

# The Development of Sino-Romanian Relations After 1989

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**Abstract:** *The Sino-Romanian relations after 1989 have experienced three stages: the development and deepening of friendly and cooperative relations (1989~2003), the establishment and development of a comprehensive friendly cooperative partnership (2004~2011), the deepening of a comprehensive friendly cooperative partnership (2012~ ). The bilateral relations have been developing steadily and have played an exemplary and leading role in the development of relations between China and CEECs. The development of Sino-Romanian relations has benefited from the traditional friendship between the two countries, the respect for each other, the consensus on major regional and international issues, the complementary economic advantages and the decision-making of the two governments. But the level of bilateral relations, as well as the economic and trade cooperation has yet to be improved. The problems that need to be solved are how to promote the economic and trade cooperation at a higher level, how to deal with the challenges of stakeholders and how to reduce the negative impact of the frequent changes of the Romanian government.*

**Keywords:** *Sino-Romanian relations, friendly and cooperative relations, comprehensive friendly cooperative partnership, CEECs, 16+1 cooperation, the Belt and Road Initiative*

Since China and Romania established the diplomatic ties in October 5, 1949, they have maintained friendly and cooperative relations. After 1989, the bilateral relations entered a new era.

## 1. The development and deepening of friendly and cooperative relations (1989~2003)

After the 1989 upheaval in Romania, China adhered to its consistent position: “Ideologies and social systems should not become the obstacle to establishing and developing the relations between different countries.....The relations should be established on the basis of common interests.....In accordance with the principles of respect for the choice of the people of every country and not interfering in the internal affairs of other countries, China will maintain friendly exchanges and economic cooperation with Poland, Hungary, Czech and Slovak Federal Republic, Romania and Bulgaria.” (Qian, 1991) Romania also saw China as one of its important partners and gave great priority to its relations with China. Therefore, the two countries could adapt to the new situation quickly and continue to develop and deepen the friendly and cooperative relations.

As early as December 21, 1989, China said it would not interfere in the internal affairs of other countries and believed that Romania could handle its own affairs (People's Daily, 1989). After Romanian National Salvation Front Council was founded, China stated that it respected the choice of the Romanian people and would maintain and develop friendly relations with Romania on the basis of the five principles of peaceful coexistence. Chinese President Yang Shangkun and Premier Li Peng telegraphed his congratulations to the leader of Romanian National Salvation Front Council, Ion Iliescu, and to the Romanian Prime Minister Peter Roman, respectively. Red Cross Society of China decided to provide emergency humanitarian assistance to Romania. In August 1990, Chinese deputy foreign minister Tian Zengpei visited Romania and came to a consensus with deputy state secretary of Romanian foreign ministry: the development of the Sino-Romanian relations was in the interests of both countries and it should not be influenced by the change of Romanian domestic situation (Zhou, 1990).

In January 1991, Romanian President Ion Iliescu paid an official visit to China, which Chinese President Yang Shangkun called “a starting point” of the development of traditional friendly relations between China and Romania (Zhou, 1991). In July 1994, during his visit to Romania, Chinese Premier Li Peng signed the Joint Declaration by the Government of the People's Republic of China and the Government of Romania on the Friendly and Cooperative Relations. The Joint Declaration pointed out: “The development and deepening of

friendly and cooperative relations is in line with the interests of the people of our two countries and contribute to maintain peace and stability in the region and the world.” (People’s Daily, 1994a) It also set the guiding principles for the development of relations between the two countries:

Based on the principle of mutual respect for the independence, sovereignty and territorial integrity, non-interference in each other's internal affairs, equality and mutual benefit, peaceful coexistence and other recognized principles of international law, the friendly and mutually beneficial cooperative relations in the field of politics, economics, science and technology should be developed.

The rights of people all over the world to decide their own fate and choose the political system, economic system and the path of social development freely as well as the human basic rights and freedom should be respected. The differences of ideology, economic model and development path should not hinder the normal development of the relations between the two countries. (People’s Daily, 1994a)

Furthermore, Chinese President Jiang Zemin’s visit to Romania in the end of June and early July 1996, Romanian President Emil Constantinescu’s visit to China in September 1997 and Romanian Prime Minister Adrian Nastase’s visit to China in June 2002 pushed the friendly and cooperative relations forward. In May 2003, when the Chinese people fought against “SARS”, Prime Minister Nastase visited China and brought some medical equipment, which can be described as “a friend in need is a friend indeed.” In August 2003, President Iliescu visited China and signed the Joint Declaration by the Government of the People's Republic of China and the Government of Romania with Chinese President Hu Jintao, which “announce that the two countries will develop a comprehensive friendly cooperative partnership.” (Chinese Ministry of Foreign Affairs website, 2003)

Meanwhile, the economic and trade cooperation between China and Romania was adjusted and developed under the new situation. Since 1990, the government accounting in foreign trade has been changed to cash payments. The bilateral trade volume declined from \$300 million in 1992 to \$208 million in 1996, and then to \$191 million in 1999 (Li, 2006, p.195). In order to promote economic and trade cooperation, Chinese government and Romanian government signed the Agreement on the Avoidance of Double Taxation and Tax Evasion (1991), the Agreement on the Encouragement and Reciprocal Protection of Investment (1994), the Economic and Trade Agreement (1994), the Agreement on Scientific and Technological Cooperation (1996), and etc. In 1994, the China-Romania Committee on Economic and Technological Cooperation was changed to the China-Romania Committee on Economic and Trade Cooperation, whose annual meeting held alternately in the capitals of the two countries. Both governments also held economic forums and organized other activities to promote bilateral economic and trade relations. In the high-level exchanges, the leaders of the two countries have repeatedly stressed that promoting economic and trade cooperation was an important goal of the bilateral relations.

Since the mid-1990s, some Chinese companies have started to invest in the field of telecommunications, pharmaceuticals, clothing, wood processing, bicycle assembly and cigarette industry in Romania. F&J Group, which registered in Romania in 1992, established a factory in 1994. China National Tobacco Corporation (CNTC) set up a joint venture, Sinoroma Industry Company in 1997. DHS was established in Romania in 1998. In 2000, the bilateral trade volume began to rise. The trade volume was \$753.06 million and \$975.65 million in 2002 and 2003 respectively, which increased 112.6% and 29.6% over the previous year (see Table 1). In 2003, Niro Group, a joint venture with a 30% Chinese stake, spent € 200 million to found a trade hub—“Red Dragon” near Bucharest (Pencea & Oehler-Sincai, 2014). Also in 2003, HUAWEI entered the Romanian communications market. In August 2003, ZTE signed an agreement with Posta Romana to help Romanian telecoms system transformation, which was the largest economic cooperation project between the two countries at that time (Li, 2006, p.197).

**Table 1: Trade Volume between China and Romania, 2002~2015, million dollars**

	Trade	Export	Import	Annual change (%)		
				Trade	Export	Import
2002	753.06	362.00	391.06	112.6	44.6	276.9
2003	975.65	505.55	470.10	29.6	39.7	20.2
2004	1383.96	1057.18	326.78	41.9	109.1	-30.5
2005	1661.53	1369.24	292.29	20.1	29.5	-10.6
2006	6314.48	6083.61	230.87	280.0	344.3	-21.0
2007	2366.01	2084.48	281.52	-62.5	-65.7	21.9

2008	3211.93	2851.27	360.66	35.8	36.8	28.1
2009	2810.38	2377.29	433.10	-13.5	-17.7	20.3
2010	3761.44	3006.18	755.27	33.8	26.5	74.4
2011	4401.95	3453.85	948.09	17.1	15.0	25.4
2012	3776.95	2797.35	979.60	-14.2	-19.0	3.5
2013	4030.93	2822.75	1208.18	6.7	0.9	23.3
2014	4749.70	3225.42	1524.28	17.8	14.3	26
2015	4460.28	3162.88	1297.40	-6	-1.9	-14.7

Source: Department of European Affairs, Ministry of Commerce of the People's Republic of China, <http://ozs.mofcom.gov.cn>.

## 2. The establishment and development of a comprehensive friendly cooperative partnership (2004~2011)

In June 2004, Chinese President Hu Jintao visited Romania and signed the *Joint Declaration by the Government of the People's Republic of China and the Government of Romania on Establishing a Comprehensive Friendly Cooperative Partnership*, with the Romanian President Ion Iliescu. The two countries announced the establishment of a comprehensive friendly cooperative partnership and set forth the common position from four aspects: political relations, economic and trade cooperation, international cooperation and other cooperation (Chinese Ministry of Foreign Affairs website, 2004a). The Joint Declaration pointed out the direction for comprehensive development of Sino-Romanian relations in the new century.

In March 2006, Romanian President Traian Basescu visited China and reached four important consensuses to further develop a comprehensive friendly cooperative partnership with Chinese President Hu Jintao: maintaining high-level exchanges, expanding economic and trade cooperation, promoting cultural exchanges and strengthening multilateral cooperation. To implement these four consensuses, Chairman Wu Bangguo of China's National People's Congress (NPC) standing committee visited Romania in May 2006. This was the first visit of Chairman of the NPC standing committee to Romania. In May 2008, Chairman Jia Qinglin of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) visited Romania and made a speech in the Romanian Senate, in which he praised the Sino-Romanian relations: "China and Romania have become the all-round cooperation partners. The peoples of the two countries have become the all-weather friends. The Sino-Romanian relations have become a good example of state-to-state relations." (Chinese Ministry of Foreign Affairs website, 2008) He added: "Our common task is to inherit the past, usher in the future and develop the Sino-Romanian comprehensive friendly cooperative partnership continuously, so as to better benefit the two countries and the two peoples." (Chinese Ministry of Foreign Affairs website, 2008) He proposed making efforts at four aspects: enhancing political mutual trust, expanding economic and trade cooperation, deepening cultural exchanges and strengthening international coordination (Chinese Ministry of Foreign Affairs website, 2008). On the occasion of the 60th anniversary of diplomatic ties, in October 2009, Chinese Vice President Xi Jinping made an official visit to Romania. When he met with Romanian President Traian Basescu, he highly appraised the Sino-Romanian relations:

"The friendship and cooperation has always been the main melody of the Sino-Romanian relations in the past 60 years. The relations between the two countries can be viewed as a model of state-to-state relations of equality and mutual trust in politics, mutual benefit and cooperation in economics as well as coordination closely in international affairs." (Chinese Ministry of Foreign Affairs website, 2009)

He pointed out: "The common task facing both countries is to take the 60th anniversary of diplomatic ties as a starting point to consolidate friendship and deepen cooperation." (Chinese Ministry of Foreign Affairs website, 2009). At the same time he put forward four proposals, which were: to maintain frequent high-level exchanges, improve the quality of economic and trade cooperation, expand cultural exchanges and strengthen international cooperation (Chinese Ministry of Foreign Affairs website, 2009). During this period, a lot of Romanian senior officials have visited China. Besides, Romanian President Traian Basescu attended the opening ceremony of 2008 Beijing Olympics. Foreign Minister Teodor Baconschi attended the Romanian National Pavilion day, in the 2010 Shanghai World Expo. After the Wenchuan earthquake in 2008, Romanian President, Prime Minister and Foreign Minister all expressed their condolences to the Chinese people. President of Chamber of Deputies Bogdan Olteanu and President Traian Basescu also gave their condolences to the

Chinese Embassy in Romania successively. Romanian Red Cross initiated a three-month nationwide fundraising. Romanian Gendarmerie provided over \$200 thousand cash assistance to the earthquake zone.

Economic and trade cooperation is an important part of the comprehensive friendly cooperative partnership and is highly valued by China and Romania. In the Joint Declaration on Establishing a Comprehensive Friendly Cooperative Partnership, both countries not only emphasized that expanding economic and trade cooperation would contribute to the healthy, steady development of the bilateral relations, but also pointed out that the large cooperation projects, especially the projects in the field of information and communication technology, infrastructure, agriculture, environmental protection and so on, were an important channel to promote the development of economic and trade relations (Chinese Ministry of Foreign Affairs website, 2004a). Thereafter, China has constantly explored new ways and means of economic and trade cooperation on the principle of complementary advantages and mutual benefits, in order to strengthen communication and cooperation between the enterprises of the two countries, expand and balance the bilateral trade volume and implement large cooperation projects. Romania regarded China as an important economic partner in Asia, hoping to expand bilateral trade scale and welcome more Chinese entrepreneurs to invest in Romania. The Economic Cooperation Agreement by the Government of the People's Republic of China and the Government of Romania, the Additional Protocol of Agreement on the Encouragement and Reciprocal Protection of Investment, the Statement of Intent to Strengthen the Exchanges and Cooperation in the Field of SMEs by the Ministry of Commerce of the People's Republic of China and the Ministry of SMEs, Trade and Business Environment of Romania were signed one by one in October 2006, April 2007 and May 2008. In 2007, China Development Bank set up a working group in Romania.

The bilateral trade volume increased sharply in 2004, and jumped to \$6314.48 million in 2006. Then it has increased significantly compared to it before 2004, though there were some fluctuations (see Table 1). China's investment flow in Romania also increased sharply in 2004, and reached \$11.98 million in 2008 (see Table 2). China's investment stock in Romania increased year by year from 2004 to 2011, which was more than that in most of CEECs (see Table 3). Some Chinese enterprises have been developing well in Romania. HUAWEI Romania has become the top 100 enterprises in Romania. ZTE has cooperated closely with two major fixed network operators, Telecom Romania and RCS&RDS. F&J Group invested in the construction of ECEP. Sinoroma Industry Company expanded to China Tobacco International Europe Company (CTIEC). DHS has become a famous brand of Romanian bicycle industry. The Niro Group used € 100 million Chinese investment to construct a whole trade and business center, China Town (Pencea & Oehler-Sincai, 2014).

**Table 2: China's Direct Investment Flow in CEECs<sup>1</sup>, 2003~2014, million dollars**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
AL	--	--	--	0.01	--	--	--	0.08	--	--	0.56	--
BG	0.35	0.35	1.72	--	--	--	-2.43	16.29	53.90	54.17	20.69	20.42
PL	1.55	0.10	0.13	--	11.75	10.70	10.37	16.74	48.66	7.50	18.34	44.17
BA	1.46	--	--	--	--	--	1.51	0.06	0.04	0.06	--	--
CZ	--	0.46	--	9.10	4.97	12.79	15.60	2.11	8.84	18.02	17.84	2.46
HR	--	--	--	--	1.20	--	2.6	0.03	0.05	0.05	--	3.55
LV	1.58	--	--	--	-1.74	--	-0.03	--	--	--	--	--
LT	--	--	--	--	--	--	--	--	--	1.00	5.51	--
<b>Romania</b>	<b>0.61</b>	<b>2.68</b>	<b>2.87</b>	<b>9.63</b>	<b>6.80</b>	<b>11.98</b>	<b>5.29</b>	<b>10.84</b>	<b>0.30</b>	<b>25.41</b>	<b>2.17</b>	<b>42.25</b>
MK	--	--	--	--	--	--	--	--	--	0.06	--	--
RS	--	--	--	--	--	--	--	2.10	0.21	2.10	11.50	11.69
SK	--	--	--	--	--	--	0.26	0.46	5.94	2.19	0.33	45.66
HU	1.18	0.10	0.65	0.37	8.63	2.15	8.21	370.10	11.61	41.40	25.67	34.02

Source: China Commerce Yearbook 2015, China Commerce and Trade Press, 2015.

**Table 3: China's Direct Investment Stock in CEECs, 2003~2014, million dollars**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
AL	--	--	0.50	0.51	0.51	0.51	4.35	4.43	4.43	4.43	7.03	7.03

<sup>1</sup> European two letter country code abbreviations, <http://www.worldatlas.com/aatlas/ctycodes.htm>

EE	0	--	1.26	1.26	1.26	1.26	7.50	7.50	7.50	3.50	3.50	3.50
BG	0.60	1.46	2.99	4.74	4.74	4.74	2.31	18.60	72.56	126.74	149.85	170.27
PL	2.72	2.87	12.39	87.18	98.93	109.93	120.30	140.31	201.26	208.11	257.04	329.35
BA	1.46	4.01	3.51	3.51	3.51	3.51	5.92	5.98	6.01	6.07	6.13	6.13
ME	--	--	--	--	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
CZ	0.33	1.11	1.38	14.67	19.64	32.43	49.34	52.33	66.83	202.45	204.68	242.69
HR	--	--	0.75	0.75	7.84	7.84	8.10	8.13	8.18	8.63	8.31	11.87
LV	1.61	1.61	1.61	2.31	0.57	0.57	0.54	0.54	0.54	0.54	0.54	0.54
LT	--	--	3.93	3.93	3.93	3.93	3.93	3.93	3.93	6.97	12.48	12.48
<b>Romania</b>	<b>29.75</b>	<b>31.1</b>	<b>39.4</b>	<b>65.6</b>	<b>72.9</b>	<b>85.7</b>	<b>93.3</b>	<b>125.0</b>	<b>125.8</b>	<b>161.1</b>	<b>145.1</b>	<b>191.4</b>
MK	--	--	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.26	2.09	2.11
RS	--	--	--	--	2.00	2.00	2.68	4.84	5.05	6.47	18.54	29.71
ME	--	--	2.00	2.00	--	--	--	--	--	--	--	--
SK	0.10	0.10	0.10	0.10	5.10	5.10	9.36	9.82	25.78	86.01	82.77	127.79
SI	--	--	0.12	1.40	1.40	1.40	5.00	5.00	5.00	5.00	5.00	5.00
HU	5.43	5.42	2.81	53.7	78.2	88.8	97.4	465.7	475.4	507.4	532.4	556.4

Source: China Commerce Yearbook 2015, China Commerce and Trade Press, 2015.

### 3. The deepening of a comprehensive friendly cooperative partnership (2012~ )

In April 2012, Chinese Premier Wen Jiabao held a meeting with the leaders of 16 CEECs, including the Romanian Prime Minister Mihai Ungureanu in Warsaw. Premier Wen Jiabao proposed China's Twelve Measures for Promoting Friendly Cooperation with CEECs. From then on, the 16+1 cooperation platform was created. In September and October 2013, when Chinese President Xi Jinping visited Central Asia and Southeast Asia, he raised the initiative of jointly building the Silk Road Economic Belt and the 21<sup>st</sup> Century Maritime Silk Road (the Belt and Road). In March 2015, Vision and Proposed Actions Outlined on Jointly Building Silk Road Economic Belt and 21<sup>st</sup> Century Maritime Silk Road was issued by the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China. In November 2015, at the 4<sup>th</sup> Summit of China and CEECs in Suzhou, the Participants welcomed and supported the important agreement between the Chinese and EU leaders on establishing the China-EU Connectivity Platform, as well as on developing synergies between the Belt and Road initiative of China and the Investment Plan for Europe, and between 16+1 cooperation and China-EU relations (Chinese Ministry of Foreign Affairs website, 2015). The Sino-Romanian relations had new opportunities within the framework of 16+1 cooperation and the Belt and Road.

Since 2012, the annual Summit of China and CEECs has provided a more convenient platform for Sino-Romanian high-level contacts and to promote bilateral relations. Especially in November 2013, when the 2nd Summit of China and CEECs was held in Bucharest, Chinese Premier Li Keqiang paid an official visit to Romania. This was his first visit to Romania after he became Premier and he was the first Chinese Premier to visit the country in 19 years. During his visit, the two governments issued the Joint Declaration by the Government of the People's Republic of China and the Government of Romania on Deepening Bilateral Cooperation in the New Circumstances. It said:

“China-Romania comprehensive friendly cooperative partnership is regarded as an example of inter-state relations in the current period.

To deepen a Comprehensive Friendly Cooperative Partnership further conforms to the aspiration and fundamental interest of the two countries and peoples. The two sides will enrich the connotation of the traditional friendship, further develop mutually beneficial and win-win cooperation, as well as promote common prosperity of the two countries under the principle of mutual respect, equality and mutual benefit.” (Chinese Ministry of Foreign Affairs website, 2013a)

Besides, at the end of June and early July in 2013, Romanian Prime Minister Victor Ponta attended the Local Leaders' Meeting of China and CEECs in Chongqing, China. During his stay in Beijing, Chinese President Xi Jinping and Premier Li Keqiang met with him. At the end of August and early September in 2014, Prime Minister Victor Ponta visited China again on the occasion of the 65<sup>th</sup> anniversary of the establishment of bilateral diplomatic ties between China and Romania and the 10<sup>th</sup> anniversary of the inauguration of the China-Romania comprehensive friendly cooperative partnership. In September 2015, Chinese President Xi Jinping met with Romanian President Klaus Iohannis during his visit in the United States and attended the 70<sup>th</sup>

anniversary of the founding of the United Nations. These high-level exchanges deepened Sino-Romanian comprehensive friendly cooperative partnership.

The economic and trade cooperation is the top priority of 16+1 cooperation and the Belt and Road initiative. Before the 1<sup>st</sup> Summit of China and CEECs in 2012, the China-CEECs Economic and Trade Forum was held in Budapest in June 2011. Since 2012, the Summit and the Forum have been held at the same time, and so far the Forum has been held five sessions.

The initiative to jointly build the Belt and Road "...is aimed at promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integrating of markets; encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards; and jointly creating an open, inclusive and balanced regional economic cooperation architecture that benefits all." (China Daily, 2015)

With the advance of 16+1 cooperation and the Belt and Road initiative, the economic and trade cooperation between China and Romania has become more and more pragmatic.

During the 1<sup>st</sup> Summit of China and CEECs in 2012, Chinese Premier Wen Jiabao said the Chinese government would actively promote the enterprises and financial institutions to discuss how to construct large infrastructure with Romanian counterparts and would expand cooperation with Romania in the areas of investment, agriculture, tourism, culture etc. (Cooperation between China and Central and Eastern European Countries website, 2012). In October 2012, China and Romania signed the Agreement on Strengthening Cooperation in the Field of Infrastructure in Bucharest. When Romanian Prime Minister Victor Ponta visited China in 2013, Chinese leaders put emphasis on advancing pragmatic cooperation, especially in the field of economics and trade, investment and new energy (Chinese Ministry of Foreign Affairs website, 2013b; 2013c).

Furthermore, when he attended the 2<sup>nd</sup> Summit of China and CEECs and visited Romania, Chinese Premier Li Keqiang pointed out that the two countries needed to expand their energy cooperation and the cooperation in the construction of railway and other infrastructure. He called for more Romanian exports of agricultural and animal products to China. He and the Romanian Prime Minister Victor Ponta also decided to set up working groups for talks on major cooperation projects in such areas as railway and energy (Cooperation between China and Central and Eastern European Countries website, 2013a). Meanwhile, the two countries signed 13 commercial contracts or letters of intent, covering such areas as economics, trade, investment, quality inspection, energy and agriculture. When Romanian Prime Minister Victor Ponta revisited China in 2014, Chinese Premier Li Keqiang stressed to promote energy and large infrastructure project cooperation, speed up the research on the construction of the high-speed rail project from Bucharest to Constanta, develop agricultural potential, strengthen scientific and technological cooperation, trade and investment in agricultural field. The two prime ministers also witnessed the signing of the cooperation documents in the field of energy, finance and infrastructure (Chinese Ministry of Foreign Affairs website, 2014a; 2014b).

During the 3<sup>rd</sup> Summit of China and CEECs in Belgrade, Premier Li Keqiang and Prime Minister Ponta said to step up nuclear power, thermal power and high-speed rail cooperation. The Belgrade Guidelines for Cooperation between China and CEECs jointly formulated and issued by the participants at the summit welcomed the signing of nuclear energy cooperation documents between China and Romania, as well as Romania's initiative of setting up a center for Dialogue and Cooperation in energy-related projects (Cooperation between China and Central and Eastern European Countries website, 2014).

In 2015, the Suzhou Guidelines for Cooperation between China and CEECs jointly formulated and issued by the participants at the 4<sup>th</sup> Summit of China and CEECs declared: "The Participants welcome and support Romania's initiative of setting up a Center for Dialogue in energy-related projects. The 1<sup>st</sup> meeting of the Center will be organized in Romania in 2016." (Chinese Ministry of Foreign Affairs website, 2015) China and Romania signed cooperation agreements on quality inspection and a MoU regarding the relevant nuclear power project. Both countries would sign a new agreement on avoidance of double taxation as appropriate (Chinese Ministry of Foreign Affairs website, 2015). In the industrial park cooperation forum, one of the three sub-forums of the 5<sup>th</sup> China-CEECs Economic and Trade Forum at the same time, Viorel Beltechii, Commercial Counsellor of the Embassy of Romania to the People's Republic of China said that Romania, as a country along the Belt and Road, hoped to cooperate with China in energy, infrastructure, agriculture and manufacturing equipment, industrial park and other fields. He welcomed Chinese investment in construction of industrial park and introduced some preferential policies for foreign investors (CRI Online, 2015).

The pragmatic cooperation between China and Romania has made significant progress. In November 2013, China Ming Yang Wind Power Group Limited signed a framework agreement with Speranta & Succesul S.A., a leading renewable energy developer in Romania. The agreement covered wind farm development,

supply of EPC services and equipment procurement of a 200MW wind farm project. In October 2014, China Huadian Engineering and Romania's energy holding Complexul Energetic Oltenia signed an agreement whereby they will set up a joint venture for the construction of a new thermoelectric plant at Romanian state-owned thermal power producer Rovinari. In November 2015, China General Nuclear Power Group (CGN) and Romanian Societatea Nationala Nuclearelectrica S.A. (SNN) signed a MoU on development, construction, operation and decommissioning of Units 3 & 4 of Cernavoda NPP. This project has received the support letter issued by the Romanian government in January 2016 and has been identified as a priority investment project in May 2016. In addition, some Chinese enterprises, such as Sungrow, Goldwind, Dahua Technology, China Energy Conservation and Environmental Protection Group, have entered the Romanian market. China's investment flow in Romania increased significantly in 2012 and increased to \$42.25 million in 2014 (see Table 2). China's investment stock in Romania also increased (see Table 3). In contrast, the bilateral trade volume grew somewhat weakly (see Table 1).

#### **4. Thinking of Sino-Romanian Relations**

The Sino-Romanian relations have been developing steadily after 1989. Romania is a country which established a comprehensive friendly cooperative partnership with China earlier among CEECs. The Sino-Romanian relations have played an exemplary and leading role in the development of relations between China and CEECs. In 1994, during visiting Romania, Chinese Premier Li Peng reiterated the policy of China towards CEECs and summed up the basic principles of developing relations between China and CEECs under the new historical conditions (People's Daily, 1994b). In 2004, during his visit to Romania, Chinese President Hu Jintao put forward four proposals on developing relations between China and CEECs (Chinese Ministry of Foreign Affairs website, 2004b). In 2013, Chinese Premier Li Keqiang listed three major principles of cooperation between China and CEECs and made a six-point proposal on deepening cooperation when he visited Romania and attended the 2<sup>nd</sup> Summit of China and CEECs (Cooperation between China and Central and Eastern European Countries website, 2013b). After the summit, China and the 16 CEECs jointly released the Bucharest Guidelines for Cooperation between China and CEECs, which drew a blueprint for 16+1 cooperation.

The reasons why the Sino-Romanian relations have been developing steadily are as follows:

First, the traditional friendship between China and Romania lays a solid foundation for the sustainable development of bilateral relations.

Romania is the third country to recognize the People's Republic of China. Over the past 67 years, the two countries have been friendly and shared weal and woe with each other. When Romania suffered from devastating floods in 1970, Chinese people provided money to help Romania in its relief and reconstruction efforts. At the 26<sup>th</sup> Session of the United Nations General Assembly in 1971, Romania casted a valuable vote to restore all the legal rights of the People's Republic of China in the United Nations. In the 1970s and 1980s, the two countries not only maintained frequent high-level exchanges and mutual support in international affairs, but also cooperated in the field of economics, trade, science, technology and culture. Just like Chinese Premier Li Keqiang in his speech at the parliament of Romania in November 2013 said:

“Sino-Romanian friendship have withstood the test of time and is deeply rooted, evergreen and eternally renewed. The friendship between the two peoples across time and space has laid a solid foundation for the sustainable development of Sino-Romanian relations.” (Xinhuanet, 2013)

Second, the respect for each other and the consensus on major regional and international issues is an indispensable prerequisite for the steady development of bilateral relations.

China and Romania always respect each other's choice of development path, as well as internal and external policies. Both also accommodate each other's core interests and major concerns. China speaks highly of the economic and social achievements of Romania, understands and respects the efforts of Romania to join the European and Euro-Atlantic integration and appreciates the positive role of Romania in safeguarding world peace and stability. Likewise, Romania speaks highly of the results that China has achieved in adopting the policy of reform and opening up and the important contribution that China has made in promoting world peace and stability. Romania also adheres to the one-China principle and supports China's grand cause of reunification. Moreover, there is consensus on current major international and regional issues between China and Romania. The two sides agree to abide by the purposes and principles of the “UN Charter” and the universally recognized norms of international law, improve the ability of the UN to deal with the problems of the contemporary world properly, support the UN to strengthen cooperation with regional and sub-regional organizations and strengthen the role and authority of the UN Security Council. Both countries agree that the

democratization of international relations is the desire of the vast majority of countries and people in the international community, the use of force and the threat of force should not be used in international relations and disputes between countries should be solved in a peaceful way. Both countries support the development of China-CEECs cooperation and China-EU comprehensive strategic partnership and enhance consultation and cooperation on the fight against terrorism, organized crime, drugs and weapons trafficking, as well as dealing with climate change and promoting sustainable development.

Third, the complementary economic advantages of the two countries provide constant power for the development of bilateral relations.

Chinese Premier Li Keqiang pointed out:

“China is the largest developing country in the world, Romania is the second largest country in population and area in CEECs. Romania seeks cooperation to the east and China opens to the west, which makes the two countries meet each other half way and their common interests are growing.” (Xinhuanet, 2013)

For China, Romania has advantageous natural conditions, rich resources, huge agricultural potential, strong industrial base and fast-growing services, so it has the resource and industrial advantages; it has higher-quality and lower-cost labour force, so it has the labour advantage; it is located in the junction of the EU and CIS and Balkan countries as the “East Gate” of the EU, convenient in traffic, so it has the geographical advantage; it is one of the largest markets in Central and Eastern Europe, and its products can be no obstacle to enter the EU market, so it has the market advantage (Chinese Ministry of Commerce website, 2015). These advantages help China to meet the domestic energy needs, promote the industrial transformation and upgrading, enter the EU market and expand international market share. For Romania, China’s vast market, abundant infrastructure construction force, relatively advanced equipment manufacturing industry and adequate capital meet the needs of Romania, which faces a funding gap and a task of rebuilding and upgrading infrastructure.

Fourth, the political decision made by the two governments plays a leading role in promoting the development of bilateral relations.

To develop the bilateral relations is the consistent policy of China and Romania. The Chinese government attaches great importance to the development of relations with Romania. Especially since 16+1 cooperation and the Belt and Road initiative introduced, Romania, as a vital pivot of China-CEECs and China-EU cooperation as well as an important country along the Belt and Road, has been getting more and more attention from China. Similarly, the successive governments in Romania attach great importance to and speak highly of the relations with China. The former President Traian Basescu put the development of relations with China at the top of Romanian foreign relations (Xinhuanet, 2005; 2006). Incumbent President Klaus Iohannis said that to deepen friendly cooperation between Romania and China conformed to the common interest of the two countries and their people (Xinhuanet, 2015). In June 2016, Romanian government decided to discuss joining the Asian Infrastructure Investment Bank.

However, we really have to see that the level of bilateral relations, as well as the economic and trade cooperation has yet to be improved and there are still some problems that need to be solved.

First, how should China and Romania do to promote the economic and trade cooperation at a higher level?

Complementary economic advantages do not mean that China and Romania can enjoy the fruits of cooperation. To strengthen economic and trade cooperation needs the joint efforts of both countries. For instance, Chinese enterprises should be familiar with Romanian laws and regulations related to investment, taxation, employment and so on, and they should evaluate their operational costs reasonably. They should understand the infrastructure, transportation, logistics and preferential policies in project site, as well as the credit status of joint venture partners, project feasibility, market prospect of product etc. They also should bid and dispatch labour according to law strictly (Chinese Ministry of Commerce website, 2015). Romanian enterprises should try to find more high-quality products and advanced technology, expand exports to China so as to ease the bilateral trade imbalance. At present, how to use the opportunities brought by 16+1 cooperation and the Belt and Road initiative to promote the economic and trade cooperation at a higher level, is the urgent task facing China and Romania.

Second, how should China and Romania do to deal with the challenges of stakeholders?

The most likely challenge comes from the EU. Although not only has China repeatedly stressed that 16+1 cooperation and China-EU relations meet each other half way, and 16+1 cooperation contributes to further develop China-EU comprehensive strategic partnership, but also China and the EU reached the agreement on developing synergies between the Belt and Road initiative of China and the Investment Plan for Europe, and between 16+1 cooperation and China-EU relations in 2015, the EU still worries that 16+1



cooperation and the Belt and Road initiative will break the EU rules, even split the EU. This situation may have negative effect on the Sino-Romanian relations. As a member state of the EU, Romania's cooperation with China is inevitably subject to the restrictions of the EU rules. In addition, the widening of differences between China and the United States, the further development of Sino-Russian relations and the intensified game between the United States and Russia may hinder the improvement of Sino-Romanian relations. In turn, the improvement of Sino-Romanian relations may also be conducive to a certain extent to the positive development of relations between China and the EU, as well as between China and the United States.

Third, how should China and Romania do to reduce the negative impact of frequent change of Romanian government?

Romanian governments changed frequently in recent years. The interim government is in power now and there will be a new parliamentary election at the end of 2016. The ruling elites have somewhat been involved and will probably be involved in the unstable political situation, which is not good for them to formulate and implement the far-reaching, pragmatic and effective measures to deepen cooperation with China, though developing friendly relations with China is the consensus of political parties and the policy of successive governments in Romania. How to mitigate the negative impact seems to be a question which is difficult to find an answer. Nevertheless, to what extent the frequent change of Romanian government has affected and will affect the Sino-Romanian relations will need detailed investigation and evaluation.

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