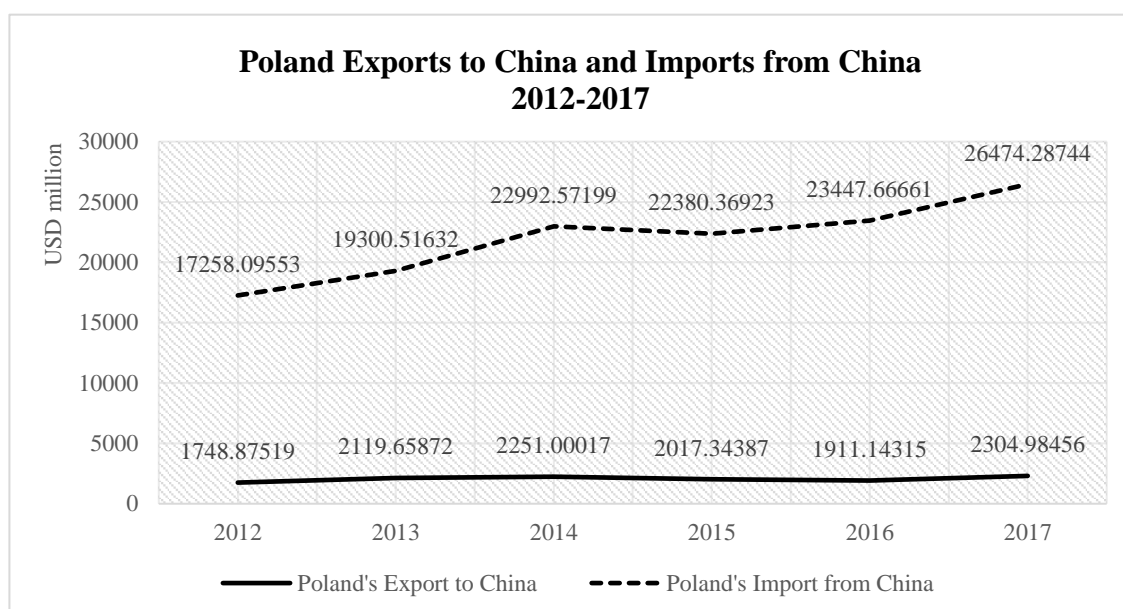


Figure 7: Poland Exports to China and Imports from China 2012-2017

(Source: own graph, based on data from WITS)



Figure 8: Share of Poland's Total Export and Import Accounted for by China 2012-2017

(Source: own graph, based on data from WITS)

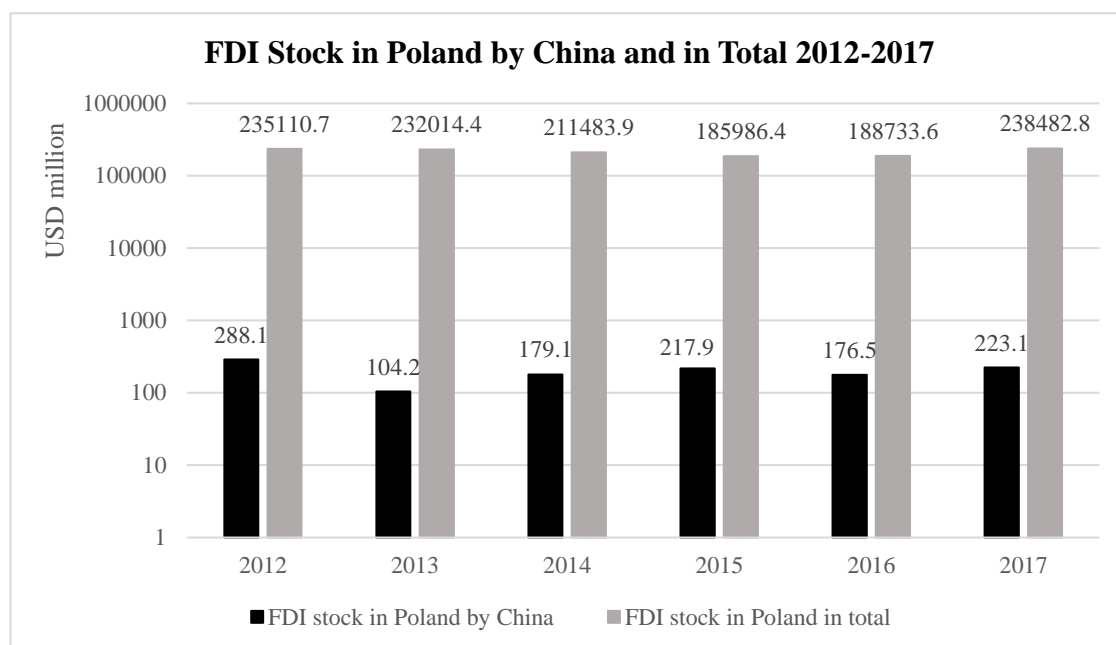


Figure 9: FDI Stock in Poland by China and in Total 2012-2017

(Source: own graph, based on data from National Bank of Poland¹⁹ (NBP))

¹⁹ Narodowy Bank Polski in Polish language.

Figure 7 and *Figure 8* illustrate that though the total volume of trade between Poland and China has been significantly increasing, the credit should be given to the volume of Poland's import from China rather than its export to China. The fact that "Poland exports ten times less to China than it imports from the Middle Kingdom" (Tuszynski 2015: 193-194) has exposed the asymmetry issue in China-Poland economic relations. *Figure 9* demonstrates another fact that inward FDI stock that Poland has received from China, compared to the total FDI stock it has received in total, is small; also, there is no evident upward tendency in the six years from 2012 to 2017.

Poland's trade with China as percentage of Poland's GDP from 2012 and 2017 are presented in *Table 11* for measurement of Poland's economic involvement with China.

Table 11: Poland's Trade with China (USD Million) and Trade-to-GDP Ratio 2012-2017

Poland's Trade with China	2012	2013	2014	2015	2016	2017
Export to China	1748.87 519	2119.65 872	2251.00 017	2017.34 387	1911.14 315	2304.98 456
Import from China	17258.0 9553	19300.5 1632	22992.5 7199	22380.3 6923	23447.6 6661	26474.2 8744
Total trade with China	19006.9 7072	21420.1 7504	25243.5 7216	24397.7 131	25358.8 0976	28779.2 72
Poland's GDP	500360	524230	545180	477360	471400	524510
Trade-to-GDP ratio (%)	3.80	4.09	4.63	5.11	5.38	5.49

(Source: own table, based on data from WITS and Trading Economics)

Given the figures in *Table 11*, the average of Poland's trade-to-GDP ratio from 2012 to

2017 can be calculated, which is 4.75%. As 4.75% is in the range of 3.41% ~ 6.82%, the degree of Poland's economic involvement with China is measured as medium.

3.2.2 Poland's Normative Compliance with the EU

In the period from 2012 to 2017, Poland is classified as a free state, based on the freedom status evaluated by Freedom House (see Appendix 3). However, in 2017, the rating is downgraded to 1.5 (see Appendix 3), which means something happened in Poland negatively affecting its freedom status.

In 2017, Poland launched a so-called judicial reform, which aimed to put the judicial system of Poland under the control of the executive branch. The reform was opposed by the EU, as it was viewed as a dangerous move with the intention to remove the separation of powers between the executive and the judiciary. On December 20, 2017, the Commission, for the first time, triggered Article 7(1) procedure and submitted a Reasoned Proposal for a Decision of the Council on the determination of a clear risk of a serious breach of the rule of law by Poland (European Commission 2018). After Article 7(1) is triggered, whether or not there exists a clear risk of a serious breach needs to be verified by the Council. If verified, a serious warning will be given to Poland with concern to its judiciary situation; further sanctions may also occur if the breach persists. However, considering the evident difficulty in launching sanctions based on unanimity, sanctions are unlikely to be initiated in the case of Poland. As a result, no further sanction mechanism was invoked later against Poland. However, it is confirmed that Poland is the first EU member state that triggered Article 7 since it was created.

Other than triggering Article 7, from 2012 to 2017, Poland also contributed a great number of infringement cases to the EU. The average number of infringement cases from 2012 to 2017 against Poland is 76 (see *Table 12* below). Considering its current freedom status, Article 7 record and infringement cases, the degree of Poland's normative

compliance with the EU is measured as medium (see *Table 12* below).

Table 12: Measurement of Poland's Normative Compliance with the EU

	2012	2013	2014	2015	2016	2017	Score
Freedom Rating	1.0	1.0	1.0	1.0	1.0	1.5	2
	The Latest Rating: 1.5						
Article 7 Procedure	No	No	No	No	No	Yes	0
	Article 7 Records: Yes						
Infringement Cases	82	68	79	78	76	70	0
	Average: 76						
Measurement	Medium Normative Compliance with the EU						2

(Source: own table, based on data from Freedom House and European Commission Publications – “Annual reports on monitoring the application of EU law”)

3.2.3 Poland's Adherence to the EU's Common Policy on China

Poland's policy on China has been consistent with its overall foreign policy. In the report *Polish Foreign Policy Strategy 2017-2021*, Poland's foreign policy goals are clarified into three priorities:

“Security – developing Poland's own defence capabilities; strengthening Poland's position in NATO and the EU; pursuing an active regional policy;

Growth – international endeavours to promote economic growth and social development;

High standing – shaping a positive image of Poland and bolstering its credibility in Europe and globally.” (Polish Foreign Policy Strategy 2017-2021: 5)

When the overall guideline is applied to Poland's policy on China, it has the following key points: first, what Poland is aware of is the importance to collaborate with the EU as a unified front; second, based on the fact that “China has been Poland's biggest trading

partner outside the EU” (Bieńczyk-Missala 2016: 116), Poland endeavors to “seek opportunities with non-European partners, especially the People’s Republic of China” (Polish Foreign Policy Strategy 2017-2021: 19); last but not the least, values upheld by the EU, the Council of Europe and the OSCE need to be pursued with high attention, and civil liberties as well as human rights need to be promoted (ibid: 21), which means Poland will maintain its tough position on ethical issues related to China.

In economic domains, Poland to a great extent follows the EU’s common economic policy on China, which can be characterized as being eager for opportunities and being concerned about existing deficiencies meanwhile. Being open to chances that come up in Poland-China relations marks the pragmatic nature of Polish economic policy on China. In the report *Polish Foreign Policy Priorities 2012-2016* given by Warsaw, the importance of speaking in a coherent voice to the EU with its strategic partners are stressed with excessive attention by emphasizing that “[p]ursuing a common and active foreign policy lies in the EU’s and Member States’ interests” (Polish Foreign Policy Priorities 2012-2016: 12). China is identified as one of the strategic partners to the EU in the report, and it is acknowledged that “[t]he importance of bilateral cooperation with China, our biggest economic partner in Asia...has been growing” (ibid: 20). Fully aware of the “disproportion in capacity and size between the two countries” (Palonka 2010: 375), a more pragmatic strategy for Poland to pursue is to act together with the EU as a whole which has been deepening its economic partnership with China or with other individual EU member states to engage with China (ibid: 375). The Polish foreign policy report has indicated Poland’s affinity to the EU based on its proactive rhetoric towards the EU’s unity by emphasizing the importance of China to both the EU as a whole and Poland as part of the EU. In the light of EU’s economic relations with China, Poland, within the EU framework, has confirmed three specific guidelines to develop its economic relations with China: “First, Polish exporters are advanced in order to reduce the enormous gap between exports and imports; second, Chinese direct investments in Poland are encouraged; and

third, conversely” (ibid: 376). The guidelines reflect the importance of trade and foreign investment to Poland in its economic partnership with China.

Poland is aware of its advantages including its geographical location as the “Gateway to Europe”, its economic advantages such as cost-effectiveness and well-educated labors, and all the benefits that come from its EU membership (Palonka 2010: 376). From Polish point of view, these factors will endow Poland with the position as a key partner for China in 16+1. Based on the reciprocity mindset, Poland, aware of what it can provide for China based on its advantages, accordingly expects economic benefits from China in return. This is the ultimate incentive of Poland to engage with China in the 16+1 format. However, the continuing problems of dramatic trade deficit between Poland and China as well as the unsatisfactory foreign investment that Poland has received from China have caused concerns and even suspicion from Poland and thus reshaped Poland’s perceptions on the prospect of its economic partnership with China. Rhetoric towards China has been changing since autumn 2017, when then-Prime Minister of Poland openly called China “a demanding partner” (Sarek 2019) after the 16+1 Summit was held in Budapest. In January 2018, then-Prime Minister of Poland openly expressed his dissatisfaction with Poland’s trade deficit with China (ibid). What can mostly demonstrate the decreasing attitude is the absence of then-Prime Minister of Poland at the 16+1 Summit held in Sofia, Bulgaria in July 2018 (ibid). Frustrated with the economic results, Poland’s call for “free and fair trade” approach (ibid), is therefore much intensified, which is consistent with the EU’s appeal.

However, in addition to trade and investment, infrastructure construction as one of the pillars provided by the 16+1 format still remains attractive to Poland. Considering that the EU structural funds for development will stop in 2020, “Poland needs to seek alternative investment vehicles to prolong its GDP growth. Huge investments are still needed in infrastructure (especially train lines and the energy sector)” (Kuo 2017). In the

report *Foreign Policy Strategy 2017-2021*, the implementation of regional infrastructure projects in Poland's engagement with China is particularly brought up as an important dimension of China-Poland economic partnership (Foreign Policy Strategy 2017-2021: 19). Poland still pins hope on the infrastructure projects provided by the 16+1 format.

Due to the mixed feelings that Poland has towards China based on the unsatisfactory trade and FDI outcomes as well as the expectable infrastructure projects, Poland's economic policy on China also conveys complicated messages. On the one hand, Poland still views China as an important economic partner, willing to deepen economic relations with China in the light of the EU's open economic policy on China; on the other hand, as the EU constantly expresses concerns about China's ambitious moves towards CEE countries, Poland is aware that the potential risk of irritating the EU and losing funds from the EU cannot be compensated by the limited economic benefits from its trade with China and FDI from China. To show adherence to the EU's economic policy on China, in accord with the EU's screening mechanism, Poland is one of the twelve member states that have their own national screening mechanism as a response measure to deal with FDI inflows (Szczudlik and Wnukowski 2019).

In political domains, Poland remains coherent with the EU's position on China as regards key issues. First and foremost, one-China principle is confirmed by the Polish government as the primary principle to establish and develop official diplomatic relations with China: "[b]oth parties expressed in a common statement that the 'One China' principle is the foundation for building mutual relations, with Taiwan and Tibet as an inalienable part of China" (Burdelski 2001: 223). In 2016, Poland and China signed a joint declaration on strategic partnership, in which it is stressed that Poland and China view each other as long-term and stable strategic partners and Poland supports peaceful development of relations between mainland China and Taiwan and reaffirms its endorsement to the one-China policy (President.pl 2016). On Tibet issue, Poland's recognition of Tibet as

inseparable part of China does not necessarily mean a softer position on human rights issues related to Tibet. As Poland endeavors to get rid of the label of post-communist country, a positive image based on liberal-democratic values needs to be built up and solidified. To achieve the goal, Poland has experienced a phase when a tough position, consistent with the EU's, is taken to deal with China. From 2008 to 2013, Polish officials met with Dalai Lama several times: in December 2008, Dalai Lama met with then-President of Poland Lech Kaczyński and then-Prime Minister of Poland Donald Tusk (Sarek 2018); in April 2012, Dalai Lama met with then-President of Poland Lech Wałęsa; in October 2013, Dalai Lama met with then-Prime Minister of Poland Donald Tusk for the second time. Overall, Poland has been abiding by its one-China policy which is consistent with the EU's. Concerning the Taiwan issue, economic relations with Taiwan have been developed under the premise of no political recognition, which is same as the EU's double-dealing strategy. Concerning the Tibet issue, though Poland recognizes Tibet as inseparable part of China, meetings with Dalai Lama were held a few times by Poland in the early period from 2012 to 2017. After 2013, the issue of Tibet seems to be marginalized in Poland's political agendas with China, which also echoes the EU's shift in its Tibet policy from being explicitly tough to being rhetorically ambiguous as a result of China's increasing clout and influence.

On human rights issues, it is claimed by the Polish authorities that liberal-democratic values will be pursued and human rights issues will be paid close attention to (Polish Foreign Policy Strategy 2017-2021). However, in recent years, Poland does not show much presence in activities against China for violation of human rights. In the examples given in the case study of Estonia to show how much Estonia has devoted to human rights activities against China, Poland is not one of the participating countries. One possible explanation of Poland's absence is, Poland "do not speak out for political values in public and are not involved in significant cooperative projects to improve the situation in China" because it "prefer(s) to upload the matter to the EU level" (Jerdén and Rühlig 2019).

Though Poland chooses to stay behind the scenes, uploading matters to the EU level is also a way to engage in the EU's policy on China's human rights issues. Besides, as there is no evidence showing that Poland has ever intentionally broken EU unity on human rights projects targeting China and caused poor policy output on the EU level, Poland should be perceived as adherent to the EU in terms of policy on China's human rights issues.

With regards to disputes over South China sea, Poland, aware of China's need of support from European countries and the sensitivity of the issue itself with multiple parties involved, showed its resistance to be labeled as China's political ally, as seen through the example that "after the visit of Polish Minister of Foreign Affairs Witold Waszczykowski to China, the Xinhua press agency tried to assign Polish support for the Chinese position on the disputed islands, which was quickly denied in social media by the Polish diplomatic staff" (Szczudlik 2016: 2). A peaceful solution in accordance with international law and principles of the UN Charter is endorsed by Poland, which avoids over-interpretation of its position on the disputes over South China Sea (ibid: 2). To avoid being portrayed as either China's ally or rival on the South China Sea disputes, Poland pursues a neutral position, which is consistent with the EU's position.

In summary, there are "two major currents in the country's attitude towards China" (Palonka 2010: 375). In the political domain, "dedication to ethical ideas" (ibid: 375) is set as a principle, which means Poland will treat ethical issues of China as important agendas in its bilateral relations with China and take a critical stance on them. In the economic domain, based on the awareness of China's rising influence and economic power, Poland holds a pragmatic attitude towards China to benefit from economic cooperation with China (ibid: 375).

Based on the analysis above, as no evidence is found to prove Poland's deviation from

the EU's common policy on China, all the categories of policy on China are therefore identified as adherent. The degree of Poland's adherence to the EU's common policy on China is measured as high (see *Table 13* below).

Table 13: Measurement of Poland's adherence to EU's common policy on China

Poland's Adherence to EU Policy on China	Economic Policy	Policy on Taiwan	Policy on Tibet	Policy on Territorial Disputes	Policy on Human Rights
Assessment	Adherent	Adherent	Adherent	Adherent	Adherent
Score	1	1	1	1	1
	5				
Measurement	High Adherence to EU's Common Policy on China				

Overall, Poland has medium-level economic involvement with China, medium-level normative compliance with the EU and high-level adherence to the EU's common policy on China.

3.3 Case Study – Hungary

In this section, Hungary's economic involvement with China, its normative compliance with the EU and its adherence to the EU's common policy on China will be measured and analyzed.

3.3.1 Hungary's Economic Involvement with China

Hungary recognized the People's Republic of China on 4 October 1949. The official diplomatic relations between China and Hungary started on 6 October 1949. Hungary maintained good relations with China in the following decade through frequent high-level visits; as a result, the economic, political and cultural ties between these two countries

were dramatically strengthened (Szunomár 2017: 2). The development of Hungary-China relations, clarified by Szunomár (2017), includes several stages: from the end of 1950s to 1960s, Hungary-China relations were negatively affected by ideological differences caused by controversial events that took place in China such as the Cultural Revolution; a turn for the better came up when China adopted the reform and opening-up policy in 1978 and started developing its market economy, which marks the new phase of China's development characterized as integrating itself to the rest of the world based on market economy, so the Hungarian government regained its interest in restoring and developing its relations with China; great changes took place in the early 2000s – in 2003, then-Hungarian Prime Minister, Peter Medgyessy, visited Beijing, which opened a new chapter of the relations between Hungary and China; in 2004, when Hungary joined the EU, it was viewed as an attractive factor by the Chinese government when considering its relations with Hungary (Szunomár 2017: 2). The mutual attractiveness laid the foundation for further development of China-Hungary relations. Considering the “the fruitful long-term bilateral relations without experiencing any significant confrontation” (Horváth 2014: 2), the concept “unconditional love” (ibid: 1) is used to describe the nature of their relations based on mutual needs and mutual benefits: from China's point of view, Hungary, relying on its advantageous geographical location, will be “a key player in the Eastern European region” (ibid: 3) for China to engage more in Central and Eastern Europe and even the whole Europe; from Hungary's point of view, China will be of great help to advance Hungary's economic development.

Since the first decade of the 2000s, China and Hungary have witnessed a great leap in their trade relations. The fruitful economic cooperation has further solidified their mutual trust. The current Orbán government of Hungary, aware of the increasing economic and political clout of China and the strategic significance of China to Hungary, shows great favor to China's engagement in Europe, especially with Hungary. In 2012, the Hungarian government launched a new foreign economic policy, known as “Eastern opening”, with

the main purpose “to reduce Hungary’s economic dependence on trade with the West by improving economic relations with the East, particularly China” (Szunomár 2017: 6). In the same year, China launched the 16+1 format with Hungary involved as one of the leading participants. A general overview of the economic results between Hungary and China from 2012 to 2017 is given (see *Figure 10*, *Figure 11* and *Figure 12*).



Figure 10: Hungary Exports to China and Imports from China 2012-2017

(Source: own graph, based on data from WITS)



Figure 11: Share of Hungary's Total Export and Import Accounted for by China 2012-2017

(Source: own graph, based on data from WITS)

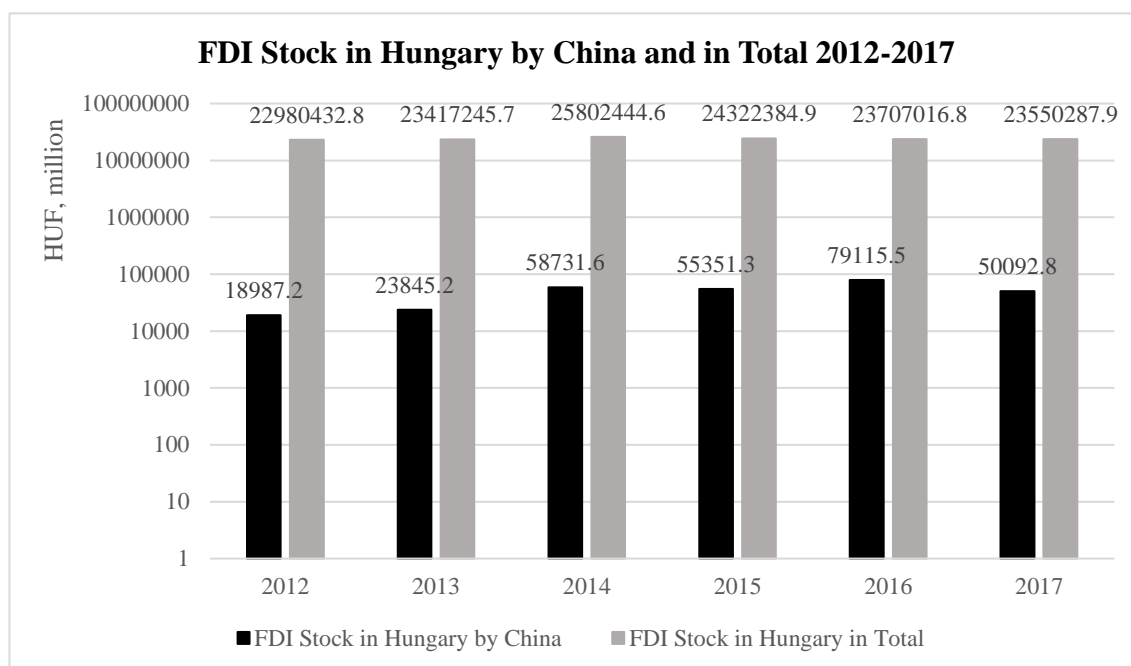


Figure 12: FDI Stock in Hungary by China and in Total 2012-2017

(Source: own graph, based on data from Hungarian National Bank²⁰ and OECD)

As *Figure 10* indicates, trade deficit exists between China and Hungary, as Hungary exports less to China than it imports from China. However, the deficit has been decreasing visibly: on the one hand, Hungary has witnessed a dramatic increase in its exports to China; on the other hand, there is a downward tendency in China's exports to Hungary. *Figure 11* conveys a similar message that China accounts for less import share of Hungary and more export share of Hungary, which means the trade imbalance is being improved for the good of Hungary. *Figure 12* illustrates that the FDI stock that Hungary receives from China has experienced an upward trend. In 2017, the value has increased by 164% (50092.8 million forints) compared to 2012 (18987.2 million forints).

²⁰ The Magyar Nemzeti Bank (MNB) in Hungarian language.

To measure the degree of Hungary's economic involvement with China, the ratio of Hungary's trade with China to Hungary's GDP from 2012 to 2017 are presented in *Table 14* below.

Table 14: Hungary's Trade with China (USD Million) and Trade-to-GDP Ratio (%) 2012-2017

Hungary's Trade with China	2012	2013	2014	2015	2016	2017
Export to China	1810.6	1997.3	2156.2	1796.7	2246.4	2663.8
	4237	0655	2673	8380	9317	5172
Import from China	5412.2	5360.4	5140.0	4776.8	4868.8	5291.3
	8280	3738	9697	7686	5628	5464
Total trade with China	7222.9	7357.7	7296.3	6573.6	7115.3	7955.2
	2517	4393	237	6066	4945	0636
Hungary's GDP	127860	135220	140120	122880	125820	139140
Trade-to-GDP ratio (%)	5.65	5.44	5.19	5.35	5.66	5.72

(Source: own table, based on data from WITS and Trading Economics)

Given the figures in *Table 14*, the average of Hungary's trade-to-GDP ratio can be calculated, which is 5.5%. As 5.5% is in the range of 3.41% ~ 6.82%, the degree of Hungary's economic involvement with China is measured as medium.

3.3.2 Hungary's Normative Compliance with the EU

From 2012 to 2017, Hungary is classified as a free state, according to Freedom House (see Appendix 3). However, the rating, though in the free-status range, has been downgrading. In 2017, it shows the worst rating ever in the observed period, which is 2.5

(see Appendix 3). It indicates that Hungary's freedom status is facing serious challenges.

Hungary has been involved in the Article 7 procedure twice. The first time took place in 2015, when the European Parliament's Civil Liberties, Justice and Home Affairs Committee (LIBE) rejected an initiative by the legislative body's Liberal group to call for the start of Article 7 procedure against Hungary (Daily News Hungary 2015). As the proposal was rejected by the Parliament in the first place, which means it did not even have chance to move on to the European Council, Hungary did not really trigger the Article 7 procedure. The second time happened in September 2018, when the European Parliament eventually voted in favor of launching Article 7 procedure against Hungary based on a European Parliament Report, which provided evidence of serious breach of rule of law by the Orbán's government (Carrera and Bárd 2018: 1). It marks the first time of launching Article 7 procedure by the EU legislature (Cuddy 2018).

To measure the degree of Hungary's normative compliance with the EU, the Article 7 case with Hungary involved in 2015 will not be taken into account, as the proposal did not reach an agreement on the Parliament level, therefore the case cannot be identified as evidence of Hungary's triggering Article 7 procedure. However, the case with Hungary involved in 2018 counts as a valid record for the measurement. Though the observed period is from 2012 to 2017 but the Parliament agreed on the report in 2018, as a matter of fact, the pre-stage of Article 7 procedure against Hungary started earlier. In May 2017, MEPs already expressed their concerns about the situation of Hungary in terms of fundamental rights in a resolution adopted by the Parliament, in which the triggering of Article 7 procedure was justified and called for to determine whether there is a clear risk of a serious breach of EU values (European Parliament 2017). Therefore, it is qualified to be used as an empirical example to illustrate that Hungary has triggered Article 7 procedure in the observed period of the research.

Overall, Hungary's normative compliance with the EU therefore is measured as *low* (see *Table 15* below).

Table 15: Measurement of Hungary's Normative Compliance with the EU

	2012	2013	2014	2015	2016	2017	Score
Freedom Rating	1.5	1.5	1.5	2.0	2.0	2.5	0
	The Latest Rating: 2.5						
Article 7 Procedure	No	No	No	No	No	Yes	0
	Article 7 Records: Yes						
Infringement Cases	42	37	44	38	57	48	1
	Average: 44						
Measurement	Low Normative Compliance with the EU						1

(Source: own table, based on data from Freedom House and European Commission Publications – “Annual reports on monitoring the application of EU law”)

3.3.3 Hungary's Adherence to the EU's Common Policy on China

Hungary's relationship with China to a great extent relies on the development of their economic partnership. When dealing with China, Hungary always prioritizes the economic benefits with a pragmatic mindset. In the official report *Hungary's Foreign Policy: after the Hungarian Presidency of the Council of the European Union* given by the Ministry of Foreign Affairs of Hungary, it is stated that “Hungary is building a multi-faceted cooperation, having the economy in focus, with China's central organs and provinces” (Ministry of Foreign Affairs of Hungary 2011: 44). To dispel the concerns from Brussels that the cooperation Hungary has been promoting with China may jeopardize the core interests of the EU, Hungary also proclaimed in the report that “Hungary has an interest in an economic and financial cooperation between China and the EU that mutually takes account of each other's interests, with a special regard to

eventual opportunities for the Central European region” (ibid: 44), which acknowledged the significance of EU-China relations to the development of individual EU member states, including Hungary itself. In line with the EU’s positive attitude towards developing economic relations with China, Hungary actively engages itself in the economic partnership with China, as seen through its “Eastern opening” strategy, which mainly focuses on China as a key partner in the East. However, the policy is interpreted by the EU and some Western European countries as “a turn away from Europe” (Horváth 2014: 5), which “might question Hungary’s commitment towards the EU, could prevent Hungary to fulfill its regional duties and objectives in a long run, and would not bring the expected amount of benefits” (ibid: 5). Essentially, what the EU concerns about is not the growing economic partnership between Hungary and China, but the potential political outcomes brought by the deepening economic partnership between them, which may potentially jeopardize the EU’s unity. However, in the matter of economic partnership, what Hungary is pursuing does not deviate from the EU’s general economic policy on China. Some scholar argued that Hungary’s good relations with China and its Eastern Opening policy does not necessarily do harm to the EU:

“...Hungary’s invitation of Chinese investment could further open up the country towards the West. This is exactly what the EU wishes to achieve and Hungary assists the Union in its efforts. Therefore against many criticisms, ironically, the Hungarian Eastern opening is actually the Western opening of its partner country in negotiation. Furthermore, due to its strong ties to China, Hungary managed to secure Asian investments which provided several job opportunities for its citizens.” (Horváth 2014: 6)

In this sense, Hungary’s new foreign policy on China as seen through Eastern opening does not confront with the EU’s general objectives and economic policy on China. Another example to show Hungary’s adherence to the EU’s economic policy on China is, Hungary, “[i]n line with international and EU law...adopted legislation which creates a new FDI screening mechanism” (Grieger 2019: 2). Hungary is one of the twelve EU

member states that have established “investment screening rules” (European Commission), according to the report *Screening of Foreign Direct Investment – An EU Framework*. Overall, Hungary shows high adherence to the EU’s economic policy on China in terms of both the general direction and the policy instruments.

As regards political issues concerning China, Hungary selectively follows the EU’s common policy. First, one-China principle is confirmed and obeyed by the Hungarian government, since it recognized the People’s Republic of China in 1949. On sensitive issues which concern China’s core interests, “Budapest cooperated closely with Beijing and supported the Chinese position on Tibet, the reunification of China (‘one China’ policy) and the United Nations (Security Council) membership” (Szunomár 2017: 2). The positions that Hungary holds took shape in the early stage of Hungary-China relations and have been solidified in the following decades. As regards Taiwan issue, “[w]hile respecting the ‘one China’ principle, Hungary accords special attention to relations with Taiwan” (Ministry of Foreign Affairs of Hungary 2011: 44). This kind of two-folded strategy to deal with mainland China and Taiwan is also adopted by the EU. However, on the issue of Tibet, Hungary supports China’s position, confirming that Tibet is inseparable part of China; also, Hungary avoids official contacts with Dalai Lama and Tibetan separatists. This is different from the EU’s vague rhetoric and ambiguous attitude. The most recent meeting that Hungarian officials had with Dalai Lama took place in 2000, when then-Prime Minister of Hungary Viktor Orbán met with Dalai Lama. Since then, the Hungarian government never hosts and meets with any government-level diplomatic delegation from Tibet (Szunomár 2017: 9). The visible distance that the Hungarian government intentionally keeps away from Dalai Lama indicates a strong commitment to China. By distancing itself from Tibetan separatists, Hungary distinguishes itself from the EU and some other EU member states which maintain their ambiguous rhetoric on Tibet issue and constantly meet with Dalai Lama accompanied with covert support. In summary, Hungary adheres to the EU’s Taiwan policy, but deviates from the EU’s Tibet policy.

Deviation can also be observed in Hungary's position on China's human rights issues. Though the Hungarian government officially claims that "Hungary intends to continue the political and human rights dialogue with China, thus facilitating on our part the elimination of the remaining obstacles to unhindered cooperation ... between Europe and the world's most populous country" (Ministry of Foreign Affairs of Hungary 2011: 44), in practice, as a "large recipient of Chinese investment", Hungary, "has repeatedly blocked EU statements criticising China's rights record" (Emmott and Koutantou 2017) to jeopardize the EU unity in deciding on harsh measures on China for its human rights. In March 2017, "Hungary derailed the EU's consensus by refusing to sign a joint letter denouncing the reported torture of detained lawyers in China" (Benner and Weidenfeld 2018). Said by some diplomats, "Hungary had prevented the E.U. from signing as a bloc and threatened to do so in all such future cases" (Denyer & Rauhala 2017). The acts echoed Prime Minister of Hungary, Orbán's position when he "has warned European leaders not to lecture China over human rights" as "China is a major investor in Hungary" (ibid). Hungary, by deliberately jeopardizing the EU's common front on China's human rights issues, shows its deviation from the EU.

Concerning the disputes over South China Sea, it was stated by the Hungarian government that "Hungary has a vested interest in Asia's stability. Of all the security policy issues in Asia, it is particularly important for us to see...the tensions surrounding the South China Sea coming to a point of resolution" (Ministry of Foreign Affairs of Hungary 2011: 43). In July 2016, Hungary was one of the three EU member states that opposed to using a direct reference to Beijing in an EU statement about the ruling of the arbitral tribunal that was intended to strike down China's legal claims in the South China Sea (Emmott 2016). As a result, the EU's position was much softened towards China's claims over the territorial disputes (Fallon 2016). As Hungary's opposition contributed to shaping the eventual neutralized position of the EU on the territorial disputes with China involved, the EU's common front on the disputes should be perceived as the result of the

EU's compromise pressured by the strong opposition by Hungary and other two EU countries. In that sense, Hungary did break the unity of the EU and led the EU's common policy in a direction which was not wanted by the EU in the first place. Therefore, it can serve as an example to illustrate that Hungary is deviant from the EU on this issue.

The examples above showing Hungary's deviation from the EU illustrate the ideological cleavage between Hungary and the EU, which explains why the EU is particularly concerned about that Hungary and China are approaching each other. Some remarks given by Orbán, in which he expressed his wills to establish an "illiberal state" (Tóth 2014), can reflect Hungary's ideological deviation from the EU (see Appendix 7). From the EU's point of view, these remarks are harsh criticism of Western liberal-democratic values, which have the risk of undermining the normative foundation of the EU. Furthermore, Orbán's endorsement to China's political system, as seen through the speech-acts, deepens the EU's concerns about the potential "divide and rule" strategy used by China to split the EU up.

Based on the analysis above, the degree of Hungary's adherence to the EU's common policy on China is measured as medium (see *Table 16*).

Table 16: Measurement of Hungary's Adherence to EU's Common Policy on China

Hungary's Adherence to EU Policy on China	Economic Policy	Policy on Taiwan	Policy on Tibet	Policy on Territorial Disputes	Policy on Human Rights
Assessment	Adherent	Adherent	Deviant	Deviant	Deviant
Score	1	1	0	0	0
	2				
Measurement	Medium Adherence to EU's Common Policy on China				

Overall, Hungary has medium-level economic involvement with China, low-level

normative compliance with the EU and medium-level adherence to the EU's common policy on China.

3.4. Case Study – Czech Republic

In this section, the Czech Republic's economic involvement with China, its normative compliance with the EU and its adherence to the EU's common policy on China will be measured and analyzed.

3.4.1 The Czech Republic's Economic Involvement with China

According to the briefing given by the Embassy of the Czech Republic in Beijing, the People's Republic of China was recognized by Czechoslovakia, which is the predecessor of the Czech Republic, on October 4, 1949, while the Czech Republic, as one of the successors of Czechoslovakia after the Velvet Revolution split Czechoslovakia into two independent states, was recognized by the PRC on January 1, 1993 (Embassy of the Czech Republic in Beijing). Since then the official diplomatic relations between the People's Republic of China and the Czech Republic were established. However, due to the dramatic differences in sizes and geographical distance, "after 1989, China perceived these states as minor, almost unimportant partners, regardless of their efforts" (Fürst and Pleschová 2010: 1363). The perception started getting changed in the early 2000s when the Czech Republic was in the accession process and eventually granted with the EU membership in 2004. However, "there was little change in their strength in terms of bilateral relations with China" (ibid: 1363).

The differences in political systems and economy sizes, which exist and even determine the Czech-China relations, are always recognized by the Czech government. However, it is also acknowledged by the Czech Republic that "[t]he current mutual relations between the CR and the PRC develop without significant problems" and the position of the Czech

Republic “is significantly strengthened by the international importance of the whole European Union of which the CR is a member since 2004” (Embassy of the Czech Republic in Beijing). China has more and more realized that, Czech, relying on “its favorable geographical location in the heart of Europe” as a gateway to the EU along with its EU membership (Castro, Vlčková and Hnát 2017: 482, Drahokoupil 2009), remains crucial to China “with its proximity to Western European markets and a highly export-oriented economic” (Castro, Vlčková and Hnát 2017: 482); from the Czech’s point of view, China, as “an important trade partner for the Czech Republic besides the EU” (ibid: 482), has considerable economic significance to the Czech Republic. Overall, the economic partnership between the Czech Republic and China is established and developed based on mutual needs and mutual benefits regardless of their differences in size and political system.

Economic figures will give some clues on the overall economic relations between the Czech Republic and China since the 16+1 launched (see *Figure 13*, *Figure 14* and *Figure 15*).

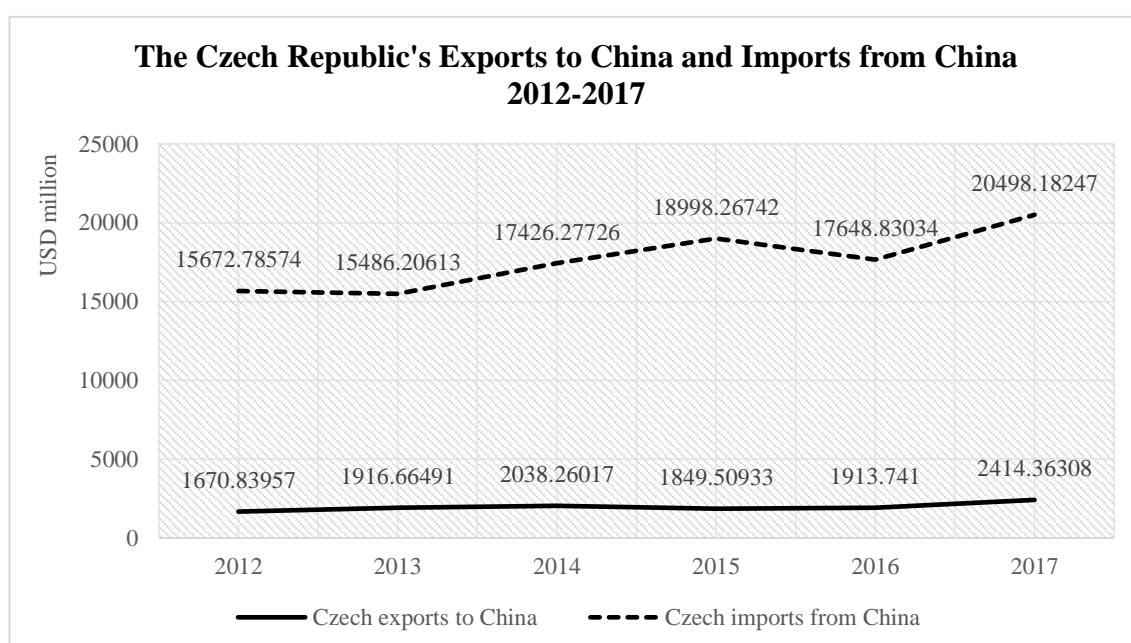


Figure 13: The Czech Republic’s Exports to China and Imports from China 2012-2017

(Source: own graph, based on data from WITS)

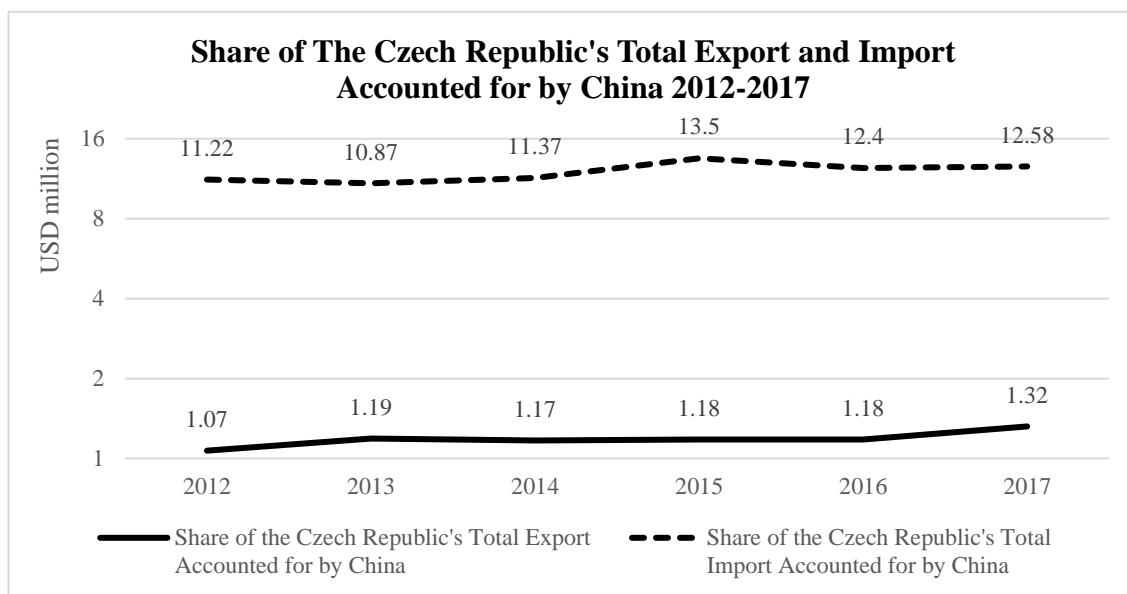


Figure 14: Share of The Czech Republic's Total Export and Import Accounted for by China 2012-2017

(Source: own graph, based on data from WITS (World Integrated Trade Solution))

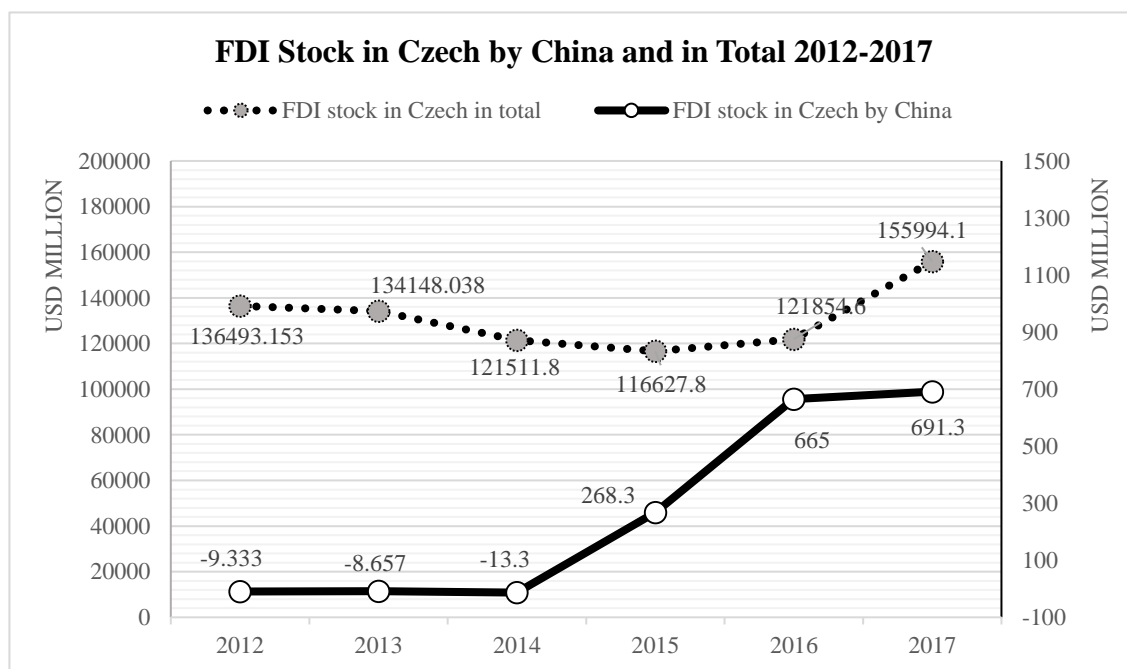


Figure 15: FDI Stock in Czech by China and in Total 2012-2017

(Source: own graph, based on data from Czech National Bank (CNB))

From the figures above, what we can observe are that 1) in the area of trade, the positive sign is the Czech Republic has been increasing its export to China as seen through both the export volume and the export share, while the negative sign is that China's export to Czech has been increasing more dramatically and 2) in the area of foreign investment, there has been a great increase in the FDI stock that the Czech Republic receives from China; the year of 2015 as a watershed witnessed a great leap from minus numbers from 2012 to 2014 to a considerable positive number from 2015 to 2017; though the FDI share accounted for by China remains small, the growing volume of FDI stock shows an upward tendency of China's foreign investment in the Czech Republic.

To measure the degree of the economic involvement of the Czech Republic with China, the ratios of the Czech Republic's total trade with China to Czech's GDP is presented in the *Table 17* below.

Given the figures in *Table 17*, the average of the Czech Republic's trade-to-GDP ratio can be calculated, which is 9.64%. As 9.64% is above 6.82%, the degree of the Czech Republic's economic involvement with China is measured as high.

Table 17: The Czech Republic's Trade with China (USD Million) and Trade-to-GDP Ratio (%) 2012-2017

The Czech Republic's Trade with China	2012	2013	2014	2015	2016	2017
Export to China	1670.8 3957	1916.6 6491	2038.2 6017	1849.5 0993	1913.7 4100	2414.3 6308
Import from China	15672.7 8574	15486.2 0613	17426.2 7726	18998.2 6742	17648.8 3034	20498.1 8247
Total trade with China	17343.6 2531	17402.8 7104	19464.5 3743	20847.7 7735	19562.5 7134	22912.5 4555
The Czech Republic's GDP	207380	209400	207820	186830	195310	215730
Trade-to-GDP ratio (%)	8.36	8.31	9.37	11.16	10.02	10.62

(Source: own table, based on data from WITS and Trading Economics)

3.4.2 The Czech Republic's Normative Compliance with the EU

According to the ratings given by Freedom House Rating, the Czech Republic is classified as a free state during the observed period (see Appendix 3). Same as Estonia, the Czech Republic's freedom status from 2012 to 2017 is based on the highest rating, which is 1.0 (see Appendix 3). Besides, the Czech Republic has not triggered Article 7 procedure so far, which means the Czech Republic has not been accused of any behaviors that have potential risk of a serious breach of EU values or have constantly breached EU values for some time. With regards to the infringement cases, the average of the Czech Republic's infringement case number is 47 (see Table 18 below). The degree of the Czech Republic's normative compliance with the EU is measured as high (see Table 18 below).

Table 18: Measurement of The Czech Republic's Normative Compliance with the EU

	2012	2013	2014	2015	2016	2017	Score
Freedom Rating	1.0	1.0	1.0	1.0	1.0	1.0	2
	The Latest Rating: 1.0						
Article 7 Procedure	No	No	No	No	No	No	2
	Article 7 Records: No						
Infringement Cases	36	31	38	46	60	73	1
	Average: 47						
Measurement	High Normative Compliance with the EU						5

(Source: own table, based on data from Freedom House and European Commission Publications – “Annual reports on monitoring the application of EU law”)

3.4.3 The Czech Republic's Adherence to the EU's Common Policy on China

The foreign policy the Czech government has adopted in dealing with China illuminates what is called “the Czech dilemma” (Fürst & Pleschová 2010: 1366). It raises a question to the Czech authorities about what should be prioritized in Czech-China relations: “human rights or business” (ibid: 1366)? On the one hand, the Czech government has constantly expressed “frank hopes for special economic ties” (ibid: 1364), while on the other hand, the good intentions in economic partnership is always “combined with sharp criticism of China's human rights violations, and even courageous diplomacy in relation to Taiwan and Tibetan exiles” (ibid: 1364). When expressing its policies and positions on China, the Czech Republic seems to have kept that in mind that it should always support the EU's common position on China – “[s]ince its accession, the Czech foreign policy is enhanced and to a certain point formed by the EU common positions, in the creation of which the Czech Republic participated” (The Ministry of Foreign Affairs of the Czech Republic). In this section, a complete analysis will be given with regards to the Czech

Republic's policy on China and its adherence to the EU's common policy on China.

In the economic domains, the Czech Republic “focuses mostly on...the economic cooperation, especially on conditions for free access to Chinese markets, protection of intellectual property rights and transparent legal framework stimulating business and investment” (The Ministry of Foreign Affairs of the Czech Republic). Generally, it is consistent with the EU's pursuits in its economic partnership with China. However, in the case of EU screening mechanism, “a coalition of countries including...the Czech Republic watered down the language of the European Council's statement announcing a planned EU investment screening mechanism targeting Chinese activities, expanded investment strategy and takeovers in strategic European sectors such as defense and telecommunications” (Benner et.al. 2018: 16). In June 2017, at the Council summit, leaders from France, Germany and Italy, called for EU leaders to jointly call on the European Commission to screen investments from outside the EU to prevent Chinese companies from capturing European market. However, the protectionist language used in early drafts was replaced with water-downed expressions, which was backed by a coalition of countries, with the Czech Republic being one of them (Cerulus and Hanke 2017). This incident is viewed by European observers as an example of China's increasing influence on EU decision-making. Smaller EU member states, such as the Czech Republic, as the beneficiaries of Chinese investments, do not welcome such a screening mechanism which will potentially cut off some of Chinese investment. As mentioned before, in November 2018, the member states and the Commission eventually reached the agreement on launching the screening mechanism of foreign direct investment (European Parliament 2018). However, according to the European Commission's report *Screening of Foreign Direct Investment – An EU Framework*, so far, the Czech Republic is not one of the twelve member states that have introduced the mechanism into its national system. As strengthening supervision and regulation on China's economic activities in the EU is an important dimension of the EU's economic

policy on China, the Czech Republic's efforts in watering down the language shows deviation from the EU's policy line.

With regards to political domains, the current Czech government selectively follows the EU's approach, which shows deviation on some issues. First, "[t]he CR, together with the entire EU, implements its One China policy" (The Ministry of Foreign Affairs of the Czech Republic). On the issue of Taiwan, "[t]he CR does not have established diplomatic relations with Taiwan; but they cooperate on an unofficial level, especially in the fields of economy, trade, culture, education, science and tourism" (ibid). The general one-China policy and Taiwan policy that the Czech Republic adopts is consistent with the EU. With regards to human rights issue and issue on Tibet and Dalai Lama, the Czech Republic's attitude is more and more explicitly China-friendly. It is said that "[b]etween 2009 and 2014, Prague was one of the harshest critics of China's human rights record in the EU" (Benner et.al. 2018: 17), but in recent years it is argued that the tough position that the Czech Republic used to hold towards China has been softened by China's economic leverage and therefore "marginalized in Czech debates" (ibid: 17) since the leadership changed in 2014, "which translates into a retreat from patronising China on human rights issues and de-politicization of bilateral relations in favour of developing business links" (Tuszynski 2015: 206). In 2017, in the case of Chinese detained lawyers and human rights activists, a letter of criticism was signed by eleven countries, addressed to China's minister of public security – the Czech Republic is one of the EU member states that signed the letter (Denyer and Rauhala 2017). However, in November 2018, when a draft letter was signed by 15 Western ambassadors in which the ambassadors expressed their concerns regarding the U.N. findings on Xinjiang about Uyghurs' situation (Wen, Martina and Blanchard 2018), the Czech Republic was not one of them. The change to some extent shows the Czech Republic's "downgraded value diplomacy" (Jerdén and Rühlig 2019). President of the Czech Republic, Miloš Zeman, started showing his China-friendly attitude since he took office in 2014. During his visit to China in the same year, he openly

stated that he came to China to “learn how to increase economic growth and how to stabilize society” rather than “teach market economy or human rights” (Muller and Lopatka 2016). When President Xi of China visited the Czech Republic at the end of March 2016, President Zeman gave remarks as follow:

“There was very bad relationship between China and the former government of the Czech Republic – former government, I stress – because this government has been very submissive to the pressure from the U.S. and from the EU.” (Remarks given by the President of the Czech Republic, source: Makortoff, Kalyeena, “China visit marks Czech ‘vulnerability’: Analyst”, CNBC, March 29, 2016)

By overtly indicating that Czech Republic used to be critical of China’s human rights issues due to the pressure from the EU and the US, “Zeman is leaving no doubt that he wants Chinese investment whatever it costs in terms of his moral standing” (Stanzel 2016). The statement has been interpreted as a sign that the good relations between the Czech Republic and China has started, which means the Czech Republic will be “focusing more on business and less on ‘controversial’ topics” (Bois and Davidova 2015). Being the President of the Czech Republic, Zeman’s statements and comments can be perceived as the official position; his speech-acts showed his preferences over economic partnership with China rather than human rights issues and have been affecting the policy of the Czech Republic on related matters. With regards to Tibet and Dalai Lama issue, since Zeman took office, there has not been official meetings with Dalai Lama. In 2016, there was a meeting labeled as private held by Czech ministers and senior parliamentarians with Dalai Lama. By contrast, another four highest-ranking officials kept their distance from the meeting and later released a joint statement emphasizing that the Czech Republic accepted Tibet as part of China and wanted to maintain good bilateral relations. It is also said by them that personal activities of some Czech politicians do not represent the official position of the Czech Republic (Heneghan and Macfie 2016).

From the examples above, it can be observed that, to maintain good relations with China,

the current government of the Czech Republic purposively pays less attention to controversial human rights issues and reiterates its positions on Tibet²¹ and Dalai Lama that are favored by the Chinese government. The changes of the Czech Republic's attitude – from being prominently critical during the term of then-President Vaclav Havel (1993-2003) (Jerdén and Rühlig 2019) to being surprisingly China-friendly under the current government, have revealed the deviant tendency from the EU's common policy on China's human rights issue and Tibet issue. The tendency observed in the current Czech-China relations, characterized as more focus on economic realm and less on political topics (Bois and Davidova 2015), indicates the deviant nature of the Czech Republic from the EU's human rights requirement on China and the EU's underlying supportive attitude towards Tibet separatists. Also, the speech-acts of President Zeman confirmed and solidified the deviation. Therefore, the Czech Republic should be identified as deviant from the EU's common policy on China with regards to human rights issue and Tibet issue.

Concerning disputes over South China Sea, the Czech Republic is consistent with the neutral position of the EU. As explained before, the research conducted by AMTI identified 26 EU member states which positively acknowledge the ruling but not call for further compliance; the Czech Republic is one of them (AMTI 2016). As there is no evidence showing that the Czech Republic supports China's claims over South China Sea, its position is perceived as adherent to the EU's on this issue, which is neutral.

Based on the analysis above, the degree of the Czech Republic's adherence to EU's common policy on China in each policy category is evaluated as follow (see *Table 19*).

²¹ A recent incident with regards to Tibet issue is what happened in the Prague city – from March 8 to 11, 2019, the Prague City Hall hoisted the Tibetan flag as part of the “Raise a Flag for Tibet” campaign to express support for Tibetan independence. Other than that, the Mayor of Prague, Zdeněk Hřib, was also intended to meet with the head of the Tibetan exiles Lobsang Sangay (Fraňková 2019). However, as Zdeněk Hřib is a member of the Czech Pirate Party, which is an opposition party, his behaviors as the mayor of Prague should not be perceived as being on behalf of the Czech government.

Table 19: Measurement of The Czech Republic's Adherence to EU's Common Policy on China

The Czech Republic's Adherence to EU Policy on China	Economic Policy	Policy on Taiwan	Policy on Tibet	Policy on Territorial Disputes	Policy on Human Rights
Assessment	Deviant	Adherent	Deviant	Adherent	Deviant
Score	0	1	0	1	0
	2				
Measurement	Medium Adherence to EU's Common Policy on China				

Overall, based on the analysis of the Czech Republic in this section, the Czech Republic has high-level economic involvement with China, high-level normative compliance with the EU and medium-level adherence to the EU's common policy on China.

3.5 Comparison of Cases

Based on the analysis above, the small-N design with measured variables of the observed countries is completed (see *Table 20* below).

Table 20: Small-N Design of Estonia, Poland, Hungary and the Czech Republic

	IV: Economic Involvement	IV: Normative Compliance	DV: Adherence to EU Common Policy on China
Estonia	Medium	High	High
Poland	Medium	Medium	High
Hungary	Medium	Low	Medium
Czech Republic	High	High	Medium

As there are two independent variables and four cases in the research, it is hard to visually find out how the independent variables affect the dependent variable and how. When comparing the cases, if both of the independent variables show variations across cases, it is hard to make a comparison among cases and figure out the relations between one specific independent variable and the dependent variable. Therefore, to compare the cases scientifically and find out whether or not one specific independent variable affects the dependent variable and how, cases for comparison should show variation in the examined independent variable and conformity in the other independent variable as an invariant. Only in this way can the variation in the examined independent variable be related to the variations in the dependent variable, so that whether or not there is a causal relationship between them can be found out.

To examine how the member states' economic involvement with China affects their adherence to the EU's common policy on China, as *Table 20* above indicates, Estonia and the Czech Republic can be compared, as they have the same level of normative compliance with the EU, which is high, but variations exist in their economic involvement with China and their adherence to the EU's common policy on China.

In the case of Estonia, its medium economic involvement with China and high adherence to the EU's common policy is the result of Estonia's reasonable expectations of economic cooperation with China and its strong identity as a member state of the EU. As the economic ties between China and Estonia are very limited in the past, "the baseline for success in the Baltics was quite low" (Bērziņa-Čerenkova 2018) and "any improvement in ties was welcome" (ibid). Since the 16+1 format started, considering the potential economic benefits, Estonia showed interest in promoting economic relations with China and engaging in the format with other CEE countries. However, there are several reasons that prevent Estonia from overly engaging with China. First, the overall attitude of

Brussels towards China's 16+1 format is negative. It is perceived as an attempt of China to "divide and rule" Central and Eastern Europe in the name of economic cooperation. Pressure from Brussels affects Estonia's policy on China. Second, how much Estonia can gain from its economic involvement with China is in question. Being aware of the limited historical connection between itself and China, its vulnerable economy size compared to China's, geographical distance between them, and its less favorable geographical location compared to Visegrád countries which are acknowledged as gateway to Europe and are paid particular attention to by the Chinese government, Estonia does not overestimate its significance to China and therefore does not optimistically predict that considerable economic benefits will absolutely come along with the 16+1 format. In reality, as explained before, during 16+1 from 2012 to 2017, the volume of Estonia's export to China and the share of Estonia's total export accounted for by China has been increasing, but in effect the deficit problem that Estonia hopes to fix has not been solved. Third, due to the bilateral nature of the format, there is voice from inside the 16+1 arguing that the participating countries may have to compete against each other for China's favor, which means that political support for China might be a side payment. This is not considered by the Estonian government – being continually pro-EU, "Baltic states have not used China as leverage in intra-European bargaining" (ibid). With little need to bargain with the EU, Estonia does not need to politicize and instrumentalize its relations with China.

Rationalism and constructivism can both explain the motives of Estonia to engage with China moderately and insist on its high-level compliance with the EU. From the perspective of constructivism, Estonia, as a member state of the EU, feels highly attached to the Community and has successfully internalized the EU rules and values into its own system and ways of thinking. Based on shared identities, Estonia is reluctant to compromise on controversial issues or deviate from its political beliefs in liberal-democratic values. This is why Estonia is critical of China for human rights issues and does not show any ideologically pro-China position. From the perspective of rationalism,

Estonia's choice is also a result of careful calculation of economic gains. As 16+1 has not evidently solved the trade imbalance or brought considerable foreign investment to Estonia from Chinese investors, the economic leverage of China does not turn out to be very attractive to Estonia. "Estonian foreign trade is mainly based on strong economic ties with Finland, Sweden, Latvia, Germany, Lithuania and Russia, as well as with other countries" (Ministry of Foreign Affairs Republic of Estonia 2018), among which five are EU member states. Other than trade that highly relies on single market of the EU, funding is also an important benefit that Estonia gains from the EU. According to EU statistics, in 2017, total EU spending in Estonia is 648 million euros, which is 2.87% of Estonia's GDP, while total Estonian contribution to the EU budget is 154 million euros, which is 0.68% of the EU budget (Europa.eu). Stable and expectable funding from the EU, compared with limited economic gains from engagement with China, accounts for the rationalist dimension that leads to Estonia's high adherence to the EU's common policy on China.

In the case of the Czech Republic, its high economic involvement with China and its medium adherence to the EU's common policy on China are chiefly the result of economic motives, which can be explained by rationalism. As one of the Visegrád countries that participate in the 16+1 format, in the early stage, the Czech Republic had to compete with other Visegrád countries to show its particular significance to China, as they are all located in the heart of Europe and all share the communist history in common with China. Which CEE country can be the most favorable gateway chosen by China is in question. However, as the 16+1 unfolds over time, the Czech Republic currently faces a window of opportunities. Leading CEE countries – Hungary and Poland, which originally viewed themselves as the main beneficiaries of the 16+1, showed discontent of the format. On the one hand, they do not think they have gained what they expected to get from the initiative. Problems such as huge trade deficit and limited investment from China are interpreted by these two countries as unsatisfactory result; on the other hand,

pressure from the EU in form of infringement procedures are also affecting these countries' faith in their cooperation with China (Lagazzi 2018). Under the circumstances, when Hungary and Poland released the signal to disengage from the 16+1, the Czech Republic is facing the opportunity to supersede Hungary and Poland to be the new leading participant in 16+1. Since Zeman took office, he takes a pro-China stance. As a result, economic gains are prioritized and other controversial issues are accordingly marginalized in the foreign policy of the Czech Republic when dealing with China. Other than expectable economic benefits as the major driving force, the current context of the EU also offers the Czech Republic chances to develop its relations with China. As Hungary and Poland have particularly attracted the EU's attention due to their non-compliance issues and Eurosceptic attitude, the changes of the Czech Republic's attitude towards China tend to be overlooked by the EU. Under the circumstances, on the one hand, the Czech Republic can maintain its high-level normative compliance with the EU in general domains and enjoys the well-known reputation of being one the most critical EU member states of China; on the other hand, the current government is softening its positions on controversial issues concerning China as Hungary and Poland are distracting the EU's attention.

By comparing Estonia and the Czech Republic, it can be observed that under the premise of same-level high normative compliance with the EU, Estonia's medium economic involvement with China accounts for its high adherence to the EU's common policy on China, while the Czech Republic's high economic involvement leads to the medium adherence to the EU's common policy on China. It illustrates the inverse correlation between a member state's economic involvement with China and the degree of its adherence to the EU's common policy on China, which is the higher economic involvement with China, the lower policy adherence to the EU's common policy on China.

To examine whether or not and how the member states' normative compliance with the

EU affects their adherence to the EU's common policy on China, as *Table 20 (cf. Table 20, page 90)* shows, Estonia, Poland and Hungary can be compared, as they all have the same level of economic involvement with China, which is medium, but variations exist in their normative compliance with the EU and their adherence to the EU's common policy on China.

In the case of Estonia, as explained before, with strong identity as a member state of the EU, Estonia self-consciously maintains its high-level normative compliance with the EU; medium-level economic involvement with China explains why Estonia chooses to be on the side of the EU rather than China. Both of the factors have affected Estonia's high adherence to the EU's common policy on China; its normative compliance positively affects its adherence to the EU's common policy on China.

Poland has medium normative compliance with the EU and high adherence to the EU's policy on China, which seems to be contradictory. However, as the causes that account for Poland's medium compliance with the EU do not have much to do with China's influence but to a great extent relate to the domestic politics of Poland, normative compliance with the EU and adherence to the EU's common policy on China, in the case of Poland, are two separate matters. What makes Poland the target of criticism in the EU is its judicial reform that started in 2017. As elaborated in the case study of Poland, the reform, intended to remove the separation of powers between the executive and the judiciary, is perceived as serious breach of EU law and democratic values. This is why the EU, for the first time, decided to invoke Article 7 procedure, the "nuclear option", against Poland. In response to Poland's negative attitude and non-compliance with the EU, infringement procedures have also been used to urge Poland to get back on track. The high number of infringement cases against Poland is also strong evidence showing that Poland constantly has issues with transposition of EU directives. Overall, the dynamic of Poland's domestic politics which is against the EU's rules and values is the

major reason of its medium normative compliance.

With regards to Poland's high adherence to the EU's common policy on China, both rationalism and constructivism can explain the motives behind it. From the perspective of rationalism, what motives Poland to join in the 16+1 format in the first place is economic benefits. Aware of its advantages, Poland was almost confident in being the leading partner and the main beneficiary in the framework of 16+1. However, a few years later, problems such as trade imbalance and limited foreign investment from China are not evidently fixed. In addition to economic discontent, political concerns also affect Polish perception about China and 16+1. It is pointed out by some scholar that Ukrainian crisis should be also taken into account when analyzing Poland-China relations:

“[O]wing to profound changes in Poland's security environment due to the ongoing military crisis in Ukraine, Warsaw perceives implementation of some Chinese policies in CEE as divisive for the EU, thereby further undermining EU's unity and common stance on Russia. Moreover, the Chinese official stance on Ukrainian crisis is assessed by Warsaw as not contributing to restoring stability on Ukrainian soil.”
(Tuszynski 2015: 190).

The discontent about the economic results brought by 16+1, mixed with concerns about potential disagreements in the EU on Russia as a result of China's influence in Europe, makes Poland cautious of its own position in 16+1 and its relations with China. This may explain why Poland does not soften its political position on China – on the one hand, being critical of China can be used as a leverage by Poland to either ask for more economic benefits or urge China to take a Poland-friendly stance on Russia; on the other hand, adhering to the EU's common policy on China may ease the tension between Poland and the EU so that EU funding will be guaranteed. From the perspective of constructivism, Poland does not completely give up its pursuit of Western normative values and its critical position on ethical issues as a member state of the EU. Though Poland is criticized a lot by the EU due to its non-compliance issues, it does not mean that Poland has abandoned

its liberal-democratic values along with normative pursuits.

Hungary has low normative compliance with the EU, which is also the result of domestically political demands. According to the assessment given by Freedom House, Hungary's freedom rating has been downgrading (see Appendix 3). Different from Poland, Hungary's non-compliance with the EU has been also applied to its policy on China, which leads to its medium adherence to the EU's common policy on China. Motives of Hungary to deviate from the EU in dealing with China can be explained by using both rationalism and constructivism. From the perspective of rationalism, economic benefits still account for Hungary's China-friendly policy and make it "one of the most stable political partners of China in the region"²² (Matura 2018: 178). Even though Poland and Hungary both complain about the limited economic results brought by 16+1, considering the average trade-to-GDP ratio of Poland (4.75%) and that of Hungary (5.5%) as well as the average FDI-to-GDP ratio of Poland (0.04%) and that of Hungary (0.14%)²³, what Hungary has gained from its engagement with China is better than what Poland has gained. The Hungarian government has realized that economic cooperation with China is still profitable, but complaints can be used as an instrument to attract China's attention and favor. From the perspective of constructivism, the current government shows its ideological deviation from the EU. The Fidesz – Hungarian Civic Alliance, which is Prime Minister Viktor Orbán's Alliance of Young Democrats, "has pushed through constitutional and legal changes that have allowed it to consolidate control over the country's independent institutions" (Freedom House – Hungary 2017) since Orbán took office in 2010. By openly criticizing "Western European dogmas" and "liberal methods", claiming to establish an "illiberal" and "non-illiberal" state (Tóth 2014) and showing endorsement to non-Western systems, the current Hungarian government led by Orbán has gone too far, from the EU's point of view. Overall, Hungary's low normative compliance, compared to Poland's medium normative compliance, is more ideological

²² "This region" refers to Central and Eastern Europe in the context.

²³ See Appendix 2.

and harmful to the foundation of the EU. As China has different system from Western democracy and based on the system China has achieved successful economy, to endorse China caters to Hungary's tendency to rebel against the EU's authority. However, there exists another possibility which can be explained from the perspective of rationalism: Hungary is playing a double-dealing game between the EU and China. The purpose to show endorsement to China is to make the EU nervous so that the EU may give more funding to Hungary to get it back on track; when dealing with China, the purpose to provide strong political support to China on controversial issues is to show that Hungary should get more economic benefits from China considering what Hungary has done in the partnership at the risk of irritating the EU. In that sense, under the mask of ideological deviation, it is actually the economic benefits that determine where Hungary should stay in between the EU and China. Since Hungary has already been criticized by the EU a lot due to its non-compliance issues, deviating from the EU's common policy on China is not a difficult choice.

Based on the analysis above about Estonia, Poland and Hungary, it can be observed that the variations in their normative compliance with the EU have connection with the variations in their adherence to the EU's common on China. Estonia has high-level normative compliance with the EU and also high-level adherence to the EU's common policy on China; Poland has medium-level normative compliance with the EU and high-level adherence to the EU's common policy on China; Hungary has low-level normative compliance with the EU and medium-level adherence to the EU's common policy on China. It shows that when the degree of normative compliance is decreasing, the adherence to the EU's common policy also shows decreasing tendency. It illustrates the positive correlation between them: the lower normative compliance with the EU, the lower adherence to the EU's common policy on China.

With regards to the potential correlation between the two independent variables, it is

hypothesized that the extent of a member state's economic involvement with an external power which is not a Western-style democracy may be negatively associated with the member state's compliance with the EU's rules and values. However, the results shown in *Table 20* (*cf. Table 20, page 90*) does not demonstrate a certain link between them. The opposite example against this hypothesis is the Czech Republic, which has high-level economic involvement with China and also high-level normative compliance with the EU. In the cases of Estonia, Poland and Hungary, medium-level economic involvement pairs with low/medium/high normative compliance with the EU, which shows that economic involvement with China is not negatively associated with normative compliance with the EU.

Conclusion

The main objective of this thesis was to find out what factors account for the variation across EU member states in their adherence to the EU's common policy on China. The main research question of this thesis was what factors affect the degree of the EU's member states' adherence to the EU's common policy on China. Two explanatory factors, which were the member states' economic involvement with China and their normative compliance with the EU's rules and norms, were taken into account as independent variables to solve the research puzzle; the member states' adherence to the EU's common policy was examined as the dependent variable. Vertical incoherence was used as a general concept to describe the EU's existing problem when dealing with external powers as a result of variation in the member states' behaviors; the two paradigms – rationalism and constructivism were used to explain the variation in motives across the member states which lead to the variation in their behaviors when dealing with the engagement of external powers. This thesis employed a small-N design with Estonia, Poland, Hungary and the Czech Republic as cases; they were analyzed and compared based on their variation in the observed variables.

The results of the empirical analysis confirmed the major theoretical expectations of the research. In the cases of Estonia and the Czech Republic, with same high-level normative compliance, Estonia has medium-level economic involvement with China and high-level adherence to the EU's common policy on China, while the Czech Republic has high-level economic involvement with China and medium-level adherence to the EU's common policy on China. It shows the inverse correlation between a member state's economic involvement with China, and its adherence to the EU's common policy on China, which lends support to *Hypothesis 1* that *the greater a member state's economic involvement with an external power, the lower the member state's adherence to EU common policy on the given external power*. In the cases of Estonia, Poland and Hungary, they all have medium-level economic involvement with China. Estonia has high-level normative

compliance with the EU and high-level adherence to the EU's common policy on China; Poland has medium-level normative compliance with the EU and high-level adherence to the EU's common policy on China; Hungary has low-level normative compliance with the EU and medium-level adherence to the EU's common policy on China. The variation shows the positive correlation between a member state's normative compliance with the EU and its adherence to the EU's common policy on China, which lends support to *Hypothesis 2* that *the greater a member state's compliance with EU liberal-democratic norms, the stronger the member state's adherence to EU common policy on the given external power*.

The variations in the two independent variables across the observed countries does not demonstrate an evident relationship. In the cases of Estonia, Poland and Hungary, medium economic involvement pairs with low/medium/high normative compliance with the EU; in the case of the Czech Republic, high-level economic involvement with China pairs with high-level normative compliance with the EU. As there is no evident causal relationship between the two independent variables, *Hypothesis 3*, which is *the extent of a member state's economic involvement with an external power which is not a Western-style democracy is negatively associated with the member state's compliance with EU liberal-democratic values*, is not confirmed according to my research results. Economic involvement with an external power is a matter of extraversion, which is directly affected by the external power; normative compliance with the EU is an internal issue, related to the EU's internal political landscape and the political dynamic of the member states, which is not directly affected by external powers. Based on the findings of my research, economic involvement and normative compliance are two separate independent variables; economic involvement does not negatively affect normative compliance.

As the two major hypotheses are confirmed, the research question, which is what factors can explain the degree of member states' adherence to EU common policy on China, can

be answered by concluding that *both of the factors, which are member states' economic involvement with China and their normative compliance with the EU, can affect their adherence to EU's common policy on China*. As shown in the research results, it is usually not one unitary factor but both of the factors that will affect the member states' policy adherence to the EU, which means whether or not they are adherent to the EU's common policy on China is a result of consideration into both factors. After weighing the pros and cons, the member states will make their choice based on their various motives. Estonia, considering the limited economic gains from cooperation with China, chooses to hold on to the EU's normative position and follow the EU's policy line to deal with China; Poland, discontented of the economic results, also chooses to adhere to the EU's common policy on China to ease the tension between itself and the EU due to its existing non-compliance issue; Hungary, in need of economic benefits, does not hesitate to approach China by deviating from the EU's common policy, as Hungary is already in the center of criticism due to its non-compliance issue; the Czech Republic, also eager for economic gains through cooperation with China, chooses to support China on some controversial issues which is against the EU's common policy, but meanwhile it keeps its high-level normative compliance with the EU in general domains to prevent itself from getting too much attention from the EU. The variation in motives across member states leads to the variation in their behaviors when they deal with China's increasing engagement in this region, which causes the EU's incompetence to speak to China with one voice.

Overall, it is confirmed that both the economic factor and the normative factor will affect the member states' adherence to the EU's common policy on China. On the one hand, member states, which endeavors to deepen economic cooperation with China and to benefit from China's initiative such as 16+1, prioritize economic gains in their agendas when dealing with China. Driven by rationalism and affected by economic leverage, these countries may tend to transform their attitude to be more friendly towards China on other political issues. This may lead to deviation from the EU's common position on China and

jeopardize the EU's unity to speak with one voice to China. As a result, China's economic engagement can translate into political influence in Europe. On the other hand, as normative compliance also plays a significant role in determining a member state's adherence to the EU's common policy, what the EU should pay close attention to is the member states' non-compliance issue. When the member states maintain high-level compliance with the EU, which means they have strong sense of identity in the Community, there will be less chance that they will deviate from the EU. When the member states have low-level compliance with the EU, it is often linked to their discontent of what they get from the EU. The discontent may develop itself into ideological disagreements if the non-compliance issue is not paid enough attention to by the EU. Under the circumstances, if an external power happens to exert its influence in European affairs through economic leverage, there will be greater chance that the member states with non-compliance issues will tend to turn to external powers with the purpose of economic gains. As a result, the member state's increasing economic involvement with the external power, accompanied with its own non-compliance issue, may take the member states away from the EU's policy line, which eventually leads to the emergence of vertical incoherence in the EU's policy-making towards the external power.

To fix the vertical incoherence caused by various motives in economic and normative dimensions, the EU should suit the remedy to the case. Economically, what the EU can do in response to China's increasing engagement are: 1) internally, the EU should enhance its economic attractiveness based on the single market and four freedoms, and provide policy support to smaller member states so that they will equally benefit from the common market as other dominant EU member states and 2) externally, the EU should deepen economic cooperation with China and integrate the member states into the cooperation framework, so that the EU can have a better control over the member states' economic activities with China. However, to make both of the methods work, coherence and cohesion are required. As the EU is unable to directly exert influence to interfere with the

member states' economic involvement with China, what the EU should primarily work on is its internal non-compliance issue to strengthen the cohesion between the member states and the EU institutions. Only with the member states' high-level compliance with the EU can the EU act as a genuinely unified Community when dealing with China, so that the member states' economic involvement with China, instead of being unilateral acts, can be incorporated into the EU's overall economic partnership with China; political demands from China that come along with economic leverage in bilateral relationships with some EU member states may not work out anymore. Essentially, the degree of the member states' normative compliance with the EU's rules and values are the key. Without high-level compliance, common policy or collective action is empty talk. Dealing with the internal issue first is probably the best way to resist the external engagement. Even though both of the factors – economic involvement and normative compliance, affect the EU's policy output on China, the more crucial, more fundamental and more manageable factor for the EU to focus on and cope with is the compliance issue.

In sum, this thesis answers what factors account for the variation in the member states' adherence to the EU's common policy on China by demonstrating that both economic gains and normative values can play a role. The extent to which each of the factors affect a member state's adherence to the EU's common policy on China varies across member states due to their different priorities and pursuits. The contribution of my thesis is that it theorized the emergence of the EU's incompetence to deal with external powers by using the rationalist-constructivist framework to explain, from economic and normative perspectives, how vertical incoherence emerges and how it affects the EU's external relations as the result of variation in member states' motives and in behaviors. Through my research, the significance of the member states' high-level compliance to the EU and the political influence that an external power's economic leverage will bring to the member states are confirmed. These findings may contribute to the future studies on the EU's external relations.

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Appendices

Appendix 1

Appendix 1: EU-China Trade and FDI Indicator

Table 21: The EU's Trade with China (EURO Billion) and Average of Trade-to-GDP Ratio (%) 2012-2017

	EU's export to China	EU's import from China	EU's total trade with China	EU's annual GDP	Trade with China as % of GDP
2012	144.2	292.1	436.3	13484.1707	3.24
2013	148.1	280.1	428.2	13596.7776	3.15
2014	164.7	302.5	467.2	14072.0233	3.32
2015	170.4	351	521.4	14828.6355	3.52
2016	169.7	352.3	522	14958.2923	3.49
2017	197.6	375.4	573	15382.3576	3.73
Average					3.41

(Source: own table, based on data from Eurostat and Pordata)

Appendix 1 (Continued)

Table 22: Inward FDI Stock in the EU by China (EURO Billion) and Average of FDI-to-GDP Ratio (%) 2012-2017

	FDI stock in EU by China	FDI stock in EU in total	EU's annual GDP	EU's FDI stock by China as % of GDP
2012	27.342	10262.53	13484.1707	0.27
2013	128.1012	12539.6558	13596.7776	0.94
2014	145.9985	14028.8363	14072.0233	1.04
2015	175.7767	16349.1654	14828.6355	1.19
2016	182.7389	16960.0259	14958.2923	1.22
2017	176.0906	16712.942	15382.3576	1.14
Average				0.97

(Source: own table, based on data from Eurostat and Pordata)

Appendix 2

Appendix 2: China's Trade and Investment with Selected CEE countries

Table 23: Estonia's Inward FDI Stock by China as % of Estonia's GDP (Euro Million) 2012-2017

Estonia's FDI-to-GDP Ratio	Inward FDI Stock in Estonia by China	Estonia GDP	Inward FDI Stock in Estonia by China as % of Estonia's GDP
2012	3	17934.9	0.017
2013	3.1	18932.3	0.016
2014	3.1	20061.2	0.015
2015	4.2	20652.0	0.020
2016	4.2	21682.6	0.019
2017	4.1	23615.2	0.017
Average of FDI-to-GDP Ratio			0.017

(Source: own table, based on data from the Bank of Estonia and Statistics Estonia)

Table 24: Poland's Inward FDI Stock by China as % of Poland's GDP (USD Million) 2012-2017

Poland's FDI-to-GDP Ratio	Inward FDI stock in Poland by China	Poland's GDP	Inward FDI stock in Poland by China as % of Poland's GDP
2012	288.1	500360	0.06
2013	104.2	524230	0.02
2014	179.1	545180	0.03
2015	217.9	477360	0.05
2016	176.5	471400	0.04
2017	223.1	524510	0.04
Average of FDI-to-GDP Ratio			0.04

(Source: own table, based on data from National Bank of Poland and Trading Economi

Appendix 2 (Continued)

Table 25: Hungary's Inward FDI Stock by China as % of Hungary's GDP (HUF Million) 2012-2017

Hungary's FDI-to-GDP Ratio	Inward FDI stock in Hungary by China	Hungary's GDP	Inward FDI stock in Hungary by China as % of Hungary's GDP
2012	18987.2	28781064	0.07
2013	23845.2	30248235	0.08
2014	58731.6	32583424	0.18
2015	55351.3	34378594	0.16
2016	79115.5	35474186	0.22
2017	50092.8	38355115	0.13
Average of FDI-to-GDP Ratio			0.14

(Source: own table, based on data from Hungarian National Bank and OECD)

Table 26: The Czech Republic's Inward FDI Stock by China as % of the Czech Republic's GDP (USD Million) 2012-2017

Czech's FDI-to-GDP Ratio	Inward FDI stock in Czech by China	Czech's GDP	Inward FDI stock in Czech by China as % of Czech's GDP
2012	-9.333	207380	-0.005
2013	-8.657	209400	-0.004
2014	-13.3	207820	-0.006
2016	268.3	186830	0.14
2016	665	195310	0.34
2017	691.3	215730	0.32
Average of FDI-to-GDP Ratio			0.13

(Source: own table, based on data from Czech National Bank and Trading Economics)

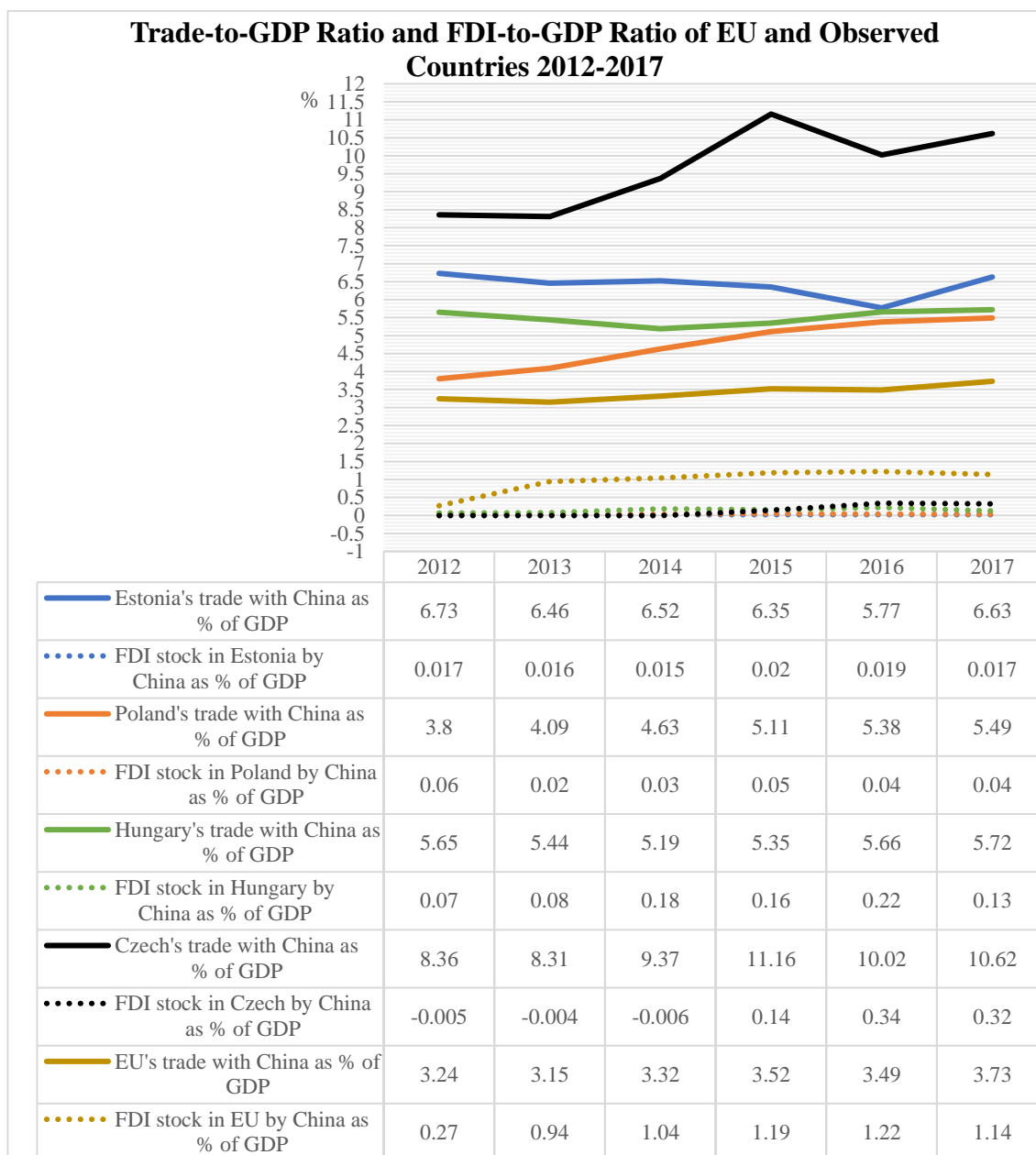


Figure 16: Trade-to-GDP Ratio (%) and FDI-to-GDP Ratio (%) of EU, Estonia, Poland, Hungary and the Czech Republic 2012-2017

(Source: own graph, based on data from the Bank of Estonia, National Bank of Poland, Hungarian National Bank, Czech National Bank, Trading Economics, OECD, Eurostat and Pordata)

Appendix 3

Appendix 3: Freedom Ratings of selected CEE countries as Indicator of Normative Compliance

Table 27: Freedom Ratings of Estonia, Poland, Hungary and the Czech Republic 2012-2017

Freedom Status 2012-2017		2012	2013	2014	2015	2016	2017
Estonia	Freedom Status	Free	Free	Free	Free	Free	Free
	Freedom rating	1.0	1.0	1.0	1.0	1.0	1.0
	Political rights	1	1	1	1	1	1
	Civil liberties	1	1	1	1	1	1
Poland	Freedom status	Free	Free	Free	Free	Free	Free
	Freedom rating	1.0	1.0	1.0	1.0	1.0	1.5
	Political rights	1	1	1	1	1	1
	Civil liberties	1	1	1	1	1	2
Hungary	Freedom status	Free	Free	Free	Free	Free	Free
	Freedom rating	1.5	1.5	1.5	2.0	2.0	2.5
	Political rights	1	1	1	2	2	3
	Civil liberties	2	2	2	2	2	2
The Czech Republic	Freedom status	Free	Free	Free	Free	Free	Free
	Freedom rating	1.0	1.0	1.0	1.0	1.0	1.0
	Political rights	1	1	1	1	1	1
	Civil liberties	1	1	1	1	1	1

(Source: own table, based on data from Freedom House)

Appendix 4: Provisions of Article 7 TEU

“1. On a reasoned proposal by one third of the Member States, by the European Parliament or by the European Commission, the Council, acting by a majority of four fifths of its members after obtaining the consent of the European Parliament, may determine that there is a clear risk of a serious breach by a Member State of the values referred to in Article 2...

2. The European Council, acting by unanimity on a proposal by one third of the Member States or by the Commission and after obtaining the consent of the European Parliament, may determine the existence of a serious and persistent breach by a Member State of the values referred to in Article 2...

3. Where a determination under paragraph 2 has been made, the Council, acting by a qualified majority, may decide to suspend certain of the rights deriving from the application of the Treaties to the Member State in question...”

(Source: “Consolidated version of the Treaty on European Union - TITLE I COMMON PROVISIONS - Article 7 (ex Article 7 TEU)”, OJ C 326, 26.10.2012, p. 19–20 (EN), EUR-Lex)

Appendix 5: Infringement Cases in the EU

Table 28: Annual Number of Pending Infringement Cases of the EU 2012-2017²⁴

Number Year	Total Number of Pending Infringement Cases of the EU at the End of the Year	Average Number Per Member State
2012	1343	50
2013	1300	46
2014	1347	48
2015	1368	49
2016	1657	59
2017	1559	56
Average		51

(Source: own table, based on data from European Commission Publications – “Annual reports on monitoring the application of EU law” and “Application of EU Law: how EU Member States performed in 2013”)

²⁴ Average number per member state = Total numbers of pending infringement cases / 28. Note: 2012 is exception – Average number per member state = Total numbers of pending infringement cases / 27, as Croatia did not join the EU until 2013.

Appendix 6

Appendix 6: Foreign Ministry Spokesperson Hua Chunying's Remarks on China-Estonia Relations

“Q: China-Estonia relations ran into difficulties after some Estonian politicians met with Dalai in August 2011. It is understood that Chinese Vice Foreign Minister met with Estonian Ambassador to China the other day. Could you please tell us more about it?”

A: On September 25, Chinese Vice Foreign Minister met with Estonian Ambassador to China. The Estonian side said that it was regrettable that Estonia-China relations suffered negative impact in recent years. The Estonian side places high importance on developing friendly and cooperative relations with China, stays committed to the one-China policy and recognized Tibet as an integral part of China. It does not support any separatist force or activity that advocates the so-called Tibet independence and undermines China's territorial integrity.

The Chinese side acknowledged the above Estonian statement, as well as its position to handle sensitive issues in an appropriate manner. The Chinese government attaches importance to developing friendly and cooperative relations with Estonia. Both sides agreed to promote long-term, healthy and steady growth of bilateral ties based on the principle of mutual respect and equality.”

(Source: Ministry of Foreign Affairs of the People's Republic of China, September 25, 2014)

Appendix 7

Appendix 7: Prime Minister of Hungary, Viktor Orbán's Remarks on "Illiberal State"

"[W]e are doing our best to find, ways of parting with Western European dogmas, making ourselves independent from them."

"[W]e have to abandon liberal methods and principles of organizing a society, as well as the liberal way to look at the world."

"[T]he new state that we are building is an illiberal state, a non-liberal state. It does not deny foundational values of liberalism, as freedom, etc....But it does not make this ideology a central element of state organization, but applies a specific, national, particular approach in its stead."

"[A] trending topic in thinking is understanding systems that are not Western, not liberal, not liberal democracies, maybe not even democracies, and yet making nations successful. Today, the stars of international analyses are Singapore, China, India, Turkey, Russia."

(Source: Tóth, Csaba, "Full text of Viktor Orbán's speech at Băile Tuşnad (Tusnádfürdő) of 26 July 2014", The Budapest Beacon, July 29, 2014)