

BULGARIA-CHINA RELATIONSHIP: BETWEEN THE NATIONAL DEVELOPMENT STRATEGY AND BELT AND ROAD INITIATIVE

Evgeniy Kandilarov¹, Aleksandar Dimitrov²

Introduction

In 2018 the global Belt and road initiative (BRI) marked its fifth year and according to the current state of development this initiative is a tremendous success for Chinese diplomacy, international economic relations and trade partnerships. One of the main routes of BRI is crossing through Bulgaria in order to enrich our knowledge about China's global projects and goals and to look more closely into the Bulgaria-China relations in terms of economic cooperation, joint projects, diplomatic relations, etc. In the Bulgarian scientific literature there are few in-depth studies on this topic, mostly in historical background. It seems that the knowledge about East Asian countries is very limited among the researchers and practitioners in the field of Social sciences. Hence the importance of such research, given China's growing influence in the global economic and political developments. Among the few Bulgarian scholars doing research on various topics related to BRI, "16+1" and Bulgaria's place in this geopolitical and geoeconomic projects and development are N. Stefanov (Stefanov, 2015, 2016, 2017), E. Kandilarov (Kandilarov 2016, 2017, 2018), A. Habova (Habova, 2017), I. Mateev (Матеев, 2015), V. Katrandjiev (Катранджиев, 2017), G. Chankov (Чанков, 2015) and T. Radev (Радев, 2017). Their findings are taken into account and are analyzed accordingly.

The current text reveals the major crossing points between the Bulgarian national development strategy (BNDS) and the global perspectives of BRI. It makes an attempt to explore the vision, goals and priorities laid down in the Bulgarian strategic document. Furthermore, it analyzes the mechanism of economic cooperation and presents Bulgaria's understanding of BRI and the possibilities for future cooperation. The main (thesis) point is that there are a lot of opportunities for successful and fruitful cooperation both at the national and regional level. Currently there are several strategic projects and initiatives that

¹ Evgeniy Kandilarov, Assoc. Professor, PhD, Centre for Eastern Languages and Culture, SU "St. Kliment Ohridski", email ekandilarov@hotmail.bg

² Aleksandar Dimitrov, Chief Assist. Prof., PhD, Department of Political Science, University of National and World Economy, email: a_dimitrov@unwe.bg

are being implemented at the national level. Yet what is important is Bulgaria's participation in "16+1" initiative which is one of the leading tools for cooperation under the Belt and Road Initiative. That is why the comparative analysis between the different strategies will narrow the appropriate course of action during the next programming period after 2020.

Bulgarian national development strategy

The Bulgarian national development strategy 2020 (BNDS) is laid down in the main strategic document, namely the National Program for Development: Bulgaria 2020. As such the BNDS is a conceptual and visionary project for the future development of the country which identifies the fundamental priorities, goals and policies within next few years. BNDS seeks solutions to issues pertaining to sustainable development, economic advancement, the development of science and stimulating investments in education and innovations; special attention is given to the development of regions, infrastructure and the overhaul of social systems (Национална програма за развитие, 2012).

The 16 + 1 format of collaboration opens up serious opportunities to fulfill these goals since joining the EU. The main task of BNDS is to achieve long-term sustainable economic growth. This growth is based on the following factors: human capital, employment rate, physical capital (production capacity, manufacturing, etc.), and infrastructure (roads, water resources, energy supply, communications, etc.), technology knowledge (research and development, innovations, information and communication technologies, etc.), as well as expected synergy effects of the mentioned factors above (Национална програма за развитие, 2012).

The BND strategy is expected to achieve certain goals concerning the programming period until 2020. The strategy is intended to optimize ? and assure the connection between the national priorities of Bulgaria and the goals of EU underlying in the Strategy Europa 2020. The BND strategy also provides the framework for the correct distribution of public funds (national, European and private investments). A third important goal is the inclusion of all important strategic documents within the BND strategy – the government's socio-economic policy papers, the strategic documents approved by the government and by the National assembly, as well as the policies in underway (concerning the regions and local authorities).

During the creation of BND strategy in 2012 some of the expected risks to strategic development were identified. The main scenario embodied in the text and in the future policies is based on some expectations pertaining to the resolution of the debt crisis in Europe (in the short term), the stabilization of the

financial markets and the recovery of the long-term curve of economic growth. It can be concluded that this prediction is moderately optimistic.

The main assumptions are as follows: average growth of GDP 2,7% (for the period from 2010 to 2020)[1]. The accumulate growth for the period is expected to stand at 34,3%; the unemployment rate is expected to fall below 9% (approximately 8,2%) – a target that is highly possible and there is a chance to decline to 7% by 2020; the government expects stabilization in the inflation rate to 2,5% year on year by the end of the strategic period; for the strategy's implementation the government relies on stable ratio between public debt and GDP.

Back in 2012 these macroeconomic indicators suggested some uncertainty which may affect integrity of the strategy as a whole. The main risks are connected with the possible deepening of the debt crisis, deterioration of the macroeconomic indicators of the Eurozone, price shocks of key energy resources (crude oil, gas, etc.). In this case it should be noted that the Strategy makes no mention of specific risks such as the war in Syria (started in 2012), the Ukraine civil war or the refugee crises during the last 2 years which are direct threat to the national security[2].

In implementing this strategy, the national authorities hope that in 2020 Bulgaria would have a competitive national economy. The strategy aims to economy that can provide conditions for the satisfactory career development and professional realization of every individual through smart, sustainable, inclusive and regionally balanced economic growth (Национална програма за развитие, 2012, pp. 8-11) [3].

The main goals of BNDS are three. First, to raise the living standard through competitive education, thus providing for high quality jobs and social inclusion and guaranteeing accessible and good healthcare. Second, to set up infrastructure nets to ensure optimal economic development and healthy environment for the population. Third, to raise the competitiveness of the national economy through the creation of favorable business conditions, attracting investments, implementation of innovative solutions and resource effectiveness (Национална програма за развитие, 2012, pp. 8-11).

In order to be achieved the mentioned goals define several priorities that during the programming period should be transformed into successful policies. These priorities are as follows (Национална програма за развитие, 2012, pp. 8-11):

1. Improving accessibility and quality of education (concentrated on the workforce).
2. Reduction of poverty and ensuring social inclusion.
3. Sustainable regional development and use of the local potential.

4. Development of the agricultural sector (main issue is the food safety) and production of products with high added value (by sustainable management of natural resources).
5. Ensuring support for innovation and investment activities for achieving competitive economy.
6. Strengthening the institutional capacity for higher effectiveness of services provided to citizens and businesses.
7. Ensuring energy security and increasing resource effectiveness.
8. Improving transport connectivity and accessibility to the market.

The above-mentioned priorities suggest that several main policies should be pursued. First, the creation of tight connection between education and qualification with the needs of business and industry [4]. Some steps in this respect are clearly stated in the Strategy – specific education for the currently employed workforce (better administering, professional education, teaching of key competences, career development; introducing new forms of innovative and more productive labor organization; improving working conditions. These policies are intended to promote the adopted principle of the life-long learning. Yet some remarks should be made; the further focus of more and more policies outreach the priorities and add more policy plans such as better healthcare, development of culture, development of sport. The wish of government to introduce all this as strengthening of the workforce as a whole has some grounds but at in the end is a defocusing of the priority.

In the context of the 16+1 initiative some steps have already been taken. In 29 October 2014 the ministers of agriculture of the two countries signed a Memorandum for the creation of Center for cooperation in agriculture. The center's headquarters in the 16 + 1 format will be in Sofia. This initiative was hosted by Bulgaria held in two events – the constitutive forum of the center in June 2015 and later on at the Ministerial forum for cultural cooperation (12-14 November, 2015).

In 2014 China granted additional 27 scholarships for Bulgarian nationals in the context of the Initiative for partnership 16 + 1. In 2015 the scholarships were increased to 52 per year. In operation is also the commission of scientific and technological cooperation, held every 2 years.

Second, within the priority, the government has started a parallel initiative referred to as the National goal for diminishing the number of people living in poverty by 260 000 by 2020. Main target group are the children (aged between 0-18, with reduction of 78 000), the unemployed (aged between 18-64, with reduction 78 000), the adults above 65 years of living in poverty (with reduction of 52 000) and the working poor (with reduction of 52 000). Some of the highlighted policies are as follows – Ensuring opportunities for employment and increasing people's income; Ensuring access to sustainable, high-quality and accessible

services within the different economic sectors as a prevention of social exclusion; Ensuring stable and adequate social payments.

Third, the main policies involve the development of the agricultural (or rural) and underdeveloped regions in Bulgaria. An interesting focus is the willingness to improve planning at the national level. Another policy in this respect is the integral development of cities and strengthening their role in the rural regions (achieving cohesion). Other initiatives in the same direction are: Support for the effective realization of the tourism potential; Keeping the environment safe and clean; Territorial and regional cohesion.

Fourth, with regard to this priority the Bulgarian policy is highly connected with the EU Common Agricultural Policy. Over the last years huge resources have been utilized within this cooperation. Despite the mentioned funding, the Bulgarian agricultural sector remains mostly uncompetitive and highly problematic. This priority has yet another serious goal – to provide food security in two dimensions – food supply and food safety. To achieve this goal, the Strategy identifies several policy directions:

- Balancing agriculture and ensuring its structural development.
- Modernizing agriculture and the accelerated implementation of innovations.
- Raising of farmers' professional qualification and awareness.
- Transforming the agricultural branch into an attractive industry.
- Sustainable use and management of the resources.
- Increasing the competitiveness of the fishing sector.
- Use of integral approach to food control within the entire food chain.

The different policies and steps in these directions is expected to increase the Gross added value in the sector by 25% (in terms of prices in the 2011-2020 period) and as well raising labor productivity by 30% during the same period.

Fifth, the policies connected with this priority will supposedly transform the Bulgarian economy into economy of knowledge and innovations with high-technology industrial base and increased role of science in economy. The policy directions are as follows:

- Creating of favorable institutional environment for innovations and investments.
- Encouraging innovations (mostly as R&D in modernizing the industrial technologies in use).
- Support for high-tech production and services.
- Support for the tourism sector.
- Boosting the competitiveness and viability of the small and medium-sized enterprises.

The Strategy implies that the government support for R&D Development will reach 1,5% of GDP by 2020.

Sixth, the policies have three major goals – the fully functional e-government, the open governance and the optimized and well prepared civil service. In this part the strategy should ensure the pursuit of effective policies that will presumably relieve the administrative "burden" for the businesses and households at an optimal spending of financial resources. The future and current policies are focused on the following:

- improving the institutional environment.
- appropriate administration of knowledge.
- result-orientated administration focused on care for consumers (not citizens).
- applying the principles of open governance.

Seventh, the energy sector is one of the strategic sectors in Bulgaria as a resource factor, as a security factor and as industry factor as well. For this reason the Strategy sees the energy sector as a three-dimensional priority – energy provision, energy independence and energy effectiveness. The main goal is the integration of the national energy system with the one of the neighboring countries (Greece, Romania, Turkey, Serbia, Macedonia). Another goal is the creation of a competitive domestic energy market. These goals focusing the policies in several directions:

- Guaranteeing energy security.
- Encouraging the use of renewable sources. (16 %)
- Increasing energy effectiveness.
- Creating an integrated domestic energy market.
- Increasing the effective use of resources.

Eighth, the policy goals target the railway, road and harbor infrastructure and its connection to the European transport system. The strategy includes the development of logistic infrastructure (especially for harbors) and encouraging the construction of transport infrastructure through public-private partnerships and concessions. Some of the key directions are:

- Reforming the railway transport system.
- Improving the transport infrastructure.
- Ensuring safe and secure transport.
- Curbing the negative effects on the environment and on people's health.
- Ensuring the sustainable development of mass public transport.
- Improving the connectivity and integration between Bulgarian regions at the national and international level.

Table 1. Main macroeconomic indicators from the 2014-2016 strategic plan

INDICATORS	Reference data		Prognosis		
	2012	2013	2014	2015	2016
GDP, real growth, %	0.6	0.9	2.1	2.6	3.4
Private consumption	2.9	-1.4	1.5	2.9	3.9
Investments (main capital)	3.7	-0.1	2.9	4.3	5.4
Export of good and services	-0.4	8.9	6.9	5.9	6.1
Import of goods and services	3.3	5.7	6.3	6.6	7.1
Current check, % of GDP	-0.8	1.9	0.8	0.2	-0.5
Inflation, yearly, %	2.4	0.4	-0.2	2.4	1.7
Unemployment, rate in %	12.3	12.9	12.8	12.4	11.6
Employment, %	-2.5	-0.4	0.1	0.5	0.9
Budget surplus, % of GDP	-0.5	-1.9	-1.8	-1.5	-1.1
Government debt, % of GDP	18.4	18.9	22.8	22.2	23.3

Source: (Three-year action plan, 2014)

So far the BND Strategy has been supported by three consecutive strategic plans (three-year plans) – 2014-2016, 2015-2017 and 2016-2018. These plans should guarantee the Strategy's implementation in case some major expectations (targets) have changed.

Table 2. Main macroeconomic indicators from 2015-2017 strategic plan

INDICATORS	2014 – Reference data	2015 – Prognosis	2016 – Prognosis	2017 – Prognosis
GDP (in mil. lev)	81 428	82 406	84 418	87 398
GDP, real growth, %	1.5	0.8	1.5	2.3
Private consumption	1.6	0.5	1.5	2.3
Investments (main capital)	2.5	0.1	1.9	3.1
- <i>Export of goods and services</i>	2.2	2.9	3.1	3.5
- <i>Import of goods and services</i>	3.1	2.3	3.3	3.8
Unemployment rate, %	11.8	11.7	11.3	10.4

Employment, %	0.2	-0.2	0.2	0.7
Inflation, year average, %	-1.5	0.1	1.1	1.6
Current check, % of GDP	2.2	1.8	1.4	0.9
Commercial balance, % of GDP	-7.2	-7.3	-7.5	-7.7
Direct foreign investments, %, GDP	3.0	3.1	3.1	3.2

Source: (Тригодишен план за действие, 2015)

Table 3. Main macroeconomic indicators from 2016-2018 strategic plan

INDICATORS	2015 – Reference data	2016 – Prognosis	2017 – Prognosis	2018 – Prognosis
GDP (in mil. lev)	85 967	88 282	91 342	95 055
GDP, real growth, %	2.0	2.1	2.5	2.7
Private consumption	0.5	1.3	2.2	2.9
Investments (main capital)	1.3	0.7	1.9	2.8
- <i>Export of goods and services</i>	8.1	4.6	4.8	5.0
- <i>Import of goods and services</i>	6.2	3.3	4.4	5.3
Unemployment rate, %	9.9	9.1	8.5	8.0
Employment, %	0.3	0.4	0.6	0.6
Inflation, year average, %	-0.9	0.5	1.0	1.9
Current check, % of GDP	2.1	1.8	1.6	1.3
Commercial balance, % of GDP	-4.6	-3.9	-3.7	-3.8
Direct foreign investments, %, GDP	3.1	3.2	3.3	3.3

Source: (Тригодишен план за действие, 2016)

The tables and statistics obviously show that the initial assumption about the macroeconomic environment are not justified. The prognosis is confirmed and in the last three-year action plan. The average GDP growth (set in 2,5 % during 2012) falls short of the government's expectations. So far it has been 1.25% on average and in order to reach the target growth the GDP should increase by some

3,5% on average by 2020 (a goal that is not impossible but far more difficult than before). Even in the optimistic scenario of the European Commission with a real GDP growth of 3,8% (European economic forecast, 2018, p. 12) the average growth will remain below the strategy's targets. The unemployment rate has not stabilized yet, even though it is declining. Nevertheless, this process should continue and if the trend is correct in 2019 and 2020 the unemployment rate will fall below 8-7%.

The trade balance is still negative and the strategic plans suggest that this trend will continue. Obviously Bulgaria should improve its exports both in terms of quantity and quality, as well as in terms of added value and diversity. Otherwise it will be too difficult to speed up economic growth only through domestic consumption and foreign direct investments (which are too low at the moment). Finally, government debt is on the rise and without any significant effect on the real economy (as a supportive factor). For the time being this is more likely to impose gradually growing weight upon society at large (the debt has almost doubled over the last 5 years as a share of the GDP).

All EU directives and multi-lateral agreements show that the 16 + 1 Initiative is a form of collaboration between EEC and China. It is a way for Bulgaria to achieve the highest goals in our Strategy and thus support the fulfilment of the strategic goal of all other partners within the initiative. The 16 +1 Initiative serves as a bridge between EU and China, whereas the EEC is the connection between East Asia and West Europe. The benefit of this cooperation is mutual and affects the whole EU and will be more visible, helpful and effective in Central and Eastern Europe. Hopefully the socio-economic relations between Bulgaria and China will be transformed into a deeper cooperation and will remain as friendly as they were in the last few decades. Furthermore, they will go beyond and the 16+1 Initiative so that Bulgaria finds its place in the in global Belt and road initiative.

Bulgaria-China economic cooperation mechanism

In economic terms China and Bulgaria largely complement each other, and the cooperation potential is high. In the course of their development over the past 30 years of pursuit of a policy of reforms and opening up to the world many industrial sectors in China have already taken leading global positions in the fields of high-speed railways, nuclear power plants, renewable energy sources, green technology, communication equipment, agriculture, etc. Bulgaria is situated at a transportation hub between the Eastern and Western states, enjoying favorable natural conditions, skilled manpower and relatively low cost of investment expenditure. Following the principle of mutual benefit China and Bulgaria could quite realistically link their business in areas of mutual interest and pursue joint development [5].

Bulgaria and China continue to expand and deepen their economic and business relations. Chinese investors have kept an eye on Bulgaria as a potential destination for business development for a long time now, while the diplomatic relations between the two nations have remained high for decades. Low taxes, increasing consumption and strategic location are among the main reasons for Bulgaria to be considered as paradise by the Asian entrepreneurs.

China traditionally is the biggest trade partner of Bulgaria in Asia. According to the statistic from Bulgarian ministry of economy Bulgaria exports to China refined copper and copper alloy, copper waste, debris of aluminum and copper, row lead, copper stone, cement copper, chemical products, etc. The structure of the import is varied. Telephone devices, machines and devices for air conditioning, spare parts and other accessories for vehicles, chairs, toys, reinforced articles, boiler and immersion heaters.

The economic relations between the two countries are based on Agreement for economic cooperation (in force since 2007) and Agreement for evasion of double taxation (in force since 2003), which creates the necessary legal conditions for development of trade and economic cooperation. In 2007 has been signed an additional protocol as an Annex to the Agreement between the Government of Peoples Republic of Bulgaria and China for encouragement and protection of investments signed in 1989. In October 2009 during the official visit of the vice-president at that time Xi Jinping in Bulgaria has been signed a Memorandum for understanding and economic cooperation between the Ministry of economic, energetics and tourism of the Republic of Bulgaria and the Ministry of the Trade of PRC [6].

The custom cooperation is based on an Agreement for cooperation and mutual administrative help in this field between EU and PRC. Bulgaria gives China trade preferences according to the General System of Preferences (GSP) of the EU.

According to Bulgarian Industrial Association, an Intergovernmental Bulgarian-Chinese commission for economic, trade and scientific-technical cooperation co-chaired by deputy ministers of the economy of the two countries was established in 1985. In June 2007 the Commission was renamed the Intergovernmental Joint Commission for Economic Cooperation, whose last session took place in April 2014. Within the activities of the Joint Commission increases the participation of representatives of business circles of the two countries who organize parallel sessions of their meetings or business seminars.

The work of the Bulgarian-Chinese Intergovernmental Joint Commission for Economic Cooperation is an important mechanism for the development of trade and economic relations between the two countries. During the session of the Commission have been discussed any opportunities for deepening bilateral cooperation in areas of common interest, like trade and investment, energy,

agriculture, transport, infrastructure and others. During different sessions of the Commission have been signed a number of agreements, for example:

- Framework Agreement on financial cooperation between China Eximbank and Bulgarian Development Bank to encourage investment between Chinese and Bulgarian enterprises.
- Memorandum of Cooperation between "National Company Industrial Zones" EAD and high-tech park Dzhunguantsun town Beijing (Andreev, 2014).
- Memorandum of Cooperation between the Bulgarian Investment Agency and the China Council for Promotion of International Trade – Shanghai.

The Framework Agreement for bilateral promotion of trade and investment between Chinese and Bulgarian companies formalize the commitment for long-term strategic partnership between the two institutions and to encourage future cooperation in the field of cross-border funding, bilateral loans, investments and trade. The document envisages the exchange of know-how and good practices in the field of co-financing of major infrastructure projects and the implementation of joint researches and analyses. In this way the export from China or Bulgaria could be supported in the form of loans granted by the Chinese or Bulgarian bank respectively. Pursuant to the agreement investment projects may be part of the cooperation. To this end the two banks agreed to lend each other all necessary support in the process of carrying out due diligence, feasibility studies, project evaluation and management. An additional option was agreed for the two banks to extend lines of credit to each other.

Another institution that plays a significant role for the development of the economic relations between Bulgaria and China is the established in 2010 Bulgarian-Chinese Chamber of Commerce and Industry (BCCCI). "It has been established by a group of Bulgarian and Chinese businessmen, engaging in active commercial and investment activity in the Republic of Bulgaria and in the People's Republic of China. The partnership among the founders' group began in 2005 and the mutual trust among them has grown a lot over the next years. BCCCI was established as a natural response to the growing interest among businessmen from both Bulgaria and China, who have already realized the abundance of opportunities for bilateral partnership. In order to achieve optimal results in a transcontinental business venture, it is vital to possess knowledge of the other country's ways and traditions"[7]. This is the reason BCCCI created a platform to assist Bulgarian and Chinese organizations in achieving mutual understanding. The Chamber also works as an information system for the companies, engaging in business activities in the Republic of Bulgaria and in the People's Republic of China.

Today the Bulgarian-Chinese Chamber of Commerce and Industry has offices in Sofia (Bulgaria) and Shanghai (China). There is also currently a process of establishing offices in Beijing and Guangzhou. BCCCI's members are companies

from all sectors, as well as public organizations. It offers their members adequate service in order to improve the trade relations between them and the respective country. The Chamber is a transparent and open to the public institution, which acts as a bridge between the Republic of Bulgaria and the People's Republic of China. For the development of direct links between business companies from both countries significant contribution has the Bulgarian Industrial Association and the Bulgarian Chamber of Commerce. Both institutions have signed cooperation agreements with their Chinese partners [8].

Within the initiative for cooperation between China and Central and East Europe /16+1/ on 25-27 June 2015 in Sofia has been established a Centre for Cooperation in Agriculture in 16+1 headquartered in Sofia. It is called Association for the Promotion of Agricultural Cooperation between China and CEE Countries which shall assist in strengthening bilateral and multilateral cooperation between China and CEE countries in the field of agriculture and food [9].

Between the different agencies in Bulgaria and China has been signed the following agreements that play role as a legal base of the economic cooperation between both countries: Agreement for cooperation between the Bulgarian Executive Agency for Promotion of Small and Medium Enterprises and Management "Development of international trade" under the Ministry of Commerce of PRC (April 2006, Sofia); Memorandum of Understanding between the Bulgarian Agency for Export Insurance and Chinese organization "Sinosure" (April 2006, Sofia); Memorandum of Understanding between the Bulgarian Investment Agency and the Shanghai board for investment abroad (in November 2006, Shanghai); Cooperation Agreement between the BIA and Chamber of Commerce Shanghai (November 2008), Memorandum of Cooperation between The Confederation of the Employers and Industrialists in Bulgaria (CEIBG) and China Council for the Promotion of International Trade (January 2014) as well as a memorandum between the Association for the Promotion of Agricultural Cooperation between China and the Central and Eastern European Countries (APACCCEEC) and the Bulgarian-Chinese Business Development Association (BCBDA). The last document should contribute to the development of more aspects of the agrarian sector between the two countries, such as the promotion of Bulgaria as a destination for business and investment, and the promotion of Bulgarian agricultural products and foodstuffs [10].

The trade between Bulgaria and China

China has become one of Bulgaria's major trade partners for a little more than 10 years. In 2001, China held the 19th place in Bulgaria's list of top importers, and 43rd place among export destinations, while in 2014 China was already the ninth largest Bulgarian partner in the two categories. Up to that date Bulgarian

exports and imports to and from China amounted to 708 million U.S. dollars and 1.148 billion dollars. This, compared to 10 million U.S. dollars and 87 million U.S. dollars recorded in 2001. In last few years, Bulgarian companies made a breakthrough in the Chinese market in several commodity groups, including grains, wine and beer, and marble, where the values of exports increased significantly. For example for the first time, Bulgarian beer reached the Chinese market directly [11].

Below is a list showcasing 15 of Bulgaria's top trading partners, countries that imported the most Bulgarian shipments by dollar value during 2017. Also shown is each import country's percentage of total Bulgarian exports.

Table 4. Bulgaria major trade partners

Countries	Export Revenue (in billions USD and percentage of overall Bulgarian export)
Germany	\$ 3.6 billion (13.6% of total BG exports)
Italy	\$ 2.4 billion (9.2%)
Romania	\$ 2.3 billion (8.8%)
Turkey	\$ 2.1 billion (8%)
Greece	\$ 1.8 billion (7%)
France	\$ 1.2 billion (4.5%)
Spain	\$ 733.1 million (2.8%)
Belgium	\$ 715.1 million (2.7%)
Netherlands	\$ 706.3 million (2.7%)
United Kingdom	\$ 656.3 million (2.5%)
Poland	\$ 648.2 million (2.5%)
Austria	\$ 507.5 million (1.9%)
Serbia	\$ 494.9 million (1.9%)
China	\$ 481.2 million (1.8%)
Czech Republic	\$ 445.3 million (1.7%)

Source: (Workman, 2018)

Among Bulgaria's top importers, China increased its import purchases as well. China is already on the eight place among the main Bulgaria's importers:

Table 5. Bulgaria's Top 10 Import Countries

Country	Import in USD \$
Germany	\$3,787,854,994
Russia	\$2,580,206,589
Italy	\$2,288,254,714
Romania	\$2,006,509,114
Turkey	\$1,795,931,950
Greece	\$1,392,616,087
Poland	\$1,169,153,376
China	\$1,147,021,933
Spain	\$1,125,855,595
Hungary	\$1,103,908,739

Source: Global Edge, 2018 [12]

Over the last few years the Bulgarian-Chinese relations have strengthened. In in 2010, the trade between the two countries has risen 16% up on previous year, and Bulgarian exports have increased more than twice. Bulgaria exports to China mostly metal and metal products, as well as mineral and chemical industry products. At that time China has already a growing interest in investment in Bulgaria. According to the Bulgaria's Economic Development Strategy our country should have become a EU gate to the trade flows from Asia and mostly from China.

One of the government's top priorities at that time was the construction of a Bulgarian-Chinese industrial zone near Sofia. Chinese companies have had shown interest in the project but later on unfortunately it didn't happen. The construction of a Bulgarian-Chinese industrial zone was an important and concrete step for attracting Chinese investment.

Table 6. Trade turnover (mln. USD)

Year	Exports	Imports	Balance	Total turnover
2007	101.7	832.6	-730.9	934.3
2008	157.3	1110.5	-953.2	1267.8
2009	136.8	628.4	-491.6	765.2
2010	250.0	653.8	903.8	-403.8

2011	404.7	942.8	1347.5	-538.1
2012	761.5	977.0	-215.5	1738.5
2013	868.1	1020.2	-152.1	1888.3
2014	714.6	1159.4	-444.8	1874.0
2015	612.4	1076.3	-463.9	1688.7
2016	516.0	1153.8	-637.8	1669.8
2017	763.0	1243.5	-480.5	2006.5
I-VI 2018	366.7	769.2	-402.5	1135.9

Source: Ministry of Economy [13]

In January-December 2012 trade turnover increased by 29% compared to 2011 and amounts to 1738.5 mln. USD, Of which Bulgarian exports 761.5 mln. USD (+ 88.2%) and imports from China 977.0 mln. (+ 4%). In 2013, trade turnover between Bulgaria and China reached 1.884 billion USD. (An increase of 8.4% compared to 2012), of which Bulgarian exports to China 864 million USD. (Up 13.4%) and imports from China 1.020 billion USD. (Up 4.5%). Since 2014, bilateral trade shows reduction. The reason for the decline in Bulgarian exports to China for the period is the reduction in the value of the following commodity groups: refined copper and copper, copper ores and concentrate, waste and scrap of copper; panels, consoles desks, cabinets and other controls or electrical distribution. During that period, China already ranks second among the Bulgarian export partners in Asia after Singapore. As it is seen from the chart in 2017 the total turnover of the trade significantly increases mainly due to the increasing of the import from China.

During the whole period (2007-2017) imports exceeded exports resulting in a negative trade balance of Bulgaria with China. Now China ranks third after Turkey and Russia among Bulgarian export partners outside the EU and 10th in the overall export of the country (Zhelev, 2018, p. 6).

Table 7. Leading commodity groups in trade with China in 2017

Exports from Bulgaria	% of exports	Imports from China	% of imports
Refined copper and copper alloys	63.2	Lighting fixtures	5.4
Copper ores and concentrates	6.6	Parts and accessories for motorcycles and bicycles	3.8
Non-heating resistors (including rheostats and potentiometers)	2.3	Machinery and apparatus for air conditioning	2.8

Waste and scrap of copper	2.2	Electric lamps and tubes	2.3
Lead ores and lead concentrates	1.8	Pipe fittings and fittings for pipelines, boilers, tanks, tubs	2.0
Integrated circuits and electronic microcomponents	1.3	Electric boilers and immersion heaters	2.0
Converters, ladles, casting machines in the metallurgical, steel and foundry industry	1.2	Rubber pneumatic tires	1.7

Source: Ministry of Economy [14]

Currently in Bulgaria there are no significant Chinese investments. According to Bulgarian National Bank (BNB) data and the Bulgarian Agency of Investment for the period 1996-2017, the attracted investments from China amounted to 120.9 mln. Euros. The country ranks on 39th place in terms of foreign direct investment (FDI) in Bulgaria among 206 countries considered. This data is confirmed by other researchers (Zhelev, 2018, p. 13). According to Zhelev China FDI to Bulgaria is 108,4 millions \$ and it's ranked 36th position right after Serbia for the period 1997-2017.

Chinese Investments in Bulgaria are still relatively small. They are mainly in the energy sector – renewable energy plants, in the agrarian sector and in the automotive industry (co-production of "Litex Motors" and Chinese Great wall motors), electrical, engineering, IT, telecom and trade sectors. Actually on EU level distribution of Chinese investments is similar – 28% of all direct investments by China are made in energy projects, 13% are in agriculture and food industry, 12% – in the automotive industry. The analyses show that the Swedish legend Volvo today is experiencing a renaissance as owned by Chinese entrepreneurs and China is market №1 for cars Volvo [15].

In Bulgaria the most powerful Chinese telecommunication companies were presented – ZTE (2003) and Huawei (2004). The office of ZTE is seen by the company as the center to expand its presence in other countries in the region (Macedonia, Croatia, Albania). In 2004, "Huawei Technologies" won a tender to build the network of the 3rd GSM operator to Bulgarian Telecommunication Company (BTC). According to the Ministry of Economy in August 2005 the company signed another contract with BTC – to build a network of landlines worth 20 million USD. This way "Huawei" has become a major supplier of equipment for BTC / "Vivatel" and successfully implemented project "Globul." In December 2008 the Chinese holding company "Insigma Group", in consortium with the Italian company "Idreko" won the tender for the construction of desulphurization facilities in thermo-electric power-plant "Maritza East". The project is worth 86 mln. Euros and partly funded by the EU.

On 21 February 2012 officially opened the plant for cars near Lovech of the Bulgarian company "Litex Motors" together with one of the largest private Chinese companies „Great Wall“. The planned value of the investment project of "Litex Motors" amounted to 160 million. lev, the main investment is predominantly Bulgarian company. It is envisaged that the final completion of the plant to be employed 2000 people and production capacity to 50,000 vehicles a year. The assembly of *Great Wall* motor vehicles in the town of Lovech is so far the most emblematic Chinese engineering and manufacturing investment in Bulgaria. China business circles and companies, with the political support of the Chinese State, take great interest in participating in the implementation of large infrastructure projects in this country (e.g. participation in the tender for the construction of the third line of Sofia's subway, construction of a strategic tunnel under the Shipka Peak that will connect the transport network of Northern and Southern Bulgaria, and the Black Sea motorway). However, the refusal of the Bulgarian government to provide government guarantee has currently blocked the implementation of these investment intentions.

Currently another project for establishing a factory for flat glass manufacturing is also under way. Chinese companies jointly with the China Development Bank are looking into opportunities for investment in energy and road infrastructure in Bulgaria. Chinese investors are showing heightened interest in Bulgaria, which is very encouraging for the country.

One of the most significant change in terms of Chinese investments in Bulgaria as an impact of the Chinese initiative "One belt, one road" (or Belt and Road Initiative for short) is the launched in June 2016 in Shenzhen, China, of Chinese-European pilot project for a global corporate city in Trakia Economic Zone/TEZ/. The contract for joint building and management of "EU-China New Economy Cooperation Pilot Zone – Plovdiv" was signed by Eng. Plamen Panchev, creator of TEZ and the Chairman of the BD of "Sienit Holding" Jsc. and Chen Zongjian, Chairman of the BD of the Chinese company China Shenzhen Porter Holdings Co., Ltd. The "Sienit Holding" Jsc. and China Shenzhen Porter Holdings Co., Ltd signed agreements with Chinese financial companies and investment funds for financial participation in the project, as well as with the German business association having more than 100 companies members. The project will cover an area of about 2,6 million m² and built up area of about 5 million m². The global city will be an European headquarters /"Porter City – European Headquarters"/ of the Chinese company China Shenzhen Porter Holdings Co., Ltd. it will enable producers from around the world (Europe, Middle East and Africa, Russia and the CIS countries) to present their products and establish offices, retail and logistic centers in TEZ. The pilot zone represents an innovative public business platform, e-trade, logistics and finance, providing direct connection between the user and manufacturer [16].

In 2017 the Bulgarian government announced that Chinese e-commerce leader Alibaba explores the opportunity to invest in a logistics center in Bulgaria to service orders from Europe. According to that news Alibaba also plans to start offering Bulgarian food and commodities through its online platform. Besides that two more Chinese companies have expressed investment intentions. GS Solar Company is considering to build a solar panels factory and Polygroup is interested in buying Bulgarian tobacco [17].

During the visit of the Prime Minister of the People's Republic of China Li Keqiang within the 7th China-CEEC meeting in Sofia, in July 2018 Bulgarian President Rumen Radev has pointed out that Bulgaria wants to make up for lost time and is keen to see effective and rational relations with China which means not only investments in energy and transport infrastructure projects but a many-sided approach encompassing industry, high technology, agriculture and tourism. The Bulgarian president has also said that he expects the Chinese side to speed up procedures for access of Bulgarian agricultural products and other goods to the Chinese market [18].

During the same visit of the Chinese prime minister in Bulgaria within his meeting with Bulgarian Prime Minister Boyko Borissov has been announced that the two countries achieved 10 bilateral agreements signed between China and Bulgaria, ranging from energy and infrastructure to tourism and cultural exchanges. One of the major project of interest discussed by Borissov and Keqiang was the planned Belene nuclear power plant, which Bulgaria's government is looking to revive. Officials from state-owned China National Nuclear Corporation (CNNC) and the Bulgarian government have held several meetings over the past year to discuss the project.

Another most notable contract was a 1.5 billion euro (\$1.75 billion) framework agreement signed between Bulgarian Development Bank (BDB) and its Chinese peer. The agreement envisages financial cooperation over the next five years under the One Belt, One Road initiative of the Chinese government. The funding, which will be provided in the form of loans from China Development Bank to BDB, will be used as cofinancing, project financing, private equity financing and syndicated lending for projects of mutual interest. The projects could be in the energy, communications, transport and agriculture sectors, and could involve small and medium-sized enterprises. The two banks are also discussing options to set up joint venture capital funds in support of start-ups in Bulgaria (Mihaylov, 2018). Another agreement was to lend \$95 million for Bulgaria's navy, with which 6 ships are supposed to be built (Dimchev, 2018).

There is one more framework deal that Bulgaria signed with the government of China was for building a range of transport infrastructure, including four motorways and a tunnel under the Balkan Mountains. The road tunnel would run along the Shipka pass between Gabrovo and Kazanlak in the centre of the

country; design work on the scheme began in 2019, and it has since become notorious in Bulgaria for delays in implementation.

The companies interested in taking part in infrastructure projects in Bulgaria are China Communications Construction (CCCC), China Road and Bridge Corporation, CITIC Construction, the Mizrahi Real Estate Group, China Machinery Engineering Corporation, Quantum Global Solutions and PowerChina International. CITIC has previously been linked with the Shipka tunnel (Global Construction Review, 2018). China is also inviting international banks to finance a project for the construction of a high-speed railway linking Bulgaria's Black Sea coast to Greece's Aegean ports.

Another deal between Bulgaria and China is for buying up to 10,000 tonnes of dry tobacco or 10 million tonnes of dried leaves. If it is implemented in full, this means China will buy out the full year production of oriental tobaccos in Bulgaria. According to various agro-statistics, the country produces 15-18 thousand tonnes of dry Oriental tobacco per year and about 25 thousand tonnes of all kinds of tobacco [19].

Bulgarian Investments in China are also very small. In 2007, as a result of Bulgarian investments in Zhejiang have been created a total of 11 enterprises in the production and sale of textiles, clothing and footwear. Several Bulgarian companies have set up their offices in the city. Yiwu that export to Bulgaria small Chinese goods. In November 2006 in Shanghai were signed contracts between companies to create a joint venture in Bulgaria for the production of polyester fibers between Bulgarian "Poliinteks" (part of the group "CPC Inc.") and Chinese "Hangzhou New Silk Road", for sale of Bulgarian casting machines with counter-between "CPC / counter Pressure casting / Inc." and "Drivecraft Technology", and a contract between "JVL Bulgaria Holding" and four Chinese companies for joint business and cooperation.

Tourism

In terms of tourism, the number of Chinese tourists visiting Bulgaria has been increasing, reaching 13,986 people in 2014, while in 2011 it was 6,251. Number of Chinese tourists in Bulgaria in 2015: 15 006 (+ 7.3% compared to 2014). Number of Bulgarians traveling to China in 2015: 2365 (+ 18.3% compared to 2014). However, there are more opportunities, and relations between tour operators from both countries should be strengthened. Bulgaria's Tourism Ministry said on October 22 that the number of Chinese tourists visiting the Bulgaria increased by 43 per cent in 2017, nearly 25 000 people. By the end of 2018, a Bulgarian Tourism Information Centre will be opened in Beijing. The figures were announced at a Bulgarian-Chinese cultural and tourist forum in Sofia, a day after the Bulgarian

capital city hosted the 16+1 meeting of local leaders from Central and Eastern Europe and China (BTA, 2018).

Potential and future opportunities

Since the start of the Chinese initiative "One belt, one road" Chinese businesses made steady progress in investing in Bulgaria. The facility jointly run by Litex Motors of Bulgaria and Great Wall Motors of China started production. The investment project of Tianjin Farms Agribusiness Group progressed steadily. The Devnia cement project of China National Building Materials Group advanced smoothly. For the last few years the Bulgarian Prime Minister, the Speaker of the National Assembly and the President of the country have successively visited China and the Bulgarian side has held a series of investment and tourism forums in Beijing, Shanghai, Shenzhen and other cities in China. Parallel with that Chinese business delegations have held 10 business forums in Bulgaria and over 500 Chinese entrepreneurs have visited the country in quest of cooperation opportunities. These contacts have helped enhance the two countries' knowledge about each other and have fostered cooperation between companies in various areas. As it was clearly shown the statistics indicate that in 2013 the trade exchange between the two countries for the first time exceeded USD 2 billion, which was almost 10% up from the level for the previous year. Moreover, Bulgaria's exports to China have increased considerably and bilateral trade exhibits a balancing trend. Furthermore, the companies in the two countries maintain close contacts for intensifying cooperation in the areas of transport and infrastructure. Chinese businesses operating in this field have amassed rich international experience, they have sufficient available financial resources and numerous well-established practices regarding technology and management of infrastructure projects, which they could share. Currently Chinese companies demonstrate serious interest in the projects concerning the Black Sea Motorway and the tunnel under Shipka Peak. The two countries are keen on expanding cooperation in agriculture and tourism. We hope that with the support of the governments of China and Bulgaria the companies in the two countries will reach joint arrangements as soon as possible and will contribute to the economic and social development of the two states (Petkova, 2015).

In recent years, due to the attention allotted by the state leaders and the joint efforts of the two countries, Chinese-Bulgarian economic relations have developed steadily, trade exchange has been continuously on the rise, investment and cooperation projects have been consistently drafted and overall there have been excellent development prospects. Naturally, there still are numerous aspects in the trade and economic cooperation between China and Bulgaria on which both countries need to focus:

- first and foremost, the business-to-business contacts between the two countries are not yet sufficiently numerous, there is no sufficiently thorough knowledge about the market conditions in the other country, many cooperation opportunities have not yet been fully tapped.
- Secondly, in the majority of cases Chinese and Bulgarian firms operate on their own, when developing their market in the other country, the benefits of scale and measure implementation have not been achieved, there is no purposeful strategic planning, resources are not yet fully pooled and utilized.
- Thirdly, regulatory measures and policies are not sufficiently stable: for example, the regulations in the area of renewable energy sources have been repeatedly amended, due to which businesses, including the Chinese ones, have experienced economic shocks of various degrees that have impacted inversely investment security and corporate confidence.

One of the opportunities that the new cooperation platform in the China – Central and Eastern Europe format gives is the utilization of the diverse cooperation mechanisms, so that both countries would be able to realize out advantages, to raise the cooperation level and to contribute actively to the elevation of this bilateral business and economic cooperation to a new level.

Currently the areas of bilateral trade and economic cooperation are broad, they cover communications, electronics, the automotive industry, the power sector, transport, ecology, agriculture and other spheres. Nevertheless the two countries still have a huge cooperation potential in the fields of agriculture, power generation and infrastructure. For instance, there are unique natural features for agriculture in Bulgaria, while the demand for such products in the Chinese market is enormous, the cooperation between the two countries is mutually complementary and the potential in this respect is significant. During the last few years the governments of the two countries have successively signed phytosanitary protocols for exports of maize and alfalfa for China and a number of other protocols for the export of farming products are being negotiated. These regulatory documents will pave the way for the export of quality Bulgarian agricultural products to China.

Bulgarian understanding of the Belt and Road Initiative

The so called One Belt, One Road initiative (or BRI) consists of the Silk Road Economic Belt and a New Maritime Silk Road. The Silk Road Economic Belt was unveiled by Xi Jinping at Nazarbayev University on September 7, 2013 as part of his state visit to Kazakhstan. The New Maritime Silk Road was announced before the Indonesian Parliament on October 3, 2013, as part of Xi Jinping's state visit to Indonesia. These two concepts envision the creation of a highly

integrated, cooperative, and mutually beneficial set of maritime and land-based economic corridors linking European and Asian markets (Li, 2015, p. 42).

Designed as a development strategy and framework that focuses on connectivity and collaboration, China's "One Belt, One Road" initiative clearly reads as an ambitious vision for transforming the political and economic landscapes of Eurasia over the coming decades via a network of trade and infrastructure partnerships. The "Belt and Road" run through the continents of Asia, Europe, and Africa, connecting the vibrant East Asia economic circle at one end and developed European economic circle at the other, and encompassing countries with huge potential for economic development.

This initiative was seen as part of an overall Chinese attempt to extend its growing economic power and influence in order to strengthen and expand cooperative interactions, create an integrated web of mutually beneficial economic, social and political ties, and ultimately lower distrust and enhance a sense of common security.

Central and Eastern Europe is not a homogeneous region, in fact, it is quite divergent. Before the fall of iron curtain, it was referred as Eastern Europe with geopolitical meaning. Now Central and Eastern Europe is quite different because of the great transformation taken place in the last 25 years.

Both China and CEEC have no historical grievance over each other. China does not have bitter historic memory about Central and Eastern European countries. China suffered too much from the West European powers, during the century of humiliation, in late XIX th century; China was carved up by the western European powers along with Russia and Japan. There is no geopolitical conflict of interests between China and CEEC. When the PRC was established, East European countries belonged to the first group of countries to recognize new China. Bulgaria was the second country that recognized and established diplomatic relations with PRC (Li, 2015).

Even though Bulgaria and China are thousands of kilometers apart, separated by mountains and seas, Bulgaria is not unknown to people in China. First and foremost, there is deep-going traditional friendship between both countries. Bulgaria was the second country in the world that recognized and established diplomatic relations with new China. China highly appreciates that fact. Not long ago, Bulgaria became the first country to translate and publish the book *Chinese Dream* by China's incumbent head of state, Xi Jinping which was also remarkable for the increase of the public interest of Bulgarian society toward Chinese social, economic and political development nowadays.

Secondly, with the comprehensive development of the close relations the traditional friendship between the two nations acquires new content. The so-called "three treasures" of Bulgaria: rose oil, yoghurt and wine, are highly appreciated and very popular in China. Chinese People show interest in Bulgaria's

beautiful nature, in the country's rich historical, cultural and artistic heritage. Both countries expect that with the deepening of the contacts between the two countries in the areas of culture and tourism a growing number of Chinese people will be able to come to Bulgaria on excursions or for vacations, that they will have the opportunity to enjoy an even greater number of cultural and artistic performances and events of eminent Bulgarian authors and artists. Nowadays several thousand Chinese people live permanently in Bulgaria and do business in various spheres; there are also over ten companies with Chinese investments and several scores of Chinese students undergoing education in Bulgaria. For them Bulgaria is a second homeland, they are actively integrated in the Bulgarian society, thus building a peculiar bridge for trading and economic cooperation and for cultural dialogue between the two countries. Those people become a cooperation bridge and ambassadors of the friendship between the two countries.

Nowadays relations with Central and Eastern European countries are embedded in the strategic framework of China-Europe relations. China's foreign policy towards Europe can be categorized into different layers: the relations with European powers (Germany France and UK); the relations with EU institutions; relations with sub-regions (Southern Europe, Northern Europe and Central and Eastern Europe). The growing importance of Central-Eastern Europe for China is a result of the accession of 11 countries of the region to the European Union. Although this has complicated Beijing's cooperation with the region to a certain degree, the region's EU membership has been considered a factor which fosters cooperation with China (Liu, 2013).

Subsequent rounds of talks between prime ministers were held in Bucharest (2013), Belgrade (2014) Suzhou (2015), Riga (2016), Budapest (2017) and Sofia (2018). Top-level meetings were complemented by a series of multilateral events of secondary importance, attended by representatives of the CEE states and China. Various initiatives have been organized, including forums focused on economic and investment affairs as well as regional cooperation. Other initiatives include: ministry-level conferences and other events devoted to issues such as tourism, education, agriculture, energy affairs, infrastructure development. The progressing institutionalization of the '16+1' format resulted in the establishment of a Permanent Secretariat at the Chinese Foreign Ministry (2012), a Permanent Secretariat for Investment Promotion in Warsaw (2014), and several associations and industry organizations coordinated by individual states (e.g. agricultural cooperation is coordinated by Bulgaria, railway transport – by Serbia) (Wang, 2015).

China-CEEC cooperation has provided new driving force to China-CEEC traditional friendship, built a new platform for mutually beneficial cooperation and served as a new engine for deepening China-Europe relations for mutual benefit and win-win cooperation. China-CEEC cooperation is in line with China-

EU relations and reaffirmed the commitment to deepening the partnership for peace, growth, reform and civilization based on the principles of equality, respect and trust, thus contributing as appropriate to the implementation of the EU-China 2020 Strategic Agenda for Cooperation. The inclusion of the '16+1' cooperation framework into the concept of the New Silk Road ("One Belt, One Road") is the most important and promising element for the CEEC. The region is predestined to be the Road's 'hub' and can be used during its construction, all the more so because the individual states and cities of the region have been aware of the opportunities connected to it (Pavličević, 2016).

The formation of the 16+1 framework is one of the most important achievements of China's diplomacy. The '16+1' framework refers to different mechanisms and arrangements between China and 16 Central and Eastern European countries that were formed after Premier Wen Jiabao's historic visit to Poland in 2012. Since then, the 16+1 cooperation framework has been widely accepted in Central and Eastern European countries and has moved on a fast track. In the last two years, summits between China and the Central and Eastern European Countries (CEEC) have been held on a regular basis, with different cooperation mechanisms formed or under consideration. Contrary to China's unilateral "12 measures," the Bucharest Guidelines and the Belgrade Guidelines became a joint pledge for cooperation.

Mutual efforts by China and the CEEC have drawn relations closer. From China's point of view, the CEEC, especially the new member states of the European Union (EU), can play an important role in Europe; the CEEC can serve as China's bridgehead for exploration of the European market. Although the CEEC suffered from the global financial crisis and euro-zone debt crisis, these countries have shown resilience. From the perspective of the CEEC, China has become an important factor in a global shift of power: it has maintained a good record of economic growth; its economic clout continues to expand; and it should be regarded as an important economic partner for the CEEC. Apart from opening the CEE region up for investments, the '16+1' format was intended to facilitate the shaping of relations between China and the EU and to become a tool in building a positive image for China and the CEE countries (Long, 2015).

Already five years after the start of the "One Belt, One Road" Initiative Its already obvious for everyone that this is much more than simply economic, infrastructure and trade project but rather geopolitical, geoeconomic and generally speaking geostrategic project that changes the geopolitical and geo-economic balance towards Eurasia. The implementation of the project is going to transform the political and economic landscapes of Eurasia over the coming decades via a network of trade and infrastructure partnerships.

The EU position on 16+1 initiative

Since the announcement of the format 16 +1 EU expresses reservations about the initiative, arguing that the formation of a group of Member States could undermine the image of the EU as a community, and that the PRC aims to "split" the EU and to promote its own interests. There were objections against the institutionalization of the initiative, the adoption of long-term programs or action plans, cooperation in areas where the EU has exclusive or shared competence (especially trade, investment, agriculture), giving state guarantees for projects under the initiative (Turcsányi, 2014).

By 2015, the positions of the CEE countries, China and the EU evolve in understanding that cooperation in the format 16+1 is the important and effective additional mechanism to EU-China relations. On the fourth summit in Suzhou for the first time as observers attended representatives of the EU, Austria, Greece and the European Bank for Reconstruction and Development (EBRD).

In a Resolution of The European Parliament from 16 December 2015, regarding the EU-China relations the European Parliament states that having in mind that the launch of the 'One Belt, One Road' initiative aimed at constructing major energy and communication links across Central, West and South Asia as far as Europe considers the project with a *"geostrategic relevance which should be pursued in a multilateral way; believes that it is of the utmost importance to develop synergies and projects in full transparency and with the involvement of all stakeholders..."* [20]

In July 2016 16+1 was referenced for the first time in European document (the new EU Strategy on China) as a sub-regional framework for cooperation in the context of connectivity.[21]

During the May 2017 first International BRI International summit, China insisted that it wants to share "growth, development and connectivity" and "collaborate more closely on concrete projects" with the EU, but the European Commission's vice president Jyrki Katainen made some different points. In his speech at Beijing, he said that any scheme connecting Europe and Asia should adhere to a number of principles including market rules and international standards, transparency on any plans and activities and should complement existing networks and policies (Katainen, 2017). The EU's reservations about China came to a head when EU lawmakers voted against China's application for "market economy status" under WTO law, which, if granted, would reduce possible penalties in anti-dumping cases. The sore point is steel: China's huge production capacity has flooded world markets and threatened the robust industrial base the European Commission considers essential for jobs, growth, and competitiveness.

Brussels is also concerned about the issues of reciprocity and access to the Chinese market for European companies. Despite several years of negotiations, there is still no bilateral investment treaty, and European companies have found it increasingly difficult to do business in China. Several EU countries and cities have been particularly receptive to Chinese investors. Others have been more cautious, seeking guarantees from China that it will follow international standards and not pursue exclusively its geostrategic interests (Le Corre, 2017).

We have to admit also that the EU population is still not well aware of the OBOR initiative (BRI). They still perceive the Chinese outbound direct investment (ODI) with mixed feelings as there are lingering suspicions that China has broader strategic intent and not just commercial calculations in putting such financial resources across the Eurasian region.

Furthermore, the EU media narrative is still centered on Chinese mergers and acquisitions (M&A) in the EU rather than a broader socio-political analysis of the BRI and possible cooperation patterns to shape a long-term relationship between the EU and China based on a better understanding of reciprocal values and interests. To a large degree, EU's approach has remained rooted in a democratization and human rights paradigm. The focus on purely economic motives and the lack of clarity by China exacerbates the situation. In actual fact, the BRI can be a platform for both sides to develop a new basis of promoting mutual trust and mutual benefit, even though the EU decision-making process among its institutions and member states can be complicated for the Chinese side (Arduino, 2016, p. 15).

The last answer of the EU toward Chinese Belt and Road Initiative is the adopted Joint Communication that sets out the EU's vision for a new and comprehensive strategy to better connect Europe and Asia. The document has been adopted by The European Commission and the High Representative of the Union for Foreign Affairs and Security Policy at 19 of September 2018 [22].

The Bulgarian position on Belt and Road initiative and "16+1" formula

Although at the beginning it seems like Bulgaria misjudged the Belgrade meeting, and it participated in it on vice-premier level, unlike the other CEE countries, which were represented by their heads of State and government. Soon Bulgarian government started to play active role in the initiative considering it as an additional opportunity for expansion of relations with China in trade, investment, agriculture, energy, technology, education and culture as well as for the overall promotion of relations. For Bulgaria the initiative is a complementary to the partnership between the EU and China. Bulgaria participates actively in various formats and areas of the cooperation 16+1 according to its abilities and interests and in accordance with policies and legal framework of the EU. Bulgaria explore

as well appropriate schemes for the participation of Chinese companies in major infrastructure, energy and agricultural projects in Bulgaria under the initiative, in accordance with the interests of both countries and the obligations of Bulgaria as EU member state. An important result of this cooperation would be the increase of the Chinese investments in Bulgaria and the expansion of Bulgarian exports to China.

Bulgaria will continue to participate actively in the initiative and seek opportunities for mutually beneficial projects, but consider the dialogue between the EU and China, as well as bilateral contacts with Beijing as main channels of communication with the PRC.

In September 18, 2015 in Sofia was held the first consultations between the foreign ministries of Bulgaria and China on issues of Initiative "16+1". The second consultation in the same format was held on January 20, 2016.

In September 2013 China offered the different CEE countries to establish sectoral associations for cooperation in certain sectors. The Bulgarian side expressed readiness to host a regional center for cooperation in the field of agriculture within the initiative "16+1" based in Bulgaria. After actively lobbying among participants in the initiative on October 29, 2014 in Bucharest (in the ninth Agro-forum format "16+1"), the agriculture ministers of Bulgaria and China signed a Memorandum of Understanding between Bulgaria and China to establish a Center to promote cooperation in agriculture between China and CEE, headquartered in Bulgaria called Association for the Promotion of Agricultural Cooperation between China and CEE Countries. It was officially established on 25-27 June 2015 in Sofia. The Association has been designed to deepen and strengthen the cooperation in agriculture between China and the CEE countries on a mutually beneficial basis through sharing ideas, exchange of good practices and research for innovative solutions. Such cooperation shall broaden the horizons of the countries, helping them to find a sustainable model of agriculture, as well as to promote the development of trade in agricultural and food products between them. The Association also shall be a platform for planning and promoting the implementation of practical cooperation between real entities in agriculture – associations and companies engaged in agriculture, harvesting and processing of produce, manufacturers of food, beverages and equipment for agriculture, traders and investors in those fields. In order to promote the further development of trade relations in the agricultural sector between China and the CEE countries, the Association could assist in opening of National Pavilions of CEE countries in the Shanghai Free-Trade Zone as a permanent trading platform. Thus it will be made possible the promotion of agricultural products from CEE countries which could find good reception in the Chinese market such as meat and meat products, milk and dairy products, canned fruit and vegetables and juices, honey, mushrooms, wine and alcoholic beverages, mineral water, tobacco and tobacco

products, etc. It shall function as well as a platform for the promotion on bilateral and multilateral basis of business contacts and business interaction between companies, organizations and associations of China and the 16 CEE countries and thus it will contribute to the conclusion of specific transactions for trading agricultural and food products, it will assist in attracting and making investments in the field of agriculture and food industry, it will contribute to the establishment of joint ventures and it will support the implementation of various bilateral and multilateral projects in the field of agriculture and food [23].

With the support of the China side there are already successful results. Bulgaria established its permanent pavilions in Hangzhou and Shanghai. Bulgarian government hopes that the activities of the Association will help to facilitate and increase exports of high-quality food and agricultural products from Bulgaria and other CEE countries for the huge Chinese market, which heavily rely on the assistance of the Chinese side.

In September 2014 during the Second dialogue on education policy in 16+1 in Tianjin, Sofia University "St. Kliment Ohridski" was elected for the first rotating European coordinator of the Consortium of Universities in 16+1. On 12-14 November 2015 Bulgaria hosted the second ministerial forum for cultural cooperation between China and CEE, which was adopted the Sofia Declaration on Cultural Cooperation between China and the countries of Central and Eastern Europe (2016-2017). Minister of Culture of China, Mr. Luo Suga visited Bulgaria to participate in the Forum and signed the Agreement between the Government of the Republic of Bulgaria and the Government of the People's Republic on reciprocal establishment of cultural centers.

On 27-28 September 2016 Sofia hosted the first meeting of the mayors of the capitals of China and CEE. Bulgaria hosted also the 3rd Working meeting of the CEEC-China Association of Provincial Governors held in Plovdiv on October 19, 2017. In June 2016, during the third meeting of local leaders in Tangshan, it was announced that Bulgaria will host the fourth meeting of local leaders in the summer of 2018 (proposal was the Chinese side). The meeting was held in October 20, 2018 in Sofia under the motto "Global Thinking, Local Action". The discussions were focused on the development of cooperation in the fields of tourism, agriculture, industrial and demonstration zones and parks, small and medium-sized enterprises. 22 Bulgarian municipalities have already been twinned with 32 urban agglomerations, cities and provinces of the People's Republic of China while the capital of Bulgaria is becoming an increasingly attractive tourist destination [24].

On the last meeting between the foreign ministers of PRC and Bulgaria in Sofia in October 2015 Bulgarian government declared that China is Bulgarian top priority partner in Asia, and one of its biggest export destinations worldwide. Bulgarian priorities are the increasing Chinese investments in Bulgaria and

expanding the volume and variety of Bulgarian products on the Chinese market. Regarding that statement Bulgaria demonstrates readiness to participate actively in the development of transport corridors in the New Silk Road initiative in the context of "One Belt one Road" considering itself as a EU's gateway to Asia and vice versa. That's why Bulgaria expects from PRC a significant support for the development of its strategic transport infrastructure, and achieving better connections and linkages between the countries of Southeastern Europe which is one of the strategic priorities for Bulgaria. According to the Bulgarian President it is about to be accomplished the project for high-speed railroad between Bulgaria and Turkey, which will promote trade between European countries and China. Chinese companies could also take part in the modernization of river and sea ports of Bulgaria as well as in other kind of communication and logistic infrastructure.

From the potential and future development of the "One Belt, One Road" initiative the platform "16+1" Bulgaria also expects to deepen cooperation in tourism, agriculture and food, energy sector, science, education and culture. Bulgaria is considered also a leader in the field of information technologies in Southeastern Europe and in the production of components for the automotive industry so it's another opportunity for future Chinese investment in these emerging sectors in Bulgaria. Bulgaria declares strong commitment to support Chinese companies wishing to invest in Bulgaria in sectors in which Bulgaria has traditional advantages and those that provide high added value and increased competitiveness of the economy – engineering, automotive, electronics, information and communication technologies, chemical and pharmaceutical industry, agriculture and food industry, the creation of industrial zones and hi-tech parks. Bulgaria always emphasizes its desire to attract Chinese companies to invest in Bulgarian industrial zones, which can be obtained support from "National Company Industrial Zones".

Although the Bulgarian government many times declared that it is strongly motivated to support and actively participate in the initiative for cooperation between China and CEE (16+1) and considers it as an important platform for expanding the bilateral relations in all fields, and an effective addition to EU-China relations, up to that moment our political actions and positions are quite controversial and inconsistent. Clear evidence for that was the Bulgarian absence from the first "Belt and Road Forum for International Cooperation" held in Beijing in May 2017.

At the same time for Bulgaria, BRI is a strategic opportunity for the country to be part of a newly emerging market encompassing the countries from Asia, The Middle East, CEEC and West Europe. If Bulgaria really wants to be part of this project on the Balkan area we are competing with our neighbors like Serbia, Greece, Macedonia, Romania and Turkey, and up to this moment all of them are much more ahead in their relations with China negotiating and making

everything possible to become active part of the BRI with respect to their own strategic interests and future plans. Three Bulgarian neighbor EU countries (Greece, Romania and Cyprus) joint the Asian Infrastructure Investment Bank (AIIB) which is very significant act.

It is obvious that the importance of "One Belt, One Road" initiative for the EU, CEEC and Bulgaria will definitely grow up and our government should take it into consideration much more seriously, assessing the new geopolitical realities with all the existing possibilities, disadvantages, shortcomings, advantages and opportunities.

In this sense It was of a great importance the fact that on July 7, 2018 Bulgaria hosted the last, 7th Summit of China and Central and Eastern European Countries where the Participants formulated and issued the so called Sofia Guidelines for Cooperation between China and Central and Eastern European Countries with "Deepening open and pragmatic cooperation for inclusive prosperity" which includes further measures for Strengthening 16+1 coordination, Deepening Practical Cooperation in Trade, Investment and Connectivity, Cultivating New Drivers for Cooperation in Science, Technology, Innovation, Finance, Green Environmental Protection, Agriculture, Energy, Forestry and Health and Expanding People-to-People Exchanges [25].

During the meeting Bulgarian Prime Minister Boyko Borissov and Chinese Prime Minister Li Keqiang announced that Bulgaria takes a leading role in establishing a Global Partnership Center between the countries of Central and Eastern Europe and China. The Centre for partnership and cooperation of the Asian country with the countries of Central and Eastern Europe will explore how 16+1 cooperation can correspond to EU rules in the context of globalization. Li Keqiang noted that such cooperation will give Chinese entrepreneurs much more incentives to invest in the EU. The Centre will help Chinese companies enter the EU market and participate in tenders and procedures within the EU (Mihaylov, 2018).

Conclusion

The realization of the Belt and Road initiative exposes a number of opportunities for Europe and particularly for CEEC. Some of the conclusions in terms of challenges and opportunities regarding the global perspectives of BRI are already mentioned from other authors, especially on the relations between Europe and Asia (Димитров, 2017) and the authors of this paper take them into account. Overall these opportunities include:

- the possibility of jointly creating a "large Eurasian common market";
- the possibility of accelerating the processes of regional integration in Europe itself;

- the possibility of overcoming the current alienation between Russia and Europe, which would only strengthen European (as well as Russian) stability;
- the opportunity to more actively use the chances of European companies in the Asia-Pacific region
- the possibility of raising its own global influence (as long as the countries located in the area of implementation of the Chinese initiative will rely heavily on European experience in the field of global and local governance);
- the opportunity for the strategic partnership between China and the EU to reach a new level
- the opportunity to achieve a balance in the transatlantic relations that are currently suffering because of the US asymmetric position in them.

Part of the aforementioned opportunities open to Bulgaria involving the BRI are related to the development of trade, investment, infrastructure, cultural and scientific cooperation, etc.

Sufficient proof of the strategic advantages for Bulgaria is that two major corridors of the trans-European transport network are running through the country: Orient / East-Mediterranean and the Rhine-Danube, as well as the fact that a priority for Bulgaria corridor in the railway transport the Chinese initiative is the so-called Trans-Caspian transport route – via Varna and Burgas to Georgia, Azerbaijan, Kazakhstan and China.

Equally important for Bulgaria is the so called "Three Seas" initiative, aimed at greater connectivity and development of the port infrastructure and Adriatic, Baltic and Black Sea industrial base, which could attract Chinese companies to finance and participate in the development of the Bulgarian port infrastructure, which is fully in line with "One Belt, One Road" development and "16+1" mechanisms [26].

Bulgaria considers itself as a bridge between Europe and Asia with a number of geopolitical and geoeconomic advantages whose importance is expected to grow to an even greater extent in the future especially from the standpoint of attracting foreign investments. In the context of "16 + 1" Initiative, Bulgaria can be respectful and valuable partner in the following directions:

- Opportunity to produce cost-effectively within the EU market;
- Attractive conditions for establishing assembly, warehousing, logistics, and R&D operations; Favorable office rents and low cost of utilities.
- Skilled workforce.
- Stable economic and political environment.
- Foreign-investment-oriented government.

- Tax and tariff advantages – It has the lowest corporate tax at 10 percent; There is a 2-year VAT exemption for imports of equipment for investment projects over €5 million, creating at least 50 jobs, etc.
- Reliable infrastructure provides easy access to markets within the EU and beyond. In Bulgaria there are 14 functioning Industrial zones and 21 zones under development; 4 international airports; 2 main ports on the Black sea and 2 main ports on Danube River; Over 4000 km of railways Connected to major European throughways.

Due to its location Bulgaria provides direct access to the following key markets:

- European Union – zero tariff market with population of 500 million
- CIS – still not well developed market with a high potential
- Turkey – zero tariff market of near 80 million population
- Middle East – a market with high purchasing power
- North African market
- **Regarding the relations between Bulgaria and China within the context of "Belt and Road" initiative Bulgaria has selected several strategically important infrastructure projects to develop in partnership with China:** Port of Varna, Black Sea Speedway, Zagora Airport: EU China Logistics Hub; Plovdiv Industrial Zone, Bojurishte Industrial Zone. It is a great opportunity and chance if the competent institutions of the two countries and the companies in this field succeed to maintain intensive contacts and jointly seek forms of cooperation applicable to the Bulgarian conditions to promote the implementation of infrastructure projects.

Final remarks

The Bulgarian government many times declared that highly appreciates China's foreign policy on win-win cooperation, which benefits the international community. That's why Bulgaria values the mutual friendship between the two countries and will work with China to deepen cooperation under the "Belt and Road" initiative and expand exchanges in all available fields. Bulgaria also will make unremitting efforts to promote cooperation between Central and Eastern European countries and China as well as between the European Union (EU) and PRC. From that point of view Bulgarian government is strongly motivated to support and actively participate in the initiative for cooperation between China and CEE (16+1) and considers it as an important platform for expanding the bilateral relations in all fields, and an effective addition to EU-China relations. In this regard the two countries should jointly build the "Belt and Road" integrating their own national development strategies and seek more opportunities for cooperation.

Notes:

[1] A prediction that at this point is still inappropriate (the average growth for the past 5 years is no more than 1, 5%). The accumulate growth of 34.3% can be achieved and is still a goal but in the next 5 years must to sustain higher growth of GDP above 3%.

[2] The instability from nearby war conflicts is neglected and remains strict part of the National Security Strategy (which is not integrated here, which in strategic horizon will be a problem).

[3] In some way is problematic that the strategy vision concerns only the individual even though further below in the text it's come clear that the vision affects different communities – the family, the civil society, the branch organizations, the informal education, the minorities, etc.

[4] Some of the main indicators that must to be reach are diminishing of the early education dropouts below 11%; 36 % of the people between 30-34 of age must to be with higher education; high impact quality management of education on national level, etc.

[5] Trade and economic partnership between Bulgaria and China. Ministry of Economy, Republic of Bulgaria, available at: <http://www.mi.government.bg/bg/themes/kitai-192-333.html?p=eyJwYWdlIjo0fQ==>

[6] China, International economic relations center to BIA, available at: http://ierc.bia-bg.com/bg/informaciq_po_strani/kitaj_

[7] Bulgarian-Chinese Chamber of Commerce and Industry, available at: <http://www.bulgariachina.com/en/pages/about.html>

[8] Bulgarian-Chinese Chamber of Commerce and Industry, goals and services, <http://www.bulgariachina.com/en/pages/goals-and-services.html>

[9] "Логистичен Център и Павилион 16 + 1", Център за насърчаване на сътрудничеството в областта на селското стопанство между Китай и страните от централна и източна Европа, available at: <http://china2ceec.org/bg/news/330>

[10] Activity, Association for the Promotion of Agricultural Cooperation Between China and CEE countries, available at: <http://china2ceec.org/en/Activity>

[11] Trade and economic parthnership between Bulgaria and China. Ministry of Economy, Republic of Bulgaria, available at: <http://www.mi.government.bg/bg/themes/kitai-192-333.html?p=eyJwYWdlIjo0fQ==>

[12] Bulgaria Trade Statistic, GlobalEdge, available at: <https://globaledge.msu.edu/countries/bulgaria/tradestats>

[13] Bulgaria Trade Tyrnover by years, Ministry of Economy available at: <https://www.mi.government.bg/bg/themes/kitai-192-333.html?p=eyJwYWdlIjo0fQ==>

[14] Commodity groups in trade with China, Ministry of Economy, available at: <https://www.mi.government.bg/bg/themes/kitai-192-333.html?p=eyJwYWdlIjo0fQ==>

- [15] FDI of China to Bulgaria by type, Ministry of Economy, available at: <https://www.mi.government.bg/bg/themes/kitai-192-333.html?p=eyJwYWdlIjo0fQ==>
- [16] Investment Destination Plovdiv, Trakia Economic zone, available at: <http://invest.plovdiv.bg/en/trakia-industrial-zone/>
- [17] Three Chinese Companies Explore Investment Opportunities in Bulgaria, Invest Sofia, available at: <http://investsofia.com/en/three-chinese-companies-explore-investment-opportunities-in-bulgaria/>
- [18] Rumen Radev: Bulgaria is keen on more substantial Chinese investment presence, BNR, 2018, available at: <http://bnr.bg/en/post/100992950/rumen-radev-bulgaria-is-keen-on-more-substantial-chinese-investment-presence>
- [19] "China has Promised to Buy Nearly all Bulgarian Tobacco", 9 July 2018, available at: <https://www.novinite.com/articles/190980/China+has+Promised+to+Buy+Nearly+all+Bulgarian+Tobacco>
- [20] European Parliament resolution of 16 December 2015 on EU-China relations, available at: <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P8-TA-2015-0458>
- [21] European Parliament resolution of 16 December 2015 on EU-China relations, available at: <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P8-TA-2015-0458>
- [22] EU steps up its strategy for connecting Europe and Asia, 19 September 2018, http://europa.eu/rapid/press-release_IP-18-5803_en.htm
- [23] Център за насърчаване на сътрудничеството в областта на селското стопанство между Китай и страните от централна и източна Европа, available at: <http://china2ceec.org/bg/Activity>
- [24] Fourth Local Leaders Meeting of the Central and East European Countries and China "16+1", 21 October 2018, available at: <https://www.visitsofia.bg/en/item/2314-fourth-local-leaders-meeting-of-the-central-and-east-european-countries-and-china-%E2%80%9C16-1%E2%80%9D/menuid418>
- [25] China Ministry of Foreign Affairs, Countries (Regions), Bulgaria, available at: https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1577455.shtml
- [26] Very controversial aspect of the project is the role of China. In 2016, China and a handful of Central and Eastern European countries signed the Riga Declaration, which reaffirmed support for TSI. China has taken credit for starting discussion on TSI (referred to as "Adriatic-Baltic-Black Sea Seaport Cooperation") as proposed by Premier Li Keqiang during the China-CEEC Summit in 2015. The Chinese government supports the project as it will "contribute to greater synergy" between Central and Eastern European infrastructure and the proposed Belt and Road Initiative.

Acknowledgements

The findings in the current paper are achieved during 1-year research project – "Opportunities and Challenges of Belt and Road Initiative: Perspective from China and Central and Eastern European Countries". This was international project with undertaking organization from China – the Central Compilation & Translation Bureau (CCTB) with collaboration of 12 other institutions from Bulgaria, Croatia, Estonia, Serbia, Hungary, Poland, Latvia, Lithuania, Romania, Slovakia and Slovenia. Part of the data and the conclusions were aprobated during two consecutive conferences in format 16+1 – In 2016 "16+1 High-Level Academic Forum: Opportunities and Challenges of Belt and Road Initiative", Warsaw, Poland; and in 2017 in Budapest, Hungary. Later on Aleksandar Dimitrov was invited to participate in 5 years anniversary conference in Renmin university, Beijing (2018), where the findings from the research project were further developed and resulted in the current paper.

References:

- Andreev, V. (2014), National Company Industrial Zones. Strategic Partner for Investors in Bulgaria, NCIZ, available at: https://www.eiseverywhere.com/file_uploads/aac86146d064056d018db3d153e3c9bf_ValeriAndreevpresentation-HongKongdinner.pdf (accessed at 4 November 2018)
- Arduino, A. (2016), "China's One Belt One Road: Has The European Union Missed The Train?", policy report, Nanyang Technological University, RSIS, March 2016
- BTA. (2018), "Около 25 000 китайски туристи са посетили България през последната година", 29 May 2018, available at: <http://www.bta.bg/bg/c/BO/id/1809304> (acc. at 4 Nov 2018)
- (BTA. 2018, "Okolo 25 000 kitayski turisti sa posetili Balgaria prez poslednata godina" 29 May 2018, available at: <http://www.bta.bg/bg/c/BO/id/1809304> (acc. at 4 Nov 2018)
- Dimchev, A. (2018), "China to Loan more than 1.5 billion euro to Bulgaria", EUSCOOP, accessible at: <https://www.euscoop.com/en/2018/7/7/china-loan-bulgaria>
- European Economic Forecast. (2018), European Commission, Institutional paper 084, Luxembourg: Publications Office of the European Union, available at: https://ec.europa.eu/info/business-economy-euro/economy-finance-and-euro-publications_en (accessed at 4 November 2018)
- Global Construction Review. (2018), "Bulgaria agrees four-motorway deal with government of China", 09 July, available at: <http://www.globalconstructionreview>.

com/news/bulgaria-agrees-four-motorway-deal-government-chin/ (accessed at 4 November 2018)

Habova, A. (2018), "*16+1 Initiative and the Shifting Geopolitical Dynamics*", In *The Silk Road: Collection of Papers from the Fourth International Conference on Chinese Studies "The Silk Road"*, Confucius Institute in Sofia, Sofia, 2018, pp. 106-112.

Kandilarov, E. (2017), "The Opportunities of 'One Belt, One Road' Initiative and '16+1' Formula for the Economic Relations Between Bulgaria and China", In "From '16+1' to 'Belt and Road Initiative' - Cooperation, Development, Win-Win: China Social Science Forum, The 3rd China-Central and Eastern Europe Forum Proceedings, China Social Sciences Press, Beijing, December 2017, pp.126-145

Kandilarov, E. (2018), "The Importance of the 'One Belt, One Road' Initiative for the EU, CEEC and Bulgaria", In *THE SILK ROAD: Collection of Papers from the Fourth International Conference on Chinese Studies "The Silk Road"*, Confucius Institute in Sofia, Sofia, pp. 149-156.

Katainen, J. (2017), "Speech by Jyrki Katainen, Vice President of the European Commission at the Leaders' Roundtable of the Belt and Road Forum for International Cooperation", 15 May 2017, European Commission, Brussels, available at: http://europa.eu/rapid/press-release_SPEECH-17-1332_en.htm

Le Corre, Ph. (2017), "Europe's mixed views on China's One Belt, One Road initiative", Brookings, 23 May 2017, available at: <https://www.brookings.edu/blog/order-from-chaos/2017/05/23/europes-mixed-views-on-chinas-one-belt-one-road-initiative/>

Li, J. (2015), "Silk Road economic belt, Eurasian Economic Union and China-Russia cooperation", In *Euro-Asian Studies*, 2015, Social Sciences Academic Press, China, Beijing

Liu, Z. (2013). *The Pragmatic Cooperation between China and CEE: Characteristics, Problems and Policy Suggestions*, Working paperes on European Studies, Vol. 7, No. 6, Institute of European Studies, Chinese Academy of Social Sciences, Beijing, 2013

Long, J. (2015), "Cooperation between China and CEE countries: features, significance and prospect, In *Diplomacy Journal*, vol 12, Bulgaria, Sofia, 2015

Mihaylov, I. (2018), "Bulgaria, China agree on opening CEE global partnership centre, SeeNews, 09 July 2018, available at: <https://seenews.com/news/bulgaria-china-agree-on-opening-cee-global-partnership-centre-619312#sthash.w7oDxyBV.dpuf>

Mihaylov, I. (2018), "Bulgaria, China Development Banks sign 1.5 bln euro Framework Deal", SeeNews, 06 July, available at: <https://seenews.com/news/bulgaria-china-development-banks-sign-15-bln-euro-framework-deal-619190>

Pavličević, D. (2016), "China in Central and Eastern Europe: 4 Myths. Debunking four myths about China's "16+1" platform with Central and Eastern Europe", *The Diplomat*, June 16 2016, available at: <http://thediplomat.com/2016/06/china-in-central-and-eastern-europe-4-myths>

Stefanov, N. (2016), "The Geostrategic Project Öne Belt, One Road", the "16+1" Initiative and Bulgaria", In "Дипломатически, икономически и културни отношения между Китай и страните от Централна и Източна Европа" proceedings of international conference, Confucius institute, 11-12 November 2016, Bulgaria, Veliko Tarnovo, pp. 117-125

(Stefanov, N. 2016, "The Geostrategic Project Öne Belt, One Road", the "16+1" Initiative and Bulgaria", In "Diplomaticheski, iкономически i kulturni otnoshenia mezhdu Kitay i stranite ot Tsentralna i Iztochna Evropa" proceedings of international conference, Confucius institute, 11-12 November 2016, Bulgaria, Veliko Tarnovo, pp. 117-125)

Stefanov, N. (2017), "16+1 Format – Role in Geopolitical Strategy of PRC", In "Дипломатически, икономически и културни отношения между Китай и страните от Централна и Източна Европа" proceedings of international conference, Confucius institute, 13-14 October 2017, Bulgaria, Veliko Tarnovo, pp. 105-116

(Stefanov, N. (2017), "16+1 Format – Role in Geopolitical Strategy of PRC", In "Diplomaticheski, iкономически i kulturni otnoshenia mezhdu Kitay i stranite ot Tsentralna i Iztochna Evropa" proceedings of international conference, Confucius institute, 13-14 October 2017, Bulgaria, Veliko Tarnovo, pp. 105-116)

Turcsányi, R. (2014), "Central and Eastern Europe's courtship with China: Trojan horse within the EU?", In- European Institute for Asian Studies, January 2014, available at: <http://www.eias.org/wp-content/uploads/2016/02/EU-Asia-at-a-glance-Richard-Turcsanyi-China-CEE.pdf> January 2014

Wang, Q. (2015), "New 16+1 China-European initiative introduced in Beijing", *China Daily*, 31 October 2015, available at: http://www.chinadaily.com.cn/world/cn_eu/2015-10/31/content_22332681.htm

Workman, D. (2018), Bulgaria's Top Trading Partners, WTEx, available at: <http://www.worldstopexports.com/bulgarias-top-15-import-partners/>

Zhelev, P. (2018), "Bulgarian-Chinese relations in the context of 16+1 Cooperation", working paper №24, China-CEE Institute, 22 June 2018

Димитров, Б. (2017), "Новият път на коприната като интеграционен фактор в Евразия", *Геополитика*, бр. 4, 2017, available at: <https://geopolitica.eu/spisanie-geopolitika/163-2017/2681-noviyat-pat-na-koprinata-kato-integratsionen-faktor-v-evraziya>

(Dimitrov, B. 2017, "Noviyat pat na koprinata kato integratsionen factor v Evropa", *Геополитика*, br. 4, 2017, available at: <https://geopolitica.eu/spisanie-geopolitika/163-2017/2681-noviyat-pat-na-koprinata-kato-integratsionen-faktor-v-evraziya>

geopolitika/163-2017/2681-noviyat-pat-na-koprinata-kato-integratsionen-faktor-v-evraziya)

Катранджиев, В. (2018), "Китайско глобално позициониране през призмата на "Един" пояс, един път" и "16+1", In The Silk Road: Collection of Papers from the 4th International Conference on Chinese Studies "The Silk Road", Confucius Institute Sofia, Sofia, 2018, pp. 166-173

(Katrandzhiev, V. 2018, "Kitaysko globalno pozitsionirane prez prizmata na "Edin poyas, edin pat" i "16 + 1", In The Silk Road: Collection of Papers from the 4th International Conference on Chinese Studies "The Silk Road", Confucius Institute Sofia, Sofia, 2018, pp. 166-173)

Матеев, И. (2015), "Китай и Западните Балкани", In "Дипломатически, икономически и културни отношения между Китай и страните от Централна и Източна Европа", international conference proceedings, Confucius Institute Veliko Tarnovo, 25-26 September 2015, pp. 235-242.

(Mateev, I. 2015, "Kitay i Zapadnite Balkani", In "Diplomaticheski, ikonomicheski i kulturni otnoshenia mezhdu Kitay i stranite ot Tsentralna i Iztochna Evropa", international conference proceedings, Confucius Institute Veliko Tarnovo, 25-26 September 2015, pp. 235-242)

Национална програма за развитие: България 2020. (2012), Министерски съвет, available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

(Natsionalna programa za razvitie: Balgaria 2020. (2012), Ministerski savet, available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

Петкова, Д. (2015), "България предлага на китайския бизнес достъп до пазара на ЕС", Investor.bg, available at: <https://www.investor.bg/ikonomika-i-politika/332/a/bylgariia-predlaga-na-kitaiskii-biznes-dostyp-do-pazara-na-es-206734/> (accessed at 4 November 2018)

(Petkova, D. 2015, "Balgaria predlaga na kitayskia biznes dostap do pazara na ES" Investor.bg, available at: <https://www.investor.bg/ikonomika-i-politika/332/a/bylgariia-predlaga-na-kitaiskii-biznes-dostyp-do-pazara-na-es-206734/> (accessed at 4 November 2018)

Радев, Т. (2018) "Един пояс, един път." (Китайската перспектива)", Ентропи 1 ЕООД, Bulgaria, Sofia

(Radev, T. 2018, "Edin poyas, edin pat" Kitayskata perspectiva", Entropi 1 EOOD, Bulgaria, Sofia)

Стефанов, Н. (2015), "Форматът 16+1 – инструмент на сътрудничество на КНР със страните от Централна и Източна Европа", In "Дипломатически, икономически и културни отношения между Китай и страните от Централна и Източна Европа" proceedings of international conference, Confucius institute,

VTU "St. Cyril and Methodius", 25-26 September 2015, Bulgaria, Veliko Tarnovo, pp. 123-134.

(Stefanov, N. 2015, "Formatat 16+1 – instrument za satrudnichestvo na KNR sas stranite ot Tsentralna i Iztochna Evropa, In "Diplomaticheski, ikonomicheski i kulturni otnoshenia mezhdu Kitay i stranite ot Tsentralna i Iztochna Evropa" proceedings of international conference, Confucius institute, VTU "St. Cyril and Methodius", 25-26 September 2015, Bulgaria, Veliko Tarnovo, pp. 123-134.)

Тригодишен план за действие за изпълнението на Националната програма за развитие: България 2020 в периода 2014-2016. (април 2014), Министерски съвет, available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

(Trigodishen plan za deystvie za izpalnenieto na Natsionalnata programa za razvitie: Balgaria 2020 v perioda 2014-2016. April 2014, Ministerski savet, available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

Тригодишен план за действие за изпълнението на Националната програма за развитие: България 2020 в периода 2015-2017. (ноември 2014), Министерски съвет, available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

(Trigodishen plan za deystvie za izpalnenieto na Natsionalnata programa za razvitie: Balgaria 2020 v perioda 2015-2017. Noemvri 2014), Ministerski savet, available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

Тригодишен план за действие за изпълнението на Националната програма за развитие: България 2020 в периода 2016-2018. (2015), Министерски съвет, accessible at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

(Trigodishen plan za deystvie za izpalnenieto na Natsionalnata programa za razvitie: Balgaria 2020 v perioda 2016-2018. (2015), Ministerski savet, available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

Тригодишен план за действие за изпълнението на Националната програма за развитие: България 2020 в периода 2017-2019. (2016), Министерски съвет, available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

(Trigodishen plan za deystvie za izpalnenieto na Natsionalnata programa za razvitie: Balgaria 2020 v perioda 2017-2019. (2016), Ministerski savet, available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

Тригодишен план за действие за изпълнението на Националната програма за развитие: България 2020 в периода 2018-2020. (2017), Министерски съвет,

available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

(Trigodishen plan za deystvie za izpalnenieto na Natsionalnata programa za razvitie: Balgaria 2020 v perioda 2018-2020. (2017), Ministerski savet, available at: <http://www.strategy.bg/StrategicDocuments/View.aspx?Id=765> (accessed at 4 November 2018)

Чанков, Г. (2015), "Новият път на коприната" и Черноморският регион", In Икономически и социални алтернативи, vol 3, Sofia, 2015, pp. 40-61, accessible at: https://www.unwe.bg/uploads/Alternatives/03_Chankov.pdf (accessed at 4 November 2018)

(Chankov, G. 2015, "Noviyat pat na koprinata" i Chernomorskiyat region", In Ikonomicheski i sotsialni alternative, vol 3, pp. 40-61, available at: https://www.unwe.bg/uploads/Alternatives/03_Chankov.pdf (accessed at 4 November 2018)

BULGARIA-CHINA RELATIONSHIP: BETWEEN THE NATIONAL DEVELOPMENT STRATEGY AND BELT AND ROAD INITIATIVE

Abstract

The paper analyzes the main cooperation mechanisms between China and Bulgaria. The history of the two countries' bilateral relations follows a long tradition but in the recent years has been determined mostly by their strategic goals. Bulgaria is determined to fulfil its National development strategy and China in turn has been successfully developing the global Belt and road initiative for five years. This paper is an attempt to give some clarity about the Bulgaria-China relations and to outline ways for future cooperation and development.

Key words: China, Bulgaria, BRI, silk road, international cooperation

JEL: F0, F5, O5