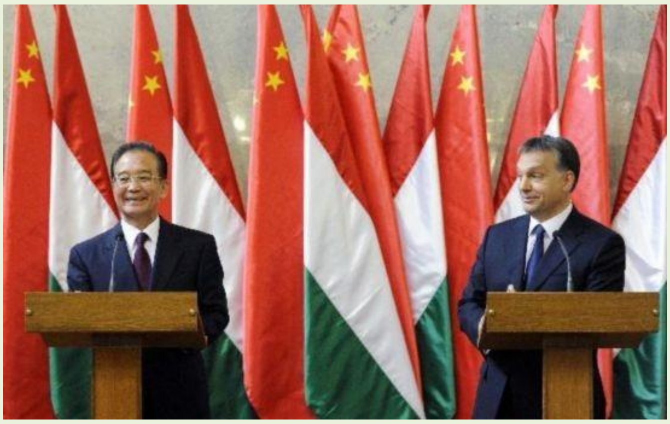
Already in the mid 2000's many countries in Central and Eastern Europe (CEE) have sought out to be the regional partner for China, defining themselves as the gates for Chinese capital seeking entrance into European land, **hoping they would attract the attention of China, resulting in Chinese capital flowing into them**. Are these conceptions and intentions realistic?

In terms of economic relations, the most important nations in the region are undoubtedly Hungary, Poland and the Czech Republic. If we consider the relativity to population number, country size and share in total trade; Hungary is number one. In July 2011, Wen Jiabao and Viktor Orbán has signed 12 agreements. Some of these include: 1 billion euro credit to Hungary from the China Development Bank, trade worth 20 billion dollars and the investments into Hungarian chemical industry.



Wen Jiabao with Hungarian prime minister, Viktor Orbán, 2011

One has to consider though, that the so often promoted „Open to the East" policy in Hungary is quite muddled, so is the external- and trading policy. Partnership with China sometimes only appears on a rhetorical level and the general economic environment in Hungary is often unpredictable. In short: the leading role of Hungary in Chinese relations in the CEE region is quite uncertain, it is. Many other countries are ready to offer immediate and full partnership to the Asian country.

Poland is the second most important country in this region for China. The impact of the Poland-Middle Europe-China economic forum held in April 2012 was undoubtedly great, but the relations between Poland and China have not always been unclouded. In 2011, there were serious criticisms about China as a partner. There were lots of investings in regard to the 2012 soccer European Championship. The China Overseas Engineering Group (Covec) wanted to capitalize on these opportunities and submitted a tender for a 49 kilometers long motorway-section streching from Warsaw to the German border. Covec – primarily because of the cheapness of it's tender – won, but in summer 2011, at 20% completion the Chinese stepped away from the project, stating that it is impossible to carry out the tender at such low prices and they asked for the same amount Polish companies asked for. The Polish government was not willing to change the planned amounts, so the construction halted and all of this ordeal layed a lot of pressure on Polish-Chinese relations. Simultaneously, campaigns were applied in China to train Chinese companies wishing to expand in Europe for the importance of keeping such legal regulations.

Chinese workers on the Warsaw-Berlin (A2) motorway site, near Zyrardow, May 2011

European countries, struck by the schocks of the 2008 and the euro crisis, turned their attentions to new markets, new stable investors and China is a perfect match for them. The Bank of China has incredible amounts of foreign currency reserves. In order to diversify these reserves (if all the reserves are in the same currency, the reserve is open to exhange rate risk), Beijing decided to help these European states and it started to buy government bonds. In return, China could receive R+D (Research and Development) knowledge and infrastructural developments. In short, China no longer needs mediators in order to reach the European market, they can reach the whole of Europe through the German, Dutch, British and Italian markets. Such were the motivations behind the rent of Greek harbours too: they are excellent gateways to ship products into the European market.

Although it is of China's interest to aid the European Union (it can gain access to investments, discounts, orders; it would protect it's most important export market; it can diversify it's foreign currency reserves and it can acquire important technological developments) **Chinese financing in the CEE region has halted**. Reasons for this: criticism from the Chinese population for aiding the higher GDP/capita posessing Europe; fault lines have appeared in the Chinese economy itself, which causes inward challenges for China; because of higher liquidity needs, Beijing keeps the foreign currency reserves in more liquid assets than government bonds and the euro crisis could also have scared off Chinese investing.

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