

China's Balkan Chessboard

C Balasubramanian¹

Abstract

The Balkan Region has been a region of considerable economic, political, and geostrategic significance for the great powers like the US, formerly USSR (Now Russian Federation), and now China. China's influence in the Balkan Region continues to grow rapidly due to its geostrategic location between the East and the West. The geo-economic considerations have made this region a focus for China to extend the Belt and Road Initiative in Europe. As China's trade policies are intrinsically aligned with its foreign policy objectives, this places China ahead of the race compared with other major powers like the US and Russia. Strategic ambitions place the Balkan region in a state of neo-colonies where major powers are contesting for increased political, economic, social, and cultural influence.

Keywords: China, Balkan, geo-economics, trade, neo-colonies, BRI, Europe

¹ C Balasubramanian is a Research Officer at Chennai Centre for China Studies, Chennai, Tamil Nadu, India.

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Introduction

The Balkan Region is at the crossroads between East and West. It has been a region of considerable economic, political and geostrategic significance for the great powers like the US, formerly USSR (Now Russian Federation) etc. and even China. China's influence in the Balkan Region continues to grow rapidly.

President Xi Jinping's 'Belt and Road Initiative' (BRI) seeks to connect Beijing's trade with the rest of Asia, Africa, the Middle East and Europe. In such geo-economic calculations, the Balkan Region has been a focus of China as an extending arm of the BRI in Europe.

The Chinese economic presence seems to be benign, projecting a picture of posing no risk for the west as Balkan countries are under the geopolitical and geo-economic influence of the EU and the US. However, in the long term, China's engagement with the region may prove to be strategic as it produces greater access to the European market.

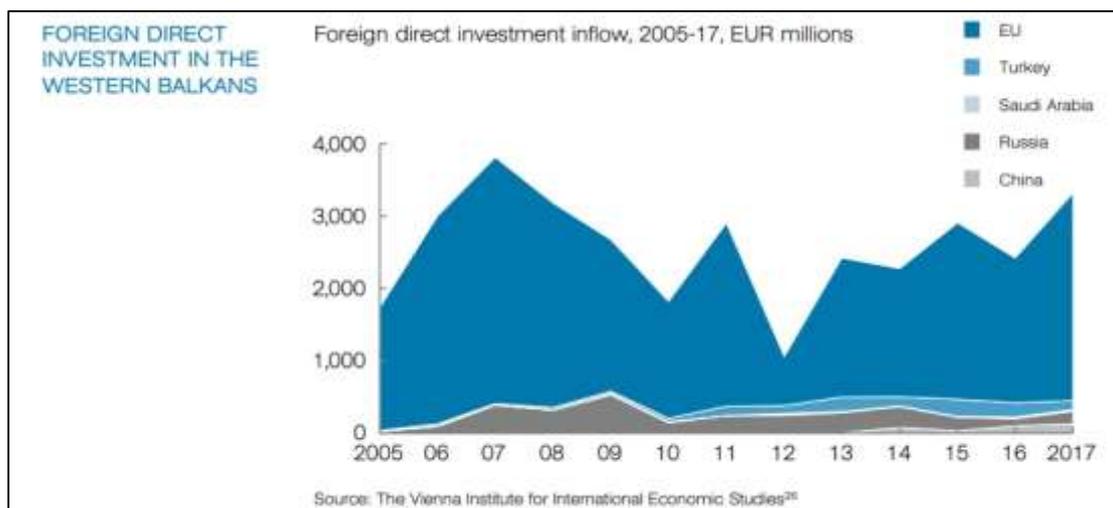
That is one among the several other concerns the EU and the West fears that the Balkan Region can become one of the grand chessboards where China plays its 'Cheque Book Diplomacy' creating a 'Debt Trap' economic situation for the Balkan countries. Emblematic is the debt-ridden case of Hambantota Port in Sri Lanka where it was leased to China for 99 years.

The Balkan states represent plains containing fertile soil, pristine environment and socio-economic problems like economic stagnation, fragile economies, high unemployment rates and cases of corruption and mal-governance due to weak democratic institutions. This has provided a fertile breeding ground for China to stamp its presence along with other global players like the EU, the US and Russia.

Unlike, other major powers China is exclusively focusing on investments and intending to increase its economic footprint in the region rather than positioning itself on geopolitical matters. This engagement of China is driven by a logic of geopolitical and geo-economical rationality. The pattern of Chinese economic footprints in the region is by lending money for infrastructure projects, especially on sectors like energy and transportation. For the Balkan countries such investments [Fig 1] by Beijing pose both a threat as well as an opportunity.

They help in transforming and developing the region, but such projects are also a ‘Strategic Trojan Horse’, it seems innocuous in form but is malicious in spirit due to the nature of ‘Debt Trap Diplomacy’ practiced by China, a view also shared by the Munich Security Forum in 2019 (Dimitrov, 2019)ⁱ. Chinese loans are often approved under soft and permissible conditions with few strings attached appear attractive to these countries desperate to revive their economies. But it leads to an increase in the debt burden and is significantly dangerous in the long-term.

Fig 1: FDI in Western Balkans



Source: Munich Security Conference Report 2019 (MunichSecurityReport2019.Pdf, n.d.)

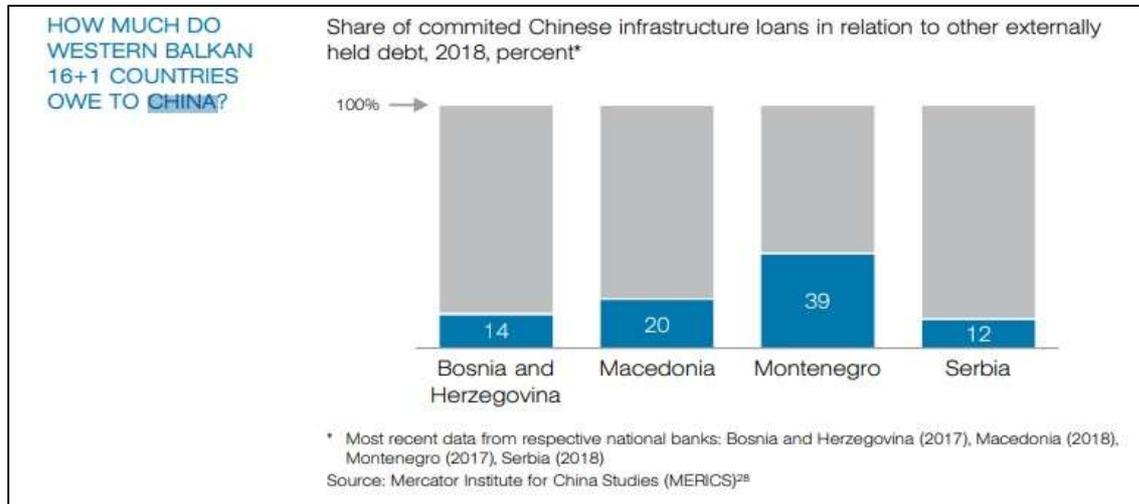
They burden the Balkan countries with large debts and economically unviable infrastructure projects and increased dependence on China.

Interestingly in April 2012 before Xi Jinping took over the mantle of President of China, Beijing launched the 16+1 (Dimitar, August 28, 2021) Initiative, a platform bringing together China and the 11 EU member countries in Eastern Europe as well as five candidate states in the Balkans namely Serbia, Montenegro, Bosnia and Herzegovina, North Macedonia and Albania. With Greece joining the grouping which has been rebranded as 17+1.

Ever since China started making important investments in infrastructure projects in Serbia, North Macedonia, Bosnia and Herzegovina and in Montenegro where Chinese Road and Bridge Corporation is building a highway that is intended to link the Adriatic Port of Bar to Serbia's capital Belgrade, the affected countries have expressed their concern over possible long-term implications. Currently, Montenegro fears that the China-backed highway will put it on road to ruin. The Montenegrin Governments borrowings from China to finance the roads'

costs, is estimated to be around 1.3 billion euros, and has set the country's debt soaring from 63% of its GDP in 2012 to almost 80%. If Montenegro were to default, the terms of its contract for the loans would even give china the right to access Montenegro's land as collateral [Fig 2].

Fig 2: How Much Do Western Balkan Countries Owe China?



Source: Munich Security Conference Report 2019(MunichSecurityReport2019.Pdf, n.d.)

The curious case of Serbia

Chinese investments in the Balkan countries that are out of the EU are primarily concentrated in Serbia. China sees the Balkans representing as its gateway to the EU markets and Serbia is given a central role in China's BRI and it holds a special place in China's 'Digital Silk Road Diplomacy'.

Serbia has the region's largest economy accounting for around 44% of the regional GDP and geo-strategically located in the region. China's project proposals in Serbia are mostly related to modernization of its infrastructure containing Chinese technology company Huawei's offer to help build Belgrade its 5G Technology Network.

Serbia has so far pinpointed for projects for more than 2.5 billion euros. The significant among them is the up gradation of the Belgrade – Budapest railway (Zoltán Vörös, January 04, 2018)ⁱⁱ, by modernizing the railroad; Beijing would establish a transportation corridor between Piraeus in Greece and Western Europe via North Macedonia, Serbia and Hungary [Fig 3]. The EU has raised serious concerns about this project and attempts to discourage it on security and related grounds.

Fig 3: Belgrade-Budapest Railway



Courtesy: Echowall(2-Map_version2.Jpg (927×666), n.d.)

Serbia also plans to buy armed drones from China; such a scenario would see China exporting unmanned military aircrafts to Europe. Serbia has reportedly agreed to the delivery of around nine combat drones(Stojanovic, September 10, 2019)ⁱⁱⁱ which are able to strike targets with bombs and missiles and can be used for reconnaissance tasks.

This growing Serbian – Chinese cooperation is interesting to watch for, Chinese police started joint patrols with the local counterparts in two Serbian cities (ZX, September 18, 2019)^{iv}. Officials say the measure will help a growing number of Chinese tourists feel safe when they visit Serbia, although two of the target cities namely Novi Sad and Smederevo, are already better known for Chinese investments than for tourism which casts doubtful intentions on China’s interests. It is viewed by geopolitical observers that China’s influence through their police presence in Serbia a form of ‘Neo – Colonization’. However, Serbia including the Balkan region is a under the geopolitical sphere of influence of the west and the china could still find it challenging to contest with the west due to its limited nature of nascent outreach.

It has to be mentioned that in 2016 Chinese police started patrolling the streets of Italian streets of Rome and Milan.(Neild, & Moisescu, May 3, 2016) ^v. In 2018 Chinese police officers also joined the Croatian colleagues apparently under the garb of protecting Chinese tourists.(ZX, September 18, 2019 a) Geopolitical watchers observe such Chinese patrols although unarmed, directly undermine the respective country’s sovereignty.

Chinese Pockets of Influence

Apart from the economic footprints, China's cultural influence in the region is reportedly growing exponentially. The government of Republika Srpska which is a Serb dominated entity in Bosnia and Herzegovina, has authorized its Ministry of Education and Culture in 2017(Kovacevic & Luka, June 13, 2019)^{vi} to sign an agreement on the provision of teaching Mandarin with the 'Confucius Institute' which is under Ministry of Education of the People's Republic of China.

The Confucius Institute since its inception in 2004 has been controversial which geopolitical thinkers observe a tool which China uses to spread propaganda under the guise of teaching including interfere with free speech on campuses and even to spy on students.

With the China's Road and Bridge Corporation (CRBC) set to launch the construction of a 300-million-euro (\$333 million) Serbian-Chinese industrial park in Belgrade (Yingqun, April 04, 2019)^{vii}, Chinese companies are increasingly present with more investments. Universities in Serbia like the University of Belgrade and the University of Novi Sad have signed cooperation agreements with Chinese Universities which enable their students to come and study in Serbia. Due, to the Chinese influence in the region, the influx of Chinese students is set to rise in the future. Studying global trade patterns indicate most of the Chinese students are coming to Serbia because the future is set to see the business between Serbia and China to grow, thereby Chinese companies will need a lot of people who can speak Serbian. Despite growing economic influence China still commands negligible cultural appeal to the young in the Balkans, who prefer emigrating to the western countries for better economic opportunities and also due to lack of better economic prospects at home.

Post COVID reality

Boosting efforts in the post-pandemic cooperation Chinese President Xi Jinping chaired the China-Central and Eastern European Countries (CEEC) Summit and delivered the keynote speech (*Full Text: Keynote Speech by Chinese President Xi Jinping at the China-CEEC Summit - People's Daily Online*, n.d.)^{viii} via video conference from Beijing, capital of China on Feb. 9, 2021. The speech titled 'A New Chapter in China-CEEC Cooperation', President Xi lauded the cooperation saying "17 plus 1 could make more than 18". This summit is incidentally the highest-level summit since the establishment of the cooperation mechanism.

China influences the Balkans through linkages by spheres of financing infrastructure projects. Such emphasis by China is on connectivity within the Balkan region through financing railways, ports and FDI thereby laying the foundation for political significance Europe. For Beijing, this also helps in tapping the European markets. With the COVID -19 pandemic and as part of post-pandemic cooperation China also employs trade as a conduit for achieving its foreign policy objectives. China promotes ‘vaccine diplomacy’ with CEE countries with Serbia already having received one million doses(*Full Text: Keynote Speech by Chinese President Xi Jinping at the China-CEEC Summit - People’s Daily Online*, n.d. a) of vaccines from a Chinese company, and there is ongoing cooperation between Hungary and Chinese vaccine companies.

Second, focusing on connectivity President Xi Jinping seeks(*Full Text: Keynote Speech by Chinese President Xi Jinping at the China-CEEC Summit - People’s Daily Online*, n.d.b) to pursue high-quality Belt and Road cooperation, speed up such major projects as the Budapest-Belgrade Railway, and continue to support the development of the China-Europe Railway Express. He also mooted the idea of establishment of a China-CEEC customs information center and a focal point for customs clearance coordination for countries along the China-Europe Land-Sea Express Line [Fig 4]. It was initiated to be on a pilot basis under the "Smart Customs, Smart Borders and Smart Connectivity" Initiative. Under the BRI project China attaches greater significance to Serbia and improved cross-regional connectivity would make other countries like North Macedonia more relevant to China. All these developments denote BRI projects serving China’s geopolitical interests.

Fig 4: China-Europe Land-Sea Express Line



Map of the China–Europe Land–Sea Express Route

Courtesy: Clingendael.Org (China’s Approach to the Western Balkans | China and the EU in the Western Balkans, n.d.-a)

Third, Xi Jinping emphasised on need to aim for concrete results and increase cooperation outcomes that benefit both sides. Although, China claims the BRI projects are economic in nature, it subtly has a political dimension to it. For China economic cooperation is succeeded by political cooperation. Post cold war with the disintegration of Yugoslavia, China set its eyes on Serbia to cultivate ties. It still remains the primary anchor of diplomatic relation in the Balkan Region. During the 1998–1999 Kosovo War (Zweers, et.al. August 2019)^{ix}, China was supportive (and has remained so) of the Serbian position on Kosovo and objected to the North Atlantic Treaty Organization's (NATO) military intervention. It is also evident at the United Nations where China has the power (Zweers, et.al. Aug 2019a) to back Serbia's opposition to Kosovo's status as a sovereign state through a veto against possible United Nations (UN) membership for Kosovo.

Conclusion

According to the EU Commissioner (*Financial Times*, n.d.)^x Johannes Hahn, the EU has overestimated Russia and underestimated the Chinese influence in the Balkans. The EU fears that China's main aim is to use the region as a gateway and commercial platform to Western Europe, where the real Chinese interests lie, in its insatiable search for markets distant abroad including its hunger for technology and knowledge.

While Russia lacks an economic heft to present a credible economic alternative, China with the size of a 12 Trillion economy is ahead of the race. Also, there is lack of public debates among the Balkan countries on the nature of Chinese investments, its opportunities and the challenges it poses due to increased Chinese presence in the region. Such lack of debate puts the Balkan Region in a state of neo-colonies where major powers are contesting for increased political, economic, social and cultural influence.

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