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DENG XIAOPING'S REFORMS AND THEIR INFLUENCE ON CENTRAL AND EASTERN EUROPE

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This article analyzes Deng Xiaoping's reforms and their influence on the countries of Central and Eastern Europe (CEE). The reforms initiated by Deng in China after 1978 marked a pivotal moment in the country's economic transformation, transitioning from a centrally planned economy to a market-oriented model, which facilitated China's integration into the global economy. However, the impact of these changes was not limited to domestic economic and political processes. Specifically, Deng Xiaoping's policy of "Reform and Opening Up" had a significant influence on the countries of CEE, which, following the collapse of communist regimes in the late 1980s, were undergoing transitions from centrally planned economies to market-based systems.

The article examines how, after Deng's reforms, China became an important economic and political player for the CEE countries. It explores aspects such as economic cooperation, strengthening trade ties, infrastructure investments, and diplomatic engagement between China and the region. Special attention is given to China's strategic interests in CEE, including its use of economic influence to reduce Russia's dominance, enhance cooperation with the European Union, and create new opportunities for the development of Central and Eastern European regions through Chinese investments and trade.

By analyzing the historical context and development of China's relations with CEE countries, the article underscores the importance of Deng Xiaoping's policies in establishing long-term economic ties, which have become an integral part of China's global strategy today. Thus, the article highlights Deng's legacy in the context of international relations and his influence on the political and economic landscape of Central and Eastern Europe.

Key words: *Deng Xiaoping, reforms, China, Central and Eastern Europe, economic cooperation, investments, foreign policy, diplomacy, market reforms, China-CEE, international relations, Belt and Road Initiative, economic transformation, post-communist transition.*

Наумов Станіслав. Реформи Ден Сяопіна та їх вплив на Центральну й Східну Європу

Стаття присвячена аналізу реформ Ден Сяопіна та їх впливу на країни Центрально-Східної Європи (ЦСЄ). Реформи, започатковані Денем у Китаї після 1978 року, стали важливим етапом економічної трансформації, що дала Китаю змогу перейти від централізованої економіки до ринкових принципів, що сприяло його інтеграції у світову економіку. Однак вплив цих змін не обмежувався лише внутрішніми економічними й політичними процесами. Зокрема, політика «реформ і відкритості» Ден Сяопіна справила значний вплив на країни Центрально-Східної Європи, де після падіння комуністичних режимів у кінці 1980-х років країни регіону також переживали перехід від централізовано-планованих економік до ринкових.

Також розглядається, як Китай у період після реформ Дена став важливим економічним і політичним гравцем для країн ЦСЄ. Зокрема, досліджуються такі аспекти, як економічна співпраця, зміцнення торговельних зв'язків, інвестиції в інфраструктуру й дипломатичне співробітництво між Китаєм і країнами регіону. Окрему увагу приділено стратегічним інтересам Китаю в ЦСЄ, що включають використання економічного впливу для зменшення ролі Росії, посилення взаємодії з Європейським Союзом і створення нових можливостей для розвитку регіонів Центральної та Східної Європи через китайські інвестиції й торгівлю.

Аналізуючи історичний контекст і розвиток відносин Китаю з країнами ЦСЄ, підкреслюємо значущість політики Дена Сяопіна у створенні довгострокових економічних зв'язків, які сьогодні стали важливою частиною глобальної стратегії Китаю. Таким чином, у статті висвітлено спадщину Дена Сяопіна в контексті міжнародних відносин і його вплив на політичний та економічний ландшафт Центрально-Східної Європи.

Ключові слова: *Ден Сяопін, реформи, Китай, Центрально-Східна Європа, економічна співпраця, інвестиції, зовнішня політика, дипломатія, ринкові реформи, Китай-СЄ, ініціатива «Один пояс та один шлях», трансформація економіки, посткомуністичний перехід.*

Deng Xiaoping, the paramount leader of China from 1978 until his retirement in 1989, initiated a transformative phase in Chinese history. His reforms, often referred to as the "Reform and Opening Up" policy, steered China from a centrally-planned economy toward a more market-oriented model. These economic transformations had profound domestic implications, but their international impact was equally significant. Deng's economic strategies resonated globally, including in Central and Eastern Europe (CEE), where



countries were transitioning from centralized Soviet-style economies to market-based systems after the fall of communism.

This article explores Deng Xiaoping's reforms and how they influenced CEE, focusing on China's new role as a global economic power and its growing relationships with post-communist countries. It outlines the mutual interests, challenges, and opportunities that emerged between China and CEE in the 1990s and 2000s. Additionally, the article examines how China's engagement in the region shaped not only the economic but also the political landscape of CEE, highlighting the continuing legacy of Deng's reforms in this region.

Deng Xiaoping's reforms, which began in 1978, represented a paradigm shift in China's political economy. Prior to this, China's economy had been shaped by Maoist policies, which focused on collectivization, heavy industry, and strict state control over the economy. By the time Deng assumed leadership, China faced severe economic stagnation. Deng's approach was based on the pragmatic understanding that China could not continue to operate under a strictly socialist framework, and market-oriented reforms were necessary to lift the country out of poverty and stagnation.

The Reform and Opening Up policy of 1978 marked the beginning of a series of fundamental economic changes. One of the earliest and most significant reforms was the introduction of Special Economic Zones (SEZs) in cities like Shenzhen and Zhuhai. These zones operated under capitalist principles, allowing foreign direct investment (FDI), encouraging private entrepreneurship, and stimulating industrial growth. The success of these zones laid the groundwork for China's transition to a mixed economy, blending state control with market forces [1, p. 120–135].

The Household Responsibility System introduced in agriculture in 1978 also proved to be a turning point. It allowed individual farmers to retain surplus crops after fulfilling state quotas, leading to increased agricultural productivity and a reduction in rural poverty. These measures contributed significantly to the improvement of living standards and were foundational to China's rapid growth in the decades that followed.

On the industrial front, Deng initiated the restructuring of state-owned enterprises (SOEs), reducing their centralized control and enabling them to operate with greater autonomy. The goal was to introduce competition and efficiency into state-run industries, a significant departure from the previous era of rigid central planning. While the state continued to control key sectors such as energy, telecommunications, and defense, the growing role of the private sector marked a major shift in economic policy [2, p. 62–83].

Despite the economic liberalization, Deng was adamant about maintaining the Communist Party's control over the political system. This decision was evident in his response to the 1989 Tiananmen Square protests, which called for democratic reforms. Deng's decision to use military force to suppress the protests revealed his commitment to ensuring that the Party retained power and maintained stability. Political liberalization, therefore, was strictly limited under Deng's leadership, and China's political system remained under the firm control of the Communist Party [3, p. 175–201].

Deng's reforms not only reshaped China's domestic economy but also redefined its role in the global economic and political landscape. Under Mao, China had been largely isolated from the world economy, but Deng's pragmatic approach sought to integrate China into global trade networks. This was evident in his pursuit of closer ties with major global powers, most notably the United States.

In 1979, China and the United States normalized diplomatic relations, marking the beginning of a new era of Sino-American relations. Deng's outreach to the U.S. and other Western powers helped to reintegrate China into the global economy, and China began to attract significant foreign investment. By the 1990s, China had joined international institutions such as the World Bank and the International Monetary Fund (IMF), cementing its position as an emerging global economic player.

The global repercussions of Deng's reforms were particularly evident in trade relations. As China embraced a market economy, it became a major trading partner for both developing and developed countries. This integration was further accelerated by China's increasing involvement in global manufacturing and technology industries. By the late 1990s, China had become a key player in international trade, prompting countries to reconsider their economic strategies in relation to the emerging Chinese market [4, p. 88–110].

The fall of communism in Central and Eastern Europe (CEE) in the late 1980s and early 1990s created new opportunities for China to engage with the region. For CEE countries, the transition from centrally planned economies to market-oriented systems was a difficult one, and they sought new economic models and partnerships beyond the traditional spheres of influence. China, with its rapid growth and success in reforming its economy, appeared to be a potential model for development, and many CEE countries sought to establish ties with Beijing.

China's primary interest in CEE was economic. The region's growing need for investment in infrastructure, technology, and trade presented opportunities for China to expand its influence. In the 1990s, as CEE countries



were transforming, China sought to engage these nations through economic diplomacy, offering trade deals and investments. This was part of China's broader strategy to diversify its economic partners and reduce dependence on Western economies [5, p. 520–528].

At the same time, China's growing diplomatic and economic power also helped CEE countries balance their relationships with Western institutions such as the European Union (EU) and NATO. While China was not a direct alternative to the EU, the economic opportunities provided by China allowed CEE countries to diversify their foreign relations and reduce the influence of Russia, which remained a key player in the region.

The economic relationship between China and CEE expanded significantly in the 1990s and 2000s, driven by China's growing economic clout and the need of CEE countries to rebuild and modernize their economies. China's involvement in the CEE region focused largely on trade, investment, and infrastructure development.

Trade between China and CEE grew exponentially, with China exporting electronics, machinery, and textiles to CEE markets, while CEE countries provided raw materials, agricultural products, and manufactured goods. By the early 2000s, the trade volume had significantly increased, with China becoming one of the most important trade partners for several CEE countries.

In terms of investment, China sought to support infrastructure projects, particularly in countries such as Hungary, Poland, and Germany. Trade between China and these countries began to increase.

For example, in 1987 the Hungarian company Videoton and the Chinese company Great Wall signed a joint venture agreement, leading to the production of personal computers in Hungary. This collaboration was one of the earliest instances of technological and industrial cooperation between China and a Central European country.

Poland and China were re-established diplomatic ties in 1989. These new relations laid the groundwork for increased economic cooperation, investments, and cultural exchanges.

Germany has been one of China's most important trade partners in Europe. By the late 1990s, trade between the two nations had grown substantially. For instance, in 1998, German exports to China amounted to approximately 4.1 billion Euros, while imports from China were valued around 5.1 billion Euros.

The Asia-Europe Meeting (ASEM) initiative arose from a mutual recognition in both Asia and Europe that their relationship needed to be enhanced. In July 1994, the European Commission published *Towards a New Strategy for Asia*, emphasizing the need to modernize Europe's engagement with Asia. In September 1994, Singapore's Prime Minister Goh Chok Tong, initially in Singapore and later at the Davos meeting in early 1995, proposed that the European Union and East Asia should strengthen their ties to complement their close relationship with the United States.

In November 1994, Singapore and France jointly proposed at the EU-Asia summit that the two regions explore the possibility of forming a new partnership. This led to the first ASEM Summit (ASEM), which took place on March 1–2, 1996, in Bangkok, Thailand.

The creation of ASEM in 1996 served as a platform for dialogue and collaboration between Asian and European nations. This initiative highlighted the growing interconnectedness between the two regions, fueled by China's economic rise and Europe's pursuit of new markets and investment opportunities.

The initial ASEM Partnership in 1996 consisted of 15 EU Member States, 7 ASEAN Member States, China, Japan, Korea and the European Commission. Today, ASEM comprises 53 Partners: 30 European and 21 Asian countries, the European Union and the ASEAN Secretariat. [6, p. 20–42].

Chinese companies began investing in transportation networks, telecommunications, and energy sectors, where CEE countries were in dire need of modernization. Chinese companies participated in the construction of highways and railways in Romania and Bulgaria.

Those projects not only improved local infrastructure but also strengthened economic links between China and the region, facilitating smoother trade and investment flows. This part of the economic cooperation was often framed as part of China's broader strategy of engagement with Europe, exemplified by its 16+1 Initiative, which was launched in 2012 to formalize China's relations with CEE countries [7, p. 164–172].

The political dimensions of China's relations with CEE were shaped by both economic factors and the broader geopolitical context. As CEE countries sought to align themselves with Western institutions such as the European Union and NATO, they also sought to develop stronger ties with China as a counterbalance to Russian influence.

China, for its part, recognized the strategic importance of CEE. The region was seen as a gateway to both the European Union and Russia, offering China a position of influence within the broader European landscape. In this context, China pursued a policy of non-interference in domestic affairs, which was especially appealing to countries in the region that were wary of Western pressures related to human rights and political reforms. Despite the positive economic engagement, CEE countries faced significant challenges in balancing their



relationships with both China and the European Union. The EU's policies on human rights and democracy sometimes conflicted with China's model of governance, and this tension impacted the political dynamics of the region [8, p. 34–45].

Deng Xiaoping's reforms laid the groundwork for China's rise as a global economic powerhouse, and this transformation continues to influence China's relationships with countries around the world. In Central and Eastern Europe, Deng's policies helped establish a framework for economic cooperation and political engagement that has endured into the 21st century.

While China's role in the region remains complex, Deng's pragmatic approach to economic reform and foreign policy has left a lasting legacy. The Belt and Road Initiative (BRI) and the 16+1 Initiative are direct continuations of the strategies Deng initiated in the 1980s, and they represent China's ongoing commitment to expanding its influence in Central and Eastern Europe.

As China continues to rise, the long-term effects of Deng's policies will undoubtedly shape the political and economic landscape of CEE. The evolution of China-CEE relations in the coming decades will depend on the ability of both sides to navigate the complexities of economic cooperation, political differences, and global geopolitics.

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