



Chinese investments in the EU's energy sector

An empirical study of the Czech Republic and Poland



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Contents

I. Introduction	5
1. Conceptualization of energy security	6
2. Conceptualization of EU’s energy strategy and policy	7
3. Conceptualization of China’s energy strategy and policy	8
4. Chinese Foreign Direct Investments in EU’s energy sector	9
II. Literature review	10
1. Scholar’s opinion about Chinese investments in EU’s energy sector	10
III. Methodology	12
1. The relevance of the topic	13
2. Theory choice	14
3. The source of data	15
4. Method of analysing	15
5. Research design	16
6. Limitations	17
IV. Theoretical framework	17
1. Securitization theory	17
2. Structural realism	20
V. Analytical framework	22
1. The Czech Republic and Poland position in the world system	22
2. China – Czech bilateral relations and the Czech Republic perception of China	23
3. Chinese’s investments in the Czech Republic’s energy sector	25
4. China – Poland bilateral relations and Poland perception of China	28
5. Chinese investments in Poland’s energy sector	29
6. Comparation	31
7. Discussion	35
VI. Conclusion	37
Bibliography	40

Abstract

This study provides a comprehensive analytical framework of the Chinese investments in the Czech Republic and Poland's energy sector and uses structural realism and the securitization theory to explain why the Czech Republic perceives more negatively Chinese investments than Poland. Basically, the epistemological pre-assumption is that realism is decisive for the framework within which countries can act, but the constructivist approach points out countries' particularities within that frame.

Since the financial crisis in 2008, the EU has shifted its energy policies (from environmental stewardship to affordability and availability) and created a void, in terms of investments, among its member states which gave the opportunity for Chinese companies to invest in EU's energy sector. However, due to energy sector strategic nature, China's energy investments in the EU are perceived more negatively than investments in other sectors, with implications for both politic and economic level. When speaking about the Czech Republic and Poland, both countries are equally positioned in the world system and interact with China using almost the same methods of cooperation but perceive Chinese investments in energy sector differently. The Czech Republic perceives those investments more negatively than Poland because its emerging discourse has as core political issues, whereas Polish one has economic issues. Even more, Poland shows a constant political support towards Chinese investments in energy sector, whereas the Czech Republic does not show the same constant development when its government or president is changed.

This study shows that, neither in the Czech Republic, nor in Poland we can speak about the securitization of the energy sector. Although in both countries policymakers start using energy security quite often in their official statements, especially after the Ukrainian's crises, they did not pass emergency policies or called for exceptional measures in order to protect the referent object. However, in Poland a securitization move emerged after the Ukrainian's crises, but did not affect Chinese investments in its energy sector. An interesting securitization discourse emerges at the EU level where due to Chinese acquisition of REN, France, Germany and Italy put pressure on EU to act. Currently an agreement is under negotiation between the Commission, Council and Parliament, in order to prevent future acquisition of strategic energy entities by non-European actors.

Key words: energy security; generation capacities, power infrastructure, FDIs, SWFs, securitization theory, realism, economic cooperation, trade deficit, emerge discourse, the Czech Republic, Poland, China, the EU.

I. Introduction

Since the financial crisis in 2008, China's investments in the EU have increased considerably and in the last few years we can see a tendency in investing in energy sector. Although, China increased its cooperation with the EU, had high official meetings and signed joint statements, when speaking about investments, it seems that China opts to invest more via bilateral agreements. One of the reasons might be that neither the EU, nor China have a clear energy policy strategy towards each other. According to Liedtke, Chinese investments in the EU's energy sector need to be understood as part of a broader strategy that aims to consolidate China's energy needs with economic and environmental goals (Liedtke, 2017).

Using Sovacool and Brown framework, based on availability, affordability, efficiency and environmental stewardship¹, Gippner and Torney argues that both the EU and China policies towards energy sector have been perceptible shifted. According to their study, the EU started with a strong emphasis on environmental stewardship and moved towards a focus on affordability and availability, whereas China started with a strong emphasis on availability and has moved towards environmental stewardship (Gippner & Torney, 2016). EU's policy shifted primarily due to external factors, such as the financial crises, which constrained EU member states to cut their budgets, and Ukraine crises. On the other hand, when speaking about China, its policy has been shifted due to both internal (mainly due to pollution problems) and external factors (due to its rise in the international community and its desire to be perceived as a developed country, not as a developing one anymore). Although the aim of this paper is not to analyse Gippner & Torney's study, this paradox is relevant because represents the start point for the comparative analysis between the Czech Republic and Poland. The EU's policy shift created a proper environment for Chinese companies to invest in EU member states' energy sector. When the EU changed its priorities, created a void among its member states and under the framework of Chinese "Go Global" strategy, Chinese Sovereign Wealth Funds (SWFs) and Foreign Direct Investments (FDIs) have been used as instruments of Chinese energy policy in Europe. Graphic 1 and Graphic 2 (see Appendix 1) supports this claim and shows that since 2008 Chinese investments in Europe increased considerably, especially in energy sector. By

¹ According to their framework, the concepts are define as foll owing: (1) "availability" emphasises the importance of safe and secure access to a diverse range of energy security; (2) "affordability" emphasises the importance of affordable access to energy sources for households and firms and equitable access to energy services; (3) "efficiency" focuses on more efficient use of energy sources and deployment of more efficient equipment; (4) "environmental stewardship" emphasises sustainability by ensuring that harmful emissions from energy production do not exceed relevant absorptive capacities of relevant ecosystems.

choosing to deal bilaterally, China approaches differently each EU member states, because they perceive differently the importance of energy sector and the way how do they conceptualize it. Thereby in the following paragraphs I present a short overview of how experts conceptualize energy security but also how the EU and China does it. It is important to mention that although EU member states conceptualized energy security differently, they are framed under the EU's laws and regulations.

1. Conceptualization of energy security

Over the last decades, energy security played an important role in great powers' negotiations due to the anxiety over whether there will be sufficient resources to meet the world's energy requirements. This anxiety has been amplified by volatility of oil prices, terrorism, instability in some exporting nations, geopolitical rivalries and countries dependency on energy to power their economic growth. Although, the concept "energy security" is used frequently in policy makers' discourses, both the international community and academics have failed to achieve a commune understanding of syntagma's meaning. However, experts believe that energy security does not stand by itself but is lodged as part of complex relations among states and their interactions (Yergin, 2006). Even though, countries interpret differently the meaning of energy security. Yergin argues that in the developed world the concept referees to the availability of sufficient supplies at affordable prices (Ibid). One of the most relevant work about the conceptualization of energy security is attributed to Christian Winzer.

In his research, Winzer analyses different energy security definitions and categorize them in three groups: (1) authors who focus on the concept of commodity supply continuity; (2) authors who introduce additional severity filters and (3) authors that extend the scope of the impact measure beyond the continuity of commodity supplies to the continuity of services, economy and impacts on sustainability and safety (Winzer, 2011). His study concludes that "all include the idea of avoiding sudden changes in the availability of energy relative to demand" , but in order to distinguish between secure and insecure changes some authors propose different severity filters and different scope of impact measures (Winzer, 2011, p. 6), When defining the concept of energy security, he emphasises the distinctions between threats that have an impact on supply chain and impacts of the supply chain on the environment. According to his distinction, energy security "should be limited to threats that have an impact on the energy supply chain, while impacts of the energy supply chain on environmental belong

to the concept of sustainability” (Winzer, 2012, p. 36). Due to the difficulty of measuring these threats, authors limited the concept of energy security along one or several of the following dimensions: the sources of risks, the scope of the impact measure, and the speed, size, sustention, spread, singularity or sureness of impacts (Winzer, 2011).

Moreover, in order to maintain energy security, experts agreed that countries need to recognize the globalization of the energy security system and to acknowledge the fact that the entire energy supply chain needs to be protected. Therefore, they proposed several principles which must be followed by all countries. First, emphasises the importance of diversification of supply, because multiplying’s one supply sources reduces the impact of a disruption in supply from one source by providing alternatives; second, suggests creating a “security margin” which provides a buffer against shocks and facilitates recovery after disruption; third, represents the oil market’ security where all countries should participate; and forth, refers to the importance of information, where countries should work together in improving the flow of information about world market and energy prospects (Yergin, 2006).

2. Conceptualization of EU’s energy strategy and policy

According to the EU Commission’s 2010 energy strategy paper the five priority areas are: efficiency; building an integrated energy market; ensure affordable, safe and secure energy for consumers; technology and innovation; and strengthening the external dimension of EU’s energy policies (European Commission, 2010). Gippner and Torney argue that during their research, the European Council conclusions did represent member states’ preferences, but recent turbulence caused by the UK Brexit and long-term forces diminish the importance of the EU level for energy policy making in Europe (Gippner & Torney, 2016). Moreover, their study emphasizes that EU’s energy strategy started with a strong focus on environmental stewardship and shifted to affordability and availability (Ibid). In order to understand the logic behind this strategy shift, in the next paragraph I sum up a timeline with EU’s energy policies.

European Commission targeted that by 2020, 20% of the EU’s gross final energy consumption to come from renewable sources (European Commission, n.d.). However, the 2008 financial crisis created a series of economic, fiscal and employment challenges for the EU member states which empowered a discourse where EU could not afford “expensive” climate policies. Moreover, the Ukraine crisis drew political attention away from

environmental stewardship and European Commission took both short and long-term orientated actions for reducing the EU's dependence on imported energy sources (European Commission, 2014). By 2015, ensuring energy security, a well-functioning internal energy market and reinforcing the legislative framework to enable the security supply for electricity and gas were top priorities, whereas reviewing and developing legislation related to emission reduction, energy efficiency and renewables were debated at the 7th point (European Council, 2015). However, it is important not to forget that when speaking about EU's energy policies, usually are framed under/or in relation with climate change policies. During the Ukraine's crisis the European Commission released its Energy Security Strategy, on May 2014 (although that one released in 2010 targeted policy objectives until 2020), where the focus was on affordability and availability emphasizing the importance of EU's energy security such as: immediate actions aimed at increasing the EU's capacity to handle a major disruption during the 2014/2015 winter; consolidating emergency mechanisms and protecting strategic infrastructure (European Commission, 2014). Thereby, the focus on environmental stewardship was postponed. Instead of putting pressure on EU member states to fulfil the 2010 Energy Strategy policy objectives by 2020 (related to environmental stewardship), on October 2014, European Council agreed on a new framework for climate and energy, targeting policy objectives for 2020 – 2030. Most of the targets by 2030 are the same as by 2020, but of course the numbers required are different. For example, if by 2020, 20% of the EU's gross final energy consumption should come from renewable sources, by 2030, the target is 27% (European Council, 2014).

3. Conceptualization of China's energy strategy and policy

Officially, central policy makers publicly recognized the importance to invest in environmental stewardship in the 11th Five Year Plan (2006 – 2010). China understood the high costs of “grow at any cost policy” and how affects its environmental quality and public health, so the FYP covered issues as following: increasingly severe domestic air, water, and soil pollution and regional water scarcity; international pressure on China to reduce its GHG emissions associated with global climate change and growing dependence on foreign energy supply (FYP, 2006). Although, insufficient progress has been made in reducing energy intensity, China managed to reduce air and water pollution, increasing the efficiency of water use and expending forest coverage (The World Bank, 2009). However, in 2012 China is the

largest coal consumer, producer and importer worldwide in absolute numbers and the PRC's energy consumption consists of coal (66%); oil (20%); hydroelectric power (8%); natural gas (5%); renewable energy (1%) and nuclear energy (less than 1%) (US Energy Information Administration, 2015). If in the case of the EU, due to a series of events we were able to understand not just when, but also how and in which context the policy shift happened, regarding China's is more difficult to say it. Based on Chinese official reports, it started with the 11th FYP (2006-2010) but start producing effects during the 12th FYP (2011-2015). Since 2016, when the 13th FYP came out, environmental stewardship plays a key role in Chinese political agenda. However, due to global recession and Chinese reduced growth, Gippner and Torney argue that China declined somewhat relative to the affordability frame (Gippner & Torney, 2016). During their interviews, Chinese officials argued that the definition of energy security is now changing, looking at consumption as well as production (Ibid). If this is true, when priorities are changing, we might end up seeing a mix of frames, rather than a frame which replaced another one.

According to the 13th FYP, one of the major objectives is to achieve an overall improvement in the quality of the environment and ecosystems by extracting and using energy and resources more efficient (FYP, 2016). Moreover, environmental issues, climate change and improvement of energy efficiency start being used more frequently by Chinese policy makers also in White Papers such as: China's Arctic Policy (The State Council, 2018); China's Nuclear Emergency Preparedness (The State Council, 2016); China's Energy Policy (The State Council, 2012) and China's Policies and Actions for Addressing Climate Change (The State Council, 2011).

4. Chinese Foreign Direct Investments in EU's energy sector

In order to understand the logic behind the analytical framework, a background of Chinese investments in EU's energy sector is required. In this paragraph, I offer an overall picture of these investment, with focus on Foreign Direct Investments (FDI)². However, Chinese FDI in European energy infrastructure should be understood under the frame of China's "Go Global" policy. Under this framework, two levels of cooperation emerge: first one referees to bilateral investment agreements between China and the EU member states, and the second one referees

² In order to create an overall picture and avoid unnecessary details, I do not make any difference of FDI which are carried out by a Chinese state-owned company, o sovereign wealth fund, and individual or private investors

to China – EU partnership format for energy cooperation. According to official documents, Europe is one of the most important trade and investment partner and China calls upon EU member states to open their market for financial investments (Ministry of Foreign Affairs of the PRC, 2014). Despite this claim, most reports show that Chinese FDI in Europe are still modest (Hanemann & Huotari, 2016). Studies show that dimensions such as culture, language, business practices, policy-making, regulations and so on, affect FDI (Vacarini, Lattemann, Spigarelli, & Tavoletti, 2017).

According to Gattai model, Chinese investments abroad should be understood as a combination of “push” and “pull” factors, where supportive government policies and the level of overcapacity in certain national sectors represent the most relevant “push” factors, whereas the range of pull factors are more diverse and varies across different sectors of hosting country’s market size (Gattai, 2010). In this regard, Chinese state owned companies seem to be driven by domestic factors (“push”) and are not constrained by short-term returns, whereas private companies are more affected by conditions in the hosting country (“pull”) and tend to avoid political risks, looking to gain assets in the short and mid-run (Amighini, Rabellotti, & Sanfilippo, 2013) (Dreger, Schuler-Zhou, & Schuller, 2015).

Between 2008 and 2015 Chinese companies made 30 energy-related investments in 12 EU member states with a total of \$28.2 billion (Scissors, 2012). The investments are distributed as following: acquisitions of shares in European energy companies (18); investments in energy construction contracts and agreements (6) and direct take-overs of European-owned energy companies. A combination of environmental awareness in China and an increasing of economic difficulties in Europe have created a proper environment for Chinese investments in energy sector.

- **Research question:** *Why Chinese investments in EU’s energy sector are perceived differently by the Czech Republic and Poland?*

II. Literature review

1. Scholar’s opinion about Chinese investments in EU’s energy sector

Chinese investments in the European Union's energy sector need to be understood as part of a broader strategy that aims to consolidate China's energy needs with economic and environmental goals (Liedtke, 2017). However, China's energy investments are perceived more negatively than investment in other sectors, with implications for both political and economic level. For a better understanding of how these investments influence country's perception, a distinction is necessary. First one refers to investments in transmission system operators (TSO) and distribution system operators (DSO), both part of power infrastructure; and the second one refers to generation capacities, which are represented by hydro, wind and nuclear power.

Scholars believe that Chinese acquisition of shares of TSO and DSO offer opportunities for Chinese actors as well as the Chinese state to promote in Europe their Global Energy Interconnection (GEI) project (Cebotari, 2020). If Chinese investments in power infrastructure are perceived as a problem of national security, investments in generation capacities go beyond national interest with implications for both public and private sectors. Realists emphasize that Chinese participation in generation, transmission and distribution services in key EU member states might give Chinese actors the opportunity to impact EU public policies, gain sensitive knowledge of the EU power system, avoid anti-dumping restriction through FDI, take advantage of EU liberal market by making unfair competition against EU companies and technology outsourcing (Ibid). Liedtke's study shows that Chinese investments in EU's energy sector serve both political and commercial purposes (Liedtke, 2017). In his study about Chinese investments in nuclear energy power in the EU, Thomas concludes that most concerns are related to national security (due to dependence on China for key infrastructure), issues of quality control and regulatory competence, and safety of the design (primarily due to China's lack of construction experience) (Thomas, 2017). However, despite its limited experience, if we assume that China could meet the standards required, then advantages such as lower producing costs than its competitors, large skilled workforce and huge reserves of the Chinese government, which would be able to provide finance as well as equipment, would make China one of the most attractive supplier of nuclear plants (Ibid).

Hanemann believes that Chinese FDI in Europe represents a unique opportunity for attracting capital and help restart investment and economic growth (Hanemann & Huotori, 2015). However, he also has doubts about the success of these investments due to macroeconomic volatility, asymmetry in market access between Europe and China, subsidies and non-market advantages of Chinese companies and so on (Ibid). Even if the energy sector

attracted the largest volume of Chinese investments in Europe so far (Baker & McKenzie, 2015), to some extent, China is seen differently than other investing countries due to its status as growing superpower with a unique political system which rises a fear of national security among EU countries (Okano-Heijmans & Van der Putten, 2009). When speaking about Chinese investments in EU's energy sector is necessary to emphasize the potential implications of Chinese Sovereign Wealth Funds (SWFs). As well as FDI, SWFs should be analysed under China's "Go Global" policy. However, academics and policy makers are more sceptical, due to their political background. SWFs are define as an instrument of government-owned or controlled funds, in order to achieve political or economic objectives (Sun, Li, Wang, & Clark, 2014) or they can be perceived as state-controlled entities that could be instruments of economic statecraft (Baldwin, 1985). The CIC³ former president, Gao Xiqing, stated that Chinese investments overseas are aimed to make profits but also to build influence (Blanchard, 2014). By securing the strategic energy interests of China, SWFs are perceived as different players on the EU energy market than private entities, and are characterized as tools of Chinese foreign policy and foreign energy policy as well (Kaminski, 2017). Due to their lack of transparency and political background, EU member states perceive those investments more negatively.

Turcsanyi analysed three Central European countries (Poland, Slovakia and the Czech Republic) attitude towards Chinese energy investments and found that the country of origin and the targeted sector play a crucial role in defining attitudes towards Chinese energy investments (Turcsanyi, 2017). According to his study, Poland has the most positive perception of China and the Czech Republic the most negative (Ibid). Other experts found Chinese investments are seen as having both positive and negative implications (Westad, 2012) and EU countries' attitudes towards Chinese investments in energy sector oscillate between feeling of financial relief, cautious optimism about economic benefits; worries about growing competition and other negative economic influences; and concerns about their national security (Bugge, 2011) (Roberts, 2012).

III. Methodology

³ CIC is the first SWFs, established on September 2007 to manage and diversify Chinese foreign exchange reserves

1. The relevance of the topic

Chinese investments in EU's energy sector need to be understood as part of broader strategy that aims to consolidate China's energy needs with economic and environmental goals. Under China's "Go global" policy and BRI, China invested in acquisitions of shares in European energy companies, in energy construction contracts and agreements and direct take-overs of European-owned energy companies. By doing so, concerns have been raised by EU member states regarding growing competition and other negative economic influences and worries about their national security. However, scholars believe that Chinese investments have been perceived both positively and negatively. When speaking about positive implications of Chinese investments, most of them are related to economic factors, whereas when speaking about negative implications we end up with both political and economic factors. Although China prefers to deal bilaterally with EU member states, due to Chinese acquisition of REN, France, Germany and Italy put pressure on EU to act. Currently an agreement is under negotiation between the Commission, Council and Parliament, in order to prevent future acquisition of strategic energy entities by non-European actors. At least two things, regarding energy sector, worth been discussing about what is happening now in the EU. First one is about an emerging discourse from EU institutions, due to the fact that more and more issues become security policies and will be interesting to follow how the EU will consolidate its position and what role will play in shaping those security issues, which traditionally we were used to see states themselves dealing with those problems. Even more, how this empower of EU institutions will affect China – EU relations and China – EU member states relations? Second is about some EU member states which have been at the forefront of technological development and investment in EU's energy sector. For example, Germany expressed its concerns about Chinese investments in EU energy sector, emphasizing the possibility of Chinese companies to gain sensitive knowledge of the EU power system, take advantage of EU liber market by making unfair competition against EU companies and technology outsourcing (in a context where reciprocity does not exist and China does not allow EU entities to invest in power infrastructure and generation capacities).

To sum up, Chinese investments in EU's energy sector oscillates between geopolitics and geo-economics with implications for the EU, its member states and to an extent to Russia. However, will be interesting to see how China's policy shift from availability to environmental

stewardship and its growing status as superpower will influence the energy geopolitics between Europe and Russia.

2. Theory choice

As theories, I have decided to use both realism and Ole Waever's securitization theory. Therefore, by using two different approaches I aim to present a comprehensive analytical framework in order to understand why the Czech Republic and Poland perceives differently Chinese investments in energy sector. The realist approach can be used to argue that the two countries are roughly equally positioned in the world system and interact with China using almost the same methods of cooperation. However, realism cannot help explaining countries' perception of Chinese investments, thereby a constructivist approach, such as the securitization theory, help to understand the logic behind it. By its nature, security is a social and intersubjective construction, which means that an issue does not have any given or pre-existing meaning but can be understood as whatever a securitizing actor says it is. Thus, a constructivist theoretical approach is used to study the Czech Republic and Poland, individually, by looking at how energy security discourse emerges, and which particularities of the discourse influence the perception of Chinese investments in energy sector. Thereby, the analytical framework is structured on realism, where from an epistemological view explain how countries behave in the international system but using also a constructivist approach within the frame, we might be able to understand countries' particularities.

When speaking about security, indubitably we end up speaking about states and survival. However, creating an analytical framework where I analyse Chinese investments in energy sector from a security perspective, realism might not be enough to explain why those countries, where according to realism the same norms of international system are applicable, perceive foreign energy investments differently. On the other hand, the securitization theory could be a better approach because offers the incentives to understand the logic behind policy makers' actions. First, the securitization theory distinguishes between securitizing actor and referent object and second empowers both securitization actor and audience do define security. If the securitization actor has the power to define what is security and what is not, by using speech act, the relevant audience has the power to accept or refuse the securitizing actor's proposal. All these securitization theory's characteristics could be used to explain how the

Czech Republic and Poland perceive Chinese energy investments and why their perception is different.

3. The source of data

Due to topic complexity, various type of sources is required. On one hand, official sources from the EU, EU member states and China are aimed to offer an inclusive understanding of how these actors perceive energy sector, and to an extent its security, and on the other hand, previous studies and research are aimed to offer an analytical background of how these actors, based on their policies, behaved. Although China prefers dealing bilaterally, due to the fact that member states level politics represent the core of energy policy decision-making, EU policy documents still represent a valid proxy indicator in understanding the big picture of energy policy framing in Europe. Official statements, states' reports and documents have been analysed, in order to understand how particular actor's energy policies evolved as well as how have been adapted due to external factors. Scholars research, experts' reports, and studies of private research institutes have been used in order to support arguments, offer a start point, define concepts or transpose frameworks for analysing. The choice of using indirect sources helped to filter larger and broader variety of information in order to offer a complex understanding of the topic, and because of their latest contribution to the field, new perspectives have been presented and analysed.

Moreover, most of the data used is qualitative, but with some exceptions quantitative data has been used in order to support arguments and create an overall picture. In the case study, qualitative data offer a better understanding of how the chosen states behave towards energy sector and which particularities do they have.

4. Method of analysing

Due to high volume of official documents, deductive approach has been used. A deductive method of analysing came up with a more flexible approach which helped to cover different aspects of energy sector and testing an existing theory. Even more, based on the data offered by official documents, assumption and conclusions are made.

5. Research design

Because of topic complexity, I used a larger and broader variety of information, especially in the first two chapters in order to create a background to understand the analytical framework. The introduction starts with a broader conceptualization of energy security and its narrowing to offer a background of how the EU and China conceptualize energy strategy, and which are their policies towards it. The second chapter, literature review, offer an academic debate of how scholars perceive Chinese investments in EU's energy sector. The scholar's perception in the literature review covers three important areas: first one focus on power infrastructure (TSO and DSO) and generate capacities; second one focus on Chinese Foreign Direct Investments and Sovereign Wealth Funds; and third one focus on how Chinese investments are perceived based on country of origin and the targeted sector. The third chapter is the methodology, where the relevance of the topic, the logic behind theories choice, source of data, method of analysing the study limitations have been presented. The fourth chapter is the theoretical framework where conceptualization of Ole Weaver's securitization theory and realism are presented as well as their critiques. The fifth chapter is the analytical framework where I establish that both the Czech Republic and Poland are equally positioned in the world system and I analyse each country individually in order to offer a comprehensive understanding of how each country perceives China and its investments in the energy sector and after that I compare them. The last chapter is conclusion, where the most relevant aspects of this study are summed up.

In this paragraph I explain the logic of choosing the Czech Republic and Poland in order to analyse Chinese investments in EU's energy sector. Both countries are equally positioned in the world system, became part of the EU at the same time, both are members of the Visegrad Group (V4), share a similar background of Chinese investments in energy sector, but somehow perceive differently Chinese investments and following a different path in relation with the EU. My aim is to analyse these differences and to try to explain the logic behind them. Looking at the overall picture, China does not have any rooted history in investing in Central European countries. Assuming that China consolidated its cooperation with Poland and the Czech Republic more or less in the same time, then a detailed analysis is required in order to understand why they perceive Chinese investments differently.

6. Limitations

As any research, this study has a series of limitations. Although they cover different parts of the paper such as literature review limitations, data limitations, theory limitations and analysis limitations, in this sub chapter I focus just on data limitations (the rest of categories are covered in other chapters). When speaking about data limitations, the most challenging part is to try to select relevant information and to avoid unnecessary ones. Other limitation might be the lack of official documents regarding Chinese investments in the Czech Republic and Poland's energy sector. Another problem about official documents is that they have a political background and it is kind of difficult to offer an objective analysis especially when you do not have access to full documents. By quoting individual policy makers doubts about their credibility and questions about if what they say is going to happened creates a real methodological problem.

Even more, since data collected involves the EU, China, Poland, the Czech Republic and to some extend data from other EU member states, the country language represents a huge problem. Although some documents are provided in English, usually are presented as summaries. By doing so, some details are not covered. On the other hand, data collected from academics and experts usually represent their personal beliefs and their analysis is a framework of how do they perceive and understand the topic (as I said before, due to the lack of official documents and a clearly position of states regarding how they perceive Chinese investments in energy sector, a void is created and academic debates try to fulfil).

IV. Theoretical framework

1. Securitization theory

Securitization is usually associated with the Copenhagen School of Security Studies, where Ole Waever and Barry Buzan are considered to be the core who defined it. The concept of securitization created a debate between those who claimed that threats are objective (already exist in international system) and those who imply that are subjective (what is perceived to be a threat). Thereby, Copenhagen School argues that security should be seen as a speech act, where instead to focus on threats to see if are real or not, the focus should be on the way in

which are socially constructed as threats. Their work compare the distinctive character and dynamics of security in five sectors: military, political, economic, social and environmental, by rejecting the traditionalists' view for restricting security to one sector (military), implying that security is a particular type of politics with a wide range of applicability (Waever, Buzan, & de Wilde, 1998). According to their study, it is necessary to look more widely at non-military causes of conflict in international system and to re-evaluate the state role in security analysis at a time when many nonstate actors are playing vigorously in the military game (Ibid). Waever's discontent with the "traditional progressive" ways of dealing with security is because of how do they approach it: 1) assuming that security is a reality prior to language (which means that does not matter if we perceive it as "objective" or "subjective" because is measured in terms of threat or fear); and more security, the better and 2) to argue why security should include more than actually does, including not only "xx" but also "yy" (Waever, 1995). Waever's securitization approach puts an ethical question as a fundament of analysis, decision makers and activists alike: "Why do you call this a security issue? What are the implications of doing this - or of not doing it?" (Waever, 1999, p. 334). According to Waever, an issue become a security problem not because an existential threat exists naturally, but because the issue is presented as a threat (Waever, Buzan, & de Wilde, 1998).

Jef Huysmans argued that security, which invokes a particular form of politics, should be understood as exceptionalism (Huysmans, 2006). For Waever security, which is a particular way of dealing with a particular issue (Waever, 2011) has a negative connotation and should be seen as a failure to deal with normal politics (Waever, Buzan, & de Wilde, 1998). According to him, securitization should be understood as a successful speech act, where a securitizing actor claims a right to extraordinary measures to ensure that a particular referent object, which is threatened in its existence, survives (Buzan & Waever, 2003). In order to justify extraordinary measures, the securitizing actor must establish that there is a threat, the threat is potentially existential and the possibility advantages of security handling comparative with non-securitized handling (Waever, 2011).

However, to prevent everything from becoming a security issue, a successful securitization follows three steps: 1) identification of existential threats; 2) emergency action and 3) effects on inter-unit relations which are going beyond normal politics (Waever, Buzan, & de Wilde, 1998). Therefore, securitization theory is not a political statement on the part of the analyst, but a tool of analysis, where the analyst can trace if securitization or desecuritization occur (Taureck, 2006). Assuming that security is a social and intersubjective construct, when an issue

is securitized is moved out of the sphere of normal politics into the sphere of emergency politics, where it can be dealt without the normal democratic rules and regulations (Waever, 2011). By doing so, it means that it no longer has any pre-existing meaning, but it can be anything what a securitizing actor says it is. According to Stefano Guzzini's formula if (A, B, C), then securitization happens and (X, Y, Z) are effects which involve some exceptional measures (Patomaki, 2015).

When speaking about securitization, Copenhagen School emphasises the necessity of three elements: the speech act; the securitizing actor and the audience (Waever, 2003). When speech act is used by securitizing actor to raise a question that a referent object is threatened in its existence, the object is not securitized. In order to be securitized, the audience must accept it as such, otherwise the action is define as securitizing move (Waever, Buzan, & de Wilde, 1998). Basically, securitization of a referent object is a negotiation between securitizing actor and audience. If securitizing actor has the power to use speech act to define what referent object is threaten in its existence, audience has the power to accept or refuse it. Even more, securitization does not need indicators, can be studied directly by study political discourse and political constellations (when an argument convinced the audience to tolerate violations of rules that otherwise have been obeyed) (Ibid). Waever believes that securitization can be either ad hoc or institutionalized and power holder are always trying to securitize an issue in order to gain control over it (Waever, 1995).

As any theory, the securitization theory has a series of critiques which I sum up in this paragraph. However, due to the constant work of Ole Waever in improving the theory applicability, I intentionally omitted scholar's critiques before 2000 (since then, Waever published a series of articles as responds of previous critiques). Stritzel argues that the concepts of speech act, actors and audience are too unspecific about the substance of their terms and accuses Copenhagen School of a certain degree of implicit objectivism as opposed to a more reflectivist and relativist approach (Stritzel, 2007). Even more, when Copenhagen School claims that securitization is marked by exceptionality (due to particular policies which are handling the issue), the securitization becomes a static event of applying a fixed meaning of security (Ibid). Other scholar imply that many security practices deal with threats not in an exceptionally manner (Coker, 2002)(Abrahamsen, 2005). Due to the realist vocabulary strict dichotomy between politization and securitization, making securitization theory more widely applicable is prohibited, thereby securitization theory is theoretically vague and does not provide a clear framework for empirical studies (Stritzel, 2007). Patomaki argues that

securitization theory is “an ideal-typical model of a particular and limited-scale social mechanism”, because has little to say about wider geo-historical processes (Patomaki, 2015, p. 133). Taureck’s study shows that some of the previous securitization theory critiques misperceive the analytical goal of the theory, but to an extent accuse the theory for incommensurability (Taureck, 2006).

2. Structural realism

Realism is one of the major schools of thought within international relations. In very general terms, realism operates on the base assumption that states are rational actors, which seek survival in an anarchical international system and have as end goal power maximization (Morgenthau, 1985). When speaking about international system and states’ role in shaping it, two categories of realism theory occur. First one is called the human nature realist theories, where Hans Morgenthau is one of the most prominent examples of this school of thought, whereas second one is called the structural realist theories, where Kenneth Waltz and John Mearsheimer are the most representative scholars. Due to different approaches of states’ role in shaping the international system, I have decided to go further with the structural realist theories. According to it, the structure of the international system, not the human nature, causes states to behave aggressively and influence them to engage in security competition (Waltz, 1979) (Mearsheimer, 2001). This side of realism does not deny that states are still the main actors in international system, but their focus is on the way how the system is organized. Although, interactions occur at the level of units (states), not at the level of the system, the structure of a system acts as a constraining and disposing force, and due to this ability we are able to explain and predict continuity within a system (Waltz, 1979). According to Waltz is impossible to understand world politics by looking inside of states, therefore the system theory deals with what is happening at the international level (Ibid). Even more, system theories explain why different units behave similarly and despite their variations “produce outcomes that fall within expected similarity” (Waltz, 1979, p. 72).

For a better methodological approach, a distinction within the structural realist theories worth be made. By doing so, Waltz’s theory is defined as defensive realism, whereas Mearsheimer’s theory is defined as offensive realism. Although this study uses the frame of concepts from structural realist theories, in analyses, defensive realism is used to make assumptions and support arguments.

Defensive realism assumes that the structure of the system causes state to compete for power, but has as fundament the idea that states are not looking to gain as much power as they can, instead are working to consolidate the balance of power and maintain the status quo (Ibid). However, when the status quo is not favourable, under certain conditions defensive realists argue that the international system provides incentives for expansion (Taliaferro, 2001). Instead of arguing the importance of gross distribution of power⁴, defensive realists assume that structural modifiers⁵ have more impact on international conflict or cooperation (Ibid). When speaking about cooperation, Waltz implies that is difficult to achieve, because state are sensitive about how it affects their current and future relative capabilities (Waltz, 1979). Going even further with is analysis, Waltz concludes that cooperation in delicate areas, such as security, is almost impossible, because states have the incentive to maintain their advantage over their competitors (Ibid). Even though, cooperation is risky by definition, so is competition. Therefore, states are uncertain of the outcome of excessive competition, and loosing such a competition can impact state's security (Taliaferro, 2001). Glaser and Kaufmann argue that at the strategic level, the anticipated high costs and risks of competition should deter even greedy leaders (Kaufmann & Glaser, 1998). This uncertainty of how states should behave and why power competition is essential for state's survival is mainly due to the fact that international system is govern by anarchy.

The basic assumption of anarchy, is that creates a system where is no higher authority above states and stats act accordingly to it, creating a loop of mistrust. Mearsheimer defined the concept as a system where independent states have no central authority above them (Mearsheimer, 2001). The distinction of how offensive and defensive realism perceive anarchic system is primarily based on state's behaviour. According to offensive realism, in an anarchic system where states are following the logic of power maximization, their vulnerability creates fear and states must act accordingly in order to survive (Mearsheimer, 2001). On the other hand, defensive realism does not focus merely on fear, but on state's ability of self-help under the framework of balance of power (Waltz, 1979). However, it does not matter which side of the structural realist theories is used, anarchy creates uncertainty among states, and they can

⁴ According to Taliaferro, the gross distribution of power refers to "the relative share of the international system's material capabilities that each state controls"

⁵ According to Taliaferro, structural modifiers are represented by "the relative distribution of capabilities that enable individual states to carry out particular diplomatic and military strategies"

never be sure of other state's present or future intentions. By doing so, security dilemma becomes a de facto situation.

The concept of security dilemma is usually defined as a situation where by increasing a state security, usually decreases the security of other states (Mearsheimer, 2001) (Jervis, 1978). Thus, states engage in self-help behaviour where increase constantly their own security, by improving their military capabilities. Glaser points out three ways through which improving one state's self-defeating, increase adversaries' insecurity. First way focus on state's ability to perform particularly military missions, where according to him a security-seeking policy can reduce the state's own military; second way focus on states' self-help strategies, where according to him by increasing the value an adversary places on expansion as means of self-defence, makes deterrence harder; and third way focus on states' strategy to invest in arms build-ups, where according to him a state that initiates a military build-up to increase its security, may set in motion a set of events that leaves it less secure (Glaser, 1997).

In the following paragraph, I present some of defensive realism critiques. Some scholars believe that defensive realism is not able to explain state expansion because it implies that in the international system are never incentives for such behaviour (Schweller, 1996). Moreover, Schweller questions even the logic of security dilemma by saying that if predatory states are motivated by expansion and absolute gains, not the fear of relative losses and security issues, then without predatory states, the security dilemma does not exist anymore (Ibid). On the other hand, Andrew Kydd points out that instead of the security dilemma, "greedy states" are the cause of international conflict and balancing behaviour (Kydd, 1997). From another perspective, Legro and Moravcsik study shows that defensive realism repudiates the core assumptions of political realism (Legro & Moravcik, 1999).

V. Analytical framework

1. The Czech Republic and Poland position in the world system

According to realists, the international system is characterized by anarchy and is made up of nation-states as primary actors (Dougherty, 1997). In order to survive in a system where is no higher authority above states, states' aim is to gain power and to project it in the international system. By doing so, a loop of mistrust is created because a state is never sure about other

states' intentions. All these characteristics shape states' behaviour and have as results fear; self-help and power maximization (Mearsheimer, 2001). When speaking about the Czech Republic and Poland position in the international system is important to emphasize that those countries are not linked only by neighbourhood and similar geopolitical background but above all by commune history, traditions, culture and values (Ministry of Foreign Affairs of Republic of Poland, 2018). Using defensive realism theory, both states could be characterized by the idea that are not looking to gain as much power as they can, instead are working to consolidate the balance of power and maintain the regional status quo. Therefore, on February 15, 1991, the Czech Republic, Poland, Hungary and Slovakia jointly created the Visegrad Group, a multi-lateral framework aimed to consolidate their position in central Europe. Following the same path of politic, economic and military development, the Czech Republic and Poland joined NATO in 1999 and the EU in 2004.

In terms of power projection in the international system, both the Czech Republic and Poland's military capabilities are limited. From an economic perspective, although the V4 Group are among the most developed and economically important states in the CEE region and if these states are considered as single economy, it represents the 5th economic power in Europe (Samoilescu, Lazanyi, Sopkova, Dobes, & Balcerzak, 2017), individually, those states do not have an important impact on the international economy. When speaking about Chinese investments and economic cooperation in the Czech Republic and Poland, both countries are characterized by huge trade deficit (importing more from China, than exporting) and shows the same desire to attract Chinese investors. Thereby, assuming that the Czech Republic and Poland are roughly equally positioned in the world system, then why those countries perceive Chinese investments in the energy sector so differently? In order to answer to this question a more detail analyse is required. In the next pages, I analyse each country individually and try to understand why the Czech Republic perceives Chinese investments in the energy sector more negatively than Poland.

2. China – Czech bilateral relations and the Czech Republic perception of China

China – Czech bilateral relations date since 1949 (back then Czechoslovakia) and were aimed to increase tourism, trade and security. However, since Czech integration in NATO, in

1999, security does not represent a focus anymore. When speaking about Czech's perception of China is important to take a look at politic, economic and cultural/social spectrum. Thereby, in the following paragraphs I present two different timelines which help to understand better Czech's perception towards China.

First timeline dates since 2004, when the Czech Republic joined the EU until 2012, when the economy start recovering after the 2008 financial crisis. During this period, economic exchange between the Czech Republic and China grew significantly, for example in 2004, China represented 0.4% of all the Czech exports, but in 2012 grew to 1.2% (OEC, 2012). However, despite the rise of economic trade since 2004, the political side did not show the same constant development of how perceives China. From 2004 to 2006, under the Czech president Václav Klaus and prim-minister Jiří Paroubek, the Czech Republic showed a more positive approach towards China by stop narrowing its political discourse on human rights and other issues which were perceived to be harmful for mutual trade. However, in 2007 when the new government formed and the Green party was part of the coalition, the political discourse changed and start criticizing the Chinese policy towards Tibet. Even more, under minister of foreign affairs, Karel Schwarzenber the Czech discourse was once again emphasizing the agenda of human rights issues in relations with China. Therefore, the Czech Republic was one of the most critical countries towards China in the EU.

The second timeline dates since 2013 until nowadays. From the economic spectrum, FDIs have risen⁶, bilateral trade relations have consolidated, but the trade balance continues to be negative for the Czech Republic (OEC, 2017). However, the political side is characterized as the era of the "U-turn" (PSSI, 2017). The Czech Republic shifted its perspective towards China and in early 2013 the country became one of the most positive countries towards China in the EU. This political shift happened due to the new government and president, Milos Zeman who set as key goal for their agenda, the consolidation of bilateral relations with China. However, by doing so they created internal political struggle between the government, which was seeking to attract new investments, and the opposition which continue to criticize China for its internal issues. From political perspective, the period from 2013 was characterized by the BRI and 16+1 framework (now 17+1) and was crucial for the Czech Republic to maintain good diplomatic relations with China in order to attract investments. Although that period could be define as the

⁶ It is important to understand that Chinese businessmen are investing abroad only if they have the capabilities to do so, and Chinese banks are providing loans and cash to them (they really on foreign banks just for small amounts of cash).

highest level of diplomatic relations between those countries (since 2004), Chinese investors did not bring as many investments as the Czech government expected, and experts believe that the Czech market was less attractive for Chinese investors than previously Czech representatives suggested (Ibid). The same study shows that the largest projects realized by Chinese businesses focused upon acquisition, instead of investments, which might benefit the general economy (Ibid). During 2017 parliamentary elections, Social Democrats suffered significant vote losses because important representatives promoted strong ties with China during elections (Ibid). Therefore, ANO won the parliamentary elections and under Andrej Babis as prime-minister, the bilateral relations with China start degrading again. However, when criticising China, previous politicians constructed their discourse based on China's internal issues, whereas Andrej Babis government tends to emphasize the trade deficit between countries and other economic issues (Prague Daily Monitor, 2018). Also, the Czech president, Milos Zeman, who might be considered a friend of Beijing, emphasized that China has not fulfilled its investment promises (Elmer, 2020). According to the Czech Ministry of Foreign Affairs, the Czech Republic "will seek regular political dialogue with China" (Ministry of Foreign Affairs of the Czech Republic).

3. Chinese's investments in the Czech Republic's energy sector

When speaking about Chinese investments in the Czech Republic's energy sector it is important to mention that they are in generation capacities, rather than power infrastructure. After the 2008 financial crisis, many West European energy companies have withdrawn from green energy projects, especially nuclear ones⁷. Thereby, the Czech Republic started looking for non-European investors in the energy sector. In 2009, Sinomach, a Chinese state-owned company, invested \$ 100 million in construction contracts in the alternative energy sector, making in the Czech Republic one of the biggest solar power stations in Europe. Also, in 2009, the Czech state-owned power energy company (CEZ) expressed its interest to build two more nuclear reactors at Temelin, but because of the company's problems in getting government guarantees everything turned into a fiasco and the project was cancelled in 2014.

⁷ In Europe, only Finland and France are building nuclear reactors and Germany has decided to decommission all its 17 nuclear units by 2022

In 2014, the Chinese vice-premier expressed political interest for the construction of two additional nuclear reactors in the Czech Republic. The Chinese interest was also confirmed by the Chinese prime-minister during the 16+1 (now 17+1) summit in Belgrade, where a nuclear agreement between the two countries was mentioned in the final guidelines (Ministry of Foreign Affairs of PRC, 2014). According to the Czech government's 2015 energy policy, nuclear power was designed to become the key source of electricity production in the Czech Republic targeting 58% by 2040 (Harper, 2018). Although the Czech government as well as some representatives from the opposition welcomed Chinese' interest for the construction of nuclear reactors, conservative parties opposed, emphasizing that it would be better if a NATO member state would do it (iRozhlas, 2014). During this period important Czech policy-makers saw China as a viable option, because Czech Special Ambassador for Energy Security, Vaclav Bartuska, Minister of Finance, Andrej Babis, and Minister of Defence, Martin Stropnický opposed to any Russian involvement in any construction projects, but welcomed other countries, such as China to participate (Brestan, 2015) (Radio Prague, 2014). However, so far, the agreement has not been materialized in any concrete deal between Czech and Chinese representatives. One of the consultants on nuclear energy at Greenpeace Central and Eastern Europe said that "Czech nuclear plans are going very slowly and there is little interest within the government to have government funds going into them" (Harper, 2018). According to Centre for Eastern Studies, the biggest challenges in Central and Eastern Europe for the construction of new nuclear power units are financing and guaranteeing investment returns (Centre for Eastern Studies, n.d.). All of these factors create a loop where on one hand, the Czech Republic's desire to expand its nuclear power units cannot be achieved by using just its own governmental funds and most politicians are not seeing Russians' investments as a valid option and on the other hand, those Czech politicians who see China as an alternative cannot go further because Chinese investments are perceived more negatively by Czechs, due to their perception of China as a political entity. Even more, European Commission and Czech anti-nuclear neighbours put constantly diplomatic pressure on Czech's ambitions to expand its nuclear power (Politico, 2018) (Nuclear Engineering International, 2018).

In 2015, China Energy Company Limited (CEFC) entered the Czech market and acquired two historic buildings in Prague (which it wanted to use as its European headquarters), bought majority shares in Slavia Praha football club and the Lobkowicz beer company and other shares in travel service, airline and media companies (Turcsanyi R. Q., 2015). Even more, it became a shareholder of the J&T Financial Group, which it has connections to some strategic energy

assets in the Czech Republic and Slovakia (Turcsanyi R. Q., 2017). All these investments have been perceived by Czech politicians as huge step forward for future collaboration between the Czech Republic and China. Although, CEFC's investments were mainly concentrated in real estate, as well as purchases of already companies with a wide range of interests, Czech politicians believed that those investments will open the door for future Chinese investments in greenfield (Dębiec & Jakóbowski, 2018). However, it did not match the expectations and according to Merics Institute, Chinese investments in the Czech Republic is (after Slovakia) the smallest among the V4 countries (Kratz, Huotari, Hanemann, & Arcesati, 2020). In 2016, Czech president announced that Chinese investments would reach 3.7 billion euro, but according to the Czech Central Bank, Chinese's FDIs reached only 500 million euro (Dębiec & Jakóbowski, 2018).

Turcsanyi argues that when speaking about Chinese investments in the Czech Republic little attention is paid to the substance of the actual deals made, because most public discussions are about CEFC's background and its connections to the Chinese government (Turcsanyi, 2017). For example, a professor from Prague's Charles University claimed that the Czech president's appointment of the chairman of CEFC as advisor was a move directed by the Beijing government (Lomova, 2015). In addition, Klimes study points out the history of the CEFC and its leaders' ideological opinions and their relations to the Chinese government (Klimes, 2015). All of these studies show that the public sector, mass-media and also some Czech politicians are influenced by the way how do they perceive China as political entity, which in the end affects the way how they do business with it. Interestingly, some of CEFC investments (i.e the acquisition of Lobkowitz, Slavia Praha, and Travel Service) have been perceived more positively than the overall notion of CEFC's investments activities in the Czech Republic and according to the same study those investments were more positive perceived than the overall image of China (Turcsanyi, 2017). In addition, Turcsanyi's study shows that his respondents perceive differently Chinese private and state-owned companies, expressing scepticism even for the private ones, seeing them as possible tools of Chinese state policies (Ibid). Even more, some of the respondents see Chinese investors differently than those from other countries and opt for democratic and/or European countries investments in the Czech Republic (Ibid). Although over the last years, Czech officials' criticisms on China's internal issues have been toned down and the Czech Republic is showing interest to do business with China, Czechs are still perceiving China and Chinese companies negatively and it seems that

some Czech officials are avoiding to speed up bilateral relations with China, because they do not want to lose public support.

4. China – Poland bilateral relations and Poland perception of China

China – Poland bilateral relations date since 1949, when Poland was one of the first countries, after the Soviet Union, who recognized the government from Beijing. Even more, in 1951, Poland was the first country who signed a cultural cooperation agreement with China. Despite of all diplomatic efforts, Sino-Polish relations were not very developed neither before Poland joined the EU, nor after. However, the situation began to change in 2011, when both countries jointly establish a strategic partnership. According to it, the partnership covered political, economic and cultural spectrums with strong emphasises on mutual investments and trade (Embassy of the PRC in the Republic of Poland, 2011). The Strategic Partnership was aimed to go hand in hand with China’s “Go global” policy and Poland was perceived by its Chinese counterparts as a gate for future investments in Europe. Thereby, in 2012, the first summit of 16+1 platform (now 17+1) was in Warsaw and created a favourable political context for Chinese investments. Although in 2015, Poland changed both the president and the government, but did not change the Warsaw’s strategy towards Beijing. When speaking about Poland’s perception of China, the economic side was always supported by the political one. Since 2011, economic cooperation and trade improved significantly, but created a huge trade imbalance for Poland and sometimes Polish policymakers went public and complained about it, but they did not criticize China based on its internal issues.

However, Poland is constantly working to consolidate its economic relations with China, therefore, in 2015 was one of the first countries who sign a MoU under BRI framework (China Daily, 2019) and in 2016 signed a new declaration on strategic partnership which reiterated that the two countries see each other as long-term and stable strategic partners (POLAND, 2016). Moreover, Poland is the only Central European co-founder of the Asian Infrastructure Investment Bank with shares worth \$ 831.8 million (AIIB). Poland’s desire to invest in this global institution should be perceived as a long-term policy, aimed to replace the EU funds when will run out (Bonikowska & Ostrowska, 2017). During the parliamentary debate on the ratification of the agreement, AIIB was compared with the European Bank for Reconstruction and Development and the European Investment Bank, and Polish politicians pointed out similarities between them. Polish politicians are not the only ones who are showing

a strong support for Chinese investments, also Polish citizens perceive China as a huge opportunity for improving Poland's roads, airports and factories. Thereby, the overall perception of China is constructed on business and China's political internal issues are never emphasized in Polish public discourse.

5. Chinese investments in Poland's energy sector

When speaking about Chinese investments in Poland's energy sector it is important to mention that they are both in generation capacities and power infrastructure. In 2014, Chinese companies started building strategic investments in the Polish field of energy security. Pinggao Group (a subsidiary of the State Grid Corporation of China) won several infrastructure projects, owned by Polish Power Grid Company, for the development and construction of the transmission networks near Gdansk, along with the project of the Zarnowiec-Gdansk Blonia line. Two years later, the Sinohydro Corporation won Polish Power Grid Company's (PSE) tender for the construction of the high-power transmission line between Chelm and Lublin (Sudak, 2017). However, some experts believe that these investments should not be characterized as Chinese investments, because PSE financed them and the sub-contractors were Polish (Bonikowska & Ostrowska, 2017). Turcsanyi argues that Chinese investments in Poland's energy sector are in renewable energy production facilities, purchases and construction of coal power plants, facilities and in supporting infrastructure. (Turcsanyi R. Q., 2017).

In 2013, China Energy Engineering, as partner of Tauran, invested \$560 million in construction contracts in coal, with a share of 33%, and Sinomach invested \$190 million in construction contracts in alternative energy, partnering with Boska (Liedtke, 2017). In the following year, Chinese companies expressed their interest to invest in alternative energy and the Export-Import Bank of China acquired 50% of GEO Renewables, worth \$200 million (Ibid). According to Reuters, in 2014, the China-CEE Investment Co-operation Fund expressed its intention to invest in Poland wind energy, and acquired 16% of Polish Energy Partners shares, worth 55 million EUR (Reuters, 2014). The project was designed to invest throughout two phases. The first phase was in 2014, when China-CEE Fund invested jointly with an Israeli firm in acquisition of two Polish wind projects: Wroblew and Project 2 (Power Technology, 2014) and the second phase was in 2015, when CEE Equity Fund facilitated Chinese acquisition of the Zopowy wind farm (CEE Equity, 2015). Besides these deals in the renewable sector, mass-media pointed out Chinese intentions to participate in construction of power plants in Poland (Forbes, 2017) and to construct a generator in Jaworzno and a coal-fired

power plant in Koziencze (Peixe, 2011). Although in 2013, Chinese companies won the Jaworzno deal (Forbes, 2017), due to tender irregularities, Rafako, which was the main contractor, dropped two Chinese companies from the consortium (GPW, 2013).

If we take a look at the overall spectrum of investments, we can see that most Chinese investments in Poland have been made in services, IT, manufacturing and mining (Jurczyk & Mierzejewski, 2014). Turcsanyi implies that this happened mainly because Polish discourse about Chinese investments in the energy sector has been limited (Turcsanyi R. Q., 2017). However, I could not find enough data to prove either Poland could not attract more Chinese investments in the energy sector, because its discourse has been limited, or because Chinese companies did not show strong desire to invest in Poland's energy sector and therefore Poland's discourse focus on energy did not emerge. If we take into consideration the context, when most of Chinese investments in Poland's energy sector occurred, then we can assume that Ukrainian crises played an important role in shaping Poland's discourse. Back then, a securitization discourse towards energy sector emerged, but due to what happened with Ukraine, Russia was perceived as a security threat, not Chinese investments in energy sector. Sławomir Majman, the chairman of the Polish Investment Agency, emphasized in 2014 that it is nothing to be afraid when it comes to Chinese investments and called on Poland to welcome Chinese investments "not like some of our European neighbours" (i.e. the Czech Republic) and to make sure that Chinese investments will benefit the Polish economy (Forbes, 2014). Maybe the most positive news about Chinese investments in Poland's energy sector are from 2015, when China-CEE Fund sold three wind farms to IKEA and received at the CEE Energy Awards the award for the top renewable deal of 2015 (CEEP, 2015). It is important to mention that when speaking about Chinese investments in Poland, neither politicians' discourse, nor public' one raise geopolitical concerns or issues of China's political system and human rights record.

However, some critical positions toward Chinese investments are presented in Poland as well. Turcsanyi's study shows that opinions against a Chinese presence in the energy sector are related to cultural differences between China and Poland in ways of doing business and on concerns about how Polish companies might be affected by Chinese companies (Turcsanyi R. Q., 2017). In one of his interviews for Forbes, Sarek Lukasz speaks about similarities between the China-CEE Fund and Export-Import Bank of China, which in his point of view has connections with the State Council and the Communist Party, and thereby does not have as primary goal to generate profits, but to fulfil political goals (Sarek, 2017). Even more, in the beginning of Chinese investments in Poland's energy sector (after the Strategic Partnership

was signed in 2011), Chinese technical capabilities were doubted in Poland, due to lack of experience involving Chinese companies in the past. Unfortunately, data about the quality of Chinese projects in Poland's energy sector are not available, therefore is difficult to say if these doubts about Chinese technical capabilities are still presented in public discourse. More negative views are in regard with the possibility of Chinese ownership or construction of power plants and Chinese investments in mining and heavy industry, because most of the study's respondents perceive energy as a strategic sector that should remain under state's management (Turcsanyi R. Q., 2017). Whereas in sectors which are perceived as non-strategic, study's respondents perceived Chinese investments as neutral or not much differently than investments from other countries (Ibid).

6. Comparation

As I said before, both the Czech Republic and Poland have equal position in the world system and share similar geopolitical background, commune history, traditions, culture and values, but somehow perceives Chinese investments differently. When speaking about Chinese investments in both countries, it is important to mention that are not significant (comparative with Western countries from the EU) and are mostly focus on acquisition. My timeline of analysis is after the Czech Republic and Poland joined the EU in 2004 and take into consideration just investments in the energy sector. According to official papers, the Czech Republic "will seek regular political dialogue with China" to improve its cooperation in environmental protection and work constantly under the framework created by the strategic partnership between the EU and the People's Republic of China (Ministry of Foreign Affairs of the Czech Republic). On the other hand, Poland perceives China as a "very important partner", emphasizing the capital brought by Chinese investments due to many years of friendly relation and expressed its willingness to consolidate Polish – Chinese cooperation (Ministry of Foreign Affairs of Poland, 2019). When looking at official documents, it can be understood that Poland has a better perception of China and their bilateral relations is consolidated around economic cooperation, whereas the Czech Republic has a more pragmatic approach towards China.

Turcsanyi's study shows that the country of origin and the targeted sector play a crucial role in defining attitudes towards Chinese energy investments (Turcsanyi, 2017). After both countries joined the EU, their economic relations with China has consolidated, especially in

terms of imports – exports. However, FDI did not follow the same pattern. Therefore, in the Czech Republic Chinese companies invested \$100 million in generation capacities, whereas in Poland invested \$ 1.05 billion in generation capacities and coal. Even more, in 2014, Chinese companies start building strategic investments in Polish field of energy security, but because sub-contractors were Polish companies, it cannot be said that Chinese companies were also involved in building power infrastructure, so I do not count those investments.

One of the main reasons why Poland had more Chinese investments in the energy sector than the Czech Republic could be attributed to the political context. For example, when China-Poland Strategic Partnership was signed in 2011, Polish policymakers welcomed China's interest to invest in Poland and even when another government or president came into power, the political side always supported the economical side, created, thereby, a stable political attitude towards China. On the other hand, in the Czech Republic political side did not always support the economical one. Although the Czech Republic welcomed Chinese investments in the energy sector, especially after the 2008 financial crisis, when a new government or president came into power, the political side did not show the same constant development of how perceives China. For example, from 2004 to 2006 the Czech Republic showed a more positive approach towards China, but from 2007 to 2012 the political discourse changed and start criticizing China, making the Czech Republic to have the most critical view of China in the EU. In early 2013, due to the new government and president, the Central European country shifted its perspective and became one of the most positive countries towards China in the EU. However, since 2017 when a new government come into power, the bilateral relations with China start degrading again. Although this volatile political support of China influenced Chinese investments, based on data provided by OEC, did not influence the economic cooperation in terms of imports – exports (OEC, 2017).

When looking at how the critic discourse towards China emerged in both countries, we can understand why the Czech Republic has a more negative perception of China than Poland. Poland's critic discourse has as core economic issues and Polish policymakers emphasize trade imbalance as a negative side of dealing with China, whereas Czech's critic discourse has as core political issues and Czech's policymakers emphasize China's internal issues as obstacles in improving their economic relations. Thereby, Czech politicians are influenced by the way how do they perceive China as political entity, which in the end affects the way how they do business with it. Even though, since 2017, when the newest government come into power, the Czech Republic has started to use trade imbalance as a mainly critique towards China, instead

of political issues, Czech politicians still opt for a pragmatic approach when speaking about Chinese cooperation. According to Turcsanyi's study Chinese investments are seen differently than those from other countries and Czechs opt for democratic and/or European countries investments in the Czech Republic (Turcsanyi R. Q., 2017). Even if we see a change of perception from Czech policymakers, from political issues (i.e. Tibet, Taiwan, human rights, China's political system and so on) to economic issues, Turcsanyi's study shows that Czechs are still perceiving China as a political entity, not as a business partner. When speaking about mass-media role in shaping countries' perception towards China, Turcsanyi argues that Polish media focused more attention on Chinese investments in the energy sector than the Czech one. However, his study does not provide sufficient data to see if mass-media discourse influenced public's opinion and its perception towards China more or less than countries' policymakers.

Another issues which worth be highlighted is that in both countries, agreements with Chinese companies have been made in energy field, but in some point, those agreements remained just on papers or have been interrupted. For example, in the Czech Republic, since 2014 China expressed its interest to build two power nuclear units and signed both economic and political agreements with Czech representatives, but those agreements did not materialize so far. On one hand, internal factors such as political opposition, Czechs' perception towards Chinese investments, lack of Chinese experience in nuclear units construction; and on the other hand, diplomatic pressure from non-nuclear Czech neighbours and the EU postponed Czech political desire to acquire two nuclear reactors. In Poland case, in 2011, Chinese companies showed interest to construct a generator in Jaworzno and in 2013 won the deal, but due to tender irregularities, the main contractor dropped the Chinese companies from the consortium.

When speaking about energy security, in both the Czech Republic and Poland a discourse emerged at two levels. First one represents the national level, where both states have started to conceptualize energy security and to take political measures in order to secure it, as part of national interest, and the second level represents their collaboration under the V4 and the EU frameworks. Countries' energy security discourse emerged not because of Chinese investments in their energy sector, but because of the Ukrainian's crisis. Thereby, when speaking about energy security, official documents tend to focus on natural gas and electricity as in these areas is the highest potential risks (Nosko, Paczynski, Orban, Cernoch, & Jaros). Poland's discourse of energy security is more prominent at the national level, whereas the Czech Republic shows more interest to deal with it under the V4 and the EU framework. One of the reasons why Poland is more involved at the national level is because of its high reliance on natural gas

imported from Russia, which is via a single route and creates limited option of switching to alternative sources in case of supply disruption. According to president of Poland, energy security represents one of the nowadays threats (President of the Republic of Poland, 2015) and Polish Ministry of Energy has as energy policy priority to provide energy security until 2040 (Poland Ministry of Energy, 2018). During the last few years, Poland start improving its energy cooperation with the US, aiming for cooperation in the field of nuclear energy and wind energy development in order to ensure the independence and energy security of the country (Ministry of Climate, 2020). On the other hand, during the EU Energy Council meeting, the Czech delegation emphasized the importance to implement the legislative framework for the security of gas supply and electricity, cooperation and exchange of information between the EU member states at the regional and European level and pointed out the importance of nuclear energy in ensuring security of supply (Ministry of Industry and Trade, 2015). Even more, Czech representatives highlighted the necessity of a strategic shift “in the quality of mutual cooperation with Germany and other countries” (Ibid).

Applying Ole Waever’s securitization theory, neither in the Czech Republic, nor in Poland we can speak about the securitization of the energy sector. Although in both countries policymakers start using energy security quite often in their official statements, especially after the Ukrainian’s crises, they did not pass emergency policies or called for exceptional measures in order to protect the referent object. Thereby, just by calling energy security, does not necessary imply the presence of an existential threat. Hofmann and Staeger’s study shows that EU member state’s discourses have “politicized rather than securitized energy policy” (Hofmann & Staeger, 2019). However, in Poland we can speak about a securitizing move in the nuclear energy field. Basically, securitization actors used speech act to rise a question that a referent object is threatened in its existence, but the audience did not accept it. After joining the EU in 2004, Poland’s political elite appeared to be unanimously in support for building nuclear power units, seeing them as progressive and important for economy. Thereby, polish policymakers realized that achieving the goal of construction the first nuclear power plant required several measures going beyond the usual practice of democratic politics. In 2012, polish prim-minister said that “state’s engagement and strict political oversight on nuclear energy development is absolutely necessary” (Gawlikowska & Nowak, 2014). Szulecki argues that when polish government undermined the transparency and good practices of public administration in the energy sector, increased state secret service competences and limited public access to an open debate on nuclear energy intentionally they securitized the nuclear

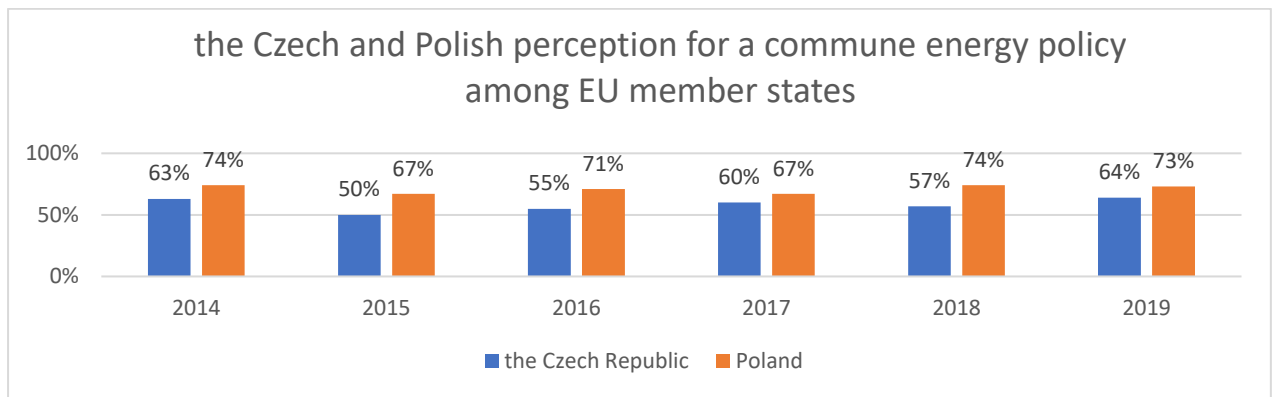
energy sector (Szulecki, 2020). However, his study does not provide enough data to see if the audience accepted it. What is for sure is that in 2018 the Polish government was still considering to build its first nuclear power plant, but due to financial difficulties, Polska Grupa Energetyczna (the state own company) who supposed to carry out the project, decided to invest in offshore wind power instead (PEI, 2018).

7. Discussion

The previous sub-chapters analysis of the Czech Republic and Poland represents a comprehensive examination of each country from national level but might not be enough to explain the progression of their future cooperation with China in energy sector. Since both countries are members of the EU and the EU starts being more and more involved in securitization of key sectors, it worth explaining how the EU emerging discourse, and some of its member states, will affect the Czech Republic and Poland and what role the Central European countries will play in shaping the EU's discourse. It is important to emphasize that since Chinese acquisition of REN (a Portuguese energy company), France, Germany and Italy put pressure on the EU to act. Thereby, currently an agreement is under negotiation between the Commission, Council and Parliament in order to prevent future acquisition of strategic energy entities by non-European countries.

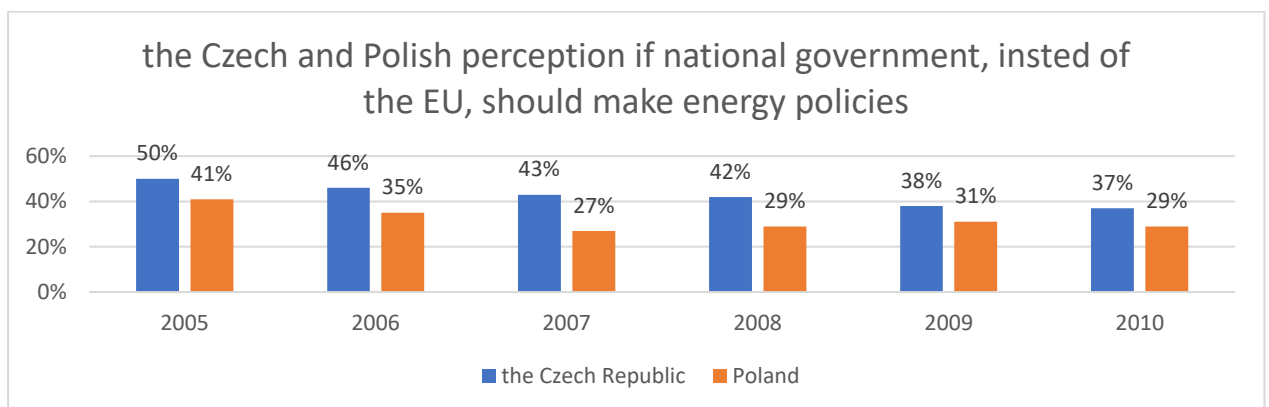
According to Treaty of Lisbon, the EU energy policy shall aim to ensure the functioning of the energy market, ensure energy security supply, promote the interconnection of energy networks and promote energy efficiency and the development of new and renewable form of energy (Treaty of Lisbon, 2007). Since the Ukrainian's crisis more and more EU citizens opt for a more prominent role of the EU in energy sector. Based on data collected by Eurobarometer, when speaking about the EU energy priorities, 91% of respondents believe that the cooperation between EU member states should be further strengthened in order to give all Europeans access to secure, financially affordable and clean energy (European Commission, 2019). According to Graphic 3, Polish people are more into a commune energy policy among EU member states than Czechs and according to Graphic 4, since Poland joined the EU in 2004, their perception of who should handle energy policies has consolidated, and more Polish opt for the EU to handle energy policies rather than their national government. Other studies show that Polish people have strong interest in green energy and support the EU's climate change policies (The European Commission, 2018). However, Poland has a tradition to oppose

to EU's energy policies and vetoed most of EU climate change targets. For example, in March and June 2012 Poland vetoed EU proposals for EU climate change targets beyond 2020 (Euractiv, 2012). Thereby, in the case of Poland, at the European level, policymakers are not so influenced by their citizen opinion, but they follow their national interest instead, which is mostly focused on economic development. On the other hand, Czech representatives at the EU show their support to consolidate EU's energy policies and if in 2005 most Czechs believed that their national government should make energy policies, in 2010 most Czechs believed that the EU should do it (Graphic 2). Basically, we can see that both Czech public opinion and Czech representatives at the EU are following the same path. However, will be interesting to see if the Czech Republic and Poland will support the EU's initiative, since both countries are looking to acquire nuclear power plants, but the EU does not support their interest.



Data collected from the European Commission Eurobarometer about EU member states perception

Graphic 3



Data collected from the European Commission Eurobarometer about EU member states perception

Graphic 4

Nevertheless, when speaking about the EU's emerging discourse in energy field, it is important to explain what role Germany plays and how will affect the Czech Republic and Poland. How I said in introduction, Germany is one of the main EU member states critics of Chinese FDI in the EU energy sector, because on one hand is the forefront of energy technology in the EU and on the other hand, perceives Chinese investments as a threat for EU's markets and for EU's energy companies. For the Czech Republic, Germany is one of the key economic partners and the Czech Republic engages in strategic dialogue with Germany and is working beyond the framework of foreign policy in promoting its interests in the EU, as well as in energy, the environment and internal and external security (Ministry of Foreign Affairs of the Czech Republic). The main trade partner for the Czech Republic is Germany and in terms of energy, the Czech Republic imports from Germany oil, natural gas, coal and energy. According to Germany Federal Statistics Office, on January 2020 the Czech Republic imported 1,141,748.00 MWh from Germany, which represents the highest number of electricity exports to the Czech Republic so far (CEIC, 2020). Due to their close economic relations and to Czech's dependency on German market, we might see that the Czech Republic will support Germany's discourse in the EU. When speaking about Poland, due to its dependency on Russian gas and oil, and its desire to ensure its energy security (even if means by straightening its economic cooperation with China in energy sector) we might probably see that Poland will stand against EU's proposal to securitize its energy sector or if supports the proposal it will make sure that do not affect Polish's desire to attract foreign investments.

VI. Conclusion

Due to energy sector strategic nature, China's energy investments in the EU are perceived more negatively than investments in other sectors, with implications for both politic and economic level. Turcsanyi's study shows that the country of origin and the targeted sector play a crucial role in defining attitudes towards Chinese investments and argues that the Czech Republic perceives them more negatively than Poland (Turcsanyi, 2017). Although both countries are roughly equally positioned in the world system and interact with China using almost the same methods of cooperation, the politic, economic and cultural/social spectrum play an important role in shaping each country perception towards China. This study shows that both countries welcome Chinese investments in energy sector, especially since the EU has

shifted its energy policies (from environmental stewardship to affordability and availability), but because Czech politicians are influenced by the way how do they perceive China as political entity, which in the end affects the way how they do business with it, tends to have a more pragmatic approach than Poland, which perceives China as business partner.

The Czech Republic's critic discourse has as core political issues and Czech policymakers emphasize China's internal issues as obstacles in improving their economic relations, whereas Poland's critic discourse has as core economic issues and Polish policymakers emphasize trade imbalance as a negative side of dealing with China. Since both countries joined the EU in 2004, their economic relations has constantly improved (speaking in relative numbers), but the difference is that Poland political side always supported the economic one, where the Czech Republic did not show the same constant development of how perceives China. For example, from 2004 to 2006 the Czech Republic showed a more positive approach towards China, but from 2007 to 2012 the political discourse changed and start criticizing China, making the Czech Republic to have the most critical view of China in the EU. In early 2013, due to the new government and president, the country shifted its perspective and became one of the most positive countries towards China in the EU, but in 2017, when ANO won the parliamentary elections, the bilateral relations start degrading again. However, since the new government came into power, the critic discourse towards China start to emerge from economic issues such as trade imbalance, not political ones anymore, but since Czechs still perceive China as political entity with a different political system, Czech politicians are still pragmatic when dealing with China.

After analysing Chinese investments in both Poland and the Czech Republic energy sector, Chinese companies invested \$100 million in the Czech Republic, in generation capacities, whereas in Poland invested \$ 1.05 billion in generation capacities and coal. In both countries these investments are relatively small, comparative with the Western Europe, and failed to rise at their representatives' expectations when they signed the agreements. Another issues which worth be highlighted is that in both countries, agreements with Chinese companies have been made in energy field, but in some point, those agreements remained just on papers or have been interrupted. For example, in the Czech Republic, since 2014 China expressed its interest to build two power nuclear units and signed both economic and political agreements with Czech representatives, but those agreements did not materialize so far.

Applying the securitization theory, this study shows that neither in the Czech Republic, nor in Poland we can speak about the securitization of the energy sector. However, in Poland a securitization move emerged after the Ukrainian's crises, but did not affect Chinese investments in its energy sector. An interesting securitization discourse emerges at the EU level and will be interesting to see how will affect the Czech Republic and Poland. Since Chinese acquisition of REN (a Portuguese energy company), France, Germany and Italy put pressure on the EU to act. Thereby, currently an agreement is under negotiation between the Commission, Council and Parliament in order to prevent future acquisition of strategic energy entities by non-European countries.

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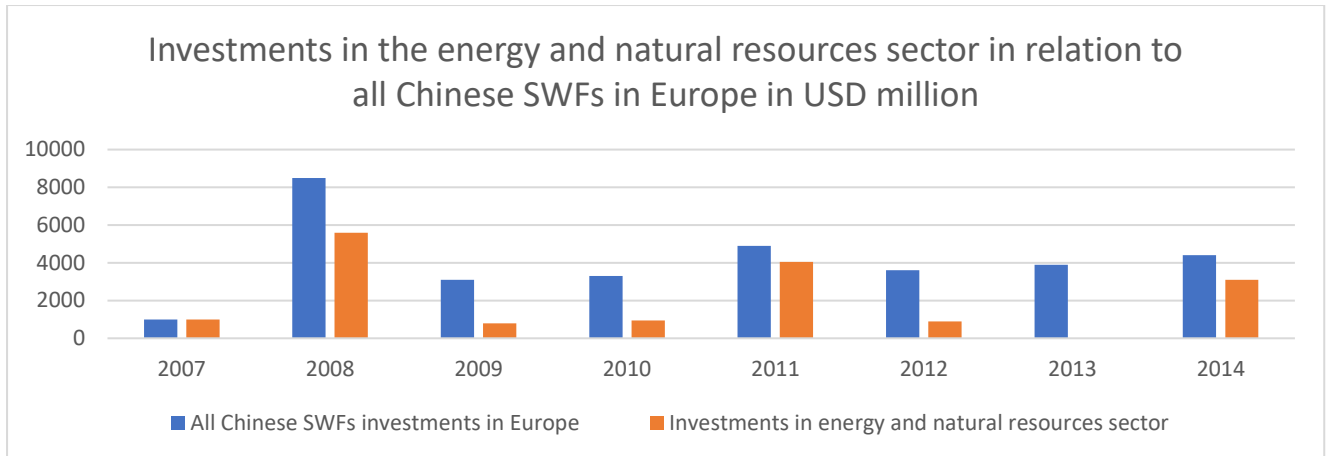
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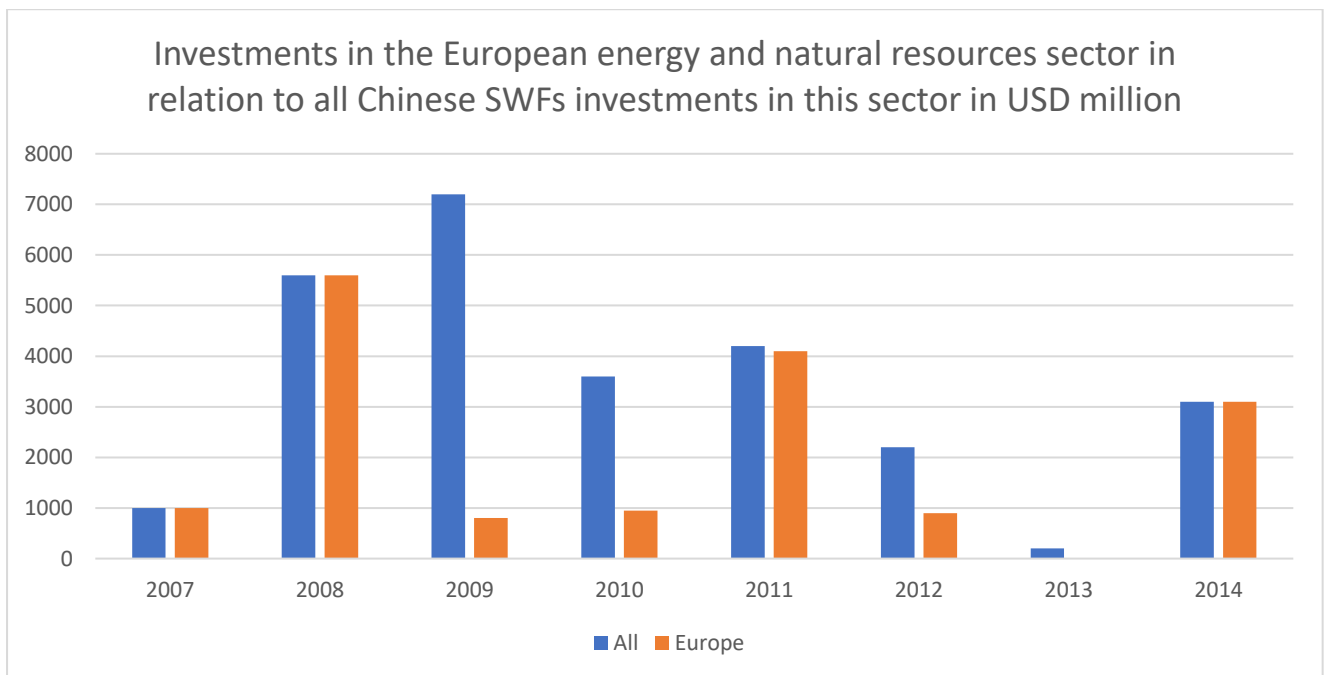
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Appendix 1



Data collected from Tomasz Kaminski's study of SWF investments in Europe, available [here](#).

Graphic 1



Data collected from Tomasz Kaminski's study of SWF investments in Europe, available [here](#).

Graphic 2