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“Diamond Stage” in Sino- Croatian Relations

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Abstract

By borrowing an ad hoc concept ‘diamond stage’ uttered by Chinese Premier Li Keqiang during his visit to Croatia in April 2019 to describe a new stage in Sino-Croatian bilateral relations, this article sets to analyse the reasons behind this flattering diplomatic designation. It departs from the context of weak, historically distant and asymmetrical Sino-Croatian cooperation (SCC), giving, firstly, a short account on historical relations between China and Croatia and, secondly, relying on small state power scholarship in IR, depicting the opening and advancing of SCC. While categories of state size, geographical proximity, bilateral history and relational capacity are relatively pointless given the previous track of SCC, the dynamics of decreasing asymmetry between a small state and a big power helps to understand the recent upcoming of a new, ‘diamond’ stage in bilateral relations. Therefore, the article proposes several features as particularly relevant for understanding decreased asymmetry in SCC.

Introduction

As a small regional power entering the world stage relatively recently, Croatian foreign policy experts tended to regard the development of bilateral relations with “extra-European” countries with a more reductionist perspective and passive stance. Sino-Croatian relations were not an exception to this. The scope of bilateral relations was thus regarded as almost one-sidedly stemming from the dynamics of Chinese foreign political initiatives, and bilateral developments were considered as a variable depending on the Chinese involvement in European affairs and regional economic cooperation — but rarely *vice versa*. Since Chinese foreign policy activity in Southeast Europe was for a long time considered minimal, Sino-Croatian relations consequently were also deemed minimal in a political, economic and social sense, until the launch of the Chinese FP initiatives towards Central and Eastern European countries (CEE) prompted a new development in Sino-Croatian cooperation (SCC).

This article departs from the context of weak, historically distant and asymmetrical SCC, giving, firstly, a short account on historical relations between China and Croatia and, secondly, relying on small state power scholarship in IR, depicting the opening and advancing of SCC. While categories of state size, geographical proximity, bilateral history and relational capacity are relatively pointless given the previous track of SCC, the dynamics of decreasing asymmetry between a small state and a big power helps to understand the recent upcoming of a new, “diamond” stage in bilateral relations. Therefore, departing from a constructivist reading of asymmetric relations between small and big powers, this article examines asymmetric features in SCC and Croatian ability to decrease bilateral asymmetry with the big power by using its derivative powers, creating avenues of influence and increasing its chances for a reciprocal transaction with a stronger bilateral partner. Thus, the thesis aims to answer the following research question: Does Croatia have the capacity to decrease bilateral asymmetry with the big power by using its derivative powers? Building on this thesis, central features in the current stage of SCC can provide an alternative reading to more “realist” approaches in conceptualising Croatian relations with other big powers.

Power in international relations has long been used within the realist terms of reference as an “intrinsic power” (Copeland 2000: 6); with population, territory, GDP, military strength, and trade being intrinsic or inherent to a state *qua* big power. While there is no agreed-upon list of these criteria, based on the estimates of these factors, states are usually understood as pertaining or lacking what (it) makes (to become) a great power. Small states, on the other hand, lack many of the “normal” categories of power but can be endowed with those forms of power particularly salient within the multilateral world (Dahl 1957: 201-206). According to scholars departing from the realist framework, small states may derive power by *convincing* larger states to take actions that boost their interests. If one accepts that power is relational, a small state utilising access to the other state or the supra-state's FP deliberation and formation may derive power that can vary according to the small state's goals and its relationship with the great power (Risse-Kappen 1995: 198–206). The said has often been seen as the primary option for small states in post-WWII Europe but is particularly relevant in the contemporary EU fora. Described by Keohane (1971) as “the big influence of small allies”, a small state can help a bigger one to achieve a significant goal, for a significant price. It can derive the base of its power that would be rooted in structural, not material, aspects (Shoemaker and Spanier 1984: 17–18). Small states may reconstitute a relationship in ways that make their cooperation valuable not only through strategic or material but also through ideological and relational means.

Scholarship on the power of small states developed three categories that correspond to the ability power of a small state to shape its relations with big powers, i.e. intrinsic, derivative and collective. Particular-intrinsic power that Croatia possesses in terms of material resources, strategic location or other ideational resources (institutional power or “normative capital” in pursuing international relations), which constitute a potential base of its power with other big powers, is arguably not as important in its relations with China. On the other hand, collective power understood as deriving its fundamental base of power from the relationship between small powers or “a small state with associated non-great powers” (Long 2017: 14) might find application in Croatian participation in the FP initiative 17+1 or other regional framework seeking convergence or alliance in the relations with China. However, since these frameworks are virtually non-existent and the 17+1 as a Chinese

sponsored initiative is not showing much signs of genuine multilateralism beyond mere "multitude of bilateralisms" (Bakota 2016: 13), this kind of power is also inviting scepticism regarding the ability of the countries within the "cluster of 17" to forge alliance vis-à-vis China.¹ Derivative power, as we understand it, is any "other-conditioned" (Handel 1981: 257) base of power that may influence the big power in taking the course of action in favour of the small state's interests. It can thus mean a diplomatic art of the small state to lobby or in other way influence a desirable policy or objective of the big power or any third party that might be useful in its relations with the big power. Nevertheless, it can also be applicable in a way the small state is using the opportunity given by the big power balance to advance its interests. The latter might be particularly relevant for the 'diamond stage' in SCC.

While China as a big power mostly engages in asymmetric bilateral relationships often seen as leading a partner country into a deeper dependence, when engaging in the relations with historically distant countries such as Croatia, it is hardly a case of complex structural interdependence. As the power that is an *arriviste* on a global stage, China is often structurally incapacitated for more non-material (non-intrinsic) exercises of power, primarily directed towards distant global regions. Therefore, critical scholars would argue that by lacking relational power and structural interdependence, China has to allocate intrinsic capacities to decrease (power) asymmetry in bilateral relationships, or, more concretely and a bit simplified, trade in preferential trade and economic agreements for political support. This forcible dissymmetry affects both interests and agendas of Chinese FP and shapes bilateral dynamics of CEE countries with China. It might also be argued from the nexus of realist and constructivist standpoints that China is thus more prone to decrease intrinsic asymmetry in

1 This is not to preclude the possibility of a theoretical approach seeking to assess CEE's "collective power" with respect to China. During the short history of 17+1 cooperation, there were occasions when some CEE countries engaged in a group to negotiate more favourable rules and procedures of the framework or tried to "collectively bargain" a decrease in trade deficit with China. However, the evidence of such collective behaviour is (still) not ample and their effects perhaps not as encompassing for the region as a whole. Advocates of collective power on CEE-China axis might argue for smaller groups or more ad hoc coalitions of small states, which would typically have a narrower scope and more concrete agenda (Eurasian intercontinental railway, Thessaloniki-Budapest railway modernisation and other joint cooperation projects). Holding a group of 17 disparate countries together as a source of collective power might be challenging, mainly because it represents a cluster of countries that has little experience in building and maintaining a consensus over issues in relations with the big power.

order to supplement insufficient soft power projection.² The interests of small states, not being constrained with ideational factors that otherwise consolidate asymmetric relations with other big (hegemonic) powers, tend to augment derivative power to diminish asymmetry in their relations with China.

SCC is an example to help illustrate how this form of power matters to small states. Being the newest EU member country, sharing ex-Yugoslav political capital³ and belonging to Chinese defined CEE region (under 17+1 framework) represent Croatian resources that constitute a base of derivative power. Without any significant feature in SCC predating the 'diamond stage', these derivative relations can thus be considered as the main reason for China to engage in changing of asymmetric relationship with Croatia. Given these facts, Croatian derivative power offers the possibility of amplifying Croatia's influence in SCC through the prism of its relations with(in) the SEE and CEE and in lieu of the influence of Croatia as a small state within the EU. To this end, Croatia and China have taken the course of action to strengthen SCC and Croatian position in Chinese FP initiatives.

Constructivist perspective highlighting agendas and discourses as avenues to influence the decrease of bilateral (power) asymmetry is particularly relevant in Chinese attempt as a big power to maintain intrinsic power asymmetry while developing means to deemphasise structural gaps in projecting its soft power (see, e.g., Björkdahl 2008; Jakobsen 2009; Kronsell 2002). China developed a systematic and comprehensive approach seeking, on a bilateral level, historical narratives, political rhetoric and a "soft" agenda in support of a more symmetric engagement with countries that have previously been out of its FP reach. Similarly, with the approach to bilateral "warming up" with other CEE countries, China considered challenges ranging from filling up a structural "void"⁴ in people-to-people relations to the necessity of allocating material means to decrease asymmetry or addressing repeated accusations branding China as an antagonising power to the

- 2 Scholarship on Chinese soft power is abundant, without going into extents to which Chinese "soft power" has been elaborated, it suffices to state a referential study on Chinese "soft power" approaches towards CEE region, such as *Soft Power: China's Emerging Strategy in International Politics*, ed. Mingjiang Li, Lexington books 2009.
- 3 For Yugoslav political capital and 'crypto-Yugoslav' perception of SEE region within Chinese FP conceptualisation, see Bai Yiwei, 2019, *Qiannan Diqu Shehui Zhuanxin*, Beijing: Shehui Wenti Yanjiu Chubanshe.
- 4 For "zhenkong", see: Weiqing Song (ed), 2017, *From old comrades to new partners - China's relations with Central and Eastern Europe*, Routledge 2017.

Euro-Atlantic commitments of the countries in CEE region (Taylor 2009: 64). In an effort to appease and balance back these concerns, one of the strategies adhered to is that of shaping a framework aiming at “familiarising” China and its cooperation with CEE countries through a planned approach for warming up the bilateral relations. This narrative strategy can be in general subsumed to a “charm offensive” Chinese policy-makers built up following the “globalisation of Chinese FP” (see, e.g., Shambaugh 2015). Notwithstanding geopolitical concerns on the antagonising role of Chinese engagement in CEE, which in the recent years have been extensively tackled from various standpoints⁵, we would simply like to focus on SCC as an example of the small state’s use of its derivative powers to decrease power asymmetry in bilateral relations with the big power. In order to do so, particularly relevant for a comparative outlook is not only the opening of the “diamond stage” of SCC or intensification of bilateral relations that predated Croatian PM Plenković’s visit to China in 2018 and a reciprocal state visit of Li Keqiang and Croatian hosting of the 16+1 Summit in 2019 but a “pre-diamond” stage of SCC as well.

Pre-diamond relations between Croatia and China

The tumultuous period following the fall of the Berlin wall and dissolution of Yugoslavia brought a temporary halt in bilateral exchanges and erased structural means to conduct relations between Croatia and China. The break-up of Yugoslavia happened during the specific period in the history of Chinese foreign relations. China was more oriented towards the preservation of internal stability, and its “unassuming” foreign policy started to disengage from active participation in global affairs (Niu 2008: 232-254). However, only a few months after the UN recognised Croatia, China expressed its willingness to recognise newly independent ex-Yugoslav states, Croatia and Slovenia. Among diplomatic circles in Croatia it was argued that China might take more precautionary steps in recognising the changing political reality in Eastern Europe, along with its determination to persevere political stability and economic growth (Baković 2005: 147-156). Nevertheless, the first diplomatic

5 For example, Duchâtel, M., Godement, F., Liik, K., Shapiro, J., Slavkova, L., Stanzel, A. & Tcherneva, V., 2016. Eurasian integration: Caught between Russia and China, European Council on Foreign Relations (ECFR) Essay, 7 June. Available at http://www.ecfr.eu/article/essay_eurasian [Accessed: 3 March 2020].

contacts with Chinese diplomats in the UN showed that China “accepted the reality” and swiftly adapted to a new ‘post-Yugoslav’ situation. It also defied “rooted prejudice” (Baković 2005: 151-153) among some Croatian decision-makers that China along with Russia might show geopolitical inclinations to ‘Yugo-persevering’ political actors and that China will openly side with a (the) rump (Federal Republic of) Yugoslavia on the international stage.

On 27 April 1992, China recognised Croatia, and diplomatic relations were formally established on 13 May 1992. In 1993, only a year after the establishment of diplomatic relations, the first Croatian president, Franjo Tuđman, paid a visit to Beijing, which is nowadays acclaimed as a far-sighted recognition of the importance of maintaining and advancing bilateral relations with China. It is especially so because relations with China have not been prioritised in the new diplomatic courses of the post-socialist countries of Eastern Europe while recurring war in Croatia only augmented audacity of his visit (Jandrovkić, *Večernji list* 2018). Tuđman’s visit has also incited change in perception of Chinese international role within Croatian foreign political decision-making level, which renounced zero-sum thinking on Chinese involvement in the post-Yugoslav political situation. The visit has also helped to set out the “new type of relationship with a major country”, emphasising mutual respect, non-conflict, non-interference and cooperation based on mutual benefit. Along with several bilateral agreements on educational, cultural, trade and economic cooperation, Croatia started bilateral relations with China ‘in a new framework but keeping the spirit of the previous track of cooperation’.⁶

However, under direct war threat and the pressure to complete transition from socialism, in the years after Tuđman’s visit, bilateral relations stagnated with weak growth in trade. Political transition that occurred in Croatia after Tuđman’s death in 2000 determined Croatian foreign policy to pursue the EU integration more actively, which along with joining NATO became dominant FP goal during the next 15 years. After a long period of accession negotiations with the EU, it can be argued that Croatian foreign policy has lost the acumen to pursue an independent foreign policy with major non-Western countries. It might be claimed that Euro-Atlantic integrations to a certain

6 Ibid. 64.

extent eroded the capacity to pursue an independent foreign policy with non-Western countries and that Croatian FP to a certain extent “de-internationalised”, i.e. reduced the ability for conducting comprehensive (economic, political, social) relations with non-Western countries.

Beyond Croatian foreign policy towards the WB region and bandwagoning with the EU regarding the Russian policy, the pace of “internationalisation” of the Croatian foreign policy was languid and vacillating. As a general tendency, it also included some ‘progressive’ actors within Croatian diplomacy advocating a various set of policies, ranging from the pragmatic redefinition of the Russian policy, pursuing closer relations with the non-aligned world (NAM), a more substantial presence in the UN fora, to ‘specialisation’ in some of the international issues as a way of getting into contact with the non-Western world.

Within this tendency, the second Croatian President Stjepan Mesić during his second term (2005-2010) tended to show business-minded engagement reminiscent of the relations established during the Yugoslav period. This derivative approach made him pay more attention to the trade relations with the CIS and Arabic countries as well as China. One of the indirect outcomes was the start of decreasing asymmetry in SCC. In 2005, China and Croatia signed a Joint Statement on the establishment of a comprehensive and cooperative partnership.⁷ During 2005-2009 period, Croatian export to China has increased by more than 20% per year, while Chinese export to Croatia in 2008 almost doubled 2000 figure. Trade (im)balance was expectedly high, exceeding 2.3%; yet, until the recession hit the Croatian economy in 2009, Croatian export to China continued to maintain two-digit growth.⁸

In 2009, the visit of Chinese President Hu Jintao to Zagreb was the next step in advancing the bilateral cooperation. With extending agreements on educational, cultural and trade cooperation, Sino-Croatian relations were regarded as a successful model for the development of bilateral relations with the European country. However, in the same year, Croatia encountered delays in its EU integration caused by standing territorial dispute with Slovenia and was hit by the economic

7 Chinese Embassy in Croatia. Available at: <http://hr.china-embassy.org/eng/zkgx/gxgk/> [accessed 1 October 2019].

8 Hrvatska gospodarska komora.

recession, which all diverted attention to more immediate concerns in its foreign policy. The advent of the Chinese foreign policy initiatives in the region, i.e. launching of the 16+1 cooperation framework in 2012, caught Croatia off guard, and the country mostly lagged behind the regional countries in making an active response to Chinese cooperation initiatives (Kong, Wei 2017a: 18-20).

Croatia in the first years of Chinese FP initiatives towards the CEE Region

With the launch of the 16+1 cooperation framework (16+1),⁹ Chinese key foreign policy initiative towards the sixteen countries of Central Eastern Europe, Chinese economic presence and the involvement in the region slowly started to get attention in Croatia, gradually appearing concurrent to other global and regional powers. Following the same pattern with all regional countries, China's relations with Croatia initially focused on trade relations, becoming one of the top ten trade partners by 2013.¹⁰ With the development of economic cooperation, Chinese political involvement in the Western Balkans and Croatia became the topic that slowly started to make the headlines in the local media, if not coming on charts of foreign policy experts and political analysts.

Even though the 16+1 cooperation was recognised as a platform to enhance the bilateral cooperation between Croatia and China, also giving Croatia the opportunity to coordinate its trade and investment potentials vis-à-vis China, Croatian FP capacity to be engaged in China-sponsored cooperation framework in the first five years was limited and Croatia has not managed to benefit much from this cooperation platform.¹¹

Comparatively speaking, Chinese economic presence was more tangible in the immediate Croatian neighbourhood. In terms

- 9 Following the 2019 Dubrovnik Summit and Greece official 'entry' to this cooperation framework, "16+1" changed name into "17+1". To avoid confusion when referring to pre-2019 "history" of the framework, both "16+1" and "17+1" will be used interchangeably.
- 10 For details, see Hrvatska gospodarska komora (Croatian Chamber of Commerce), Export analysis. Available at: <https://www.hgk.hr/odjel-za-poslovne-informacije/analize-i-publikacije> [accessed 10 December 2018].
- 11 For a brief outline of 16+1 cooperation, see The State Council of the People's Republic of China (28 March 2015). "Chronology of China's Belt and Road Initiative". Available at: http://english.gov.cn/news/top_news/2015/04/20/content_281475092566326.htm [accessed 1 October 2019].

of inbound FDI and participation in China-bound initiatives, Serbia clearly outperformed other countries in the region. In the 2014-2017 period, Chinese FDI to Serbia continuously exceeded total inward FDI amount to all other regional countries (Liu Zuokui 2016c: 81-102). Also, Serbian diplomatic efforts brought the organisation of the third 16+1 Summit in Belgrade, frequent high-level visits and signing several cooperation protocols including the comprehensive strategic partnership in 2016. In the 2014-2016 period, countries like Montenegro, Bosnia and Herzegovina and Macedonia have also started to receive Chinese investment, mainly in infrastructure and energy sector. Countries like Croatia belonged to a group of 'cooperation laggards' where initial enthusiasm for cooperation diminished into inevitable fatigue and created "cooperation vacuum" (Long Jing 2016: 120-125) between the expected and achieved level of cooperation.

The reasons for a delayed response to the 16+1 cooperation initiative can generally be attributed to the inexperience in dealing with China, and the focus on the inter-communitarian relations after Croatia joined the EU in 2013. Indeed, it can be said that the EU accession 'overwhelmed' Croatian diplomacy, which grappled with attaining economic and political familiarity with inter-communitarian and common (external) foreign policy. Croatia learned to be more responsive to common foreign and security policy of the Union and over the past five years gradually increased diplomatic engagement within the institutions of the EU. These efforts initially created certain complacency towards the CFSP, which could be translated into "pre-emptive obedience" regarding the external foreign policy (Godement 2014: 34-62) and reflected on Chinese FP initiatives in the region.

Secondly, as a country trying to disengage from its immediate region or, as it was suggested through narratives emphasising persistent anti-Yugoslavism in country's FP, as being a "country without the region", Croatian foreign policy was inclined to pursue more "hard-line" Euro-integrationism. Notwithstanding some initial hiccups and later regional initiatives, first years in the post-accession period aligned Croatia more off the CEE block as well as reconfirmed its adherence for a stable and monolithic CFSP, which as a backdrop has neglected all non-EU sponsored regional cooperation frameworks. Thirdly, Chinese FP initiatives were also collateral to diplomatic tensions between

Croatia and Serbia during the Milanović-led SDP government. The migrant crisis in 2015 precipitated Croatia to seal off borders for Serbian goods temporarily, several 'spy affairs' and verbalisation of nationalist tensions between Zagreb and Belgrade all occurred only months before the 16+1 Belgrade Summit in 2015. These facts along with "disinterestedness" and some suspicions Milanović's government harboured towards Chinese initiatives are the reason why Croatia was one of rare CEE countries not being represented by the prime minister on the Belgrade Summit.¹² The fourth and maybe predominant reason for delayed cooperation between Croatia and China along the 16+1 framework is the lack of the experience in dealing with Chinese FP initiatives and the overall lack of capacity to conduct comprehensive and engaging policies with an asymmetric partner such as China. Put differently, asymmetries in material power and the lack of structural means to decrease bilateral asymmetry between China and Croatia still somewhat overwhelmed the derivative powers of Croatia.

Features of Sino-Croatian relations at 'the New Stage'

A new HDZ government led by the Croatian MEP and career-diplomat Andrej Plenković in fact indicated a change in Croatian EU policy, reflected not in changing course (which was still a strict adherence to CFSP, especially regarding external policy), but in the effects of structures not directional to SCC, inciting agents to alter structural asymmetry with the big powers. How then this bilateral "push" happened, despite unchanging course in Croatian diplomacy, is a question for which mere convergence in FP may provide an answer.

Convergence in FP regarding international arbitration over bilateral disputes was Croatian small state structural positionality that offered distinctive advantage *vis-à-vis* China. HDZ government objected The Hague Arbitration Court decision over the South China Sea in 2016 which not only reflected concerns for the implications on the ongoing territorial dispute with Slovenia over Piran Bay demarcation dispute but shared with China genuine unease about the binding power of the

12 For a more detailed analysis on Croatian "China policy" on the advent of Chinese 'going-out' initiatives, see: Plevnik, S.; Mesić, S. (eds), 2012, *Kina na Balkanu*, Zagreb: ATM Marketing

arbitration ruling over the final bilateral settlement. Long-standing territorial dispute with Slovenia had been settled for arbitration, however, after the affair with Slovenian politicians trying to influence arbitration court, Croatia unilaterally decided to withdraw from the arbitration procedures and despite Slovenian protests decided to adhere to bilateral negotiations. Plenković's government assumed more "sovereignist" stance regarding the dispute and asserted bilateral negotiations as the only way to solve the dispute. Croatian diplomats were actively engaged in blocking European (EP, EC) joint statements and communiqués that could presume "arbitration as a solution to territorial disputes" in official EU documents, and later "blocked" declarations made by the EU institutions implying positions over the South China Sea. This convergence in Croatian and Chinese FPs regarding sovereignist approach in territorial disputes was a convenient excuse for the diplomatic rapprochement of two countries when Plenković assumed the office. Extending Barnett and Duvall's concept, Croatian FP convergence in this field emphasised derivative power rooted in structural, not compulsory, aspects in ways that made their cooperation valuable through relational means, making China offset bilateral asymmetry in favour of Croatia.

Here, it is also pertinent to switch to Chinese conceptual models in IR, when explaining "Chinese interests" in inciting this rapprochement with Croatia. Relational power, a concept considered as an original contribution of Chinese IR theory, is particularly relevant when explaining asymmetric or "non-reciprocal" interactions between the small and big power. Lin, for example, argues for ideational sources such as face (*mianzi*) and prestige to be as crucial for Chinese rapprochement with Croatia without symmetric material returns expected in return (Lin 2001: 153-66). Placing more emphasis on non-material and intangible elements of "disinterested" international support or engaged FP convergence in exchange for expected material gains might be a good starting point to tackle this rapprochement, or even entire SCC, from more Sino-centric perspective of relationality. However, how much Croatian and Chinese FP decision-makers were aware of the bilateral potential this FP convergence might bring about and, more importantly, how much they agreed upon in 'measuring' (non-) reciprocity of decreasing bilateral asymmetry might pose an epistemological challenge. For our text, it suffices to say that China initially "discovered" Croatian derivative

potentials as they were and started a course of actions that led to rapprochement. Enhancing SCC has become one of the diplomatic efforts towards CEE countries that will lead up to a decrease in asymmetry and repositioning its role within Chinese regional FP initiative (16+1). Some of the features that led to this appreciation of Croatia's derivative power are as follows:

Pelješac Bridge construction project unmistakably represents a significant breakthrough in SCC that would be later depicted as a successful model for Chinese cooperation with the EU countries. In June 2017, the European Commission (EC) approved funding for the Pelješac Bridge construction project that will connect Dubrovnik exclave with the Croatian main A1 highway through the Croatian territory, avoiding the existing route through Neum, a small strip of land belonging to non-EU Bosnia and Herzegovina. Soon after the EC "gave a green light" for the project, deciding to allocate 357 million EUR from cohesion policy fund, China Road and Bridge Corporation (CRBC) won a contract. In explaining the decision, the Croatian side cited the most favourable offer (2.08 billion HRK) and "excellent references" (Donghai Bridge, Hangzhou Bay Bridge) given by CRBC. In April 2018, the contract with CRBC was signed, and in September 2018 the project officially started.

It is the biggest construction project undertaken by a Chinese company in Croatia (estimated value is 357 million EUR; completion is expected in 2021). Moreover, it is also an example of the small state's ability to enhance cooperation models of the big power, using derivative powers to found niches in the global economy and allowing asymmetric interdependence to create avenues for influence (Katzenstein 1985, 21–30). As the first infrastructure project financed by the EC and contracted by the Chinese state-owned company, it benchmarked a new preferable cooperation model with the EU that China seems to accomplish. On the one hand, for Chinese construction companies it provided access to protective EU market; on the other, it is a step ahead from highly criticised state-driven investment and concessional loan based cooperation models, which already forced China to allocate intrinsic capacities to decrease power asymmetry (Duchatel 2016: 87). A cooperation model provided by Pelješac Bridge construction project (PBP), therefore, served as an 'EU-entry model' concurrent to strategies of Chinese companies to "go global" and to decrease reliance

on the low-yielding Chinese market. Lobbying and internal reasons of the Croatian part to award the contract to the Chinese company as well as the “pre-arranged” negotiations of Croatian Ministry of Maritime Affairs, Transport and Infrastructure with CRBC representatives in 2017 were – unfortunately – only rumoured in Croatian media.¹³ Nevertheless, the speed and expediency through which both sides recognised “mutual benefits” of the PBP project, encourages to assume ongoing diplomatic activities behind closed doors or at least, for our concern, persuading or convincing actions on Croatian part to use its EU membership and CEE “identity” to help mould preferable cooperation model for China’s relations with the European countries. The PBP project can be regarded as an example of using derivative powers without expecting direct material quid pro ideational quo (EU already financed project); instead, it significantly decreased bilateral asymmetry by initiating a favour to the big power and thus increasing its chances for reciprocal transaction in terms of the later material payoffs.

After providing a viable ‘EU-entry model’ for China, SCC started to gain new momentum. Sino-Croatian bilateral interactions doubled and the contacts between the officials and diplomats of the two countries in the period after 2016 were also characterised by a higher mutual consent regarding the economic cooperation. Unlike the previous period, these contacts aspired more than to have a formal exchange of ideas and were more project-oriented. Croatian part has initiated several investment projects and opportunities in the transport and construction sector, including the modernisation of Croatian railroad network, acquisition or investment in Croatian ports and airports. Zagreb-Rijeka railway modernisation project was considered a ‘second avenue’ for Chinese entry into the Croatian infrastructure sector. This long-standing project was offered financial support ranging from “Beijing package” (concessional loan, financing & contracting by Chinese banks and companies) to model similar to the PBP project. However, required state guarantees that would dangerously increase Croatian public debt in the first case, and the rejection of the project by the EC coupled with increased

13 See, for example, Pajić, D., 2018, “Pelješki most će graditi Kinezi ili će natjecaj biti poništen”, *Novi list*, 15 January 2018, Available at: <http://www.novolist.hr/Vijesti/Hrvatska/ODLUKA-DO-15-SIJEENJA-Peljeski-most-ce-graditi-Kinezi-ili-ce-natjecaj-bitiponisten> [Accessed: 3 March 2020].

suspicious from Brussels on Chinese investments in the CEE region in the second, temporarily halted negotiation process on the bilateral level.¹⁴ Nevertheless, the Croatian government succeeded in gaining experience in results-driven negotiations with China, triangulating the primary source of its derivative power in the dialogue (EU).

In 2017, when Croatia started with a more active dialogue with Chinese investment and cooperation partners, it was proposed that Croatia could serve as a hub destination for region bound tourists. Already in this phase, the Croatian government tried to pace up cooperation in the field deemed as its 'niche', building closer relations with Chinese tour operators and facilitating regional-level tourist cooperation. To get more say in these processes, Croatia proposed to be in charge of tourist cooperation promotion and facilitation network under the 16+1 cooperation framework. In parallel, the Croatian Ministry of Tourism adopted the new strategic plan, under which Croatian institutions in charge of tourist promotion should more actively work in attracting tourists from Asian markets. The plan was expanded in order to incorporate the administrative component along with the promotional activities, and it served as one of the good examples of the successful cooperation-seeking platforms on a bilateral and multilateral level. The administrative component included establishing the Representative Office of Croatian Tourist Board in China, which was realised during the visit of PM Plenković to China in November 2018 and facilitating visa procedures for Chinese tourists. Representative Office of Croatian Tourist Board, opened in Shanghai in 2018, is the third office in Asia (after Tokyo and Seoul).

In a particularly positive development of SCC, Croatia became responsive to further advance SCC with focus on economic cooperation and investment opportunities. The ideas and plans that the Croatian part was proposed in bilateral talks with Chinese counterparts included "more material" reciprocal transactions, such as the establishment of the (Renminbi based) international settlement bank; cooperation in the construction sector (besides the aforementioned modernisation of

14 For details, see: Opet svi govore o nizinskoj pruzi, *Tportal*, 4 April 2019, Available at: <https://www.tportal.hr/biznis/clanak/opet-svi-govore-o-nizinskoj-pruzi-ovih-10-stvari-morate-znati-o-njoj-foto-20190412> [Accessed: 3 March 2020].

Rijeka-Zagreb railway network, modernisation of overall Croatian railway infrastructure, seaports and airports); tourism and people-to-people exchanges and the importance of building stronger links with Chinese outbound tourist market. Among these proposals, worth mentioning are building the National Stadium in Zagreb and plans for the restructuring of Croatian shipbuilding industry. As an idea, the building of the National Stadium resurrected following the success of Croatian football representation on the 2018 World Cup and coincided with Chinese national plans to modernise its sports industry. Moreover, specific “popular soft power” Croatia suddenly gained in China almost eclipsed aforementioned “official” sources of derivative power it relied upon. Chinese leaders were willing to discuss sports cooperation and investment in sports infrastructure. The solution for the participation of Chinese companies in building, contracting or fully financing the National Stadium project was raised. However, due to divided public opinion regarding the National Stadium project, objections on expenditures as well as the missed opportunity to fully assess cooperation potentials brought by the silver medal in Russia were to be blamed for the project remaining only on MOU level.

Investment in the Croatian shipbuilding industry and restructuring of Uljanik shipyard was more clearly considered as a material payoff, at least in Croatian media. Following the 2019 16+1 Summit, PM Plenković was said to have personally asked PM Li to see if Chinese side could be interested in plans for rescuing Uljanik shipyard. It was a “hot potato” for the Croatian government, especially after the EU rejected to participate in restructuring plans, leaving the current government to wander in finding private partners. However, after months of screening, Chinese partners decided in late 2019 not to enter into this overly complex and politicised matter in Croatia.

Solely the hosting of the 2019 16+1 Summit can be understood as the proper evidence of decreasing bilateral asymmetry by providing the relatively reciprocal transaction. Hosting this Summit was usually only given to countries having close cooperation with China or otherwise being important by their sheer size and influence. Looking into the dynamics of the 16 — 1 interaction from a Chinese perspective, therefore, Croatian prestige and *mianzi* it gave to China coupled with derivative potentials it showed within Chinese FP initiative, were primary

reasons to 'push up' SCC on a highly hierarchical list of bilateral interactions with the 16 countries. It could be said that the diamond stage in SCC arrived by skipping due 'golden stage' in otherwise systematic, gradual and hierarchic (e.g., Lajčák 2017: 9-27) Chinese diplomatic interaction with the world.

The idea for his visit to China "came up" on the 16+1 Summit in July 2018. It was initially intended to prepare Croatia for hosting 16+1 Summit, expand bilateral economic cooperation and help Croatia to be "put on the map" of Chinese FP initiatives. With evolving preparation for the visit, the Croatian side positively and timely responded to Chinese agenda-setting; as a result, Croatian PM arrived together with two ministers (economy, entrepreneurship) and both countries' business representatives. Croatian media have also reported about an "important Chinese forum that will be attended by Croatia", breaking with low-level attention regarding SCC.¹⁵

Until December 2018, several preparatory meetings for the 16+1 Summit were held in Croatia. In September 2018, ministerial-level delegations met in Dubrovnik to discuss cooperation in tourism. A significant moment was the 5-day visit of Prime Minister Plenković to China in November 2018. The purpose of the visit was to, among others, hold preliminary talks with Chinese Premier Li Keqiang on the organisation of the 16+1 Summit, discuss in more detail tourist cooperation and perspectives on Sino-Croatian cooperation. Croatian PM headed Croatian delegation of ministers and businesspeople that attended the China Import Investment Expo in Shanghai and had separate meetings with CRBC Chairman and Asian Investment Bank Director.

The 2019 16+1 Summit in Dubrovnik was advertised as a significant diplomatic success of the current government and, according to some media reports, 'as the single most important diplomatic event' in the year. Departing from a low-profile stance regarding China and China-related news, Croatian media extensively covered Croatian tour of the Chinese Premier Li Keqiang, bilateral talks he had with PM Plenković and President Grabar-Kitarović, the visit of Pelješac Bridge construction site and the 16+1 Summit proceedings.

15 Večernji list, 24 October 2018. [Accessed: 3 December 2018].

From the bilateral perspective, the Summit was an opportunity to sign several MOUs in the field of railway transportation, tourism & sports exchanges and infrastructure development and incite growing attention of the Croatian public for China and Chinese diplomatic initiatives.

Concluding remarks - challenges for SCC in the 'Diamond Stage'

In order to sum up decreased asymmetry in SCC incited by a "diamond stage" of bilateral relations, it can be said that bilateral relations went from distant to closer - or more bluntly - from void to eventful. Understanding the base of derivative power as a constitutive relationship between the small state and the big power, Croatian relations within the EU and its position within CEE formed a source of power that moulded asymmetric model for cooperation with China. The FP convergence with China and cooperation on Pelješac Bridge project allowed upgrading the Croatian level of engagement with this big power. During bilateral interaction leading to the 'diamond stage' in SCC, Croatia has shown to have capacity and skills to decrease bilateral asymmetry with the big power significantly. It used its derivative powers in initiating a favour to China and creating avenues for influencing a stronger bilateral partner, even increasing its chances for reciprocal transaction in terms of the later material payoffs. Whether Croatia will follow *quid pro quo* logic or wisely wait to cash in the fruits of its derivative potentials with China remains to be seen. Indeed, the 'diamond stage' in SCC at this stage provides a new form of bilateral relationship for Croatia, deifying orthodox approaches in the understanding of the small-big power interaction in IR that are usually dominant in conceptualising Croatian relations with other big powers.

Nevertheless, these orthodox approaches might pose conceptual challenges, since, one can argue, Croatia does not seem to have many comparative, material advantages or strong structural links to continue with decreasing asymmetric bilateral relations with China. In assessing the base of Croatian derivative power to sustain the Chinese attempt to the decreased asymmetry of SCC, three main challenges should be added. First, as it was mentioned, the Croatian government is pursuing "hard-line" Euro-integrationism and shows high adherence to European common foreign and security policy.

This attitude was emphasised in the relations with Russia, regarding Agrokor affair and Russian economic advances toward Croatia. Therefore, the relations with China have not (yet) received due prioritisation in Croatian “extra-EU” FP, in the same level as it is a case in Hungary or Czechia. As much as domestic FP professionals see the current extent of involvement between China with some CEE countries as a path Croatia has the capacity to follow, individual risk-averse thinking regarding general implications it might have on CFSP - which, in the extreme case, could unnecessary drag Croatia into EU internal “block divisions”- as well as inexperience in dealing with China, represent the main reasons why current Croatian leadership might still hold reservations about undigested initiatives and proposals for the deepening of SCC. Pelješac Bridge project cooperation is the finest example of Croatian ability to start a change of Chinese cooperation model with the CEE. However, it should also be regarded as a result that had a positive outcome on SCC only after all conflicting structural (geo-economic) implications have been ruled out. Second, catching up with China is a long way from taking the lead in relations with China. Plenković’s government inherited a rather passive and ignorant stance towards SCC, so the ‘diamond stage’ is still far from overreaching strategy towards China. Indeed, Croatian vision of SCC has limited scope and is still struggling to uphold a comprehensive, long-term platform. Therefore, Croatia is expected to take rather timid steps in proposing new ideas and initiatives and be more receptive for Chinese vision for the development of SCC.

Croatia might hope that China will recognise the advantage Croatian leadership has in pursuing consistent CFSP, pro-integrationism and unity over essential questions regarding the future of the EU as well as the fact that these issues will give Croatia more say in further modelling the EU stance over the 16+1 and other Chinese FP initiatives. Ultimately, it could show the way towards the diamond-shaped (a)symmetry in bilateral relations with China.

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