

This investigates the political and economic influence of the 16+1 Initiative on Central Eastern Europe countries, particularly on the Visegrad Group countries. In the recent decade, this initiative, which serves as an economic framework between CEE countries and China, has garnered significant interest in academia and within the policy dimension due to its probable economic and political implications in the region. This study, therefore, investigates the multifaceted nature and impact of the 16+1 initiative by analysing the economic influence on FDI inflows and bilateral trade between the Visegrad Group countries and China. It also delves into the political influence of the initiative in the region.

To accomplish these objectives, this study conducts an econometric and comparative analysis of the existing FDI and trade flows data from the Eurostat database, World Bank Databases, academic journals and publications databases, and the United Nations Comtrade Database. Two models are developed to aid the econometric data analysis: the fixed-effect panel model and the gravity model for trade flow. The findings of this study reveal a statistically significant positive influence of the Initiative on FDI inflows to the CEE countries (Visegrad Group) from China, highlighting that participation in the initiative is directly associated with a significant increase in FDI inflows. The findings of this study show a crucial positive relationship between bilateral trade flows and the initiative between the Visegrad Group CEE countries and China, which suggesting that the initiative has proven instrumental in bolstering trade relations. Regarding economic size and geopolitical distance, the findings indicated that more considerable distances reduced FDI inflows and trade volumes between the participating countries. Economic sizes are also significant in shaping these two variables.

Qualitative analysis of the existing perception of the potential actual objectives of the initiative shows that most policymakers believe there are hidden political interests in China. The most cited was prompting self-interest in the region from a political standpoint. The findings reveal that China's potential objective through the initiative is strengthening ties and aligning political interests with the Visegrad Group countries.

This study's primary limitation is insufficient data in academic and expert reports on the political attribute of the initiative.