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“One Belt and Road” in the Balkans and in Serbia (cooperation challenges)

Abstract
China’s Belt and Road Initiative refers to establishing connections between China (Asia) and Africa and Europe by numerous roads and railways and to cooperation among countries in different fields, and in its western part it includes all Western Balkans countries. All of these countries cooperate with the PRC, on a bilateral basis and within China-CEEC cooperation process. Some of these Balkan countries are already members of the EU, while the others have been granted EU membership candidate status, but they all are striving to improve their relations with China via different projects. Bearing in mind the EU’s intention to closely ‘monitor’ business activities of Chinese companies in EU member countries and their infrastructure and other projects within Chinese cooperation with Balkan countries, the destiny of this cooperation and ensuing projects will undoubtedly depend on the EU’s attitude (and interests) towards China. The EU could exert stronger influence on its member countries compared to EU membership candidate countries. On the other hand, such a relationship presents EU membership candidate countries with numerous opportunities for cooperation with China, particularly Serbia, which is enjoying the highest level of bilateral relations with China characterized by the biggest number of initiated and completed projects (at this moment). Chances that some other great powers could influence the Belt and Road Initiative in the Balkans are very poor or even impossible, either because they do not perceive the PRC as a geopolitical rival in this region (e.g. US), or because they have favourable bilateral relations with China and are actively participating in the Belt and Road Initiative, e.g. Turkey.

Keywords:
Belt and Road, Balkan countries, China, European Union, great powers, cooperation challenges
The Belt and Road Initiative aiming to connect Asia with Africa and Europe by different overland and maritime routes was promoted by Chinese President Xi Jinping during his visit to Kazakhstan, September 2013 and Indonesia, October 2013.¹ The Belt and Road Initiative is not only a development strategy of the PRC on a global level, but also an invitation for cooperation and development for a number of countries which are situated along this grand project.² The construction of infrastructure projects (roads and railways), realisation of different projects within energy sector, in industry, science, education, information sector etc.³ provide solid grounds for economic and social development of project member countries and for further improvement of cooperation among countries, not only on a bilateral level (including their relations with PRC), but also on a regional level within the projects including several neighbouring countries. Given its developmental character and its offer for interstate cooperation on a voluntary, not obligatory basis, and considering the mutual benefit for all the participating countries and their citizens, the Belt and Road Initiative is of enormous importance for peace and security enhancement in the world.

Enormous global importance of the Belt and Road is best reflected in the number of countries participating in the project. At the time when the Belt and Road Initiative was promoted (2013), it included 65 countries situated along the routes connecting three continents: Asia, across Africa, with

¹ See Work Together to Build the Silk Road Economic Belt (Part of the Speech at Nazarbayev University, Astana, Kazakhstan); Work together to Build a 21—century Maritime Silk Road (Part of the speech at the People ‘s Representative Council of Indonesia); XI JINPING, The Governance of China, Foreign Languages Press, Beijing 2014, p. 315–319, p. 320–324.

² As proposed by Chinese President Xi Jinping and on the basis of old (historical) overland and maritime routes of the Silk Road, China defined five routes within the Belt and Road. The economic belt of the Silk Road comprises three routes: from northwest and northeast China to Europe and the Baltic Sea, over central Asia and Russia; the second one from northwest China to the Persian Gulf and the Mediterranean Sea, through central Asia and western Asia; the third one from southeast China through Indochina Peninsula to the Indian Ocean. The maritime route of the 21st century Silk Road has two main directions: one starting from the coastal ports of China, over South China Sea, the Indian Ocean and to Europe; the second one starts at the coastal ports of China, over South China Sea to the South Pacific. See Building the Belt and Road: Concept, Practice and China’s Contribution, Office of the Heading Group for the Belt and Road Initiative, May 2017, Foreign Languages Press Co. Ltd, Beijing, China, 2017.

³ Fields of cooperation between the Belt and Road member states are numerous and comprise a number of projects: construction of railways, motorways, ports, information and telecommunication facilities, oil, gas and energy infrastructure, network of free trade zones, benefits for joint trade projects, investment, financial cooperation, cooperation on environmental protection, education, science, culture, health, tourism, exchange of people et. See Ibid. p. 18–48.
Europe\(^4\). The Belt and Road Initiative, according to the number of project member countries, comprised the total area of 51,491,201 km\(^2\) populated with 4.4 billion people\(^5\). In the meantime, number of participating countries has increased. At the Belt and Road First Forum, May 2017, Beijing, representatives of 100 countries participated, either as speakers or attendees, 29 of which were presidents of states and 70 of them were representatives of international organisations\(^6\). The importance of the Belt and Road Initiative on a global level and its impact on the development of a number of countries within a global community has been recognised by the UN Organisation which has upheld this grand development project. Agreements on cooperation and joint support for the achievement of the goals proposed and defined by the Belt and Road Initiative, and on harmonization of infrastructure development plans of the signatory countries with the content of the project have been signed between the People’s Republic of China and 39 countries and international organisations\(^7\).

The importance of the Belt and Road initiative on a global level can be better understood if we take a closer look at the position and role of the PRC within a global community, at the data on its economic strength, its military power and political influence.

The People’s Republic of China is one of five permanent members of the Security Council of the United Nations with the right to veto, which makes it an important and influential subject in resolving the issues affecting international community. China’s economic opening towards the rest of the world, particularly at the end of the last century, the introduction of market mechanisms, accompanied by its internal reforms, have marked the beginning of its economic development, with the annual growth rate which has made China’s economy one of the most influential economies in the world\(^8\). According to the World Bank 2016 data, on the basis of GDP,

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\(^5\) Source: http.worldbank.org
\(^7\) Source: Prof. Žarko Obradović *The One Belt, One Road: The Balkan Perspective (Political and Security Aspects)*, in V. Cvetkovic (Ed): *The One Belt, One Road: The Balkan Perspective (Political and Security Aspects)*, Faculty of Security Studies, Čigoja štampa, Beograd 2017, p. 84.
\(^8\) According to the Chinese Statistics Institute, real annual economic growth (%) of China in the period 1993–2003 was 9.5% on average per year. In the period 2003-2010 the economic growth was 10.15% on average per year. The growth of GDP of China was somewhat lower in the following period (in 2011 – 9.2%; in 2012, 2013 – 7.7%; in
China's economy was the second largest economy in the world (after the US)\(^9\). World economic experts estimate that China will have 'intensive and rising' economic growth, which has already made China 'leading emerging market economy'\(^{10}\) during previous decades, and, consequently, with important role in world economic affairs in future. Chinese economic growth on a global scale has been confirmed by the data on China’s participation in the world export (%) which was 1.8% in 1990, and increased to 12.1% in 2013\(^{11}\). As far as its military strength is concerned, the People's Republic of China belongs to a group of leading countries. According to the Global Firepower Index Report, based on the analysis of 50 criteria, the People's Republic of China has been ranked 3\(^{rd}\) strongest military power, behind the US and Russia\(^{12}\).

The Belt and Road connects the regions and countries from Asia (China), via Africa to Europe. In its European part, the Belt and Road encompasses areas from the far north to the south of Europe (from the Baltic to the Mediterranean Sea), as well as its western part, including a number of railway and road (horizontal and vertical) routes\(^{13}\). Some railway routes starting from China and terminating in some European cities, e.g. in Rotterdam (the Netherlands), Duisburg, Hamburg, Frankfurt (Germany), Madrid (Spain) etc. make these countries part of the Belt and Road\(^{14}\). In its western part, within Europe, the Belt and Road includes the Balkans, not only as an overland route but also as a maritime route. Overland route of the Belt and Road

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\(^9\) China's GDP in 2016, according to the World Bank, was 11,199,145 million dollars. The leading country was the US whose GDP was 18,625,475 million dollars, while the third largest economy was Japan with 4,940,159 million dollars. Source: World Development Indicator database, World Bank, 17 December 2017.

\(^{10}\) See Janković Aleksandar, p. 94.

\(^{11}\) Ibid. p. 97.

\(^{12}\) Among numerous data for 2016 testifying to the military strength of the PRC, it should be emphasised that the PRC has 2,335,00 soldiers in active service and as many in reserve, that it has 9,150 tanks, 4,788 armoured vehicles, 2,942 planes, 802 helicopters etc. Source: NAJMOČNIJE VOJNE SILE SVETA: Evo ko je jači – Amerika ili Rusija i Srbija ili Hrvatska, Retrieved from https://www.globalfirepower.com/countries – listing.asp, 13 March 2017.

\(^{13}\) Untill the end of 2016 China opened 39 railway routes between Europe and China, including 3,000 trains towards 14 cities in 9 European countries. Source: Building the Belt and Road: Concept, Practice and China's Contribution, p. 13.

\(^{14}\) See Wang Yiwei The Belt and Road Initiative – What will China offer the world in its rise, New World Press, Beijing, 2016, p. 63, 77.
Road across the Balkans includes different projects, primarily in the field of infrastructure and in energy sector (and subsequently in other sectors) with Balkan countries which are included in Chinese cooperation with 16 CEE countries (so-called 16+1 Cooperation Process), which is a part of the Belt and Road. Sixteen European countries which are members of the 16+1 Cooperation Process cover the area of 1,348,684 km² populated with 119.4 million people. In Eastern Europe towards Asia, within 6 countries taking part in the Belt and Road Initiative, the area of 1,031,083 km² is populated with 74 million people. Infrastructure projects as part of the Belt and Road in Europe comprise also some other countries (beside the mentioned ones) which were not included in this grand project at its very beginning.

The relations between the EU and the PRC have been influenced by economic cooperation, while political issues have stayed out of the limelight. The PRC is one of the most important EU economic partners (the second most important EU partner is the US). Leading EU countries, in terms of bilateral cooperation, have had an increasingly high trade exchange level with the PRC for years, the deficit on the EU side.

China-EU relations have had a long history and are important for both sides. China established diplomatic relations with the European Economic Community (EEC), predecessor of the EU, in 1975. China-EU high level meetings have been held once a year since 1997, in Brussels and Beijing alternatively. Since 2003 both sides had labelled these relations as ‘strategic partnership’, and since 2007 these relations have been renamed into ‘comprehensive strategic partnership’. While, on one hand, China-EU political relations have cooled down on some occasions due to EU criticism of some Chinese internal issues, primarily in the field of ‘human rights’, economic relations have gradually evolved and improved, in terms of both diversity of goods and trade exchange turnover. Starting with a modest trade exchange of 2.5 billion dollars in 1975, when China was at the bottom of the list of EU foreign trade exchange partners, in 2014 the EU was the most important export market for the PRC, while the PRC was the second largest export market for the EU (behind the US). PRC-EU trade exchange is characterized by the deficit on the EU’s side, and it has been on the increase.

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15 Source: http.worldbank.org
18 Ibid. p. 343.
since the mid-90s\textsuperscript{19} and amounted to 137.7 billion euros in 2014 (somewhat higher than in 2013 when it was 131.9 billion euros)\textsuperscript{20}.

Economic cooperation with China is of extreme importance for the EU, the economies of its member states and life of their citizens. Almost all EU member states, particularly the biggest ones, tend to enhance the scope and content of their economic cooperation with the PRC. It is best reflected in the importance European countries attach to their mutual high level meetings, e.g. visit of Chinese President Xi Jinping to Great Britain in November 2015, or visit of French President Emanuel Macron to China in January 2018, as well as in the agreements signed by the UK and France with the PRC\textsuperscript{21}, their number and economic importance.

Recently, Chinese companies have appeared in the EU market as an important actor with capacity to buy and develop companies in different fields of industry.

The European Union takes part in the Belt and Road Initiative in a number of ways. As part of the EU-China cooperation and within institutional ties established within the Belt and Road Initiative, 11 EU\textsuperscript{22} member states have participated in the Cooperation Process between the PRC and 16 CEE countries which commenced in 2012 with the Cooperation Process Summit in Warsaw (Poland). During the past years, all these countries have joined together with China and initiated a number of projects in different fields and at the same time improved their bilateral relations and cooperation with China, within which process Poland, Check Republic and Hun-

\textsuperscript{19} See ibid. p. 451.
\textsuperscript{21} EU member states efforts to boost their cooperation with the PRC are best reflected in the high level meetings and value of the signed agreements on cooperation with China. Chinese President Xi Jinping visited the UK in November 2015 and signed 150 agreements worth 40 billion pounds (62 billion dollars), and the (then) UK Prime Minister announced the beginning of ‘a golden era’ in UK-China cooperation. Source: Vreme 1296 – \textit{Velika Britanija – Kina – Nova faza... Početak zlatnog doba}, https://www.vreme.com. The visit of French President Emanuel Macron to the PRC in January 2018 had the same character, during that visit the Chinese agreed to get 184 Airbus A 320 planes, the worth of which was 18 billion euros. There were 50 businessmen from France accompanying Macron. Source: Politika online – \textit{Makron: Kina će kupiti 184 Erbasova aviona – Politika}, www.politika.rs>scc>clanak>Makron 10 January 2018, \textit{Makron stigao u trodnevnu posetu Kini / N1 Srbija, 08 January 2018, www. RS n1 info. com>Svet,svet>Makron...}
\textsuperscript{22} EU member states participating in the China-16 CEE cooperation process: Poland, Lithuania, Latvia, Estonia, Check Republic, Slovakia, Hungary, Slovenia, Croatia, Romania and Bulgaria. Other five EU candidate countries are: Serbia, Albania, Montenegro, Bosnia and Herzegovina and Macedonia.
gary have taken prominent places. This cooperation is a part of both Chinese-European relations and the Belt and Road Initiative and it has been confirmed by the fact that the 16+1 Cooperation Process (the area of the EU member states) stretches along the western side of the Chinese Initiative and by the content of the documents adopted at their annual meetings. The Fourth Summit of the 16+1 Cooperation Process, Suzhou (China) in 2015 once again confirmed, in the adopted documents, strong commitment of the member states to ‘establishing Eurasian ties’ i.e. to ‘establishing closer ties between China and Europe by land, sea and air via key transport corridors, ties and projects’. The same goal, establishing ties between China and Europe, is included in the Belt and Road Initiative.

Mutual intention of the EU and PRC to further develop their economic cooperation and to show respect for each other’s interests and to create synergy of the Belt and Road Initiative (including 16+1 Cooperation Process) and infrastructure development plans of the EU member states has been confirmed by the joint documents and activities. Chinese government and the European Commission have signed the Memorandum of Understanding and initiated EU-China Connectivity Platform. European infrastructure development plans and the realisation of the Investment Plan for Europe (the so-called Juncker Plan, 2015) have been agreed upon by China who had promised financial support. In January 2016 China joined the European Bank for Reconstruction and Development (EBRD) in its intention to boost cooperation with the bank in numerous fields, including joint investment and policy coordination. The fact that the UK, France, Germany and Italy joined the Asian Infrastructure Investment Bank, which was established with the intention to provide funding for infrastructure

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23 See Dr Long Jing, The Future of Cooperation Between China and the Balkans and its Opportunities Within the 16+1 Cooperation and the One Belt, One Road Initiative, in V. Cvetkovic (Ed) The One Belt, One Road: The Balkan Perspective (Political and Security Aspects), Faculty of Security Studies, Čigoja štampa, Beograd 2016, p. 9–19; Dr. Liu Zuokui, 16+1 Cooperation in the Context of the One Belt, One Road Initiative, in V. Cvetkovic (Ed) The One Belt, One Road: The Balkan Perspective (Political and Security Aspects), Faculty of Security Studies, Čigoja štampa, Beograd 2016, p. 43–68.


25 Source: Building the Belt and Road, op. cit. p. 18.


27 Source: Building the Belt and Road, op. cit. p. 31.
projects, has confirmed the global character of the Belt and Road Initiative and their keen interest in participation in this Project\textsuperscript{28}.

Cooperation and development plans coordination has been stipulated even on a normative level. Suzhou documents, issued at the Fourth 16+1 Cooperation Process Summit, affirm that the cooperation is ‘in accordance with the EU legislature, regulations and policies ensuing from the EU membership’\textsuperscript{29}. Documents from the sixth summit, held in Budapest (Hungary), 2017 also affirmed the obligation of 16+1 Cooperation Process member countries to cooperate in accordance ‘with laws, regulations, standards ... and policies of the EU member states and membership candidate countries’\textsuperscript{30}.

That the EU ‘closely monitors’ what is included in the content of the Cooperation Process of the PRC and CEEC has been confirmed by the fact that the EU participated in the Sixth 16+1 Cooperation Process Summit in Hungary (Budapest) in 2017 as a monitor\textsuperscript{31}.

Since the beginning of the 16+1 Cooperation Process, the European Union has behaved with reserve. After the First Summit, held in Warsaw in 2012, the Cooperation Secretariat was established in September 2012 in Beijing and only Slovakia and Croatia had their ministers present there, while other EU member states sent lower ranking officials (secretaries of state, assistant minister etc.)\textsuperscript{32} When the project started, as part of the 16+1 Cooperation Process, the European Commission questioned whether the project realisation procedure was in accordance with the EU legislature (regulations). Although all the documents adopted at the 16+1 Cooperation Process summits emphasized the necessity to harmonize all the decisions (within the cooperation of these states with the PRC) with the EU legislature, some EU actions imply that possible disputes with the PRC may arise during the realisation of some projects both with the EU member states and with EU membership candidate countries participating in the project.

On the one hand, some European countries, EU member states, have been obviously making efforts to boost economic cooperation with the PRC and provide better conditions (and profit for their companies); on the other

\textsuperscript{28} Source: Wang Yiwei op. cit. p. 77.
\textsuperscript{29} Source: \textit{Srednjo-oročni plan saradnje Kine i zemalja Centralne i Istočne Evrope}, op. cit. p.
\textsuperscript{32} The author of the paper participated in the work of the China-CEEC Cooperation Secretariat as a state coordinator, on behalf of the Republic of Serbia, for the China-CEEC cooperation process and he witnessed the level of engagement of every country participating in the meeting.
hand, the EU has been trying lately to control and slow the activities of Chinese companies by some administrative measure in Europe thus affecting both the EU member states and membership candidate countries and realisation of certain infrastructure projects. In the light of this, when Chinese company Hesteel purchased Serbian steel mill in Smederevo, the European Commission checked if this purchase would endanger steel production (and its price) within the EU member states. The Report of the Commission did not question the very purchase of the steel mill and its work in Serbia, but it clearly pointed to the EU intention to react in cases when the purchase of some European company (or its part) by some Chinese company could ‘endanger European interests’. The contract for the construction and reconstruction of the railway between Hungary, Serbia and China, signed during the summit in Bucharest, in 2013 attracted ‘the EU’s attention’. At the very onset of the project, Hungary was faced by the EU’s request to respect EU regulations, as its member state, during the public tender process to choose the company to realise the project and build the railway. The European Commission started investigating if Hungary, as an EU member state, broke EU competition laws relating to public tenders for large transport projects. Besides, reactions and statements of some German businessmen and politicians when Chinese company Midea purchased KUKA Robotics (that it is sensitive technology and it is a question whether it should be sold or not), when Chinese state electricity supplier offered to purchase part of German operator Hertz, and when Chinese company Gili tried to increase its share in Daimler to 10% (so as to have at its disposal technology for electric car batteries) that this might hinder economic development of the country and put other side (Chinese companies) in favourable position, wherein they could have the state of the art technologies at their disposal, incited other EU member states to ‘pay attention’ to Chinese investments. Germany, France and Italy initiated on the EU level the adoption of control mechanisms for the investments from China and other countries.

16+1 Cooperation Process, along with several CEE countries, included 9 Balkan states: Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Albania, Romania, Bulgaria, and Hungary.

Source: Žarko Obradović The One Belt, One Road: The Balkan Perspective (Political and Security Aspects), in V. Cvetkovic (Ed): The One Belt, One Road: The Balkan Perspective (Political and Security Aspects), Faculty of Security Studies, Čigoja štampa, Beograd, 2017, p. 95.


Source: Kavaja J. Kina ugrožava industrijsku dominaciju Nemačke, Politika, 7 May 2018, p. 3.

China-CEEC Cooperation Process comprises, beside China, 16 European countries: Hungary, Bulgaria, Romania, Poland, Serbia, Bosnia and Herzegovina, Croatia, Slov-
tenegro, Albania, Macedonia, Bulgaria and Romania. The Port of Piraeus in the Mediterranean Sea as an important transport hub in the Balkans and in Europe, connects the Belt and Road with the Balkans along its maritime route. This is how Greece, a Balkan country not participating in the 16+1 Cooperation Process, but participating in its annual conferences (e.g. Budapest Summit in November 2017), is included in the Belt and Road realisation.

Cooperation between Balkan countries and the PRC had been primarily bilateral prior to 16+1 Cooperation Process featuring economic cooperation without infrastructure projects that would entail the third country. 16+1 Cooperation Process has changed the ongoing situation, both on a regional level and in terms of its bilateral character. Balkan countries have attained a better position and gained in importance in the process of Chinese cooperation with European countries. Two meetings of China and 16 CEE countries\(^37\) were held in the Balkans, out of 6 meetings that have been held so far. The second 16+1 Cooperation Process Summit was held in Romani (Bucharest) in 2013 and the third one in Serbia (Belgrade) in 2014. The next meeting, the seventh Summit will be held again in one Balkan country in 2018. It will be hosted by Bulgaria (Sofia). The PRC has signed myriad agreements with Balkan countries within this process, mostly bilateral ones, although some of them having regional importance. Among these agreements, special place is given to infrastructure project (construction of roads and railways), energy sector projects (construction and reconstruction of thermo-electric power plants) and other sectors as well. Contract for the reconstruction and construction of Belgrade-Budapest high-speed railway (for passenger and freight transport) was signed in Bucharest in 2013 between Hungary, Serbia and China, and the project has already started. Chinese companies in Montenegro are building a motorway to connect Montenegrin coastal area with Serbia (Belgrade-South Adriatic Motorway). This motorway is being built on the Serbian side as well, and Chinese companies have already contracted to build the last and the longest section through Serbia – all the way to the border with Montenegro. They have agreed to build a motorway in Macedonia, while at the same time they are negotiating with Albania to build a motorway that would link Albania with Macedonia. The number and structure of regional projects will increase in future, which has already been confirmed by the announcement of the

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37 Within China-CEEC Cooperation Process, 6 summits have been held so far: Poland (Warsaw) 2012, Romania (Bucharest) 2013, Serbia (Belgrade) 2014, Suzhou (China) 2015, Latvia (Riga) 2016 and Hungary (Budapest) 2017.
Croatian initiative ‘Three seas” in order ‘to launch infrastructure cooperation, cooperation in the field of logistics and in order to connect the ports of the Baltic Sea, Mediterranean Sea and Black Sea’\textsuperscript{38}, as well as to connect Greece (the Port of Piraeus), through Macedonia with Serbia (Belgrade) and further to the north. Beside these infrastructure projects, cooperation covers some other fields. For example, Bosnia and Herzegovina has built a thermal power plant in Stanari, and a new one has been agreed on. Within this cooperation, Macedonia has agreed to construct a power plant and Romania has launched a project in energy sector – including nuclear power plants.

The realisation of current and future projects will be facilitated by different associations (centres) in the Balkan states. The following centres are to be established: The Centre for Transport and Infrastructure Cooperation in Serbia, The Energy Centre in Romania, Forestry Centre in Slovenia etc. Over the past years (since 2012) Balkan countries have hosted numerous meetings on cooperation in different fields: agriculture, trade, economy, tourism, culture, education etc.\textsuperscript{39}

During 2017, Balkan states hosted myriad meetings as part of Riga Summit Guidelines for Cooperation between China and 16 Central and Eastern European Countries.

The Republic of Serbia, among 16+1 Cooperation Process member states (including the Balkan states), is a leading country in terms of the quality of bilateral relations with the PRC, number and type of different projects agreed upon between two countries (no matter whether they have been just launched or already completed). interstate relations between Serbia and China have been at the highest level. Strategic partnership, existing since 2009, was expanded in 2013, and in June 2016 it was raised to a higher level – ‘a level of a comprehensive strategic partnership’\textsuperscript{40}. Heads of two

\textsuperscript{38} See Obradović Žarko \textit{The One Belt, One Road: The Balkan Perspective (Political and Security Aspects)}, in V. Cvetkovic (Ed): \textit{The One Belt, One Road: The Balkan Perspective (Political and Security Aspects)}, Faculty of Security Studies, Čigoja štampa, Beograd, 2017, p. 89–90.

\textsuperscript{39} See Obradović Žarko \textit{The One Belt, One Road: The Balkan Perspective (Political and Security Aspects)}, in V. Cvetkovic (Ed): \textit{The One Belt, One Road: The Balkan Perspective (Political and Security Aspects)}, Faculty of Security Studies, Čigoja štampa, Beograd, 2017, p. 90.

states (presidents of republics, prime ministers, parliament speakers, ministers etc.) have met on a number of occasions over the past few years\textsuperscript{41}.

Serbia has been a member state of the Cooperation Process between China and 16 CEE countries since its beginning in 2012, and is one of its most active members. When the Secretariat for the Cooperation Process was established in Beijing in September 2012, Serbia suggested more than 50 projects in different fields to be realised within future cooperation\textsuperscript{42}. Over the past six years, Serbia has achieved outstanding results within this Process: construction and upgrading of Budapest-Belgrade (between Hungary and Serbia) railway has started, numerous sections of Belgrade-South Adriatic motorway have been finished, ring road around Belgrade has been built, reconstruction of Kostolac thermal power plant has been finished and construction of Block 3 has started, revitalisation of Drmno coal mine has been finished, they have agreed to build waste-to-energy power plant, renewable energy projects have been initiated\textsuperscript{43} etc. Serbia (Belgrade) hosted the Third 16+1 Cooperation Process Summit in November 2014. Centre for cooperation in the field of transport and infrastructure between China and CEEC should be established in Serbia, and it is supposed to spur the realisation of infrastructure projects both in Serbia and in the region.

At the latest 16+1 Cooperation Process Summit, Budapest, November 2017, four important contracts were signed: a contract to design and construct one more section of the Belgrade-South Adriatic Motorway (Preljina-Požega), a contract to build Obrenovac-Novis Beograd heating pipeline, a contract to realise a project for the waste disposal from central parts of

\footnotesize{\textsuperscript{41} Xi Jinping, President of the PRC visited Serbia in June 2016 and signed the Agreement on establishing ‘a comprehensive strategic partnership’ between Serbia and China, as well as 21 more agreements on mutual cooperation. Before that, Chinese Prime Minister, Li Kequing visited Serbia in November 2014. Chairman of the Standing Committee of the National People’s Congress, Z. Dejiang visited Serbian in June 2017. President of the Republic of Serbia, A. Vučić visited the PRC several times during the last few years, as the President and as the Prime Minister of the Republic of Serbia: in May 2017, he participated in the Belt and Road Forum in Bejing; in November 2015, he participated in the Fourth Cooperation Process Summit, Suzhou etc. Speaker of the National Assembly of Serbia, Maja Gojković visited National People’s Congress of the RPC in November 2017.}

\footnotesize{\textsuperscript{42} Ibid. p. 132}

\footnotesize{\textsuperscript{43} A list of agreements signed during the visit of the Chinese President Xi Jinping to Serbia in June 2017, retrieved from http://www.srbija.gov.rs/vesti/php?id=267615, 18 June 2016, Source: Strateško partnerstvo ‘male’ Srbije i ‘velike’ Kine – Unutrašnji i međunarodni aspekti saradnje, op. cit. p. 130.}
Belgrade, a contract to define all the conditions necessary to export beef to China\textsuperscript{44}.

There are some more elements depicting the character and quality of relations between these two states. The PRC is one of the pillars of Serbian foreign policy. Serbia is the first European country in which a Chinese company has successfully completed a large infrastructure project (construction of a bridge over the Danube). Serbia is also the first country in Europe which has made a decision to abolish visas for Chinese citizens travelling to Serbia. A direct Belgrade-Beijing flight has been introduced. Chinese company Hesteel has acquired Serbian steel mill in Smederevo. Serbia is one of a few countries in Europe which has offered students in primary and secondary schools to learn Chinese. Besides, Chinese is studied at the Department of the Faculty of Philology – Belgrade University. There are two Confucius Institutes in Serbia – in Belgrade and Novi Sad. The two countries are well on the way to opening two cultural centres: Chinese Cultural Centre in Belgrade and Serbian Cultural Centre in Beijing. Both countries have published myriad books, various publications, films etc., which further expands cooperation and deepens mutual understanding.

China-Serbia cooperation within the 16+1 Cooperation Process is of extreme importance since it is part of the global Chinese Belt and Road Initiative. Serbia is committed to the realisation of the Belt and Road Initiative, and its commitment has been confirmed by the signing of the Memorandum of Understanding between the PRC and the Republic of Serbia on joint promotion of the Belt and Road in November 2015, as well as by their dedication to establishing closer ties between the Belt and Road and their national development strategies\textsuperscript{45}.

All the above mentioned has contributed to Serbia’s good relations with the PRC in different fields, to its present status as the most active member of the 16+1 Cooperation Process and consequently an important member of the Belt and Road Initiative in the Balkans. Serbia has become China’s most important and most reliable partner in this part of Europe and world. The fact that Serbia is an EU membership candidate country does not hinder the development of friendly relations between the two countries. China upholds Serbia’s efforts on the way to become a member of

\textsuperscript{44} Source: Brnabić Srbija u Budimpešti zagrizla najveći deo kolača, 27 November 2017, >...; Li Nove tri milijarde dolara za ženlje CEE, Politika Online, – ...

\textsuperscript{45} Memorandum o razumevanju izmedu Vlade Narodne Republike Kine i Vlade Republike Srbije o zajedničkoj afirmaciji Ekonomskog pojasa i puta svile i Pomorskog puta svije 21. (Memorandum of Understanding between the People’s Republic of China and the Republic of Serbia on the joint promotion of the Economic Belt and Silk Road and 21st Century Maritime Road), Službeni glasnik Republike Srbije – Međunarodni ugovori, 01/16.
the EU, which is understandable bearing in mind China’s close relations with the EU. Although, as an EU membership candidate country, Serbia is obliged to comply with EU policy, it can nevertheless independently make all the decisions relating to its relations with China. It is because of this that Serbia has the advantage over other Balkan countries which are EU member states and which have to harmonize their policy and consequently their cooperation with China with Brussels. The level of partnership established with China has undoubtedly strengthened present position of Serbia both on a regional and international level.

Given the global character of the Belt and Road Initiative, number of countries directly or indirectly being interested in participating in different forms of cooperation within this Project (more than half of the UN member states), vast geographical area (from Asia through Africa to Europe) where these numerous infrastructure, energy etc. projects are to be realised (including Europe and the Balkans), power relations (military, economic, political etc.) among states, the role and position of China within international relations, character of bilateral relations between China and those states – there are several elements that can prevent or impede the realisation of the Belt and Road Initiative in the Balkans, or with some Balkan countries.

Talking about global level and the world stage, the destiny of the Belt and Road Initiative, i.e. the completion of all the infrastructure, energy and other projects, depends primarily on the China-US relations (first of all political, economic and military). The rise of the PRC in international relations and the announcement by Xi Jinping, Secretary General of the Communist Party of China and President of the PRC, made on 17th Congress of the Communist Party of China, held in October 2017, that the PRC is ready to take the leading role in 2050, undoubtedly questions the leading position of the US in the world, a position that the US took after the end of the Cold War in the 90s. Intended to keep its position on the world stage and to continue considering China its strategic competitor to be opposed to, the US will undoubtedly take actions, directly or indirectly via its allies, by various means to contest the role and status of China in international community and thus challenge the realisation of the Belt and Road. On the occasion of announcing the US National Security Strategy, December 2017, US President, D. Trump labelled China (together with Russia) a revisionist power and a competitor striving to challenge American power and undermine its security and prosperity. The same opinion about China as their strategic

competitor was expressed by the US Department of Defence, January 2018, which issued a military strategy and labelled China (together with Russia) as the major competitor. The DoD emphasized that great power competition, not terrorism, was the primary focus of the U.S national strategy\(^\text{47}\), and the US should counter China’s influence. America soon proved that these were not only empty words – they decided to introduce tariffs on Chinese products and thus start a trade war with China, they accused China of militarizing South China Sea Island (which China considers part of its territory).

Despite the opinion and actions taken by the US against China, the two countries are not likely to start a war directly due to possible consequences whose number and atrocities might reach unprecedented scale. The ongoing situation in international relations, opposed attitude of the PRC and the US towards Chinese sea border in the South China Sea, as well as different views (approaches) of some states towards China and the Belt and Road Initiative (e.g. Pakistan and India), direct and indirect relations between the US and China and their relations with third countries might endanger the Belt and Road project. It seem reasonable and almost certain that some countries along the Belt and Road route (overland and maritime routes) will remain passive in terms of their participation in the Belt and Road projects, whereas their inactivity and non-participation will be ‘justified’ by different arguments: border disputes, economic problems, geographical reasons, bilateral relations etc. These are the reasons why the realisation of the Belt and Road Initiative stretching from Asia and Africa to Europe might be prevented or hindered temporarily or for good.

As far as the Balkans is concerned, direct or indirect forms of conflict between China and the US are not to be considered for now. The two countries adhere to different geopolitical approaches to the Balkans. Since the early 90s, the US has directly influenced the latest developments in the Balkans and directed certain process. The US was one of the first states to recognize new states after the disintegration of the SFRY, it played major role during the negotiations on the Bosnia and Herzegovina future status and during the signing the Dayton Accord in 1995, during Rambouillet negotiations in 1999, during bombardment of the FR of Yugoslavia in 1999, in the process of recognition and promotion of the so-called state of Kosovo in 2008, in resolving pressing issues in the region (Bosnia and Herzegovina, Macedonia) etc. The US has also played special role (direct and indirect) in

\(^\text{47}\) Source: *Nova vojna strategija SAD: Kina i Rusija glavni konkurenti*, Politika, 20 January 2018, p.3, spoljna@politika.rs
the negotiations between Belgrade and Pristina and in deciding on the admission of new member states to the EU etc.\textsuperscript{48}

When talking about the Balkan region, one should not expect that the US would directly question Chinese presence and action, since Chinese presence is not seen as geopolitical threat but as part of Chinese economic activities. The US would ‘resolve’ possible disputes with China in this regions with the EU (or via the EU). The presence of China is not seen as being contrary to US geopolitical interests – this is well documented in the NATO (Parliamentary Assembly Political Committee) draft report on the security in the Western Balkans, stating that the presence of China in this region significantly increases, especially in Serbia, and that Chinese interests are primarily economic, and not political ones\textsuperscript{49}.

The attitude of the PRC towards the Balkans is completely different. The PRC had earlier developed bilateral relations with some Balkan countries, primarily on political level as a result of their ideological similarity (communist parties were in power in China and in some Balkan countries), but without economic cooperation. During the 90s, cooperation between Balkan countries and the PRC was modest, notwithstanding some exceptions (e.g. FR Yugoslavia). At the onset of the XXI century, cooperation between the PRC and FR Yugoslavia (later Serbia) gained in its intensity, but since inception of the Cooperation Process between the PRC and CEEC, the presence of China has increased in the Balkan region and its cooperation with Balkan states has been prompted by new incentives and realised through versatile forms of cooperation. In the light of the aforementioned, a number of infrastructure and energy projects have been realised, numerous bilateral agreements, covering different fields, have been signed and are to be realized in the years to come.

Compared to the US, the EU’s attitude is different. On the one hand – globally, the EU, through its bodies, as well as its (leading) member states are trying to increase their economic exchange with China and strengthen their presence in the immense Chinese market, and to harmonize their infrastructure development plans (road and railway routes) and their energy

\textsuperscript{48} The US administration officials have always underlined their support for the efforts made by Serbia to become an EU member state. These statements would have seemed reasonable, had they not been accompanied by statements that Kosovo independence was not to be contested and that Serbia should accept it. Representatives of temporary institutions of Kosovo e.g. the representative of the so-called Kosovo government, R. Haradinay has publicly declared that Kosovo has no other foreign policy than the one defined by the US.

\textsuperscript{49} Source: Security in the Western Balkans, Draft report, NATO Parliamentary Assembly Political Committee, Reynell Andreychuc (Canada), Rapporteur, Sub-Committee on NATO Partnerships, 28 March 2018; www.nato-pa.int, p. 5–6.
projects with the Belt and Road Initiative. On the other hand – they are making efforts to gradually ‘control’ the presence and influence of some Chinese companies on their market. Leading EU countries (France, Germany and Italy) have launched the initiative, via some draft laws, to ‘evaluate, study, adopt and forbid or annul foreign direct investments’\textsuperscript{50}. Besides, the EU is trying to protect itself and curb cheap imports from China by adopting new regulations\textsuperscript{51}.

Consequently, this kind of EU behaviour will primarily affect the EU member states, especially the ones which have taken part in the 16+1 Cooperation Process (CEEC). However, consequences of the EU’s ‘negative attitude’ towards China will have impact on the EU membership candidate countries, including Balkan countries. The impact will be two-faceted: the one we witnessed when Chinese company Hesteel purchased Serbian steel mill; although EU membership candidate countries are not obliged to comply with all the EU regulations, the EU Commission has proved, in this case, that the EU is determined, even with the EU membership candidate countries, to investigate whether the agreements signed with Chinese companies are ‘in line with the EU regulations’; the other facet of this negative attitude and how it can contest, endanger and even stop some Chinese projects in Balkan countries refers to infrastructure and other projects having regional character and including a number of countries, EU member states and EU membership candidate countries. A requirement to investigate whether EU member state’s regulations are in line with the EU rules (and by delaying the beginning of the projects until positive opinion is given by the EU Commission) can have direct impact on the other state(s) which takes part in the project. An obvious example is the realisation of the project to build and reconstruct Belgrade-Budapest high-speed railway.

The EU Commission’s investigation whether Hungarian railway project is ‘in accordance with the EU competition rules’\textsuperscript{52}, can hinder and prevent the construction of the railway (if the Commission’s report is negative for Hungary) even in Serbia, because building only a section of the railways through Serbia would be senseless. Hungary can, of course, make a decision and start building the railway without the EU consent, but such a move would involve deteriorating present EU structure and its internal relations. The idea to extend Budapest-Belgrade railway all the way to the port of Piraeus (Greece) would involve one more EU member state, but also one

\textsuperscript{50} Source: Vladimir Krulj Srbija između privlačnosti EU i ambicija Kine, Financial Times, as cited in Politika, 5 November 2017, p. 4. spoljna@politika.rs

\textsuperscript{51} Ibid. p. 4.

more EU membership candidate country (Macedonia) through which the railway would go. The above mentioned requirement (as well as some other requirements) by the European Commission might be put before Greece and Macedonia, which would further impede project realisation. The EU has different mechanisms at its disposal to hinder or stop, if it wants, the realisation of various projects within 16+1 Cooperation Process, i.e. the Belt and Road Initiative. It is obvious that it can act more freely and easily among the EU member states than among the EU membership candidate countries. Such a situation, on the other hand, strengthens the position of Serbia, as a membership candidate country, to develop and step up its cooperation with China.

However, Hungarian reaction shows that EU member states will not remain passive as far as their cooperation (i.e. the realisation of infrastructure projects with the PRC) is concerned. At the Economic Summit in Berlin, at the beginning of this year, Hungarian Prime Minister Viktor Orban, being aware that the CEE countries needed financial funds to build roads and railways, stated ‘that CEE countries will turn to China, if the EU does not provide them with financial funds to build necessary infrastructure’\textsuperscript{53}. Future will show how true and important this statement is and if it mirrors reality.

Some other EU member states certainly share similar opinions with Hungary, but their reaction will depend on the relationship among parties within the country, their attitude towards Brussels (EU) and their desire to improve cooperation with the PRC.

It is for sure that if the EU continues with this behaviour, through the European Commission and other bodies, such a behaviour will certainly provoke deterioration of cooperation with China within 16+1 Cooperation Process and (non)realisation of numerous projects. The EU member states are most likely to suffer severe negative consequences, due to their internal relations and their commitment to ‘comply with the EU rules’, whereas the membership candidate countries are in much more favourable position since they can independently make decisions, as well as countries which are only ‘partially obliged to comply with the EU rules’.

When talking about other states which are present in the Balkans, e.g. Turkey, their cooperation with Balkan countries does not question the Belt and Road Initiative and realisation of the projects. The reason seems twofold: cooperation projects between China and Balkan states are not in opposition with their cooperation projects with other states, since Balkan states

\textsuperscript{53} Source: Orban Ako nemamo finansijsku podršku EU, okrećemo se Kini, Politika, 11 January 2018, p. 4, retrieved from spoljna@politika.rs
take meticulous care about this through their development plans; on the other hand, bilateral relations between China and these states, e.g. Turkey, have been developed so far so that cooperation with Balkan states and the Belt and Road realisation cannot jeopardize their mutual relations. There will be no disputes between Turkey and China pertaining to the Belt and Road Initiative in the Balkans. Turkey is one of 64 countries that have been included in the Belt and Road Initiative since its beginning. China and Turkey have reached consensus on cooperation in many fields and have initiated talks on the realisation of the high-speed railway project in Turkey, linking its East and West.

Not even the relations between the Balkan states, which have witnessed turbulent times and are heavily burdened with past events and different views on current issues (border issues or different views of the self-declared independence of the so-called state of Kosovo etc.), will jeopardize the realisation of the Belt and Road and their relations with the PRC. All the Balkan states are interested in the cooperation with China, in building infrastructure, in realisation of energy projects, in opening new factories and other forms of cooperation. Balkan states perceive this cooperation with China as an additional element which will help them step up their economic development and raise the standard of living of their citizens. The scope of this cooperation will primarily depend on the political will of the Balkan political leaders, whereas EU member states should certainly bear in mind the reaction of Brussels and possible disapproval of their cooperation with China.

The position of Serbia in terms of cooperation with China and compared to all other Balkan states is by far the most favourable, Serbia has established a ‘comprehensive strategic partnership’, which is the highest interstate relationship one state may have with the PRC. Mutual visits of the highest officials of both states (presidents, prime ministers, parliament speakers) have been very frequent for the last five years. Among Balkan states, Serbia is a country with the highest number of signed agreements with the PRC and with the biggest number of projects which have just started or have already been finished. Serbia is not an EU member state but a membership candidate country, which puts it in a better position (than other EU member states) to develop cooperation with China and to choose projects of its interest. The two countries have signed the document guar-

\[\text{Source: Building the Belt and Road..., op. cit. p. 15.}\]

\[\text{See Obradović Žarko The One Belt, One Road: The Balkan Perspective (Political and Security Aspects), in V. Cvetkovic (Ed): The One Belt, One Road: The Balkan Perspective (Political and Security Aspects), Faculty of Security Studies, Čigoja štampa, Beograd, 2017, p. 86–88.}\]
anteeing that Serbian development plans and the Belt and Road Initiative have been harmonized. China-Serbia mutually beneficial interstate relations, prompted by past tradition and by common present efforts, cooperation and close ties in different areas of education, culture, science etc. offer a guarantee for future cooperation and an example to third countries that common interests of two countries, despite numerous differences, do create fundamental basis for successful cooperation and development of relations between the Republic of Serbia and the People's Republic of China.

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