

CHINA'S TRADE WITH CENTRAL AND EASTERN EUROPEAN EU MEMBERS: AN ANALYSIS OF EUROSTAT DATA, 2004–2014¹

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Abstract

China is rapidly becoming one of the most significant trading partners of EU countries. This is as much the case for the 11 Central and Eastern European countries (CEE11) which entered the EU in 2004, 2007 and 2013 as for the older members. This paper sets out to examine data obtained from the Eurostat database concerning trade between the CEE11 and China between 2004 and 2014 in an attempt to clarify two main questions. Firstly, are there any differences between individual CEE countries' trade with China during the last decade? Secondly, have the Visegrad (V4) countries (Poland, the Czech Republic, Hungary and Slovakia) obtained any advantages over each other or over the other CEE11 countries? The Eurostat data, while limited in some aspects, suggest that all the eleven nations, despite variations, are struggling with trade balance deficits and therefore need to cooperate rather than compete concerning trade with China.

Introduction

China is now the second-largest trading partner of the EU by volume and the biggest single source of imported goods. For the eleven countries of Central and Eastern Europe (henceforth, the CEE11) which entered the EU in 2004 (Poland, the Czech Republic, Hungary, Slovakia, Slovenia, Estonia, Latvia and Lithuania), 2007 (Romania and Bulgaria) and 2013 (Croatia), the character of trade relations with China is thus becoming an issue of rapidly increasing importance. This is particularly true since the advent in 2012 (at China's behest) of the '16+1' format of meetings between China and Central and Eastern European countries (CEECs), with the goal of improving ties at several levels [see Kaczmarek and Jakóbski, 2015].

It is therefore surprising that the evolving nature of China-CEE relations since 1989, including trade issues, has been relatively little studied until recently. In particular, there is a paucity of significant peer-reviewed articles in English. Even when trade between China and CEECs has been researched, the results have often been presented in terms of bilateral trade between individual nations and China [e.g., Palonka, 2010; Semerák, 2012; de Castro and Stuchlíková, 2014; Grančay, 2014]. Some recent attempts to unpick

¹ All tables and figures in this paper are drawn from the Eurostat database.

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China-CEE trade relations at a broader level beyond the bilateral [e.g., Jia and Zhang, 2009; Kong, 2014] have not necessarily been as analytically clear or informative as might have been hoped. The emergence of the new 16+1 format of meetings since 2012, which it appears may be, at least in part, an attempt by China to bypass EU bureaucracy [Kaczmarek and Jakóbski, 2015, pp. 4], means that the need for further analysis of trade, investment and other relations is becoming urgent.²

This article is therefore an attempt to make some sense of China's trade with the 11 Central and Eastern European countries which are members of the EU by comparing the trade data of individual nations.³ The intention is to pick through the data sets found in the Eurostat database (which are obtained from each country's own official reports) concerning China's trade with the CEE11 between 2004 (when eight CEECs entered the EU) and 2014 (the last year available at the time of writing) in search of some patterns, and to draw some tentative conclusions concerning the present state of China-CEE11 trade relations. In addition, based on the evidence, some conclusions will be drawn concerning further avenues of research, as well as making some suggestions regarding CEE11 countries' trade policy with China.

To this end, this paper will concern itself with attempting to answer two main questions and a subsidiary one. Firstly, are there any important differences between individual CEE11 countries in terms of their trade with China during the last decade? Secondly, have the Visegrad (V4) countries (Poland, the Czech Republic, Hungary and Slovakia), which obviously deal with larger volumes than the other nations, obtained any advantages in trade with China over each other or over the remaining CEE11 countries? In addition to these two main questions, an important subsidiary question relating to methods is the following: are data obtained from the Eurostat database (which, after all, is the EU's main statistical database) useful (if not sufficient) for understanding trends in trade between China and CEE?

It is not anticipated that all the issues relating to these questions will be completely answered, since the data are complex and messy (in ways that will be indicated in due course), and therefore do not lend themselves to straightforward interpretation. However, it is hoped that some indications of general trends and tendencies will be unearthed on which to build a foundation for future research agendas which can inform and develop China-CEE trade relations and CEE11 trade policies vis-à-vis China. The overall aim is to add to the existing research on China's trade with CEE by presenting a clear lens through which to study and compare individual countries' trade statistics, and thus to construct an improved analytical framework for further work in this important area, which is, after all, likely to be of great consequence for CEE economies in the coming decades.

Limitations of the data

Three limitations of the research presented below need to be acknowledged at the outset. First, the Eurostat datasets are compiled from information provided by member countries. As such, they are wholly dependent on individual nations' data collection methods and have not been independently verified. Therefore, the accuracy of the data presented below

2 Despite the need for further study of Chinese foreign direct investment (FDI) in CEEC, there is no space in this article (which focuses on trade) for such analysis. For a good overview of past Chinese FDI, the reader is referred to Golonka [2012].

3 The CEE11 is selected rather than the CEE16 grouping which China has focused on in its 16+1 initiative since 2012 because the other five countries are not EU members and thus not included in the Eurostat data.

is dependent on the statistical gathering methods of the individual countries concerned. Indeed, Semerák [2012, pp. 5] suggests that the data are both highly inaccurate and unrepresentative of business relations as a whole. For this reason, the subsidiary research question above deals with the question of whether the Eurostat data can reveal anything useful about trends in PRC-CEEC trade. A conclusion concerning the utility of the Eurostat data will be drawn in the final section.

Secondly, questions of trade are not always straightforward. For instance, when goods exported by foreign multinationals operating within a country are reported as part of a country's own exports, it needs to be recognised that such sales can boost export figures without benefitting the host country's economy to as great an extent as the raw data appear to suggest. This is the case of Slovakia, whose exports to China have increased in recent years largely due to sales of cars produced in Slovak factories by foreign companies such as the German firms Audi and Volkswagen [Semerák, 2012, pp. 5]. Also, it is possible that some Chinese goods are being smuggled into CEECs such as Bulgaria (via Turkey), and that these goods are therefore not being included in import figures while being thereafter resold across the EU.⁴ Additionally, the extent to which re-exports of imported goods and semi-manufactured imported products affect a nation's economic output is not clarified in the raw export/import data in the Eurostat database, and is thus difficult to assess using this method.⁵

Thirdly, the connection between diplomatic activity and trade is not as clear-cut as it is in relation to investment. Nevertheless, it would appear probable that the quality of political ties and the ability to strike deals must have an impact on trade, even if the cause-and-effect mechanism by which this occurs is generally less than transparent. Thus, while drawing inferences about the impact of political relations on trade data and vice versa may seem less than satisfactory, this does not imply, in the fuzzy realm of the social sciences, that there is no connection between the two. As Thomas Piketty points out: “[s]ocial scientific research is and always will be tentative and imperfect”, but this does not stop one from “patiently searching for facts and patterns and calmly analysing the economic, social and political mechanisms that might explain them” via “research that is at least systematic and methodical if not fully scientific” [Piketty, 2014, pp. 3].

In the end, the old saying about “lies, damned lies, and statistics” needs to be borne in mind when studying the Eurostat datasets. The data presented in this paper are often in need of qualitative interpretation and qualification (which this paper will attempt), and both their self-reported origins and the realities underlying the raw figures ought to be recalled when studying the tables and figures here presented.

Background prior to 2004

This study focuses on data concerning trade between the CEE11 and China between 2004 and 2014. However, trade relations between CEEC and China of course date back further than 2004. Therefore, it is necessary to briefly characterise developments prior to the EU accession of eight CEECs in May 2004.

4 See the Centre for the Study of Democracy's 2002 report entitled *Corruption, Trafficking, and Institutional Reform: Prevention of Trans-border Crime in Bulgaria (2001–2002)*, especially pages 34–36, for more on Chinese shipping containers that entered the EU illegally via Turkey and Bulgaria in 2001–2002.

5 I am grateful to an anonymous reviewer for pointing this out.

Table 1 | Trade between 9 CEEC and China, 1999–2003, in millions of euros

(Data for Poland and Slovakia unavailable, no data for Croatia 1999-2001. I= Imports, E= Exports, T= Turnover, B= Balance)

Table 1	1999	2000	2001	2002	2003
Hungary	I: 573.1 E: 67.3 T: 640.4 B: -505.8	I: 1030.5 E: 44.1 T: 1074.6 B: -986.4	I: 1488.7 E: 126.1 T: 1614.8 B: -1362.6	I: 2208.9 E: 163.8 T: 2372.7 B: -2045.1	I: 2914.1 E: 157.5 T: 3071.6 B: -2756.6
Czech Rep.	I: 528.5 E: 55.0 T: 583.5 B: -473.5	I: 754.8 E: 71.5 T: 826.3 B: -683.3	I: 1198.5 E: 89.8 T: 1288.3 B: -1108.7	I: 1991.8 E: 157.0 T: 2148.8 B: -1834.8	I: 2417.0 E: 213.5 T: 2630.5 B: -2203.5
Romania	I: 135.6 E: 34.3 T: 169.9 B: -101.3	I: 188.8 E: 93.2 T: 282.0 B: -95.6	I: 282.2 E: 99.7 T: 381.9 B: -182.5	I: 392.5 E: 216.2 T: 608.7 B: -176.3	I: 582.9 E: 248.5 T: 831.4 B: -334.4
Croatia	/	/	/	I: 271.3 E: 2.6 T: 273.9 B: -268.7	I: 358.0 E: 3.8 T: 361.8 B: -354.2
Slovenia	I: 127.2 E: 12.1 T: 139.3 B: -115.1	I: 148.6 E: 15.8 T: 164.4 B: -132.8	I: 176.8 E: 12.6 T: 189.4 B: -164.2	I: 237.6 E: 22.9 T: 260.5 B: -214.7	I: 291.0 E: 26.5 T: 317.5 B: -264.5
Bulgaria	I: 55.3 E: 6.7 T: 62.0 B: -48.6	I: 74.2 E: 11.9 T: 86.1 B: -62.3	I: 97.6 E: 10.8 T: 108.4 B: -86.8	I: 145.8 E: 13.4 T: 159.2 B: -132.4	I: 248.6 E: 54.5 T: 303.1 B: -194.1
Estonia	I: 41.6 E: 2.3 T: 43.9 B: -39.3	I: 163.7 E: 6.9 T: 170.6 B: -156.8	I: 418.2 E: 16.4 T: 434.6 B: -401.8	I: 264.5 E: 20.5 T: 285.0 B: -244.0	I: 257.0 E: 26.9 T: 283.9 B: -230.1
Lithuania	I: 59.1 E: 0.7 T: 59.8 B: -58.4	I: 89.2 E: 1.6 T: 90.8 B: -87.6	I: 134.9 E: 2.1 T: 137.0 B: -132.8	I: 193.4 E: 3.0 T: 196.4 B: -190.4	I: 268.8 E: 7.2 T: 276.0 B: -261.6
Latvia	I: 14.1 E: 0.1 T: 14.2 B: -14.0	I: 25.8 E: 0.2 T: 26.0 B: -25.6	I: 30.2 E: 1.8 T: 32.0 B: -28.4	I: 45.0 E: 3.1 T: 48.1 B: -41.9	I: 59.5 E: 14.6 T: 74.1 B: -44.9

Source: Eurostat

The characteristics of trade relations up to 1989 were enmeshed in the economy of the communist bloc, while those between 1989 and 2003 were influenced by the effect of the rapid political and economic changes in CEE during the period (as well as by the lack of political change in China). In practice, the collapse of communism in CEE demanded an urgent and radical shift from command to market economies, with all the growing pains that entailed (for example, the privatisation of state companies), particularly during

the 1990s. It also meant that trade within the former Soviet bloc, as well as with other socialist countries such as the People's Republic of China (PRC), which had been based mainly on barter rather than market economy, declined markedly. Czesław Tubilewicz [1999, pp. 6] reports “a drastic fall in Sino-Central European trade” during 1990 and 1991. In Czechoslovakia (now the Czech Republic and Slovakia), “[e]xports to former Soviet bloc markets shifted to Western Europe” [Kovanda, 2015].

Economic and political factors relating to CEE's rapid shift to democratic politics and market economy also meant that trade between CEE and the PRC, while beginning to recover during the mid- to late-1990s [see Tubilewicz, 1999, pp. 7], still consisted of very low volumes. Trade only began to expand beyond a level which one commentator describes as “basically non-existent” [Turcsanyi, 2014, pp. 2] after the turn of the century, when conditions for market economy were better established in CEE, and the PRC's rapid economic growth had allowed it to obtain sufficient traction within the global economic system. China joined the World Trade Organization (WTO) in December 2001, which meant fuller integration into the world economy [Gradziuk, 2009].

China's WTO membership appears to have had the knock-on effect of facilitating increased trade with CEE, and indeed the trade turnover began to reach greater levels of volume from about 2001 onwards (see Table 1). The vast majority of trade up to 2003 consisted of imports from China, since CEE11 exports to China were at a very low level before their accession to the EU. Thus, the CEEC's ongoing balance of trade deficit with the PRC dates back to the years before EU accession.

Overall trade trends, 2004–2014

The overall Eurostat data concerning trade between China and the CEE11 from 2004 to 2014 are listed in Table 2 below. Most strikingly, every one of the CEE11 had a trade deficit with China during the entire period. Turnover also increased dramatically (except in the case of Croatia, which declined slightly over the period). All countries except Croatia also imported far more goods from China in 2014 than in 2004: Croatia more than halved its imports in 2013 and 2014 at the time when it was joining the EU. Most nations did not manage to increase exports at a sufficient rate to compensate for increasing imports, meaning that in most cases the trade deficit increased markedly over the decade. The exceptions here are Bulgaria, Croatia and Hungary: the first two managed to reduce their deficit over the period, while Hungary's deficit only increased slightly. Croatia's reduced deficit is due to the rapid drop in imports already mentioned (presumably due to increased intra-EU imports), Hungary's to a steady reduction in imports between 2010 and 2014, and Bulgaria's to a rapid increase in exports to China from 2010 to 2012.

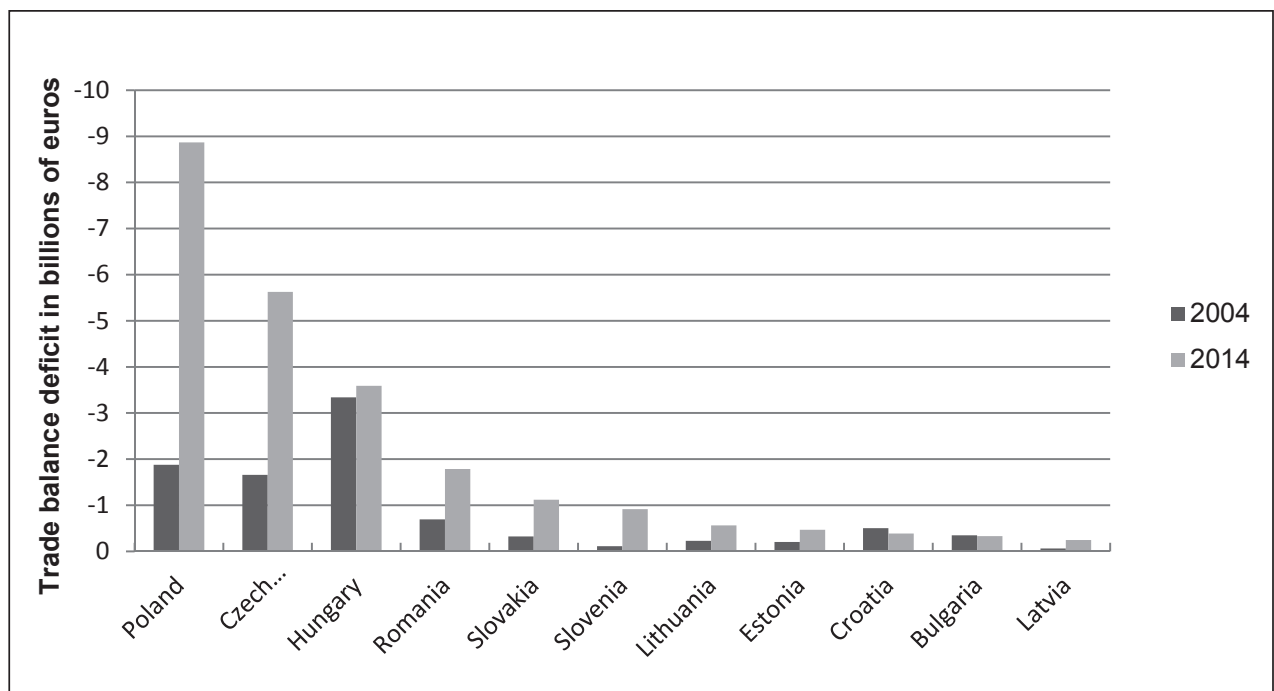
Poland, easily the largest of the CEE11 with a population of 38 million, also has by far the biggest and most rapidly increasing balance of trade deficit (see Figure 1) due to rising imports. The rate of increase in imports shows no sign of slowing, which contrasts noticeably with the dominant trend for Chinese imports to stagnate or fall in the other CEE11 countries since 2011, as can be seen in both Table 2 and Figure 2. Poland therefore now represents both the biggest and most rapidly growing market for Chinese goods amongst the CEE11 countries, having overtaken Hungary in 2008 and the Czech Republic in 2012.

Table 2 | Trade between CEE11 and China, 2004–2014, in millions of euros*(I=Imports, E=Exports, T= Turnover, B=Balance)*

Table 2	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Poland	I: 2331 E: 453 T: 2784 B: -1878	I: 2606 E: 476 T: 3082 B: -2130	I: 3571 E: 609 T: 4180 B: -2962	I: 5050 E: 724 T: 5774 B: -4326	I: 6276 E: 867 T: 7143 B: -5409	I: 5557 E: 1050 T: 6607 B: -4507	I: 6934 E: 1233 T: 8167 B: -5701	I: 7433 E: 1333 T: 8766 B: -6100	I: 7968 E: 1366 T: 9334 B: -6602	I: 8469 E: 1589 T: 10058 B: -6880	I: 10550 E: 1683 T: 12233 B: -8867
Czech Rep.	I: 1881 E: 221 T: 2102 B: -1660	I: 1677 E: 240 T: 1917 B: -1437	I: 2606 E: 318 T: 2924 B: -2288	I: 4336 E: 507 T: 4843 B: -3829	I: 4721 E: 548 T: 5269 B: -4173	I: 4303 E: 602 T: 4905 B: -3701	I: 6929 E: 918 T: 7847 B: -6011	I: 8313 E: 1199 T: 9512 B: -7114	I: 6965 E: 1302 T: 8267 B: -5663	I: 6281 E: 1446 T: 7727 B: -4835	I: 7160 E: 1531 T: 8691 B: -5629
Hungary	I: 3661 E: 321 T: 3982 B: -3340	I: 3816 E: 332 T: 4148 B: -3484	I: 4307 E: 617 T: 4924 B: -3690	I: 5394 E: 752 T: 6146 B: -4642	I: 5586 E: 762 T: 6348 B: -4824	I: 4837 E: 886 T: 5723 B: -3951	I: 6560 E: 1178 T: 7738 B: -5382	I: 6189 E: 1240 T: 7429 B: -4949	I: 5495 E: 1396 T: 6891 B: -4099	I: 5169 E: 1435 T: 6604 B: -3734	I: 5002 E: 1410 T: 6412 B: -3592
Slovakia	I: 387 E: 62 T: 449 B: -325	I: 408 E: 102 T: 510 B: -306	I: 739 E: 176 T: 915 B: -563	I: 1587 E: 321 T: 1908 B: -1266	I: 2078 E: 419 T: 2497 B: -1659	I: 1414 E: 551 T: 1965 B: -863	I: 2014 E: 971 T: 2985 B: -1043	I: 2223 E: 1491 T: 3714 B: -732	I: 2418 E: 1349 T: 3767 B: -1069	I: 2468 E: 1596 T: 4064 B: -872	I: 2494 E: 1375 T: 3869 B: -1119
Romania	I: 852 E: 158 T: 1010 B: -694	I: 1316 E: 165 T: 1481 B: -1151	I: 1738 E: 174 T: 1912 B: -1564	I: 1667 E: 157 T: 1824 B: -1510	I: 2397 E: 160 T: 2557 B: -2237	I: 1903 E: 213 T: 2116 B: -1690	I: 2549 E: 308 T: 2857 B: -2241	I: 2528 E: 390 T: 2918 B: -2138	I: 2086 E: 384 T: 2470 B: -1702	I: 1972 E: 499 T: 2471 B: -1473	I: 2354 E: 567 T: 2921 B: -1787
Slovenia	I: 141 E: 30 T: 171 B: -111	I: 213 E: 43 T: 256 B: -170	I: 305 E: 56 T: 361 B: -249	I: 447 E: 69 T: 516 B: -378	I: 616 E: 121 T: 737 B: -495	I: 553 E: 85 T: 638 B: -468	I: 934 E: 106 T: 1040 B: -828	I: 1046 E: 111 T: 1157 B: -935	I: 912 E: 169 T: 1081 B: -743	I: 1018 E: 169 T: 1187 B: -849	I: 1132 E: 215 T: 1347 B: -917
Bulgaria	I: 377 E: 30 T: 407 B: -347	I: 568 E: 57 T: 625 B: -511	I: 770 E: 62 T: 832 B: -708	I: 609 E: 75 T: 684 B: -534	I: 756 E: 110 T: 866 B: -646	I: 456 E: 96 T: 552 B: -360	I: 493 E: 187 T: 680 B: -306	I: 679 E: 294 T: 973 B: -385	I: 758 E: 595 T: 1353 B: -163	I: 767 E: 651 T: 1418 B: -116	I: 865 E: 533 T: 1398 B: -332
Lithuania	I: 237 E: 9 T: 246 B: -228	I: 291 E: 11 T: 302 B: -280	I: 369 E: 15 T: 384 B: -354	I: 498 E: 15 T: 513 B: -483	I: 542 E: 19 T: 561 B: -523	I: 325 E: 22 T: 347 B: -303	I: 430 E: 28 T: 458 B: -402	I: 452 E: 58 T: 510 B: -394	I: 531 E: 67 T: 598 B: -464	I: 565 E: 88 T: 653 B: -477	I: 666 E: 102 T: 768 B: -564
Estonia	I: 233 E: 29 T: 262 B: -204	I: 302 E: 34 T: 336 B: -268	I: 332 E: 211 T: 543 B: -121	I: 299 E: 65 T: 364 B: -234	I: 294 E: 54 T: 348 B: -240	I: 182 E: 55 T: 237 B: -127	I: 337 E: 112 T: 449 B: -225	I: 555 E: 203 T: 758 B: -352	I: 583 E: 101 T: 684 B: -482	I: 572 E: 99 T: 671 B: -473	I: 606 E: 139 T: 745 B: -467
Croatia	I: 511 E: 6 T: 517 B: -505	I: 705 E: 7 T: 712 B: -698	I: 911 E: 13 T: 924 B: -898	I: 1166 E: 14 T: 1180 B: -1152	I: 1287 E: 25 T: 1312 B: -1262	I: 1036 E: 29 T: 1065 B: -1007	I: 1085 E: 28 T: 1113 B: -1057	I: 1153 E: 39 T: 1192 B: -1114	I: 1157 E: 36 T: 1193 B: -1121	I: 956 E: 57 T: 1013 B: -899	I: 437 E: 51 T: 488 B: -386
Latvia	I: 72 E: 9 T: 81 B: -63	I: 105 E: 8 T: 113 B: -97	I: 153 E: 16 T: 169 B: -137	I: 257 E: 17 T: 274 B: -240	I: 250 E: 19 T: 269 B: -231	I: 145 E: 17 T: 162 B: -128	I: 220 E: 29 T: 249 B: -191	I: 301 E: 47 T: 348 B: -254	I: 362 E: 50 T: 412 B: -312	I: 342 E: 86 T: 428 B: -256	I: 355 E: 110 T: 465 B: -345

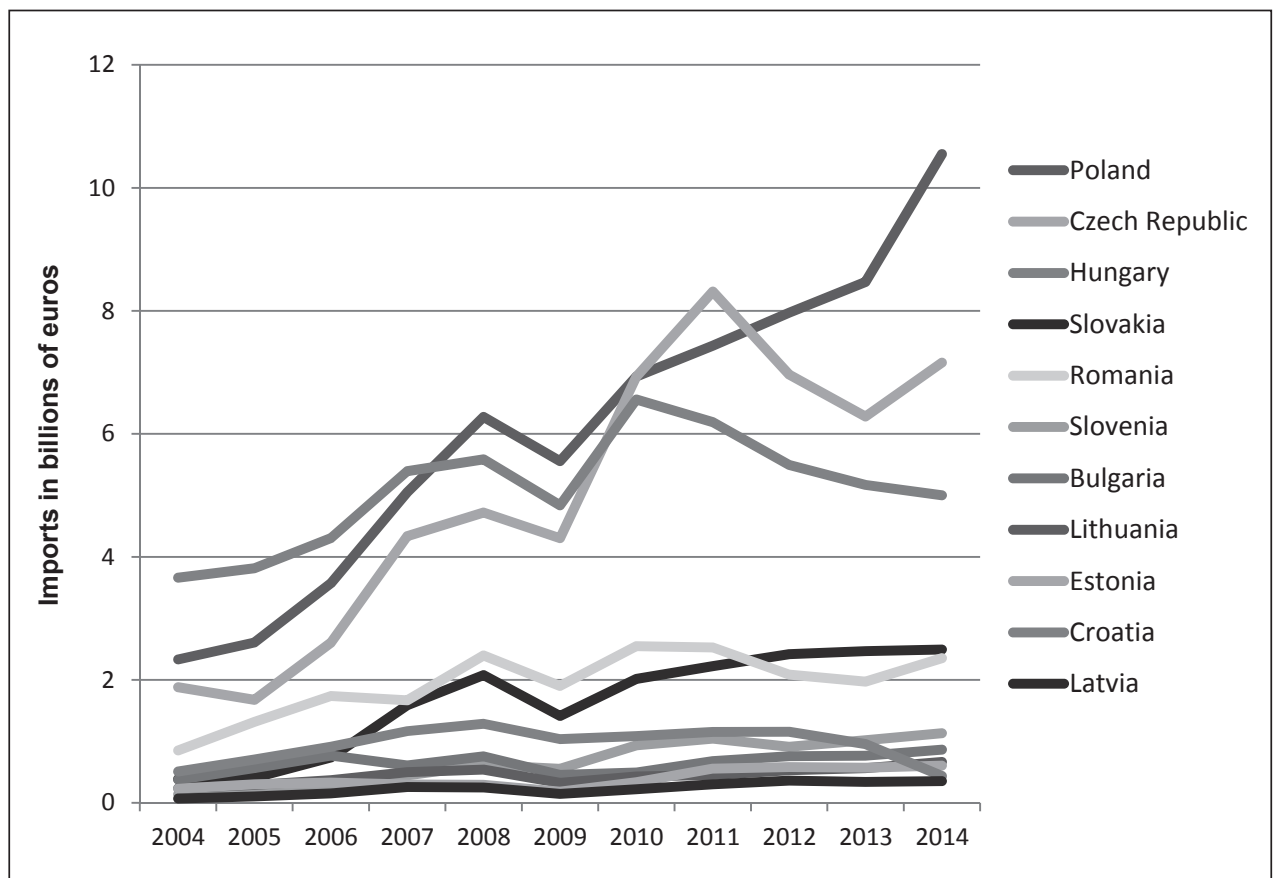
Source: Eurostat

Figure 1 | CEE11 balance of trade deficit with China, 2004/2014



Source: Eurostat

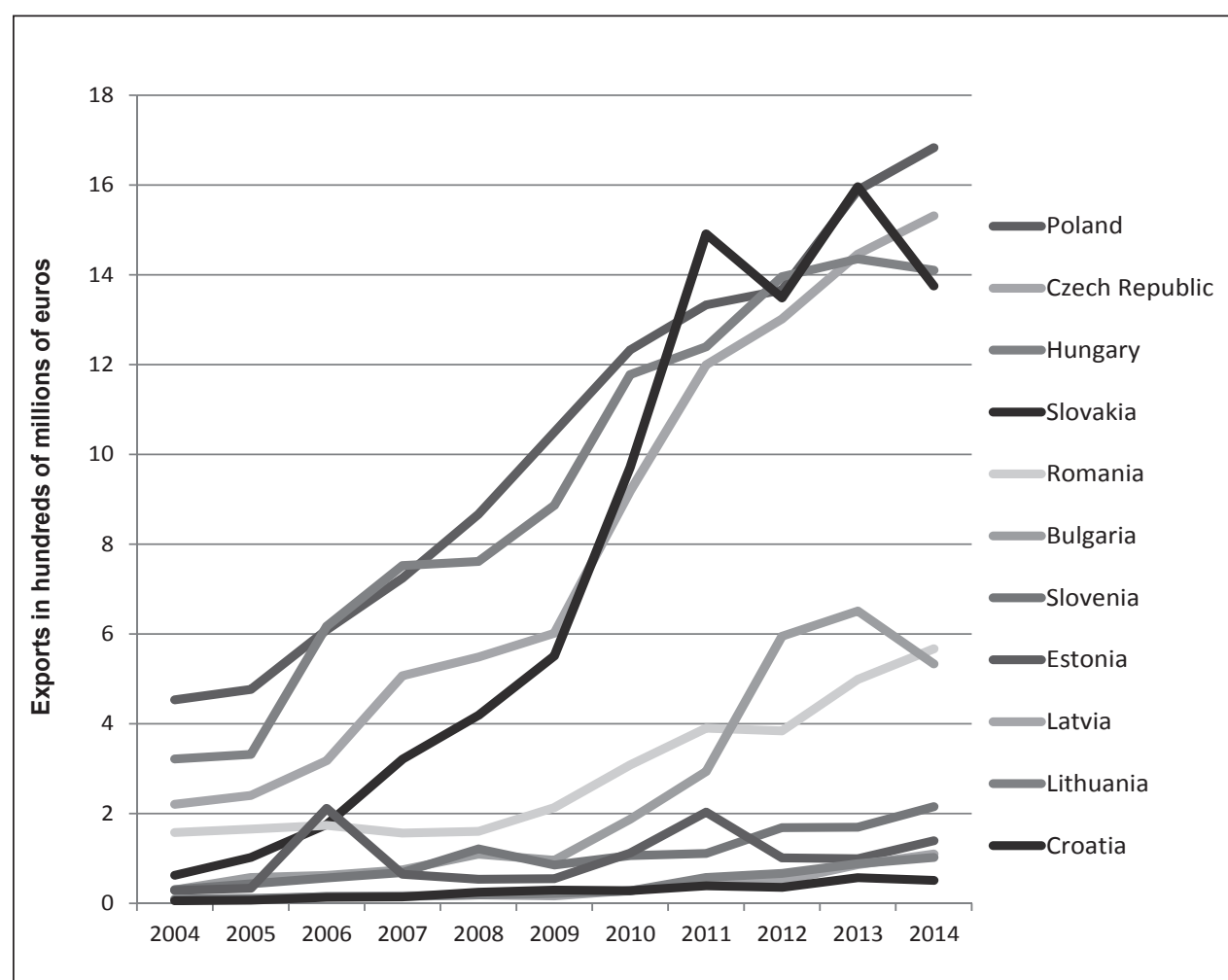
Figure 2 | CEE11 imports from China, 2004–2014



Source: Eurostat

Figure 3 presents volumes of exports from the individual CEE11 countries to China. Amid a picture of rapid growth, it is interesting that the Visegrad (V4) nations – Poland, the Czech Republic, Hungary and Slovakia – attained far higher volumes of exports by 2014 than the other seven CEE11 nations – who can, for convenience's sake, be labelled as the CEE7 – at values of between 1.37 and 1.69 billion euros, with Slovakia at the lower end and Poland at the upper. In contrast, the CEE7 have levels of exports ranging from 0.051 billion euros (Croatia) to 0.567 billion euros (Romania). Thus, in terms of ability to increase exports to China, the V4 nations at first glance appear to have been far more successful. This apparent pronounced gulf between the V4 and the CEE7 therefore needs more analysis, which will be conducted in a later section.

Figure 3 | CEE11 exports to China, 2004–2014



Source: Eurostat

Individual CEE11 countries' trade with China

Table 2 and Figures 1–3 above provide a basis for going into greater detail concerning similarities and differences between individual CEE11 countries' trade with China. As already noted, one of the most striking phenomena is the seeming success of three countries – Hungary, Bulgaria and Croatia – in managing their balance of trade deficits better than the others. Concerning exports,

it appears that some countries (such as Slovakia) have been more successful than others (e.g., Romania, which had more exports than Slovakia in 2004 but less than half in 2014) in increasing exports to China. Regarding imports, some countries (such as Poland and the Czech Republic) have had greater increases than others (such as Hungary and Slovakia).

Figures 4 and 5 compare trade between the CEE11 and China at the beginning and end of the decade. Figure 4 shows that Hungary had far the highest imports from China in 2004, whereas in Figure 5 it had dropped to third place behind Poland and the Czech Republic. Thus, Hungary's relatively successful management of its trade deficit seems to be due less to the increase in its exports than to a slow rate of increase in the official import statistics. The situation with Bulgaria and Croatia is similar.

As far as Croatia is concerned, Table 2 reveals that imports from China halved in 2014, suggesting that this dramatic drop-off is probably connected to Croatia's EU entry in 2013. On the other hand, Bulgaria's apparently effective management of its trade deficit with China appears to rest on an increase in exports from 2010 onwards (particularly, according to one article, of copper ore, concentrates and alloys⁶), combined with a relatively slow increase in imports during the same period.

In terms of boosting exports to China, Slovakia in particular was highly successful between 2004 and 2014, mainly because of the establishment of car manufacturing by multinational companies, in particular the German firms Volkswagen and Audi: according to Grančay [2014, pp. 118] exports of cars constituted 80.8 per cent of Slovak exports to China in 2012. This, however, implies that although Slovakia's exports to China have soared, most of the profits go to non-Slovak companies, meaning that Slovakia's economy may not have benefitted as much from the dramatic rise in exports in recent few years as the raw data would suggest [Semerák, 2012, pp. 5].

Figure 6 describes the relative success (or lack of it) of the eleven countries in increasing their exports compared to imports, and reveals that Poland and Slovenia appear to have been the least successful nations in this area since their exports fell to a lower level relative to imports after ten years. All the others boosted exports relative to imports.

Figure 7 presents exports to China as a percentage of the overall EU total. Here again, Slovakia appears to be the most successful country in dramatically boosting its exports. The Czech Republic overtook Hungary and came close to Poland's figure. Among the others, Romania's exports seem to have been stagnant, while Bulgaria has caught up with its neighbour. The other five all have relatively small volumes of exports, although in each case they increased during the decade.

Figure 8 confirms that Bulgaria and Slovakia appear to have been the most successful of the CEE11 at boosting exports during the decade under analysis. All eleven countries have boosted exports, but Poland and Romania seem to have been the least successful, with relatively small increases in the China share of their total exports.

These conclusions are strengthened by Figures 9 and 10, which show that between 2004 and 2014, Poland, Hungary and Romania's shares of the CEE11 pie declined, while Slovakia and Bulgaria's jumped dramatically. Thus, we can conclude that Slovakia's cars and Bulgaria's copper were the success stories of CEE11 exports to China

6 See 'Bulgaria eyes further rise in exports to China' [online]. [accessed April 23, 2015]. Available at: <http://www.novinite.com/articles/162905/Bulgaria+Eyes+Further+Rise+in+Exports+to+China>.

between 2004 and 2014, while Poland, Hungary and Romania did not manage to impact on the Chinese market to the extent they might have hoped at the start of the decade.

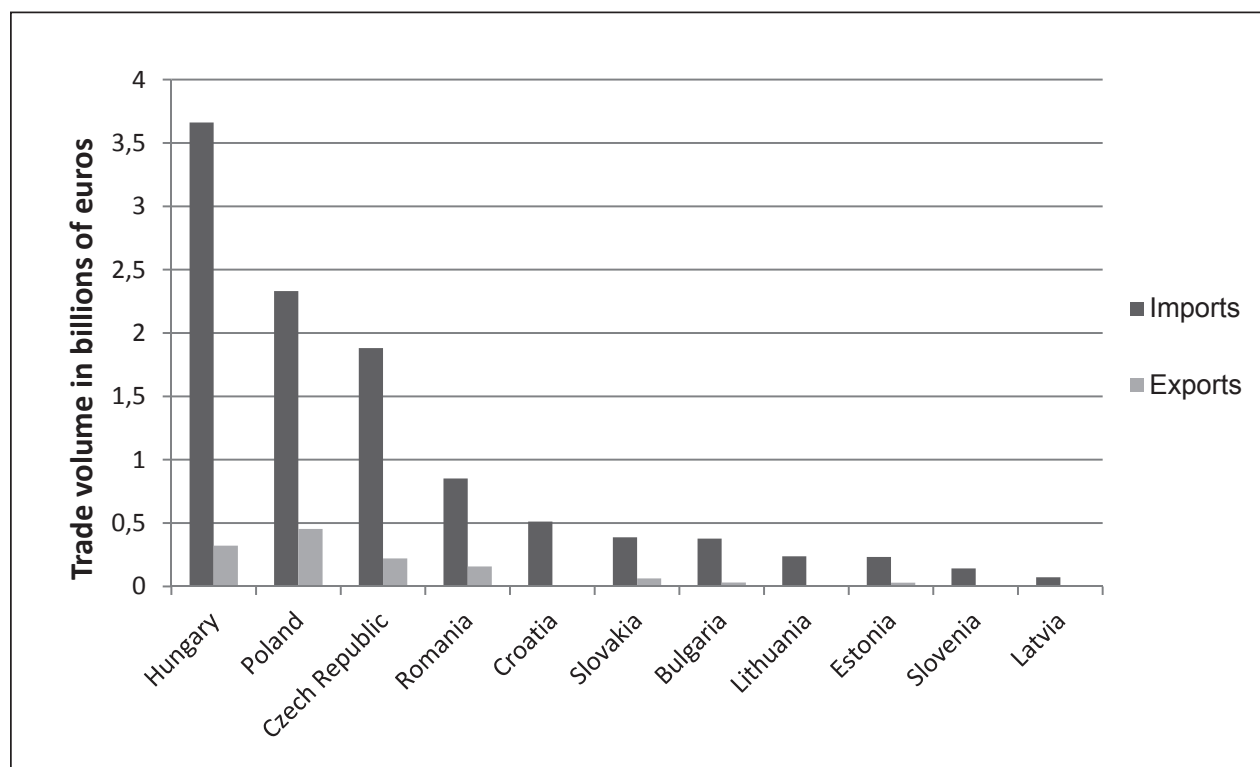
Moving on to imports, Figure 11 shows that the countries which have been most successful at reining in imports appear to have been Hungary, Bulgaria, Croatia and Lithuania. Of course, this might also represent a drop in consumer spending power, and thus lower economic growth than that of the other nations: the reasons need further research beyond the scope of this paper.

Figure 12 shows that Hungary and Croatia's shares of total EU imports from China declined significantly, while Bulgaria's was unchanged and Romania's increased slightly. Lithuania and Estonia also had only modest increases. Slovakia's share more than doubled, giving it the biggest relative increase here, while Poland's almost doubled. The Czech Republic and Slovenia were two other countries to report sizeable increases in imports from China.

Figures 13 and 14 display imports from China as a share of CEE11 total imports in 2004 and 2014, presented as pie charts. Here, the significant decreases in Hungary and Croatia's imports are again clear, as are the increases for Poland, Slovakia and Slovenia.

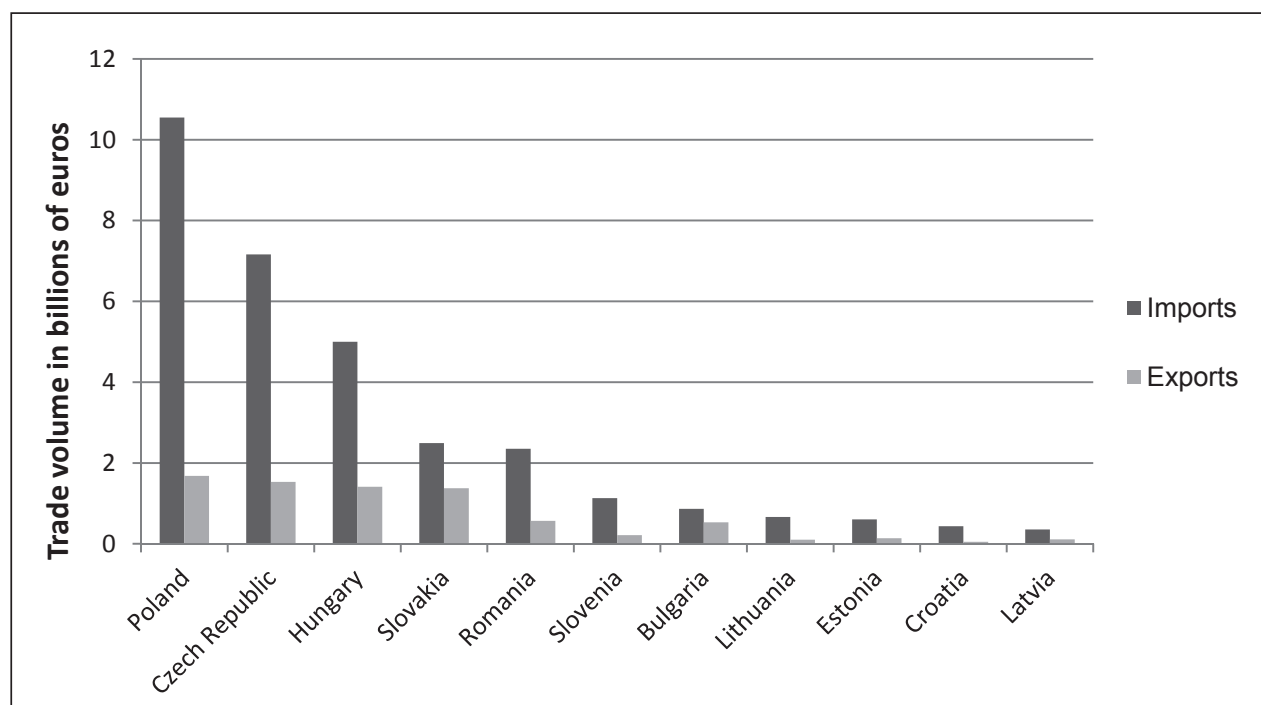
In conclusion to this section, while the trade data across the CEE11 are rather complex, a picture has emerged of major increases in Slovakia and Bulgaria's exports to China, but also of significant increases in imports by Poland, Slovakia and the Czech Republic. At the same time, Poland, Hungary and Romania do not appear to have been as successful at boosting exports as the other CEE11 countries, while Hungary and Croatia have managed to moderate imports more than the others.

Figure 4 | Trade volume between CEE11 and China in 2004



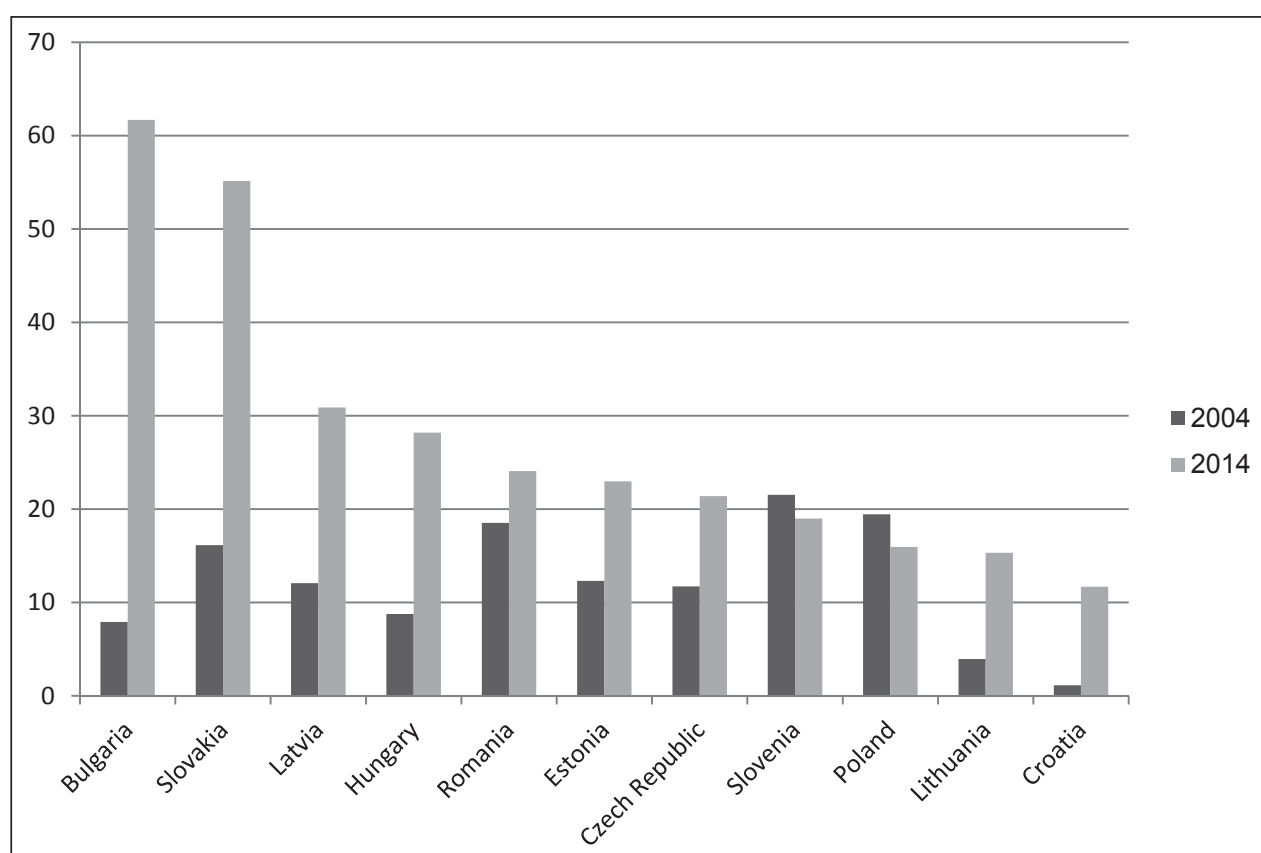
Source: Eurostat

Figure 5 | Trade volume between CEE11 and China in 2014



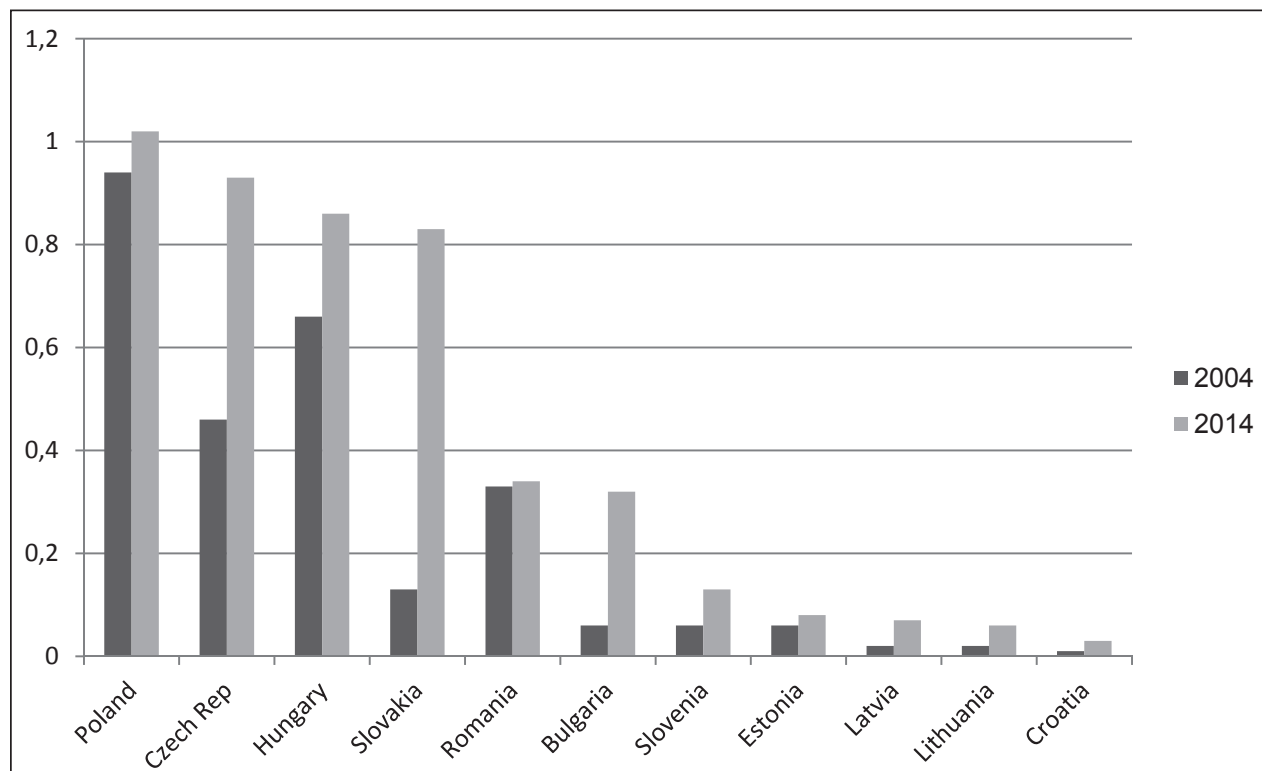
Source: Eurostat

Figure 6 | Exports to China as percentage of imports in 2004 and 2014



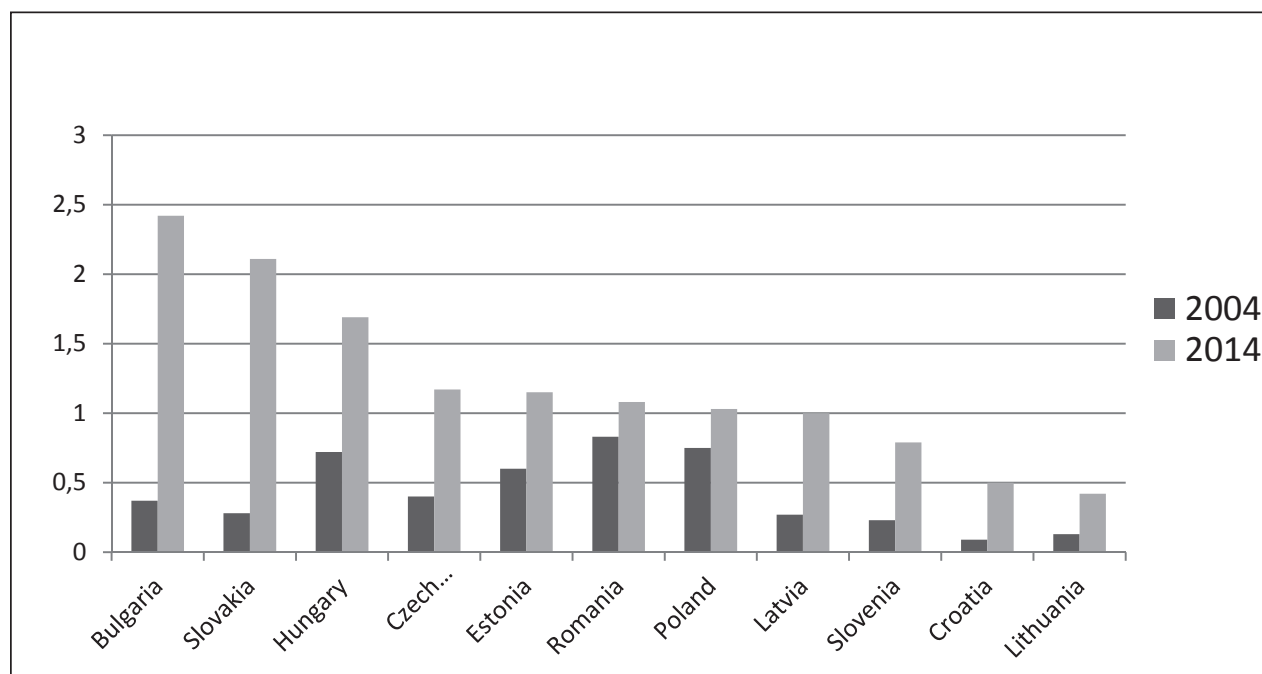
Source: Eurostat

Figure 7 | CEE11 exports to China as percentage of EU28 total in 2004 and 2014



Source: Eurostat

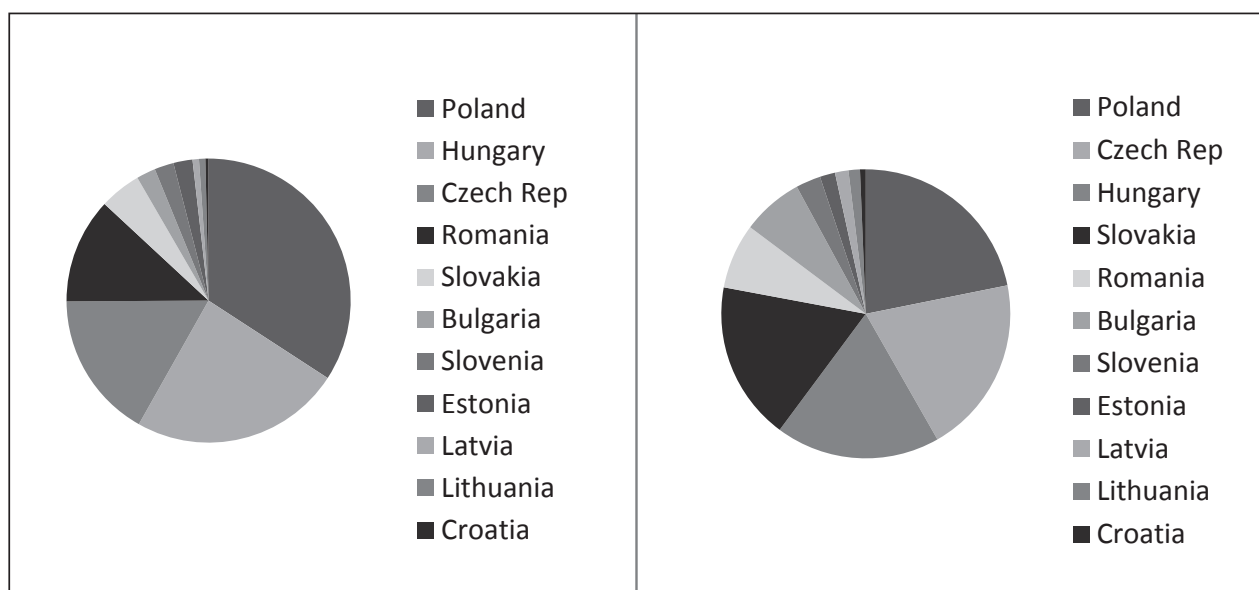
Figure 8 | Exports to China as percentage of total exports



Source: Eurostat

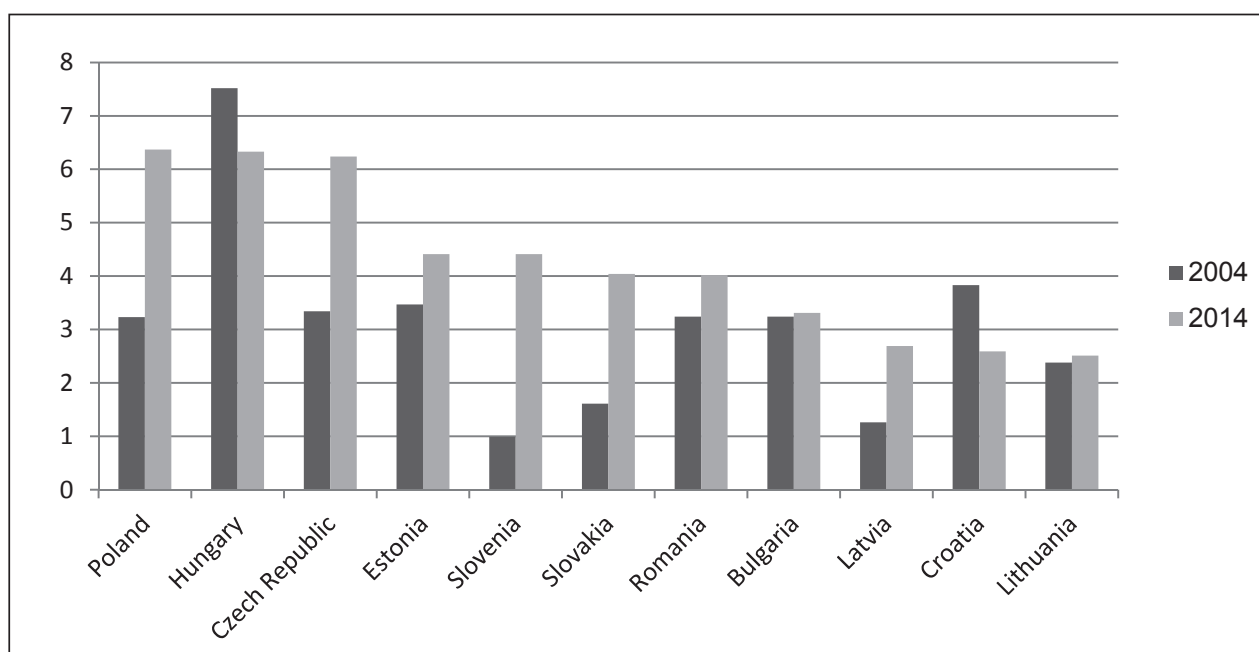
Figure 9 | Exports to China as share of CEE11 total in 2004

Figure 10 | Exports to China as share of CEE11 total in 2014



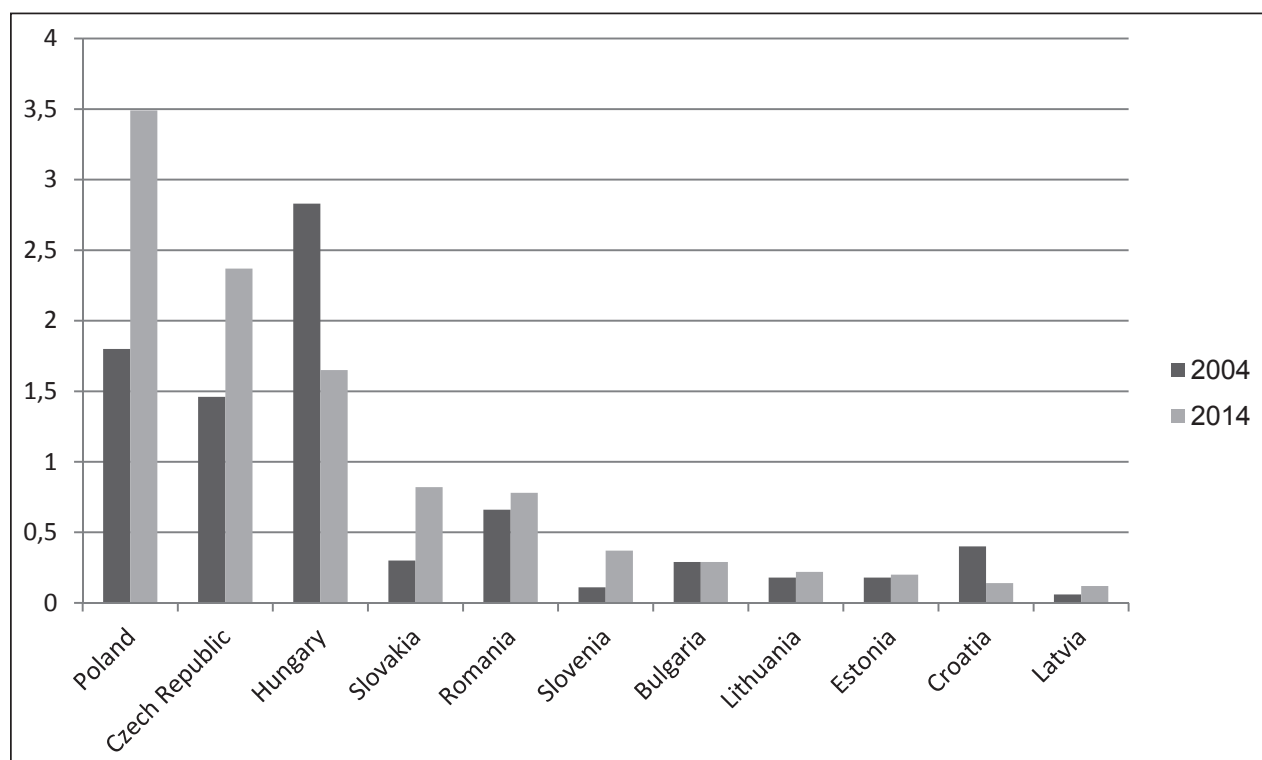
Source: Eurostat

Figure 11 | Imports from China as percentage of total imports in 2004 and 2014



Source: Eurostat

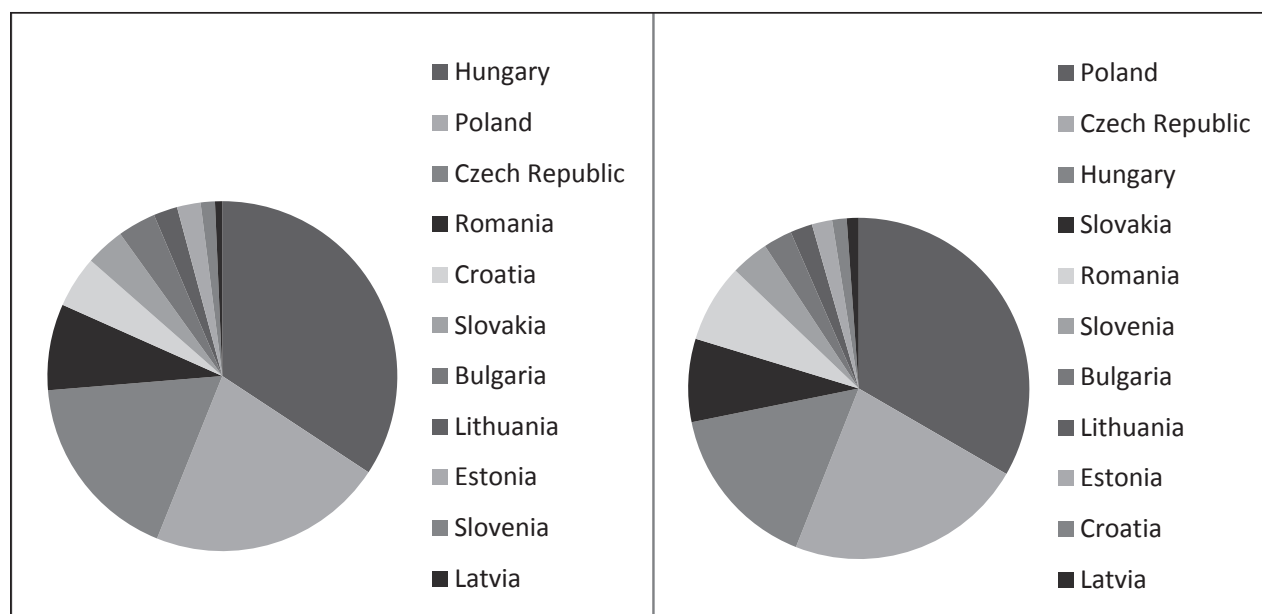
Figure 12 | Imports from China as percentage of EU28 total in 2004 and 2014



Source: Eurostat

Figure 13 | Imports from China as share of CEE11 total in 2004

Figure 14 | Imports from China as share of CEE11 total in 2014



Source: Eurostat

A comparison of V4 and CEE7 trade data

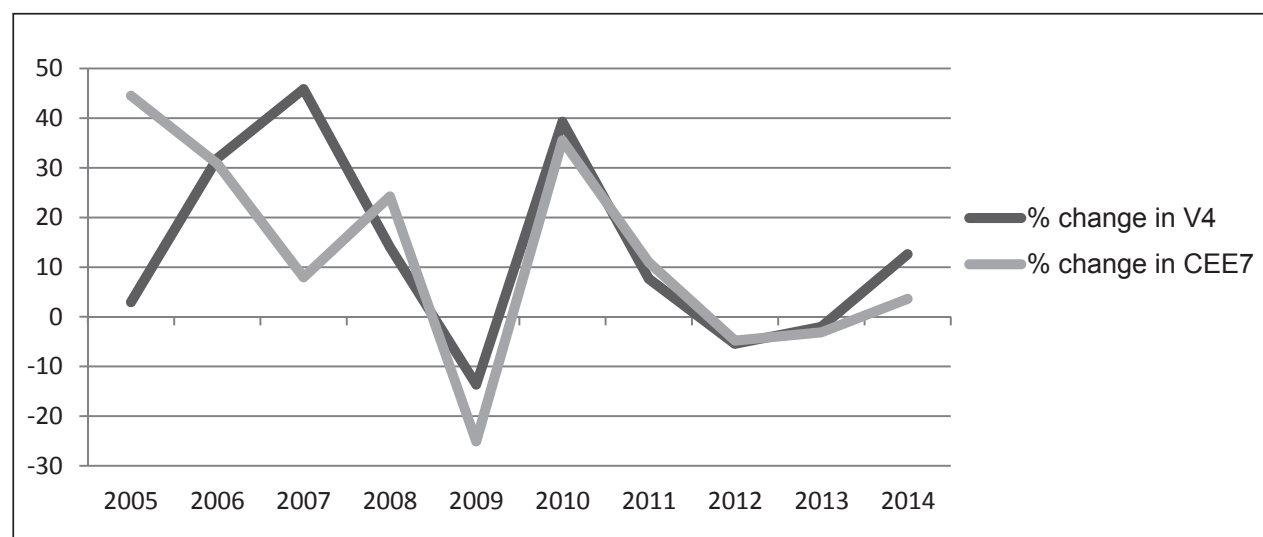
This section addresses the question of whether the V4 nations (Poland, the Czech Republic, Hungary and Slovakia) obtained any clear advantage in trade with China over the other seven members of the CEE11. Figure 15 shows that in terms of levels of imports there appears to have been remarkably little difference between the V4 and CEE7.

In terms of exports, however, the picture is a little surprising. According to Figure 16, it would seem that the CEE7 countries have slightly outperformed the V4 since 2010. The most likely explanation for this is the failure of Poland and Hungary to boost exports in the latter years of the period under study to the extent that might have been expected. This finding would seem to call into question the efficacy of V4 group trade policy. According to Judit Hamberger:

“The Visegrad countries do not, and for a long time will not, have a unified China policy. There are at least two reasons for this. One is that they differ in their trade and political relations: up till now they have not been ‘courteous’ to China either politically or economically to the same degree. The other important reason is that they have become and are each other’s competitors in the competition for Chinese investments and economic ‘goodwill’. They are also competing to see which of them will become the major or larger base and logistical expediting centre for the expansion of Chinese goods” [2013, pp. 71].

So, lack of cooperation between the V4 countries concerning trade with China is to be expected, and thus it can be concluded that the Visegrad grouping has efficacy neither in this area, nor, in all probability, with regards to China policy generally.

Figure 15 | Imports from China, percentage change year on year, 2005–2014

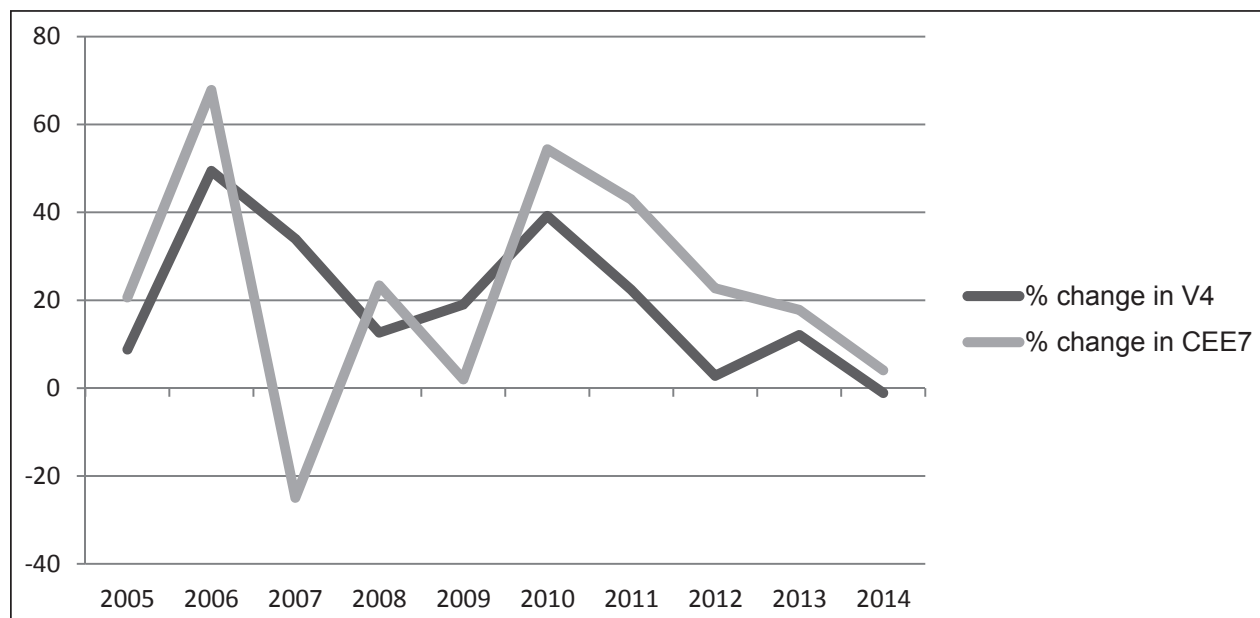


Source: Eurostat

In any case, as Judit Hamberger indicates, “Beijing is consciously weakening the EU’s cementing force in the area of relations with China and undermines EU institutions by developing bilateral relations with the individual member states” [2013, pp. 79]. China’s ‘divide and conquer’ strategy [Fox and Godement, 2009] means that the V4 grouping is unlikely to make any impact on Chinese policy regarding CEE, particularly since the Chinese implementation of the ‘16+1’ formula for meetings: China includes the CEE11 plus

Serbia, Macedonia, Bosnia-Herzegovina, Montenegro and Albania. China has effectively created a new grouping which straddles EU and non-EU states in a way which tends to negate the influence of the EU on China's negotiations with those states [Turcsanyi, 2014].

Figure 16 | Exports to China, percentage change year on year, 2005 to 2014



Source: Eurostat

Competition among the V4 for China's favour?

Having decided that the V4 nations, China's largest partners among the CEE11 by trade volume, have no unified China policy and are in effect working independently of each other on bilateral trade relations, two further questions present themselves. Firstly, is there competition among the V4 for China's favour; and secondly, have any of the four gained significantly on the others during the period 2004–2014 in terms of trade?

Looking back at Table 2 and Figure 4, we can see that Hungary had significantly the largest trade turnover of the four with China in 2004, mainly due to an extremely high level of imports (€3.66 billion, compared to €2.33 billion for Poland, €1.88 billion for the Czech Republic, and only €387 million for Slovakia). Furthermore, in 2004 Hungary's exports to China were second only to Poland's: €321 million for Hungary as opposed to €453 million for Poland, while the Czech Republic had €221 million and Slovakia only €62 million. Given that Poland's population and GDP were approximately four times higher than Hungary's in 2014, this means in effect that Hungary appears to have had a head start in trade relations on the other V4 nations (and indeed on the remainder of the CEE11). It is thus surprising that ten years later, in 2014, Hungary had fallen to a distant third place in terms of trade turnover behind Poland and the Czech Republic, and was also only third (albeit only slightly behind) in terms of exports, not far ahead of Slovakia.

So, why does Hungary's position relative to the other V4 nations appear to have declined between 2004 and 2014? Dariusz Kałan's [2012a] analysis of historical relations

between Hungary and China up to 2012 offers a detailed explanation. Kaľan reports that Hungary's head start was due to the relatively large ethnic Chinese population (roughly 10,000–15,000) that has been present in Hungary since the end of the Cold War, as well as to a rapprochement in 2003 between the Hungarian and Chinese governments of the time. This rapprochement led to increased trade and promises of investment by China. However, between 2010 and 2012, according to Kaľan's analysis, increasing Chinese mistrust of the intentions and stability of the Hungarian government, as well as the faltering Hungarian economy, have produced poorer results for Hungary than might have been anticipated. Kaľan explains:

“The modest results of the Sino-Hungarian rapprochement in 2010–2012 can in part be explained by the lack of a clear Chinese strategy towards Europe. Moreover, Hungary's poor economic health and confrontational policy towards western organizations did little to improve upon the proposed partnership. One can further argue that Chinese investors prioritized countries by their ability to stave off economic crisis and remain stable, rather than those which maintained a loyal political rhetoric. In fact, the Chinese Deputy Minister of Foreign Affairs, Song Tao, remarked in Budapest in April 2012 before a visibly unsettled Orbán that it is always favourable to have a predictable and stable partner with whom to cooperate. The pattern of China's relations with Hungary suggests that China is not interested in becoming an alternative pole for dissident EU states, but rather seeks to engage with stable and well-integrated countries. The EU may as well be concerned with the growth of bilateralism between individual Member States and large external powers; however, the Sino-Hungarian relationship reveals that it is the maintenance of good relations with other EU states that makes a country attractive to Chinese investment” [2012a, pp. 69].

Beijing apparently believes that the Orbán administration, which in its previous incarnation (1998–2002) rejected Chinese overtures on ideological grounds [Kaľan, 2012, pp. 63], has been the prime cause of “Hungary's unstable economic situation and its confrontational policy towards the EU” [Kaľan, 2012b, pp. 755]. This lack of faith on the Chinese side has evidently contributed to the non-realisation of several proposed factory and transport infrastructure projects due to the withdrawal of Chinese investment [Szunomár et al., 2014, pp. 11, 13–14]. The erosion of Hungary's credibility in Chinese investors' eyes therefore also seems likely to have had an impact on the two countries' trade relations.

The message from China is clear: it wants CEE partners which have stable governments, solid economies and good relations with the EU, and it prioritises these factors over ideological ones. This conclusion is supported by a study of Chinese relations with the Czech Republic and Slovakia conducted by Rudolf Fürst and Gabriela Pleschová, in which they found “no clear support” [2010, pp. 1379] for the view that Slovakia's non-critical pose towards China's human rights record had won it any advantage over the Czech Republic with its historically more actively critical stance [see also Semerák, 2012, pp. 8]. Although Figures 6–10 show that Slovakia has increased its exports to China at a faster rate than the Czech Republic (albeit with a sudden drop in 2014), on the other hand, as stated earlier, Slovakia's gain is overwhelmingly (80%) based on exports to China of German cars produced in Slovakia, making Slovakia's success a qualified one at best. Such an all-eggs-in-one-basket outcome is comparable to Hungary's apparently successful record (in comparison to other CEECs) of attracting Chinese investment: this is largely dependent on only one major deal [Szunomár et al., 2014, pp. 21].

Like Hungary, Poland's trade record with China between 2004 and 2014 is a somewhat disappointing one, with a large and growing deficit due to a rapid increase in imports without a sufficient rise in exports. Jurczyk and Mierzejewski [2014, pp. 113] suggest that this is because Poland and China's economies are "not complementary", which points towards confusion on both sides about the best way to develop future cooperation. In large part, this is probably due to the COVEC affair, in which a Chinese construction firm was hired in 2009 to build two sections of a Polish highway at a much lower cost than local firms: the project fell through in catastrophic fashion in 2011 due to misunderstandings over business practices, particularly on the Chinese side [Hamberger, 2013, pp. 85–86]. The affair caused mistrust of China on the Polish side, and probably increased wariness of operating in Poland on the Chinese side, delivering a blow to bilateral cooperation from which China–Poland relations are still trying to recover. In addition, Poland still needs to work out what it can export to China to complement its current reliance on base metals, which constituted 42 % of exports in 2012 [Jurczyk and Mierzejewski, 2014, pp. 108].

At the end of this section, it can be concluded firstly that there does appear to be a certain degree of competition between the V4 nations for China's favour. This is evidenced by Hungary's cultivation of China from 2003 onwards, Hungary's loss of favour in April 2012 [Kałan, 2012a, pp. 69], and Chinese prime minister Wen Jiabao's three-day visit to Warsaw in April 2012, during which he was accompanied by a 300-member delegation [Hamberger, 2013, pp. 72]. Such competition is due to the lack of a unified V4 China trade policy, China's policy of developing bilateral relations with states as opposed to dealing with the EU as a whole [Fox and Godement, 2009], as well as China's ability to pressure states into doing what it wants due to the size of its economy.

Concerning the second question (whether any of the V4 nations have gained advantages over the others), Hungary and Poland's trade figures have been particularly disappointing, while all the four countries still face considerable challenges in increasing exports due to the closed nature of the Chinese market [Hamberger, 2013, pp. 88–89]. All the four have plenty of work to do to reduce their balance of trade deficits with China by increasing exports, so any notion of comparative advantage is effectively irrelevant at this point. This conclusion also suggests that the four nations might do well to cooperate at a more organised level (with each other as well as the CEE7) on China trade rather than be pushed into competing by China's bilateral 'divide and conquer' strategy [cf. Fox and Godement, 2009].

Conclusion

Returning to the questions posed at the beginning of this paper, several conclusions can be drawn about the Eurostat data. Firstly, concerning individual countries' trade with China, although all the countries continue to struggle with trade deficits, Bulgaria and Slovakia seem to have been the most successful in boosting exports to China. Poland, Hungary and Romania have had the most disappointing results as far as exports are concerned. Poland's trade deficit due to increased imports is the highest of all the CEE11 countries. Secondly, it seems that the Visegrad nations have obtained no advantages in trade with China over the CEE7 countries or each other. In fact, the CEE7 slightly outperformed the V4, providing an indication of the lack of cohesion of the V4 countries concerning China trade policy. While Hungary and Poland had the most disappointing trade figures, all the four V4 nations continue to struggle with heavy trade deficits and none has obtained a major competitive advantage over the others thus far, in the event that they might have wished

to. Thirdly and lastly, it can be concluded that despite the acknowledged deficiencies of the Eurostat data in terms of lack of detail concerning transactions, they are at least sufficient to point to some general indicators of trends and patterns in China-CEE trade.

To sum up, although CEE's trade with China increased throughout the decade 2004–2014, and exports rose, trade balance deficits still constituted a problem to be overcome at the end of the period due to high levels of imports from China. Finding ways to increase exports, however, remains as difficult a problem for the CEE11 as for the EU as a whole given the difficulty of obtaining entry to China's domestic market. Thus, what is perceived by some as a 'scramble' to win China's favour may well continue in Central Europe as in the EU as a whole [Godement et al., 2011]. When China established in January 2012 a new strategic partnership with Poland rather than its former favourite Hungary, a switch of focus brought about by Beijing's seeming mistrust of the perceived volatility of the Orbán government and its confrontational approach to the EU [Kałan, 2012a, pp. 23; Liu, 2013, pp. 2], Hungarians were, according to Kałan [2012a, pp. 21], unable to "hide their disappointment". This supports the idea, espoused by Fox and Godement [2009], that China is playing a game of 'divide and conquer' in CEE just as it appears to be doing in the rest of the EU [Kałan, 2012c; Bolzen and Erling, 2012].

In short, Fox and Godement's [2009] recommendation applies to CEE as much as to the EU as a whole: without closer cooperation between CEE (and other EU) nations on establishing clearer China trade policy, China is likely to obtain more advantages in trade than the CEE11 due to its economic size and political clout. Integrating a unified CEE11 China trade policy with a unified EU28 China trade policy would seem to be as much a priority for CEE nations as for the EU as a whole, and the question of how to achieve better cooperation on trade with China and other China-related issues is an important one for officials and researchers to consider in the future.

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