

**SECTION: REGIONAL DEVELOPMENT STRATEGIES AND  
POLICIES IN CENTRAL AND EASTERN EUROPE  
SPECIAL SECTION**

**CHINA, “AN ELEPHANT WHICH CAN NO LONGER BE IGNORED”**

**Marian, Bănică<sup>1</sup>  
Nicoleta, Bănică<sup>2</sup>**

**Abstract**

*The present work approaches the problematic of world competition from the economic perspective, having as main actor a country which is at the same time modern and antique, communist and capitalist, rich and poor, reformed and resistant to change, homogenous and diverse, repressive and independent, conservative and revisionist, passive and aggressive, strong and weak – this is China.*

*As it is named by Martin Jacques, China, “an elephant which can no longer be ignored”, this country managed to combine what seemed to be impossible – one country, two systems – making its presence felt in the economic world order and being considered the world’s second economic superpower after the USA in 2007 and the world’s first superpower in 2015 taking into account the purchasing power and its quota of the world’s GDP. In 2016, China surpasses the USA in the area of scientific research as well, by publishing over 426000 scientific works.*

*The essay presents „The Economic Evolution of the Chinese Republic”, presenting the historical evolution of a culture and a civilisation, China’s involvement in the world’s economy, the strategic partnerships this country made with Russia, the EU and, of course, our country’s relationships with the Chinese Republic, since the latter represented until not long ago a model for the social organisation in Romania for the leaders of the political currents at that time.*

**JEL Code: F02**

On 5<sup>th</sup> October 1949, Romania established diplomatic relationships with the People’s Republic of China immediately after its proclamation, being the third country in the world which recognised the new China. This event opened a new page in the chronicle of traditional friendship between the Chinese people and the Romanian people.

The cooperation relationships between Romania and China developed on a consistent and uninterrupted basis during this time and they withstood all trials and changes occurred, events that could have influenced the course of Chinese-Romanian relationships.

In the 60s the relationships between China and the U.S.S.R. were tensed and almost all the countries in Romania’s vicinity sided with the soviet part. In the 70s, the Cultural Revolution took place in China. And in the 80s, the European socialist side collapsed, and Romania, too, faced a radical change in that context. Related to all these facts, Romania has managed to maintain and continuously develop the relationship with China by consistently following the principles of mutual respect, non-interference in each other’s internal affairs and equality<sup>3</sup>.

Throughout the years, Romania has exported to China large quantities of equipment, including oil products, heavy trucks and technologies that helped China in its development.

In 1995, a strong earthquake took place in the province of Yunnan in China. The Romanian government at that time, in spite of having internal financial problems, did not hesitate to offer China a substantial financial aid.

---

<sup>1</sup> Professor, "I.C. Petrescu" Technological College & "Maria Teiuleanu" College of Economics. Email: banica.c.marian@gmail.com

<sup>2</sup> Professor, "I.C. Petrescu" Technological College

<sup>3</sup> Communication held at the symposium *55 years since the establishment of diplomatic relationships between Romania and the People’s Republic of China*, University „Ovidius” Constanța, 3<sup>rd</sup> November 2004. Ambassador of People’s Republic of China in Bucharest

During the SARS epidemic, while many Heads of State or Government were reluctant to visit China, Mr. prime minister Adrian Năstase offered to go to China in order to express Romanian people's solidarity with the Chinese people.

Romania has always supported the cause of China's reunification by directly contributing to its recognition as a member of the UN, a process completed in 1971, and facilitated the establishment of direct dialogue between China and the United States.

At the same time, Romania too has received China's support. In 1968, when the independence of Romania was menaced during the invasion of Czechoslovakia by the troops of some member states of the Warsaw Pact (August 1968), the Chinese government sent messages of complete solidarity with the position taken by the government from Bucharest. In 1970, when there were severe floods in Romania, China offered important support, both morally and materially. After the Revolution in December 1989, China stated that it respected Romanian people's option and consistently acted in this direction ever since.

Other examples to illustrate the good Romanian – Chinese cooperation were the contacts and mutual visits, both at high level and at the other levels, many leaders from both countries paying visits to each other. Besides high level contacts, the exchange of visits at parliamentary level, between ministries, NGOs and those at local level are very intense as well. All these contacts have contributed to the strengthening of trust and the development of bilateral relationships.

As member of the European Union, Romania supports and acts intensively towards the development and the diversification of the strategic partnership between the EU and the PR of China in view of the achievement of the goals foreseen in the EU-China 2020 Strategic Agenda for Cooperation, adopted during the Beijing summit (23 November 2013).

The year 2013 included some hallmarks in the development of political dialogue through the visit of Romania's prime minister Victor Ponta to China (1st-3rd of July) and the Prime Minister of the State Council of the PR of China, Li Keqiang's visit to Bucharest (25th-28th November). In 2014 the 65th anniversary since the establishment of diplomatic relationships reached the highest level of our bilateral relationships through Romanian Prime Minister Victor Ponta's official visit to the P.R. of China (31st of August – 2nd of September 2014) and on the 16th of December 2014, the heads of Romanian and Chinese governments had a new round of talks in Belgrade in the margins of the 16+1 Cooperation Summit, attended by China and states from Central and Eastern Europe, whose previous edition had taken place in Bucharest in 2013 (Romanian Embassy in the Chinese Republic, 2015).

Over 200 treaties and agreements were signed between the two governments in the 55 years. On their grounds was institutionalised and developed an intense cooperation in the fields of politics, economy, culture, technique, science, education, sports, military, international and others. One could say that there are no fields where there is no cooperation between the two states.

The active and continuous political dialogue, connected to the priorities of national agendas and dedicated to the systematic update of bilateral programmes of exchange and cooperation had in the last two years an unprecedented evolution in the history of bilateral relationships, the heads of government of both countries having 4 official meetings in a time lapse of 18 months. The positive evolution at the political level was reflected in the development of economic and commercial cooperation, which recorded constant increases: compared to the level of the year 2000, when the total amount of trade was 258.7 million USD, at the end of the year 2014, the total amount of Romanian – Chinese trade recorded by the Chinese Republic's Customs Office was 4.75 billion USD (an increase of 17.8% compared to 31st of December 2013), out of which the Romanian export to the P.R. of China amounted to 1.52 billions USD (26% higher than at the end of the year 2013) and the

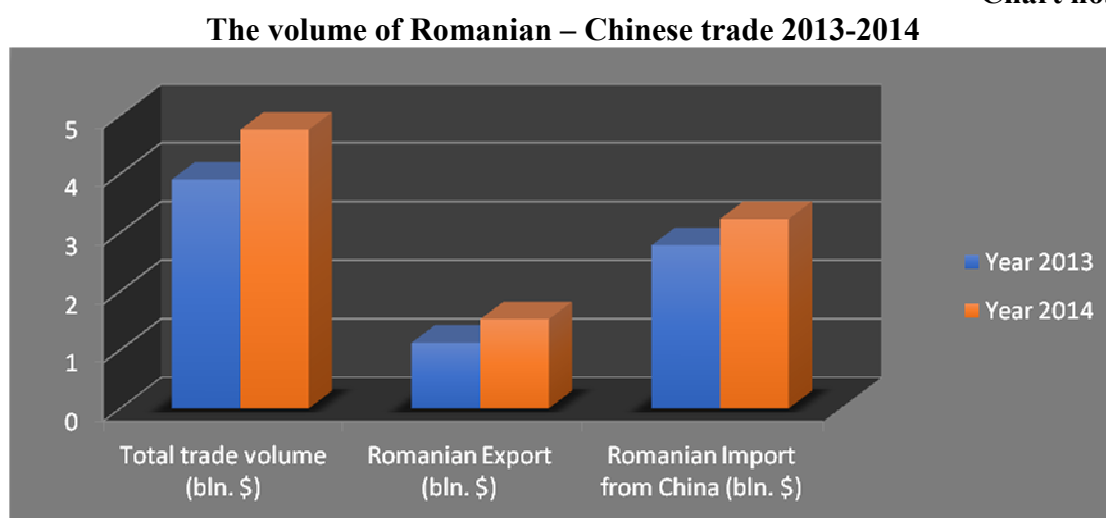
Romanian imports from China reached the value of 3.23 billion US dollars which is an increase of 14.3% compared to the similar period in 2013).

**Table no 1.2.**

<b>The volume of Romanian – Chinese trade 2013-2014</b>			
<b>Year</b>	<b>Total trade volume (bln. \$)</b>	<b>Romanian Export (bln. \$)</b>	<b>Romanian Import from China (bln. \$)</b>
<b>2013</b>	3.9	1.12	2.78
<b>2014</b>	4.75	1.52	3.23

Source: Office for Economic Promotion and Cooperation Beijing

**Chart no. 1.1.**



Source: Office for Economic Promotion and Cooperation, Beijing

Progress has been made towards the materialisation of large-scale investments in some objectives from Romania's energy sector (the thermal power plant from Rovinari and the Units 3 and 4 of the Nuclear Power Plant from Cernavodă) and some other projects in the fields of infrastructure, agriculture etc. are subject to advanced analysis.

In as far as the economic relationships are concerned, we can say that the People's Republic of China is Romania's first trading partner in Asia and holds the 16th place among foreign investors in Romania. Romania's interests are synthesized in the reduction of the trade deficit through the increase of exports. The Chinese involvement in large-scale projects (infrastructure, energy, agriculture etc.), identification of cooperation projects in "untraditional" fields like (IT, the bank sector, environment protection), the exploration and exploitation of cooperation possibilities on third markets (e.g. Mongolia, Iraq, Afghanistan).

The Chinese interests are integrated in the general orientation of promoting their own products on the European/EU market, identifying the point of penetration in other areas with consumption potential and getting involved in significant projects in strategic fields (energy and transportation infrastructure).

The economic relationships between the EU and China are defined by asymmetric aspects: China is the EU's second trade partner and its first source of imports while EU is China's first trading partner; there are major imbalances regarding the bilateral trade (the EU has imported over 3.15 times more than exported in 2008) and in the direct investments (4.5 billion Euros invested in China compared to under a billion Euros invested in the EU).

**Table no. 1.3.**

### **The structure of bilateral trade**

Year	Region	TOTAL	EXPORT	IMPORT	SOLD
2004	PRC (HKSAR)	1.317,5 (58,7)	231,0 (35,7)	1.086,5 (23,0)	-855,5 (-12,7)
2005	PRC (HKSAR)	1.890,59 (50,19)	227,64 (20,26)	1.662,95 (29,93)	-1.435,31 (9,67)
2006	PRC (HKSAR)	2.471,30 (67,10)	248,08 (30,50)	2.223,22 (36,60)	-1.975,14 (-6,10)
2007	PRC (HKSAR)	2.541,55 (43,64)	230,08 (16,68)	2.311,47 (26,96)	-2.081,39 (-10,28)
2008	PRC (HKSAR)	3.805,45 (63,07)	270,17 (32,89)	3.535,28 (30,18)	-3.265,10 (2,71)
2009	PRC (HKSAR)	2942,62 (99,10)	296,54 (82,44)	2646,08 (16,66)	-2349,54 (65,78)
2010	PRC	3893,41	498,86	3394,55	-2895,69
2011	PRC	4201,86	659,28	3542,58	-2883,30

\* HKSAR - Hong Kong Special Administrative Region

#### Structure of bilateral trade

- **Export:** electrolytic copper, copper concentrate and scrap, energy equipment (parts for hydro and thermal power plants), machine-tools, electrical equipments (transformers), beech timber and wood panels, plastic materials and articles, bearings, mill cylinders, common metals, cast iron waste and scrap, iron or steel, organic chemical products, fertilisers, clothing and knitted articles, optical devices, wines etc.
- **Import:** telecom equipment, machinery, metallurgical products and metal articles, organic chemical products, textile and clothing products, footwear, televisions, air conditioners, computing technique, optical instruments and devices, construction materials, toys.

According to the Romania's National Trade Register Office, until 30th of June 2012 a number of 10.441 Chinese and mixed Romanian - Chinese companies were established and the value of Chinese investments in Romania reached approximately 410.7 million USD, thus placing the People's Republic of China on the 18<sup>th</sup> place in the overall ranking of countries which invested in Romania.

Furthermore the economic cooperation relationships in the field of development are regulated by:

- the Economic and Trade Agreement (1994);
- the Agreement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion (1991);
- The Agreement for the Promotion and Mutual Protection of Investments (1997).

In as far as the cultural and scientific activities in the field of the development of current human resources are concerned, we can say that these have been defined by a series of important events among which we mentioned the most recent:

On the 8th of November 2007 within the University „Lucian Blaga” from Sibiu the Cultural Institute Confucius was opened. In 2009, a similar institute was opened within the University „Babeş-Bolyai” from Cluj Napoca and since March 2012 there is another Confucius Institute working in Braşov within the Transilvania University. On the 22nd of

November 2013, the fourth Confucius Institute was opened in Romania within the University of Bucharest.

The scientific cooperation takes place based on the cooperation convention between the Romanian Academy and the Academy of the People's Republic of China, signed on the 12<sup>th</sup> of July 1994, and on the agreement regarding scientific and technical cooperation signed in 1996.

On the 25<sup>th</sup> of November 2013 with the occasion of Prime Minister Li Keqiang's official visit to Romania, the „cultural programme for 2013 - 2016” and the Agreement between the Government of Romania and the Government of the People's Republic of China regarding the Establishment and Functioning of the Romanian Cultural Institute in Beijing and the Chinese Cultural Centre in Bucharest. In 2015, the Romanian Cultural Institute was opened in Beijing.

In the two countries there are lectureships of Chinese language and literature within the universities of Bucharest, Iași and Cluj-Napoca and a Romanian language lectureships within the University of Beijing.

In the time frame between 25<sup>th</sup> and 28<sup>th</sup> of November 2013, Romania hosted the **China-Central and Eastern European Countries Economic Forum** and Li Keqiang, the prime minister of the **State Council of the P. R. of China** paid an official visit to Romania.

The head of the government in Beijing came to Bucharest along with a delegation composed by numerous dignitaries and approximately 200 representatives of some important Chinese companies which were interested to invest in Romania and the surrounding states (Ziarul Financiarul, 2013).

The Bucharest forum approached five major topics: energy, agriculture, tourism, IT&C and infrastructure. Both countries wanted the intensification of trade and China really took measures towards this goal, the Chinese government encouraging the companies to import Romanian products and to participate to the trade fairs organised in Romania.

Following this summit, our country signed a **letter of intent with giant energy companies from China for the modernisation of the Energy Producing Complex Oltenia** as well as for the cooperation towards the realisation of the project of the thermal electrical plant in Rovinari and to the construction of the hydro power plant Tarnița-Lăpuștești in the county of Cluj. Still in the energy field, the Department for Energy and the National Administration from China signed a memorandum with our country for cooperation in the field of nuclear projects in view of the finalization of the 3rd and 4th reactor units of the power plant in Cernavoda.

Another level with massive development potential for the Romanian – Chinese bilateral relationship is the sector of IT and communication. As such, they signed the Memorandum of understanding for the support of telecom company Huawei Technologies in view of the establishment of a regional centre in Bucharest. There is as well a project for the establishment of a technological park in a Romanian - Chinese partnership.

The food sector has equally represented one of the intersection points of the cooperation between the two countries. With the occasion of the economic forum the ground was laid for the resumption of the export of ovine (potential of 4-5 million head), as well as pigs and bovine.

Least but not last China has announced its availability to support the development of infrastructure in Romania. During the China-Central and Eastern European Countries Economic Forum a project was presented, which targets the construction of a high-speed railway between Vienna, Bucharest and Constanța, an investment evaluated at 11 billion euros. In as far as the road infrastructure is concerned, a field where China is one of the world leaders, the Chinese investors expressed their interest to participate in our auctions for the construction of highways.

Within the 2015 edition of the **China-Central and Eastern European Countries Economic Forum** which took place in Suzhou (China), Romania did not want to engage in neither of the two projects proposed by China, O.B.O.R. and A.I.I.B., although its neighbours took important steps in signing agreements with China. Even though the meeting from September between Xi Jinping and Klaus Iohannis seemed to steer Romania towards the project *One Belt, One Road*, no further important steps have been taken towards the Chinese direction.

Although initially the former prime minister Victor Ponta announced that he would participate to the 16 + 1 Summit, the following Prime Minister Dacian Cioloș did not seem too interested to look towards East, towards a China that was eager to invest in energy, agriculture and infrastructure projects in Romania. As a consequence, Dacian Cioloș did not want to participate to the summit China - CEE from Suzhou, preferring to stay in Romania and take care of the budget. The Romanian emissaries to China were the minister of foreign affairs Lazăr Comănescu and the minister of economy Christian Borc, even though the meeting was dedicated to presidents or prime ministers of the States from the central and Eastern Europe. During a speech held by the minister Borc with the occasion of the summit, he underlined Romania's wish to become a hub of transport in the region through the development of water transport infrastructure in the harbour Constanța and on the Danube River. He also saluted China's initiative regarding the energy system development in the Central and Eastern European states. Nevertheless Romania didn't manage to sign important agreements related to the project O.B.O.R. and AIIB and the delegation of the Romanian state did not manage to return home with approvals on important projects.

### **References**

\*\*\* Communication held at the symposium *55 years since the establishment of diplomatic relationships between Romania and the People's Republic of China*, University „Ovidius” Constanța, 3<sup>rd</sup> November 2004.

\*\*\* Romanian Embassy in the Chinese Republic (2015) - Political relationships,, beijing.mae.ro, April 2015, <http://beijing.mae.ro/node/168>

\*\*\* Ziarul Financiarul (2013), *Summit important la București* 24 noiembrie 2013, <http://www.zf.ro/eveniment/summit-important-la-bucuresti-prima-vizita-in-romania-a-unui-premier-al-r-p-chineze-dupa-19-ani-11718229>, accesat în 15.02.2016