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This Master Thesis wishes to put a special focus on the Visegrad Four Cooperation, its relationship with China and its overall effect on the European Union. The bond between these countries, The Visegrad Cooperation, could have a significant impact on the EU's future. In these changing and demanding times it is a significant problem to keep the EU together, but it is in every country's best interest. The PRC now turned its attention to the V4 and the 16+1 Central Eastern European countries, and since they mostly struggled with the financial crisis, they are not in a position turn down support. With the aid of the data and theoretical analysis the thesis makes an attempt to find the solution for the reason of Visegrad 4 countries engaged with China; and its implications for the European Union. In the process of analysis, the paper presents data research; and it takes a theoretical approach in order to guide the solution of the above mentioned problem. The collected data mainly focuses on secondary research from books, credible internet articles from political scientists, international organizations and acclaimed newspapers. In an attempt to solve the problem and provide a framework for the project, the Visegrad Cooperation will be explained in detail with the presentation of the diplomatic and political; then in a different chapter, economic and trade relationship between the V4 and China, deriving the necessary conclusions. The paper will also present two theories regarding international politics. The first one will be Hans Morgenthau's theory on Political Realism. This theory was regarded outdated for many years but political scientists rediscovered it to successfully explain certain events happening today. This theory will be used to explain why the V4 and China acting the way they do in this cooperation. Furthermore, a second theory will be utilized as a supplement for the Realism theory rather than an alternative. Robert O. Keohane and Joseph Nye developed their Neoliberal Institutionalism theory to improve the previous view of international politics. Through the presentation of events that lead to the foundation of the Visegrad 4 and explanation of the main points of the diplomatic, political and economic cooperation, the paper provides a framework to have a deeper understanding of the issue. The Visegrad 4 could be a true bridge to Europe, an investment training ground with a hospitable economic and political climate, a geopolitically strategic location; a highlight and an example of China's emerging influence in global affairs. The Western-EU is not particularly thrilled about this process as they still condemn China for its political actions regarding human rights issues and expansionism in the South China Sea. The V4 however, Poland and the Czech Republic to be exact, have presented a U-turn regarding the foreign policy towards China creating a new area of conflicts with the EU. In these times when the EU is suffering from internal and external problems, it is a major challenge to keep the Union together.
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THE VISEGRAD 4 AND CHINA

Implications for the European Union



Master Thesis in Development and International Relations

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Aalborg University, 2016

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Abstract

This Master Thesis wishes to put a special focus on the Visegrad Four Cooperation, its relationship with China and its overall effect on the European Union. The bond between these countries, The Visegrad Cooperation, could have a significant impact on the EU's future. In these changing and demanding times it is a significant problem to keep the EU together, but it is in every country's best interest. The PRC now turned its attention to the V4 and the 16+1 Central Eastern European countries, and since they mostly struggled with the financial crisis, they are not in a position turn down support. With the aid of the data and theoretical analysis the thesis makes an attempt to find the solution for the reason of Visegrad 4 countries engaged with China; and its implications for the European Union. In the process of analysis, the paper presents data research; and it takes a theoretical approach in order to guide the solution of the above mentioned problem. The collected data mainly focuses on secondary research from books, credible internet articles from political scientists, international organizations and acclaimed newspapers. In an attempt to solve the problem and provide a framework for the project, the Visegrad Cooperation will be explained in detail with the presentation of the diplomatic and political; then in a different chapter, economic and trade relationship between the V4 and China, deriving the necessary conclusions. The paper will also present two theories regarding international politics. The first one will be Hans Morgenthau's theory on Political Realism. This theory was regarded outdated for many years but political scientists rediscovered it to successfully explain certain events happening today. This theory will be used to explain why the V4 and China acting the way they do in this cooperation. Furthermore, a second theory will be utilized as a supplement for the Realism theory rather than an alternative. Robert O. Keohane and Joseph Nye developed their Neoliberal Institutionalism theory to improve the previous view of international politics. Through the presentation of events that lead to the foundation of the Visegrad 4 and explanation of the main points of the diplomatic, political and economic cooperation, the paper provides a framework to have a deeper understanding of the issue. The Visegrad 4 could be a true bridge to Europe, an investment training ground with a hospitable economic and political climate, a geopolitically strategic location; a highlight and an example of China's emerging influence in global affairs. The Western-EU is not particularly thrilled about this process as they still condemn China for its political actions regarding human rights issues and expansionism in the South China Sea. The V4 however, Poland and the Czech Republic to be exact, have presented a U-turn regarding the foreign policy towards China creating a new area of conflicts with the EU. In these times when the EU is suffering from internal and external problems, it is a major challenge to keep the Union together.

1.) Introduction

Since the turn of the decade there is a drifting away of the East and West in the European Union. As much as it was awaited after years of communist rule and struggling to join the integration, many people expected more from this cooperation and they are not satisfied with the result so far. The paper wishes to focus on the Visegrad 4, namely, Poland, Hungary, the Czech Republic and Slovakia, the most advanced countries in the Central-Eastern European region. The bond between these countries, The Visegrad Cooperation, could have a significant impact on the EU's future. In these changing and demanding times it is a significant problem to keep the EU together, but it is in every country's best interest.

Meanwhile the Chinese economy has been producing incredible development for decades now and has gained a significant influence in global politics and decision making. China is also an important trade partner of the European Union and invested significantly in recent years. However, there is a major debate in the Western-EU if this is worthwhile for them and they are unsure if the amount of Chinese investment would serve them in the long term. They resent the Chinese headway as they are afraid of losing their technological and political edge to a one-party state that had been in international crossfire for its human rights issues, a problem which the EU handles sensitively.

The PRC now turned its attention to the V4 and the 16+1 Central Eastern European countries, and since they mostly struggled with the financial crisis, they are not in a position turn down support. The V4 countries are now competing for Chinese investment and Brussels is not delighted with that. As much as the European Union intends to make the impression of a united and convergent cooperation, each member state can shape their own foreign policy. The V4 countries stepped up from being the biggest critiques to being strategic partners of China. These will be the issues discussed and analyzed in this research paper.

2.) Problem Formulation

Why have the Visegrad 4 countries engaged with China? What are the implications for the European Union?

3.) Methodology

This chapter provides an observation of methods and research strategies applied in this paper, as well as explains its the basic structure. In the process of analysis, the paper presents data research; and it takes a theoretical approach in order to guide the solution of the above mentioned problem. The collected data mainly focuses on secondary research from books, credible internet articles from political scientists, international organizations and acclaimed newspapers. As the development of cooperation between the Visegrad 4 countries and China only became significant in the last 5-7 years, the data used are certainly up to date.

In an attempt to solve the problem and provide a framework for the project, the Visegrad Cooperation will be explained in detail with the presentation of the diplomatic and political; then in a different chapter, economic and trade relationship between the V4 and China, deriving the necessary conclusions. The paper will also present two theories regarding international politics. The first one will be Hans Morgenthau's theory on Political Realism. This theory was regarded outdated for many years but political scientists rediscovered it to successfully explain certain events happening today. This theory will be used to explain why the V4 and China acting the way they do in this cooperation. Furthermore, a second theory will be utilized as a supplement for the Realism theory rather than an alternative. Robert O. Keohane and Joseph Nye developed their Neoliberal Institutionalism theory to improve the previous view of international politics. They imagined a different world, which exists in a complex interdependence of nations and where international institutions have an important role as a mediator. This theory could prove to be beneficial in analyzing the European Union's aspect in this project. These two traditional theories will be used to apply, conceptualize and identify the different types of actors involved. Given the extent and broadness of this topic, it is important to note that it will not provide a detailed analysis on every aspect, but a rather an overview of the most essential issues the author found relevant.

The structure of the paper will be outlined to 8 chapters and several subchapters. Following the introduction and methodology section, the fourth chapter will give an insight into the two theories. The fifth chapter presents a background research for the Visegrad 4 in order to

have a better understanding in the roots of this issue. In the analysis chapter, the most essential milestones of the diplomatic and economic cooperation between China and V4 will be analyzed with an outlook to the consequences for the EU as a whole. In the final chapter of the thesis a conclusion will be drawn about the knowledge and experience acquired from the analysis. In the end of the paper the bibliography chapter will present all sources used in the order of appearance.

4.) Theoretical Framework

In this chapter, the paper's theoretical framework will be discussed with a detailed presentation of two theories regarding international politics. First, Hans J. Morgenthau's Political Realism theory will be applied which he developed in his famous book, 'Politics among Nations' in 1948. In the second part of the analysis, the paper focuses on Robert O. Keohane's and Joseph Nye's theory on Neoliberal Institutionalism. These theories have been among the most popular and widely-known theories in the field of international politics and have been utilized many times to analyze political actions of different nations. These theories could prove to be beneficial in an attempt to analyze the past, the present and the future of the multilateral relations between the V4, the EU and China.

4.1) Morgenthau's Political Realism Theory

Hans Joachim Morgenthau is one of the most well-known political scientists of the twentieth century. He is a prominent figure in the research of international relations and regarded as one of the founding fathers of the classical Realism theory¹. He grew up in Germany and attended universities in Berlin, Munich and Frankfurt before completing his postgraduate studies in Geneva where later continued by teaching public law. Hitler's rise to power forced him to flee to Spain, and then in 1937, he moved to the United States where he wrote his

¹ along with Edward Carr

most famous works. In 1948 Morgenthau published his most influential book: 'Politics among Nations', which established the classical Realist view of international politics².

His intention with creating this theory was to bring order into mass phenomena which otherwise would be disconnected and unintelligible³. He believes that this imperfect world is a result of the forces inherent to human nature. In order to achieve success one must not work against these principles but work with them. Because of inherent characteristics of human nature, conflicts cannot be avoided; peace can only be approximated in the balance of power. He was rather skeptical about the possibility of sustainable peace, nevertheless, he believed that spreading of common values and shared beliefs eased the nations' struggle for power⁴. Morgenthau established six main principles to describe his theory.

Morgenthau's Six Principles of Political Realism^{5,6,7,8,9}

1. **The objectivity of the laws of politics**: According to political realism, politics and society in general, are ruled by the laws of human nature. In order to reach success these laws must be obliged; and whoever intends to challenge them is doomed to fail. Morgenthau believes that human nature has not changed since the classical philosophies of China, India and Greece, therefore, the age of their theories cannot cause the presumption that they are outdated. Realism assumes that we must examine raw material of foreign political acts and their consequences to create a map, an outline which suggests a possible meaning of a foreign policy. Whoever manages to understand these laws can expect political success.

² Enciclopedia Britannica: 'Hans Morgenthau: German.American Political Scientist', Available at: <https://www.britannica.com/biography/Hans-Morgenthau>

³ Kenneth W. Thompson and David W. Clinton: 'Politics among Nations Revised', McGraw Hill Education, 2005

⁴ Dexter Perkins (American Academy of Political and Social Science): 'Review of Morgenthau's Politics Among Nations', 1949, Sage Publications

⁵ **Multiple sources were used simultaneously to summarize the six principles:**

⁶ Hans J. Morgenthau: 'Politics among Nations: The Struggle for Power and Peace' (New York: Alfred A. Knopf, 1948)

⁷ Kenneth W. Thompson and David W. Clinton: 'Politics among Nations Revised', McGraw Hill Education, 2005

⁸ Dinesh D'Souza: Morgenthau's Realist Theory (Six Principles), Available at: <http://www.yourarticlelibrary.com/international-politics/morgenthau-realism-theory-6-principles/48472/>

⁹ Hans J. Morgenthau, 'Politics Among Nations: The Struggle for Power and Peace', Fifth Edition, Revised, (New York: Alfred A. Knopf, 1978, pp. 4-15, University of Arizona, Available at: <http://www.u.arizona.edu/~joeld/realism1.htm>

2. **The power of politics and its principle of interest:** We can only understand international politics through the concept of interest defined in terms of power. This concept helps us to distinguish the political sphere from the economic, religious and ethical spheres. This interpretation is the link between understanding political and non-political facts; and without this, establishing a theory in politics would not be possible. If we presume that politicians act and think as their interest defined as power, it allows us to realize his previous actions can anticipate his future responses. If we follow the actions of a politician, one can understand his/her actions better than the actor of the political scene. This way the realist theory stands against the fallacies of motives and ideological preferences.

The motives of politicians are deceptive, illusive and they are influenced by different interests and emotions. Even if we knew the actors' motives (which often they themselves find hard to define), history indicates us that there is no correlation between the quality of motives and the quality of foreign policy. Politicians with good intentions will not always be successful, although they will probably not pursue morally wrong policies, the success is not evident. There is much evidence in history that the desire to improve have made things even worse. Neville Chamberlain's pacifist policy had good intentions but helped to break out the Second World War, on the other hand, Churchill's inferior motives directed towards personal and national power have been more successful. Success does not lie in the primary motives of the actor but rather in his/her ability to comprehend the essentials of foreign policy and in the ability to translate them into political actions.

The realist theory also tries to avoid the mistake of equating foreign policy with ideological and political sympathies. Politicians, in order to gain popular support, present their policies in terms of their political affinity. However, we must not be indifferent to political ideals; we just have to distinguish between what is desired and what is possible in the current circumstances. Foreign policy actions are not always unemotional which makes it avert from its intended course, as democratic system requires guiding popular emotions. Ideologies are only used to cover the real desire of the policymakers. During the Cold War, the US and the USSR had conflict of

interest which burst into a widely broadcasted ideological clash. The same is true for the Sino-Soviet split. National interest is always secured by national power as every nation has a conceptual interest they are trying to reach with the means of power. History proves us that an interest not backed by national power only exists in the imagination. Nations always act in accordance of their power which shapes foreign policies. The second principle is considered the master key and a guideline for researchers to the theory of Political Realism:

"It imposes intellectual discipline upon the observer, infuses rational order into the subject-matter of politics and thus makes the theoretical understanding of politics possible"
- Morgenthau¹⁰

3. **Interest is always dynamic:** According to the Realism theory, interest defined in terms of power is a universally valid. The policies of nations are always influenced by their national interest. This interest is the essence of politics and it is not affected by time and space. Morgenthau revisits thinkers of the classical times when he mentions, Thucydides, one of the brightest minds of ancient Greece, as he stated that the "identity of interests is the surest bond between states or individuals". In an international relations aspect, he quotes Lord Salisbury: "the only bond of union endures among nations is the absence of all clashing interests."¹⁰

The content of the national interest, however, can change due to its political and cultural context in which the foreign policy is formulated. It makes national interest a dynamic, ever-changing concept which requires constant analysis. The same observation can be made about the concept of power. It can be affected by different cultural and social environments. Anything can be regarded power, from physical violence to loose psychological ties as long as it's maintaining a control, domination of man over man. India's security policy is one of the most prominent examples of a dynamic change, since security has always been their primary national interest but circumstances in which India trying to secure itself from, has been changing.

¹⁰ Hans J. Morgenthau: 'Politics among Nations: The Struggle for Power and Peace', Chapter 2 (New York: Alfred A. Knopf, 1948)

In today's changing world conditions over foreign policymaking can be different and political realism acknowledges that. The balance of power is highly instable risking large-scale conflicts, but it can be rather stable and peaceful like in the developed countries. If circumstances allow it, this stability can be transferred to other nations as well. Political realism stands for understanding the nature of international relations through a continuous and regular analysis of the factors of national power and national interest which always determine the nature and scope of relations among nations¹¹.

4. **Virtues:** Political realism is aware of the significance of morals in a political action; however, it maintains that it cannot be applied to the actions of states. Universal moral principles are not useful describing actions of state unless we are considering conditions of specific time and space.

Realism states that the same standards of morality are not cannot be binding both for men and state. An individual might say: 'Let justice be done even if the whole world perishes' but a state have no right to do so to the people in its care, it cannot sacrifice its national interests or liberty for moral principles.

Political morality is not possible without prudence as a state must consider the political consequences of its seemingly moral actions. Realism considers prudence, a weighting of consequences of alterative political decisions, a superior virtue in politics. Politicians should not be bound by moral actions of loyalty, honesty and trust because blindly following these principles might have an opposite of the intended effect. As Abraham Lincoln said: 'I do the very best I know how, the very best I can, and I mean keep doing so until the end.'

¹¹Dinesh D'Souza: 'Morgenthau's Realist Theory (Six Principles)', Available at:
<http://www.yourarticlelibrary.com/international-politics/morgenthau-realism-theory-6-principles/48472/>

5. **Difference between Moral Aspirations of a Nation and the Universal Moral**

Principles: Political realism refuses to identify the moral aspirations of a particular nation with the moral laws that govern the universe. Every nation has tried to justify its national interest by moral principles. To know that nations are subject to moral law is one thing, but to distinguish good and evil in international relations is a quite difficult task. Political realism does not accept that national interests reflect universal moral principles. This is the biggest mistake policymakers can do. Identifying national policies as an expression of moral principles is misleading and harmful for a nation. The security policy of the United States is following national interests, not pursuing ideals of making the world a safe, free and democratic place. Foreign policy is always based on national power, not morality.

6. **The autonomy of the political sphere:** The difference between political realism and other approaches is real and profound. Political realism has its different intellectual and moral attitude in political matters. It maintains the autonomy of the political sphere. As Morgenthau observed:

“A political realist always thinks in terms of interest defined as power, as an economist thinks of interest defined as wealth; the lawyer, of the conformity of action with legal rules and the moralist, of the conformity of action with moral principles.”¹²

Political realism is not idealistic, legalistic or moralistic and a political realist cannot transfer these other principles into international politics. The interest defined in terms of power should be his only concern. A typical example of legalism is when the Soviet Union attacked Finland in 1939. France and Great Britain were in a political and legal dilemma as the Soviet Union violated the Covenant of the League of Nations. The two countries arranged the Soviet Union to be expelled from the League of Nations.

¹² Hans J. Morgenthau: 'Politics among Nations: The Struggle for Power and Peace' (New York: Alfred A. Knopf, 1948)

A moralistic approach is very noticeable in the Western world's concern with the development of the Communist Party in China. It is obvious that the Western world's morality was highly different and it raised the question whether they should intervene. Politically there was a complicated net of interests involving China and the West, who should have realized that it is not wise to deal with the Communist Party. However, solely the moralistic approach prevailed over the political decision.

Political Realism recognizes that human nature is pluralistic and complicated. Nobody can be just a 'political man'; human nature is composed of a 'moral man', a 'religious man' and many other traits. Realism believes that in order to understand these factors of human nature one must abstract from all other factors. To understand the 'political man' we must abstract all other factors and pretend it is the only one.

The Realism theory makes an attempt to study the struggle for power among nations as they try to increase that power. Political Realism has a distinctive approach to understand international politics. It stands for political standards and subordinates all other standards. It means that the political sphere is an autonomous sphere with a bigger importance than all other (e.g. economic) spheres.

To summarize, Political Realism sees international politics as a struggle for power among nations where each nation is trying to secure its own national interest. 'Interest defined in power' is the benchmark for this rational and realistic theory. It raises the importance of the study of factors and consequences of political policies historically and maintains less importance to motives in international relations. Universal moral principles cannot be used to judge political actions of states as we must carefully analyze facts and policies to make a conclusion.

Furthermore, political realism advocates that the foreign policies of nations are based upon national interest and not upon moral principles which are used as a cover for the real goals of national interests. Finally, political realism believes in the autonomy of international politics as a discipline, studying national interest defined in terms of power. Regarding the question of securing peace, Morgenthau supports peace building through compromise. In order to

reach this goal he believes that diplomacy is the way and the device for power management as it is the ideal and effective approach.

As every theory, Morgenthau's Political Realism had received its fair share of criticism from his colleagues (including Edward Carr) for many years. Critiques say that his theory is lacking empiricism and logic; he generalizes without justification and rationalizes politics too much. He was accused of putting too much emphasis on conflicts and disregards cooperation between nations, which is an important element of international relations. He bases his 'human nature' idea on Hobbes' and Machiavelli's view which many regards to be unscientific. Morgenthau's point of 'national interest defined in terms of power' had received unreasonably large importance; it is a very difficult concept to evaluate and research¹³.

Many of his critiques believe that his realism appears to justify war and expansionism as a natural result for the struggle for power. On the other hand, morality got little importance, which makes his view on politics impracticable and idealistic. Morgenthau's advocacy on 'prudence' is not a practical guide to politics, according to his opposition. These are just some of the criticisms he received but in spite of his inconsistency and slight contradictions, he is still regarded as one of the most successful political scientists ever and his most famous theory on Political Realism has had its renaissance since the 1990s¹³.

4.2) Neoliberal Institutionalism¹⁴

In the second part of the Theory chapter, we will take a closer look on Robert O. Keohane's and Joseph Nye's theory on neoliberal institutionalism, which issues emphasis on the

¹³ Dinesh D'Souza: 'Morgenthau's Realist Theory: 13 Major Weaknesses'. Available at: <http://www.yourarticlelibrary.com/international-politics/morgenthau-realism-theory-13-major-weaknesses/48473/>

¹⁴ Robert O. Keohane and Joseph S. Nye: 'Power and Interdependence: World Politics in Transition', Chapter 2, pp. 22-31 (Boston: Little and Brown company, 1977).

importance of international institutions and their benefit for states to help realizing their interests. This theory is very much connected to the traditional Realism but offers a radically different approach in the understanding of international relations. Although Neoliberal Institutionalism is regarded as somewhat of a critique or an update of Morgenthau's Realism theory, Keohane and Nye stated that their intention was to supplant rather than supplement the realist view on the international system¹⁵.

Robert Keohane finished his doctoral studies at Harvard University and later went to teach in several institutions including Duke and Harvard; then in 2005 he joined the Woodrow Wilson School of Public and International Affairs. While teaching at Harvard he got acquainted with fellow political scientist Joseph Nye. In 1977 they co-authored their most famous work '*Power and Interdependence*' which played a great part in establishing international political economy as a sub-discipline of international relations. It also put a major emphasis on interdependence and cooperation as essential points in world politics. The book has been revised and republished many times most recently in 2012. Keohane received universal acclaim for his work, he was the president of the American Science Association, he became a member of the American Academy of Arts and Sciences, moreover, in 2009 Foreign Policy magazine named him the most influential scholar of the last 20 years in the field of international relations¹⁶. Joseph Nye also had a distinguished career being the director of international affairs at Harvard University and a member of the American Academy of Arts and Sciences. In recent years he became known for developing his 'soft power' theory. He is also regarded as one of the top researchers of international relations¹⁷.

As mentioned earlier, the theory of Neoliberal Institutionalism offers distinct approach to classical Realism in many ways. Keohane and Nye came up with the concept of 'complex interdependence' which they believe reflects world politics even better than Realism. In their view, Realism presumes a world order in highly extreme conditions, and ideal, which urged political scientists to develop a new model.

¹⁵ Susan Strange: 'International Affairs (Royal Institute of International Affairs 1944-)' Vol. 53, No. 2, April 1977, pp. 270-273, Chatham House - Wiley

¹⁶ André Munro: 'Robert O. Keohane', Available at: <https://www.britannica.com/biography/Robert-O-Keohane>

¹⁷ Belfer Center for Science and International Affairs- Harvard University.: 'Joseph S. Nye's biography', Available at: http://belfercenter.ksg.harvard.edu/experts/3/joseph_s_nye.html

In Political Realism there is a struggle for power in international politics which is resolved by organized violence in form of war. Realists believe that war is an effective instrument of policy. Military policy or 'high politics' is superior to economic and social affairs of 'low politics'. According to this presumption, there should be continuing conflict between states that can turn to violence at any time. International cooperation is weak and only beneficial as long as it serves the national interest of the more powerful states. Transnational actors are politically unimportant in the fight for the most important thing, survival. Keohane and Nye thinks that these point can be challenged, and if we challenge them all at once, we can imagine a world system where hierarchy does not exist and the use of violence is ineffective. In this 'complex interdependence' system of world politics is very different and it does not correspond entirely with the reality. They believe that these two theories are the two extremes and reality stands rather in between. **Keohane and Nye developed three main characteristics of Complex Interdependence**¹⁸:

1. **Multiple Channels**: Informal ties between governments, foreign office arrangements, nongovernmental elites and transnational organizations can be some of the channels connecting societies. Bureaucrats from different countries have meetings and telephone conversations every day. Multinational firms can have a huge impact in a country's foreign relations. These actors making intergovernmental ties more sensitive and cooperative. The government's domestic policies can have further impact on other nations; and today's information-technology has reinforced these effects as well as the development in general technology and environmental protection.
2. **Absence of Hierarchy among Issues**: Foreign affairs agendas have become larger and more diverse. The absence of hierarchy means, among other things, that not all agendas are dominated by military security issues today. According to former US Secretary of State Henry Kissinger, the traditional foreign affairs agendas of military security, ideology and territorial rivalry have been replaced with environmental,

¹⁸ Robert O. Keohane and Joseph S. Nye: 'Power and Interdependence: World Politics in Transition', Chapter 2, pp. 22-31 (Boston: Little and Brown company, 1977)

energy, resources and population issues. The OECD, the IMF and the European Union offer consultative arrangements for countries to tackle these problems.

3. **Minor Role of Military Force:** When complex interdependence prevails nations do not use violence against each other. It might be true for certain countries', but this group of countries might behave in a differently to other rival groups. Military force can be irrelevant in solving economic problems between a region's countries but it could be important to force their own interest against other regions. The conditions of complex interdependence cannot be found in the second case.

In a hypothetical situation where there are no constraints to the method of instrument used (e.g. in World Wars), the nation with the superior military power will prevail. Survival is the absolute priority for nations and if there is no other choice, they will use military power. However, in recent years, most of the nations' survival has not been tested and fears of attack from one another have virtually become nonexistent. There is obviously a possibility that countries would use military power to solve an economic issue, in this case, the Realism theory would be the appropriate one to utilize. In reality however, the outcome of using military force is too costly and risky. Nevertheless, even when a country does not use military power, the threat of using it can be a political tool, just like in the Cold War. The Soviet Union has used its military power to threaten and maintain its influence over Eastern and Central Europe. The US did the same in the Caribbean to limit the spread of communism.

Using military force against other countries might harm the aggressor's overall relationship with other countries; therefore, it can have costly effects. Today, less and less countries tend to use their military so complex interdependence might be a valuable theory to analyze international politics. However, if a new world order arises, and issues will become matter of life and death, the Realist approach would be more relevant.

These three main characteristics of complex interdependence give rise to distinctive political processes. This expects officials to introduce a variety of goals for the state. In the absence of hierarchy these issues may vary and transnational actors can also present new goals. Militarily and economically powerful states cannot have total control over less powerful states anymore. As military force cannot be used as before they find it hard to control issues in which they are weak. Weaker states also have international organizations to pursue their interests and as the use of force is limited, political bargaining and the distribution of power among each issue has become more significant. Because of the lack of hierarchy among issues, agenda formation has become more and more important. The traditional politico-military focus has shifted to a wide range of issues. Agenda formation is substantial in raising awareness for a particular subject among high ranking state officials. Under complex interdependence these agendas are affected by domestic and international problems and they can be interconnected.

Multiple channels of contacts further blur the distinction between domestic and international politics. Multinational corporations can be important actors or instruments manipulated by the government. Government agencies also play apart as they bring actors from other governments into the decision making factor as allies. States act in their own interest but, which self and which interest? Different government agencies might pursue their own self interest under the disguise of a national interest. As states become more and more multifaceted it is increasingly difficult to maintain a coherent national interest. Countries that manage to do that (e.g. France) will be more successful in this uneven interdependent world. As a consequence of the existence of multiple channels, international organizations have turned into important actors. They help to set up and raise awareness for international agenda like Environmental Conferences, World Food Conferences, and economic issues (by the IMF). They also bring together countries, create potential coalitions. International Organizations are important forums for weaker states to pursue their interests. The one-state-one-vote system on the United Nations is the perfect example of how states can be regarded equal in global issues.

Figure 1 Differences in political processes under the conditions of Morgenthau's Realism and the Neoliberal Institutionalism theories¹⁹:

	Realism	Complex interdependence
Goals of actors	Military security will be the dominant goal.	Goals of states will vary by issue area. Trans-governmental politics will make goals difficult to define. Transnational actors will pursue their own goals.
Instruments of state policy	Military force will be most effective, although economic and other instruments will also be used.	Power resources specific to issue areas will be most relevant. Manipulation of interdependence, international organizations, and transnational actors will be major instruments.
Agenda formation	Potential shifts in the balance of power and security threats will set agenda in high politics and will strongly influence other agendas.	Agenda will be affected by changes in the distribution of power resources within issue areas; the status of international regimes; changes in the importance of transnational actors; linkages from other issues and politicization as a result of rising sensitivity interdependence.
Linkages of issues	Linkages will reduce differences in outcomes among issue areas and reinforce international hierarchy.	Linkages by strong states will be more difficult to make since force will be ineffective. Linkages by weak states through international organizations will erode rather than reinforce hierarchy.
Roles of international organizations	Roles are minor, limited by state power and the importance of military force	Organizations will set agendas, induce coalition-formation, and act as arenas for political action by weak states. Ability to choose the organizational forum for an issue and to mobilize votes will be an important political resource.

¹⁹ Robert O. Keohane and Joseph S. Nye: 'Power and Interdependence: World Politics in Transition', Fourth Edition, Pearson Publishing, 2012, Chapter 2, pp. 31, Available at: https://catalogue.pearsoned.co.uk/assets/hip/gb/hip_gb_pearsonhighered/samplechapter/0205082912.pdf

5.) Analysis

In this chapter the above mentioned theories will be applied in order to find a possible solution or explanation for our problem. However it is important to understand what the purpose of the Visegrad Cooperation is, and what the historical aspects are. Following the overview of the V4, the relationship between China and the individual countries will be presented in an attempt to discover their major objectives in the future. The main focus will be on analyzing the Visegrad 4 countries' relations with China and then explore the possible implications for the European Union.

5.1) The History of the Visegrad Group until 2004

The Visegrad Group, sometimes referred to as Visegrad 4 or V4, is a regional cooperation between four Central-European countries, namely Poland, Hungary, the Czech Republic and Slovakia. The purpose of this alliance is to reach common goals in economic, energy and military issues. The basis for the establishment of this cooperation came from the idea of the medieval Kings Meeting of Visegrad from 1335²⁰. That time Charles I of Hungary, Casimir III of Poland and John of Bohemia met with other nobilities of the region to discuss how to bypass Austria and avoid their forced and high taxation of goods there. It was an important trade route that time, originating from the Ottoman Empire, connecting the Middle-East with Europe. It was also Hungary's and Russia's main route of trade which included the flow of agricultural products and textiles. All these goods were coming through Vienna, a major trade hub in the region, where the merchants were forced to stop and pay heavy tariffs which became a huge burden and created losses for many of these kingdoms. Being dissatisfied by this, the three kings decided to create a new direction for East-West trade by leaving out Vienna and share the profits themselves. They established several new routes through Poland and Bohemia, the main passage being Budapest to Brno. This cooperation was so successful that all three countries experienced their most prosperous times in the

²⁰ Stratfor.com: 'The Visegrad Group: Central Europe's Bloc' (2011), Available at: <https://www.stratfor.com/analysis/visegrad-group-central-europes-bloc>

medieval era. The agreement remained an important for centuries and established a good relationship between these nations which still stands today (especially Poland-Hungary), but its significance was shattered after they were exposed to war with other regional powers which resulted in the occupation by Austria, Russia and the Ottomans. As all these kingdoms were either wholly or partly occupied and had no power to continue maintaining the trade routes.

Despite more than 1000 years of living together in Central Europe and 700 years of cooperation, these countries interests had many differences throughout the this period resulting in a loose bond despite the geographical proximity. Each country had different allies, different enemies and priorities. Poland was historically focused on Northern Europe and Russia, Czechs had prioritized Germany and Austria relations, while Hungary mainly focused on Southern Europe and the Turks as well as to keep together their own kingdom of many nationalities. Hungarians are also not Slavs, therefore the linguistic dissimilarity further made the bond weaker. Nevertheless, since their geopolitical interests were different, the V4 countries had no real conflicts between them²¹.

Since this agreement provided a positive memory for the countries involved and it highlighted one of the most successful eras of their history, after the fall of the Soviet Union, they decided to re-establish the cooperation in the region. In February 15, 1991 Lech Walesa of Poland, Jozsef Antall of Hungary and Vaclav Havel of Czechoslovakia signed the Visegrad Declaration²¹. They were initially called the Visegrad Triangle but after Czechoslovakia broke up into the Czech Republic and Slovakia, they were renamed the Visegrad Four. Romania also showed interest in joining the alliance but after it issues with the Hungarian minorities living in the country they opted not to join. This was the first economic and free trade agreement in the Post-Soviet Central Europe and the initial goal of the countries was to join the European Integration together by speeding up the process cooperating in development issues²². They also joined the NATO in 1999 (Slovakia in 2004) as they solved the security issue of the region where the fear of an expansion of Russia was a real and proven possibility as Russia made it clear in the 2004 Ukrainian Orange Revolution that they would like to re-

²¹ Visegradgroup.eu: 'The History of the Visegrad group', Available at: <http://www.visegradgroup.eu/about/history>

²² Stratfor.com: 'The Visegrad Group: Central Europe's Bloc' (2011), Available at: <https://www.stratfor.com/analysis/visegrad-group-central-europes-bloc>

claim their former influence in Central-Eastern Europe. The elimination of the remains of the former totalitarian state was also one of the priorities besides the building and protection of democracy.

However, in the 1990s most of these objectives have been fulfilled and as soon as they reached these common goals, the cooperation became somewhat marginal in face of their much tighter cooperation with the European Union. In 2004 all members of the V4 joined the EU and it became the real point of focus, as the V4 remained just a brainstorming, and a loose regional cooperation. After 2004 the integration needed a refreshment of objectives, which became the mutual effort of working together on agricultural policies, cohesion policies and a common security policy. The organization of the Schengen Area, the common NATO goals and the trans-Atlantic relations represented the other main points of collaboration.

The role of this organization changed substantially after 2004. With regular high-profile meetings, they aim to promote their regional integrity and do common lobbying towards the EU. These countries represent the long-term strategies of the Central-Eastern European (CEE) Region. They have achieved some notable things throughout the 1990s and they continued to do so in the 2000s and in the 2010s. These are the main chapters in the list of achievements and the most important data on the Visegrad 4²³:

- One of the most important may have been the establishment of the CEFTA (Central European Free Trade Agreement) in 1992, which followed the footsteps of similar agreements in Western Europe. The CEFTA promotes free trade between its members. The V4 were original founding members but many countries in Central-Eastern and even Southern Europe joined the cooperation. As many of them joined the European Union, they exited CEFTA but many new nations joined in 2006 and 2007. Currently it has seven members: Macedonia, Bosnia-Herzegovina, Moldova, Serbia, Montenegro, Albania and Kosovo. CEFTA also became a transitional cooperation for many countries who wish to join the EU.

²³ Balazs Bago: 'The Visegrad Cooperation' (2006), Available at: http://elib.kkf.hu/edip/D_12042.pdf

- In the 1994 Summit of Prague, the members named joining the NATO and deepening relations with the United States as their main priorities. The summit was famous for being attended by US president Bill Clinton.
- In the Summit of Budapest in 1998 they established that even in case of joining the European Integration, they still continue the Visegrad cooperation.
- All members of the V4 joined the NATO in 1999 and established promoting its basic principles.
- In 2000 they agreed to establish an International Visegrad Fund (IVF), one of the most prominent results of the V4. They intended to deepen the cooperation in cultural, scientific and educational areas where participants may apply for funding six times annually. At Bratislava, center of the IVF had been created as the only the only concrete center for the Visegrad cooperation.
- In 2003 the member states created the grant program, making it more convenient to study in the other countries.
- In 2004 all members joined the European Union
- In 2009 Slovakia joined the Euro zone

Figure 2: The most important data regarding the V4 countries relevant China²⁴:

Country	Population (in 2015 est.)	Annual GDP growth	HDI	GDP per capita (USD)	Chinese Investment Stock (million USD, 2015) ²⁵	Currency	Prime Minister/ President
Poland	38,562,189	3.4%	0.843	25,200	1400	Polish Zloty	Andrzej Duda (President)
Czech Rep.	10,644,842	2%	0.870	30,000	100	Czech Koruna	Milos Zeman (President)

²⁴ CIA World Fact book, FDI data: Heritage Foundation and China Global Investment tracker

²⁵ There is no official information of Chinese investment in Slovakia because the National Bank of Slovakia cannot track the geographical source of the investors.

Hungary	9,897,541	3.6%	0.828	25,000	4600	Hungarian Forint	Viktor Orbán (PM)
Slovakia	5,445,027	2.4%	0.844	28,300	N/D (100-200 estimate)	Euro	Robert Fico (PM)

If we take a look at the characteristics of these countries we can see many similarities as they all experienced a transition from a centrally planned economy. Poland has the biggest population of almost 40 million followed by mid-sized members of the Czech Republic and Hungary and finally the small state of Slovakia. The economies of these countries have been growing since the transition to market economy; except for a period in the years of the financial crisis (only Poland experienced growth during the crisis). They have recovered gradually and now produce above EU average annual GDP growth figures. All members are considered high income economies with very high human development index; and the average salary is just below the EU average today. In 2009 Slovakia introduced the Euro as their official currency but other countries are reluctant to do such measures since the Greek crisis.

5.2) Political and Diplomatic Relations

In this subchapter, the thesis will focus on the political and diplomatic relationship of the Visegrad 4 countries with China, separately, and as a regional entity. First, we take a look at Hungary, the country with probably the best diplomatic relationship with the PRC in recent decades.

As **Hungarian** people regarded Asia as their original homeland, looking at the East was have always been one of the priorities of the foreign policy. The first contact between the two countries was the visit of Khanbalik (now Beijing) by a Hungarian monk called Gergely who managed to meet the emperor himself. In the following centuries these visits became

frequent, especially after the 18th century²⁶. The aftermath of the Second World War brought the Sino-Hungarian relationship under a new light. On the 4 October, 1949 Hungary, now as a communist country, was one of the first to officially recognize the People's Republic of China and only a few days later, diplomatic relations began as they signed numerous agreements. Arguably Hungary and the other V4 countries did the same because of the pressure of the Soviet Union. The Soviet Union used its national power to pursue its interests, in this case to build a strong cooperation between communist countries. The cooperation continued in economic, political, cultural, educational and scientific areas; marked by the visit of Zhou Enlai to Budapest and János Kádár's visit to Beijing in 1957. Following the Sino-Soviet split, Hungary, as part of the Soviet sphere of interest, slowed down diplomatic relations to China, even so, Deng Xiaoping sent some reform politicians to Hungary to examine the country's reform measurements⁴.

The system-change of 1990 in Hungary might have diminished the ideological similarities but the cooperation continued. The relationship gain focus in 2003 when Hungary announced the 'Opening to the East'²⁷ policy. After the Hungarian system-change in 1989-90 the ideological similarities disappeared but the two countries continued to cooperate. During the 1990s both Hungary and China were preoccupied by their own domestic issues, but in 2003 the Hungarian government declared the first 'Opening to the East' policy, aiming to reestablish the good relationship with Asian countries, particularly with China. After 44 years of intermission the Hungarian premier visited China that year. Since then, Hungarian prime ministers visited China three times; moreover, Hu Jintao visited Budapest in 2004 as well as Xi Jinping in 2009²⁷. The economic cooperation improved and today Hungary is China's second most important trade partner in Central-Eastern Europe after Poland. This success goes on from the opening of the Bank of China Hungary, to the foundation of a Chinese language high school. This open door policy was renewed in 2010 to further attract Chinese investment and created a focal point on educational cooperation. In 2011 Budapest hosted the leaders of China and other 16 Central Eastern European countries in a China-CEE

²⁶ Miklós Horváth: 'An unconditional love Hungary-China relations at a glance', Available at: <http://www.grotius.hu/publ/displ.asp?id=KMRGPK>

²⁷ Gergely Salát: 'From Budapest to Beijing, the history of Chinese Hungarian Relations' Available at: <http://www.konfuciuszintezet.hu/index.php?menu=muveltseg&almenu=7&cikkszam=49>

cooperation meeting²⁸. The Hungarian government aims to improve this bilateral relationship of its own national interest, but of course, with the common EU objectives in mind²⁹.

Being the European Union from 2004, Hungary established a net of cooperation and partnerships. Orbán managed to become the voice of the region with his rightist-conservative policies. With the huge victory of rather similar Law and Justice Party in Poland at the most recent election, he just obtained an important ally. On the other hand, he faces a lot of criticism from the EU for being too 'autocratic' and 'outspoken'. There is a serious concern from the Chinese side that Hungary has an impaired relationship with the EU. Nevertheless, the two countries' relations continue to flourish in a multi-level complex system with a many areas of cooperation. Hungary might make the mistake Morgenthau was so adamant about, as their foreign policy reflects political sympathies and ideologies. Viktor Orbán has declared several times that the Chinese, Turkish and Russian political systems could be a model for future European policymakers. This time he might have gone overboard, angering both the EU and China for disrupting the good relations.

The **Czech Republic** and China enjoy a good economic and cultural cooperation which was established in the 20th century. The Czech Republic (as Czechoslovakia) was also one of the first to officially recognize the PRC. After Czechoslovakia split up in 1993, the Czech Republic inherited the diplomatic relations of its predecessor and created its own foreign policy regarding China. The two country's relationship reached a low point however, when in 1995 Taiwanese politicians were granted an entry and an official visit to Prague. This event seriously angered the PRC government and harmed the relations. The Czech Republic also officially supported Taiwan and their accession to the United Nations. Upon the Czech realized the damage they caused, they reacted by reassuring China about the support of the

²⁸ Embassy of Hungary in Beijing: Political and Diplomatic Relations', Available at: http://www.mfa.gov.hu/kulkepviselet/CN/en/en_Bilateralis/political-and-diplomatic-relations/political-and-diplomatic-relations.htm

²⁹ Miklós Horváth: 'An unconditional love Hungary-China relations at a glance', Available at: <http://www.grotius.hu/publ/displ.asp?id=KMRGPK>

One-China Policy³⁰. After the system change, the legacy of being an anti-communist visibly shaped the Czech foreign policy.

The Czech Republic was one of the biggest critics of human rights violations of China in the EU. In the end of the 2010s regular protests occurred in front of the Chinese embassy in Prague as the NGOs and the media continued to criticize human rights issues. Today the situation is much more moderate, though the Czech Republic urges China to improve its transparency, democracy, environment protection and use of renewable energy sources. Their actions reflect Morgenthau's 4th principle; the morality of protecting human rights became inferior to the political and economic interests. The Czech government initially focused on economic and commercial relations but recently cultural cooperation has flourished. As the two country's relationship improved, the number of high-profile visits increased, most notably in 2004 when Czech President Milos Zeman's visited Xi Jinping in Beijing. They hailed the resurgence of Czech-China relations and discussed a new direct flight between Prague and Beijing. Furthermore, the potential investment of the Bank of China to the Czech Republic was one of the important topics in Zaman's visit. Surprisingly in 2015 when he visited the Beijing WWII Memorial parade he was the only Western president³¹, which shows a huge shift in Czech-China relations.

In March 2016, the improved relationship marked a new era when Chinese President Xi Jinping made a two day visit to Prague. He became the first Chinese president to visit the Czech Republic and it was his first trip to the country. This was a highly significant trip for both sides as Xi Jinping made implications on further strengthening the two nations' economic cooperation. Czech president Zeman also took a different approach regarding Chinese human right violations. Taking a stand against his predecessors hinting that the West should "teach market economy and human rights" to China, corresponding with Morgenthau's 5th principle that nations cannot believe that their moral aspirations can be transferred and universal to other countries. Since before he was very critical on this issue, it seems like now the Czech are making significant changes to their China-policy in order to attract more investment. This is very different to the EU's (especially German) approach

³⁰ John Fox and Francois Godement: 'A Power Audit on EU- China Relations', Available at: [http://www.ecfr.eu/page/-/ECFR12 - A POWER AUDIT OF EU-CHINA RELATIONS.pdf](http://www.ecfr.eu/page/-/ECFR12_-_A_POWER_AUDIT_OF_EU-CHINA_RELATIONS.pdf)

³¹ Bruce I. Conviser: 'Jiang Zeman', Available at: <http://www.politico.eu/article/jiang-milos-zeman-czech-boycott-wwii-japan/>

where it is still holds an important place in the agenda³². This is one of the issues drawing the Western and Eastern EU apart in their China-policy.

The first contact between **Poland** and China goes way back to the 13th century when a Polish ambassador of the Pope visited Asia. He wrote his memoirs about his experience and this was the first description of Chinese people of the Europeans. Poland and China began diplomatic ties shortly after the foundation of the People's Republic of China in 1949. They enjoyed a good relationship initially with numerous official-visits, but similarly to the other communist Soviet-bound CEE countries, the Sino-Soviet split created a hostile atmosphere and created atmosphere where cooperation was difficult. During the 1960s however, the Chinese issues outright support for the Polish-way of Socialism. In this decade Warsaw hosted secret diplomatic meeting between the United States and China, marking the foundation of Sino-American relations of the modern era³³.

Before the split, Polish communist leader Gomulka had met Mao Zedong several times. The Lech Walesa lead Gdansk movement in the 1980s however, had increased the fear of spreading revolution in Chinese leaders which basically resulted in a lack of communication until 1991. Poland's economy had changed fundamentally after it became an independent country and they developed a free market economy³⁴. As the biggest country in CEE with a population of almost 40 million and the biggest trade partner of China among the V4 countries, it has a significant influence in the region.

Since the beginning of the 1990s the relationship of Poland and China improved and expanded to new dimensions, including cultural, educational and academic areas. Poland set its bilateral priority to protect civil and political rights. The country's history of occupation and separation has a big part of the profound support for Taiwan and Tibet; however this support is less vocal in recent years. This was one of the reasons why China regarded Poland as one of its biggest critics and say Poles can be similar to the Czech regarding their stance to

³² Angela Stanzel: 'Xi's visit to the Czech republic', Available at:

http://www.ecfr.eu/article/commentary_xis_visit_to_the_czech_republic6083

³³ Piotr Gadzinowski: 'China and Poland, along and friendly history', Available at:

http://www.china.org.cn/opinion/2016-06/19/content_38687221.htm

³⁴ Embassy of the Republic of Poland in Beijing: 'History of Bilateral Relations', Available at:

http://beijing.mfa.gov.pl/en/bilateral_cooperation/politics/history_of_bilateral_relations/?printMode=true

human rights issues³⁵. They even received the Dalai Lama 2008, which was not well received among the Chinese elite. Just like with the Czech, it also correspond with Morgenthau's 5th principle. It resulted in annual political meetings but only in ministerial level as bilateral talks remained very limited. Before China's economic development became really noticeable and highly broadcasted, there was little public and political interest towards China in Poland. President Aleksander Kwasniewski (1995-2005) was a major figure in the reestablishment of strengthened Chinese relations. His successor Bronisław Komorowski signed the "strategic Polish-Chinese partnership" contract on December 20, 2011 in Beijing. The historic trading route of the Silk Road rose to importance when in 2013; Xi Jinping introduced the new "Silk Road Economic Belt and 21st-Century Maritime Silk Road" project. In 2014 a direct train connection between Chengdu and the Polish city of Łódź opened up which is a major improvement and a possible new trade route. Thanks to this New Silk Road initiation, Chinese export goods can reach the EU directly and rapidly³⁶. In 2016, diplomatic relations between the two countries reached to a new level. Polish President Andrzej Duda visited China earlier this year, and just six months later, Xi Jinping arrived in Poland to discuss further improvements of the cooperation. They reinforced previous agreements, like the 'Belt and Road Initiative' and paved the way to further future investments in infrastructure from the Chinese side. This high-profile visit of Xi Jinping, just months after his visit to the Czech Republic proved that the Visegrad 4 holds great importance for China's foreign policy³⁷. These visits can also indicate that the presumption of China's fear from Hungary's recent political actions and its opposition to the EU core might be justified, since Xi Jinping missed out on their historically most important ally of the V4. He only visited in 2009, before the (sometimes overly) rightist FIDESZ Party came to power in 2010, therefore, this could be regarded as a loss of face for the current Hungarian foreign policymakers.

Slovakia, the smallest nation among the Visegrad 4, has a history of bilateral relations between China looking back to the early 20th century, as Slovakia shared its history with the Czech Republic from 1918 until 1993. Since the disunion of Czechoslovakia, the two new

³⁵ John Fox and Francois Godement: 'A Power Audit on EU- China Relations', Available at: http://www.ecfr.eu/page/-/ECFR12_-_A_POWER_AUDIT_OF_EU-CHINA_RELATIONS.pdf

³⁶ Piotr Gadzinowski: 'China and Poland, along and friendly history', Available at: http://www.china.org.cn/opinion/2016-06/19/content_38687221.htm

³⁷ Wang Mingjie: 'Xi Jinping's visit proves Poland's worth as a partner to China', Available at: http://www.chinadaily.com.cn/world/2016xivisitee/2016-06/21/content_25780357.htm

nations shaped their own separate foreign policies. Following the first years of independence, Slovakia did not regard China as an important foreign partner because of their establishment of democracy, market economy; which led to the resentment towards China because of the former communist rule. The 4th principle of Political Realism is evident, as Slovakia put their political (lack of) sympathy into a foreign policy direction which did not represent its national interest. Slovakia was mainly looking at opening and integrating to the 'West' by joining the NATO and then the European Union.

The 1990s represented a difficult period as the system-change and the post-independence issues tied down the country's resources and attention³⁸. Diplomatic relations are improving as Slovakia tries not to upset China anymore with the sensitive Tibet and Taiwan issues. Several high-profile visits occurred in the last years mainly from Slovakia to China³⁹ (except for Hu Jintao's notable 2009 visit). Slovakia is the country which puts the least focus on Sino relations from the V4, but there is a visible improvement in recent years. The improving diplomatic relations could lead to mutual trust and more Chinese investments since as willingness is definitely present.

5.3) Economic and Trade Relations

In the second part of the analysis the emphasis will be on economic and trade relations between the V4 countries and China, appearing in a similar order as in the previous chapter. The economic cooperation improved and today **Hungary** is China's second most important partner in Central-Eastern Europe. This success goes on from the opening of the Bank of China Hungary, to the foundation of a Chinese language high school. The open door policy was renewed in 2011 to further attract Chinese investment and had a focal point on educational cooperation. The Hungarian government aims to improve this bilateral relationship of its own national interest, but of course, with the common EU objectives in mind²**Hiba! A könyvjelző nem létezik..**

³⁸ Nora Szikorova: 'Development of the Chinese-Slovak Economic Relations', Available at: <http://www.davidpublishing.com/davidpublishing/Upfile/2/26/2013/2013022676061433.pdf>

³⁹ Beijing Government: 'China, Slovakia mark 60th anniversary of diplomatic ties', Available at: <http://www.ebeijing.gov.cn/BeijingInformation/BeijingNewsUpdate/t1089179.htm>

After establishing the most important points focusing on Hungarian historical relationship with the EU and China, we have a better understanding on the current political and economic climate. Hungary is a key player in Central-Eastern Europe, and not just historically, but after successfully overcoming the difficulties in the 1990s, it has significant influence in the region. As member of the Visegrad 4 (or V4, along with Poland, the Czech Republic and Slovakia) and then from 2004 the European Union, Hungary established a net of partnerships. The V4 might have seemed like marginal in the shadow of the EU, but the four countries combined have the same voting power as France and Germany⁴⁰. In the recent events of the migrant crisis and then the terrorist attack in Europe he received a lot of newfound support from the Western EU, especially from Bavaria, the richest region of Europe and an important trade partner⁴¹.

Hungary and China had signed several agreements after 2011 including a joint investment in a new factory⁴². During the 2011 Hungarian presidency in the European Council, China gave 1 billion Euros of credit for joint projects, as well as bought Hungarian bonds⁴³. Facing the criticism that Hungary got from the EU in the last two years might damage the relationship or urge China to invest in another country. These problems seemingly do not affect the two country's friendship as trade continued to flourish⁴⁴. After the expo, in 2014 the Bank of China opened its new central office in downtown Budapest, which was realized after Viktor Orbán agreed with Luyang to establish their Central-Eastern European headquarters in the city⁴⁵.

High level visits became very frequent in the last years including the visit of Hungarian Prime Minister Orbán to the Shanghai World Expo, the Vice President's visit to Northern China, moreover, meeting between the foreign affair ministers. From the Chinese side there were

⁴⁰ Gatien Du Bois & Magdi Birta (2015): 'Hungary, the flagship of China In Europe?', Available at:

<http://www.nouvelle-europe.eu/en/hungary-flagship-china-europe>

⁴¹ Kloster Banz (2015): 'Warme Worte und Pfiffe für Orbán in Bayern'

<http://www.sueddeutsche.de/bayern/kloster-banz-warme-worte-und-pfiffe-fuer-orbn-in-bayern-1.2660826>

⁴² 9 HR Portal (2011): China-Hungary Corporations. 350 people will get a job. Available at

<http://www.hrportal.hu/c/kinai-magyar-vegyesvallalat-letesult-350-ember-kap-munkat-20111118.html>

⁴³ Gatien Du Bois & Magdi Birta (2015): 'Hungary, the flagship of China In Europe?', Available at:

<http://www.nouvelle-europe.eu/en/hungary-flagship-china-europe>

⁴⁴ Hungarian Central Statistics Office report, Available at:

<http://www.ksh.hu/docs/hun/xftp/stattukor/magyarkinaigkapcs.pdf>

⁴⁵ Chinaroom.eu: 'Expanding the Bank of China' by Kriszta Kovács, Available at:

<http://www.chinaroom.eu/news/expanding-bank-china>

also high-profile visits⁴⁶. In 2014 the two countries celebrated the 65th year anniversary of diplomatic relations. China founded a new Confucius Center and the educational agreements continued with as Hungary provided scholarship for 200 Chinese students to learn Hungarian. In the same year an economic agreement followed that Hungary would export beef products to China⁴⁷. There is a general disagreement between the Western-EU and Hungary over how to handle the changing socio-economic climate. The 'Eastern Opening' policy of Hungary showed that the country is, although closely obeying the EU rules and principles, making a distance away from the EU. This is a great opportunity for China to show them the benefits of their partnership.

Today there are around 5000 Chinese companies in Hungary including Air China which opened a new direct flight between Budapest and Beijing. Now there are more Chinese tourist than from any other Asian country and they expect it to double in the next 5 years. Chinese investors would evidently like to make Hungary the allocation market for Chinese products by building airports and railway (between Budapest and Belgrade). These investments helped the country to gain momentum after the financial crisis which affected Hungary seriously. **Hiba! A könyvjelző nem létezik..** Chen Luyang, managing director assistant of Bank of China declared that "Bank of China is going to increase its investment in Hungary, and will support mutual business relationship development between Chinese and Hungarian companies". The director assistant also said that Hungary has great geographical advantages and huge growth potential; therefore it is one of the major destinations where Chinese enterprises and financial institutions are expanding their global presence."⁴⁸ After the expo, in 2014 the Bank of China opened its new central office in downtown Budapest, which was realized after Viktor Orbán agreed with Luyang, to establish their Central-Eastern European base in the city⁴⁹. In 2015 Hungary became the first country to sign the 'Silk Road'

⁴⁶ China.org.cn: 'China-Hungary Relations' Available at:

http://www.china.org.cn/world/Li_Keqiang_2012_visit/2012-04/26/content_25241748.htm

⁴⁷ The Hungarian government (2014): 'Hungary got a green light to be able to export its beef products to China' Available at <http://www.kormany.hu/hu/foldmuvelesugyiminiszterium/hirek/szabadda-valt-az-ut-a-magyar-marhahus-kinai-exportja-elott>

⁴⁸ Chinaroom.eu: 'Hungary is a Primary Destination for Chinese Investments – China Expo Hungary 2014' Available at: <HTTP://WWW.CHINAROOM.EU/NEWS/HUNGARY-PRIMARY-DESTINATION-CHINESE-INVESTMENTS-CHINA-EXPO-HUNGARY-2014>

⁴⁹ Chinaroom.eu: 'Expanding the Bank of China' by Kriszta Kovács, Available at: <http://www.chinaroom.eu/news/expanding-bank-china>

cooperation agreement which aims to develop trade and transport infrastructure⁵⁰. It is obvious that China would like to continue investing in Hungary since the historic relationship of the two countries shows mutual trust, a much needed factor for Chinese businessmen. Hungary has very fortunate geographical location being literally in the middle of Europe. Though it is already a transit country, improving the major lines of infrastructure might help to improve communication with other nations, and the finalization of the Budapest-Belgrade high speed railway would achieve exactly that. Hungary had always been a significant receiver of Chinese immigrants, who now have a population of around 20000 people in Budapest, the most in any of the V4 countries.

Regarding the **Czech Republic**, the textile industry could prove to be a particularly significant issue between the two nations as the cheap Chinese import hurts the economy. Even though today the export is growing, in 2016, China's potential title of a 'Market Economy' in the WTO can be disastrous for the Czech economy and many people in the industry could lose their jobs. As recently as 2005, China flooded the Czech Republic with around 11 pairs per citizen which show how easily they can destabilize the textile industry⁵¹.

The Czech Republic produced one of the most remarkable U-turns of foreign policy regarding their position towards China. In recent years, similarly to Hungary and Poland, they aspire to be China's 'bridge to Europe' with negotiations to bring Chinese investment to the Czech Republic. There is a chance that China might be better off with multiple 'bridges' and not just one, but nevertheless, their achievements so far shows the new direction and position of the Czech Republic towards China⁵².

Chinese companies have invested more since the recent U-turn of the Czech's China policy. The good geographical location and the high quality workforce are among the most important advantages of doing business with the Czech. Companies like Changhong (electronics), Dalian Rubber & Plastics Machinery and Yapp Automotive Parts have opened factories in the Czech Republic. Huawei and ZTE (telecommunication sector) have also invested. Chinese firms are interested in the construction of new nuclear reactors as well

⁵⁰ Zsolt Burger: 'Hungary is the first European country to join China's new Silk Road initiative', Available at: <http://hungarytoday.hu/news/hungary-first-european-country-join-chinas-new-silk-road-trade-initiative-41720>

⁵¹ Tomas Franek, "Czech market swamped by shoes made in China", Available at: Aktualne.cz

⁵² Richard Q. Turcsanyi: 'IS the Czech Republic China's New Bridge to Europe?', Available at: <http://thediplomat.com/2015/09/is-the-czech-republic-chinas-new-bridge-to-europe/>

and the opening a branch of Bank of China in the Czech Republic is also highly probable in the near future. These new investments could bring more intense cooperation, attract further Chinese investment and support Czech exporters in China. The Czech has also applied to join the Asian Infrastructure Investment Bank and it is currently under consideration. The economic cooperation will definitely profit with the new direct flight from Prague to Beijing with Hainan Airlines (route from Prague to Shanghai)⁵³.

All of these projects are strongly supported by the Czech government as they are also planning the establishment of an economic and technological zone for Chinese investors in the Moravia-Silesia Region. As political shift towards China occurred, the shift in the attitude of the Czech media regarding to China has changed as well. After the Czech audience was used to hearing rather critical news about Chinese society, environment and human rights issues. However, this changed recently when the Chinese correspondent of Czech TV was replaced with a new one, who appears to be less "critical" and investigative.

Xi's visit to Prague was very successful and could potentially lead to billion of euro sin investment. China wants to invest around 11 billion until 2020. After Hungary and Poland, the Czech has also signed the Silk Road initiative. China and the Czech Republic have also upgraded their relationship to a strategic partnership. Czech President is determined that he can make his nation China's trade hub in the region. His efforts were most noticeable when he attended China's 2015 military parade, commemorating the victory against Japan, as the only EU member state president⁵⁴.

China emerged as one of the world's leading economies, which was followed by a huge increase of influence in international affairs. This economic miracle was cannot be disregarded by the **Polish** who actively changed the shape of their foreign policy towards being more China-friendly. One of the main issues which grabbed the attention of the public was the escalating level of Polish trade deficit which rose to 16.9 billion USD in 2013 (Polish import: 19 billion USD; export: 2.1 billion USD)⁵⁵. There requested anti-dumping measures

⁵³ Gatien du Bois and Michaela Davidova: 'China and the Czech Republic, a recent political shift', Available at: <http://www.nouvelle-europe.eu/en/china-and-czech-republic-recent-political-shift>

⁵⁴ Angela Stanzel: 'Xi's visit to the Czech republic', Available at: http://www.ecfr.eu/article/commentary_xis_visit_to_the_czech_republic6083

⁵⁵ Radio Poland: 'Polish-Chinese Trade Looking up?', Available at: <http://www.thenews.pl/1/12/Artykul/177953,PolishChinese-trade-looking-up>

have been increasing in recent years both by China and Poland as well. The Polish export are growing slightly but the Chinese export is also becoming larger. They are not concerned about the Chinese intellectual property infringement issues as it is mainly China, who brings technology to Poland⁵⁵. Poland became the biggest trade partner of China in the CEE region overcoming Hungary in 2008 making it a key state in the V4.

Poland is one of the most important bio-food producers and in China the demand for bio-food has increased in recent years. Poland is leading the V4 in food export to China. Nevertheless, there is a huge trade deficit still as around 90% of the total trade was Polish import, while only 10% was the export but the deficit has been reduced in recent years. Good political relations with China seen as essential for the development of economic cooperation. The V4 and the 16+1 summits (cooperation between China and the CEE nations) could provide the basis for future development in relations. The New Silk Road initiative can benefit both nations as the trade volume increases the necessary quality of infrastructure should improve accordingly. The train from China would go through Russia, Kazakhstan, Belarus and will terminate in Poland⁵⁶. Poland's accession to the Asian Infrastructure Investment Bank (AIIB) is an important sign of trust and improvement of Polish-Chinese ties. Poland ratified the agreement of accession in 2015. During his visit to China, President Andrzej Duda signaled that Poland wants to participate in this initiative.

After the first 7 years of the accession to the European Union, Poland will receive less funds from now on in the new fiscal period. The EU itself is in bit of a financial struggle following the Greek crisis and years of slow economic growth, which make Poland looking for other sources of investment, particularly from Asia and China. With all the diplomatic and political progress the economic benefits did not follow simultaneously resulting in a huge trade deficit. China is now Poland's third biggest trade partner after Germany and Russia but the majority if its export is still raw materials, often threatened by price fluctuations⁵⁷.

The volume of Chinese investment has not been satisfactory, especially considering Poland's role in the region and its market size. In 2013 less than 1% of the FDI came from China which

⁵⁶ Justyna Kania: 'Poland as China's key partner in CEE', Available at: <http://msp.gov.pl/en/polish-economy/economic-news/6964,Poland-as-China039s-key-partner-in-CEE.html>

⁵⁷ Justyna Szczudlik-Tatar (Polish Institute of international Affairs): 'Poland-China Strategic Partnership, Waiting for More Results', Available at: https://www.pism.pl/files/?id_plik=20936

is a rather low figure. It is getting better though, but unfortunately for Poland, mostly from a diplomatic aspect. The 16+1 summit in Warsaw is one of the most prominent examples. This summit helped China to familiarize the region's market and investment conditions. The rather vague 'One Belt, One Road' initiative has been successful but the Silk Road project is where Poland and other participators can expect real economic benefits. This infrastructural development project is also being expanded in China as the original Łódź-Chengdu line was extended to Xiamen's new Free Trade Zone. China doesn't just invest in Europe but they are offering new favorable circumstances for Polish investors all over Asia using the newly established AIIB.

Slovakia has developed rapidly after their accession to the EU and they tightened the integration by introducing the Euro in 2009, the only member of the V4 to do so. China's WTO membership hugely influenced the growth of trade volume between the two countries but the cheap Chinese imports created a notable deficit for Slovakia just like in other V4 countries. Although the two countries were not in each other's center of attention for many years, recently there has been improvement. The first year of the appearance of investment was 2007 but from *Table 1* it can be easily concluded that Slovakia fares the worst among the V4 regarding the incoming and potential investment from China. There is not official statistical figure about the overall volume but there are some Chinese investors like Lenovo with minor investments. The total figure can be estimated around 100-200 million Euros, however, it is difficult to determine the origin of Chinese investors since there are many companies listed in other countries (Hong Kong, UK etc)⁵⁸.

5.4) The Visegrad 4's Relationship with China and its Implications for the EU

Not much is known about the Visegrad 4 countries in China except maybe in a Russian and Eastern Europe context, which might not be true today. The Central European countries of the V4 have their own culture and they perceive themselves a bridge between East and West.

⁵⁸ Agnes Szunomar: 'Chinese Investments and Financial engagement in the Visegrad Countries, Myth or Reality?', Institute of World Economics, 2014

Until the mid-2000s the main investors in the region were Japan, South Korea and Taiwan as China just recently discovered the possibilities of the V4. Trade agreements from the 1990s and 2000s however, resulted in a huge inflow of Chinese goods and proved that the cooperation is successful. The V4 could be China's bridge to Europe but it is certainly one of the regional groups that has the means. Nevertheless, The 16+1 Summit is still the main forum of cooperation between China and the Central Eastern European countries, including the V4.

Keohane and Nye's complex interdependence concept might help us to understand the outcome for the EU about the cooperation between the V4 and China. The Visegrad countries seem to be on the focus of China in recent years. In 2011 the first 16+1 summit took place in Budapest with Wen Jiabao attending the conference, then next year in Warsaw they introduced the '12-measures initiative' (or Warsaw initiative) which started the 16+1 platform to improve future relations. We can conclude that the diplomatic relation between the countries have improved greatly in recent years. There have been numerous meetings and the ties between different government agencies are stronger than ever. Although China has the world's largest military force, using it against Europe is absolutely out of question and it does not play a role in forming the V4-China relations from the Neoliberal Institutionalism's perspective. But China still uses force e.g. in the South China Sea which is heavily condemned by the EU. In that case, the Political realist theory might prevail. International Institutions like the UN and the EU are trying to stop China's human rights abuses and military aggression and it seriously impact the member states' relationship with China. The fact that the V4 countries are not taking these seriously (e.g. Zeman's presence at the 2015 China Victory Day Parade), is one of possible reasons why the EU is divided and why the V4-China relationship is becoming a sensitive issue.

Hungary is considered China's most stable partner in the region with hosting excessive amount of investment compared to other V4 countries and they have the largest Chinese community as well. Poland is a strategic partner of China with huge potential. Hu Jintao's visit to Slovakia and the recent U-turn of Czech foreign policy (after receiving the Dalai Lama in 2009) gives a big boost for Chinese interests. The 2013 summit took place in Bucharest, Romania, a non-V4 member of the 16+1. 2014 Beograd hosted the event abiding competition from the Czech Republic and Slovakia which show that not just the V4 countries

are able to compete for Chinese attention⁵⁹. The Czech are only recovering from recent diplomatic clashes with China and were only partially present in the 16+1 summits, but their shift still notable. This led to the Czech Republic being very friendly towards China maybe only second-most to Hungary. Hungarian President Orbán even mentioned a political system like the Chinese can be positive, a comment which was received with controversy in the EU. It can be stated that the primal motivation of the Visegrad 4 to enhance relations with China is economic; and the hope that they will reward the commitment financially. Although all of them recovered from the crisis, the growth figures fall below the pre-crisis performance. Poland, as the biggest economy of the region has the potential to become frontrunner of the V4 with a desire to develop a good economic and political relationship with China. From the Chinese point of view there is a certain initiation to forge better relations with the V4, they are behind the initiation of the 16+1 as well. It is hard to see China's clear intentions though, as the 'reward' of investments has only arrived to Hungary, despite relatively more political support from the all the V4 countries⁶⁰.

The most recent 16+1 summit took place in Suzhou, for the first time in China, where President Li Keqiang hosted the 16 European leaders. The Chinese media named it a golden opportunity to improve relations with the Visegrad countries and therefore with the whole EU as well. The main focus was on the establishment of the 'Belt and Road initiative' which focuses on the infrastructural development of the region. The most prominent example of this is the Budapest-Beograd high-speed railway which connects Europe to the key Greek ports operated by Chinese investors⁶¹.

For the Chinese establishing a friendship with a country is the first step to cooperation. The process happening in the CEE is not unique, in fact China has many partner all over the world. The crisis of the EU created new opportunities for the V4 and China is eager to fill the void with its economic capability. China does not seek any political tensions with the EU and only keeps the cooperation with the CEE economic and does not present political requests.

⁵⁹ PerspectiveInternationale.com: 'Beijing via Warsaw: The growing importance of China', Available at: <http://perspectivesinternationales.com/?p=511>

⁶⁰ Richard Q. Turcsányi, Tamás Matura and Rudolf Fürst: 'The Visegrad countries' Political Relations with China: Goals, Results and Prospects', Available at: file:///C:/Downloads/THE_VISEGRAD_COUNTRIES_POLITICAL_RELATIO.pdf

⁶¹ Shannon Tiezzi: 'China's Belt and Road reaches Europe', Available at: <http://thediplomat.com/2015/11/chinas-belt-and-road-reaches-europe/>

However, the cooperation with the 16+1 countries is not without problems, it is enough to see the sheer complexity of the CEE economically, culturally and politically, which gives a headache for Chinese foreign policy makers. The V4 could stand out as these countries have more similarities but they should rather cooperate between themselves to present a common ground-point⁶².

Even though they would manage to do this, there is a debate about how can the V4 governments can influence the Chinese investment in the region. Chinese companies prefer infrastructure investment while the V4 would prefer green-field investments which would create jobs. Hungary, the Czech Republic and Slovakia don't have many internationally competitive companies and 90% of their export to China is produced by foreign own companies, limiting the national governments' control. Concerning the foreign relations of the V4 countries it is in many ways regulated by Brussels (e.g.: visa, investment and trade rules) making it difficult to grant favors for China. These factors could lead to a shift in Chinese focus to non-EU members of the 16+1.

So far we can see a great improvement in China's relations with the Visegrad 4 or the 16+1 countries in recent years, both economically and politically. The political sympathy of these countries have produced some favorable results and had a significant impact on bilateral trade; nevertheless, the political side is more active so far and hopefully it will realize in even better economic relations. The highly-qualified but cheaper workforce, the good investment environment and the support of the government could be the spark needed for new investments from China; and they can serve as a bridge to Western Europe as a training ground for investors. China will not aim to create political tension between East and West, as a strong and united Europe is in their best interest. But with the support of the V4, they could influence the EU's internal policymaking as the Visegrad countries together possess more seats in the European Parliament than Germany and an equal voting power in the Council as Germany and France combined.

The huge economic development of China and its effort to engage in bilateral relationship have created somewhat of a division within the EU. Human rights issues, the rule of law or

⁶² Richard Q. Turcsányi, Tamás Matura and Rudolf Fürst: 'The Visegrad countries' Political Relations with China: Goals, Results and Prospects', Available at: file:///C:/Downloads/THE_VISEGRAD_COUNTRIES_POLITICAL_RELATIO.pdf

the possibility of giving China a market economy status have been a basis for debate. It seems like that the V4 countries are going on their own way of handling these issues and with recent high-profile visits; China is really tying down these countries, making it very difficult for the EU to come up with a mutual plan tackling China's problems. This can have a significant effect on the EU-China relations.

There are multiple reasons why the Visegrad 4 countries got involved with China. In recent years, imbalance in the EU has become stronger than ever. It is easy to conclude that with 28 countries it is always difficult to find a common solution to the challenges of the world politics and economy. The unity of the EU is under siege from many fronts, both external and internal. From the United States, Donald Trump's potential victory, and his possible policies, would seriously harm the US-EU relations. Russia and its extensive militarization and aggression regarding Ukraine give many reasons for concern. The EU can actually be the closest to a violent conflict since the World Wars. From the South, Erdogan's actions in Turkey and human rights violations are really causing distress among the EU leaders. The situation in the Middle East can generate serious problems along with the migrant crisis and the numerous terrorist attacks in European cities in recent years. Meanwhile Europe is gradually losing its position in the world economy to emerging countries like China, due to the low economic growth since the financial crisis. Internal problems are present as well, most noticeably from push for the Brexit in 2016. The Brexit caused major upset in many EU countries and highlighted the already existing problems. The division in economic development between the old and the new member states is evident. As the major economies in Europe slowed down in growth, investing in the new EU countries have been losing priority. Naturally the CEE countries have been looking for sources of new investments. When China emerged it created a controversy as many of the EU countries have actively criticized China for years. However, as wealthier member states could 'afford' to continue these actions, the V4 countries are in desperate need of new capital injections and new reliable economic partners, which they found in China. In order to maintain this good relationship the sides need to be more patient and accepting. The former critics of Chinese issues from the V4 countries stopped the negative comments and now fully focused in repairing the damage. Other countries like Hungary went even further by stating that the Chinese political system could be something of an example for Europe in many ways.

Many Western EU countries are not particularly fond of Chinese investors but Southern Europeans like Italy and Spain have received the biggest volume of investment in recent years, which helped them to get out of the aftermath of the financial crisis. Although it is not China's intention, these actions might lead to the division of the already ambiguous European Union.

6.) Conclusion

The Visegrad cooperation is one of the most important regional platforms in Europe and together with the 16+1 cooperation; it represents China's ambition to reach out to the European Union. The evolution of these countries' relationship with China is remarkable with flourishing economic, political and cultural dimensions in recent years. In the last 10 years the trade volume between the V4 and China has multiplied. The Chinese investment in the region is reaching new heights. Poland with its huge market, Hungary with its political support, the Czech Republic with its newfound interest and Slovakia as the most rapidly developing country of the V4 can all add a positive impact to China's network of partners which could lead to overall better relations with the EU. The 16+1 is also an important forum for China but the Visegrad countries relations are far more mature than the rest of the CEE 16. The Visegrad 4 could be a true bridge to Europe, an investment training ground with a hospitable economic and political climate, a geopolitically strategic location; a highlight and an example of China's emerging influence in global affairs.

The Visegrad 4 has turned to China in order to look for new sources of investment. The Western-EU is not particularly thrilled about this process as they still condemn China for its political actions regarding human rights issues and expansionism in the South China Sea. The V4 however, Poland and the Czech Republic to be exact, have presented a U-turn regarding the foreign policy towards China creating a new area of conflicts with the EU. The EU is already suffering from numerous internal and external problems, therefore, recognizing and handling this issue is essential in order to keep the Union together in these troubled times.

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