

# Chapter 8

## “China’s 70-Year Development and the Building of a Community with a Shared Future for Mankind”: A Bulgarian Perspective



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As strange as it may seem, because it refers to a country with 1 billion and 300 million inhabitants, the name of Bulgaria is extremely popular in China. I have become convinced of this not only through contacts with officials of the PRC, with diplomats from the Ministry of Foreign Affairs and the CCP’s International Affairs Department, but also in meetings with ordinary citizens of this huge Asian country. And this is not accidental. All Chinese, as a rule, begin their answer to the question of what they know about Bulgaria and what their attitude to it is with one fact, which is that Bulgaria was practically the first country to recognize the PRC in 1949, after the Soviet Union which no longer exists.

It should be noted that, over the entire 70-year period, despite the changing international situation in the world in the second half of the 20th and the beginning of the twenty-first century, bilateral relations fall under one common constant denominator. This is goodwill, the understanding that conjuncture should not predetermine relationships and destroy the mutual desire for constructiveness in Bulgarian-Chinese relations. Or rather, figuratively, they should not be placed in the “refrigerator” of interstate ties. This conclusion is valid even in such critical periods as the rupture of relations between the PRC and the member countries of the Warsaw Treaty and the CEC during the Cultural Revolution in China. Even then, what the Bulgarian propaganda machine produced for China was largely to deny such an approach for solving domestic political and social economic problems in a communist country at that time. Nowhere in the Bulgarian media did a publication appear containing any general summaries about China or the political weight of this country in the world

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or the significance of what is happening in China for the future of socialism and the world at large.

Now we can definitely say that the Bulgarian-Chinese relations are developing in a completely positive and constructive way. This is due both to the important changes that have occurred in the PRC and the world over the last 30 years, as well as to the important changes and problems in the development of Bulgaria itself. During these 30 years of bilateral communication, we have witnessed China's significant growth, which proved to be a major, and to a large extent determining, factor in the development of world civilization of the twenty-first century. In fact, China has become a model for successful socio-economic, scientific, and technological development, at the same time harmonizing the often diverse interests of different social groups, which in their entirety form the appearance of the nation. The facts are impressive. For example, while the national income per capita in China in 1951 was about US\$20, today it is US\$10,000. Or, if we look at the statistics of the time, for which archival sources can now be used, we can see that around 75% of China's population in the early 1950s lived below the poverty line, according to UN criteria. Today, China is a unique example of social prosperity because only 4% of its population is on the brink of poverty. Therefore, the goal set by the Chinese leadership to fully eradicate poverty in 2020 is completely realistic. Or consider another example in the field of scientific and technological revolutions. According to expert studies related to the use of the achievements in the field of artificial intelligence by 2020, they will be realized at 30% in the economy and governance of China. The United States will account for 17% of these forecast statistics. Germany accounts for 12%, and Russia for 3%.

A big part of the nation's development has been technological. China's digital economy accounts for over 34% of the country's gross domestic product. It is also home to some of the largest technology companies in the world, including the e-commerce giant Alibaba and the tech conglomerate Tencent. That's thanks to an internet boom over the years. The number of Internet users in China at the end of 2008 totaled 298 million—or just over 22% of the population at that time, according to official statistics from the China Internet Network Information Center (CNNIC). That number rose to 854 million at the end of June this year, or over 60 percent of the population.

Just over 99% of Chinese web-users access the Internet on their mobile devices, according to official government statistics. In the U.S. just over 92% of Internet users access it on mobile devices, separate statistics from eMarketer show. That mobile focus in China has helped companies roll out products quickly and on a large scale. And China's rise is threatening America's historically strong position in technology. "We have a technology grip from the U.S. that is actually being torn apart by China at this point," says Eoin Murray, head of investment at Hermes Investment Management told CNBC's "Squawk Box Europe."

But the rise of China's tech industry has been tarnished by allegations of intellectual property theft and claims that the country's technology companies have been copycats. Whether it is Chinese-designed phones that look similar to Apple's iPhone,

or Chinese search or e-commerce companies being compared to Silicon Valley’s Google or Amazon, China has for a long time carried the image of a tech follower.

But that image is changing.

“For years, Silicon Valley looked down on China tech and believed it was only copying. But today, there is awareness that China is innovating and getting ahead in certain tech arenas,” argues Rebecca Fannin, author of *Tech Titans of China*.

There are even signs that some of America’s biggest tech firms have been imitating some Chinese companies now. Facebook released a short video app called Lasso last year to fend off competition from TikTok, an app owned by Chinese firm ByteDance. TikTok has made major inroads with U.S. consumers.

Over the past few years, Beijing has publicly stated its ambitions to develop critical future technology, such as artificial intelligence and the next-generation of super-fast mobile networks known as 5G. Even before the U.S.–China trade war started, Beijing said in 2017 that it wanted to become a world leader in AI by 2030. Some of China’s biggest companies, including Alibaba, Huawei, Tencent, and Baidu, are all investing heavily in AI. Just last week, Alibaba followed Huawei’s footsteps and released its own AI chip.

Beijing has also said that semiconductors will be a key area of the Made in China 2025 plan, a government initiative that aims to boost the production of higher-value products. China wants to make more of the chips it uses. Meanwhile, Huawei, the world’s largest maker of telecommunications equipment, has secured more commercial 5G contracts than its rivals Nokia and Ericsson. 5G promises super-fast data speeds and the ability to support new technologies like autonomous vehicles.

Technology has been a key part of the ongoing U.S.–China trade war, with one company in particular, Huawei, being caught in the crosshairs. The Chinese technology giant has been put on a U.S. blacklist known as the Entity List which restricts its access to American technology. But this has only sharpened its focus on trying to make more of the components and software it needs. The company has been releasing its own processors for smartphones and recently unveiled its own operating system, in a bid to become less reliant on the U.S.

Washington’s response to the rise of China’s tech industry has been about containment rather than trying to stay ahead, according to one expert. “So far it has been primarily focused on slowing China down and preventing critical technologies from flowing to Beijing,” Adam Segal, one of the authors of CFR’s report, told CNBC. “While there is a growing recognition in Congress and in the White House that the U.S. needs to do more to accelerate innovation at home, the response so far has fallen short.”

These are eloquent enough facts that objectively demonstrate China’s advances in scientific and technological progress and new technologies. This is what we can say about China. But now let’s see the other side of the “coin,” the situation in Bulgaria.

Here we see that history does not always go forward. The last 30 years can hardly be connected with anything constructive in the development of our country. I could say this, albeit to a lesser extent, about all former socialist countries. Now Bulgaria is a country that is trying to re-industrialize, that is, to re-attain the level of 1989 so that it can fit into the socio-economic and political realities of the twenty-first

century. From this point of view, the Chinese example and the Chinese experience are of paramount importance to our country. Therefore, it is quite logical that if there is consensus on a foreign policy problem in Bulgaria, then this consensus can be attributed precisely to our constructive and nationally responsible attitude to the dynamic development of our relations with the PRC. This is confirmed by the activities of the inter-parliamentary friendship group between the parliaments of the two countries, and by the frequent visits, mainly from Bulgaria to China, of heads of state. This is confirmed further by the constructive attitude of Bulgaria towards the new format, established in 2011, for the comprehensive development of relations between China and the countries of Central and Eastern Europe, “16 + 1.” I have repeatedly said that this format, which, after the accession of Greece, is already “17 + 1,” has become an experimental platform from which the idea of the Belt and Road Initiative, formulated by Chinese President Xi Jinping, originated.

In this connection, the signing of the joint document between the Presidents of Bulgaria and China on the strategic nature of the relations between the two countries was a quite logical result. However, we should not fall into unnecessary euphoria on this subject, because the signing of this important document was long overdue. We are not among the first; we are not even in the middle of the EU Member States who have signed similar documents with China. These are France, Germany, Italy, Austria, and more. We can give examples of increasing Bulgarian exports to China and Chinese imports into Bulgaria. The figures in this regard are both comforting and at the same time disappointing, when compared to other countries in Central and Eastern Europe.

On the whole, Bulgarian–Chinese relations remain subject to good intentions, strong slogans, and proclaimed goals. In general, they are too hypothetical and remain related to an uncertain future, rather than being tied to a new reality in our country’s foreign economic and cultural policies.

It is also very important to focus our attention on seeking new approaches to the problem of Chinese investments in Bulgaria. Indeed, there are some encouraging steps in this direction. They are mainly related to the provision, by the Chinese Development Bank, through our Bank for Development, of a credit line for the development of economic relations between the two countries. This opportunity was made available by the Chinese state, which has provided over a billion euros in resources. However, if we ask the question of how much of these funds have been utilized, the answer is unsatisfactory. So far, only 25–30 million euros have been used on this line. Even more concerning is that this money is directed to structures that have no significant contribution or even interest in the development of economic ties between Bulgaria and China. These are companies operating in sectors that are too far away from both Chinese export interests and the prospects of prospective scientific and technical cooperation. At the same time, projects that could actually drive forward the wheel of Bulgarian–Chinese economic relations are blocked. This applies first and foremost for companies that have entered into some form of cooperation or partnership with Chinese economic structures. There are powerful Chinese companies who are ready to risk by investing in our country and participating in the construction of new Bulgarian economic infrastructure. This is especially true for sectors

that are extremely important for Bulgaria, such as transport infrastructure, high-tech production, the creation of modern technology parks, tourism development, etc.

Bilateral trade is also developing at a very timid and unsatisfactory pace. I will give another example related to the Bulgarian Development Bank, which is under the control of the Council of Ministers. Ten years ago, China opened a US\$50 million line of credit to stimulate foreign trade between the two countries and, in the first place, to promote Bulgarian exports to the PRC. It sounds strange, but no more than 4 percent of that money was used. About five or six years ago, China increased the amount of the credit line from 50 to 100 million, because our side expressed the view that the initial sum was very small to stimulate our economic ties. The same story was repeated after the release of the 100 million. Hence the fear that any credit line provided, whether for foreign trade or for serious investment opportunities, even if it is US\$ 10 billion, it will be of no use if it does not provide an effective mechanism for using this resource for its intended purpose and substance. The other danger is the bureaucracy of the Bulgarian government. Existing corrupt practices are also a risk.

This is the real picture today. On the one hand, there is a good political development and a climate of trust and mutual interest in the relations between Sofia and Beijing; on the other hand, in the area of concrete effects and practical results, we are lagging behind very seriously from our neighbors in the Balkans and from the countries of Central and Eastern Europe. Not to mention the countries that are crucial for the development of the EU and the European Economic Area.

I think we should not, however, fall into unnecessary pessimism, but work to maximize the potential of Bulgarian–Chinese relations. I would like to point out that the discrepancy that I have discussed has given rise to the creation of a number of non-governmental structures, which work in the field of Bulgarian–Chinese relations and represent the interests of certain professional groups in Bulgarian economic life. These structures perform two functions. First, they give a “secondary respiration” to Bulgarian–Chinese ties. Secondly, they play the role of a “spindle” for the overly “immobilized” flesh of the Bulgarian state.

Two years ago, we created the Bulgaria National Association for the Belt and Road and embarked on the path of uniting the forces of civil society. Along with this, we set ourselves the task of using the extremely powerful resources possessed by various private economic entities, as well as the Bulgarian Chamber of Commerce and Industry and the Bulgarian Industrial Association. In the scientific field we have included BAS and leading universities such as the Technical University, the University of National and World Economy, the Agrarian University of Plovdiv, and the Council of Rectors of Bulgarian Universities. The interest in culture and spiritual life has led us to include in our national association the leaders of all major creative unions in the country, as well as some individual cultural institutions, such as the Ivan Vazov National Theater.

It seems to me that the way out of the problems in the Bulgarian–Chinese relations, or figuratively speaking, the “bottlenecks” in this respect, lies in the first place in the harmonization of the relations between the civil sector and government bodies. Only in this way will we be able to become constructive, positive, and maximizing

our potential partners of the PRC. In China, with another political and socio-political model, this harmonization works particularly well. This is demonstrated by China's high performance and remarkable achievements in every sphere of modern society.

If we have to describe in one word the most accurate definition of the course so far, the prospects and the need for what needs to be achieved in Bulgarian- Chinese relations, it comes down to the word CREATIVITY. It is essentially creativity that meets all our requirements and expectations, as well as the objective need for a more active presence of the full potential of civil society in these relationships.