

China's influence in the WB: moving from economic interests with multilevel strategy towards multifaceted policies

Prof. dr.sc Goran Ilik

1. Introduction

Hello, my name is Goran Ilik, and I am an associate professor and Dean of the Faculty of Law at "St. Kliment Ohridski" University in Bitola (North Macedonia). And I'm going to talk to you today about the China's influence in the WB.

Previously, this lecture tends to present the key features of Sino-European relations in the context of recent shifts and changes on the global political stage, all the more taking into account that China under President Xi Jinping is drastically changing its strategic culture from passive and defensive to active and expansive. China's expansionism in international relations demonstrated by the massive transcontinental Belt and Road Initiative is of particular interest, as well as the regional mechanism for Europe, the 17+1 Cooperation framework, both features of China's "going-out" strategy.

We should be aware that this is not as naïve as it may seem, quite the contrary: behind its huge infrastructure projects, China is hiding hegemonic political intentions regarding Europe and the entire world. This becomes all the more evident, considering that the Belt and Road Initiative involves so-called debt-trap diplomacy, a way of subjugating debtor countries that are part of this project. European leaders have particularly criticised China's approach, calling for a more serious European position towards it, taking into account its lucrative tendencies.

China's uncontrolled access to Europe and the Western Balkans as well, by means of the Belt and Road Initiative and the 17+1 Cooperation framework can seriously jeopardise the EU's future activities, thus undermining the EU's role in international relations as one of the pillars of liberal democracy. It is very important to emphasize that China's main interest in the Western Balkans relates not primarily to the region's countries as such, but to their proximity to the European Union, which is a major export market for China.

As a first step, I will briefly introduce the Sino-European relations. Next, I will speak about China's approach to the Western Balkans. Also, I will try to identify the key features of China's influence in the WB in the areas of economy, politics and security.

2. Sino-European relations: state of play and perspectives

China is an international player who will definitely challenge the liberal world order with its military, political and economic power, insisting to take up a key role in shaping a new system of international relations, even if this should be to the disadvantage of the European Union. Most Europeans agree that China is a rising power, but they do not seem to see that it has already established itself as a relevant global player whose potentials and capacities can no longer be underestimated or even ignored.

China has become a power that knows how to deal with the EU and how to manipulate it to its own benefit. This concerns the EU as a whole just as much as its member states and the WB region, with which China enters into relations of rigid bilateralism. Due to its policy towards the EU as well as other international entities, authors John Fox and François Godement have labelled China's style of action "skilled pragmatism".¹ Chinese foreign policy is first and foremost determined by domestic priorities, such as the need to effectuate sustainable economic growth and to foster the political legitimacy of the Chinese communist leadership (especially establishing Xi Jinping as the inviolable leader of all Chinese, the "second Mao") without carrying out democratic elections (as understood according to Western political concepts). Besides, China's global trade and rising foreign investments as well as its growing financial and technological capacities position it as the "factory of the world" and a key actor on the global political stage, from Africa all the way to Latin America.

China's rise in international relations is also due to its giant project, the so-called Belt and Road Initiative, which President Xi Jinping is carrying out as the "project of the century". In her book *The Third Revolution: Xi Jinping and the New Chinese State*, Elizabeth Economy states that the final aim of Xi Jinping's revolution is his "Chinese Dream", "the rejuvenation of the great Chinese nation," which means a repeated reaction of the state in China's domestic politics and economy, as well as a more ambitious and expansive role in foreign policy.² The Belt and Road Initiative is a strategic means of realising China's and Xi Jinping's global ambitions, claiming the position of a new global centre of power, which finances infrastructure projects "from China's west through Central Asia to the Middle East and Europe".³

1John Fox & François Godement, *A power audit of EU - China relations*, The European Council on Foreign Relations, London, April 2009, p. 32.

2Economy, Elizabeth C. 2018. *The Third Revolution: Xi Jinping and the New Chinese State*. Oxford University Press, p. 10

3Bader, Jeffrey. 2016. *How Xi Jinping Sees the World...and Why*. Brookings: Order from Chaos: Foreign Policy in a Troubled World, Asia Working Group, p. 12, <https://www.brookings.edu/research/how-xi-jinping-sees-the-world-and-why/> [2019]

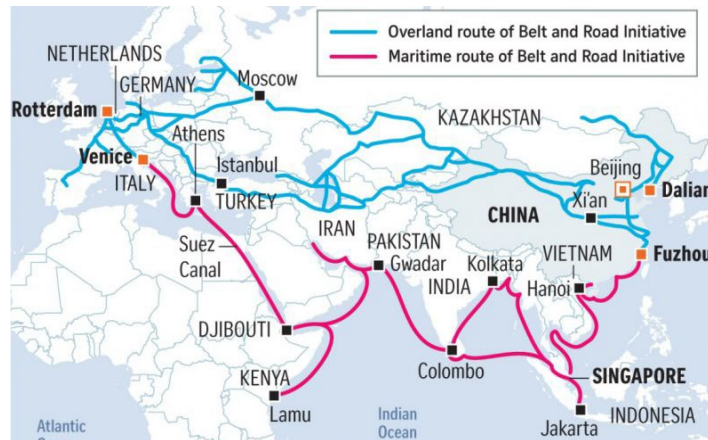


Image 1. The Belt and Road Initiative (Source: Asia Green Real Estate, Beijing-style,

<https://www.asiagreen.com/en/news-insights/the-belt-and-road-initiative-and-the-rising-importance-of-china-s-western-cities> [2021])

Apart from that, China has established the Cooperation between China and Central and Eastern European Countries, or 17+1 Cooperation framework, initiated by the Chinese Foreign Minister and founded in Budapest in 2012 as 16+1. The aim of the Cooperation framework is to "provide promising opportunities for both China and Europe (...) covering the fields of infrastructure, transportation and logistics, trade and investment, local exchanges and energy (...).⁴ When Greece joined, the framework was re-labelled 17+1.⁵ The participant states hold a summit every year, with previous summits having been held in Dubrovnik (2019), Sofia (2018) Budapest (2017), Riga (2016), Suzhou (2015), Belgrade (2014), Bucharest (2013) and Warsaw (2012).

We should be aware that, with regard to the EU and the Western Balkans, China is mainly led by economic goals and interests. However, there are concerns—especially in Berlin—that China will use the (Western) Balkans as a new entry point into the European market and try to promote its own political model in countries with weaker governance as opposed to the EU model of liberal democracy.⁶

⁴16+1 mechanism set to bolster China-Europe ties. 2018. The State Council China. http://www.china-ceedc.org/eng/zdogjhz_1/t1575579.htm [2019]

⁵The following countries are part of the 17+1 framework: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, North Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia.

⁶ ASIA FOCUS #93 – ASIA PROGRAM / November 2018, p. 44

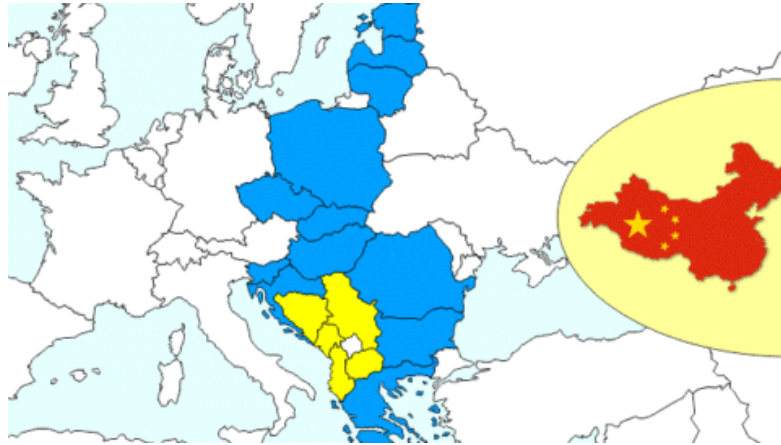


Image 2. **17+1 Framework** (Source: Coordinating Secretariat for Maritime Issues “17+1”, <http://ceec-china-maritime.org/?tag=161-format>)

Also, with an important presence in Greece, China now aims to open a transport route through Central and Southeast Europe, and south all the way to the Mediterranean Sea. To the north, China’s projects include a rail corridor; an investment bridgehead; and the building of a transport infrastructure network in Central, Eastern, and Southeast Europe. The Balkans have become a top priority for China’s BRI, on which 17+1 meetings now center, even though most projects over the past few years have been the result of strong bilateral links—for example, between China and Serbia. “China sees the Balkan countries as potential EU members, which could be of utmost importance,” said Sonja Licht, who chairs the Belgrade Fund for Political Excellence.⁷

The era of Xi Jinping is a time of rise for China as a superpower, intending to finally take its place as a key player on the global political stage. Some compare China's rise to a "climate change" in world politics: long, slow and pervasive.⁸

3. China’s approach to the Western Balkans

⁷ ASIA FOCUS #93 – ASIA PROGRAM / November 2018, p. 40

⁸ Joseph Marks, *The Cyber security 202: U.S. officials: It’s China hacking that keeps us up at night*. The Washington Post. March 6. <https://www.washingtonpost.com/news/powerpost/paloma/the-cybersecurity-202/2019/03/06/the-cybersecurity-202-u-s-officials-it-s-china-hacking-that-keeps-us-up-at-night/5c7ec07f1b326b2d177d5fd3/> [2019]

The Chinese government does not have a foreign policy framework for the Western Balkans as a region. Rather, China deals with Western Balkans countries mainly at the bilateral level. Still, to understand the context in which these bilateral relations have been developing, it is relevant to take into account the multilateral level, where the 17+1 mechanism is the platform for China's collective approach to the Central and Eastern Europe (CEE) region. Five of the Western Balkans countries (Bosnia and Herzegovina, Montenegro, Albania, Serbia and North Macedonia) are members of the 17+1 mechanism. China maintains no diplomatic relations with Kosovo, which it does not recognise as an independent state.

The regional forums are linked to activities financed by China's so-called policy banks: the China Development Bank (CDB) and the China Export–Import Bank (Exim Bank).

The Chinese government has generally referred to its relationship with the whole 17+1 group only in general terms as one of 'traditional friendship' and 'shared past'.⁹

At the bilateral level, the approach of China to the Western Balkans countries involves infrastructure financing more prominently than its approach to the other 17+1 countries. China's involvement with the Western Balkans thus resembles its interaction with developing countries, in which infrastructure financing plays a central role.

The main region-wide initiative of the Chinese government for the Western Balkans is the China–Europe Land–Sea Express Route (LSER).¹⁰ The LSER, a component of the BRI, is a transport corridor that connects China and Europe via Greece and the Western Balkans. Containerised goods travel by sea from China to the port of Piraeus in Greece, from where they are transported by train through North Macedonia and Serbia into Hungary and the Czech Republic.

⁹ Chinese Ministry of Foreign Affairs, 'Speech: Strengthen Traditional Friendship and Promote Common Development', https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t836545.shtml (accessed 20 May 2020).

¹⁰ M. Ferchen *et al.* (2018), 'Assessing China's Influence in Europe through Investments in Technology and Infrastructure: Four Cases', Leiden Asia Centre, <https://leidenasiacentre.nl/wp-content/uploads/2018/12/Influence-in-Europe-through-Investments-and-Technology-anf-infra.pdf>, p. 20.



Image 3. China–Europe Land–Sea Express Route (Source: China’s approach to the Western Balkans, <https://www.clingendael.org/pub/2020/china-and-the-eu-in-the-western-balkans/1-chinas-approach-to-the-western-balkans/> [2021])

China COSCO Shipping, a state-owned enterprise that is China’s largest shipping company, has been developing Piraeus into a major regional hub since 2009. In late 2019 COSCO bought a majority stake in the Greek railway company Piraeus Europe–Asia Railway Logistics (PEARL) and a minority stake in a train terminal at Budapest in Hungary.¹¹ Under COSCO’s influence, Piraeus has become the busiest container port in the Mediterranean. The train link between Piraeus and Central Europe is linked to the network of China–Europe rail services via Budapest. In May 2020, during the corona crisis, the Chinese government dispatched a train with medical supplies directly from Wuhan in central China to Belgrade in Serbia. Several rail companies subsequently announced plans to establish a permanent rail connection between China and Belgrade.¹²

In relation to the Belt and Road Initiative, the two Western Balkans countries most significant to China are Serbia and North Macedonia (with Serbia being the more relevant of the two). Improved transport connections linking the Adriatic ports of Albania, Montenegro and Bosnia and Herzegovina could potentially enhance these countries’ strategic importance.

¹¹ F. Van der Putten (2019), ‘European Seaports and Chinese Strategic Influence’, *Clingendael Policy Brief*, <https://www.clingendael.org/publication/european-seaports-and-chinese-strategic-influence-0>.

¹² Rail Freight, ‘Serbia Next European Destination on the New Silk Road’, https://www.railfreight.com/beltandroad/2020/06/02/serbia-next-european-destination-on-the-new-silk-road/?utm_source=newsletter&utm_medium=email&utm_campaign=Newsletter%20week%202020-23&gdpr=accept (accessed 27 June 2020).

The ongoing construction project financed through a Chinese loan that aims to connect the port of Bar, Montenegro's main seaport, to Belgrade in Serbia is an attempt by Montenegro to enhance its role in cross-regional transportation.

For China, the LSER is only one among several corridors that Chinese companies are developing to improve Sino–EU trade and to increase their role in international logistics.

Moreover, Chinese state-owned companies have also invested in the Turkish port of Kumport near Istanbul and have a minority stake in the Port of Thessaloniki in Greece. Apart from long-distance seaborne trade, South-East Europe and China are also connected through shipping across the Black Sea and by train across Turkey, via the Caucasus and Central Asia.

Beyond South-East Europe, Chinese actors also have interests in seaports in the western Mediterranean (such as Vado Ligure and Valencia) and in Western Europe (such as Zeebrugge, Antwerp and Rotterdam), as well as in train traffic via Russia and Belarus.

China's close diplomatic relations with Greece, Serbia and Hungary provide both the Chinese government and Chinese companies with an incentive to continue to develop the Land–Sea Express Route across the Western Balkans as one of the main China–EU trade corridors of the future. Although focused on trade, investment and development, the BRI serves China's geopolitical interests. By enhancing mutual trust through economic dependency, the BRI seeks to ensure a favourable strategic space for China in the long term.

3.1. The economic dimension

China's Belt and Road Initiative is the main framework for China's foreign policy towards most parts of the world, including the Western Balkans.

China's relations with this region's countries are to a large degree shaped by this framework, which aims to increase international trade and the role of Chinese companies, in particular in transport, energy and communication infrastructure.

	EU		China	
	<i>Imports</i>	<i>Exports</i>	<i>Imports</i>	<i>Exports</i>
Albania	58% (1)	76% (1)	9% (3)	2% (4)
BiH	61% (1)	72% (1)	7% (3)	-
Kosovo	49% (1)	33% (1)	10% (3)	-
Montenegro	47% (1)	37% (1)	8% (3)	4% (5)
N. Macedonia	50% (1)	79% (1)	6% (4)	2% (4)
Serbia	59% (1)	68% (1)	9% (2)	2% (7)

Tabela 1: Western Balkans' trade in goods with the EU and China, as percentage of the total trade (Source: <https://www.clingendael.org/pub/2020/china-and-the-eu-in-the-western-balkans/1-chinas-approach-to-the-western-balkans/#12-the-economic-domain> [2021]).

China has risen to be the second or third most important import partner. In other words, while the EU is still by far the most important partner, China has managed to offset other traditional partners of the region like Russia or Turkey.

The algorithm for foreign direct investment (FDI) is similar to that for trade. Engagement is growing, but China is not the largest direct investor in any of the region's countries. In 2018 the top investors were France (for Serbia), Austria (for Bosnia and Herzegovina), the United Kingdom (for North Macedonia and Kosovo), Switzerland (for Albania) and Italy (for Montenegro).¹³

Bosnia and Herzegovina has no recent reliable data available for Chinese FDI.

¹³ Sources for foreign direct investment figures have been obtained from the WB6 central banks' datasets (accessed 20 May 2020). For Serbia, see https://www.nbs.rs/internet/english/80/platni_bilans.html; for Bosnia and Herzegovina, see http://statistics.cbbh.ba/Panorama/novaview/SimpleLogin_en_html.aspx; for North Macedonia, see http://nbstat.nbrm.mk/pxweb/en/Eksterni%20statistiki/Eksterni%20statistiki_Direktni%20investicij_Direktni%20investicij%20-%20Dvizenja/4_DIRMPoZemjiGodisniEN.px/table/tableViewLayout1/; for Kosovo, see <https://meptinis.rks.gov.net/desk/inc/media/A1B0861D-D650-47D5-AF53-898FE80D414B.pdf>; for Albania, see <https://www.bankofalbania.org/?crd=0,8,1,8,0,18666&uni=20200212134102901452029929756148&ln=2&mode=alone>; and for Montenegro, see <http://www.mipa.co.me/en/sdi-statistika/>.

For Albania and Montenegro, Chinese FDI is low, accounting for just 2.27 per cent and 0.36 per cent respectively in 2018.¹⁴

North Macedonia recorded a slightly higher figure, with Chinese FDI accounting for 3.75 per cent of the total investment in 2018.¹⁵

In 2016, Chinese FDI represented 7.32 per cent of the total FDI in Serbia, while the top investor – the Netherlands – had a 13.18 per cent share.¹⁶

In 2018, Chinese investments in Serbia had risen to a 14.82 per cent share, coming close to (then the main investor) France's 16.24 per cent.¹⁷ China's FDI is based mainly on acquisitions rather than Greenfield investments. In 2016, Hesteel Group, a Chinese state-owned enterprise, purchased the Zelezara Smederevo steel-manufacturing conglomerate for EUR 46 million. Also in Serbia, Zijin Mining Group, in which the Chinese government holds a controlling stake, bought a 63 per cent interest (for EUR 279 million) in the RTB Bor copper factory (which was then renamed Zijin Bor Copper) in 2018. Recently, in April 2020, Zijin Bor Copper announced a EUR 731 million investment to expand its capacity.¹⁸

In Albania, Chinese state-owned company China Everbright Group bought TIA, the operator of Albania's national airport, in 2016. Investments by Chinese entities in foreign airports are in line with the Belt and Road Initiative, as they potentially contribute to improved transport links between China and other regions, and/or to a great role for Chinese companies in international air transport. Another instance of Chinese FDI related to Albania occurred in 2016 when Geo-Jade Petroleum bought the Canadian firm Bankers Petroleum for EUR 385 million.¹⁹

¹⁴Bank of Albania, 'Foreign Direct Investment Flow', https://www.bankofalbania.org/Statistics/External_sector_statistics/Foreign_Direct_Investments/Foreign_direct_investments_flow.html (accessed 27 June 2020); and Government of Montenegro, 'FDI Statistics', <https://www.mipa.co.me/en/sdi-statistika/> (accessed 27 June 2020).

¹⁵National Bank of the Republic of Macedonia, 'Direct Investment in the Republic of North Macedonia: Transactions – by Country, by Years', http://nbstat.nbrm.mk/pxweb/en/Eksterni%20statistiki/Eksterni%20statistiki_Direktni%20investicij_Direktni%20investicij%20-%20Dvizenja/4_DIRMPoZemjiGodisniEN.px/table/tableViewLayout1/ (accessed 20 May 2020).

¹⁶National Bank of Serbia, 'Serbia's Balance of Payments', https://www.nbs.rs/internet/english/80/platni_bilans.html (accessed 27 June 2020).

¹⁷Ibid.

¹⁸Serbia Energy, 'Zijin Bor Copper in Serbia Plans to Invest \$800 Mln in Expansion of its Production Capacity', <https://serbia-energy.eu/zijin-bor-copper-in-serbia-plans-to-invest-800-mln-in-expansion-of-its-production-capacity/> (accessed 27 June 2020).

¹⁹*Balkan Insight*, 'Chinese Investments Raise Eyebrows in Albania', <https://balkaninsight.com/2016/05/03/chinese-investments-raise-eyebrows-in-albania-05-02-2016/> (accessed 27 June 2020).

Bankers Petroleum's main asset is an exclusive concession to produce oil at the Patos-Marinza oil field in Albania, the biggest onshore oil field in Europe. It also has exclusive concessions in two further oil fields in Albania (which are known as Kucova and Block F). Bankers Petroleum, which derives all of its oil revenues from Albania, is the country's largest oil producer. The company produces 95 per cent of Albania's crude oil, and in 2018 'mineral fuels including oil' accounted for almost 11 per cent of the country's exports (with roughly 85 per cent of extracted crude oil being exported).²⁰ According to Bankers Petroleum's website, it is the largest foreign investor, largest taxpayer and one of the largest employers in Albania.²¹

The aspect of China's economic ties with the region that has drawn most international attention relates not to trade or direct investment, however, but to loans for infrastructure construction. While Chinese construction companies are among the world's largest and active in many parts of the world, their role in Europe is largely limited to the Western Balkans (including Croatia).²²

China's infrastructure-related lending to the WB6 countries includes the following:

- *Montenegro's* sovereign debt to China is the highest in the region. China's Export–Import (Exim) Bank has financed the construction of the Bar–Boljare highway. As of 2019, Montenegro owes EUR 671 million, which is 22 per cent of its total foreign debt of EUR 3.1 billion, with its total foreign debt standing at 63 per cent of its Gross Domestic Product (GDP). China is the second biggest lender to Montenegro, and it is the single biggest bilateral lender.
- In 2013 *North Macedonia* borrowed EUR 714 million from China's Exim Bank for the construction of two highways: Miladinovtsi–Stip and Kicevo–Ohrid. This is approximately 14 per cent of the current 2020 level of government debt, which stands at EUR 5.2 billion.
- *Albania* has registered a decreasing level of indebtedness to China, owing Beijing EUR 13.7 million in 2010 and EUR 1.6 million in 2019.
- There is no data on *Kosovo*, which presumably has no debt with China as the countries do not have official relations.
- *Bosnia and Herzegovina* (BiH) has welcomed involvement by Chinese construction companies in the construction of the 12-kilometre-long Počitelj–Zvirovići section of a

²⁰ Reuters, 'China's Bankers Deny Abusing Dominant Oil Position in Albania', <https://www.reuters.com/article/us-albania-competition-crude-idUSKBN1X31UP> (accessed 27 June 2020); and World's Top Exports, 'Albania's Top 10 Exports', www.worldstopexports.com/albanias-top-10-exports/ (accessed 27 June 2020).

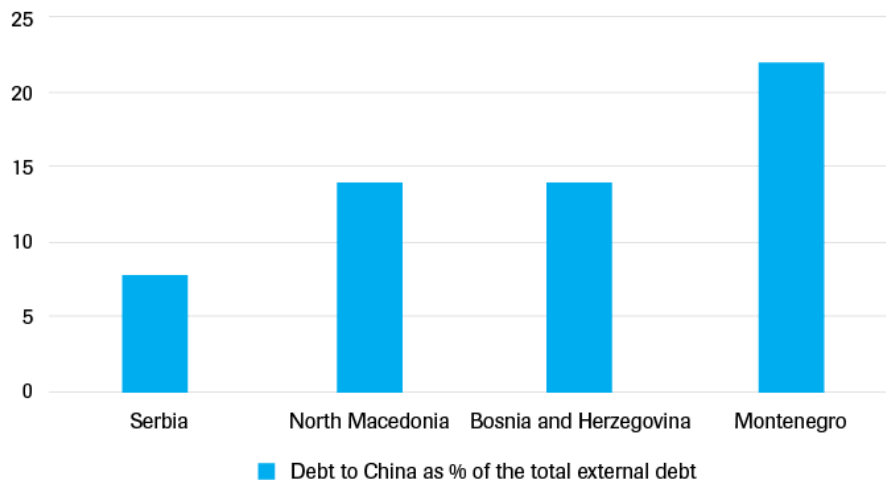
²¹ Bankers Petroleum, 'Profile', <https://bankerspetroleum.com/about/> (accessed 27 June 2020).

²² M. Petkova and F. van der Putten (2020), 'Building the "Belt and Road" in Europe?', *Clingendael Policy Brief*, <https://www.clingendael.org/publication/building-belt-and-road-europe>.

highway at a cost of EUR 66 million, which is being financed by the European Investment Bank (EIB). Bosnia and Herzegovina has received loans from China with regard to two energy projects, the Stanari coal plant and the Tuzla lignite power plant, which accumulated a total debt of EUR 1.1 billion. In May 2020, the government of the *Republika Srpska* (one of the two political entities that make up BiH) signed an agreement with China Gezhouba Group, part of the Chinese state-owned conglomerate China Energy Engineering Corporation (CEEC), to build a large-scale hydropower plant in the south of BiH.

- *Serbia* borrowed EUR 195 million from the Exim Bank for the Pupin Bridge and EUR 1.08 billion for the two sections of the Belgrade–Budapest railway. Additionally, EUR 538 million were borrowed for the construction of the Kostolac B3 coal power plant. This equals 7.91 per cent of Belgrade’s EUR 24.5 billion government debt.

This amount is approximately equal to what Belgrade owns to the EIB, or half of its debt to the International Bank for Reconstruction and Development (IBRD).²³



Graph 2. Debt to China, accumulated by loans for infrastructure and energy projects, as a percentage of the total foreign government debt, 2019 levels (Source: <https://www.clingendael.org/pub/2020/china-and-the-eu-in-the-western-balkans/1-chinas-approach-to-the-western-balkans/#12-the-economic-domain> [2020])

²³ China and the EU in the Western Balkans | Clingendael Report, August 2020, pp. 14-15

In infrastructure financing China is an alternative provider to the EU, one that countries in need can turn to if the EU is not willing to help. In Montenegro, China's Exim Bank was the only available actor to finance a highway that Montenegro's government has deemed of national significance for decades.²⁴

The only completed infrastructure construction project in the Western Balkans is the Pupin bridge in Serbia since 2016, with the other bigger and more complex projects still under construction or delayed. The Bar–Boljare highway in Montenegro, the Belgrade–Budapest railway, the two motorways in North Macedonia – Miladinovtsi–Shtip and Ohrid–Kicevo – and the Pochitel–Zvirovici section of motorway in Bosnia and Herzegovina remain under construction.

3.2. The political dimension

China's official rhetoric stresses equity and mutually advantageous economic cooperation, thereby moving focus away from ideas and politics. While China is an economic rather than a political player in the Western Balkans, the political component still plays a role in bilateral relations..²⁵

The Chinese government has generally referred to its relationship with the whole 17+1 group only in general terms as one of 'traditional friendship' and 'shared past'.²⁶

While Chinese–Albanian diplomatic ties were very close during the 1960s, after the Cold War and the disintegration of Yugoslavia, Serbia emerged as China's primary diplomatic partner in the region. While President Xi Jinping visited Belgrade for the first time, Prime Minister Aleksandar Vučić insisted that China would bring more jobs, improve living standards, and lift the country's economic growth. That same year, China's state-owned HBIS Group took over Smederevo's steel mill for 46 million euros, or \$55 million. The steel mill generates 5,200 jobs in Smederevo, a city of 100,000 that has depended on the mill for decades.²⁷

²⁴ Mladen Grgic (2016), 'Chinese Infrastructural Investments in the Balkans: Political Implications of the Highway Project in Montenegro', *Territory, Politics, Governance*, Vol. 7, p. 55.

²⁵ Chinese Ministry of Foreign Affairs, 'Speech: Strengthen Traditional Friendship and Promote Common Development', [link](#) (accessed 20 May 2020).

²⁶ Ibid.

²⁷ ASIA FOCUS #93 – ASIA PROGRAM / November 2018, p. 38

During the 1998–1999 Kosovo War, China was supportive (and has remained so) of the Serbian position on Kosovo and objected to the North Atlantic Treaty Organisation’s (NATO) military intervention. Another serious event brought China and Serbia even closer together: On May 7, 1999, five U.S. Joint Direct Attack Munition (JDAM) guided bombs, part of a NATO operation, hit China’s embassy in Belgrade, killing three Chinese reporters and leading to outrage in Beijing. Although the U.S. administration stated that this strike was accidental, there have been ongoing doubts in China, with many feeling that it was an intentional act on the part of the United States.

Beijing has not recognised Kosovo as an independent state and abstained in the voting for UN Security Council Resolution 1244, which laid the basis for Kosovo’s role internationally. This approach stems from concerns over political stability in autonomous regions such as Tibet and Xinjiang, as well as China’s resolute rejection of an independent Taiwan. China eventually accepted Resolution 1244 as a legal basis for the settlement of the Pristina–Belgrade dispute.²⁸

In 2015, for example, China voted against Kosovo’s United Nations Educational, Scientific and Cultural Organisation (UNESCO) membership bid.²⁹ In 2017, Kosovo withdrew its Interpol application as the assembly was hosted in China, with the reason being lack of international support but also the unfriendly environment.³⁰ In 2018, Serbian media outlets reported that China had voted against Kosovo’s Interpol application, but as the voting is by secret ballot this claim cannot be verified.³¹

Also, as in many countries, China has been inviting numerous Serbian journalists, especially at BRI-related events. “Everything to do with China is treated and covered positively in government circles and in the Serbian media,” said Jelena Milić of the Center for Euro-Atlantic Studies in Belgrade.³²

²⁸ *Xinhuanet*, ‘China Supports Settlement of Kosovo Issue through Dialogue: Envoy’, http://www.xinhuanet.com/english/2019-06/11/c_138132033.htm (accessed 20 May 2020).

²⁹ European Commission (DG TRADE), ‘EU Trade in Goods with Kosovo’, https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_kosovo_en.pdf (accessed 20 May 2020).

³⁰ P. Isufi (2017), ‘Kosovo Abandons Bid to Join Interpol this Year’, *Balkan Insight*, <https://balkaninsight.com/2017/09/21/kosovo-abandons-bid-to-join-interpol-this-year-09-21-2017/> (accessed 20 May 2020).

³¹ B92, ‘Kosovo’s Bid to Join UNESCO Fails; Details of Voting Emerge’, https://www.b92.net/eng/news/politics.php?yyyy=2015&mm=11&dd=09&nav_id=95984 (accessed 20 May 2020); and N1, ‘Serbia Thanks China for Being Against Kosovo in Interpol’, <http://rs.n1info.com/English/NEWS/a437054/Serbia-grateful-for-China-s-opposition-to-Kosovo-s-Interpol-membership.html> (accessed 20 May 2020).

³² ASIA FOCUS #93 – ASIA PROGRAM / November 2018, p. 41

There are active Chinese language schools, including at the two Confucius Institutes in Belgrade and Novi Sad University. A new massive eight-story Chinese cultural centre is under construction on the site of the bombed Chinese embassy. Despite the increased presence of Chinese nationals in Serbia, China is still seen as a remote country, with little cultural appeal to young Serbians, who are immigrating to Western countries in large numbers, driven away by the lack of job opportunities at home.³³

China took no active position on the 2018 Prespa Agreement, which settled the name dispute between Greece and North Macedonia, and which China probably welcomed as a step towards a more stable environment for the LSER.

China also continued the construction of the Croatian Peljesac bridge, in spite of Bosnian claims that the bridge obstructs access to Neum, Bosnia and Herzegovina's only seaport.³⁴

All countries in the Western Balkans region adhere to a **One China policy** by refraining from political interaction with Taiwan, the extent to which they support China on other issues, such as matters relating to Xinjiang, Hong Kong and the South China Sea, has remained limited.

In Serbia, Marko Djuric, in his capacity as vice-president of the ruling Serbian Progressive Party, stated in an interview with China's press agency *Xinhua*: "I can tell you that the level of protection of minority rights in Xinjiang is something that many countries in my part of the world could envy".³⁵ Also, "Just as Serbia supports the one-China policy, China supports Serbia as its best and most stable friend in southeastern Europe", Serbia's then deputy prime minister Božidar Đelić said in Beijing in 2009. Serbia would later receive Beijing's support against EU pressure to recognize Kosovo's independence.³⁶

Milorad Dodik, the Serb member of the Presidency of Bosnia and Herzegovina, has expressed support for China over the issue of Hong Kong.³⁷

³³ Ibid.

³⁴ M. Lakić (2018), 'Bosnia to Protest to EU over Croatia Bridge Deal', *Balkan Insight*, <https://balkaninsight.com/2018/04/24/bosnia-calls-eu-commission-over-peljesac-bridge-04-24-2018/>.

³⁵ *Xinhua*, 'Interview: On Xinjiang and Terrorism, US Double Standards on Display', www.xinhuanet.com/english/2019-12/18/c_138641055.htm (accessed 28 June 2020).

³⁶ As China Moves In, Serbia Reaps Benefits, With Strings Attached, *New York Times*, September 9, 2017. <https://www.nytimes.com/2017/09/09/world/europe/china-serbia-european-union.html>

³⁷ Serbian Press Agency SRNA, 'Support to China in Efforts to Maintain Peace in Hong Kong', www.srna.rs/novosti/718507/support-to-china-in-efforts-to-maintain-peace-in-hong-kong.htm (accessed 28 June 2020).

Montenegro's foreign ministry issued a statement on the ruling of the Permanent Court of Arbitration in The Hague on the dispute between China and the Philippines in the South China Sea, classifying the Philippines' appeal as a unilateral measure and calling for dialogue instead.³⁸

Albania, Bosnia and Herzegovina, and North Macedonia have not issued any statements on these issues.

In 2019, a group of 22 states issued a joint letter to the UN Human Rights Council, condemning China's mass detention of Uyghurs in Xinjiang. This was followed by a letter from a group of 55 states that backed the PRC's policies in the Xinjiang region. None of the Western Balkans countries joined either letter, but a second letter from October 2019 supporting China was co-signed by Serbia.³⁹

Vuk Vuksanovic, an astute observer of history, estimates that the Balkans is "an inroad into the heart of Europe". As he puts it, "the European Union should send a strong political message that these countries will join the Union eventually, to avoid fomenting insecurity that plays into China's hands."

3.3. The security dimension

Serbia is the country with the most extensive cooperation with China in the security area. These include police cooperation, military equipment purchases and certain telecommunications operations.

A joint Sino–Serbian police exercise aimed at disabling terrorists and releasing hostages was held in late 2019 at a facility of the Zelezara Smederevo steel company.⁴⁰

From the Chinese side, the exercise involved 180 police officers, 20 vehicles and three helicopters. The rise of Chinese tourists in Serbia, which draws more Chinese tourists than the other Western Balkans countries, prompted the start of joint police patrols in the Serbia capital,

³⁸ Government of Montenegro, 'Announcement on the Verdict of the Permanent Court of Arbitration in the Hague on the Dispute between China and the Philippines', <http://www.gov.me/naslovna/vijesti-iz-ministarstava/163193/Saopstenje-povodom-objavlivanja-presude-Stalnog-arbitraznog-suda-u-Hagu-o-sporu-izmedu-Kine-i-Filipina.html?alphabet=cyr%20> (accessed 28 June 2020).

³⁹ China and the EU in the Western Balkans | Clingendael Report, August 2020, p.20

⁴⁰ M. Zivanovic (2019), 'Serbia and China Hold Joint Police Exercise', <https://balkaninsight.com/2019/11/28/serbia-and-china-hold-joint-police-exercise/> (accessed 20 May 2020).

Belgrade, in 2019.⁴¹ Apart from Belgrade, Chinese police officers were also deployed to Novi Sad and Smederovo, according to the Serbian Minister of the Interior out of security considerations.⁴² Chinese police officers in the three Serbian cities number only six in total, with no power to arrest or to use coercive means. In recent years, the Chinese government also deployed police officers to cities in some other European countries, including Italy and France.

Serbia is the only country in Europe that has bought unmanned aerial vehicles (UAV) from China. It bought nine Chengdu Pterodactyl-1 drones in late 2019, with a possible future order of an additional fifteen UAVs.⁴³ These drones can be employed for reconnaissance tasks or be fitted with a variety of weapons, such as laser-guided bombs, air-to-surface anti-tank missiles and guided rockets.⁴⁴

Beyond Serbia, the scope for security cooperation with China is limited, with Albania, Montenegro and North Macedonia being NATO members and Kosovo having no diplomatic ties with China.

Cooperation with Chinese communications and technology company Huawei has so far remained limited to Serbia.

While the government of Bosnia and Herzegovina signed a cooperation agreement with Huawei in 2018, no further cooperation followed.⁴⁵

4. Conclusion

The rise of China within the new international system is characterised by its growing trade and economic performance and its clear statement of interest to "surround" the world with its direct investments in strategic sectors, sophisticated technologies and critical infrastructure. However, behind China's aspirations in economy and trade, represented by the gigantic Belt and Road Initiative and the smaller 17+1 Cooperation framework, there can be a political background or

⁴¹ Radio Free Europe, 'Chinese Police Launch Joint Patrols in Serbia', <https://www.rferl.org/a/serbia-china-police/30174932.html> (accessed 20 May 2020).

⁴² N1, 'Joint Serbian–Chinese Police Patrols in Belgrade', <http://rs.n1info.com/English/NEWS/a526839/Joint-Serbian-Chinese-police-patrols-in-Belgrade.html> (accessed 30 June 2020).

⁴³ D. Stojanovic (2019), 'China to Boost Serb Military with Drones, Other Equipment', *Associated Press*, <https://apnews.com/c19a207d89b34dd7aa0f608933ef607b> (accessed 20 May 2020).

⁴⁴ Airforce Technology, 'Wing Loong Unmanned Aerial Vehicle', <https://www.airforce-technology.com/projects/wing-loong-unmanned-aerial-vehicle-uav/> (accessed 20 May 2020).

⁴⁵ *Sarajevo Times*, 'Sarajevo Mayor Signed Agreement on Cooperation with Huawei', <https://www.sarajevotimes.com/sarajevo-mayor-signed-agreement-on-cooperation-with-huawei/> (accessed 20 May 2020).

"hidden agenda". China could be trying to achieve political goals and interests by means of economic and trade initiatives as a new global hegemonic power, as its "debt-trap diplomacy" seems to be indicating, with the goal for partner countries to become highly indebted to China and then to extract concessions or justification of its own political activities, which they otherwise would not tolerate or permit.

China's main foreign policy objectives in the Western Balkans region may be summarised as: 1) to develop the Land–Sea Express Route, as a component of the Belt and Road Initiative, in order to strengthen the capacity of the port of Piraeus to act as a hub for EU–China trade; 2) to maintain and deepen diplomatic and economic relations with countries in the region, with Kosovo as an exception at the diplomatic level as it is not recognised by China, and with Serbia as China's main regional partner. There is substantial differentiation among individual countries with regard to China's engagement with the region. China has no collective approach to the five Western Balkans countries with which it maintains diplomatic relations. Instead, China deals with them on a bilateral basis and through the 17+1 mechanism (which has a much broader geographical coverage).⁴⁶

China's extensive relationship with Serbia corresponds with its approach in other regions. It frequently focuses attention on larger countries with which it has stable and collaborative relations over a long period of time. Serbia and, to a lesser extent, North Macedonia are also important to China's largest strategic regional interest, the LSER, which connects the Chinese-run port of Piraeus to Central Europe and Germany. Other Chinese activities in the region, such as operating the Albanian national airport, building the Bar–Bolja motorway and other regional motorways, resource extraction and steel production can potentially contribute to the future development of the LSER. The recently announced establishment of direct rail transportation between China and Serbia, as well as Chinese activities in the logistical field in countries bordering the WB6 (such as port activities in Greece, Croatia and Slovenia), are also relevant to the further development of the LSER as a transport network that supports Chinese economic interests in the EU.⁴⁷

The most politically salient instance of Chinese lending relates to the Bar–Bolja highway project in Montenegro, because of the ratio of the loan amount, which is large compared to the size of Montenegro's economy. Significant instances of Chinese direct investment exist only in

⁴⁶ China and the EU in the Western Balkans | Clingendael Report, August 2020, p. 22

⁴⁷ Ibid.

Serbia and (although not visible in official statistics) in Albania. Given the size of Serbia and Albania, the relative impact of Chinese FDI in Albania exceeds that of in Serbia.⁴⁸

The two main potential economic sources for Chinese political leverage over national governments in the Western Balkans are debt (in the case of Montenegro) and direct investment in oil production (Albania).⁴⁹

The possibility of China exercising political influence through its economic involvement appears to be relevant in the case of Montenegro (for example, by granting debt relief in return for political concessions), more so than in the Albanian case. Still, there are no signs so far that the Chinese government has attempted to use this leverage (or will ever do so) for political purposes in either country (both of which are NATO members).⁵⁰

China's leverage in the region based on political or security ties is also limited. The main factor in this respect is Serbia's need for Chinese support in the UN Security Council in order to prevent Kosovo from becoming a member of the United Nations.⁵¹

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid.