

Originally published at: <http://www.polska-azja.pl/2015/11/30/s-babones-america-can-live-with-161/>

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America Can Live with 16+1

Leaders from China and 16 central and eastern European (CEE) countries met in Suzhou November 24 and 25 to discuss deepening economic ties. These so-called 16+1 meetings have been held every year since 2012. In attendance are not only politicians but a thousand or so businesspeople as well.

This is the first 16+1 meeting to be held in China. Previous meetings have been held in Warsaw (2012), Bucharest (2013), and Belgrade (2014). Next year's meeting will be held in Latvia.

These meetings serve mainly as opportunities to introduce businesses to opportunities on the other side of the formula. Most Chinese businesses are only vaguely aware of the existence of (let alone the vast differences among) the 16 CEE countries represented in 16+1. If a Chinese businessperson merely learns that Poland is known for apples while Latvia is known for trees, that's progress.

Similarly, most CEE businesses have no real understanding of interior China. Few Europeans can name more than two or three provinces in China. Provinces like Hunan (population 65 million) and Henan (population 94 million) are easily confused. Simply going to Suzhou to learn a little economic geography is a big first step for many businesses.

Frameworks like 16+1 thus play a routine but important role in business development. The Suzhou meeting is fundamentally an investment and trade conference. National leaders may be the headliners, but the real business is done by the ordinary attendees.

Of course, when dealing with China there is always the possibility that economic cooperation comes with political strings attached. On the first day of the Suzhou meeting Chinese Premier Li Keqiang proposed the creation of a new infrastructure bank for central and Eastern Europe. Comparisons with China's Asian Infrastructure Investment Bank (AIIB) are unavoidable.

The AIIB is widely seen as an attempt by China to undermine existing American-sponsored development banks like the Asian Development Bank and the World Bank. The United Kingdom's decision to join the AIIB was strongly criticized in the United States. Among CEE countries only Poland has joined the AIIB.

After joining the AIIB, Britain's Prime Minister David Cameron went on to host Chinese President Xi Jinping on a state visit that was widely seen as triumphalist on the Chinese side and cravenly on the British.

But the 16+1 framework — even with an infrastructure bank — is very different from the AIIB. China has no strategic aims in central or eastern Europe and the 16+1 initiative has to date been focused solely on business development. Even Li Keqiang's proposed infrastructure bank would be little more than a tool for export-import financing.

The difference between the AIIB and 16+1 is that the AIIB is almost certain to fund projects that will further Chinese national security. The focus borrowers targeted for AIIB funding are poor, vulnerable countries that have little autonomous financing capacity. The AIIB will offer them a stark choice: China's way or no way.

Most of the 16+1 countries, by contrast, have ready access to global capital markets. China's goal in these countries is mainly to boost Chinese infrastructure exports. China has developed the world's

largest infrastructure industry and is keen to keep that industry fully employed through export sales. The CEE countries are seen as prime markets.

In other words, 16+1 is just business as usual. That is why US news outlets have hardly mentioned the Suzhou meeting. Few Americans have ever heard of the 16+1 and major American international relations think tanks have completely ignored the grouping. American websites that are normally staunchly anti-Chinese websites have not mentioned it.

The fact that 16+1 is no more than an investment promotion framework has been telegraphed from the Chinese side as well. Note that the host is Li Keqiang, whose main portfolio is the domestic economy, not Xi Jinping, who handles sovereign and foreign affairs. President Xi Jinping is meeting some 16+1 leaders while they are in China, but he did not attend the event itself.

Poland and the other countries of eastern and central Europe should not worry very much about possible American displeasure with their participation in 16+1. The United States actively supports investment engagement with China, nowhere more so than among its major allies in the Asia-Pacific. Worries arise when the economic becomes political, but there are no signs of that happening with 16+1.