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САДРЖАЈ

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ПРЕДГОВОР

Часопис „Азијске свеске", чија је трећа свеска пред вама, резултат је заједничких хтења и ентузијазма истраживача окупљених у Институту за азијске студије, чији је циљ да регион Азије, све важнији и снажнији у глобалним размерама, приближи нашој академској и широј јавности.

Програмско опредељење Уредништва темељи се на изучавању Азије са циљем бољег разумевања богатства њених облика политичког и економског уређења, различитих културних, етничких, верских идентитета народа који је насељавају, као и бројних механизама којима су државе и друштва Азије међусобно повезани у разноврсне облике сарадње - од трговинске, еколошке, културне, политичке и бројних других, све до безбедоносне. Економски успон неких од највећих азијских држава, њихова све интензивнија сарадња, снагом своје појединачне и удружене величине, али и културног и политичког утицаја, мењају регионалне, али и глобалне институције, процесе, односе и начине и тиме утичу и на животе сваког од нас.

Наш поглед на Азију је поглед „изнутра", јер настојимо да Азију проучавамо, разумемо, прихватимо и представимо заинтересованима мерећи њена достигнућа, њену стварност и потенцијале азијским мерилима, полазећи од тамошње културе, традиције, интереса и потреба локалних заједница верујући да је то најбољи начин за разумевање овог, по многим параметрима, најдинамичнијег светског региона.

PREFACE

Journal "Asian Issues", which third issue is in front of you, is the product of common aspiration and eagerness of researchers gathered in the Institute for Asian Studies, whose aim is to get Asia – that is more and more important and strong globally – closer to our academic and general public.

Editorial board's program orientation is based on studying of Asia that could lead to better understanding of the plenty of its models of political and economic organization, different cultures, ethnic, religious and other identities of its peoples, as well of numerous mechanisms that connect Asian states and societies through different frameworks of co-operation – in trade, environmental protection, culture, political and others, including security. Economic rise of some of the biggest Asian states, their ever more intense mutual cooperation, by strength of their separate and combined size, but also by their cultural and political influence - change regional, and global institutions, processes, relations and manners, and by doing that they influence our lives.

Our view on Asia is view "within" as we try to study, understand, accept and present Asia to the interested parties by measuring its achievements, reality and potentials by Asian merits, with having starting point in Asian culture, tradition, interests and need of the region's communities, as we believe that is the proper way to understand this, by many parameters, the most dynamic world region.

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Dragana Mitrovic[*]

USA President Trump's first Asian Tour – From "America first" to Indo-Pacific[**]

Abstract

The first Asian tour of USA President Donald Trump in his first year in office that included visits to Japan, Republic of Korea, PR China, Vietnam and the Philippines, as well as participation in the APEC summit and East Asian Summit, were expected to give many important answers to the numerous challenges and to articulate loudly the USA's position on the Asia-Pacific region that for the last seventy years was top priority for all American presidents. While maintaining its position of global economic zone of optimism in 2017, Asia became or became even more burdened with several severe threats to regional and global security, peace and stability that could potentially even change an existing order in this part of the world or globally. The most notorious of these were DPR Korea's missile and nuclear bomb tests, disputes in the East China Sea and in the South China Sea which remained severe threats for regional cooperation and stability with China's continuous assertiveness that have challenged ASEAN's unity and openness of vital commercial and communication sea lines. All of these issues were calling for more determent USA positioning and acting there. With the USA withdrawing from TPP and insisting on trade deficit and bilateral patterns above multilateral one, the first USA president's visit to Asia was loaded with doubts and expectations, as well as many tasks for him personally and his administration.

We will try to analyze the most important elements of this visit and its possible regional and wider current and future impact.

Key words: *USA, Trump, DPR Korea's nuclear program, Republic of Korea, PR China, Japan, Vietnam, Philippines, APEK, ASEAN, EAS*

Introduction – First year, first Asia tour

USA President Donald Trump's first official visit to Asia, marked by many as historical, was indeed a unique, highly important and complex one. It lasted thirteen days (from November 3-14, 2017) and was longer than any previous US presidents' Asia visits[1]. The visit was burdened with different expectations, both domestic and foreign, as well as with urgent issues that required actions or clarifications from the US side. The long tour that included state visits to five countries and attendance to two summits (APEC and East Asian Summit) was a challenge by itself as it lasted so long in different time zones, with so many different

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[**] Received on December 27, 2017

1 The second longest Asia tour was conducted twenty five years ago by George H.W. Bush in 1992, who even collapsed at the state reception in Tokyo.

countries, issues, meeting partners and cuisines, and required an extremely good physical and mental condition from the American president, not in young age any more.

The first Asian visits of President Trump were preloaded, even over-loaded with his election campaign stance on Asia and American allies, among others, as well as with expectations from the business community, media and general public back home. Some financial circle speakers gave interviews urging Trump on what to demand from China, etc., while numerous think tanks were offering him pieces of advice on what and how to perform. Some did not hesitate to write the whole tour off in advance with the explanation of how inexperienced President Trump was in foreign policy and in any state posture[2], while at the same time not willing to learn and rely on state apparatus that offered professional support for his job and strengthen (any) president's position. Although some of the strategic partners and regional actors secured their positions with earlier visit(s) to Washington (Japan's Prime Minister Abe, Vietnamese Prime Minister Puck), and some through the purchase of American goods, the majority of the ASEAN countries awaited this visit in the hope that American president would confirm his country's determination to protect the existing order in this part of the world, while finding common ground with China without challenging regional peace and stability. He was to attend two summits hosting leaders from some of the largest and most powerful countries in the world, as at the Asia Pacific Economic Cooperation (APEC) leaders' meeting in Da Nang in Vietnam and at the East Asia Summit (EAS) summit in Angeles in the Philippines, leaders from ten of the G20 members gathered, together with those from other Asia-Pacific member states. They were representing the most dynamic and prosperous economic part of the world, which on the other hand, relied dearly on the global regimes and rules, set long ago by the USA and its allies.

Expectations in China were also trumpeted through its ambassador in Washington interviews, and most observers saw this visit as the most important part of the journey, although it was rather one of its several high points. Trump announced to domestic reporters on November 3rd, at the beginning of the tour, that he decided to change the previous decision and would be attending the East Asia Summit, after coming under criticism for skipping it. This was an obvious sign that he took this job very seriously with high consideration of regional expectations. This long trip of the USA president happened at a moment of high global instability as numerous challenges to the existing economic and political order and its supremacy erupted at the age of a reducing USA capacity to influence them, thus creating a critical historic moment. While in early summer 2017 Trump visited few allies in the Middle East and Europe, this visit, covering vast areas of Southeast and Northeast Asia, came at the time when the region has been facing severe security threats, ranging from North Koreas nuclear program to maritime and other disputes in the East and South China Seas. This trip was extremely timely when it comes to the need for articulating a clear USA strategy for engaging the region and preserving its stability as a precondition for economic vitality.

Since the end of the Second World War, only strengthened after the collapse of the Eastern Block, the USA has been the dominant power in the Asia-Pacific, providing the stability and predicted order needed for the economic prosperity of the past seven decades, which was useful to all countries in the region, from close allies like Japan, Australia, Republic of

2 This tour coincided with the anniversary of President Trump's elections victory.

Korea, ASEAN to PR China. During that era, all USA presidents have committed their country to strong engagement there. President Trump diluted that picture with his pre-election messages on how Japan and the Republic of Korea should rely more on their own capacity when it comes to security and seemed to question that pledge with withdrawing the USA from TPP (Trans Pacific Partnership) and numerous gestures of isolationist orientation and economic protectionism summed up in "America First" slogan. Before the tour, President Trump informed the public that North Koreas nuclear program and particular USA economic topics, such as trade, were his top priorities on the tour agenda, but he was eagerly awaited to clearly present his country's new vision for the Asia Pacific under his leadership and explained framework.

Trump started his trip by reinforcing America's alliances with Japan and South Korea. He and his team seemed to plan to make a united front with the leaders of Japan and the Republic of Korea against North Korea's nuclear ambitions before visiting Beijing to make the case to Chinese President Xi Jinping that he should do more to influence Pyongyang towards the same direction.

President Trump's first stop was Tokyo, where he was hosted by Prime Minister Abe, with whom he established close relations based on similar views on the two countries' alliance, firm approach to North Korea and frequent contacts, including six face-to-face meetings since Trump was elected a year ago and sixteen telephone conversations. Thanks to Abe's proactive approach, he was the first foreign leader to meet the new US president after Trump was elected, but yet not inaugurated, in November 2016 that contributed to their excellent personal relations, apart from both being passionate golf players. Golf play of the two leaders was also part of this visit, too, like it was in Abe's visit to the USA earlier in the year. While understanding that personal connections, described by Abe as friendship and trust, between the two leaders created favourable conditions to deepen bilateral ties, the general public in Japan and political circles expected Trump to boldly stress US willingness and capacity to deal with security threats challenging regional peace and the security of Japan, from the North Korean nuclear threat to China's assertiveness in the East and South China Sea. The business community was very much worried about Trump's idea to push on a bilateral trade deal and further opening the Japanese market for American goods, especially cars while demanding Japan unilaterally reduce the export of Japanese vehicles produced in Japan and Mexico to the USA market. At the same time they understood that it was not a protected market that prevented more US-made cars to be sold in Japan, but it was one of the things that a polite and uneasy host would not say. In spite of the pressure created by Trump previously, finance minister Taro Aso announced that tariffs on frozen beef from the US would not be reduced[3].

Soon after arriving to Japan from Hawaii, Trump visited U.S. Yokota Air Force Base in Fussa where he addressed members of US military services and those of the Japan Self-Defence Force (JSDF) gathered to greet him. In his speech, Trump expressed firm approach towards North Korea, implying that it might be put on a list on terror sponsoring states, as part of harshening sanctions[4]. Two leaders started their talks on North Korea during the golf party.

3 Tariffs rose from 38.5 to 50% automatically in July as surge of American frozen beef to Japanese market exceeded the quota set by law triggered the protectionist mechanism. This led to the reduction of American frozen beef export to Japan by 26% compared to the previous year.

4 The measure was introduced within a week after his return to Washington.

Ahead of the visit, US strategic bombers were flying over South Korea as part of bold messaging to the North heating up the atmosphere even more, while strong alliance with the USA against the North Korean threat was the pillar of the recent Abe's LDP victory in Diet Lower House elections, apart from weak opposition.

Another element of the pressure towards North Korea and supporting Japanese specific sensitivity and domestic expectations from the government when dealing with the DPRK was a meeting with the families of Japanese citizens abducted by the North Korean regime. In his speech to the UN General Assembly in September 2017, President Trump mentioned Megumi Yokota, a Japanese girl who was thirteen when kidnapped by North Korean agents in 1977. Prime Minister Abe hosted Trump's meeting with Megumi's parents as well as with other abductees' family members and pledged his support for their cases. One of the focal points of this tour - gaining strong support for more resolute and efficient measures towards DPRK - were continued to be discussed with Abe at their further meetings on the tour within the multilateral frameworks in which they both took part. Part of Trump's Japan visit was a call on the Japanese imperial family, a highly protocolary and impressive part of his visit and one of the last occasions for such an experience, as Japanese Emperor Akihito is to abdicate in 2018 due to the limitations put upon his official duties by his age and poor health[5].

Second stop – Republic of Korea

The next country that US President Trump visited after Japan was the Republic of Korea, where his relations with recently elected President Moon Jae-in were not even close to those with Japanese Prime Minister Abe. Korean president Moon, human rights lawyer, has been known for his moderate approach towards North Korea, but circumstances and recent developments gave him no chance to pursue any of that. Nevertheless, in August he expressed an intention to send a special envoy to Pyongyang if DPRK halted its nuclear program. President Moon's approach towards DPRK also includes making them join the Winter Olympics that South Korea is hosting in 2018. There was a strong feeling in the Korean public over what was named "Korea passing"[6], based on the new American administration's failure to name the new ambassador to Seoul, as well as on the lack of contact between Trump and the acting Korean president temporarily replacing former president Park after his impeachment, in spite of Trump's frequent communication over DPRK's missile tests with Japanese Abe and the visit to the USA of Xi Jinping leaving the Republic of Korea in diplomatic isolation. Moreover, Korean President Moon, left aside and obviously worried about the harsh tweeting, and vitriol and threatening messaging of Trump in the previous months, felt it necessary to publicly announce that the USA had no Seoul's approval to start any military action against North Korea as it had to have. Additionally, forming part of this trip's agenda was the USA president's intention to get bilateral free trade agreement re-negotiated, claiming that the current KORUS had been neither fair nor equal[7]. All these

5 "Japan passes landmark bill for Emperor Akihito to abdicate", *BBC*, June 7, 2017. Available at: http://www.bbc.com/news/world-asia-40168983

6 "Concerns over 'Korea passing'", *The Korea Times*, 2017-04-07. Available at: http://www.koreatimes.co.kr/www/opinion/2017/04/202_227159.html

7 The FTA between the US and Korea (KORUS) had been negotiated for five years and signed in 2012. It included eliminated tariffs on about 95% of industrial and consumer products, including cars, semiconductor manufacturing machines, pharmaceuticals and some agricultural

elements created the atmosphere in Seoul ahead of the visit. The US presidential plane landed at Osan Air Base outside Seoul, from which Trump and First Lady Melania Trump began a 24-hour visit. Trump then went to Camp Humphreys, the largest USA military base in the country, located only about 100 km from the Democratic People's Republic of Korea (DPRK), and met US and South Korean troops along with Korean President Moon.

Ahead of and during Trump's visit, there were protests where participants wanted to articulate the Korean's public's worries about Trump's strong rhetoric against DPRK and its leader as a trigger for some possible future retaliation coming from the North and endangering South Korea as the first likely target. But, in Seoul, President Trump's rhetoric was moderate and constrained, especially when he addressed the Parliament. In his speech he put the USA position as constructive and open to all options, including peace talks and negotiations with Pyongyang, while mentioning even some positive trends that could be observed from there. On the other spectre of the approach, he stressed the demonstration of force the US made with three strike groups of aircraft carriers that were meeting in the Western Pacific for exercises along with nuclear submarines[8] and recent strategic bomber drills over South Korea. They were believed to send strong message to the North, but also to China, ahead of the visit.

When it comes to military hardware, an important part of the US president's tour and of this particular visit was to encourage Seoul to continue with the employment of the THAAD, that it had halted previously under huge economic and political pressure from China, and to get additional weaponry from the USA as a way to better defend itself against possible attacks from the North or as a deterent, while at the same time creating demand for the USA defence industry. On the topic of trade, after withdrawing the USA from the TPP at the early days of his presidency, Trump wanted to persuade USA allies, including Seoul, to re-negotiate bilateral free trade agreements and to accept terms making it more favourable to the United States: "reciprocal", as Trump put it. On the other hand, there was a lot of criticism coming from the USA about such an approach by the new president, as they argued that America needed allies and a "united front" to confront North Korean threat and China's challenging the USA dominance and existing order in Asia-Pacific and should not pursue an agenda that alienated and pushed them towards China or felt left on their own. Any Korean administration, though, as well as the current one, considers its strategic alliance with the US in general as valuable, beneficial and a needed one for the Republic of Korea and thus, find it acceptable to make concessions to the American side when it comes to trade.

At the joint news conference, USA president praised his Korean colleague for "great cooperation" despite differences in the past over how to confront North Korea and over a trade pact between the United States and South Korea, as they agreed to renegotiate the free trade agreement in a suitable time framework. President Trump also said that he planned to meet Russian President Putin during his trip as Putin's help on North Korea was "needed", as he put it. The two presidents also agreed to continue joint three party coordination and

products. Many predicted that it would significantly increase US export to South Korea but in reality it remained the same, while Korean export surged and in 2016 reached US$27.6. For more on KORUS at: Horwitz, J., "Trump is picking the worst possible time to toss out a trade deal with South Korea", *Quartz*, September 04, 2017

8 The carriers USS Theodore Roosevelt and USS Nimitz and their respective complementary of cruisers, destroyers and nuclear submarines arrived in the US Navy's 7th Fleet area of operations, which covers the eastern Indian and western Pacific oceans. The Roosevelt and Nimitz join the USS Ronald Reagan, which is based in Japan and has been engaged in exercises with South Korean forces in the week ahead of President Trump's visit.

steps with Japan to counter North Korea's threats on practical terms while the host announced that the Republic of Korea would immediately start talks with the United States on upgrading its military capability, including deploying the sophisticated surveillance assets. The impression after the first visit to the Republic of Korea by the new USA president was very positive, leaving his image in the Republic of Korea as a pretty enigmatic one, as one diplomatic source from Seoul put it.

China - Beijing

For many, Trump's third stop on the tour, the one in Beijing, was if not the most important, than certainly, highly intriguing and the most expected one. Ahead of it, there were different predictions, directions, comments and even sharp criticism, as well as practical acts going in opposite directions: some towards bold military point making, others coming from the Chinese side, to softening the atmosphere before the visit and talks on trade and investments regardin further opening up some parts of the domestic Chinese market now totally or partially restricted to foreigners - including the financial services[9]. President Trump was expected to deliver a strong message to Beijing and again call the region to build a "free and open Indo-Pacific" under the USA confirmed leadership, which also represented the view of the national security circles back home, implying the need to contain Chinese assertiveness in the East and South China Sea as well as its growing influence in the region. He was expected by part of the American public and administration to stand for the human rights cause, too, including some current issues[10] and after the visit was criticized for not speaking on it, at least not in public. After failing to get results from the "hundred days agenda" agreed with Xi at Mar-a-Lago in April, the American president came to push the issue of the imbalance trade pattern with China and market access to American companies in China. The integral part of the agenda was to get China firm on united efforts to press North Korea further.

As part of the strong strategic and military signalling of this trip's agenda, there were only very bold and clear messages coming from the side of the military. On the day of the tour's beginning, the USA President's National Security Advisor, McMaster, warned Beijing about recent and more frequent Chinese bomber flights that had been causing more and more frequent collisions with Japanese and USA fighters in East China Sea and South China Sea[11]. At the same time, the show of USA force and determination was reinforced with aircraft carriers in the near waters.

9 The new rules should allow full foreign ownership of local securities companies in 2020 (until now foreign ownership was possible only through joint ventures, up to 49%), and of insurance companies (now up to 50% for life-insurance services) in 2022. Foreign banks will be able to acquire local banks (now up to 25%). The question remains how the state regulator will apply these new rules. Isaku Harada, "China to lift ownership restrictions for foreign financial firms", *Nikkei Asian Review*, November 10, 2017

10 There were expectations that President Trump would put some pressure on his host regarding the fate of Liu Xia, the widow of the Liu Xiaobo, the Nobel Peace Prize laureate, who died of cancer in prison, in July 2017 after spending eight years there. China was particularly sensitive about this case and disregarded the negative effects that images of death-sick Liu Xiaobo in prison hospital arose around the world.

11 According to the US Military Times' report ahead of the visit, Chinese H-6K Badger warplanes – with 1,600km-range air-launched cruise missiles – and other military aircraft run near Japanese and US aircraft and were also targeting the USA Pacific territory of Guam to test USA defense zones. "...any kind of military effort like that will not be in China's interest... The US had the capacity to 'deter by denial', which means convincing your enemy or potential enemy that they cannot accomplish their objectives through the use of military force", Hong Kong media reported McMaster's words on November 3rd. Their comments stressed that China's bomber runs targeting Guam had complicated tensions concerning North Korea's nuclear weapons programme and threats by Pyongyang to be able to fire missiles on Guam.

The Chinese side wanted this visit to serve as a platform for establishing the long-term future direction of relations between the two countries[12], that would boost relations and move them towards a more stable and steady track that could create space for effectively dealing with differences without endangering cooperation and for establishing a 'constructive partnership'[13]. They wanted to turn the USA from "problem-oriented diplomacy", as one Chinese scholar defined it in a Global Times' piece before the visit,[14] towards that new direction and establishment of the "new type of great power relations",[15] under which the two should share global leadership as equals and break a historical pattern of Thucydides' trap of conflict between rising and established powers. It was also well understood in Washington as a deal which would include allowing China to establish and pursue a sphere of influence in Asia, with the United States retreating to minimize conflict. Some experts and leading figures on the Chinese side obviously thought that the "state visit plus" experience and ego pleasing treatment of the new American president would take them there, as the previous administration, though passive and without much achievements in Asia particularly, remained cold towards such invitation. On the American side there were also analyses and fears about such a development of affairs. The uneasiness about accepting such a proposal would also hold true for some American regional allies, for different reasons, including neglecting the interests of the "small" when the "big ones" are making deals. Additionally, some analysts accentuated that the Chinese president would use the opportunity of being asked to put greater pressure on the DPRK as additional leverage for persuading the American president to accept a "new type of great power relationship".

Some argumentations back in the USA focused on the Chinese president's renewed strength and power accumulation after the XIX Party CPC's Congress versus that of the weakened USA president, under ongoing investigation on alleged Russian interfering in the presidential election process. Such analysts in both countries stressed that while president Trump seemed to have sort of reduced power capacity due to widely spread criticism of his decisions on retreating the USA from TPP and Paris Climate Accord, the Chinese president Xi has continued to present China as a global leader on climate changes fight, willing to accept more leadership roles in the international community while USA appear to be withdrawing and abandoning its duties of the leading country. The Chinese president has been consistent in presenting his country as ready and eager to lead the world through numerous major initiatives and forms that enforce global governance in the field of anti-protectionism and pro-globalization, such as the Belt and Road Initiative, connecting continents on an unprecedented scale, Asia Infrastructure Investment Bank, the Regional Comprehensive Economic Partnership (RCEP) and numerous other initiatives that China either launched, financed or re-energized after joining, in a consistent, even strategic and pro-active manner. Nevertheless, the American president played full confidence based on stock exchange and employment figures at home, confirmed alliances with Japan and the Republic of Korea wanting concessions from China when it comes to trade and investments, and more efforts from Beijing when it comes to putting further pressure on DPRK.

12 China's vice foreign minister, Zheng Zeguang announced that the two leaders would discuss a 'blueprint' for developing relations.

13 Embassy of the PR China's in Washington webpage.

14 Zhang Hui, "Trump to get 'State visit-plus' experience in China", *Global Times*, 2017/10/31

15 Ahead of the visit, People's Republic's ambassador to Washington, Cui Tiankai, expressed the expectation that the visit would invigorate the idea.

More boldly than ever before, the Chinese side articulated an understanding that the time of humbleness had passed and that finally the two countries and accordingly, the two presidents, were equal. Some Chinese experts expressed the opinion that the two presidents were on equal footing[16] unlike during the time in office of previous USA presidents and were now ready for the "new type of great power relations"[17]. The American president was welcomed with an honour guard, different cultural activities for him and his wife, to enjoy together or separately, and with a state banquet. Still, the pomp that was given to this state visit and President Trump and his wife personally was also to show the greatness of China, in the past and in the present, as everlasting, a phoenix-like great nation and a state which by being what it has always been, called to be a leading global nation. The tea party, Peking Opera performance and dinner at the Forbidden City's halls, once targets of hatred and rage of the Red Guards, was for the first time in the history of socialist China used as a venue for hosting a foreign leader. While tea was served to the guests at *Bao Yun Lou* or Hall of Embodied Treasures, built in 1915 by money remitted by the USA government, and could symbolically be pointed at that gesture of understanding and reconciliation[18], the dinner at *Jianfu Palace* was about showing the everlasting tradition and strength of the nation that President Xi now wants to "rejuvenate" and set it up to lead the world. The question remained: either alone or along the USA and that was one of the untold and out of written agenda of this visit.

On the economic aspect of this trip, previous harsh statements by Mr. Trump regarding China's trade practices created pressure on both sides: for the American president to deliver some results from China in this regard, and for the Chinese to determine how to deal with the possible strong words of the in guest and the potential "trade war" that they would need to avoid. A group of forty USA corporate leaders from twenty nine major USA corporations were part of the economic team, headed by Secretary of Commerce Wilbur Ross that accompanied their president to use the opportunity to make deals and get better access to 400 billion US$ worth of market[19], opt for further opening of the Chinese market, and address protectionism and other abuses in bilateral trade. After having closed door discussions with President Xi, President Trump addressed the press blaming previous administration for passively accepting the negative trade set and "praising" China for taking advantage of the opportunity. Although Trump's tone was moderate in comparison to especially to his campaign stance on China, he stood for what he and his team found to be the most important obstacles to fair bilateral economic relations with China which beyond an unfair trade pattern that was "a very unfair and one-sided one" in which China was said to use the openness of the American market while keeping its own protected, also included China's market access restrictions for investors and technology transfer requirements, which prevent American companies from being able to fairly compete within China. As usual, the Chinese

16 Yan Xuetong, a professor of international relations at Tsinghua University in the statement, quoted in New York Times, on November 6, 2017.

17 Ibid.

18 The Qing dynasty government had been forced to pay compensation to eight nations, including the United States, over the violence and damage done to them during the Boxer Rebellion. Violence against the Westerners, especially targeting Christian Churches, where the Orthodox Church was worst hit and their schools, hospitals, nurseries were almost destroyed, and Chinese followers killed, took place during the uprising that lasted from 1899 to 1901 with the approval of the Court. However, the Roosevelt administration agreed to give up on the debt and the Chinese government used some of the money to build the hall. The rest was used to create a scholarship for Chinese students studying in the USA and to build today's still elite, Tsinghua University in Beijing.

19 Combined value of the USA export to China, re-export via Hong Kong and domestic sale of the USA firms operated in China.

side promised to cooperate in general and delivered some concessions when it comes to reducing car import taxes and opening the financial sector a bit wider, as explained earlier.

Looking from China's perspective and the perspective of its relative agendas of eradicating poverty while reducing government and SOE's debts, shutting down polluters and zombie companies, fighting corruption that is *modus operandi* for too many businesses, and reducing the importance of export while strengthening domestic demand - pursuing all these goals at the same time, while upgrading the efficiency and technology level of its whole economy, China was also in no position to engage in a trade war with its most important trade partner. In 2016, China and USA trade value was US$579 billion, while the thorny trade deficit on the American side was US$368 billion. China is USA's second-largest goods trading partner and fourth largest services trading partner (at US$70 billion) and third-largest export market for both visible and invisible trade. Moreover, in 2017 China was the second-largest foreign holder of USA Treasury securities (US$1.2 trillion).

Finally, President Trump's visit resulted in US$253.5 billion worth of deals that included 34 big projects, such as selling 300 Boeing planes worth US$37 billion to China Aviation Supplies Holding Company and 12 million tons of soybeans in 2017 and 2018 worth US$5 billion, and announcing possible a US$43 billion joint project to build natural gas pipeline from the North Slope of Alaska to a port, as well as to construct a LNG loading terminal between the State of Alaska and Sinopec[20] where China's sovereign wealth fund, China Investment Corp, and Bank of China would help with financing. China National Petroleum Corp. signed an initial agreement with Texas-based Cheniere Energy for the long-term supply of liquefied natural gas. The biggest deal was announced with a signed memorandum of understanding between China Energy Investment Corp and West Virginia State to invest over US$84 billion to develop shale oil, clean energy, and chemical products. These investments and intentions were announced to create more than 12,000 thousands American jobs, addressing one of the highest topics on Trump's political agenda.

In the field of aviation, General Electric signed deals with three Chinese companies worth a total of US$3.5 billion[21]. In the area of finance, China's sovereign wealth fund, China Investment Corp. and Goldman Sachs agreed to set up a joint fund to invest in USA firms which already have already or plan to set up business operations in China. The fund plans to raise US$5 billion. China's Silk Road Fund and General Electric signed an agreement to cooperate in investments under the Belt and Road Initiative, which is of crucial importance as it now means that USA have joined the Initiative. In addition, in the field of telecommunications, Chinese phone makers Xiaomi, OPPO and Vivo signed three-year deals to buy products from USA mobile chip maker Qualcomm, worth US$12 billion in total.

For some, these deals were the results of Trump's wise, soft and optimistic though active approach towards China, while others saw the deals as mostly the results of the ongoing regular economic activities between the two economies, or purchases that Chinese business entities had already planned to carry out either way. Some business participants insisted that deals were quickly made just before the visit and thanks to the visit, like the order by

20 Steinbock, D., Trump Does Asia – From Competition to Opportunity, *China-US Focus*, November 15, 2017

21 An engine and repair agreement with Juneyao Airlines worth US$1.4 billion, a US$1.1 billion deal with ICBC Leasing for engines to power Boeing planes and a US$1 billion agreement with China Datang Group to supply gas turbines

Chinese electronic trader JD.Com of US$ 200 million worth of Montana beef for the next three years and construction of a US$100 millions beef-processing factory in Montana that was initiated by Chinese Embassy quickly in September[22]. Others pointed out that many deals, including the biggest ones, were only intentions and promises that needed to be verified later. Many analysts also pointed out that China usually put such grand deals -but in reality these tend to be only ongoing or only promised ones - to charm the partners, their press and the public, while problems and obstacles remain and trade patterns allowing huge Chinese trade surpluses endure.

The deals were described by American president as a "very good start position" while American businesses represented by the US-China Business Council called for action to break down China's structural market barriers and create better access to and a more level playing field with the Chinese economy[23]. Although, the concluded and announced grandiose deals were seen by most observers as mutually nurtured, obvious result of this visit, there remained many obstacles on that path that Trump's administration would not tolerate. For this trip, Trump's administration was not able to deliver preparations on some systemic changes requests due to being too busy with other internal and international issues, including tax changes, NAFTA, among others, such that the focus remained on trade, securing a positive image and impressive future deals announcements. On the other hand, it could be expected that in the months to come, they would focus on delivering what was promised before but required more time to deal with. Their actions should cover the investigation of the alleged Chinese illegal intrusion on American intellectual property which easily could lead to tariffs or other barriers' enforcement on Chinese goods imports. Additionally, legislation on tightening restrictions on Chinese investments in the USA or more rigid enforcement of the existing ones should be expected to be introduced soon. Only a month after the visit a Chinese Alibaba's affiliate, Ant Financial, was prevented from purchasing American money transfer service firm Moneygram for US$1.2 billion. The same occurred and prevented a smartphone partnership between multinational Huawei and AT&T. The sales were not approved by the Committee on Foreign Investment on the basis of national security concerns. The ongoing investigations on imports of solar panels, aluminium foil and steel as goods subsidized by the Chinese government could be further restricted.

Mutual importance was clear to both sides and their global partners, and there was a joint attempt to express that shared understanding. The Chinese President needs the American market to remain as open as before, as well as peaceful competition in the region and globally in order to be able to continue his grandiose project of rejuvenation of the Chinese nation. With regard to how the future of that hugely important cooperation between the two largest global economies should look, both parties have different stances that, for both their sake, need to be coordinated in an equally acceptable manner. This is also what the global economy needs to mantain its stability. However, the next stop of the American president's tour brought out another possible way of dealing with that challenge.

22 Bradsher, K., "Trump Promotes Deals in China, but Hints at Long Trade Fight Ahead", *The New York Times*, November 3, 2017. Available at: https://www.nytimes.com/2017/11/09/business/donald-trump-china-trade-xi-jinping.html

23 Zheng, S., "Hurdles Remain", *South China Morning Post*, 10 November, 2017

Asia Pacific Economic Cooperation (APEC) summit and Vietnam visit

Soon after their joint press conference in Beijing, actually statements to media, both presidents took part in the Economic Leaders meeting of APEC and the APEC summit, held in Da Nang, Vietnam. Trump's visit to Vietnam and participation in the APEC yearly summit was for many observers the most important part of his Asia tour, due to the fact that he needed to achieve multiple goals. First, he in his first multilateral appearance in this region was supposed to do much more in pinning down the previous administration's announced "strategic partnership" with Vietnam and getting this important ASEAN member even closer. In addition, the APEC events were occasions for delivering much awaited speeches on his administration's Indo-Pacific strategy of a free and open region during the forum, a strategy already mentioned several times by the members of his team and which was also expected and seen as a needed uphold of an existing dominant power in the Indo-Pacific theatre in response to Chinese assertiveness in the same region.

The APEC summits provide an opportunity for leaders of twenty one Pacific Rim countries to regularly meet and upgrade their relationships, work on differences and expand and pursue shared interests. The essential part of APEC's founding principles and its' success as a regional organization has been to sustain regional prosperity and political security, and to engage all its members in searching for solutions to appearing problems. Since its initiation in 1993, the APEC summit has also been an occasion to bring the USA president to Asia on a yearly basis and provide an important space for leader's bilateral as well as joint meetings. This particular summit that brought President Trump to Da Nang gave the opportunity to most of the leaders in attendance to establish personal relation with him. APEC was formed and defined as a regional organization committed to open regionalism and regional and global multilateral arrangements that had provided a regime that suits the dominant interest all member states share. Asian members of APEC, which deliver growth and dynamism as the most prosperous part of the global economy, depend gravely on the openness and stability of that regime for their economic success and political stability and security. Their task, especially under the ongoing rise of protectionism, was to effectively engage its largest partners on the other side of the Pacific to create needed collective management of trade openness through multilateralism and new initiatives, a task that became severely difficult since the Trump administration pulled out of the regional TPP and declared "America first" in trade too.

The tone of President Trump's speech at APEC's CEO Economic Summit was in sharp contrast with his posture while in China, but in line with his position on the issues he addressed. He took hard stands on those countries "taking advantage of the United States" indicating that he would always put America first in the same way that others "in the room" put their countries first. This was a signal to China, but also to other local players that had accumulated huge trade surpluses in trade with the USA over time, such that his administration would insist on allies and competitors agreeing to policies more favourable to the USA. He pointed at China without mentioning its name while saying that the USA would not tolerate "audacious intellectual theft". In his speech, he advocated his administration's (revitalized) design of "Indo-Pacific" as a contrast to China's preferred "Asia-Pacific", saying that the future of the region depended on "freedom of navigation and over-flight, including open

shipping lanes", targeting another crucial conflicting issue with China and its aggressive acts and positioning in the South China Sea on the account of smaller countries in the region, endangering also the USA, Japan, Australia and all the other big trading nations that depend on the existing openness while also challenging USA dominance. According to Hong Kong media reports, he ended his speech hitting again at Sino-Vietnamese historical disputes two thousand years ago[24] and strong anti-China sentiment in the present-day Vietnam[25].

The following speaker, President Xi took a significantly different approach, again presenting his country as a genuine defender of "irreversible" globalisation and free trade in "Asia Pacific, a long-cherished dream of...the region", and painting China's economy as a fair field, equal for all players, domestic or foreign, thereby responding to many of the criticism President Trump referred to in Beijing and in Da Nang, that were also widely spread among the foreign business community in China. Very constructively, Xi stressed that APEC had started "a new journey for greater integration with the world". In his speech, he also relied strongly on China's habitual huge numbers[26] regarding future plans for both: outward and inward FDI, as well as for trade and the Belt and Road Initiative of China that aimed to connect Asia with Africa, Europe and even further. In his recognizable manner Xi called on the region to "board China's express train of development" in order to enhance mutual development, again advocating China's model as an exemplary pattern for those who want to prosper. His speech was, as usual, carefully tailored to present China's leadership capacity based on the developed strategy and capacity to deliver it. While Trump's speech was exactly the right tune for many allies in the region awaiting confirmation from the USA under the new administration of its determination to remain firm in leading the region, keeping it "open and free" as protecting the "rule based order", pointing indirectly at China as the problem causing element, the Chinese president had another strategy. For domestic audiences and for some in the region, he played the role of the benevolent, but strong regional leader at the time ready; as for the others, he dismissed their complaints, at the same time presenting China again as a global leader in protecting globalization and multilateralism. The speeches of the two presidents, according to many observers, once again proved the strategic competition between the two countries as well as the conflicting interests that contribute to the uncertainties in their relationship.

The APEC declaration from Da Nang was ambiguous but also pragmatic as it expressed both approaches: the shared interests of many for the stable and open trade regime and right to remain protectionist if needed as it affirmed the importance of bilateral agreements and "legitimate trade defence instruments"; and at the same time reiterated its commitment to further developing ways to complement multilateral trade agreements. The summit that was themed "Creating New Dynamism, Fostering a Shared Future" reaffirmed APEC's commitment to its mission of promoting sustainable economic growth and prosperity in

24 Liu Zhen, "The Beijing show over; Donald Tramp and Xi Jinping push their own world trade orders at APEC", *South China Morning Post,* 10 November 2017. In his speech President Trump brought into play the Vietnamese tale of Trung sisters, who died in a failed uprising against Chinese overlords two thousand years ago.

25 In 2017, a Pew survey found 84 per cent of Vietnamese viewed the USA positively, up from 76 per cent in 2014; only 10 per cent of them viewed China favourably, down from 16 per cent. In a 2014 survey, 77 per cent of Vietnamese viewed Japan positively and 67 per cent saw India positively. Quoted from: Huan, C., "How can communist Vietnam be friendlier to the US than China?", *SCMP,* November 18, 2017

26 President Xi said that in the next fifteen years China would import goods of the value of US$24 trillion, receive FDI in value of US$2 trillion and invest abroad the same amount of capital.

the Asia-Pacific region. In order to secure quality growth they adopted an agenda for the "development of human resources in the digital era". APEC leaders also reaffirmed the commitment to complete the agenda of the Bogor Goals on "liberalisation and facilitation of trade and investment, and enhancing economic and technical cooperation in efforts towards the formation of the Free Trade Area of the Asia-Pacific (FTAAP)"[27].

While Vietnam successfully played the role of APEC host, there was much for the country to achieve during the visits of the USA and Chinese presidents following the APEC summit, as it tried to build balanced relations with both countries and to continue to hedge its bets on security and the economy. Vietnam's continuous robust economic growth and its transformation into a trade power and "small China" as some described it, can be attributed to domestic economic reforms started in 1986, its strong engagement within the ASEAN and "ASEAN+China", "ASEAN+3" cooperation frameworks, USA extension of normal trade relations (NTR) status in 2001[28] and intense economic cooperation with China. Nevertheless, unlike in previous decades when both China and Vietnam focused on economic reforms and cooperation, in recent years, China's increasingly assertive foreign policy, along with escalating territorial disputes in the South China Sea, directed Vietnam towards the USA as it tried to diversify its strategic and economic engagements. This also included improvement of relations with other rivals of China in the region - Japan and India - as well as with other surrounding nations whether within ASEAN or bilaterally, through, for example, strategic partnership with Australia and comprehensive partnerships with Canada and New Zealand. In that sense, Vietnam saw in the Quadrilateral grouping a desirable alliance of the key players in the region that could help it to counterbalance forceful Chinese influence. It is also doing it's the most at being engaged as a trade nation participating in the Trans Pacific Partnership (TPP) launched and left by the USA, as well as in the ongoing negotiations within the Regional Comprehensive Economic Partnership (RCEP), another important pan-Asian regional trade association that does not include the USA, but includes China and is believed to endorse the interests of emerging economies in the region. Vietnam has consistently been careful to balance relations between the USA and China while trying to escape economic dependency upon Beijing. China's president came to Vietnam on his first state visit after the XIX CPC Party Congress, to confirm the common standing with his Vietnamese host about necessity "to keep stable and peaceful region as precondition for common prosperity", while together with the ASEAN countries kept on working on, for all parties, acceptable code of conduct in the South China Sea.

Vietnamese leaders have done a lot to prevent a trade surplus[29] issue from getting in the way of rapprochement with the USA and growing military cooperation. In 2016, during President Barack Obama's visit to Vietnam, the USA declared a lift on an arms embargo on Vietnam that lasted since the Vietnam War, as part of his half-if-at-all-done Asia pivot strategy. Rhetorically he also called on Vietnam to improve its human rights conditions, but in socialist Vietnam that followed China's model of economic and social development of a state-backed, export oriented economy and rigid political control, that has never been on

27 For more on APEC 2017 declaration, please consult: http://vietnamnews.vn/economy/417379/da-nang-declaration-stresses-multilateral-trade-inclusive-growth.html#vj43GXBV0AOkhGGI.99

28 According to the USA data, bilateral trade rose from US$220 million in 1994 to US$45 billion in 2015, putting Vietnam into the 13th-largest source for USA imports, but only 37th-largest destination for its exports.

29 The USA trade deficit with Vietnam was its sixth biggest in 2016: US$32 billion.

the priority list. In fact, there were many reports suggesting a trend in the opposite direction, but as in Obama administration's case, for President Trump, other elements of their bilateral relations were far more important for the USA. Similar to Singapore, Malaysia and Thailand[30], Vietnam made some bold concessionary movements ahead of President Trump's visit to secure better positioning with the new administration as acting according to its expectations. Vietnam's Prime Minister Nguyen Xuan Phuc met with President Trump in May 31st 2017, at a meeting that was secured soon after he was elected. During the meeting purchasing deals worth US$8 billion were announced[31] as Vietnam made concessions, in order to promote a better relationship and win the trust of the new administration. During Trump's state visit, at the bilateral meetings with Vietnam President Dan Trai Quang Vietnam agreed to order USA aviation engines and services, as well as energy deals worth US$12 billion.

Alongside the APEC meetings, two important regional multilateral initiatives took place. One was the Quadrilateral Defence Dialogue, a four-party strategic grouping between India, the USA, Japan, and Australia, that was first initiated a decade ago. While in the past Japan and the USA were the most vocal supporters of the informal alliance, Australia and India recently became more interested in, seeing Beijing as a challenger to the existing order in the South China Sea and in the Indian Ocean. In the case of Australia, there have also been a lot of accusations of alleged attempts of China to influence their internal politics, including using the Chinese immigration, as in India'a case, closing China's economic and military cooperation with Pakistan and the Pakistan-China Economic Corridor within the BRI running over disputed territory of Kashmir and Doklam border confrontation. These were the most persuasive elements leading traditionally self-reliant India to become a supporter of the Quadrilateral grouping. The grouping caused immediate warning from China's Foreign Ministry that it should not "target or damage a third party's interest". The other was talks on revitalizing TPP, lead by a strong Japanese initiative, while transforming it into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. The idea was that the remaining eleven member states, including Vietnam, would continue with the integration processes that would suit their respective economies while also trying to re-engage the USA to return. In spite of some Canadian reservations, they had optimistic news to spread after the consultations.

State visit to the Philippines and ASEAN and East Asia Summits

The next and final stop on his first Asia tour was President Trump's visit to the Philippines and attending the East Asia Summit on November 12-14, 2017. This was also the occasion to celebrate the 40th anniversary of USA-ASEAN relations and the ceremony for the 50th

30 Malaysia's Prime Minister Razak announced that national pension fund and provident fund would invest several billion dollars in equity and infrastructure projects in the USA while Malaysia Airlines pledged to explore options for acquiring more Boeing jetliners and General Electric engines at US$10 billion. When it comes to Thailand, Prime Minister Prayut Chanocha announced to buy twenty new Boeing jets for Thai Airways, along military Blackhawk and Lakota helicopters, a Cobra gunship, Harpoon missiles and F-16 fighter jet upgrades, as well as. Siam Cement Group agreed to purchase 155,000 tons of coal while Thai petroleum company PTT will invest in shale gas factories in Ohio. Prayut and Trump signed an MOU to facilitate US$6 billion worth of investments that as said could create over 8,000 jobs in the USA. Singaporean Prime Minister Lee Hsien Loong announced Singapore Airlines' deal with Boeing for purchasing 39 B787 and B777-9 aircraft, which, as announced – could create 70,000 jobs in the USA.

31 Deserting the TPP trade agreement by the USA did hurt Vietnam, as leaving the USA (low) import tariffs on, but maybe even more it hit on USA exporters as improved access to Vietnamese 90 million market was wasted opportunity and complex trade disputes remained.

anniversary of the Association of Southeast Asian Nations (ASEAN). On the last stop of his Asia tour, President Trump was to have bilateral talks with the Philippines' President Duterte, an important Southeast Asian ally that the USA's president needed to get back into solid partnership with and so capitalize on the momentum created during the crucial USA summer security assistance to the Philippines. The USA President arrived in Manila, capital of its former colony for fifty years, awaited by more than 3,500 protesters who tried to march on the USA Embassy before being stopped by riot police. The protesters shouted for Trump to leave and accused the USA of "imperialist war and plunder".

A decades-long close alliance and much longer and more controversial colonial bilateral relationship recently turned into an unexpected challenge to this important USA alliance in this part of the world. In 2014, during the Aquino presidency, the USA and the Philippines signed the Enhanced Defence Cooperation Agreement (EDCA), a ten-year arrangement that again saw the return of USA forces to the Philippines, as well as with the Pentagon's generous support for Philippines' military modernization. During the same Aquino's six year mandate the escalation of maritime conflicts with China in the South China Sea escalated to an appeal made by Philippines to the Permanent Court of Arbitration in The Hague in 2015. But, since the 2016 election of Rodrigo Duterte, the USA-Philippines relationship has been on decline, and came at the verge of becoming bizarre in the end of the Obama's presidency due to Duterte's draconian anti-drug policies. Beyond bold and undiplomatic, even vulgar language, Duterte's sovereign foreign policy became less reliant on USA security guarantees, as he even threatened to cancel joint military exercises unilaterally in 2016, but later only scaled them down. On the other side, he leaned radically towards Russia and China, setting aside a vindicating Hague Arbitration decision for bet he could get from close economic cooperation with Beijing and connecting the Philippines with the China's Belt and Road (BRI) Initiative, which is vital to his government's US$160 billion "Build, Build, Build" mega infrastructure program that is suppose to accommodate the tripling of the Philippine per capita income in the next twenty five years[32]. China agreed to invest about US15 billion in different projects and open a credit line for another US$9 billion there and for the Philippines, as well as for other ASEAN countries, China became the biggest trading partner.

However, since president Trump assumed office, the relationship between the two leaders and the two countries seemed to be on the improving track. In their phone conversation months ahead of Trump's visit, the USA president praised Duterte for successfully fighting the drug lords. As Philippine security forces had fierce battle from May till mid October to retake the city of Marawi from ISIS-groups of Abu Sayyaf and Maute Group that lead Islamic insurgencies in Mindanao Island, the USA provided them crucial help through military equipment as well as intelligence information, surveillance[33] that helped further restoration of the bilateral relations. In the end, Trump's trip to Manila was an opportunity for the USA to rebuild strategic ties with a key partner in the region, plus to focus on more defence cooperation, Islamic State, illegal drugs, new trade agreements[34]. The USA's new

32 Manahan, M. A., "Stories Behind the Numbers: Dissecting Duterte's Build, Build, Build Program", *Focus on the Global South*, June 6, 2017

33 Seftel, B., "U.S.-Philippine Relations Rebound Under Trump", *The Cipher Brief*, November 13, 2017

34 The USA is the Philippines third largest trading partner after China and Japan. The growing trade between the two is worth US$ 8 billion a year. For more info, please consult: https://ustr.gov/countries-regions/southeast-asia-pacific/philippines

administration accepted Philippines' hedging when promising new aid to Marawi City, and more to military modernization of its army, drug demand reduction programs, etc., as part of US$8 billion aid in the last eight years[35].

In Manila Trump first attended a gala celebration for the 50th anniversary of the Association of Southeast Asian Nations (ASEAN) with ASEAN and Dialogue Partner Leaders. In his address, President Tramp said that he was to deliver a message of friendship and partnership. He noted that he came to "advance peace, promote security" and to work with ASEAN to achieve a "truly free and open Indo-Pacific" [36]. He congratulated ASEAN on "50 years of promoting peace and prosperity and stability in Southeast Asia and in the broader Indo-Pacific region". The leaders adopted enhanced United States-ASEAN cooperation on maritime security issues, including the first-ever United States-ASEAN Maritime Exercise in 2018. According to the White House, at East Asian Summit[37], region's leaders addressing the Indo-Pacific's most pressing political and security issues while searching international cooperation to deal with shared regional challenges, such as the South China Sea, counterterrorism, and the humanitarian crisis in Rakhine State, Burma. Also, President Trump and Singaporean Prime Minister Lee Hsien Loong co-sponsored the EAS leaders' Statement on Chemical Weapons "reaffirming the region's commitment to complete elimination and non-proliferation of such weapons".

On the sidelines of EAS summit, Trump tried to strengthen ties with Pacific Rim allies, aiming to make bilateral, rather than multinational trade agreements, and motivate them to increase pressure on North Korea. He met with India's Prime Minister Narendra Modi and highlighted the two nations' "deeper and more comprehensive" ties, looking to strengthen a relationship that is vital to the U.S. vision of an Indo-Pacific region that attempts to de-power China's influence. At a trilateral meeting, he also met again with the Japan's Prime Minister Abe, and Australia's Prime Minister Malcolm Turnbull. President Tramp said the three were discussing trade, North Korea and other subjects. Speaking on the sidelines of the ASEAN Summit, he summarized the Asia trip and said "We've made a lot of big progress on trade." He added that his Asia trip has generated US$300 billion "in sales to various companies, including China." Although announced, he did not meet with the Russian president Vladimir Putin, with whom he just exchanged greetings, due to "busy schedule" of both presidents.

Conclusion

It is too early to say, and a lot depends on the future posture of the Trump administration towards the Indo-Pacific, but this tour could be proved to meet its historical assignment. That was to grasp the momentum for showing still forceful USA as superpower successfully reinforced the economic, political and security ties that have kept it dominant in Asian and connected to allies and friendly nations there, determined to act against China's challenges to the existing order. But, that act should not be destructive nor neglect the interests of

35 https://www.whitehouse.gov/briefings-statements/president-donald-j-trumps-trip-philippines/

36 https://www.whitehouse.gov/the-press-office/2017/11/13/remarks-president-trump-5th-us-asean-summit

37 The East Asia Summit draws leaders from 18 countries – the 10 members of the Association of Southeast Asian Nations (ASEAN) and the dialogue partners: China, Japan, South Korea, India, Australia, New Zealand, the United States and Russia.

rising China and ASEAN and other important local players. China's rise will continue as well as its ambitions and its building on regional hard and soft power. The Trump administration is slowly, but surely coming around to be much more bold and hawkish about the challenge that China poses to the USA's supremacy in the Asia-Pacific and beyond, in the "Indo-Pacific" based on its new members. Despite this, his administration would also need to pursue a coherent and continuous presence there, starting with filling in USA posts in regional organizations and in empty high level diplomatic posts, to rejoin the CPATPP (TPP 11) and to take part in RCEP, while at the same time enforcing expressed articulated strategy, openness towards local specific interests of different local players, influence, leadership and military power to contribute to the regional peace, security, openness and prosperity of the region. While doing so, it would also help China to adjust its rise and international ambitions towards more acceptable one while growing experience into bigger power. As for his personal contribution, this first trip to Asia proved to be a step in the desired direction and with a very positive score for President Trump and his country.

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Драгана Митровић

Прва азијска турнеја председника САД Трампа - Од „Америка прво" до Индо-Пацифика

Апстракт

Прва азијска турнеја председника САД, Доналда Трампа, током његове прве године мандата, која је укључивала посете Јапану, Републици Кореји, НР Кини, Вијетнаму и Филипинима, као и учешће на самиту АПЕК-а и Источноазијског самита, требало је да одговори на бројне изазове и да уобличи и огласи позицију САД према Азијско-пацифичком региону, који је у последњих седамдесет година био највиши приоритет за сваког америчког председника. Док је са једне стране одржала своју позицију светске економске зоне оптимизма у 2017., Азија је постала или у још већој мери постала оптерећена неколиким озбиљним претњама по регионалну и глобалну безбедност, мир и стабилност, које би потенцијално могле да измене постојећи поредак у овом делу света, па чак и глобални. Најозбиљније од њих су тестирање ракетног и нуклеарног потенцијала ДНР Кореје, спорови у Источнокинеском мору и Јужнокинеском мору, који су остали да озбиљно угрожавају регионалну сарадњу и стабилност уз кинеску непрекидну агресивност која је изазов јединству АСЕАН-а и отворености виталних трговачких и комуникационих поморских линија. Сва ова питања су вапила за одлучнијим одређивањем и делањем САД. Но, услед повлачења САД из ТПП-а и инсистирања на питањима трговачког дефицита и билатералном договорању наместо мултилатералном, прва посета председника САД Азији је била бременита сумњама и очекивањима, као и задацима за председника лично, али и његову администрацију.

Покушаћемо да анализирамо најважније елементе ове посете и њен могући непосредни и будући утицај на посматрани регион, али и изван њега.

***Кључне речи**: САД, Трамп, нуклеарни програм ДНР Кореје, Република Кореја, НР Кина, Јапан, Вијетнам, Филипини, АПЕК, АСЕАН, ИАС*

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*Frank Dhont**

The Japanese Occupation of Insular Southeast Asia: Japanese Homogenizing Policies and Local National Identities in British Borneo, the Philippines and the Netherlands Indies **

Abstract

This paper investigates the Japanese occupation in the countries of Maritime Southeast Asia and juxtaposes local national identity of British Borneo, the Philippines and the Netherlands Indies with the Japanese administration policies acting as a homogenizing factor. The paper states that the Japanese implemented administrative simplification and a uniformity of wartime policies. This contrasts sharply with the differences in national historiography and historical memory of World War II in East-Malaysia, the Philippines and Indonesia. The argument here is that these differences result from the differences in policy implementation, context and indigenous popular responses in the individual countries to the Japanese policies for Southeast Asia. These differences are therefore reflections of the individual national identities.

Key words: *Japanese, World War II, Policies, National Identity, Borneo, Malaysia, Philippines, Indonesia*

Japan succeeded in occupying the vast territory of Southeast Asia during World War II. This presented Japan with the problem of managing these newly acquired regions. Japan did have experience in colonial administration and since the start of the 20th century had brought the territories of Taiwan and Korea into the Japanese Empire. Soon after the defeat of Germany in World War I various island groups in the Pacific Ocean became a League of Nations mandate given to Japan. By 1937 Japan had firmly established itself in Manchuria and that same year launched into a struggle with China, one that had already spanned four long years prior to the attack on Pearl Harbor in December 1941 which marked the beginning of World War II in the Pacific. When Japan quickly brought all of Southeast Asia into its sphere of influence in 1941-1942 the Japanese administrators were overstretched but not without policy experience.

Today Southeast Asia consists of 11 countries. A rough geographical division leaves us with five nations considered to be geographically a part of mainland Southeast Asia and another five being insular nations of varying size. Indonesia and the Philippines are the largest of these countries with Singapore, East Timor and Brunei far smaller in size. Malay-

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sia belongs in fact both to insular Southeast Asia as well as to Mainland Southeast Asia with East-Malaysia on Borneo Island and West-Malaysia on the Malay Peninsula. In the years before World War II the territory that is now Malaysia was administratively extremely complex. Several administrative entities were discernable there: the British Crown Colony of the Straits Settlements, the Federated Malay States, various un-federated Malay States, the Kingdom of Sarawak and the territory of the North Borneo Chartered Company now referred to as Sabah but then simply called North Borneo or British North Borneo. Singapore was part of the Straits Settlements and so was Labuan Island on Borneo but the neighboring Kingdom of Brunei administratively formed yet another protectorate of Great Britain. The territories of the other colonial powers also contained administrative complexities but were generally far simpler in structure.

This paper focuses only on what were to become the Philippines, Indonesia and East-Malaysia in order to more easily categorize and fleece out the interplay of various factors through comparative analysis to explain the differences in the post-war historiographical views and historical memories of the Pacific War era in these countries. To include the region of mainland Southeast Asia, where the political situation at the time was more complex with Thailand nominally independent and Vichy France in Indochina in power for much of the duration of World War II, would make this essay too general and too long. The argument in this paper is that the differences in historiography and historical memory of the era of World War II in East-Malaysia, the Philippines and Indonesia today were caused through local differences in policy implementation, context and indigenous popular responses despite relatively uniform Japanese central policies for the whole of Southeast Asia. These events reflect therefore the crystallization of national identity in these individual nations during the Japanese Occupation era.

Japanese Simplification of Colonial Administration

Japan knew that it would have to efficiently govern the different regions and territories of Southeast Asia that it would capture through a southward attack. In anticipation, Japan decided to greatly simplify the administration of the colonial possessions in the regions. On 26 November 1941 the Japanese Army and Navy reached an agreement where the Navy would be responsible for the administration of: Dutch Borneo, Celebes, the Moluccas, the Lesser Sunda Islands, New Guinea, the Bismarck Archipelago and Guam.[1] The Army would be in charge of: Hong Kong, the Philippines, British Malaya, British Borneo, Burma, Java and Sumatra.[2] The explanatory comment section of the document stated that the general rule here was that the Navy was put in charge of areas that were sparsely populated and which would be incorporated in the Japanese Empire whereas the Army was in charge of the more complex densely populated areas.[3]

The Philippines largely survived the Japanese administrative reforms as a single administra-

1 H. J. Benda et al., *Japanese Military Administration in Indonesia: Selected Documents,* New Haven, Yale University Southeast Asia Studies, 1965. Document 2: Central Agreement between the Army and the Navy on the Military Administration of Occupied Armies, p. 5.

2 Benda, p. 5.

3 Benda, p. 7.

tive unit except for the obvious fact that American leadership was replaced by Japanese control. The whole region of British Borneo however was totally reshaped. The various British colonies in the region were amalgamated and the whole of British Borneo was now governed by one Japanese Governor. For British Borneo this reform brought an end to the complex administration of four different entities (Labuan, Brunei, Sarawak and British North Borneo) prevalent in that region and to an extent this can be seen as the beginning of administrative thinking that would lead to the formation of East-Malaysia many years later. Where the Japanese became a unifier in British Borneo or East-Malaysia, in the case of the Netherlands-Indies or Indonesia however, the Dutch administrative unity was broken and the Japanese Army governed Java and Sumatra with the Navy in charge of the eastern section of the Netherlands Indies including Dutch Borneo. This effectively broke up the administrative unity of the Netherlands Indies into different administrative territories or colonies under Japanese control. The eastern part of what is now Indonesia was underdeveloped and sparsely populated and administration by the Navy was therefore relatively straightforward. In the case of Java it also made sense to place one Army Governor in charge as Java was by far the most densely populated area of the Netherlands Indies. Japanese data for 1943 estimated the population of Java to be 51,023,161 people.[4] The island of Sumatra was initially administratively connected to the former British territory of Malaya.[5]

One complicating administrative factor that the Japanese did have to take into account was the various indigenous rulers residing in the colonial possessions they had conquered in this region. Here also a central policy plan was implemented. Initially the Japanese were skeptical towards the indigenous rulers. In British Borneo this created the situation in which the Sultan of Brunei effectively found himself and his territory made part of the unified administration area of what had been British-Borneo but merely as an administrative subdivision of Miri Province instead of the single administrative region it had been before.[6] This was in line with the Japanese policy of gradually eliminating the indigenous rulers that was preferred by the local administrators of Sumatra and Malaya. The administration in charge of the Sultans and Rulers in Malaya and Sumatra even stated in July 1942 that these were to be gradually eliminated.[7] The central authorities in Tokyo in December 1942 issued clear orders against this.[8] Emphasis was put on how the Japanese needed the support of the indigenous population and to respect indigenous rulers.[9] Despite local differences, the general policies drafted by Tokyo and implemented by local military governors were standard all over the region but the structure of the various administrative entities was reshaped and simplified.

As the regions of Insular Southeast Asia were divided between the Japanese Navy and the Japanese Army on 20 November 1941, there would be a principal authority and a

4 Gunseikanbu, *Jawa Nenka,* Jakarta, Jawa Shinbun Kai, 1944, reprinted by Tokyo, Biblio, 1973, p. 219.

5 I. Hata (ed.), *Nanpo Gunsei no Kiko Kanbu Gunseikan Ichiran,* Tokyo, Nanpo Gunseishi Kenkyu Foramu, 1998, pp. 24-25.

6 B. Reece, *Masa Jepun: Sarawak under the Japanese 1941-1945,* Kuching, Sarawak Literary Society, 1998, p. 54.

7 H. J. Benda et al., *Japanese Military Administration in Indonesia: Selected Documents,* New Haven, Yale University Southeast Asia Studies, 1965. Document 49: Items Concerning the Disposition of Heads of Autonomous Areas, pp. 184-185.

8 Y. Akashi and M. Yoshimura (eds.), *New Perspectives on the Japanese Occupation in Malaya and Singapore, 1941-1945,* Singapore, NUS Press, 2008, p. 5 and footnote p. 10.

9 H. J. Benda et al., *Japanese Military Administration in Indonesia: Selected Documents,* New Haven, Yale University Southeast Asia Studies, 1965. Document 7: Telegram on the Administration of Occupied Southern Areas, p. 47.

subsidiary authority in each region.[10] The Navy would assist the Army and vice versa depending on who held final responsibility in an area. The outline of that governing authority was: general administrative matters, public peace and order, acquisition and development of resources, finance and economic matters, infrastructure matters, propaganda and intelligence matters and then finally control of enemy property and facilities.[11] The Japanese implemented this rudimentary administrative structure throughout the region.

Uniformity in Japanese War Goals and Policies

Not only was the Japanese administrative structure similar throughout the region, Japanese policies and principles were also uniformly applied all over Southeast Asia. The policy towards indigenous rulers was just one example but all these policies were spelt out in centrally drafted documents. "Military governments shall be established in occupied areas to restore public order, expedite acquisition of resources vital to national defense, and ensure the economic self-sufficiency of military personnel."[12] An inherent tension in the principles of the Japanese administration was that one principle stated a respect for indigenous practices, but also that the natives would have to endure economic hardship caused by resource extraction and that violence would be used if they did not comply. The natives would then somehow also be made to trust the Japanese but were not to be encouraged to become independent.[13] It seems an almost impossible task but it was nonetheless the Japanese objective. The position of the indigenous rulers highlights this well. On the one hand the local sultans and kings were to be respected but they also saw their states being subjugated and put under very strict regulations leaving very few illusions about real power despite the promise that their rights would be respected.

For Malaya, the Netherlands Indies, British Borneo and the Philippines, the Japanese emphasized the acquisition of resources vital for the war, prevention of outflow of resources to enemy nations and the use of existing enterprises to minimize the efforts of the extraction process; very much secondary to these was the achievement of economic self-sufficiency and consolidation of the Greater East Asia Co-Prosperity Sphere.[14] These were all orders agreed upon by the Japanese at the highest level. The resources targeted were specifically: petroleum, other mineral resources, agriculture, forestry, fishing and manufacturing.[15] The orders were administratively handed down and issued to the local military governors in charge of the various areas in occupied Southeast Asia who were then responsible for the implementation of these orders. Exploitation of these territories needed to be carried out as smoothly as possible by the local authorities in order to help the Japanese war effort. The local military governors did have some leniency in how they personally dealt with the area they were responsible for but the general instructions were clear and uniform for the Southeast Asian countries and territories occupied.

10 Benda, Document 2: Central Agreement between the Army and the Navy on the Military Administration of Occupied Areas, p. 4.

11 Benda, Document 2: Central Agreement between the Army and the Navy on the Military Administration of Occupied Areas, pp. 4-5.

12 Benda, Document 1: Principles governing the Administration of Occupied Southern Areas, p. 1.

13 Benda, pp. 1-2.

14 Benda, Document 5: Outline of Economic Policies for the Southern Areas, pp. 17-18.

15 Benda, pp. 19-20.

Local Differences in Japanese Policy Implementation

Differences in the ways the policies set by Tokyo were implemented in the various areas under Japanese control was dependent on the Japanese personnel on the ground in the various local administrative areas. The orders were very generally phrased which granted a high degree of freedom to individual commanders on the ground. One example was that Tokyo had decreed that indigenous rulers needed to be respected yet the administration in charge of the sultans and rulers in Malaya and Sumatra stated in July 1942 that these areas were to be gradually eliminated and their rulers pensioned off.[16] In Java, the first of the autonomous rulers was reappointed by the Japanese military governor in July 1942.[17] One can clearly discern two different policy accents by two different Japanese Army Governors implementing the same central Japanese policy. The Japanese officers in charge of Sumatra and Malaya decided to make quicker progress toward removing the authority of the indigenous rulers whereas the Japanese authorities in Java decided to work with the local rulers and nationalist leaders. In Java, Commander Imamura took the initiative to bring the nationalist Sukarno out of imprisonment in Sumatra to Java against the advice of his superior for Southeast Asia, Marshal Terrauchi.[18] Imamura's tolerance towards Indonesian nationalist leaders would go a long way in recruiting those Indonesian nationalists to work with the Japanese. In Borneo this was largely a non-issue as there was no political movement to speak of. In the Philippines the Japanese went much further. The decision to make the Philippines independent was made in Tokyo. In 1943, the Philippines was made independent and Vargas was praised for his voluntary cooperation "in the successful termination of the Greater East Asia War."[19] Malaya, Sumatra, Java, Borneo and Celebes were also mentioned and promised more political participation but no independence.[20] It seems likely that the Japanese found greater appeasement of the indigenous population and leadership necessary in the case of the Philippines than in the cases of British Borneo and Indonesian nationalists.

Policies related to self-governance could be promoted or postponed by local commanders to an extent even when they were ordered from Tokyo directly. Locally on Java, Imamura was trying to bring Sukarno in line with the Japanese policy to win the support of the people.[21] On British Borneo the Japanese Commander Maeda visited the Sultan of Brunei to reassure him and maintain his support in trying to legitimize Japanese rule.[22] This however did not change the reality of the administrative reduction of Brunei's administrative position as a sub-region in a local province. Maeda even visited the Sultan of Pontianak on 12 May 1942.[23] That same sultan would later be accused of treason by the Japanese and executed with other local sultans and rulers from adjacent kingdoms.[24] In September 1942 Maeda died in an airplane accident and in his honor Labuan Island was renamed Maeda Island

16 Benda, Document 49: Items Concerning the Disposition of Heads of Autonomous Areas, pp. 184-185.

17 Benda, Document 13: Order Concerning the Autonomous Area in Java, p. 60.

18 G. S. Kanahele, 'The Japanese Occupation of Indonesia: Prelude to Independence', PhD thesis, University of Cornell, 1967, p. 53.

19 H. J. Benda et al., *Japanese Military Administration in Indonesia: Selected Documents*, New Haven: Yale University Southeast Asia Studies, 1965. Document 9: Premier Tojo's Address before the 82nd Extraordinary Session of the Imperial Diet, p. 51.

20 Benda, Document 9: Premier Tojo's Address before the 82nd Extraordinary Session of the Imperial Diet, p. 51.

21 G. S. Kanahele, 'The Japanese Occupation of Indonesia: Prelude to Independence', PhD thesis, University of Cornell, 1967, p. 55.

22 Bob Reece, *Masa Jepun: Sarawak under the Japanese 1941-1945*, Kuching, Sarawak Literary Society, 1998, p. 58.

23 Reece, p. 61.

24 See for more details K. G. Ooi, *The Japanese Occupation of Borneo 1941-1945*, London and New York, Routledge, 2011, pp. 102-107.

by the Japanese. At the time Maeda was trying to win the support of the royal elite on Borneo. A similar process took place on Java. Imamura managed to win the confidence of the nationalist elite and in the process to reduce the number of Japanese troops garrisoned on Java to a mere 10.000 soldiers which effectively freed up more troops desperately needed for the war.[25] What is less known is how effectively the Japanese implemented the same policy with the Javanese royals from the various indigenous kingdoms on Java.[26]

Commander Watanabe in Malaya and Sumatra on the other hand was notorious in his desire not to accommodate a policy of support for the desires of the indigenous population.[27] As hard liner, he treated the sultans with far less respect than his counterparts in other regions and was reprimanded by Tokyo.[28] Tokyo clearly reacted when its policies were implemented too liberally. In this case, the local Japanese commander had to give in and a few months later the Japanese held a public ceremony reinforcing the position of the sultans of Malaya and Sumatra.[29] The Navy administrated areas of Eastern Netherlands Indies were seen as more primitive compared to those of Java and the distances there from the administrative centre made governing even harder. The Navy was largely against self-rule in the region. When in 1943 Tokyo decided to allow preparation for future independence of Indonesia, the Java newspapers under the Japanese army administration exploited that news for propaganda purposes but the indigenous population in the Navy controlled area was left completely in the dark.[30] Nothing was announced. The local Japanese Navy commanders were more reluctant to implement these policies compared to the Army but even in the Army there was argument between the commanders in Java and Sumatra before the policy decreed in Tokyo was adopted. In the Philippines this situation was from the outset different because of the heavier resistance there when the Japanese came in as well as the fact that the Americans had given the indigenous people more administrative control. Here, general Homma was in charge but replaced in August 1942 by Tanaka.[31]

Local Tactical-Geographical Conditions: Availability of Resources and Proximity to the Front

Acquisition of regional resources by the Japanese military was paramount in Japanese policy but differed in the regions. Here, local conditions played out that were beyond the control of the Japanese governors and commanders in the region. 16 million people lived in the Philippines in 1939.[32] As we have seen, the population of Java exceeded 51 million in 1943. For British Borneo post-war estimates add up to less than 1 million inhabitants in

25 G. S. Kanahele, 'The Japanese Occupation of Indonesia: Prelude to Independence', PhD thesis, University of Cornell, 1967, p. 65.

26 See F. Dhont, 'Outlasting Colonialism: Socio-political Change in the Javanese Principalities under the Japanese Occupation of Indonesia during World War II', PhD thesis, Yale University, 2012.

27 Y. Akashi and M. Yoshimura (eds.), *New Perspectives on the Japanese Occupation in Malaya and Singapore 1941-1945,* Singapore, NUS Press, 2008, p. 34.

28 Akashi, p. 44-45.

29 A. Reid, *The Blood of the People: Revolution & the End of Traditional Rule in Northern Sumatra,* Singapore, NUS Press, 2014, pp. 113.

30 G. S. Kanahele, 'The Japanese Occupation of Indonesia: Prelude to Independence', PhD thesis, University of Cornell, 1967, pp. 93-94.

31 T. A. Agoncillo, *The Fateful Years: Japan's Adventure in the Philippines 1941-1945,* Diliman, University of the Philippines Press, 2001, p. 356.

32 L. S. Millegan, 'Census of the Philippines: 1939', *The Far Eastern Quarterly*, vol. 2, no. 1. Nov 1942, p. 77.

total.[33] This represents a completely different manpower situation in the various areas.

For the Japanese, people were seen as a resource to be utilized for the war effort. Actual data is very fragmentary but it is known that laborers were imported in large numbers in British Borneo. The Japanese created the *North Borneo Labour Business Society* and imported 12,000 workers.[34] On Labuan Island 3,000 Javanese workers were imported to work on the construction of the airfield.[35] Local people were also made to work but additional foreign laborers were brought in where needed. Despite geographical proximity to the Philippines, these laborers did not come from the Philippines.[36] Laborers were recruited from Java where they were amassed in Javanese harbors and later shipped out overseas.[37] Aiko Kurasawa estimates the number of Javanese workers (Romusha) to have been 2.5 million.[38] Shigeru Sato adds that the actual number was much higher due to replacements for expired contracts and after worker death.[39] After the war, a Japanese general testified that about 270,000 Rōmusha were transported out of Java to work.[40]

The data seems to indicate that in the Philippines there was no large export of workers whereas many Javanese died in foreign jungles. A British administrator arriving in Brunei after liberation in 1945 painted a picture of what happened to those workers brought outside of their homeland: "Someone in a jeep would be traversing one of the jungle tracks and come across perhaps three of four thin starving Javanese by the roadside."[41] That story is echoed in many locations. Emaciated Javanese dying alongside the roadside is a collective memory of World War II in Indonesia. Resentment against this forced recruitment also fuelled the rebellion by Albert Kwok in what is now Kota Kinabalu in North Borneo as it flared up following a rumor in October 1943 that Chinese men were to be rounded up for labor and girls for brothels.[42]

In the case of women, the exploitation seems to have been more complicated and is even harder to reconstruct. Women were also exploited as sexual slaves or 'comfort women' (Jpn, Jugun Ianfu). From the little that is known it is clear that the Javanese girls sent to Borneo met Filipina girls there.[43] Taiwanese women were even found in Sumatra.[44] Data for South Sulawesi stated that 223 women had been working there,[45] 72 of whom were (local) Toraja

33 Y. L. Lee, 'The Population of British Borneo', *Population Studies*, vol. 15, no. 3, March 1962, p. 227.

34 B. Reece, *Masa Jepun: Sarawak under the Japanese 1941-1945*, Kuching, Sarawak Literary Society, 1998, p. 150.

35 Pasukan Penyilidik Jabatan Sejarah Universiti Malaya, *Kajian Sejarah Labuan 1800-1984*, Labuan, Perbadanan Labuan, n.d., p. 286.

36 R. T. Jose, 'Labor Usage and Mobilization during the Japanese Occupation of the Philippines, 1942-1945', in P. Kratoska (ed.), *Asian Labor in the Wartime Japanese Empire: Unknown Histories*, New York, Routledge, 2015.

37 One example of a local study is found in F. Dhont, 'A Case of Romusha in Yogyakarta,' in T. J. Conners et.al. (ed.), *Social Justice and Rule of Law: Addressing the Growth of a Pluralist Indonesian Democracy*, Semarang, Diponegoro University Publisher, 2011, pp. 493-514.

38 A. I. Kurasawa, 'Mobilization and Control: A Study of Social Change in Rural Java, 1942-1945', PhD thesis, University of Cornell, 1988, p. 258.

39 S. Sato, *War, Nationalism, and Peasants: Java under the Japanese Occupation 1942-1945*, Armonk, M.E. Sharpe, 1994, p. 157.

40 A. I. Kurasawa, 'Mobilization and Control: A Study of Social Change in Rural Java 1942-1945', PhD thesis, University of Cornell, 1988, pp. 259-260.

41 T.S Monks, *Brunei Days*, Sussex, Book Guild, 1992, p. 149.

42 Monks, p. 147.

43 G. Hicks, *The Comfort Women: Japan's Brutal Regime of Enforced Prostitution in the Second World War*, London and New York, W.W. Norton & Co., 1994, p. 144.

44 Hicks, p. 140.

45 Y. Yoshimi, *Jugun Ianfu Shiryoshu*, Tokyo, Otsuki Shoten, 1992, p. 367.

women and 49 came from Java.[46] Soldiers' testimonies also provided information reinforcing this mix of local and imported 'comfort women'. One testimony by a soldier, Kayasama Yoshikichi, stated that where he was based there were Japanese, Korean and local 'comfort women'.[47] In fact, between 670,000 and 1 million Koreans were brought to Japan as forced labor since 1939, including women, some of whom would end up as comfort women in the Japanese empire.[48] To the credit of the Philippines government the special position of the Philippines as an independent country protected the export and exploitation of Filipino laborers.

It is important to remember that the conditions on the ground were very different in the territories controlled by Japan. The acquisition of resources was a major Japanese policy,[49] while these resources were not uniformly distributed in Southeast Asia. Borneo was oil rich and oil was an essential and scarce resource for the Japanese fleet. This oil rich area was also very sparsely populated hence the need to import workers. In Brunei and Miri this created a situation where the Japanese focus on oil extraction there necessitated the importing of workers as the population of British Borneo was not large enough or concentrated enough to support Japanese labor needs. These elements influenced how the Japanese occupation would later affect the post-war historical memory of the Bruneians and the people of Borneo. In a similar fashion, the sparse population density of the Navy territories of Eastern Indonesia would create somewhat less friction with the local population as compared to Java. It seems clear that the collective memory of World War II was territorially based but has become, through historiography and narration, a narrative of suffering at the hands of the Japanese.

The same dynamics played out across insular Southeast Asia. The availability and nature of the resources that the Japanese wanted colored the experience of the war in the region. Luzon and Java were densely populated compared to Borneo. Some estimates state that Mindanao only held 1 million people of the total 18 million of the Philippines.[50] Such factors had a tremendous influence on how the Japanese would interact with the local population and how these then came to view the Japanese. Where the Japanese extracted resources but did not have to rely too heavily on or victimize the local population there was less resentment against the Japanese. The inherent tension of the principles of the Japanese administration of respect for indigenous practices yet inflicting economic hardship caused by resource extraction was mitigated where foreign workers were introduced in large numbers. The example of the rebellion led by Albert Kwok in North Borneo indicated that fear and resentment of exploitation of locals for labor triggered rebellion. Yet for guerrilla warfare and effective resistance to be possible, the actual proximity to the front mattered greatly. What was so different between the Philippines, the Netherlands Indies and British Borneo was the fact that in the Philippines resistance was widespread and organized. Even in Mindanao resistance was very important.[51]

46 Yoshimi, p. 368.

47 Y. Kasayama, 'Korean Guard' in H. T. Cook and T. F. Cook (eds.), *Japan at War: an Oral History*, New York, The New Press, 1992, p. 116.

48 A. Juretsu, 'Forced Labor' in H. T. Cook and T. F. Cook (eds.), *Japan at War: an Oral History*, New York, The New Press, 1992, pp. 192-193.

49 H. J. Benda et al., *Japanese Military Administration in Indonesia: Selected Documents*, New Haven, Yale University Southeast Asia Studies, 1965. Document 1, Principles governing the Administration of Occupied Southern Areas, p. 1.

50 M. S. Vallejo, *The Battle of Ising: The Untold Story of the 130th Infantry Regiment in the Liberation of Mindanao and the Philippines 1942-1945*, Quezon City, New Day Publishers, 2015, p. 17.

51 See J. H. McGee, *Rice and Salt: A History of the Defense and Occupation of Mindanao During World War II*, San Antonio, The Naylor Company, 1962.

In British Borneo there were several successful resistance movements.[52] In Indonesia pockets of resistance flared up, such as in Pontianak, only to be quickly extinguished. Only in Papua, close to the war front, did some of the Dutch manage with some degree of success to effectively organize resistance against the Japanese. Other areas were largely passive as the distance from outside support weighted heavily. The Pontianak massacres where many sultans were killed on suspicion of resistance showed how ruthlessly the Japanese could act.[53] They also showed how little could be done to stop the Japanese when the local population was too far from Allied support, which was essential to any viable and durable resistance. The Filipino resistance fighters of course had support from American submarines. Neither the British nor the Dutch could match or even come close to such logistic support and this goes a long way to explaining why local resistance movements were not that successful outside of the Philippines. It would be wrong to assume that the indigenous population outside of the Philippines did not have the strength to resist; other factors also played a role.

Differences in Local Indigenous Responses to the Japanese: Resistance and Accommodation

The British in British Borneo did not experience a unified front of indigenous forces articulating political demands. There was no single area of British Borneo to begin with as conditions in Brunei under a local Sultan were different from the relatively small Labuan island part of the Straits Settlements. The Kingdom of the Brooke Rajas had been in existence for 100 years and the area that is now referred to Sabah was ruled by a trading company. There was very limited national feeling that could grow. In the Philippines as well as on Java, where intellectuals of the whole of the Netherlands Indies would meet and study, this was clearly more the case as a national identity had crystallized more. The Philippines and Java were densely populated, politically active and somewhat developed in the era before World War II yet a very different war experience would become part of the historiography in each of these contexts.

As labor was clearly one vital resource extracted from Java and then exported to various areas all over insular Southeast Asia it is striking that in the Philippines laborers were not sent abroad to that extent. The fact that the Japanese gave independence to the Philippines in 1943 and gave responsibility for the labor policy to the Filipino government must have weighed in here.[54] The attitude of the Javanese in accommodating the Japanese when asked to by Imamura would seem to have had negative results as there seems to be a paradox here where Java was exploited more ruthlessly. In the case of British Borneo where the main resource was oil, population density was so low that workers had to be imported anyway, but even there resistance paid dividends. The rebellion in what is now Sabah caused the Japanese to bring in workers from Java and not exploit the local girls.[55] In the Philippines, resistance occurred and this almost immediately put tremendous stress on the Japanese sol-

52 T. Harrisson, *World Within: A Borneo Story*, Oxford, Oxford University Press, 1959.

53 K. G. Ooi, *The Japanese Occupation of Borneo, 1941-1945*, New York, Routledge, 2011, pp. 102-107.

54 Ricardo T. Jose, 'Labor Usage and Mobilization during the Japanese Occupation of the Philippines, 1942-1945' in P. Kratoska (ed.), *Asian Labor in the Wartime Japanese Empire: Unknown Histories*, New York, Routledge, 2015, p. 267.

55 M. Hall, *Kinabalu Guerrillas: An Account of the Double Tenth Rising against the Japanese Invaders in North Borneo*, Kota Kinabalu, Opus Publications, 2009, p. 94.

diers. The Indonesian passivity toward the Japanese has to be seen in relation to the local political context before the war.

While the Americans had supported the Philippines in the process of gaining independence, in Java the Dutch had missed an opportunity for goodwill with the Indonesians that would cost them dearly when the Japanese attacked. The Dutch had even refused the Indonesians a minor form of self-government. The Sutarjo Petition in 1936 was a very minor appeal to gradually allow more self-government for the Dutch East Indies within the Dutch Empire but these minor requests were blatantly rejected on 16 November 1938.[56] The Americans in the Philippines in striking contrast had been seen to be on a clear political trajectory of Filipino independence. The Japanese advertised the independence of the Philippines but they could not deny that the USA had promised this already for 1946.[57] Another element to evaluate was the strength of the armed forces. In July 1941 the Dutch set up an Indonesian militia to aid the Dutch armed forces and the total number of Dutch armed forces rose from about 70,000 people in 1940 to 122,000 in March 1942, about half of them on Java.[58] Ironically, the Americans only had 31,000 US Army troops (including 12,000 Filipinos) and an extra 120,000 troops in poor shape in the Philippines Army.[59] These numbers therefore do not seem to be all that different. This makes it even more striking that the Philippines resisted so massively whereas the Javanese forces seemed to have melted away.

The Japanese policy was clear: "(...) the native inhabitants of the Southern areas shall be guided to assume their proper places and cooperate in the establishment of the Greater East Asia Co-Prosperity Sphere under the leadership of the Empire."[60] The same document later goes on to state that efforts were made to limit the impact of the war on the indigenous population as long resources can be extracted and areas made self-sufficient but also clearly spells out that "(...) no measures shall be taken for the sole purpose of placating the natives. At the same time, care shall be exercised not to encourage nationalist movements."[61] This created the ironic situation that Indonesia as country that supported Japan to an extent was not being helped at all in its goal of independence whereas the country that resisted was in fact made independent. On 23 January 1942 Japan announced that if the Philippines cooperated with Japan it would become independent.[62]

Ironically for Indonesia this policy of accommodation toward Japan did not pay off as the country suffered enormously in the war. This suffering was carried mostly by the ordinary local poor people, where men and women became Romusha laborers and Ianfu comfort women. In British Borneo the local population also suffered but more so the Allied soldiers who were imprisoned there. In the Philippines the suffering caused by the war is portrayed to be more the result of a heroic struggle against the Japanese.

56 B. H. M. Vlekke, *Geschiedenis van den Indischen Archipel*. Roermond-Maaseik, J.J. Romen & zonen, 1947, pp. 450-451.

57 R. T. Jose (ed.), *World War II and the Japanese Occupation*. Quezon City, University of the Philippines Press, 2006, p. 144.

58 R. Van Maaren and H. Eijgelshoven, 'Ons Indië Prooi van Japan', in B.R. Immerzeel and F. van Esch (eds.) *Verzet in Nederlands-Indië tegen de Japanse bezetting 1942-1945*, Den Haag, Uitgeverij Koninginnegracht, 1993, pp. 21-22.

59 C. Porter, 'New Light on the Fall of the Philippines' *Pacific Affairs*, vol. 27, no. 4, Dec 1954, p. 372.

60 H. J. Benda et al., *Japanese Military Administration in Indonesia: Selected Documents*, New Haven, Yale University Southeast Asia Studies, 1965. Document 6: Outline of the Conduct of Military Administration in Occupied Areas, p. 26.

61 Benda, Document 6: Outline of the Conduct of Military Administration in Occupied Areas, pp. 29-30.

62 R. T. Jose (ed.), *World War II and the Japanese Occupation*, Quezon City, University of the Philippines Press, 2006, p. 114.

The Philippines has a genuine pride in this resistance whereas in Indonesia resistance was largely symbolic in national historiography. In the Philippines outside support helped but for Indonesia this failed to materialize because the country was too far removed from any supply line and the head of the Allied administration responsible in the area was not American but British with far less resources at his disposal. The extent of the resistance in the Philippines is clear from the numbers. Figures from 1964 state that 127,200 Japanese troops were active in the Philippines on 15 August 1945 and 486,600 Japanese (368,700 Army and 117,900 Navy personnel) died in the Philippines with another 12,000 dying later.[63] Data for Indonesia show that only 10,000 troops were to guard Java in Indonesia in late 1942.[64] In British Borneo the numbers show three infantry battalions of which a large number of these troops were later withdrawn in mid-1943.[65] These are preposterously low numbers but are clearly indicative of how the Japanese maintained a degree of confidence in their rule of British Borneo and Java that they did not have in the Philippines. Many Japanese troops in Indonesia were active in the Eastern areas of Indonesia and specifically on Papua Island where the front lines were but there were tremendous differences in the political and security contexts of the Philippines in comparison to British Borneo and Indonesia.

In Manila President Quezon told Jose P. Laurel that the Filipinos should cooperate with the Japanese if needed and try to keep the Philippines together to protect the population.[66] In Indonesia this was different to an extent. Contrary to President Quezon who was in a position of political authority before the war, the political activists Sukarno and Hatta had been imprisoned by the Dutch for many years when the Japanese released them from jail and popular support for the Dutch colonial power was far less widespread. In Indonesia, the policy of supporting the Japanese would not be seen as treason but more as a forced compliance. This was not that different from what happened with some politicians in the Philippines. Vargas as Mayor of Manila also had to comply with the Japanese demands of: keeping law and order and restoring utilities; regulating movement of goods in and out of Manila; supervising enemy nationals; procuring labor and resources for the Japanese; surrendering firearms; continuing relief works and accepting Japanese directors and experts in the administration.[67] Emilio Aguinaldo stated also that the guerrilla people from the USAFFE should stop their efforts.[68] In British Borneo the Japanese administration did not involve the need for large-scale administration. The Japanese did replace the Europeans as the elite but utilized the system of indirect ruler were local indigenous leaders remained in place.[69] There were signs that the Philippines did have some degree of decision making power. Jose P. Laurel also stated that he could not comply with the request of the Japanese to declare war on the USA after the independence and the Japanese accepted this position.[70]

It is clear that the Japanese implemented these policies in an attempt to appease the Fili-

63 K. Kiyofumi, 'White Flag', in H. T. Cook and T. F. Cook (eds.), *Japan at War: an Oral History*, New York, The New Press, 1992, p. 373.

64 G. S. Kanahele, 'The Japanese Occupation of Indonesia: Prelude to Independence', PhD thesis, University of Cornell, 1967, p. 65.

65 B. Reece, *Masa Jepun: Sarawak under the Japanese 1941-1945*, Kuching, Sarawak Literary Society, 1998, p. 54.

66 R. T. Jose (ed.), *World War II and the Japanese Occupation*, Quezon City, University of the Philippines Press, 2006, p. 111.

67 Jose, pp. 112-113.

68 Jose, p. 117.

69 K. G. Ooi, *Rising Sun over Borneo: The Japanese Occupation of Sarawak 1941-1945*, Houndmills, Macmillan Press, 1999, p. 47.

70 R. T. Jose (ed.), *World War II and the Japanese Occupation*, Quezon City, University of the Philippines Press, 2006, p. 156.

pinos who had already obtained a stronger position politically than the Indonesians had obtained from the Dutch and were inclined to keep cooperating with the Americans. In Java and Indonesia the Japanese clearly did not provide the same degree of autonomy or limit exploitation as they seem to have done in the Philippines. The pre-war conditions seem to have been responsible for this difference in resistance as well as the proximity of the Allied forces during the development of resistance. Some estimates state that 518.000 Japanese soldiers died in the Philippines.[71] This was unthinkable elsewhere in insular Southeast Asia, where resistance was far more subdued and not at all widespread and instantaneous. In Indonesia there was some resistance by Dutch soldiers who were quickly rounded up. In Borneo there was minimal colonial resistance against the Japanese when they attacked. Resistance here took the shape of trying to destroy the oilfields in British Borneo and Dutch Borneo. This was done in Miri-Seria in British Borneo.[72]

In the various layers of Filipino society and throughout the political spectrum resistance was widespread from the start. The United Front that formed in 1942 was anti-Japanese but pro-American and willing to organize.[73] About the leftwing Hukbalahap Ricardo T. Jose wrote: "The Hukbalahap was a revolutionary organization, seeking not just to oust the Japanese, but also to achieve a more equitable distribution of wealth. The USAFFE guerrillas on the other hand, sought to restore the pre-war, or peace time, order."[74] Here again there is a clear difference with Indonesia where the Indonesian Communist Party was forbidden since 1927 and many communists were exiled in Papua in the notorious *Boven Digoel* camp. In the Philippines, the Communist Party and the Socialist Party merged in 1938 after some Communist leaders were pardoned.[75] This created an atmosphere of greater political sympathy for the colonial power when the Japanese invaded. In March 1942, the Hukbalahap had come in contact with MacArthur.[76]

In British Borneo the indigenous resistance was concentrated largely around one major incident that occurred in what is now Sabah. Albert Kwok led this rebellion and made contact with the Sulu Provincial Governor in April 1943.[77] This provided reinforcements and allowed him to more effectively organize the resistance. The actual attack is extremely minor compared to the scale of resistance in the Philippines. On the 9th of October 1943 Albert Kwok lead an attack on Jesselton (now Kota Kinabalu) and the next morning on 10 October 1943 the guerrillas captured the town.[78] The bulk of these troops were about 300 Chinese but support also came from Sulu, while many Bajau and Dusun tribes did not support the rebels.[79] This effectively killed the momentum of the rebellion and on 19 December

71 S. Nakano, 'The politics of Mourning', in S. Ikehata and L. N. Yu-Jose (eds.), *Philippines-Japan Relations*, Quezon City, Ateneo de Manila University Press, 2003, p. 343.

72 B. Reece, *Masa Jepun: Sarawak under the Japanese 1941-1945*, Kuching, Sarawak Literary Society, 1998, p. 27.

73 B. J. T. Kerkliet, *The Huk Rebellion: A study of Peasant Revolt in the Philippines*, Quezon City, Ateneo de Manila University Press, 2014, p. 111.

74 R. T. Jose (ed.), *World War II and the Japanese Occupation*, Quezon City, University of the Philippines Press, 2006, p. 262.

75 T. A. Agoncillo, *The Fateful Years: Japan's Adventure in the Philippines 1941-1945*, Diliman, University of the Philippines Press, 2001, p. 622.

76 Agoncillo, p. 631.

77 M. Hall, *Kinabalu Guerrillas: An Account of the Double Tenth Rising against the Japanese Invaders in North Borneo*, Kota Kinabalu, Opus Publications, 2009, p. 33.

78 Hall, p. 55.

79 Hall, p. 57.

1943, 100 Japanese soldiers crushed the remnants of the rebel group.[80] One day later military support from the Philippines arrived but it was too late.[81] This one incident was the largest that occurred in British Borneo and that was indigenously led. One effect was that the rebellion did cause the Japanese to maintain about 25,000 men in the region.[82]

Although the resistance in North Borneo is totally minor compared to that of the Philippines, it is again the proximity to the Philippines and the Allied support network that enabled it to even begin to organize. In Mindanao the intelligence the guerrillas provided with a network of more than 80 radios and an organized body of 35,000 guerrillas was a major contribution to the Allied forces.[83] When the rebellion in British Borneo occurred that network was not yet strong enough to extend support despite the geographical proximity between Sabah and Mindanao. Crushed by already weakening Japanese, the rebellion led by Albert Kwok became a major event in East-Malaysian history because of the element of indigenous resistance against the Japanese.

Agas and *Semut* would be military operations mounted by Australian and British secret troops in 1944 to more professionally organize and take up the resistance against the Japanese.[84] In British Borneo and near the end of 1944 a plane from the Philippines brought in the first British special troops with Tom Harrison.[85] The problem however was that the region was too far away for the British to provide logistic military support and the Americans had limited interest in that area with the Dutch even less able to do anything in the region.[86] Indigenous people in the Limbang area would however support the *Semut* operation.[87] In 1945 about 100,000 indigenous people were supporting *Semut.*[88] Japanese would suffer greatly in the area as many were killed and those retreating in February 1945 were constantly harassed in the Jesselton region.[89] From 1945, resistance to and harassment of surviving Japanese troops in Sabah was considerable.

In Java and Sumatra by contrast the Japanese maintained firm control until Japan surrendered on 15 August 1945. In fact, there the Japanese were even ordered by the Allied Forces to play a postwar role as guards for the Dutch civilians in the region in the context of Indonesian resentment towards colonialism.[90] In Indonesia, logistic support of the Allied forces was lacking and all attempts to organize resistance failed. This was also because the pre-war political climate did not make the indigenous population look that favorably upon the former colonial master. Sporadic events of Indonesian resistance recorded in In-

80 Hall, pp. 62-63.

81 Hall, p. 64.

82 Hall, p. 95.

83 M. S. Vallejo, *The Battle of Ising: The Untold Story of the 130th Infantry Regiment in the Liberation of Mindanao and the Philippines 1942-1945*, Quezon City, New Day Publishers, 2015, p.85.

84 T. Harrisson, *World Within: A Borneo Story*, Oxford, Oxford University Press, 1959, pp. 140-141.

85 Harrisson, p. 139.

86 Harrisson, pp. 140-141.

87 Harrisson, p. 216.

88 Harrisson, p. 220.

89 I. Ueno, *An End to War: A Japanese Soldier's Experience of the 1945 Death Marches of North Borneo*, Kota Kinabalu, Opus Publications, 2012, p. 94.

90 I. J. Brugmans (ed.), *Nederlandsch-Indië onder Japanse Bezetting: Gegevens en Documenten over de Jaren 1942-1945*, Franeker, T. Wever, 1960, pp. 616-617.

donesian history are even smaller than in East-Malaysia. The massacre of Emplawas on the Island of Barbar of 5 October 1944 is virtually unknown by Indonesians. Three Japanese had been killed after punishing locals and later the Japanese killed many villagers in revenge.[91] Slightly more familiar to Indonesians today are the incidents of Tasikmalaya and Indramayu where minor uprisings occurred with again only a few Japanese killed.[92] The Peta rebellion of 14 February 1945 by some members of the indigenous Japanese trained militia is most widely known.[93] Their resistance is highly praised after the war and is prominent in Indonesian historiography as this group of Japanese trained Indonesian soldiers became the nucleus of the Indonesian Army. In the Indonesian collective memory of the war victimization is the main component. This is supported by the fact that only very few examples of Indonesian resistance to the Japanese occurred contrary to in the Philippines where resistance by all segments of the population is part of the collective memory of the history of the war and historiography. In Indonesia the resistance of the left-leaning elements of society against the Japanese is largely undocumented and very obscure.[94] Another element lacking in Indonesian historiography is the resistance of traditional rulers such as the Sultan of Pontianak.[95] All of these events were minor however and it is safe to say that Indonesian resistance against the Japanese was slight. Indonesian historiography is yet to fully incorporate the resistance of all groups and elements of Indonesian society that showed such signs. Contrary to the Philippines and even East-Malaysia in 1945 resistance in Indonesia was never organized properly with support from the Allied forces and the pre-war political policies of the Dutch colonial power made the socio-political environment less conducive for resistance.

Conclusion

Insular Southeast Asia experienced administrative simplification and largely uniform policies that the Japanese implemented across the region. These policies were carried out by Japanese administrators who by making slight modifications in the implementation already had an effect on the different areas in which they were active. It is however the local factors that largely determine how the war is perceived today in historical memory and the historiography of East-Malaysia, Indonesia and the Philippines. This paper has shown that local factors of proximity to the front and differences in local resources that influenced the form of local exploitation by the Japanese had a tremendous impact on how the Japanese occupation played out and would later come to be perceived. The attitude of the local political elites and the general population in reaction to the specific resources the Japanese would exploit as well as the political reality before the war in each of these countries were also tremendously important.

91 H. Janssen, *Schaamte en Onschuld: Het Verdrongen Oorlogsverleden van Troostmeisjes in Indonesië*, Amsterdam, Nieuw Amsterdam Uitgevers, 2010, pp. 122-123.

92 A. I. Kurasawa, 'Mobilization and Control: A Study of Social Change in Rural Java, 1942-1945', PhD thesis, University of Cornell, 1988.

93 N. Notosusanto, *Pemberontakan Tentara Peta Blitar Melawan Jepang*, Jakarta, Pustaka Jaya, 1984.

94 Some work here has been done by A. E. Lucas, 'The Bamboo Spear Pierces the Payung: the Revolution against the Bureaucratic Elite in North Central Java in 1945', PhD thesis, Australian National University, 1980.

95 K. G. Ooi, *The Japanese Occupation of Borneo 1941-1945*, London and New York, Routledge, 2011, p. 104-107.

The Philippines, through resistance, managed to obtain privileges and some degree of autonomy, whereas Java and Indonesia more broadly by being more accommodating in allowing the population to be exploited paid a heavy price for very limited political gain. A mitigating factor was however that any attempt to resist was bound to fail as it was not aided by the Allied support network that was so much closer to the Philippines and even Sabah compared to Java where most Indonesian nationalists were based. Java also did not have the advantage that British Borneo had where the Japanese were largely interested in exploiting the oil resources and in doing so exerted less pressure on the indigenous population of British Borneo.

The Philippines resisted the Japanese and managed to do so both by combining right and left-leaning groups with the support of the Americans. These groups largely liberated their own country and took great pride in these events. This then became part of Filipino historiography and historical memory. In Borneo the resistance was mostly lead by British and Australian trained indigenous people from the interior of Borneo Island. There was also an element of Chinese resistance that now forms a source of pride for the Chinese community in East-Malaysia and has received a place in local historiography. The historical memory of the war in the region is of suffering but not of specific victimization of the indigenous population. In the case of Indonesia, political accommodation to Japan was considerable. Indonesian historical memory was clearly influenced by the Japanese exploitation since victimization is prevalent in that memory. Indonesian historiography is still very rudimentary yet essentially reflects the lack of political desire to resist the Japanese following disappointment with the colonial rule of the Dutch. The variables of proximity to the war front where Allied logistic support could be brought in as well as the existence of the political will to resist the Japanese seem to have been the paramount ingredients that explain why the Philippines resisted and the Indonesians largely did not. In East-Malaysia the exploitation was directed more towards the extraction of oil as a resource and the population was spared from excessive victimization. These individual circumstances and events therefore highlight the different national identities shaped during the Japanese occupation where Japanese uniform policies met national uniqueness. As a result the local historiography and national memory of each country reflect the Japanese occupation very differently despite the uniformity of Japanese policies implemented at that time throughout Southeast Asia.

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Франк Донт

Јапанска окупација острвске југоисточне Азије: јапанске политике хомогенизације и локални национални идентитети у Британском Борнеу, Филипинима и Холандској Индији

Апстракт

Овај рад истражује јапанску окупацију у земљама поморске југоисточне Азије и упоређује локални национални идентитет Британског Борнеа, Филипина и Холандске Индије са јапанским административним политикама које су деловале као фактор хомогенизације. У чланку се наводи да су Јапанци применили административно поједностављење и униформност политика током рата. Ово се у великој мери супротставља разликама у националној историографији и историјском сећању на Други светски рат у Источној Малезији, Филипинима и Индонезији. Аргументује се да ове разлике произлазе из разлика у примени политика, контексту и одговора народа у појединачним земљама према јапанским политикама за југоисточну Азију. Ове разлике су, дакле, рефлексије појединачних националних идентитета.

Кључне речи: *Јапан, II светски рат, политике, национални идентитет, Борнео, Малезија, Филипини, Индонезија*

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Review article

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*Nako Stefanov**

*People's Republic of China - Formation as Geopolitical and Geo-Economic Power and Challenges of the Future***

Abstract

China development model, formed after the start of Deng Xiaoping reforms, has changed not only China, but also the world. After the collapse of USSR in the 90-s of XX century the only remaining superpower the USA has announced XXI century as "American century". Meanwhile under "Chimerica" format PRC accumulated socio-economic and technological potential. During the "Global crisis" became clear that China already has created a model superior in comparison to the dominant around the world neoliberal model.

At the time of the "Global crisis", the symbiotic relationship of China and America started to decline. Today PRC is focusing on restructuring the economy, thus enhancing economic quality and efficiency. The model is hard to change through stimulus policy. So the change is causing a downward economic pressure.

The cost of this restructuring is slower economic growth. As such, China is undergoing a new normality and new balance. Through enhanced economic quality and efficiency China can expect sustainable and healthy economic growth. Today on global level already crystalized the understanding that new development, based on innovations has to orient to such technologies like nanotechnology, biotechnology, new sources of energy, as well as 3-D printers as key manufacturing fundament.

In China, is possible the initiative "One Belt – One Road" or "New Silk Road" to become the nucleus of such oriented to high technologies and innovations model. This initiative accumulates all the prerequisites for the formation of innovation dynamic. From such point of view "One Belt – one Road" project turns from one side to be an overall innovation platform.

At the same time from other side this project includes "a geocentric sense of the of mankind's existence". The XXI century has to be the century of spirituality based on cooperation and joint efforts through which must be overcome conflict and hostility. From this perspective, one can say that the project "One Belt - One Road" can and must play the role of geostrategic revolution since its purpose is the cooperation of many countries and peoples.

Key words: *People's Republic of China, China development model, new development model based on innovations and ultra-high technologies, "One Belt – one Road" project, geopolitical and geo-economic revolution.*

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Introduction

Under the conditions of the deepening of turbulence and chaos at global level, the issue of creating pillars of sustainable development becomes a key issue for all humanity. From this point of view, the problems of the economic and technological dynamism of China are undoubtedly important and relevant topic given the fact that according to the amount of GDP[1], calculated on purchasing power parity, the country is the largest economy in the world. Some Western researchers frankly acknowledge, "The slowing economic dynamism of China increased investor risk worldwide."

The purpose of the present report is to examine the socio-economic dynamism of PRC, including such a platform as "One Belt – one Road" project, which marks undeniably a new situation in the world, filled with both problems, but also perspectives. The following main tasks structured in the major sections of the report attain this goal, namely:

1. The PRC Dynamism under the reforms - basic characteristics, terms, conditions and reasons;
2. Socio-economic, technique-technological and others problems related to the new stance attained by the China Dynamism;
3. Prospects related to the geostrategic project "One Belt –one Road" as overall innovation platform.

Basic methodological approaches used in this material are:

◊ System-structural approach, which sees objects in question as "systems", i.e. as a set of interrelated components creating one whole. The components of the system are structured in the complex of internal environment in relation to which all other objects are external environment;
◊ Historical approach – all phenomenon - natural or social cannot be fully understood unless we see it in terms of its development over time;
◊ Logical approach - assumes search of "logic", i.e. the scheme based on which is formed and is functioning the phenomenon that is under research;
◊ Geopolitical and geo-economic platforms - the inability to understand phenomena in a sociopolitical and socio-economic context without taking into account the geographic and natural conditions that form the civilization framework of development.

The People's Republic of China Dynamism under the reforms - basic characteristics, terms, conditions and reasons

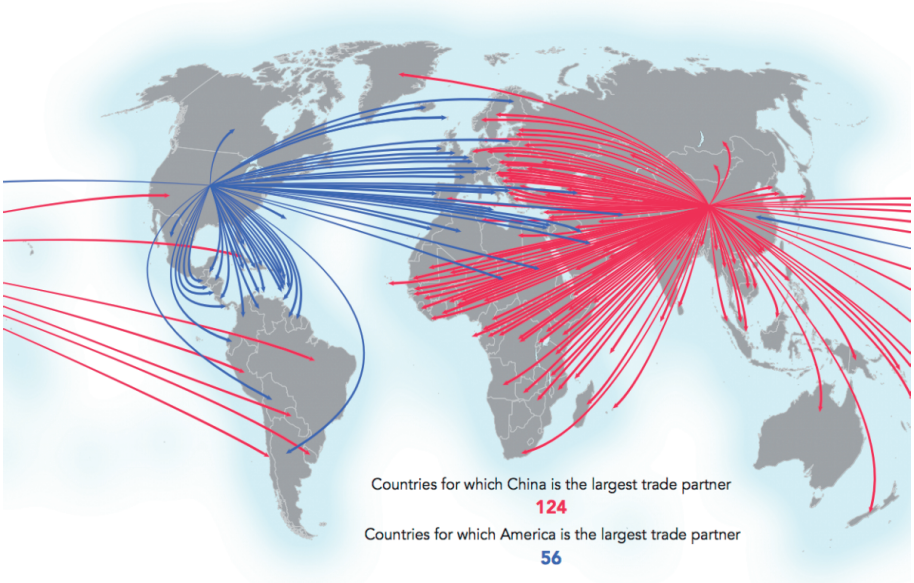
China development model, formed after the started by Deng Xiaoping reforms, demonstrated in a period of more than 30 years between 1978 and 2011 an annual growth of 10%, and between 2003 and 2007 of 11.5%. Within this period, China realized the tran-

1 It should be keep in mind that the chief statistician of PRC refutes that "the Chinese GDP exceeded that of the US, evaluated according to the criterion of purchasing power parity." Officials quite reasonably pointed out that China is on 89-th place in the world in GDP per capita, which is more accurate indicator of wealth and the development of society. - see in China: Over borrowed and overbuilt / The Financial Times / in http://www.ft.com/intl /cms / s/8b2ce9c4-a2ed-11e4-9c06-00144feab7de.

sition from a relatively closed, centrally planned model of economic dynamism to a market oriented one, realizing simultaneously successful integration into the international system of division of labor.

The reforms began with the gradual abolition of such forms of agriculture cultivation as "people's communes", production teams, etc., and move mainly to family forms of work in the village. Simultaneously, gradually was conducted price liberalization, fiscal decentralization, increased autonomy for state enterprises, as well as significant increase in the private sector, development of stock markets and establishing a modern banking system. At the same time PRC "opened outwards", i.e. attracted foreign direct investment (FDI) and boosted foreign trade, which began to play the role of "locomotive" of economic dynamism.

Figure 1. **China is the world's #1 trade partner**



Source: http://www.visualcapitalist.com/four-maps-showing-chinas-rising-dominance-trade/

The results of this economic policy of the Chinese Communist Party (CCP) and the Government of the PRC are as follows: China began to play an important role on the world stage - in 2010, the PRC became the largest exporter in the world. At the end of 2014, the country became the first global economic power with gross domestic product (GDP) from 17.63 trillion US$, calculated at PPP - purchasing power parity. This is a more than tenfold increase in GDP since the beginning of reforms in 1978. At the same time significantly increased the income per capita - in 2014 it was already US$ 12.900, which, according to CIA means 113 place in the world. In that field, there is still a lot to attain, as this is below the average level of the world.[2]

2 Here and further numbers are according to https://www.cia .gov/library/publications/the-world-fact book/geos/ch.html).

In spite of these undoubted successes in the economic dynamics, the PRC faces many challenges. In recent years, we are witnessing the emergence or strengthening of a number of negative trends such as reduction in the rate of domestic savings, which contains the threat of a reduction in domestic consumption. Another negative point is related to the fact that the Chinese debt roses sharply from 14 trillion US dollars in 2008 to 25 trillion in June 2014.

We have to recall that the "weaker yuan" is one of the key factors for the Chinese success over the past 30 years. Thanks to the "weak yuan", Chinese goods form competitive advantages and are selling worldwide. On this basis, China generates significant trade surplus, i.e. achieved a positive balance in foreign trade and accumulate considerable resources, especially in US dollars.

By 2005, there was a fixed exchange rate of the yuan against the dollar and other world currencies. However, under pressure from the US and other Western countries, Beijing started so-called regime of controlled floating exchange rate of the national currency. First important condition for this mode is that the fluctuations in the exchange rate of the yuan should be minimal so as not to disrupt national production and trade.

Second, it is that the yuan should be "cheap" currency. This requires so-called currency intervention. In this case, it means trivial purchase of dollars by the People's Bank of China, i.e. creating artificially high demand for the US currency. Hence, the high dollar and low exchange rate of the yuan. Nevertheless, foreign reserves in dollars China can hardly to transform into real assets. PRC is trying to do it by sending a portion of their reserves in special (sovereign) funds. Through them, China strives to realize the accumulated currency not only in government securities and bank deposits, but also in units and shares of foreign companies in the real sector of the economy. However, the United States and other Western countries prevent in a variety of ways this kind of investment by introducing various restrictions and prohibitions on investment by the sovereign funds on the pretext of "protecting national security". On the background of the above is the process of conversion of Chinese currency reserves into gold. There are doubts that the amount of gold reserves of China does not meet the official Chinese statements, but is several times larger. We should not forget also that at the same time the most part of Chinese foreign exchange reserves in dollars does not "work" for China but do work for the US, which receive virtually interest-free loan from China. In fact, we can talk about "hidden" financial war between the dollar and the yuan.

However, for the period 2007-2013, the current account surplus of China decreased from 10% of GDP in 2007 to 2.1% in 2013, which is 0.5% lower than in 2012. That is, the lowest level in nine years. In the first quarter of 2014, the current account surplus was US$ 7.2 billion. This is much less than the US$ 55.2 billion in the same period of the previous year. This is much less than the surplus in the fourth quarter of 2013. This tendency is supposed to maintain at least in short term. Over the past five years in developed countries - the US, Japan, Germany, etc., declare policy of reindustrialization aimed to regain the leading position in international trade. For example, US manufacturing grew at an average rate of 4.3% between 2011 and 2012, ahead of the average pace of 4.1% between 2002 and 2007. Moreover, the average rate of growth of production of durable goods during the same period - 2011-2012, amounted to 8%, which is much higher than the 5.7% growth in

2002-2007. Because of the ongoing appreciation of the yuan, Chinese goods began to lose its share on the US market. The same is happening in China's relations with other developed economies. In 2013, the proportion of Chinese exports to the traditional markets of developed countries decreased to 37.6% from 40% in 2012. This trend continued in 2014.

Meanwhile started another process – the shifting of labor-intensive industries, which come from West FDI from China to countries such as Vietnam, India, Mexico and other regions, due to their lower costs compared with China. Goods produced by ASEAN, India and Mexico are beginning to replace Chinese manufactured goods at much lower cost.

Socio-economic, technique-technological and others problems related to the new stance attained by the China Dynamism

The new stance attained by China Dynamism brings new problems. First, one is the significant increase of the debts of regional administrations because investing actively in civic projects in the previous period prevents today such a move. Simultaneously, the central government declared that it would not intervene in the market economy. It decided gradually to lower the level of government control and implement structural reforms, as the market forces have to decide the fate of non-competitive companies. Perhaps with confidence we can say that the authorities decided to reduce unjustified loans.

On the background of the above policy, the first bankruptcy of a big state company in China happened. "Baoding Tianwei", a subsidiary division of China South Industries Group announced that it cannot repay their own bonds of 13.8 million US$.[3]

There is also a crisis of real-estate market. In March 2015 in all 70 largest cities are seen falling prices. This fall is accelerating. At the beginning of November 2014, it was 1.1%. Six months later, it was 5.8%. Together with the bubble of real estate market began to "inflate" another bubble – that of market securities. Shanghai share index CSI300 composite jumps in February 2015 twice compared to July 2014. In April 2015, the average daily turnover of the 100 liquid Chinese stocks reached 400 billion yuan (US$65 billion), which is equivalent to the volume of the 100 liquid shares of the US.

At the end of 2015, the debt of local authorities was near 21 trillion yuan[4]. This debt rose after the central government prohibits local leaders to issue obligations. Despite the slowdown in growth rates in 2014, the volume of loans by the local administration does jump up. In 2014, they sold bonds amounting to 1.66 trillion yuan. For each of the previous two years the volume of such sales was 900 billion of yuan.

Corporate China sits on US$18 trillion in debt, equivalent to about 169% of gross domestic product (GDP)[5]. According to Bloomberg, similar situation was in South Korea before the "Asian financial crisis in 1997-98". China is taking measures to expand the opportunities

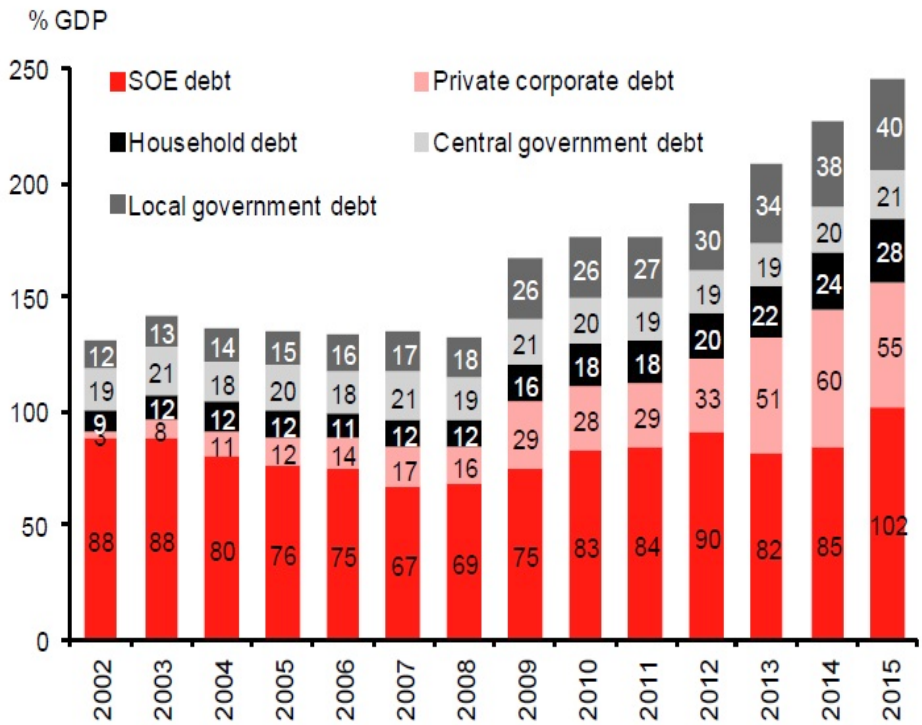
3 China Sees First Bond Default by State Firm With Tianwei в http://www.bloomberg.com/news/articles/2015-04-21/china-sees-first-bond-default-by-state-firm-with-baoding-tianwei

4 CEIC, Macquaire Research, 2016.

5 See in http://fortune.com/2016/10/10/china-corporate-debt/

for refinancing of loans to state companies; however, this China does in a selective manner and mainly affects loans to agricultural enterprises. Debt has emerged as one of China's biggest challenges, with the country's total debt load rising to 250% of GDP. [6]

Figure 2. **China's Debt Breakdown**



Source: CEIC, Macquaire Research, 2016.

Simultaneously, it becomes difficult to export huge amount of cheap products, as increased salaries and other costs for employees increase the cost of Chinese goods and lead to a decrease in their competitiveness. It is clear that soon have to say goodbye to the system, provided the country's fastest growth in 30 years.

Certainly, China economy is currently facing a number of potential risks and threats, namely:

◊ Risks arising from the "bubble" in the property;
◊ The debt problems;
◊ The problems in the financial sector related to the "shadow banking";
◊ The overcapacity and insufficient level of innovations.

6 Ibid.

Prospects related to the geostrategic project "One Belt – One Road" as overall innovation platform

Adopted in March 2011, the 12th 5-year guidelines (indicative 5-year plans) of PRC emphasize the need for continued economic reforms and increasing domestic consumption in order to make the economy less dependent in the future of FDI and exports. However, the progress of China in this area is insufficient. GDP growth slowed to 7.7% in 2012 and 2013. In 2014, it was 7.3%. Further, the growth in 2015 was 6.9%. China's economy grew 6.7% in 2016.[7]

At the summit of representatives of the Asia-Pacific Economic Cooperation (Asia-Pacific Economic Cooperation-APEC) in November 2014 in Beijing, the President Xi Jinping for the first time came out with the concept of "New normality ". The "New normality" of the Chinese economy emerged with several important features:

◊ First, the economy changed from oriented to high growth rates to average ones;

◊ Second, the economic structure is continuously improved and modernized;

◊ Third, innovations has to drive the economy instead of investments.

As seen in the goal that innovations has to be the main driver of the economy it is clear that the ultimate goal means creating a new development model. Today on global level already crystalized the understanding that new development, based on innovations has to orient to such technologies like nanotechnology, biotechnology, new sources of energy, as well as 3-D printers as key manufacturing fundament. This new model has get different names among the different countries – the Anglo-Saxon countries called it model of "Third Industrial Revolution". The Germans – Industrie.4.0. In Japan are using the term Society 5.0. The Russians prefer to use the name model of the "Sixth Technological Wave" for the innovation scheme of development.

In China the China Communist Party and country leader Xi Jinping, when visited Central Asia and Southeast Asia in September and October 2013, raised the "New Silk Road" initiative. This initiative is also famous with the name "One Belt – One Road" project. This project includes two main components:

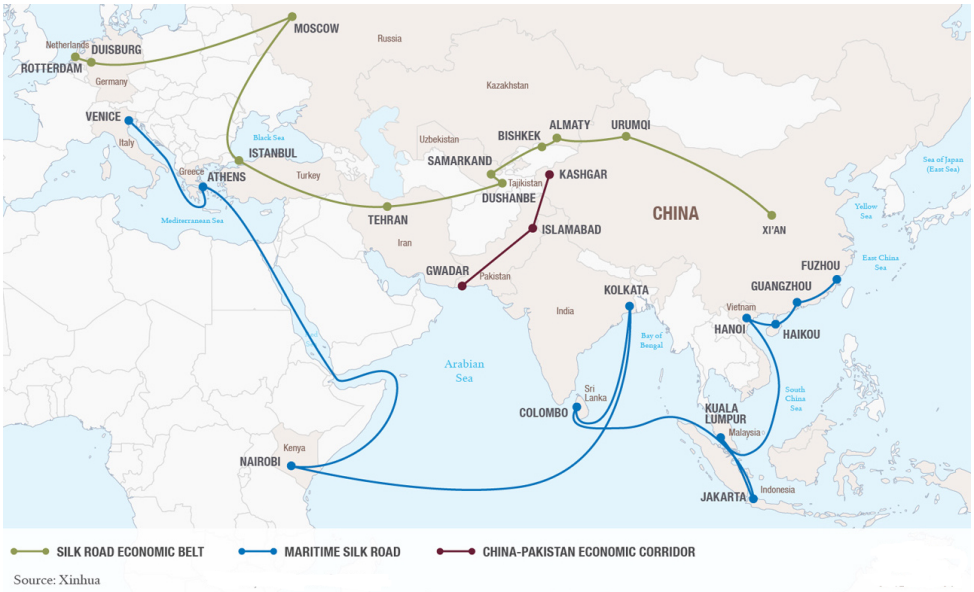
◊ The land-based "Silk Road Economic Belt" (SREB);

◊ The oceangoing "Maritime Silk Road" (MSR).

The "One Belt – One Road" project covers around 60 countries primarily in Asia and Europe, but Oceania and East Africa are also included.

7 See in http://www.tradingeconomics.com/china/gdp-growth-annual

Fig.3. **Map of "One Belt – One Road" project**



Source: CEIC, Macquaire Research, 2016.

There are signs that the "New Silk Road" initiative/ the "One Belt – One Road" project is possible to become the nucleus of such oriented to high technologies and innovations model. This initiative accumulates all the prerequisites for the formation of innovation dynamic. For example, one basic features of the project is the international cooperation in the construction of an information corridor in space. It will encompass the countries around the economic belt of the New Great Silk Road both on land crossing and offshore. This means the following:

- Joint development of satellites for Earth observation, telecommunication links, radio broadcasting and navigation;
- Meteorological satellites and climate-related observation and weather changes;
- Formation of groups of small satellites for space exploration of adjacent territories;
- Construction of terrestrial infrastructure for data reception and telecommunication terminals;
- Support for the control of spacecraft;
- External trade and technical cooperation for the integration of satellites, separate systems, spare parts and electronic components for satellites and carrier rockets, as well as equipment for the objects of the Earth;
- Studies concerning legislation, policy and standards in the space field;
- Preparation of specialists and exchange of people in the field of peaceful absorption of space.

Such features means that it becomes a significant innovative socio-technological platform

not only for the peaceful cosmos, but for overall innovative development. All this testifies that the project "One Belt - One Road" is really is possible to become such nucleus. Of course, there are also other key dimensions of this project, namely:

◊ On the one hand, the "One Belt - One Road" project is a demonstration of China's increased geopolitical and geo-economic power. This power is a reality that the world as a whole has to take into account, whatever those who do not like it, and who for many years have been prophesying that the PRC will fall at any moment, that the "Chinese miracle" is a balloon on which Is about to burst out very soon. Undoubtedly, the PRC has its own problems and some of which are not easy. Nevertheless, it is a fact that China's achievements are significant. Moreover, this definitely creates the basis for an optimistic outlook on the future;

◊ On the other hand, this project is an expression of a powerful and nontrivial geostrategic thinking, manifested by the leadership of the Chinese Communists and the Chinese state, thinking backed by soft power tools as a major mechanism for building the New Silk Road;

◊ One cannot fail to note the important moment that the design and implementation of the "One Belt - One Road" project is, in its essence, a deep geopolitical revolution. As it exchanges an age-old geopolitical paradigm, according to which the key communications spaces (i.e. those through which the main commodity flows) of mankind, as in the past were the Mediterranean Sea and the Atlantic Ocean, and in the future predicted to become the Pacific Ocean, are under the control of the "Forces of the Sea". This determined the attacking strategy of the forces of the Ocean and the defensive strategy of the Terrestrial forces. However, the "New Great Silk Road" project changes the geopolitical balance in the direction of Eurasia. In other words, it creates a network of mutually beneficial relationships and interactions, where the dominant are China, Russia, Iran, etc. ;

◊ It cannot be denied also such a dimension as the fact that the realization of the project means practically an unprecedented in the history of human civilization largest scale interactions under the guidance of the "win-win development", bringing together dozens of nations and countries;

Instead of conclusion

As an overall conclusion we add that the "One Belt - One Road" project includes "a geocentric sense of the of mankind's existence". The XXI century has to be the century of spirituality-based cooperation and joint efforts through which must be overcome conflict and hostility. From this perspective, one can say that the project "One Belt - One Road" can and must play the role of global spiritual revolution since its purpose is the cooperation of many countries and peoples around the world.

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Нако Стефанов

Народна Република Кина - настајање геополитичке и геоекономске силе и изазови будућности

Апстракт

Кинески развојни модел, формиран након започињања реформи Денг Сјаопинга, променио је не само Кину, већ и свет. После распада СССР-а у деведесетим годинама XX века, једина преостала суперсила САД најавила је XXI век као „амерички век". У међувремену, у формату „Chimerica", НР Кина је изградила велики друштвено-економски и технолошки потенцијал. Током „глобалне кризе" постало је јасно да је Кина већ створила модел супериорнији у поређењу са доминантним неолибералним моделом. У време „глобалне кризе", симбиотички однос Кине и Америке почео је да опада. Данас се НР Кина фокусира на реструктурирање привреде, чиме се повећава економски квалитет и ефикасност. Модел се тешко може променити политиком субвенционирања предузећа, па су недостаци овог реструктурирања спорији економски раст. Као таква, Кина пролази кроз „нову нормалност" и нови баланс. Кроз повећан економски квалитет и ефикасност Кина може очекивати одржив и здрав економски раст. Данас је на глобалном нивоу већ кристализовано схватање да се нови развој заснован на иновацијама мора усмерити ка технологијама попут нанотехнологије, биотехнологије, нових извора енергије, као и 3-Д штампача као кључне производне основе. У Кини је иницијатива „Један појас - један пут" или „Нови пут свиле" постао језгро такве оријентације на модел високе технологије и иновација. Ова иницијатива акумулира све предуслове за формирање динамике иновација. Са те тачке гледишта пројекат „Један појас - један пут" прелази са једностране на целовиту иновациону платформу. Истовремено са друге стране овај пројекат укључује „геоцентрично постојање човечанства". XXI век мора бити век духовности заснован на сарадњи и заједничким напорима кроз које се превладавају конфликт и непријатељство. Из ове перспективе се може рећи да пројекат „Један појас - један пут" и може и мора играти улогу геостратешке револуције јер је његова сврха сарадња многих земаља и народа.

Кључне речи: *Кина, кинески развојни модел, нови развојни модел заснован на иновацијама и ултра-високим технологијама, пројекат „Један појас - један пут", геополитичка и геоекономска револуција.*

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*Ljiljana Stevic**

*Soft Power with Chinese Characteristics-Think Tanks and Confucius Institutes as Instruments of Soft Power***

Abstract

In the attempt to project more favourable picture image of country and to explain Chinese views on international relations, Chinese government is adopting Confucius discourse. Its approaches include China peaceful rise and development, promotion of Chinese language and culture through Confucius Institutes (KI) and activities designed to better explain Chinese point of view. One of them is also through Think Tanks explaining that what China is doing is non-threatening. We will present the process of building of national image through selected instruments of soft power and newly adopted discourse promoting Zhongyong[1] dialektics.

The first part will discuss the concept of Peaceful rise and development. The second section explains Think Tanks and tackles both think tanks from China and CEE region. In the third section we will present Confucius Institutes, origin and background and CEE in the region. The conclusion summarizes the article's findings and their implications.

***Key words**: peaceful development, zhongyong, Confucius institute, think tank, Confucius Institute, Soft power, Chinese Dream*

Introduction

Ever since the launch of the "policy of reform and opening", by Deng Xiaoping in the late 1970-ties, as an significant event in the contemporary history of China, we see various academic discussions on the attempt of China to re-emerge as the "Middle Kingdom" when China was one of the key world political and economic actors. Hence there are discussions on China's future as great power, hegemon and assertive Chinese stance.

On the other hand, Chinese scholars are opting for different discourse, more based on the background knowledge which they see as crucial for studying China. In that sense *Zhongyong* dialectics are mentioned as the core component of the background knowl-

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1 Zhongyong means "taking the middle course". The Zhongyong dialectic is a Chinese way of thinking, understanding of the world and principal behavioral norm. According to the dialectics of Zhongyong, the middle course is better than extreme behavior. Further information on Zhongzong see Qin Yaqing, "Continuity through Change: Background Knowledge and China's International Strategy", *The Chinese Journal of International Politics*, 2014, available at: http://cjip.oxfordjournals.org, pp.285-314.

edge.[2] Qin Yaqing[3] in his article explaining the concept of Continuity through Change claims that Hegelian dichotomous structure is perfect realist approach for explaining the western view of China as a hegemon and potential clash with US. In that sense, he is introducing background knowledge as the compulsory knowledge for further research and understanding of the China's international politics and taking the middle course or *Zhongyoung* as the major dialectics applied to Chinese both domestic and international affairs. In a way, this and other similar attempts are offering and providing different views and understandings of international relations not based on the Western tradition and values. The question remains whether the same can be applied in practice. Therefore we shall concentrate on the building of national image and soft power and try to present it using both angles in the attempt to see whether China acts as power in the region we aim to study selected countries (CEE) or it aims to establish balance and harmonious relations amongst countries on the New Silk Road by applying new approach in international relations.

Tackling the concept of soft power, Chinese scholars introduced the new concepts i.e. responsible great power and peaceful rise whilst traditional policies such as "keeping a low profile" and "never seek hegemony" were questioned. "Chinese Dream" concept which means realization of "the great renewal of the Chinese nation" is also one of them.

As stated previously China is trying to project more favourable image thus adopting new approaches. Its approaches include China peaceful rise and development, promotion of Chinese language and culture through KIs and activities designed to better explain Chinese point of view through Think Tanks explaining that what China is doing is non-threatening. We will present the process of building of national image through selected instruments of soft power. In this article we shall attempt to answer the following questions:

◊ What is the Chinese view of soft power?
◊ Does China act as a power in the CEE region or it aims to establish balance and harmonious relations amongst countries on the New Silk Road by applying new approach in international relations?
◊ What are the impacts of think tanks and Confucius Institutes on China's stance in the world and within countries gathered in framework cooperation otherwise known as 16+1?
◊ What are the Think Tanks and Confucius Institutes doing?
◊ How are they thought of outside of China?

The purpose of this article is to understand how the Confucius Institutes and other promotion activities may be helping China promote its goodwill agenda or simply realizing bigger plans and picture.

This article will proceed as follows: the first part will discuss the concept of Peaceful rise and development. The second section explains Think Tanks and tackles both think tanks from China and CEE region. In the third section we will present Confucius Institutes, origin and background and CEE in the region. The conclusion summarizes the article's findings and their implications.

2 Qin Yaqing, "Continuity through Change: Background Knowledge and China's International Strategy", *The Chinese Journal of International Politics*, 2014, available at: http://cjip.oxfordjournals.org, pp. 285-314.

3 Ibidem, p. 286.

China's Peaceful Rise and Development

The State Council Information Office published in December, 2005 a white paper entitled China's Peaceful Development Road.[4] The document is composed of five chapters, i.e., Peaceful Development Is the Inevitable Way for China's Modernization; Promoting World Peace and Development with China's Own Growth; Developing by Relying on Its Own Strength, Reform and Innovation; Seeking Mutual Benefit and Common Development with Other Countries; and Building a Harmonious World of Sustained Peace and Common Prosperity. According to the White Paper on Peaceful Development, "China should develop itself through upholding world peace and contribute to world peace through its own development."[5] It should achieve development with its own efforts and by carrying out reform and innovation; at the same time, it should open itself to the outside and learn from other countries. It should seek mutual benefit and common development with other countries in keeping with the trend of economic globalization, and it should work together with other countries to build a harmonious world of durable peace and common prosperity. This is a path of "scientific, independent, open, peaceful, cooperative and common development".[6]

The objective of the White Paper coincides with the Belt and Road Initiative and 16+1 Framework and various regional mechanism China takes part in or initiates it.

The term and concept of peaceful development is used first of all to reassure the other nations that the rise of the China both military and economically, will not pose a threat to peace and stability, and that other nations will benefit from China's rising power and influence. When we study the leading international relations theorists we see that this concept is viewed as a disguise to hide real Chinese intentions. Hence, Mearsheimer explains this as disguising its rise through the use of peaceful development theory and Confucian culture.[7] Kissinger, on the other hand, is using background knowledge as supported by Chinese scholars, and is turning to the past, and Chinese Empire and tries to explain the synocentric system[8] that ruled in the Central Empire. He explains that Chinese Emperors felt it was impractical to contemplate influencing countries that nature had given the misfortune of locating at such great distance from China. By that he explains China never had interest

4 "China's Peaceful Development Road", *Renmin Wan*, published 22 December 2005, available at: http://en.people.cn/200512/22/eng20051222_230059.html, (accessed on 15 May, 2017).

5 Ibid.

6 "White Paper, China's Peaceful Development", available at: http://in.chineseembassy.org/eng/zt/peaceful/t855717.htm, (accessed 3 May, 2017).

7 John J Mearsheimer, "Can China Rise Peacefully" in *The Tragedy of the Great Power Politics*, University of Chicago, updated version with VII Chapter, London, 2014.

8 Ming dynasty had synocentric view on the world which defined relations with East Asian neighbours. (China saw itself as the "centre" surrounded by "barbarians" who are enlightened by the rule of the Chinese Emperor. Takeshi Hamishata explained the principle of synocentrism as based on the Middle Kingdom which is basically the abstract principle of managing relations between China as the centre and entities at its periphery.The power was central and represented in one person, the Emperor, presiding over Great Secretariat which acted as a "cabinet" and oversaw the work of sic boards. The Government was consisted of eight governors and sixteen provincial governors. Foreign counties were ranked in hierarchy and graded pursuant to the geographic closeness and cultural similarity. There were three zones encompassing Korea, Vietnam, Lou Qiu and Ryukyu islands, Japan and other counties (eighteen in total). The second zone included non-Chinese Asian nomadic people Sulu, Malacca, Sri Lanka and others. The tributary system functioned in a way that it consisted of the network of bilateral relations between China and each individual country paying the tribute and emperor's gift as a mean of exchange between China as the centre and other countries. The tribute paying system changed and evolved from the system of relations and interactions until the institutionalized type of diplomacy during the Ming dynasty. Chinese rule over East Asia imposed by tributary system not only that impacted culture of the neighbouring countries but placed it in the synocentric international system or the system with China in the centre. The Emperor system of tributary shaped the foreign politics and trade during the two thousand years period of Chinese domination over the region and has important role in the Asian history, specifically East Asia.

in dominating countries that are not located in its vicinity. According to Kissinger, "in the Chinese version of exceptionalism, China did not export its ideas but let others come seek them."[9] The Chinese discourse on China's International Strategy is also quite specific varying from (韬光养晦) *Tao guang yang hui* – Keeping the low profile to (奋发有为), or *Fan fa you wei*, that is,striving for achievement.[10] There is also very heated internal debate within China too, whether to focus on either economic prospect or threat of war or how much of the international burden it should bear[11], all of these shall constitute Chinese foreign policy elements.

We can observe that China adopted very specific ways of exporting its ideas through peaceful development concept, international relations with "Chinese characteristics", think tanks with "Chinese Characteristics" and Confucius Centers, fast-track concept of introduction of "Asian values", specific cultural traits and Chinese language. We shall further attempt to present these specific concepts and answer the questions we set in the first part.

Chinese view of soft power

The soft power concept is western concept in international relation and the term itself was created in the late 1980's by Joseph Nye in his book "Bound to Lead". He contrasted hard or command power with soft power or "Co-optive power" as the ability to shape what other want by being attractive. The attractiveness can be found in culture, ideology and institutions which are helping in legitimization of a given state power. [12]The concept has frequently appeared in government policy papers, academic discussions and the popular media and as the authors Hongying Wang and Yeh Chung Liu researched, it first appeared around 1997 in China academic papers.[13] Almost the same time, the implications of the rise of China have been debated in global relations. We shall attempt to present the Chinese view on this western concept and how they see it fit in the Chinese strategy and Zhongyong dialectics. According to the Wang and Lu, Chinese view soft power or *ruan shi li* as the "ability to persuade others with reason and to convince others with moral principles."[14] They also see it as the power to subdue others without a fight which is in line with the Chinese philosophy and specifically Mencius (king's way as opposed to bully's way).[15] This understanding corresponds to the Chinese background knowledge[16], specific ways of thinking which is condi-

9 Kissinger, Henry, *On China*, Penguing Books, London, 2012, p. 17.

10 Yaqing qin, "Continuity Through Change: Background Knowledge and China's International Strategy" *Chinese Journal of International Politics*, volume 7, issue 3, 2014.

11 Ibid., p. 290.

12 Joseph Nye, *Bound to Lead: The Changing Nature of American Power*, New York: Basic Books, 1990.

13 Hongying Wang, Yeh Chung Lu, "The conception of Soft Power and its Policy Implications: Comparative study of China and Taiwan", *Journal of Contemporary China*, Volume 17, 2008, issue 56, p. 427.

14 Ibid, p. 427.

15 Ibid.

16 Background knowledge according to Addler and Puilot, a term coined by Searle "consists primarily of intersubjective expectations and dispositions which can be grasped only as embedded in practice. Individuals and groups act, interact reason, plan and judge, symbolically represent reality, and have expectations of the future within a dominant interpretative backdrop that sets the terms of interactions, defines a horizon of possibilities and provides the background knowledge of the expectations, dispositions, skills techniques and rituals that are the basis of the constitution practice e and their boundaries". Emaunele adler, Vincent Puiliot, "International Practices: Introduction and Framework", in Adler Puliot (eds.), *International Practices*, p.16; John R. Searle, *Mind, Language and Society: Philosophy in the Real World*, New York Basic Books, 1999, p. 108, cited from Pouilot, *The Logic of Practicality*, p. 267.

tioned by specific cultural, historical and language traits. As Wang and Lu explain, Chinese view of soft power is similar to Nye's as he sees it as "spiritual power". In our case and as it will be shown on the case study countries from CEE region, soft power also includes the concept of aid and investment. As Wang and Lu explain the view of soft power which is more than a country's "ability to influence other countries through its attractiveness to include, for example, the ability to generate compliance in a society by moral example and persuasion."[17] Based on that we could argue that the concept of the Belt and Road encompasses all elements from investment, aid, to cultural, educational cooperation, all consisting specific messages and views from Chinese angle. Thus China also accentuate its traditional culture, philosophy, medicine, architecture, cuisine and martial arts all carrying this specific message on diversity and different background knowledge and understanding. Therefore we see the role of Confucius Institutes as one of the crucial instruments of Chinese soft power. Chinese academics argue that the Chinese background, tradition and especially harmony rooted in Confucianism and other schools of thoughts provide "promise to counter-balance the self-centered value system of the West".[18] Chinese discourse explains that Beijing consensus versus Washington consensus offer China's model of economic development with preservation of their own way of life, tradition and systems. This concept is particularly attractive to the countries of central and eastern Europe that are conditioned or abandoned by EU thus providing additional fuel to the weakened markets of this region. This politics will either help them in integration with the Western Europe. Or it will impact Brussels and competitive role in the CIE countries. According to the Wan and Liu, technology and science are in Chinese discourse important source of both soft and hard power.[19] In that sense we can view the role of Huawei[20] and its US-like branding in the countries of former Yugoslavia, i.e. Bosnia and Herzegovina and Serbia. Huawei provides scholarships, laboratories for university, students exchange and acts as a sponsor of major music festivals in the region.

Further on we shall present the main instruments used for Chinese export of ideas and soft power. One of the new mechanisms which expands and grows is the concept of Think Tanks with "Chinese characteristics". We shall attempt to explain the history, specific traits and methods of use of this specific intellectual tool.

Think Tanks

In August 2016, the European Council on Foreign Affairs wrote that "Xi Jinping's call for the construction of 'think tanks with Chinese characteristics' has led to a proliferation of institutes and an expansion of their portfolio of activities, their international networks, and their public profiles."[21] One of the problems that Chinese government realized was the lack of tools for impacting China's international image.

17 Hongying Wang, Yeh Chung Lu, "The conception of Soft Power and its Policy Implications: Comparative study of China and Taiwan", *Journal of Contemporary China*, Volume 17, 2008, issue 56, p. 427.

18 Ibid, p. 428.

19 Ibid, p. 429.

20 Huawei is a Chinese multinational networking and telecommunications equipment and services company headquartered in Shenzhen, Guangdong. It is the largest telecommunications equipment manufacturer in the world, having overtaken Ericsson in 2012.

21 Francois Godement, "A Hundred Think Tanks Bloom in China", *European Council on Foreign Relations,* August 2016, available at http://www.ecfr.eu/publications/summary/a_hundred_think_tanks_bloom_in_china_7104, (accessed 19 August, 2017).

Therefore, the Chinese government has, since the third plenum of the 18th Party's Congress in 2013, called for a new approach to soft power, one that emphasizes the unique role of independent think tanks in generating new ideas and enhancing China's soft power.[22] Thus, the role of think tanks is big in enhancing China's soft power. The overall goal of this initiative is to improve the consulting mechanisms available to decision makers and to increase China's soft power.

One of the roles of thinks tanks in China is connected to the view of soft power and it serves to exports Chinese view outside the China. The second role of think thanks in China is to provide the public opinion to the main party however we shall tackle the first role only.

In Asian countries i.e. Japan, South Korea and China, think tank organizations often work as part of the corporations. The Work of Chinese organizations is sponsored by the government and the clients of their researchers are political leaders. Historically think tank organizations must be independent from political parties and state administration so as to adopt independent and autonomous view on political subjects.[23]

There are reportedly more than 2,000 policy research institutions, boasting 35,000 full-time researchers and 270,000 support staff in China. The vast majority—as much as 95 percent—are government supported.[24] It is a safe bet to say that there are more think tankers in Beijing and other centres in China than there are in any other country save the United States.

According to the detailed reported made by the European Council on Foreign Relations in August 2016, Communist Party sees the role of think tanks as a "service providers influencing the views of everyone – from the leaders to the led."[25]

However, one of the roles we are going to explore is international role of think tanks the attempt of influence opinion on China. There is a great importance attached to this role and can be recognized in the words of president Xi Jinping who said that "constructing think tanks with Chinese characteristics is a major task in order to develop scientific decision-making, democratic decision-making, China's national governance, and modernisation, as well as to strengthen China's soft power".[26] We will argue that this is going to be main tool in exporting Chinese view on international relations, peaceful development, zhong-yong and harmony as an attempt to either approach China and diminish threat from China. However there are think tanks with major role concentrated on internal affairs in China.

According to the Dingding Chen there is a whole new generation of think tanks which

22 Dingding Chen, "The Rise of China's New Soft Power", *the Diplomat*, 9 June 2 https://civilnodrustvo.gov.rs/upload/old_site/2012/10/ThinkTankVodic-LowResfinal.pdf015, available at: http://thediplomat.com/2015/06/the-rise-of-chinas-new-soft-power/, (accessed 20 August, 2017).

23 „Vodic kroz evropske think tank organizacije" published in May 2012, available from https://civilnodrustvo.gov.rs/upload/old_site/2012/10/ThinkTankVodic-LowResfinal.pdf, (accessed 20 August, 2017).

24 Yan Zhong Huang, Elizabeth Economy, "Where China Can't Compete", *Foreign Affairs*, published 21 September 2015, available at: https://www.foreignaffairs.com/articles/china/2015-09-21/where-china-can-t-compete, (accessed 19 August, 2017).

25 Francois Godement, "A Hundred Think Tanks Bloom in China", *European Council on Foreign Relations*, August 2016, available at: http://www.ecfr.eu/publications/summary/a_hundred_think_tanks_bloom_in_china_7104, (accessed on 19 August, 2017).

26 Why did Xi Jinping emphasise the idea of building think tanks with Chinese characteristics?' (习近平为何特别强调新型智库建设?, Xi Jinping weihe tebie qiangdiao xinxing zhiku jianshe ?), *People's Daily*, 29 October 2014, available at: http://theory.people.com.cn/n/2014/1029/c148980-25928251.html

are privately funded and do not depend on government for funding. Three think tanks are the most prominent due to their activities and influence: the Chunqiu Research Institute, the Center for China and Globalization Studies, and the Chongyang Institute of Financial Studies at Renmin University.[27]The Chunqiu Institute has also created a very popular website named "Observers" that leans toward China's leftist forces, though some liberal voices are also active on the website. So the website plays the role of integrating voices from the right and the left in China, hoping to provide useful ideas of governance to influence China's development.[28]

In contrast, there is the right-leaning think tank, the Center for China and Globalization Studies, led by another well-known public intellectual Wang Huiyao. One major research task of this think tank is about the so called 'sea turtles': people coming back to China after many years of study or work in foreign countries.[29]

Finally, there is the Chongyang Institute for Financial Studies at Renmin University. This one was established in 2013, with a generous donation of 200 million Renminbi (about US$33 million) from a private business man named Qiu Guogeng. Although the Institute's main focus seems to be on financial research, its activities and projects are actually much wider in reality, including global governance, security studies, and so on.[30]

In 2015, The General Office of the CPC Central Committee and the State Council issued the Opinions on Strengthening the Construction of New Think Tanks with Chinese Characteristics, and issued a circular calling on all localities and departments to implement them in a conscientious manner.[31] the Communist Party (CCP) General Office and the State Council General Office released a document setting out the, basic principles, and general objectives for the development of a new kind of Chinese think tank – the "Opinion on strengthening the construction of new types of think tanks with Chinese characteristics" (hereafter, the Opinion).[32] The Opinion acknowledges that think tanks play "an irreplaceable role in international relations", and emphasize that they are very important to China's soft power.[33]

China created an action plan for the New Silk Road concept, Belt and Road Initiative. The Plan encompasses 55% of the world BNP, 70% of the world population, and 75% of the total energy reserves. Chinese action plans and official communication related to the Belt and Road clearly shows the objective which is Chinese contribution to the international economic development strengthening connectivity which becomes the key word of Chinese diplomacy.[34] This initiative shows all elements which are described as international relations

27 Dingding Chen, "The Rise of China's New Soft Power", *the Diplomat*, 9 June 2015, available at: http://thediplomat.com/2015/06/the-rise-of-chinas-new-soft-power/, (accessed 20 August, 2017).

28 Ibid.

29 Ibid.

30 Ibid.

31 "Opinion on strengthening the construction of new types of think tanks with Chinese characteristics" (关于加强中国特色新型智库建设的意见, *Guanyu jiaqiang Zhongguo tese xinxing zhiku jianshe de yijian*), *Xinhuanet*, 25.1.2015, available at: http://news.xinhuanet.com/zgjx/2015-01/21/c_133934292.htm

32 Silvia Menegazzi, "A Hundred Think Tanks Bloom in China", *European Council on Foreign Relations*, August 2016, available at: http://www.ecfr.eu/publications/summary/a_hundred_think_tanks_bloom_in_china_7104, (accessed on 19 August, 2017).

33 Ibid.

34 "One Belt, One Road" is English translation of "yidai yilu (一带一路)". The Chinese government itself uses the term BRI or the Belt and Road Initiative in official statements in English, while in the French the same initiative is called the New Silk Road or "Nouvelles routes de la

with Chinese characteristics. According to the professor Mitrovic Central and Eastern Europe are seen by China "as an essential factor of China's Belt and Road Initiative as proposed by president Xi Jinping in 2013."[35] Mitrovic states that the major cooperation projects between CEEs and China were progressing fine except from few obstacles which she sees in the "limited capabilities of the relatively small economies of the 16 countries, neglected ties in the past and tendency of China to treat them as a unique group of states as well as membership of eleven countries in the EU." This according to the Mitrovic has both legal and polit-economic impact on the cooperation.[36]

On the third summit between China and CEE held in Belgrade in December 2014 Prime minister Li Keqiang suggested establishing think tanks network with the purpose of academic research and exchange of opinions. A year after on the Fourth summit in Sudzou Li Keqiang repeated the support for establishing 16+1 network and encouraged cooperation between researchers from both sides. One of the most important issue on the agenda of network cooperation is finding answers on how to strengthen cooperation between 16 countries of CEE and China, create additional opportunities for synergy between Belt and Road and 16+1 and define challenges in the process.[37]

In the Belgrade Guidelines for Cooperation between China and CEE, in the seventh point "Deepen people-to-people and cultural exchanges and cooperation at the sub-national level", item 2 and 3, it is emphasized the need for regular China-CEE High-Level Symposium of Think Tanks and support the establishment of a China-CEEC think tanks exchange and cooperation center.[38]

Think tanks are closely involved in this project. They are expected to provide know-how for its realisation and to carry out strategic coordination with international partners. The role of think tanks is to explain the Chinese development model to foreign audiences who would like to emulate it. Think tanks thus in the region of CEE countries and within framework of cooperation 16+1 are cooperating with China, conducting joint studies about the situation in countries that may be involved in the initiative, which the government can then use to make funding decisions. There are also initiatives that are gathering think tanks within the initiative i.e. "OBOR think tank cooperation alliance" (一带一路智库合作联盟, *yidaiyilu zhiku hezuo lianmeng*) and the RDI platform (Research and Development International) (蓝迪国际智库平台, *landi guoji zhiku pingtai*). These initiatives are designed to facilitate international exchanges and provide consultation to Chinese enterprises.

The most prominent think tanks in the region are IAS[39], Institute of Asian Studies, led by Professor Dragana Mitrovic which comprises academic cooperation, gathering academics

soie". Similarly, countries in the region often call this initiative a New Silk Road.

35 Dragana Mitrovic, " 'Sixteen Plus One' in 2015/2016 – uprgrading, framing and stepping up cooperation", *Azijske sveske*, Institut za Azijske studije, Beograd, vol 2, no.1/2016

36 Ibid.

37 Chinese Ministry of Foreign Affairs, *Li Keqiang Attends the Fourth Summit of China and Central and Eastern European Countries*, 25 November 2017, available at: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1319048.shtml, (accessed on 20 August, 2017).

38 Chinese Ministry of Foreign Affairs, *Belgrade Guidlines for Cooperation between China and CEE*, published on 17 December 2014, available at: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1224905.shtml

39 Institute for Asian Studies, https://www.ias.rs/, Belgrade think tank doing research, education, consulting activities with the aim to spread knowledge on Asia and Serbia thus contributing to the cooperation between the countries of CEE and Asian countries

and professors tackling issues of Belt and Road Initiative as well as all contemporary issues of China and its policies. IAS organized the international scientific conference "Sixteen plus One framework as part of Belt and Road Initiative and Chinese Dream – achievements, challenges and prospects" which gathered eminent professors and experts who analyzed current results and consequences of cooperation, discussed objectives and obstacles and also some impediments to cooperation offered in the form of Belt and Road and 16+1 initiatives.

The Center for International Relations and Sustainable Development (CIRSD) from Belgrade is another type of think tank cooperation. Its activities include one published study and a conference on the topic of Belt and Road Initiative. They are also very active in promoting Belt and Road Initiative which strives from their close cooperation with Chinese think tank Shanghai University of International Business and Economics which also cooperates with Croatian Confucian Institute.

In BiH, particularly Republika Srpska, there is one think tank which independently works on promotion of Belt and Road thus organizing in December 2016 small consultative lecture for the professionals, politicians and academia in the RS. The Institute for strategic analyses and dialogue, ISAD, was established in 2015. Its headquarters is in Banja Luka and it was established by the former diplomats who combine theoretical knowledge and experience in international relations and diplomacy.

Slovenian think tanks i.e. e-Regions, New eSilk Roads and the Center for European Perspective organized think tank meeting of the e-region in Ljubljana in 2016. Similar think tank symposium for China and CEE countries was organized in 2014 and supported by the Slovenian Ministry of Foreign Affairs.[40]

We showed examples of regular activities, frequent meetings and conferences in the whole region with the mission to explain Chinese foreing policy within the two initiatives that are becoming very important for the countries of CEE. Think tanks are expected to provide know-how for the realisation of various projects and to carry out strategic coordination with Chinese partners. The role of think tanks is to explain the Chinese development model, Chinese approach to international relations and in some way to decrease fear of China as hegemon.

Confucius Institute

One of the instruments establishing Confucius Institutes ili Kong Zi Da Xue around the world despite the fact that Kong Zi was not popular several decades ago, especially during Cultural Revolution 1966 -1976 when Confucius was seen as an obstacle to progress. Nowadays Confucius represents symbol of unification and the basis of the concept of the "harmonious society," which is essentially a Confucian concept.

40 Report on the 2nd High Level Symposium of Think Tanks of the People's Republic of China and Central and Eastern European Countries, available at: Slovenian Ministry of Foreign Affairs http://www.mzz.gov.si/fileadmin/pageuploads/foto/1409/Porocilo_2_O_SIMPOZIJU__ZBRANI_PRISPEVKI__ab__01.pdf

The revival and rebirth of Confucianism in the contemporary Chinese society is a phenomenon provoking numerous discussions. Confucianism reappears as an attempt to overcome challenges both inside the China and in the interaction with its neighbours. A revival of Confucianism is seen as a strengthening of Chinese identity and as a symbol of nation in meeting the globalization.

The Confucius Institute project can be seen as an attempt to increase Chinese language learning and an appreciation of Chinese culture. However, it may be considered as a part of a broader soft power projection in which China is attempting to win hearts and minds for political purposes.

The opening of China to the world, economic development and increase of political influence have increased demand for learning the Chinese language and understanding its history and culture. China started opening of Confucius institutes first as a pilot project in July 2004 in Uzbekistan and then established the first Confucius Institute in Seoul in November 2004. There are more than 390 CIs in the world, and 132 of CIs are in Europe and there are more than 519 of Confucius classrooms (usually established within secondary or primary schools).[41]

The main agent is HANBAN, a state-owned agency for education- the Office of Chinese Language Council.[42] Its work model is rather specific and it differs CIs from other cultural institutes i.e. British Council, Goethe Institute, Cervantes, (they all promote language and culture), as it relays on the local stakeholders "who do not only provide advantage to craft projects and programs but it is also helpful in terms of engagement with the local community." In the case of CIs, the engagement of local stakeholders makes it easier to secure external funding from local businesses.[43] All CIs are under the authority of HANBAN, the Office of Chinese Language Council International. Confucius Institutes typically are created through a partnership between two academic institutions, one foreign and one Chinese. Hanban provides start-up money for the institutes, which in most cases are physically located on university campuses. Confucius Institutes typically are created through a partnership between two academic institutions, one foreign and one Chinese. Hanban provides start-up money for the institutes, which in most cases are physically located on university campuses.

At the beginning the processes and initiative went from Chinese universities with a desire to strengthen contacts with foreign universities and organizations as a means to internationalizing themselves. By fostering academic exchanges, association with a foreign university through a Confucius Institute can impact the university quality and international, which some Chinese universities are aiming for. However, things changed and the initiatives are also coming from the host countries and universities.[44]

41 Falk Hartig, "Cultural Diplomacy with Chinese Characteristics: The Case of CI in Australia", *Communication, Politics & Culture*, vol. 45, p. 256.

42 The Office of the Chinese Language Council International is governed by a group made up of members from state ministries and other organizations. These include the State Council, the Ministry of Education, the Ministry of Foreign Affairs, and the Ministry of Culture. The Confucius Institute Division is one part of Hanban, which also includes an Examinations Division, focusing on Chinese proficiency tests; a Teaching Quality and Evaluation Division, which concerns itself with Chinese language teaching materials; and a Communications Division, which handles international cooperation and exchange activities.

43 Ibid.

44 The first institute in Serbia for example was initiated by Chinese partners in Belgrade however Novi Sad initiated opening of the KI at their University. Similar situation happened in Bosnia and Herzegovina where Banja Luka University initiated the process and still awaits the positive

Despite the impressive numbers, these institutions have not been subjected to many studies and there is a general lack of understanding of its purpose and goals.

Ever since the first CI was established in Seoul in late 2004 there have been obscurities concerning the question of what these institutes do and what they actually are. Some see them as an instrument of Chinese public diplomacy[45], cultural diplomacy [46] or more broadly as part of China's "soft power" strategy. [47] While it is clear that the preferable way of understanding CI would be as sole educational institutions we cannot avoid its role as soft power.

We shall try to answer the questions on the role and impact of Confucius Institutes in the countries of Central and Eastern Europe gathered by the framework of cooperation 16+1. However, for the purpose of this paper we shall persist in presenting the CIs in the region of selected countries known as countries of former Yugoslavia. Whilst doing that we shall attempt to present the values of KI contribution in the area of education, culture and economy. We are interested whether these countries can cooperate better within this framework and what is the impact on their mutual cooperation as well as cooperation with China.

We are also interested in explaining the CI either as a type of impression management, an effort by China to create a positive image of itself or an education project which has aim to enable various cultural exchange and language learning which will again impact the positive image of China and enable better cooperation within the framework of cooperation 16+1 and One Belt One Road strategy. In this respect, the Confucius Institute project fits in well with the notion of China's peaceful development. But it is not entirely a soft power strategy, as Nye[48] defines that approach as the one that does not rely on coercion-sticks, or on payments-carrots but more on ability to use attraction and persuasion, soft power.

Another issue presented is measurement of success of CIs. We shall argue that various institutions working under the framework of Hanban cooperation are contributing to the overall good image of Chinese intentions and politics in the region. Besides that, China as innovation orientated country and society will also benefit from cooperation and exchanges as well as joint scientific projects with the countries of CEE thus CIs becoming an important vehicle in international academic exchange hence scientific opening and development.

When it comes to mutual cooperation amongst various organizations and CIs sponsored by HANBAN we cannot claim that working on the same task impacted their mutual connections and cooperation quite the opposite. We shall present the examples of failed cooperation on the concrete examples.

decision from the Hanban.

45 d'Hooghe Ingrid, "The Rise of China's Public Diplomacy", *Clingendael Diplomacy Papers*. No. 12. Hag: The Hague: Netherlands Institute of International Relations Clingendael, 2007.

46 Anholt Simon. *Places: Identity, Image and Reputation,* New York: Palgrave MacMillan, 2010.

47 Gil Jeffery, "China's Confucius Institute Project: Language and Soft Power in World Politics", *The Global Studies Journal*, vol. 2, no. 1, 2004, pp. 59–72.

48 Joseph S Nye, "Academy Meetings- The Future of Power", published on16 February 2011, available at: https://www.amacad.org/publications/bulletin/spring2011/power.pdf, accessed 13 May, 2017.

Case studies of the selected CI's from CEE

As pointed out, CIs have specific stakeholder engagement with a higher level of coordination and commitment by the local stakeholders. Zaharna states that this kind of setup provides "a bonding feature for sustained stakeholder engagement."[49]

Furthermore, CIs are not only linked with Chinese academic institutions but are also linked to the headquarters in Beijing. This headquarters, as Zaharna explains, "became a network hub, which in turn serves as an indirect link for all other Confucius Institutes around the world to connect with each other"[50]. Since 2006, Hanban has held the annual Confucius Institute Conference for current and prospective Institutes. The conference, additionally enables delegates the opportunity to meet, share experiences, and exchange ideas, and it represents the addition of direct interpersonal communication to global stakeholder engagement process" [51] This process, as we argue, enabled CEE countries and the countries of former Yugoslavia to come together to exchange ideas, values, culture and language. However, there are no proves that CIs helped in strengthening cooperation amongst the narrow community of sinologists and other experts gathered around CI or think tanks involved in different aspects of Chinese studies. It was even noted that two CIs Belgrade and Zagreb were involved in translation of Mo Yen books with no apparent signs of cooperation even though we are talking of the languages that are understood by both nations. Similarly CIs of the recent date i.e. Sarajevo University in Bosnia and Herzegovina does not cooperate with Banja Luka University nor provides help and assistance in the organization of Chinese courses. The same applies to University in Istocno Sarajevo which again acts independently and which opened Confucius classroom within Faculty of Philology. Again, no cooperation is noted and this center actually cooperates with Belgrade CI.

In the summary below, we randomly selected several countries of former Yugoslavia to show the examples of Confucius Center cooperation. For the purpose of this paper we shall show only four countries.

Slovenia

China recognized Slovenia on 27 April 1992, and in May the two countries signed an agreement on the establishment of diplomatic relations in Ljubljana. The countries also signed a joint declaration stating that the People's Republic of China is the sole legal Government of China and that Taiwan is an inalienable part of Chinese territory. As a country in western Balkan, but first in the region to enter the EU, despite its size, Slovenia represents an important partner to China. Former Yugoslavia had very strong sinology departments both in Belgrade and Ljubljana, thus giving Serbia and Slovenia important lead over other countries in the region. The knowledge of language and culture paved the path to establishing strong relations with PR China.

The Confucius Institute in Ljubljana was opened in 2010 at the Faculty of Economics at the

49 Hartig, Falk, "Cultural Diplomacy with Chinese Characteristic", *Communication, Politics & Culture*, vol. 45, p. 257.

50 Ibid., p. 208.

51 Ibid, p. 221, 257

University of Ljubljana. It cooperates with the Faculty of Arts and the Shanghai Institute of Foreign Trade. According to Dusan Mramor, dean at the Economics Faculty, the establishment of what is the 284th Confucius Institute represented a "privilege to be part of this global network."[52]

Although the driving force for greater links with China began at the Faculty of Philosophy with the introduction of Sinology in 1995, cooperation between the Shanghai Institute of Foreign Trade and this faculty began in 2009, culminating with the establishment of the Confucius Institute in Ljubljana. Stanislav Pejovnik, rector of the University, stated it was essential for Slovenians and people of the western Balkan region to grasp the significance of the rapid development of China and the need to be partners to this trend.[53] In the summer of 2012, Slovenia decided to make Chinese lessons more widely available: Chinese language lesson had been available in only a few select schools, but now they are an optional subject on the curriculum at primary schools.

Serbia

Relations between the two countries (that is, between the PRC and the Federal Republic of Yugoslavia (FRY),established by Serbia and Montenegro in April 1992, and became the State Union of Serbia and Montenegro in 2003 were comparatively good. On a 2006 visit to Belgrade, the Chinese State Secretary signed an agreement whereby China would offer grants worth 1 million Euros to Serbia. At this time the Confucius Institute was opened in Belgrade. The state secretary also announced that China regarded Serbia as an opportunity for tourism. In the last eight years, Serbian officials had more than twenty meetings with Chinese representatives. Serbia is being considered as a hub for all infrastructural projects in CEE. In 2009 Serbia signed the Strategic Partnership Agreement with China. However, Serbia continues to have an enormous bilateral trade deficit with China. According to the professor Mtirovic, founder and director of Institute of Asian Studies and professor at the Faculty of Political Science Belgrade, the value of Chinese direct investments in Serbia until the third quarter of 2016 was only US$ 81.82 million (Chinese National Statistical Office) which is quite modest when compared to the six other members of the group of 16 which attracted several folds bigger FDI from China.[54] As Mitrovic states this proves that China pursues its economic interest on the first place and lack of engagement from the relevant state bodies in Serbia.[55] This proves that the soft power alone which is quite substantial from both sides is not sufficient and engagement from academic and cultural institutions should be followed by concrete actions from the relevant state bodies.

Confucius Institute was officially opened on the 27th of August 2006 with the Faculty of Philology, Belgrade University. Department of Sinology was established in 1974 and since then has been promoting the sinologists both in Serbia and Europe.

52 "CI opens at University of Ljubljana", *People's China Daily*, 27/05/2010/ available at: http://en.people.cn/90001/90782/90873/7001347.html

53 Ibid.

54 Dragana Mitrovic, "Sixteen Plus One" in 2015/2016 – uprgrading, framing and stepping up coopera*tion", Azijske sveske*, Institut za Azijske studije, Beograd, vol 2, no.1/2016, p. 15.

55 Ibid, p. 15.

Since December 2009, the Chinese partner is the University of Media and Communications of PR China.[56] Sino–Serbian relations are also being strengthened by the introduction of Chinese language lessons in 31 elementary and high schools as of the end of 2012, complementing the efforts of Serbia's Chinese immigrants (an estimated 60,000 Chinese live in Serbia) and their children to learn Serbian and to integrate into Serbian society[57]. Thanks to the Department of Sinology, which has educated generations of sinologists, CI center has great local potential to promote Chinese language, culture, qi gong, tai ji quan, Chinese calligraphy, lectures on art, film, music hence wider population of Belgrade had opportunity to experience Chine. Belgrade CI also organizes regional sinology conferences thus gathering sinologists and experts from the region and worldwide.

On the other hand this is not the only institution supported by the Hanban. There is a separate center for Chinese Studies at MEGATREND University sponsored by Hanban and the two have no cooperation whatsoever. They also established Association of Synologists.

IAS, Institute of Asian Studies at the Belgrade Faculty of Political Science provides academic approach to studying Belt and Road initiative, enabling students to along with political, security and economic aspects of Chinese development to study Chinese language too.

Croatia

Confucius Institute in Zagreb was established in 2012 and its aim is not only to promote language learning but to strengthen economic cooperation hence they cooperate with Shanghai University for International Business and Economy. Representatives of Croatian Business Chamber are also member of the CI Council.[58] In 2014, Vice Premier of the PR China visited Croatia and Confucius Institute. Established rather recently, Croatian CI is very active, establishing strong connections and have an important role in the Chinese-Croatian relations.

Since its independence, Croatian foreign policy mainly focused on the regional issues and European integration. However, Croatian tourism and food industry showed great interest in Chinese market and it is expected that the number of tourists from China will surpass 100 million.[59] Taking into consideration that marine transportation is still the cheapest transport method, Croatia has an advantage compared to other countries in the region and as such is of great interest to China. The institute cooperates with primary schools i.e. Matije Gupca school in Zagreb which became the first primary school which systematically introduced Chinese language in the curriculum.[60]

Since 2012 and its establishment, CI Zagreb offered free courses, and more than 3300 persons learn Chinese language out of which 10 per cent are businessmen.[61]

56 Institut Konfučije u Beogradu. http://konfucije.fil.bg.ac.rs/o-nama/ (20. 3.2015.)

57 Sanja Zrnić: "Kineski raj u srpskim učionicama" [Chinese Paradise in Serbian Classrooms]. *Vreme*, http://www.vreme.rs/cms/view.php?id=1042266, 22 March, 2012.

58 Konfučijev Institut Sveučilišta u Zagrebu. http://www.ki.unizg.hr/o-institutu (20. 03.2015.)

59 Sinagate, *Gospodarska suradnja*, http://www.sinagate.com/?page_id=135

60 Konfucijev institute u Zagrebu, http://www.ki.unizg.hr/kineski-jezik-za-djecu-i-mlade/

61 Kineski jezik u pohodu na poslovnu scenu, available at: https://lider.media/znanja/kineski-jezik-u-pohodu-na-poslovnu-scenu/

Chinese is taught in three cities in 15 sites and sinology department has been established 11 years ago. Besides Faculty of Philosophy, Economic Faculty and Teachers Faculty have Chinese language courses. This shows active approach from Croatian side and great interest in Chinese language.

Bosnia and Herzegovina

The two countries established diplomatic relations at ambassadorial level on 3April 1995. The first important project was a power plant in Stanari, financed from the special credit line from the Chinese Development Bank aimed at CEE countries. At a meeting in Bejing on 4–6 September 2012, a secretariat for cooperation between China and the countries of Central and Eastern Europe was inaugurated. The secretariat is to oversee communication and coordination between the 16 countries of the region and China. It can be noted that since that time and announcement of the New Silk Road, activities between the two countries have become more pronounced. CI was open in April 2015 in Sarajevo, however its opening was not accompanied by big public interest. Banja Luka University however failed to open Confucius Institute and Hanban for the time being stalls further cooperation. The next attempt is to answer the offer from the Chinese Embassy to introduce Chinese language in schools in Republika Srpska.

Confucius Institute is seen as very important model of cooperation between the stated countries and China. Besides think tanks, this is the main model of cooperation and exchange between China and CEE countries. Furthermore, CIs do not only provide cooperation with Chinese academic institutions but are meant to enable mutual cooperation amongst sinologists, professionals and people interested in Chinese language and culture. There is a good basis for this cooperation which needs to be additionally strengthened.

Conclusion

We showed that Confucius Institutes and think tanks are helping China to promote its agenda and explain the Chinese approach to international relations. China under pressure to relieve its status and role on the international politics strives to explain its role relying on its background and taking into consideration all specific traits of the country's history, culture and philosophy. This coincides with the Chinese view of soft power which is the "ability to persuade others with reason and to convince others with moral principles."[62] This understanding matches the Chinese background knowledge[63], specific ways of thinking which is conditioned by particular cultural, historical and language traits. Chinese view of soft pow-

62 Ibid, p. 427.

63 Background knowledge according to Addler and Puilot, a term coined by Searle "consists primarily of intersubjective expectations and dispositions which can be grasped only as embedded in practice. Individuals and groups act, interact reason, plan and judge, symbolically represent reality, and have expectations of the future within a dominant interpretative backdrop that sets the terms of interactions, defines a horizon of possibilities and provides the background knowledge of the expectations, dispositions, skills techniques and rituals that are the basis of the constitution practice e and their boundaries". Emaunele adler, Vincent Puiliot, "International Practices: Introduction and Framework", in Adler, Puliot, (eds.), *International Practices*, p.16, John R. Searle, "Mind, Language and Society: Philosophy in the Real World", New York Basic Books, 1999, p.108, cited from Pouilot, *the Logic of Practicality*, p. 267.

er is similar to Nye's definition of it as "spiritual power". In case of Belt and Road Initiative and 16+1 framework soft power also includes the concept of aid and investment.

Think tanks have important role in this, forming the network of academic exchange and cooperation and explaining the specific model of cooperation from Chinese point of view as well as stressing obstacles too. Lessons, exchange and cooperation with Confucius Institutes provide more knowledge, which leads to better understanding and cooperation. This approach either seen as soft power or educational tool works very well enabling generation of people to gain better understanding of the world which seemed much distanced only few years ago.

Confucius Institute is seen as very important model of cooperation between the stated countries and China and an instrument for better cooperation amongst sinologists, professionals and people interested in Chinese language and culture. When it comes to the specific CEE region, this cooperation needs to be additionally strengthened.

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Љиљана Стевић

Мека моћ са кинеским каратеристикама - тинк танкови и Институти Конфуције као инструменти меке моћи

Апстракт

У покушају пројектовања повољније слике земље и објашњавања кинеских погледа на међународне односе, кинеска влада усваја Конфучијев дискурс. Њени приступи укључују миран успон и развој Кине, промоцију кинеског језика и културе путем Института Конфуције (ИК) и активности које су осмишљене да боље објасне кинески поглед. Један од њих је такође кроз тинк танкове објашњавајући да оно што Кина чини није претња. Представићемо процес изградње националног имиџа кроз одабране инструменте меке моћи и ново усвојени дискурс који промовише Zhongyong дијалектику. Први део ће говорити о концепту мирног успона и развоја. Други одељак објашњава тинк танкове и разматра и оне из Кине као и оне из региона ЦИЕ. У трећем одељку ћемо представити Институте Конфуције, порекло и позадину у ЦИЕ и у региону. Закључак резимира налазе чланка и њихове импликације.

Кључне речи: *миран развој, Zhongyong, Институт Конфуције, тинк танк, мека моћ, кинески сан*

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*Zhang Anni***

*The Development of EU-China Two-Level Cooperation under the "OBOR Initiative"****

Abstract

This article analyzes China's engagement in the EU and its member states arguing that cooperation between EU and China under "One Belt One Road" (OBOR) initiative is a two-level cooperation. One level is bilateral cooperation with EU member states separately, while the second level is cooperation with the EU as a whole. Paper shows China's different approaches in different policy areas towards the various actors. Paper argues that China's cooperation with the member states bilaterally under OBOR, encouraged the EU on cooperation with China under "One Belt One Road" initiative.

***Key words**: China-EU relations, two-level cooperation*

There is no doubt that One Belt One Road" (OBOR) initiative will continue to have a profound impact on China-EU relations. "The Thirteenth Five-year Plan for National Economic and Social Development of the People's Republic of China" included OBOR in the main objectives issued in 2016. The "13th Five-Year Plan" treats OBOR as one of important part of "deepened reform and opening up". It can be said that OBOR has entered the fully implementation phase in China since 2016. The Central Economic Work Conference set the tone for the future development plan in December 2016 and OBOR has been identified as a future development priority in 2017. Meanwhile, China will launch and organize the first "One Belt One Road" International Cooperation Forum in May 2017.

In "One Belt One Road" (OBOR) initiative the European region as a whole has not been clearly defined as the key cooperation side. But, some EU member states are promoting the cooperation projects with China in some specific area so the EU pays more and more attention on the role they play in OBOR since 2015. During the seventeenth EU-China summit which held in Brussels in June 2015, China and EU discussed the mutual benefit of the common strategy on the construction of OBOR project, especially the collaboration between the EU Commission President Junker's investment plan and the OBOR investment project. This article analyzed China's two-level cooperation with EU and its member states under the OBOR based on the two-level division of the EU's foreign policy competence.

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China's expectation of Europe under OBOR initiative

When China pay more attention of EU and its member states in the process of promoting OBOR, EU officials and scholars also take the time to understand the initiative.[1] Angela Stanzel points out that EU should analyze the details of business opportunities provided by Chinese and what are benefits to China and what mutual benefits to both sides are.[2] Francois Godement mentioned that compared to Europe's role in Asian Infrastructure Investment Bank (AIIB), Europe should be more concerned about how to use the capital from China to promote economic development in Europe.[3] With the gradual promotion of the cooperation between China and some EU member states under OBOR from 2014, EU started to pay more attention to OBOR. There is no doubt that the relations between China and some countries within EU caused a lot of worries to Brussels and some big member states. Some people think that the bilateral trade and investment cooperation between China and CEEC, Greece and other countries lack of coordination at the EU level, the way of cooperation is lack of transparency and may be against the basic EU laws.[4] Although the CEEC communicate with Brussels in advance about cooperation with China this has not yet eliminated the EU's concerns. In fact, EU is worried about strengthening of China's influence in CEEC, especially about established sub-regional framework that could weaken the influence of EU.[5] Brussels also worries that OBOR will make the EU member states to put bilateral relationship with China before China-EU relations.[6]

From China's standpoint, OBOR is neither a free trade zone, nor a sphere of influence. Meanwhile it's neither a regional integration, nor the interregional cooperation. It's providing a new space for the cooperation between China and Europe. First, OBOR is a regional coordinated development strategy contained internal and international dimension. The essence of OBOR can be called the 4.0 version of Chinese regional coordinated development strategy. Second, OBOR is a project which inspiring global economic growth and infrastructure construction cooperation. Infrastructure connectivity is priority area of the construction of OBOR. Chinas government has proposed the construction and promotion of international backbone channel and unified transportation coordination mechanism, energy infrastructure cooperation, cross-border communication.[7] After the global financial crisis, including the southeast Europe, Central Asia and the Caucasus countries generally fall into recession and they need to "look at the East" for capital support from China. The

1 Yan Shaohua, "Why Europe's reaction to OBOR so slowly?", available at: http://finance.takungpao.com/dujia/2015-04/2961624.html, (accessed 15 April, 2017).

2 Angela Stanze, "China's Silk Road to Nowhere?", available at: http://www.ecfr.eu/article/commentary_chinas_silk_road_to_nowhere3025, (accessed 15 April 2017).

3 Francois Godement and Agatha Kratz (eds), "'One Belt, One Road': China's Great Leap Outward", available at: http://www.ecfr.eu/publi-cations/summary/one_belt_one_road_chinas_great_leap_outward3055, (accessed 15 April 2017).

4 Men Jing, "China New Silk Road and EU-China Relations", *EU-China Observer*, No. 1, 2015, p. 15.

5 Frans-Paulvander Putten and Minke Meijnders, "China, Europe and the Maritime Silk Road", *Clingendael Report*, March 2015, Netherlands Institute of International Relations Clingendael, available at: http://www.clingendael.nl/publication/china-europe-and-maritime-silk-road, p. 6, (accessed 15 April 2017).

6 Anastas Vangeli, "China's New Silk Road and Its Impact on Sino-European Relations", EU-China Observer, No. 1, 2015, p. 25; Richard Turcsdnyi, "Central and Eastern Europe's Courtship with China: Trojan Horse Within the EU?", *EU-Asia at Glance*, European Institute for Asian Studies (EIAS), Brussels, January 2014, available at: http://www.eiaa.org/images/EU-Asia_Glance/2014/EU-Asia-at-a-glanee-Richard-Turcsanyi-China-CEE.pdf, (accessed 15 April 2017).

7 "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" Issued by the National Development and Reform Commission，March 28, 2015, available at: http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html, (accessed 15 April 2017).

recently established Silk Road Fund and AIIB designed to raise funds for infrastructure investment, stimulate the potential infrastructure construction needs.

Chinese government has put forward the spirit of OBOR that is "peaceful cooperation, openness and tolerance, mutual learning, mutual benefit". Chinese academics try to convince Europeans that the main driving force of OBOR is economy, and the economic cooperation is the basis for relation of China-EU in OBOR. Chinese scholar Feng Zhongping believes that the EU's direct investment in China has a capital intensive and technology intensive characteristic, EU investment in China still has much room for improvement as OBOR provides a new opportunities. EU can use its advanced technology, capital and management experience to strengthen cooperation with China in addition to get the benefits of increased trade volume and investment incomes. Chinese Scholar Wang Yiwei said, OBOR will offer Europe a historical opportunity, Europe needs such a historical opportunity to rejuvenate the Eurasian continent and balance its weak position in trans-Atlantic relations. According to his opinion, OBOR will bring Europe seven opportunities, namely: "oportunities of establishment of greater Eurasian market, reviving the European Civilization, deepen Integrating European, help EU and Russia to be conciliatory, more chance for EU to participate in the Asia Pacific affairs, strengthen its global influence, which will also be a opportunity for China and EU to have a coordinated development in third markets such as Africa, India and Central Asia, transform and upgrade the China-EU comprehensive strategic partnership".[8]

Therefore on European side there are also voices that stress that OBOR can not only provide a new way for Europe to step out from debt crisis but also the driving force for Europe and China mutual benefits. Former French Prime Minister De Villepin said, "OBOR provide ideas of common development plan for international community". "However, influenced by the western liberalism ideas of globalization, France has not seen clearly on this new trend".[9] Prodi and Gosset mentioned that the European strategists should keep in mind that by 2050 China's total economy will reach two times than the United States, the construction of the New Silk Road, trade facilitation, and explore the digital silk road, should become an integral part of the new power in Sino-EU relations. If Brussels is not able to respond to appealing for building a New Silk Road, then Beijing will actively complete the target with other partners. EU will find himself being marginalized in a China designed and practiced economic and diplomatic network sooner or later.[10] Shada Islam pointed out that in this desperate need of funds China shows the stunning ability to host all the cards.[11] European diplomats also expressed great enthusiasm over OBOR. The head of EU delegation in China comment that OBOR is conducive to the interconnection to Asia and Europe both from mainland and marine, it will provide more broad space for the cooperation between China and EU." [12]

8 Wang Yiwei, "China's 'New Silk Road': A Case Study in EU-China Relations", In Amighini, A., Berkofsky, A. *Xi's Policy Gambles: The Bumpy Road Ahead*, ISPI Report, 2015, pp. 103-107.

9 Dominique de Villepin, "Faisons le pari de la nouvelle route de lasoie", LesEchos, available at: LE27/02/2015, http://www.oversea.huanqiu.com/article/2015-03/5896162.html, (accessed 15 April 2017).

10 Romano Prodi and David Gosse, "The European Union and China on The New Silk Roads", available at: http://www.huffingtonpost.com/david-gosset/the-european-union-and-ch_b_8308746.htm, (accessed 15 April 2017).

11 "European experts: Europe should take the express of China's Silk Road and focus on long-term demand", available at:http://world.huanqiu.com/hot/2015-06/6802047.html, (accessed 15 April 2017).

12 "OBOR will provide more broad space for the cooperation between China and EU", available at: http://news. xkb.com.cn/guangzhou/2015/0527/385976.html, (accessed 15 April 2017).

Cooperation process between China and EU under OBOR initiative

Chinese President Xi Jinping proposed to build the "Silk Road Economic Belt" in Kazakhstan in September 2013 and "21st Century Maritime Silk Road" in Indonesia in October 2013. Then he stressed that we need to highlight the importance of neighborhood in China's overall development, we should work together with other countries to speed up infrastructure construction connectivity during a work forum on China's periphery diplomacy organized by the Central Committee of the Chinese Communist Party (CCP).[13] It is convinced that China did not reach a clear official attitude of Europe's position in OBOR initially. Although inspirited by ancient history of Silk Road, OBOR's will terminate at Europe. OBOR is first proposed as China's reaction on Trans-Pacific Partnership Agreement, targeting at neighboring countries and promoting development of China's inland areas.

Chinese government began to recognize the need to corporate with some European countries in the process of implementation of OBOR. In March 2014, Chinese vice Foreign Minister Zhang Yesui said that OBOR will be the two wings of the ongoing revitalization of Asia, helps to connect the areas between Central Asia, South Asia, Southeast Asia, West Asia and Europe.[14] At the same time, Central and East ern European countries and Greece has made a positive response to OBOR. A joint document which passed by China-CEEC to promote trade meeting in ministerial level in June 2014 pointed out that using the opportunities of promoting construction of the Silk Road Economic Belt and twenty-first Century maritime silk road, in accordance with their respective national laws and regulations of EU Member States and EU level, to further strengthen economic dialogue, enhance economic and trade cooperation, to expand new areas of cooperation, promote common development and prosperity.[15] This is the first official response of CEEC to the OBOR, also marks the OBOR is become a formal cooperation between China with Central and Eastern European relations.[16] After got CEEC official response to Silk Road Economic Belt, the Greek Prime Minister expressed support and actively participate in twenty-first Century Maritime Silk Road Construction in his talks with Li Keqiang, Both sides agree to cooperate to build the port of Piraeus, building a bridge between East and West exchanges and cooperation after Prime Minister Li Keqiang and President Xi Jinping successively visited Greece In June and July 2014.[17]

China and EU find a major opportunity for cooperation after EU issued The Investment Plan for Europe at the end of 2014. Subsenquently, "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" issued by the Chinese National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce in March 28, 2015. The document officially confirmed the important role of Europe under OBOR, stressed the interoperability build OBOR Initiative, committed

13 "Xi Jinping delivered an important speech on periphery diplomacy work Forum", available at: http://politics.people.com.cn/n/2013/1025/c1024-23332318.html, (accessed 15 April 2017).

14 "China Vice Minister of Foreign Affairs: OBOR will be more open in the future", available at: http://www.chinanews.com/gn/2014/03-22/5981939.shtml, (accessed 15 April 2017).

15 "Joint document of the Ministerial Conference on economic and trade cooperation between China and Central Eastern Europe", June 9, 2014, available at: http://www.cgcpa.org.cn/xxly/2014-10-20/5387.html, (accessed 15 April 2017).

16 Zou Lei, *Study of political and economics of Chinese OBOR Initiative*, Shanghai: Shanghai people's publishing house, 2015, p. 148.

17 "Li Keqiang Holds Talks with Greek Prime Minister", available at: http://www.chinadaily.com.cn/micro-reading/dzh/2014-06-20/content_11864247.html, (accessed 15 April 2017).

to connectivity between the Asia Europe and Africa, establishing and strengthen national interoperability partnership, building an all-round, multi-level, complex, implementation network, helping the countries along the road to have a multiple, independent, balanced and sustainable development. The document made it clear that OBOR throughout Asia, Europe and Africa, one side is the actively East Asian Economic area, another side is the developed European Economic market; the economic silk road is from China through Central Asia, Russia and Europe (Baltic); the maritime silk road is from China's coastal ports over the South China Sea to India ocean extended to Europe.[18] But from this official documents, China still did not make it clear that whether the countries along the road including all members of EU or not.[19] Chinese media often talked about countries along the line including 65 countries named by official document which only Central and Eastern European countries, not all EU members are included.[20]

EU and China finally into the stage of strategic cooperation level under OBOR cooperation in 2015. The two side cooperation under OBOR is one of important topic for discussion in the 17th China-EU Summit June 2015. Later on the fifth China-E.U. high-level Economic Dialogue, both sides agree to list the specific implementation of items, including the establishment of the joint investment fund. At the joint statement in the 17th summit, 1/10 of the items significantly associated with OBOR.[21] Briefly, which marks the OBOR cooperation between China and EU officially opens. Compared with member states of the EU, EU is more hesitant to accept the "OBOR" initiative. Actually EU is stimulated and inspirited by the booming of bilateral cooperation between china and its member states.

The cooperation between EU Member States and China under OBOR initiative

Some EU member states whose economic development is lagging behind or suffered serious economic difficulties try to seek economic opportunities outside the EU after the 2009 European Debt Crisis, formed so called "cash-strapped deal the seeker members" when they deal with relation with China.[22] These countries need external funding to meet domestic investment and infrastructure construction demand, so they are keener to capture the opportunities and benefits from OBOR than EU's institutions. While the big countries of the EU after a period of hesitation, started to cooperate with OBOR in a positive attitude, trying to take precedence in national level cooperation.

1) The "16+1" cooperation under OBOR

CEEC have 16 countries, 11 are member country of EU, four are candidate countries for EU membership, and one is potential candidate country for EU. CEEC is a hub to connect China and EU as the key node of OBOR. In recent years, the increasingly close cooper-

18 "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road", Beijing: People's Publishing House, 2015, pp. 16-17.

19 Shen Mengzhe, Liu Shaohua, "One Belt One Road: circle of friends", People's Daily (Overseas Edition), April 9, 2015.

20 Wang Yiwei, *"One Belt One Road": opportunities and challenges*, Beijing: People's Publishing House, 2015 edition, p. 85.

21 "Joint Statement of the 17th China-EU summit", available at: http://news.xinhuanet.com/world/2015-06/30/c_1115774915.htm, (accessed 15 April 2017).

22 Francois Godement, Jonas Parello-Plesner, *The Scramble For Europe*, London: The European Council on Foreign Relations, 2011, pp. 7-9.

ation between China with CEEC highlights the sub-region cooperation of China and EU. It is not only established the annual summit mechanism, but also a secretariat and the national coordinator system was set up. In 2015, the 4th China and CEEC summit released *A medium-term agenda for cooperation between China and CEEC* which pointed out that "16+1" will fully grasp the important opportunity to expand cooperation and make more contribution to the OBOR construction.[23]

CEEC cooperation with China under OBOR is mainly focus on the following aspects: First, strengthening the connectivity of infrastructure. Comparing with Bucharest Guidelines for Cooperation between China-CEEC, the biggest difference of Belgrade Guidelines is take connectivity as the primary aspects of cooperation, highlighting the impact of the keynote position of CEEC. China with Hungary and Serbia reached a cooperation agreement in high speed railway project, and agreed to extend this railway to the port of Piraeus, to create "Express of CEEC Sea", connecting the sea road and land road of OBOR. Most of CEEC can enjoy the port facilities, through the road and port connectivity, CEEC region can form a huge logistics network. For example, China has announced agreements with Romania and other countries to build a high-speed railway through Budapest to Vienna from the Black Sea port, Constanta of Romania.[24]

Second, strengthening the cooperation capacity, combining the huge demand of construction projects in CEEC with China's capacity of equipment manufacturing in nuclear power, telecommunications and China's raw materials reserves in steel, cement, and plate glass. China encourages its' domestic enterprises to increase FDI investments in CEEC, actively participate in the construction of various industrial parks and promote the local employment, which in turn will promote China's industrial upgrading and transformation.[25]

Third, strengthening financial cooperation. According to the conditions of the project, China set up a US$10 billion special loan in improving preferential loans, reduce financing cost; in addition, China set up a US$3 billion investment fund , China also start the second phase of the US$1 billion China-CEEC Investment Cooperation Fund.

Fourth, strengthening cultural exchanges. China encourages domestic perform institutions to CEEC to program, supporting cooperation in arts and cultural heritage protection; China also held the China-CEEC dialogue in national education policy, high level think tank seminar, young politicians forum, cultural cooperation forum, tourism promotion year and set up China-CEEC think-tank exchanges and cooperation center in CASS, China-CEEC tourism promotion agencies and tourism enterprises association.[26]

During the essence cooperation of CEEC with OBOR, the Visegrad group countries (V4) have a positive performance. It is known to all, memorandum between China and Hun-

23 "A medium-term agenda for cooperation between China and Central Eastern European Countries", available at: http://www.china-ceec.org/chn/ldrhw/2015sz/hdxw/t1411474.htm, (accessed 15 April 2017).

24 Frans-Paul vander Putten, Minke Meijnders, "China, Europe and the Maritime Silk Road", available at: http://www_clingendael.nl/publication/china-europe-and-maritime-silk-road, (accessed 15 April 2017).

25 "Li Keqiang attended China-CEEC summit", available at:http://www.china-ceec.Org/l/2015/01/26/41s5606.htm, (accessed 15 April 2017).

26 "Belgrade Guidelines for Cooperation between China and Central Eastern European Countries", available at:http://news.xinhuanet.cora/worid/201412/17/c11113667695.htm; "Bucharest Guidelines for Cooperation between China and Central Eastern European Countries", available at: http://www.china-ceec.org/l/201V04/10/41s3431.htm, (accessed 15 April 2017).

gary on further cooperation under the framework of Belt and Road, which is the first "Belt and Road" initiative document China has signed with European country.[27] Poland is one of funding nations of AIIB. Polish president announced that Poland is now in the process of re-industrialization, so working with China in all aspects, including trade and investment.[28] The Czech government pursues an "economic priority" pragmatic foreign policy to China, foreign ministers and presidents have visited China in 2014. Two countries signed a memorandum on inter-governmental cooperation to jointly promote the construction of OBOR in 2015.[29] Slovakia and China signed a memorandum on inter-governmental cooperation to jointly promote the construction of OBOR in the same year.

The cooperation between China and CEEC on the one hand can be a demonstration of positive results of early stage of OBOR. Meanwhile, China get to familiar and adapt to rules and laws of EU; but on the other hand, as pointed out above, it also caused the EU and some EU members worry about the rapid growth of influence of China in CEEC can be changed into leverage over EU.

2) China and Greece cooperation under OBOR

Greece is another keynote of the cooperation between EU and OBOR. So far, cooperation agreement on Piraeus port becomes a good example in OBOR. China sees Greece as an important gateway to Europe.[30] When Greece was in the debt crisis, China helped not only to invest in Greek long-term debt bonds, but also to invest in infrastructure construction according to the Greek government's privatization policy. China Ocean Shipping (Group) Company COSCO） bid the 35 year concession franchise for No. 2pier and No. 3pier of Piraeus port in 2008. After Chinese government put forward the OBOR initiative, the Greek government responded positively as Piraeus port became one of an important project. First, make Piraeus port become one of the world's fastest port, the throughput increased two times in 2012, as a model of Chinese investment in Greece.[31]

Second, new Piraeus port changes the pattern of trade routes in Europe. EU is China's largest trading partner, more than 80% of Chinese goods arrived in Europe by shipping.[32] After the transformation the port of Piraeus, it has became an important hub of European maritime trade, the goods without through Hamburg, Rotterdam and other Western European ports but directly through the rail transport by the Southern Railway into central region of Europe, saves 7 days to 11 days on transit time compared with the traditional line and the shortest shipping routes from China to Europe. The HUAWEI Company has established a logistics center in the port of Piraeus, the HP Company will transfer most of its distribution business from Rotterdam

27 "China and Hungary signed OBOR initiative cooperation document", June 8, 2015, available at: http://www.china-ceec.org/1/2015/06/08/41s6103.htm, (accessed 15 April 2017).

28 "Polish President makes state visit to China", November 26, 2015, available at: http://www.china.org.cn/video/2015-11/26/content_37168254.htm, (accessed 15 April 2017).

29 "President Zeman of Czech Republic met with Wang Yi", available at:http://www.finprc.gov.cn/wei3/wjtit_674879/wjbxw_674885/t1305715.shtml, (accessed 15 April 2017).

30 "Li Keqiang's speech at the China- Greek Maritime Cooperation Forum", available at: http://news.xinhuanet.com/world/2014-06/21/c_126651068.htm, (accessed 15 April 2017).

31 Dragana Mitrović, "China in the Western East – and Beyond: Politics and Economics of the China Plus Sixteen Cooperation Framework", *Serbian Political Thought,* No. 2, Year VI, Vol. 1, 2014, pp. 21, 25

32 Frans-Paulvander Putten, Minke Meijnders, "China, Europe and the Maritime Silk Road", available at: http://www.clingendael.nl/publication/china-europe-and-maritime-silk-road, (accessed 15 April 2017).

to the port of Piraeus, ZTE, SONY and other companies have similar initiatives.

Third, the construction of the Piraeus port also drive the ship repairing and supporting industries and the new plan of railway reconstruction which plan to extending port of Piraeus to the European inland. Chinese Prime Minister Li Keqiang's visiting in June and Chinese president Xi Jinping's visiting in July 2014 both highlighting the priority position of Greece in China-EU relations. Greece has formally signed the agreement to sell the country's largest port, Piraeus port's 67% shares to COSCO in April 2016. In the same year, the Greek prime minister visited China. Former Greece ambassador to ChinaVassilios Costis said COSCO investment plan is expected to expand and upgrade Piraeus port facilities and enable the port to become the largest container port in the Mediterranean and one of Europe's largest container port, which will help Greece became of an important connection point in OBOR.[33]

3) China cooperation with Britain, Germany and France under OBOR

Britain, Germany and France have strengthened their all-round cooperation with China but they have not paid too much attention to OBOR initiative in its proposal stage until UK as the first country in Europe joined the AIIB. UK holds a very positive and pragmatic attitude to carry out the cooperation with OBOR and actively promoted the president Xi Jinping's visit to Britain in October 2015. The movement of UK apparently triggered the competition for the leading position of China-EU relations. German ambassador and French ambassador wrote together on *People's Daily* stated that Germany and France are the China's core partners in the EU.[34] The German and French leaders visited to China after. The cooperation between China and the three big powers in EU under OBOR mainly has several aspects with commons and differences.

First, Three big powers of EU are engaged in developing strategic cooperation under OBOR. The Britain carried out OBOR initiative with the upgrade of it's infrastructure investment plan "England economic center of the north", "The British industry 2050 strategy" and stressed strengthen the cooperation in innovation industries established "The innovation partnership".[35] Meanwhile, China and Germany are promoting cooperation between "Made in China 2025" and "German industry 4.0", emphasizing on the industrial cooperation. Germany participates in the industrial upgrading in Midwest China and the industrial transforming in northeast China. In 2014, Premier Li Keqiang signed the *Sino German cooperation action plan* during his visit to Germany, Germany welcomed the expanding overland trade channel between China with Europe and the OBOR initiative.[36] France and China promote the cooperation in "Made in China 2025" and "France's future industry", emphasizing cooperation in nuclear energy, and aerospace, large projects and in the third party market. [37]Germany and France also agree to link the "Sino-German action plan" and "Sino-French

33 "The Greek parliament has approved COSCO's acquisition of the largest port", available at: http://finance.sina.com.cn/roll/2016-07-01/doc-ifxtscen3136612.shtml, (accessed 15 April 2017).

34 Ke Muxian and Gu Shan, "Germany and France is China's core partner in the European Union", *People's daily*, October 26, 2015.

35 "China-UK Joint Declaration on Global Comprehensive Strategic Partnership in 21st Century", available at:http://news.xinhuanet.com/world/2015-10/22/c_1116911370.htm, (accessed 15 April 2017).

36 "Sino -German cooperation action outline", available at: http://news.xinhuanet.com/world/2014-10/11/c_1112772707.htm, (accessed 15 April 2017).

37 "The third high-level Sino-French economic and financial dialogue achieve positive results", available at: http://finance.people.com.

relations long-term planning" with cooperation under the framework of OBOR.

Second is financial cooperation. Britain, France and Germany had declared their support to China's accession to the European Bank for Reconstruction and Development in 2015. They all support RMB join the IMF's Special Drawing Rights (SDR) Basket. Urging the implementation of the IMF's share reform program, promoting the construction of the offshore RMB market in London and Paris, published the first RMB sovereign bonds outside China in London.

Third, Britain, Germany and France promote the third party market cooperation with China. China General Nuclear Power Group (CGNPG) and the Electricity De France jointly invest in the construction of the HPC in British, this is a model of cooperation that China and Western powers carry out the third party market. France and China issued a "joint statement" on the third party market cooperation in June 2015, Britain and Germany also expressed a desire to cooperate with China in third party market including capacity, infrastructure, interoperability, and development assistance along the OBOR road in the future.

Fourth, promoting more equally cultural exchanges. Britain, France and Germany are the great cultural powers and they export their cultural productions to China in the field of education, science and technology for a long time. China with British, France established a high level of cultural exchange mechanism and regularly carried out dialogue in the deputy prime minister level in 2012 and 2014. More equal exchange opportunities in education, culture and non-governmental under the background of OBOR in the future between China and Europe, EU have significantly demand with China in cooperation.

In short, three big countries as facilitators are promoting China–EU relations in the cooperation under OBOR. They hope to push forward the joint the coordination and convergence of investment fund and interconnection platform between China and EU, to promote the completion of China-EU investment agreement negotiations as soon as possible, and then start to the feasibility of China-EU FTA discussions.

EU –China two-level cooperation under OBOR initiative

EU has become a new collective actor with the pursuit of power, mechanism and means of the common foreign policy at EU level through more than 60 years of the integration. At the same time, EU's foreign policy did not fully replace the foreign policy of its member states, but have a two- level division of foreign policy competence in different areas. In this system, EU has developed the common foreign policy and the member states still have the space to pursue their own foreign policy aims. The competences of the EU are divided into three categories: EU has exclusive competence (Article 3 TFEU) (only the EU can act); competences are shared between the EU and the member states (Article 4 TFEU) (The member states can act *only* if the EU has chosen not to); the EU has competence to support, coordinate or supplement the actions of the member states (article 6 TFEU) – in these areas, the EU may not adopt legally binding acts that require the member states to harmonies their laws and regulations.[38]

cn/n/2015/0918/c1004-27606335.html, (accessed 15 April 2017).

38 "What are the different categories of EU competence?", available at : http://ec.europa.eu/citizens-initiative/public/competences/faq, (accessed 15 April 2017).

EU's two-level foreign policy competence is not completely parallel, but there are complex intertwined and mutual influenced. At the level of EU, member states participate in the Council of Ministers, at least they play a core role in the development of EU's common foreign policy; at the member states level, common foreign policy restrict the freedom and space of action of member states. Essentially, in Common Foreign and Security Policy (CFSP) and Common Security and Defense Policy (CSDP) areas, EU's two-level foreign policy competence appear as that "EU making the common policies, member states leading the decision-making and implementation of it's own national policy". In the policy process of the EU level, EU has no limitation to the field of diplomatic, security and defense. However, the treaty does not belong CFSP, CSDP to any of the following three categories: the exclusive competence of the EU, the sharing of power and the supplement power.[39] The key point is that any common policy in these areas requires the unanimous consent of EU's member states, so that member states can legally retain their sovereignty in these areas. In addition, in the case of the common policy which has not formed yet or does not exist.

Generally speaking, China's OBOR initiative is put the economy primary and the culture supplementary. There are limited relations between the EU's common foreign and security policy and OBOR promoted substantive cooperation process. However, due to the OBOR has significant geo-economic and geopolitical influence objectively. Cooperation in OBOR between China and EU is multi-space and multi-dimensional process. The two-level division of foreign policy competence of EU still is more or less involved in Cooperation of OBOR between China and EU in complex and different fields.

The policy areas which more specifically associated with OBOR involved in the three standard division of EU's authority, namely exclusive power, the sharing of power and subsidiary power. In the exclusive power domain, the content is the trade policy and FDI policy belongs to the common commercial policy of EU. In this field, the two-level foreign policy system presents EU in formulating policy, member states of the EU in decision-making and the implementation of specific projects. In the area of construction of infrastructure and interconnection, the Article 4 of TFEU specified cleared that the transport and network construction belongs to the sharing power field of European Union and its member states. Article 6 of TFEU put education and culture into the filed of EU's subsidiary power.

In the analysis of Sino-CEEC"16+1" cooperation mechanism, European scholars came to the attention that the cooperation between CEEC and China is restricted by laws and principles on EU level, such as the law to restrict Chinese enterprises to enter the CEEC market for government procurement and the increasingly high technical standards and labor rules.[40] The EU investigates on the Budapest –Belgrade railway project shows that if China does not pay attention to the authorities of EU, the cooperation between China and CEEC will face many difficulties. On the other hand, it will doubt that if Britain do not decided to join the AIIB first, whether Germany, France, Italy have willingness to become the founding member; if the "16+1" do not response to OBOR initiative, Britain and France and other countries follow up the cooperation actively, the cooperation between EU and China could be delayed so far.

39 Stephan Keukeleire and Tom Delreux, *The Foreign Policy of the European Union*, Houndmills: Palgrave Macmillan, 2014, p. 96.

40 Marcin Kaczmarski, "China on Central-Eastern Europe: '16+1' as seen from Beijing", *OSW Commentary*, No. 166, April 15, 2015, p. 4, available at: http://www.osw.waw.pl/en/publikacje/osw-commentary/2015-04-14/china-central-eastern-europe-161-seen-beijing, (accessed 15 April 2017).

At present, the cooperation between EU and China in OBOR obviously has the two-level characteristic. Cooperation with the member states are expanding, the cooperation with the level of EU started to show up. Two-level system between China and the EU is the result of existing two structures of EU and EU member states. Involved in the OBOR initiative, EU and its member's shows their own management authority in the field such as trade, investment, finance, transportation, education and cultural exchanges. Therefore, OBOR needs to work with EU and its member states at the same time.

The two-level cooperation between China and the EU need to adapt to the differentiation in the different areas of policy. In some areas, such as trade and investment, the exclusive rights control by EU. But even in these areas, a member state of EU still has an indispensable role in pursuing and implement specific trade contracts and investment projects, especially for large contracts and projects. Therefore, in these areas the cooperation between China and Europe can be specifically presented as a joint cooperation in policy level with EU and the project level with its member countries. In other areas such as principle of subsidiarity EU and member states cannot monopolize the relevant policy decisions and policy implementation field, they have relatively independent policy space to develop cooperation with China. Therefore, the cooperation between China and EU in these areas can be specifically presented at EU level and the member states level. In addition, in all of these policy areas, member states are the important participants in decision-making process through its representatives in the European Council. Therefore, the cooperation between China and EU need to focus on how the member states of EU affect EU decision-making mechanism.

The two-level cooperation between China and EU should target on respective priority areas on different objects due to EU and member states have their own interest in the development of cooperation with China, which also need China and EU constantly working together. Infrastructure is relatively weak in Southeast European countries, construction of infrastructure has become the focus of cooperation. London as the world's largest international financial center can help the internationalization of RMB. France and Germany all hope to work together with China to develop third party infrastructure construction market considering they have technical and industrial advantages. The strategic investment plan, interconnection platform and free trade agreements belong to EU's exclusive powers field that should cooperate on EU level. Meanwhile, we should also promote cultural exchanges with the EU and it's member States at same time.

In June 2015, the 17th China-EU Summit formally decided to cooperate on the OBOR initiative. The cooperation between the EU and China mainly concentrated in the exclusive power sharing and power range from the *Treaty on the Functioning of the European Union*, launched in the field of trade and investment, infrastructure connectivity, climate, energy and information technology etc. This cooperation includes the following aspect: First, both sides agreed to accelerate negotiations on the investment agreement between the EU and China. Second, making the synergies of OBOR initiative with the European strategic investment plan, establishing a China-EU joint investment fund. Third, establishing a platform of interoperability and cooperation supported the infrastructure construction projects from both sides, carrying out the cooperation between OBOR initiative and the European transport network. Fourth, recognizing the support of the EU and its member states to AIIB, EU

looks forward to working with the AIIB in the future. Fifth, developing the roadmap energy cooperation. Sixth, deepening dialogue and cooperation in the field of information and communication technology.

At the same time, OBOR initiative also stressed the need to promote people-to-people communication with the countries along the road. In view of the fact that education and culture are included in the EU's supplement power, European Union has established an institutional platform for cultural exchanges with China. In 2012, China-EU High Level People-to-People Dialogue (HPPD) officially launched, HPPD has been positioning as the third pillar like political strategy, economic and trade cooperation between China and the EU in promoting mutual understanding, cultural exchanges. This platform is becoming an important platform for promoting the people-to-people understanding between China and EU under the framework of OBOR. The areas covered extended from science and technology, education, culture, youth, media these five areas to seven areas including women, travel.

China and EU continue to expand the scale of exchange program of students and scholars by scholarship to each other, exchanging students nearly reach to 330 thousand within three years; promoting the establishment of European regional and national research center in China's University and China research center in European University. Holding the cultural dialogue year, youth dialogue, thousand Youth Exchange program between China and EU, between China and Europe.[41]

It is worth noting that, due to the limited power on EU level in these areas, cultural exchanges between China and European also need to communicate mechanism with EU members. For example, besides EU level, China has established a cultural exchange mechanism in deputy prime minister level with France and the UK, In December 2016, the 30th meeting of the central leading group for comprehensive deepening of reforms pointed out that soft power is an important booster of the construction of OBOR.[42] Accordingly , People-to-people dialogue between China and the EU will receive more attention under the framework of OBOR.

Conclusion

Since 2004, the EU has become China's largest trade partner. It is new possibilities that China and EU, the two most important economies in the Eurasia will be more closely related with each other due to the promotion of OBOR. If the beginning of OBOR is to serve for China and China's neighborhood countries, then, EU had become the most dazzling partner with its developed economy and a solid cooperation foundation of China. Cooperation between China and EU covered a wide area, large scale and high feasibility.

The cooperation between China and the EU on OBOR has experienced continuous clarity and deepening process, from cooperation with some member states of EU to cooperate

41 "Liu Yandong: Fruitful results after China-EU High Level People-to-People Dialogue", available at: http://www.cMnaiiews.com/gn/2015/09-16/7525691.shtml, (accessed 15 April, 2017).

42 "Xi Jinping chaired the thirtieth meeting of the central leading group for comprehensively deepen reforms", available at: http://news.xinhuanet.com/politics/2016-12/05/c_1120058658.htm, (accessed 15 April, 2017).

with EU in two levels; from the limited cooperation on transportation infrastructure construction to the comprehensive cooperation on trade and investment policy, internationalization of the RMB, new construction of the multilateral financial institutions and educational and cultural exchange, docking. With the rapid warming of relations between China and EU and its member states, there is a sign of a new honeymoon between China and Europe under framework of OBOR.

Recently, the EU began to use a pragmatic attitude in relation of China and the EU as the multi-speed and multi-dimensional. For example, some European countries join the AIIB did not advance coordination at the level of EU, but EU expressed its support and look forward to working with the AIIB in the future. [43] In November 2015, EU sent representatives as observers attended the China-CEEC "16 + 1" summit. In practice, China is more actively in Sino-EU relations and promote the bilateral investment treaty and FTA negotiations, established *China-EU 2020 Strategic Agenda for Cooperation*. In 2014, China issued second copies of policy documents towards Europe -- *Joint Statement on Deepening the EU-China Comprehensive Strategic Partnership for Mutual Benefit*. In response, EU adopted a joint document entitled "Elements for a new EU strategy on China" in 2016. Both sides stressed the multi-polarization of world order, OBOR initiative will become a tool to bridge the two sides.

China-EU 2020 Strategic Agenda for Cooperation points out that above the China-EU summit, high level strategic dialogue and high-level economic dialogue and high-level people to people dialogue will be three pillars to support the cooperation between China and EU, through regular meetings and dialogue in various fields to implement the mechanism. The China-EU cooperation under OBOR initiative should be based on the existing bilateral and multilateral cooperation mechanism between China and EU and its member states.

To maintain the good momentum of Sino-EU relations at present, China need to make the corresponding cooperation strategy on the two-level division of the EU's foreign policy competence，promoting bilateral investment treaty negotiations and free trade agreements, implementing the cooperation projects with "Junker's plan", and deepening the cultural exchange at the level of EU. At the same time, China need to seize the favorable opportunity to improve and upgrade the cooperation with big powers in EU, enrich the "16+1" mechanism with CEEC, and actively welcome other EU members participate in OBOR, forming the benign mechanism of the interaction at the members level and EU level, which will promote the further improvement of Sino-EU relations at the new phase of global strategic significance.

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Развој двостепене сарадње Кине и Европске уније у оквиру Иницијативе појас и пут

Апстракт

Овај чланак анализира ангажовање Кине у ЕУ и њеним чланицама тврдећи да је сарадња између ЕУ и Кине под Иницијативом појас и пут на два нивоа. Један ниво је билатерална сарадња са појединачним земљама чланицама ЕУ, док је други ниво сарадња са ЕУ као целином. Рад приказује различите приступе и политике Кине у различитим областима и према различитим актерима. Рад тврди да је билатерална сарадња Кине са земљама чланицама у оквиру Иницијативе појас и пут охрабрила ЕУ у сарадњи са Кином у оквиру исте иницијативе.

***Кључне речи**: односи између Кине и ЕУ, сарадња на два нивоа*

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