



Briefing

Political Trends & Dynamics

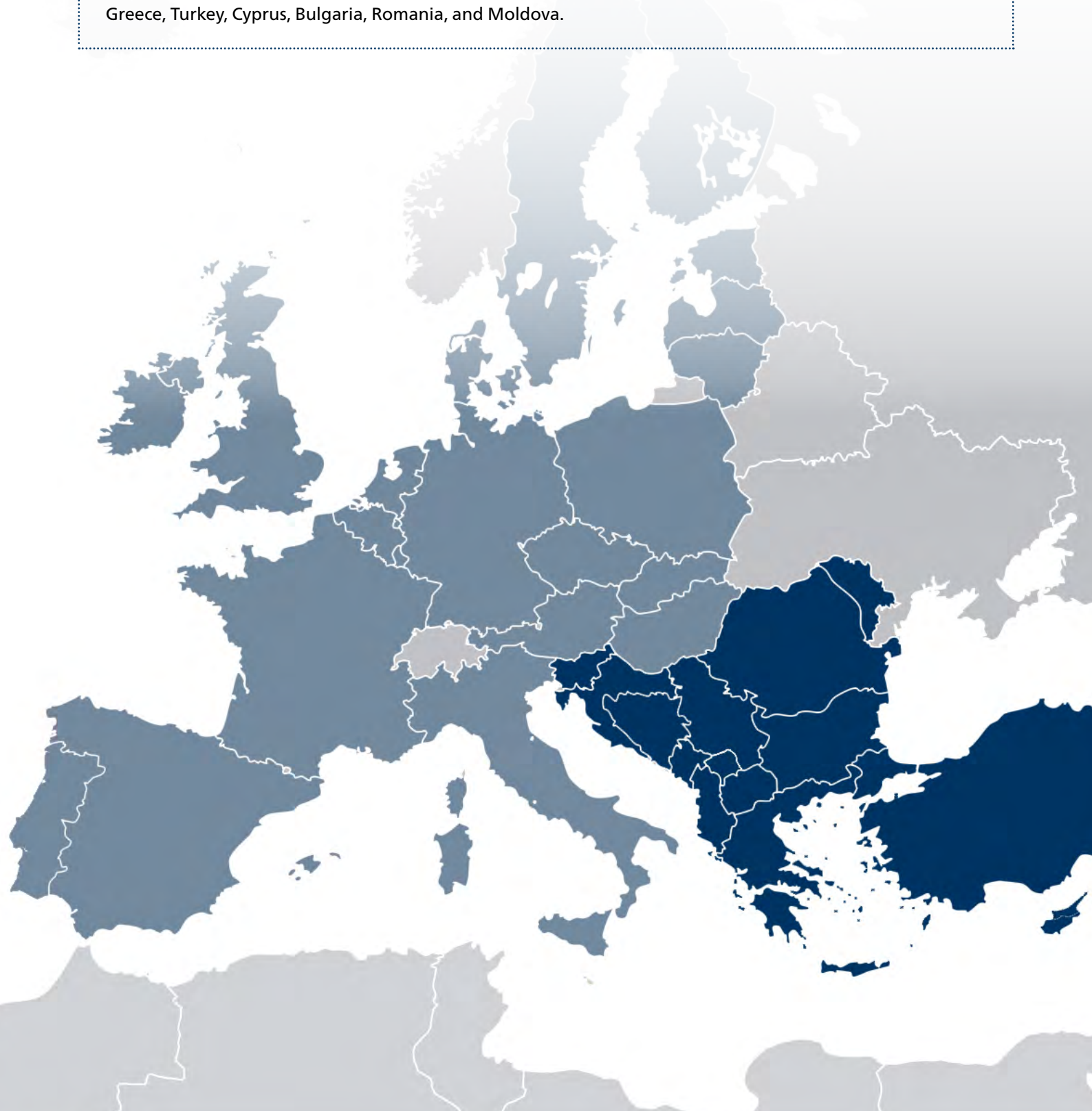
Chinese Soft Power in Southeast Europe

Volume 3 | 2019

Political Trends & Dynamics in Southeast Europe

A FES DIALOGUE SOUTHEAST EUROPE PROJECT

Peace and stability initiatives represent a decades-long cornerstone of the Friedrich-Ebert-Stiftung's work in southeastern Europe. Recent events have only reaffirmed the centrality of Southeast European stability within the broader continental security paradigm. Both democratization and socio-economic justice are intrinsic aspects of a larger progressive peace policy in the region, but so too are consistent threat assessments and efforts to prevent conflict before it erupts. Dialogue SOE aims to broaden the discourse on peace and stability in southeastern Europe and to counter the securitization of prevalent narratives by providing regular analysis that involves a comprehensive understanding of human security, including structural sources of conflict. The briefings cover fourteen countries in southeastern Europe: the seven post-Yugoslav countries and Albania, Greece, Turkey, Cyprus, Bulgaria, Romania, and Moldova.



EDITORIAL

Jasmin Mujanović, Alida Vračić and Ioannis Armakolas

China has “arrived” in Southeast Europe. Beijing’s assertive new foreign policy, the hallmark of President Xi Jinping’s six year reign as the executive of the People’s Republic, has seen the country accelerate and deepen its foreign ties with states all over the world, including in Europe’s East and Southeast, at a previously unimagined pace. It is not a stretch to say that a decade ago, China was simply not a major actor – in any sector – in Southeast Europe. Today, Beijing has emerged as one of the leading economic actors in the region, investing and supporting everything from energy and infrastructure projects to arms procurement.

The sheer speed with which China has emerged as a major economic actor in the region, doubtlessly gaining significant political clout in the process, is staggering. By launching the 2018 connectivity strategy, “Connecting Europe and Asia,” which underlines the fiscal and financial sustainability of infrastructure projects, the EU Commission proposed concrete policy proposals and initiatives to improve connections between Europe and Asia based on sustainable, comprehensive, and rules-based connectivity. It remains to be seen how this plays out in practice. Since the launch of China’s Belt and Road Initiative and its entrance into the region, its unique rules of engagement have presented clear challenges for the EU. According to an April 2019 review, the EU sees China as an economic competitor in pursuit of multi-folded leadership, and a systemic rival promoting alternative models of governance.

While EU officials have monitored non-EU actors, namely Russia and Turkey, in Southeast Europe for some time, the traditional retort was that “the EU is the only game in town”, i. e. that Brussels’ economic and political primacy in the region could simply not be rivaled. That has begun to change at a breakneck pace. China’s investments in individual polities across the region are now counted in the billions. In some states, like Montenegro and Bosnia and Herzegovina, Chinese firms have won the biggest construction contracts in these countries’ histories. In Croatia, the Pelješac Bridge being built by a Chinese company is considered a historic breakthrough in China-Croatia cooperation, setting an example for further dealings between China and the EU. Meanwhile, Belgrade, Novi Sad, and Smederevo saw the first joint Serbian-Chinese police patrols as a part of the joint cooperation in the field of security between the two states.

Enjoying an image of a technological giant and fast-growing economy in Southeast Europe, China has found itself particularly well-positioned to play a role in the region, and not only by building bridges, roads, and infrastructure. Although at present, the citizens in the region are largely unaware of the activities China pursues, and its appeal does not yet match the EU, Chinese soft power is certainly enhanced as it expands its influence in the cultural domain, for example by opening six Confucius Institutes in the Western Balkans, and offering Mandarin language courses and university scholarships.

A more unsettling issue is the governance model that China deploys, as well as a questionable lack of transparency in its technological advances, in particular the development of AI. This should serve to make the EU even more cautious in planning the future policies. Through the Belt and Road Initiative as well as Huawei’s ‘Safe City’ pilot in Belgrade, which uses facial recognition technology, plenty of sensitive data is harvested in a region where the protection of data is not guaranteed or the systems in place are weak.

As China attempts to create the infrastructure to buttress its claims to economic superpower status, it has recognized the desirable proximity of Southeast Europe to the economic core of the European continent. Moreover, as China’s global aspirations have brought it into growing confrontation - if not (yet) conflict - with the U.S. and EU, it has begun to use its ascendant economic leverage to curry favor with small states like those that predominate in this region.

What is driving China’s bold new vision for this region – from its “16+1” format to the now famed “Belt and Road Initiative” (i. e. “the New Silk Road”)? And what does it all mean for the domestic politics of region, as well as for the EU’s interests in this part of the continent? Finally, what does it mean for states looking to fulfill EU accession criteria?

The pieces in this month's *Political Trends & Dynamics* offer a variety of novel and contrasting answers and analyses. Our authors note the growing economic and political clout of China in Southeast Europe and note both the EU's realization that action is necessary as well as reluctant and nervous responses from Brussels. Valbona Zeneli offers a strategic political overview of China's presence in the region and the challenges that it poses for the EU and Europe as whole, and Plamen Tonchev and Anastas Vangeli offer two differing perspectives on the significance and effectiveness of Chinese soft power in the region.

China is doubtlessly emerging as a challenger to Western interests in the region. This edition of *Political Trends & Dynamics* aims above all, to inform its audience about China's activities in Southeast Europe and the potential consequences of its growing involvement. It is an issue that will certainly only grow in significance for years to come.

THE WESTERN BALKANS: LOW HANGING FRUIT FOR CHINA'S INTEREST IN EUROPE

Valbona Zeneli

Europe's emergence as one of the top destinations for Chinese capital aimed at redefining the global trade and investment system seems to have finally "awakened" the European Union. Struggling to understand China's role as both an "economic competitor" in pursuit of technological leadership, and as a "systemic rival" trying to promote alternative models of governance, the European Commission published the "EU-China: A Strategic Outlook" in March 2019. In the report, China appears to have discursively moved from a "strategic partner" to a "negotiating partner,"¹ though it is still too early to speak about an alignment of interests or visions between China and European countries.

Beijing's strategic intent to become a dominant player in Europe is clearly manifested through a number of undertakings, such as the 16+1 platform (currently 17+1 with the addition of Greece). Established in 2012 and similar to other Chinese strategies, it has become an integral part of the Belt and Road Initiative (BRI), which aims to promote the economic integration of China with Eurasia, advance Beijing's transcontinental economic and geopolitical vision, and challenge the global balance of power by organizing resources in the European heartland in China's interest.²

In Central, Eastern, and Southeast Europe, Beijing's interests manifest through strategic investments in the core European Union countries and big infrastructure development projects in its periphery.³ In the 16+1 countries, prices for acquisition are lower, demand for preferential lending is high, human capital is cost-effective, and economic and political concessions for Chinese investors are high. Above all, the strategic geographic location is perfect as a bridgehead to the EU market and a key transit corridor for the BRI.



Dr. Valbona Zeneli is a Professor of National Security Studies and the Chair of the Strategic Initiatives Department at the George C. Marshall European Center for Security Studies, a German-American partnership. Her teaching and research focus on international trade and economics, good governance, and security sector reform with an emphasis on Southeastern Europe. She is a regular contributor of leading magazines, such as *The Diplomat*, *The Globalist* and *National Interest* among others.

This regional platform brings together a very diverse group of countries between the Baltic and the Adriatic seas:⁴ the sixteen countries include eleven EU member states (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia) and five aspiring EU members in the Western Balkans (Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, and Serbia). Greece became the 17th country to join the platform, a decision made at the last gathering held in Zagreb in April 2019.⁵

The differences across the region are significant in many aspects, from the different levels of economic development and wealth, to the strength of institutions and governance. Despite the broad differences between EU and non-EU member states included in this platform, Beijing has clustered them under a regional framework, which maps its main objectives: the development of transportation networks in the framework of the BRI, and investment goals for further Chinese capital expansion across the EU. Framed as multilateral, in reality 17+1 is largely bilateral and highly competitive among the member states. The principal reasons for Beijing's growing interest in East and Southeast Europe include its strategic posi-

1 "EU-China – A strategic outlook" (European Commission and HR/VP contribution to the European Council, 2019), <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>.

2 Halford John Mackinder, "The Geographical Pivot of History" (*The Geographical Journal* 23:4, 1904), 434.

3 Valbona Zeneli, "Central and Eastern Europe: China's Stepping Stone to the EU?" (*The Diplomat*, November 30, 2016), <https://thediplomat.com/2016/11/central-and-eastern-europe-chinas-stepping-stone-to-the-eu/>.

4 16+1 Summits: Warsaw (2012), Bucharest (2013), Belgrade (2014), Suzhou (2015), Latvia (2016), Budapest (2017), Sofia (2018), Zagreb (2019).

5 "Greece joins China's 16+1 initiative" (*ekathimerini.com*, 2019), <http://www.ekathimerini.com/239502/article/ekathimerini/news/greece-joins-chinas-161-initiative>.

tioning close to western European markets and technology, China’s search for new markets to expand its exports, its interest in the privatization of strategic assets, and diplomatic influence.

In 2018 trade between China and the partner countries in the 16+1 platform increased significantly, reaching almost USD 100 billion. It was heavily tilted in favour of China at 74 percent of the total trade (USD 93.43 billion). Two member states, the Czech Republic and Poland, engaged in more than 62 percent of the total trade with China.

On the other hand, the reality of Chinese foreign direct investments on the ground falls short of the promising rhetoric that has accompanied each of the seven China-CEE gatherings. Chinese cumulative investment and contracts in Europe (2005–2019) reached USD 392 billion⁶ according to China’s Global investment tracker, and only USD 29 billion in the 16 Central Eastern European countries, making up 7.4 % of total investment in Europe. When it comes only to FDI, Chinese cumulative transactions in the EU (2000–2018)

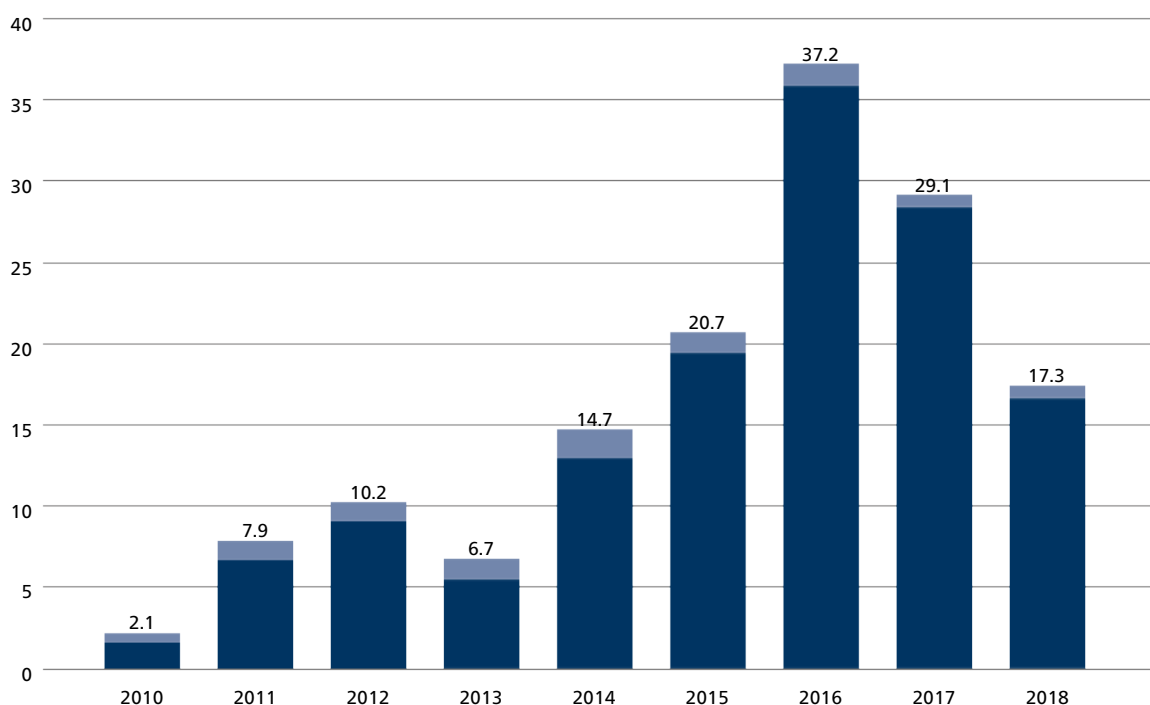
reached USD 165 billion, which 11 EU countries of 16+1 make up only 4.9 % (USD 7.5 billion) of the total.⁷ In fact, these countries are failing to attract any significant mergers and acquisitions activity or greenfield investment from China.

While the gap between promises and delivery is widening, political, cultural, and institutional cooperation between China and countries of the region has moved at a remarkable pace. This nourishes a positive narrative about the future of Chinese investment in the region, in line with Beijing’s economic and geopolitical agenda in Europe.⁸ Some analysts have warned that the Western Balkans are particularly vulnerable to this kind of soft power, as they “can easily become one of the chessboards where the big power game can be played.”⁹ Chief concerns relate to the possibility that Beijing will use the Balkans as

6 “China Global Investment Tracker” (AEI), <https://www.aei.org/china-global-investment-tracker/>.

7 Thilo Hanemann et al., “Chinese FDI in Europe: 2018 trends and impact of new screening policies” (Rhodium Group and the Mercator Institute for China Studies, 2019), https://www.merics.org/sites/default/files/2019-03/190306_MERICS-Rhodium%20Group_COFDI-Update_2019.pdf.
 8 Lucrezia Poggetti, “China’s Charm Offensive in Easton Europe Challenges EU Cohesion” (*The Diplomat*, November 2017), <https://thediplomat.com/2017/11/chinas-charm-offensive-in-eastern-europe-challenges-eu-cohesion/>.
 9 Michael Mackocki, “China in the Balkans: The Battle of principles” (*European Council on Foreign Relations*, July 2017).

Chinese FDI in the EU further declined to pre-2015 levels
 Annual value of completed Chinese FDI transactions in the EU-28 (EUR billion)



Source: MERICS and Rhodium Group

an entry point to the European market and try to promote its own political model in countries with weaker institutions than the EU's.¹⁰

The five non-EU countries in the Western Balkans (excluding Kosovo because China does not recognize it) represent a total regional population of less than 20 million and an average per capita gross domestic product of less than USD 5000, too small and underdeveloped to offer viable market opportunities to Chinese companies. However, these countries are increasingly targeted for BRI-related projects as a result of their key strategic geographical position, making the region an integral part of the Chinese Maritime Silk Road. Beijing's aim is to turn Southeast Europe into a critical transit way as Beijing tries to boost its export of manufactured goods to Western Europe.

China's share of trade with the Western Balkans is still very low, accounting for only 5.5% of overall regional trade and amounting to USD 5.5 billion in 2018, Serbia being a major partner at more than USD 3 billion. Ultimately, China benefits from trade with the region, coming out with a positive balance of USD 3.4 billion.¹¹ Similarly, Chinese Foreign Direct Investment in the region remains minimal, representing only 3% of the total stock to date. However, solely looking at FDI numbers does not provide a proper analytical framework. It is important to note that in a way, China remains "under the radar" with its approach of relying heavily on loans and not actual investment. In fact, the main form of Chinese economic cooperation in the region is lending for infrastructure projects, mainly

¹⁰ Sigmar Gabriel, "The West lacks a strategy to compete with China" (*Handelsblatt Today*, 2018), <https://www.handelsblatt.com/today/opinion/beijings-hegemony-the-west-lacks-a-strategy-to-compete-with-china/23583354.html?ticket=ST-745404-cHq23LZJQH2IHal3xbbL-ap1>.

¹¹ Jens Bastian, "The potential for growth through Chinese infrastructure investment in Central and South-Eastern Europe along the 'Balkan Silk Road'" (Athens/London: European Bank for Reconstruction and Development, 2017), <https://www.ebrd.com/news/2017/what-chinas-belt-and-road-initiative-means-for-the-western-balkans.html>.

in transportation and energy, which are BRI-related projects. Loans make up 70% of the USD 16.8 billion Chinese cumulative investment and contracts in the Western Balkans since 2012.¹²

Chinese interests aim to create logistical corridors between the Port of Piraeus and markets in Western Europe, by setting up new infrastructure networks from the Balkans into Central Europe. One of the biggest projects is the Belgrade-Budapest railway, which is one of the main outcomes of the 16+1 Summit in Riga, agreed to in November 2016. The China Export-Import Bank agreed to finance 85% of the project (USD 2.5 billion), while the China Railway and Construction Corporation committed to its construction.¹³ Other projects related to Corridor 11 include a highway going from Romania to Montenegro and reaching Italy, as well as certain projects in North Macedonia related to Corridor 8 working to link the country with Western Europe.¹⁴ Beijing has announced the building of two highways in North Macedonia and one in Montenegro.

The huge infrastructure deficits of the Western Balkans combined with a lack of capital, loose regulation practices, lax public procurement rules, and poor labour regulations appeal to Chinese investors looking to easily establish bases and invest in valuable assets in the EU's backyard. Capital rich and ready to spend, Beijing could out-spend many Western actors who are deterred by the questionable business environment of the region. Chinese companies, which are mainly state owned enterprises, maintain a visible advantage compared to Western companies precisely because they are supported by large government subsidies and supporting

¹² "China Global Investment Tracker" (AEI), <https://www.aei.org/china-global-investment-tracker/>.

¹³ <http://ceec-china-latvia.org/summit/about>.

¹⁴ Mario Holzner and Monica Schwarzappel, "Infrastructure Investment in the Western Balkans" (The Vienna Institute for International Economic Studies, European Investment Bank, September 2018), https://www.eib.org/attachments/efs/infrastructure_investment_in_the_western_balkans_en.pdf.

KEY TAKEAWAY

Valbona Zeleni demonstrates that Beijing's growing interests in the Western Balkans include a strategic position close to Western European markets and advanced technology, new markets to expand Chinese exports, the privatization of strategic assets, efficiency seeking investment, and diplomatic influence. While Chinese direct investment in the region remains low, the main form of cooperation is based on loans for infrastructure projects, which in the long term risk putting some countries in debt servitude traps, posing risks for the future economic and political stability of the region. Beijing's interests might be the region's eventual EU accession, but its practices undermine it. The European Union should renew its attention to the Western Balkans and use its appealing political and economic levers to stabilize its backyard and bring it closer to its values, norms, institutions, and the liberal democratic model of governance.

banks, such as the Export-Import Bank of China and the China Development Bank. Chinese companies are willing to build at low costs without the stringent (and costly) requirements of meeting environmental and social standards.

There is no question that the region needs infrastructural investment. While infrastructure is a public good that can foster economic development, in reality, the positive developmental spillovers depend on the practical details of project implementation and the institutional absorptive capacities of the host countries. What the current projects have in common is the low estimate of financial and economic viability,¹⁵ with studies showing that construction costs could not be repaid in hundreds of years.¹⁶

Beijing's way of doing business, with opaque deals with established political elites, enabled by high levels of corruption in the Western Balkans, takes advantage of existing problems and the lack of transparency and accountability of the governments in the region. Without rigorous financial evaluations and due diligence, some Western Balkan countries risk getting trapped in debt servitude to China.

For instance, the new highway Bar-Boljare in Montenegro, financed 85 % of the estimated USD 1 billion (already increased to 1.1 billion) by China's Exim Bank¹⁷ and being constructed by the China Road and Bridge Corporation (CRBC) has plunged Montenegro into debt valued at almost 80 % of its GDP, placing the small country into big debt distress.¹⁸ Without following procedures of an open tender process, the road construction deal states that if Montenegro is unable to pay back the loan within the specified timeframe, Eximbank would own the rights to some of its territory (or, also rumoured, the port as collateral).¹⁹ As of 2018, Mon-

tenegro (a new NATO member) owes almost 40 % of its debt to China,²⁰ followed by North Macedonia with 20 %, Bosnia and Herzegovina with 14 %, and Serbia with 12 %.²¹ Debt distress and renegotiations are common among borrowing countries of the BRI projects. Certainly, concerns about the excessive debt burdens are legitimate and although asset seizures in return are a rare occurrence, examples from other countries serve as a cautionary tale of the dangers that come from an overreliance on Chinese financing.

Operating under the mantra of "no strings attached" for concessional lending, in reality the real strings exist when local governments are forced to partner with Chinese implementing firms and sovereign guarantees shift risk onto partner countries, allowing for Chinese companies to profit from often crooked and unsustainable deals. The creation of such economic dependencies can be used to extract political concessions from the host countries of the Western Balkan.

Beijing has used the narrative of the salutary effects of its BRI investments under the "win-win" mantra, but this narrative is belied by the economic realities of the region. Beijing is advancing its narrow economic interests at the expense of financial and economic stability in the region. Promises of jobs and higher standards of living that the Chinese investment would bring to the Western Balkans exist only on paper. The narrative of "a win-win" cooperation is typified by the use of Chinese loans (not always on preferential rates), the employment of Chinese workers, and the spreading of Chinese labour and environmental standards, distinctly weaker than EU standards.

In spite of concerns, China is seen as a credible source of economic development and a reliable partner for industrial restructuring in the Western Balkans. Governments in the region continue to express their readiness to partner with China, despite aforementioned concerns.²² Chinese projects can easily be aligned with political cycles. When coupled with top-down, rather than

15 Balázs Pivarnyik, "Gov't classifies feasibility study of USD 3.6 billion Belgrade-Budapest rail line" (*The Budapest Beacon*, 2017), <https://budapestbeacon.com/govt-classifies-feasibility-study-of-usd-3-6-billion-belgrade-budapest-rail-line/>.

16 Ibid.

17 Thomas Eder and Jacob Mardell, "Belt and Road reality check: How to assess China's investment in Eastern Europe" (MERICS, 2018), <https://www.merics.org/en/blog/belt-and-road-reality-check-how-assess-chinas-investment-eastern-europe>.

18 John Hurley et al, "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective" (Center for Global Development, 2018), <https://www.cgdev.org/sites/default/files/examining-debt-implications-belt-and-road-initiative-policy-perspective.pdf>.

19 "Montenegro fears China-backed highway will put it on road to ruin" (*Financial Times*, n.d.), <https://www.ft.com/content/d3d56d20-5a8d-11e9-9dde-7aedca0a081a>.

20 Ibid.

21 Eder and Mardell, "Belt and Road reality check: How to assess China's investment in Eastern Europe."

22 Philippe Le Corre, "Chinese investments in European countries: experiences and lessons for the Belt and Road initiative in Rethinking the Silk Road" in *Rethinking the Silk Road: China's Belt and Road Initiative and Emerging Eurasian Relations*, Maximilian Mayer, ed. (Palgrave-MacMillan, 2017).

market-driven procurement decisions, China's offer allows Balkans decision-makers to fuel patronage networks and boost short term electoral advantages by focusing on short term unsustainable economic growth.

Chinese fast money may seem as an easy way for many leaders in the Western Balkans to maintain their power, while the political alignment of most regional media sources has not allowed a broader public discussion of China's activities in the region.²³ In this situation Beijing's financial and economic presence allows it to rally for diplomatic support that benefits both China and local elites in recipient countries. If countries are heavily indebted to China and risk the possibility of asset seizures, Beijing could attempt to renegotiate loans in exchange for furthering their political objectives and influencing domestic policy in region.

In the Western Balkans, popular perceptions are shifting towards being more favourable to China.²⁴ Few in the Balkans have an opinion on the domestic situation in China, and the geographical distance works in Beijing's favour. With the aim of building a community of countries friendly towards China by creating an image of its economic prowess, Mandarin language courses are offered throughout the region, and Confucius institutes, chambers of commerce, and cultural centres established. Politicians, journalists, civil society representatives are invited to travel to China to witness first-hand the "Chinese miracle."

China's projects in the Western Balkans focus on Serbia as a strategic partner, which sees China as one of the major pillars of its foreign policy. For this reason, a new governmental body has been created in Serbia, the National Council for Coordination with the Russian Federation and the People's Republic of China, led by the former President of Serbia, Tomislav Nikolić. Serbia has the region's largest economy accounting for 44% of the regional GDP. Ongoing and planned projects promise to reach the amount of USD 11 billion, more than two thirds of which are loans.

Relations between Belgrade and Beijing extend beyond economic interests. Serbia has signed a

USD 3 billion package of economic and military purchases that is expected to boost Chinese influence in Serbia.²⁵ Beijing has a history of connection with Belgrade. During the Cold War, Yugoslavia became China's main partner in Southeast Europe while Chinese relations with Albania deteriorated. In the late 1990s, after the wars in the Western Balkans, Beijing was keen to support Belgrad vis-à-vis Kosovo. Its refusal to recognize the independence of Kosovo was based on its own relationship with Taiwan and Hong Kong under the "one country, two systems" principle. The number of Chinese nationals living in Belgrade is higher than in any other European city (more than 4000 residents in 2017).²⁶

Additionally, Belgrade is becoming an increasingly more important hub for China's digital Silk Road as it aims to inherit the role of regional leader in digitalization and to become a focal point for future Huawei initiatives. In 2017, Huawei signed a contract with Belgrade to provide "Safe City" surveillance equipment to Serbian cities consisting of 1000 high-definition cameras in Belgrade alone and to establish the Huawei Innovation Center for Digital Transformation.²⁷ Such activities related to the application of Chinese telecommunications equipment and software in defence and security systems are perilous trends.

In Serbia, the majority of the population considers China as the second most important player and "credible investor," right after Germany.²⁸ What is concerning is that the public support for EU integration and alignment with EU foreign policy is decreasing significantly in Serbia, from 89% to 59% in 2016 according to the European Commission. According to data from Freedom House, Serbia, Montenegro, and Bosnia and Herzegovina all witnessed a decline in their Freedom Index from 2018 to 2019, a trend that be-

.....
²³ Francesco Martino, "China Goes to Serbia: Infrastructure and Politics" (*Osservatorio Balcani e Caucaso*, 23 January 2018), www.balcanicaucaso.org/eng/Areas/Serbia/China-goes-to-Serbia-infrastructure-and-politics-185401.

²⁴ Authors calculations based on International Monetary Fund World Economic Outlook Database, accessed March 2019.

.....
²⁵ Maja Zivanovic, "\$3bn Economic Agreements Boost China's Role in Serbia" (*Balkan Insight*, 2018), <http://www.balkaninsight.com/en/article/new-agreements-boost-china-role-in-serbia-09-18-2018>.

²⁶ "Rashomon: Analysis of Bilateral Relations Between Serbia and China and Their Impact on Serbia's Continued Democratization, EU Integration and Cooperation with NATO and the Member States" (*Center for Euro-Atlantic Studies*, 2019), https://www.ceas-serbia.org/images/publikacije/201909_CEAS_Rasomon_publikacija_ENG.pdf.

²⁷ Steven Feldstein, "The Global Expansion of AI Surveillance" (*Carnegie Endowment for International Peace*, 2019), <https://carnegieendowment.org/2019/09/17/global-expansion-of-ai-surveillance-pub-79847>.

²⁸ Milos Popovic, "Serbia and Major Powers – public opinion on EU and Russian influence" (*Belgrade Centre for Security Policy*, April 2017).

gan in 2009. There are fears that in the future, illiberalism and autocratic political leadership may mirror the Chinese Communist Party more closely. Coupled with renewed Russian activities and destabilizing behaviour in the region, it could threaten peace, hinder democratization, and challenge the region's EU goals.

Beijing's growing diplomatic and economic activism in the region has been aided by the scepticism on whether the EU can formulate a common position towards its strategies. The EU is the largest provider of assistance to the Western Balkans. Contrary to the general narrative of Chinese "cheque-book diplomacy", the EU's combined funds for infrastructure and economic development are larger and cheaper for recipient countries in the Western Balkans.²⁹ Since 2007, the European Investment Bank alone has financed projects totalling €7 billion. The EU provides both grants and loans, while China is limited to loans.³⁰ Nevertheless, in many cases, the EU's offer is less appealing than that of the Chinese because of cumbersome bureaucratic rules attached to EU funding.

The Western Balkans acts as low hanging fruit for Beijing, which is nevertheless attempting to frame its relations with Southeast Europe as purely economic and favourable towards their integration into the EU. While Beijing's economic interests might be stimulated by the region's eventual accession to the EU, its practices undermine it. Trapping countries into debt, lowering environmental and labour standards, perpetuating already widespread corruption and lack of transparency, and deterring Western foreign investors could all be detrimental to the long term prospects of EU membership for the Western Balkans.

Considering the growing number of EU member states that have become, in the last year alone, official members of the BRI, Beijing's influence inside the EU has significantly increased. As a result, the cornerstone of Chinese economic expansion strategy in the Western Balkans is focused in its geographical positioning and the desire to develop bilateral relations with certain

partners. The EU's inability to bring the Western Balkans closer to its institutional norms, values, and good governance standards, has created a perfect environment for China to take advantage of the situation. In the last decade of "enlargement fatigue", new external players, including Russia, have increased their footprint and economically filled the gap left in terms of investment and infrastructure projects.

Western Europe's goal should not be to limit Chinese investment, but to make sure that new business practices that these bring with them do not undermine the possibilities of EU membership in the region. EU integration of the Western Balkans is paramount to its core values and interests. Given this, the EU must decide whether it is going to take the necessary political actions to ensure that the Western Balkans countries continue their efforts to strive in their "Europeanization" processes, or yield to the sphere of influence of China and other non-EU players in the region.

It is understandable that the goal of quick EU membership of the Western Balkan countries is unrealistic in the short term, but the EU has the power to use important political and economic levers to stabilize its backyard and bring it closer to its core values, norms, institutions, and democratic model of governance. The opening of EU negotiations for Albania and North Macedonia are a crucial message to the entire region and would serve as a much needed positive signal. When it comes to the necessary EU investments in the Western Balkans, conditionality should play an important role in order to link the structural and infrastructure funds to good governance and increased transparency, but also to clear demands for the region's diplomatic alignment with EU foreign policy goals. The EU should work to put Chinese projects in the Western Balkans on a sustainable footing by increasing transparency and alignment to EU regulation and norms, in order to increase the possibilities of Chinese investments to bring economic growth and societal benefits to the region.

²⁹ Mario Holzner and Richard Grievenson, "Investment in the Western Balkans: New Directions and Financial Constraints in Infrastructure Investment," Policy Notes and Reports 27 (*The Vienna Institute for International Economic Studies*, November 2018), <https://wiiw.ac.at/investment-in-the-western-balkans-dlp-4705.pdf>.

³⁰ Holzner and Grievenson, 2018.

A blue-tinted photograph of a wall. In the upper left, a white dove is painted on the wall, facing right. In the lower right, a peace flag is painted on the wall, also facing right. The flag has a white background with a blue border and a central blue field containing a white dove. The wall is textured and has some shadows. A metal railing is visible on the right side of the image.

POLITICAL TRENDS & DYNAMICS

OVERVIEW

THE AIM OF THIS SECTION IS TO BROADEN THE DISCOURSE ON PEACE AND STABILITY IN SOUTHEAST EUROPE AND TO PROVIDE ANALYSIS THAT INVOLVES A COMPREHENSIVE UNDERSTANDING OF HUMAN SECURITY, INCLUDING STRUCTURAL SOURCES OF CONFLICT. THE BRIEFINGS COVER FOURTEEN COUNTRIES IN SOUTHEASTERN EUROPE: THE SEVEN POST-YUGOSLAV COUNTRIES AND ALBANIA, GREECE, TURKEY, CYPRUS, BULGARIA, ROMANIA, AND MOLDOVA.

THE CRISIS OF POLITICAL REPRESENTATION

Across the Balkans, a 'crisis of elections' appears to be the new driver of political instability. Increasingly, elections are failing to serve their basic purpose – that of providing a core set of rules and institutions, which are accepted by all sides for their impartiality regarding the transfer of power.

In the case of countries such as Bosnia and Herzegovina, the problem is not new, but rather an old one which appears to be getting worse. Bosnia and Herzegovina's complex ethnic power sharing political system was never designed with efficient governance in mind. Equally, it is understandable that forming political and ethnic power-sharing coalitions takes more time than in less complex political systems. Yet over the years, it seems to be taking even longer for the government to be formed after elections, even when clear majorities are visible. All of this undermines the function of an election as a safe vehicle for the transfer of power.

Despite Bosnia and Herzegovina's serious deficiencies, a greater danger seems to be rising in other countries of the region where power holders have perfected the art of subtly (and increasingly not so subtly) skewing the political and electoral playing field so far in their own favour that their opponents have begun to reject the terms by which they are offered a chance to compete. With the idea of competing for power in elections appearing pointless, opposition groups are reverting to non-electoral and extra-institutional methods of seeking to oust those in power.

In Montenegro and especially Serbia, opposition parties are threatening to boycott upcoming parliamentary elections in response to growing authoritarianism. Indeed, the Serbian opposition seems to have begun digging in their heels position six months ahead of the anticipated parliamentary elections. Instead, in both countries they are demanding the resignation of the current government and their replacement with technical governments which would first create the conditions for free and fair elections.

Meanwhile, Albania's democratic and election crisis has presently driven the country into the deep-

est of predicaments in the region. For months, the opposition has staged protests, which have often turned violent. It has also quit parliament and boycotted local elections held at the beginning of the summer.

Can this trend be reversed? The case of North Macedonia shows that decisive international intervention can defuse such crises and restore trust in the election process. Whether the international community will be willing to become the region's electoral umpire remains to be seen.

Across Southeast Europe, a number of decisive electoral contests either loom or have taken place over the last few months.

Kosovar PM Ramush Haradinaj resigns after being called by Hague Special Tribunal for questioning, July 19.



Most recently, voters in Kosovo cast their ballots for a new Parliament, after outgoing Prime Minister Ramush Haradinaj resigned on 19th July. The move paved the way for the Parliamentary elections held on 6th October. In the end, voters appear to have delivered a political earthquake, sending a clear signal that they want out with the old and in with the new. After all the votes were counted, opposition Vetëvendosje (Self-determination), narrowly emerged in first place with 25.48% of votes. As such, although it was only around 5,000 (0.64%) of votes ahead of the Democratic League of Kosovo (LDK), under Kosovo's institutional setup Vetëvendosje gained the right to nominate the next Prime Minister of Kosovo first. The Democratic Party of Kosovo (PDK) of Kadri Veseli (formerly led by President Hashim Thaçi) came third with 21.24% of votes cast, while the coalition of the Alliance for the Future of Kosovo (AAK) of outgoing PM Ramush Hara-

dinaj and Social Democratic Party (PSD), a Vetëvendosje breakaway, gained 11.57% of the votes cast. The Belgrade-backed Srpska Lista gained almost 90% of the votes among the parties representing Kosovo Serbs. In terms of percentages, the distribution of votes cast for the main parties was not particularly different from the 2017 elections – Vetëvendosje got almost the same number of votes and a slightly lower percentage of the votes. Yet the fact that the parties which emerged from the Kosovo Liberation Army (KLA) ran in several columns enabled Vetëvendosje and the LDK to emerge as victors. It will, in all likelihood, allow these two opposition parties to form the first Kosovo government from which parties which emerged from the KLA are excluded.

Albania saw local elections held on the 30th of June. Normally, local elections carry little more than local significance, however, the current political crisis into which Albania seems to be sinking deeper and deeper has rendered them nationally significant. After months of often violent opposition street protests demanding the resignation of the Rama government and the holding of free and fair elections, the two main opposition parties – the Democratic Party (PD) and the Socialist Movement for Integration (LSI) – decided to boycott regularly scheduled local elections. They claimed that under the present Rama government, which the opposition accuses of ties to organized crime, the holding of free and fair elections was impossible. Consequently, Rama's Socialist Party (PS) ran unopposed in more than half of Albania's 61 municipalities. Not surprisingly, the PS – and in some cases its proxies – went on to win mayoral and local assembly contests in all 61 of the country's municipalities. In reality, neither government nor opposition could be pleased with the outcome of the local elections. While the governing PS holds power at all levels of local government, the opposition boycott has deprived the election process of at least some of its legitimacy.

Meanwhile, in **Turkey**, a brewing political crisis triggered by the decision of the Supreme Electoral Board to annul the Istanbul mayoral elections held on the 31st of March – on what were widely seen as bogus technicalities following the victory of an opposition candidate – was defused following repeated mayoral elections held on the 23rd of June. After voters gave their support even more decisively to Ekrem İmamoğlu of the oppo-

sition CHP, both the candidate of the ruling AKP, Binali Yıldırım, and Turkish President Recep Tayyip Erdoğan accepted İmamoğlu's victory.

An official welcoming ceremony in Beijing for President of Turkey Recep Tayyip Erdogan in China in July, 2019.



Presidential elections are due to take place in **Croatia** and **Romania** by the end of the year. The integrity of the electoral process itself is not expected to be an issue in either country. Although the position of President of the Republic has very limited powers in both countries, the elections are nevertheless an important opportunity to test the will of voters, as well as being bellwethers for future parliamentary elections in both countries. Thus, in Croatia for example, the rather unexpected win of the opposition HDZ candidate, Kolinda Grabar-Kitarović, in the 2014–2015 Presidential elections also heralded a return of the HDZ to power in the parliamentary elections held in late 2015.

Romanian voters will go to the polls on the 10th of November 2019 to elect their next President, with a second round of voting very likely to take place on the 24th of November. Incumbent President Klaus Iohannis is a strong favourite to emerge victorious in the second round, with his main challengers being Viorica Dăncilă, the current Romanian Prime Minister and leader of the Social Democratic Party, and Dan Barna of the USR-PLUS alliance. Meanwhile, the date of the **Croatian** elections has not yet been set, but the first round is expected to be held in late December or early January. Incumbent Kolinda Grabar-Kitarović is in the lead, but being challenged by at least two strong candidates – former Social Democratic Party (SDP) Prime Minister Zoran Milanović and popular singer Miroslav Skoro, who has captured the support of many political actors on the far right.

On the 7th of July, **Greek** voters turned out to cast their ballots in national elections to elect a new parliament and by extension, government. In line with political expectations, the centre-right New Democracy won an overwhelming majority. In total, 40% of voters cast their ballots for the party, almost doubling its seat tally in the Greek Parliament to 158 seats and giving the party an absolute majority to rule. In due course, Kyriakos Mitsotakis, the leader of the party, was elected as the new Prime Minister of Greece. The previously ruling Syriza came second, with 32% of the votes cast.

President of New Democracy Party, Kuriakos Mitsotakis, casts his vote at Municipality of Peristeri, during the Greek general election 2019.



GOVERNMENTS UNDER STRAIN

After a rocky summer, **Romania's** government, led by Prime Minister Viorica Dăncilă, finally lost a vote of no confidence on 10 October. Several MPs from her own party appear to have turned on her government. President Klaus Iohannis expressed his satisfaction with the outcome of the vote, calling on the leaders of political parties to discuss the formation of a new government. Should this fail, elections are likely to occur in the first quarter of 2020. The vote is the culmination of a summer of troubles for the Dăncilă government. Following the gruesome kidnapping, rape, and murder of a 15-year old Romanian teenager, to whose desperate distress calls police failed to respond adequately, Interior Minister Nicola Moga resigned on 30 July. Days later, Dăncilă was forced to fire Education Minister Ecaterina Andronescu after she suggested that the murdered teenager was at least partly to blame for her fate. Then, at the end of August,

the Socialists' junior partner, the Alliance of Liberals and Democrats (ALDE), announced that it was quitting the ruling coalition. While ALDE cited concerns over the general policy direction of the government as grounds for abandoning the ruling coalition, many analysts voiced their suspicion that the move had more to do with posturing ahead of November's presidential elections.

The government of Prime Minister Zoran Zaev in **North Macedonia** came under significant strain during the summer months. Having been bruised by the decision of the European Council in June to defer a verdict on granting Skopje a date for opening EU accession negotiations to autumn, the Zaev government was then rocked by the 'Extortion Affair'. Over the summer, details trickled out that Bojan Jovanovski, a celebrity-turned-businessman, and his accomplice Zoran Milevski, were suspected of extorting money from businessman Orce Kamcev, to whom they promised assistance in either avoiding a jail sentence or securing a lighter sentence in the cases being pursued against him by the country's Special Prosecution. Jovanovski and Milevski claimed to have influence over the prosecution and ties to senior figures in the ruling SDSM. The whole affair blew up in early August, when Italian newspaper La Verita published audio recordings of the trio, as well as some containing the reported voice of Special Prosecutor Katica Janeva. In the aftermath of this, Janeva was questioned and arrested on the 20th of August. Prime Minister Zoran Zaev and his government have not been directly implicated in this scandal. Despite this, given that the Zaev government came to power on the back of promises to fight the corruption of its predecessor, the fact that it failed to uncover and react to corruption in the Special Prosecution, the specialist prosecutorial body tasked with investigating high-level abuses, is itself damaging. While the main opposition VMRO-DPMNE stands to gain little support from the scandal, the SDSM could hemorrhage support if a sense of 'everyone is the same' sets in among its supporters.

In **Albania**, the Socialist government of Edi Rama remains in a peculiar position. On the surface, it could claim to be in a position of strength. In the country's parliament, it enjoyed an absolute majority, while opposition MPs had mostly resigned

their mandates in the legislature. Local elections on the 30th of June left the Socialist Party victorious in all 61 local municipalities. Yet despite being in possession of almost all levers of power, Rama's Socialists were in a tricky position. The opposition boycott of parliament and local elections made it look rather like they were presiding over a one-party state. For months, the country has been rocked by opposition protests which, although put on hold over the summer, will likely resume at some point. Most troublingly, the political crisis has escalated and become radicalized to a point where it is hard to see how government and opposition could negotiate their way out of it and restore political life to some kind of normality that does not destabilize the country.

A similar crisis is beginning to brew in **Serbia**, although the country's government can hardly be said to be in anything like a crisis. The SNS-led government of Prime Minister Ana Brnabić, effectively controlled by Serbian President and SNS leader Aleksandar Vučić, retains a substantial majority in Parliament. Popular support for Vučić and the SNS is strong, and the party would likely win any elections with ease in the current conditions, faced by a weak and fragmented opposition. Nevertheless, clouds are building on the horizon as Parliamentary elections approach in the spring. The bulk of opposition parties have declared that they will boycott the elections in the face of the SNS' increasingly authoritarian rule and electoral conditions which leave the political playing field heavily skewed in favour of the ruling party. A dialogue between the SNS and opposition parties over electoral conditions, organized in August and September, yielded no progress. Foreign diplomats are keen to avoid an election boycott and another electoral crisis in the region. The SNS is also keen to avoid a full opposition boycott, which could damage the legitimacy of any future SNS-led government, but unwilling to abandon its authoritarian style of rule. Whether the building crisis can be defused remains to be seen in the coming months.

Meanwhile, **Bosnia and Herzegovina** remains stuck in a different kind of crisis. A year after the national elections were held, no central government had been formed, nor in the larger Federation entity. A deal to form a central government between the three main ethnic parties – the Bosniak Party of Democratic Action, the Bosnian

Serb Alliance of Independent Social Democrats and the Bosnian Croat Croatian Democratic Union – became derailed almost as soon as it had been announced at the beginning of August. In the aftermath of the failed deal, the country seemed even further from obtaining a government and in an ever deeper crisis.

EU ACCESSION

The EU accession hopes of **Albania** and **North Macedonia** are focused on the European Council meeting due to be held on the 17th–18th of October this year. Both countries had hoped to receive a green light for opening EU accession negotiations at the June European Council, which ultimately deferred the decision to the autumn. While Albania and North Macedonia have been considered in tandem over the last few years, there is now a strong sense within the EU that the opening of accession negotiations with the two countries should be 'decoupled'. Having resolved its long-running 'name dispute' with Greece and made substantial progress in implementing democratic and rule of law reforms, North Macedonia is a clear front runner to receive a date for opening accession negotiations. Indeed, many diplomats and international observers feel that Skopje would be hard done by if the EU failed to deliver on the 'carrot', which it had long dangled before North Macedonian political elites and voters as a reward for unseating the previous government and resolving the dispute with Greece.

Skopje has yet to receive a date for opening accession negotiations. The main obstacle it will face will be the anti-enlargement mood within the EU, particularly in key member-states such as France. The odds of Albania, tied up in a deep political crisis, being granted a date for opening accession negotiations, seem quite slim in contrast. On the 26th of September, the German Bundestag voted in favour of opening negotiations with both countries in principle. Yet whereas the Bundestag supported opening accession negotiations with North Macedonia unconditionally, it attached numerous conditions to the opening of negotiations with Albania – not least the hotly contested issue of implementing electoral reforms. Other EU member states, such as the Netherlands and France, are even more opposed to giving Tirana the green light.

Yet the question of whether to give these two countries the green light to open accession negotiations will in all likelihood be overshadowed by a much more daunting item on the European Council's agenda: Brexit.

RULE OF LAW

Laura Codruța Kövesi, Romania's former anti-corruption Chief Prosecutor, appears set to become the EU's first Chief Prosecutor. She cleared an important hurdle on this road when she received the support of the Committee of Permanent Representatives in the EU (COREPER), a part of the European Council, on the 19th of September. The European Parliament also appears set to endorse her. Ironically, her own government in Romania did not endorse her. This is not surprising given that **Kövesi** has long been a thorn in the side of the country's ruling politicians. For a country and ultimately region haunted by corruption, which hounded **Kövesi** out of her job at home into a top EU position, the new position maintains symbolic importance.

Meanwhile, back in **Romania**, the country's Constitutional Court struck down at the end of July controversial criminal code changes, which had been adopted progressively since 2017. The criminal code changes that were deemed unconstitutional would have, among other things, reduced jail terms and the statutes of limitations for certain corruption-related crimes. As such, they had been heavily criticized and opposed both within Romania and in the EU.

News from **Albania** illustrated just how serious a problem organized crime remains in the region. On the 19th of September, a court in Tirana found former Socialist Interior Minister Saimir Tahiri guilty of the abuse of power in relation to an organized crime gang, which had operated with impunity for years during his tenure. However, he was let off on much more serious charges of international drug trafficking. Opposition parties expressed their outrage at the court's verdict, as well as the fact that Tahiri had received only a 3.4 year suspended sentence. A month earlier, the Socialists' mayor-elect of Shkodra, the largest city in the north of Albania, was forced to resign after the opposition parties revealed that he had a criminal record in Italy for drug dealing.

SECURITY

The summer months saw several Balkan casualties in far-away **Afghanistan**. On the 24th of July, the **Croatian** Defence Ministry announced that one member of its armed forces had been killed and two were injured in an attack carried out by a suicide bomber on the outskirts of Kabul. During the first week of September, a **Romanian** diplomat and a soldier were killed in separate attacks while an embassy staffer was seriously injured in the same attack which killed the country's diplomat. Aside from Croatia and Romania, Bosnia, Bulgaria and Montenegro also have troops serving as part of NATO's Resolute Support Mission in Afghanistan.

As a sign of **China's** growing presence in South-east Europe, Serbia in particular, the rising superpower took a leap from supplying Serbia with infrastructure loans and facilitating project implementation, to the more sensitive security sector. On the 2nd of August, Serbian Interior Minister Nebojša Stefanović announced that Chinese colleagues would carry out joint patrols with Serbian police in several towns and cities, including Belgrade, Novi Sad and Smederevo. The news raised eyebrows and generated bemusement in the country. Government officials stated that the joint patrols were an opportunity to 'share experiences' and would enable Chinese tourists and the residents of Serbia to communicate better with police. The news comes on the back of recent agreements to bring Chinese face recognition technology to Serbia and a discussion on possible joint military exercises.

As **Bulgarians** returned from their summer holidays, news of a Russian-linked spy affair occupied the public's attention. On the 10th of September, Bulgarian prosecutors announced that Nikolay Malinov, the head of the Russophile Movement, had been charged with spying for Russian-based organizations, as well as money laundering. Among the Russian organizations in question was the Russian Institute for Strategic Studies (RISI) of retired Russian intelligence officer Leonid Reshetnikov. In the days running up to this, several other individuals were questioned in connection with the affair, including an MP of the opposition Bulgarian Socialist Party.

MIGRATION

During the first half of September, **Turkish** President Recep Tayyip Erdoğan issued a fresh threat that Turkey would open its borders and allow refugees and migrants stuck in the country to head towards Europe. The warning was delivered during a meeting of his Justice and Development Party (AKP). His words were a reflection of the strain that Turkey is feeling, burdened with an estimate of four million refugees on its soil and the possibility of another million arriving as the civil war in Syria enters in its final phase. In all likelihood, Erdoğan was fishing for more EU money to help Turkey deal with its refugee population, but also more freedom to intervene in the north of Syria. Despite the temptation to write his words off as bluster, there appears to have been a clear increase in the number of migrants passing through Southeast Europe in 2019. According to the UN, Southeast Europe registered 44,000 new arrivals in the first six months of 2019, 50% more than in 2018 during the same time.

The increase in migrants entering EU countries from Turkey was also a central topic in the meeting between Erdoğan and **Greece's** new Prime Minister, Kyriakos Mitsotakis, in September. The two men met on the fringes of the UN General Assembly, with Mitsotakis asking Erdoğan to do more to curb the migration. **Bulgarian** officials also warned of an increase in the number of migrants entering their territory from Turkey. EU officials stated that they were aware of the problem, but noted that current numbers were far below those witnessed in 2015 and 2016.

FES INTRODUCES “PERSPECTIVES ON CHINA’S SOFT POWER IN THE BALKANS”

As with many features of China’s presence in Europe, perceptions and interpretations on Beijing’s soft power in the Balkans vary. This issue of the Political Trends & Dynamics presents two perspectives on the issue that give emphasis to different aspects of China’s activity as well as interpret the outcome of such dynamics in different ways. For example, one of the pieces finds that, despite the multivalent initiatives spreading in the region, Chinese soft power remains of limited effectiveness and ‘under-performing’ compared to expectations. Still, the same author argues, the issue of Chinese soft power should become an object of more comprehensive and systematic analysis and monitoring in the future. In contrast, another piece in this issue, using the slightly different concept of symbolic power, finds that Chinese influence is spreading both because of the particular timing of its activation – post-crisis – and due to the already consolidated image of Beijing as the new global economic powerhouse. China’s symbolic power, our author argues, offers an alternative authoritative vision regarding development and international cooperation, one that may compete with the West also in the Balkans.

A GLIMPSE INTO CHINA’S SOFT POWER IN THE WESTERN BALKANS

Plamen Tonchev

China’s growing presence in the Western Balkans (WB) has not gone unnoticed and is causing an intense debate on the nature of its influence. Two key questions arise: What shape and form does Beijing’s soft power projection take in the region? To what extent do China’s soft power efforts help it to attain its objectives in the Western Balkans?

In 1990, Joseph Nye introduced the notion of ‘soft co-optive power’ as ‘the ability to get what you want through attraction rather than coercion or payment’.¹ What this piece will gauge is Beijing’s capability to persuade Western Balkan partners to cooperate, thanks to the attractiveness of China’s culture and values, international prestige and, ultimately, the country’s image as a desirable partner. At the same time, China’s presence in the region relates to a large extent to trade and investment capital provided to the Western Balkans. While the Asian giant’s economic prowess definitely contributes to its reputation in the region, there is a strong ‘payment’ component that is not fully in line with Nye’s definition of soft power.

The WB countries examined here are Albania, Bosnia and Herzegovina (BiH), Montenegro, North Macedonia and Serbia. Although Kosovo is also



Mr. Plamen Tonchev is a Senior Researcher and Head of the Asia Unit at the Institute of International Economic Relations (IIER) in Greece. He is a founding member of the European Think-tank Network on China (ETNC) and sits on the EU Chapter of the Council for Security Cooperation in the Asia Pacific (EU CSCAP) committee. He has published books, monographs and peer-reviewed articles, and is a regular lecturer at universities, think tanks and other institutions in Europe and Asia.

a member of the WB-6 group, it is not recognised by China. The set of indicators used here is by no means exhaustive nor does it constitute an analytical model. The subjective nature of soft power makes comparison across countries difficult by default. However, the most significant limitation to be kept in mind is the sketchy evidence of China’s image in the Western Balkans. For instance, while the Pew Research Center operates globally, it has not carried out any China-related surveys across the WB region. Verifiable data drawn from independent surveys are seldom available. Therefore, this paper is merely an attempt at providing an initial impetus and will hopefully contribute to future research into China’s soft power and image in the Western Balkans.

Beijing does not seem to have a WB region-wide soft-power strategy. Rather, related activities are incorporated into the 17+1 platform, also known

¹ Joseph Nye, “Soft Power” (*Foreign Policy* 80, 1990), pp. 166–168, www.jstor.org/stable/1148580.

China-CEEC Structures Hosted in the Western Balkans

Country	CEEC Structure	Status
Serbia	CEEC Headquarters of the Secretariat of the Higher Education Institutions Consortium ²	Established in 2017
Bosnia-Herzegovina	China-CEEC Veterinary Research Center	Established in 2018
Montenegro	China-CEEC Environmental Protection Cooperation Mechanism	Established in 2018
North Macedonia	China-CEEC Cultural Cooperation and Coordination Centre	Established in 2018
Albania	China-CEEC Youth Development Center	Under discussion ³

as the China and Central/Eastern European countries (CEEC) format. In parallel, Beijing promotes its relations with the WB partners on a bilateral basis. Under the first strand of this two-pronged approach, Beijing has made sure that each of the five countries hosts or is about to host a collective CEEC institution.

It is mostly at the bilateral level that China engages with WB countries, as illustrated by a long list of bilateral agreements and memoranda of understanding. Of the five WB countries, Serbia clearly stands out as China’s closest ally in the region. Belgrade and Beijing have had a strategic partnership since 2009 and Serbia has been the only WB country to host an annual 16+1 (now 17+1)⁴ summit in 2015. In addition, it has attracted the largest amount of Chinese funding not only in the WB region, but across the entire CEEC area.

The establishment of Friendship Associations in all the five countries is an omnipresent form of bilateral relations. In some cases, they may branch out into spin-off bodies, an example being the Albanian-Chinese Friendship Association (Shoqata e Miqësisë Shqipëri-Kinë), which was founded in 2011 and established an Albanian-Chinese Chamber of Commerce a year later.⁵

Another form of bilateral engagement, at sub-national level, is twinning agreements. In Serbia, Belgrade and Novi Sad are sister cities of Beijing and

Changchun, respectively. In Albania, there are the pairs Beijing-Tirana and Lanzhou-Fier. Skopje has a twinning relationship with Nanchang and Sarajevo with Tianjin. However, the legal and practical value of this format is difficult to establish, as related documents vary from twinning agreements and memorandums of understanding (or cooperation or friendship) to protocols, letters of intent, friendship contracts, etc. Feedback from WB interlocutors suggests that twinning agreements with Chinese partners are rarely followed through: the initial enthusiasm after signing ceremonies quickly evaporates and in most cases commitments are only valid on paper.

Confucius Institutes (CIs), a key tool of China’s cultural diplomacy, are invariably set up at higher educational institutions. Typically, these structures provide courses in Chinese culture and language, and often host public events on China-related political, social and economic issues. At present, there are six CIs in the WB region, with Serbia hosting two: at state universities in Belgrade and Novi Sad, Tirana, Skopje, Sarajevo and Podgorica.

In addition, China promotes the creation of Confucius Classrooms at primary and secondary schools. Recording the number of WB schools that host Confucius Classrooms and the estimated total number of beneficiaries across the region would amount to a large-scale exercise, but it would also help to assess the possible impact of this long-term ‘investment’ on the part of China and is an exercise that deserves to be undertaken in the future.

On the contrary, Chinese cultural centres have yet to spring up across the Western Balkans. Apart from the China-CEEC Cultural Cooperation and Coordination Centre in Skopje, the only bilateral Chinese cultural centre is currently be-

2 Serbia has also been considered as a host to the secretariat of a prospective China-CEEC Association on Transport and Infrastructure Cooperation. See: Kong Tianping, “The 16+1 Framework and Economic Relations Between China and the Central and Eastern European Countries” (CritCom, 2015), <http://critcom.councilforeuropeanstudies.org/161-framework-and-economic-relations-between-china-and-ceec/>.

3 Decided at the 17+1 Dubrovnik summit in April 2019.

4 Greece joined 16+1 in April 2019.

5 See: <https://dhtshk.al/>.

ing constructed in Belgrade, at the site of the former Chinese embassy demolished during the 1999 NATO bombing (see following picture). In Albania, a decision on the creation of a Chinese Cultural Centre was made by the government in July 2018.⁶

Inauguration of a Confucius Classroom at a secondary school in Sremski Karlovci, Serbia, November 2018.



Beijing pays particular attention to promoting the culture of WB countries in China as well. Thus, in November 2018 a cultural centre named after Ivo Andrić, the Yugoslav winner of the Nobel Prize for literature, was inaugurated in Beijing. While there is no Albanian cultural centre operating in China, a Centre of Albanology at the Beijing University opened in 2017.⁷

Scholarships have also been one of China's public diplomacy tools, though not to the extent that they are granted in Africa or Asia. China offers scholarships within limited national quotas on a bilateral basis and not as a regional 'envelope'. By comparison, many European and other Western countries, including Australia, announce a much larger number of scholarships for students and scientists from the whole region. It does not come as a surprise that of the six WB countries Serbia has the highest number of students receiving scholarships in China, namely 446 in 2017.⁸

6 Zina Tosku, "Vendoset themelimi i qendrës kulturore të Kinës në Shqipëri [Establishment of China's cultural center in Albania]" (Agjencia Telegrafike Shqiptare, 2018), <http://ata.gov.al/2018/07/04/vendoset-themelimi-i-qendres-kulturore-te-kines-ne-shqiperi/>.

7 "An Albanology department at Beijing University" (*Tirana Times*: 8 November 2018), <http://www.tiranatimes.com/?p=139215>.

8 Xinhua, "China-Serbia education seminar focuses on student mobility, internationalization" (*Global Times*, 2018), <http://www.globaltimes.cn/content/1122566.shtml>.

Informal interaction between China and WB societies is best effected through the growing flows of Chinese tourists to the region. This process is facilitated by visa relaxation (in the case of BiH, Albania and Montenegro) or abolition altogether (Serbia). A free-visa regime is currently being discussed between China and North Macedonia. Once again, Serbia stands out as to the number of Chinese visitors, ranging at about 130,000 in 2018.⁹

While increasing waves of tourists coming from China contribute to the economic development of WB countries, they are not necessarily a testimony to China's popularity in the region. On the contrary, they could be viewed as a token of the Western Balkans' attractiveness. For instance, the Novak Café & Restaurant in Belgrade, owned by the renowned Serbian tennis player Novak Djoković, is very popular with Chinese tourists. Bora Milutinović, a former Serbian football coach, is also well known in China, as he led the Chinese national team to its only World Cup Final campaign in 2002.

Xi Jinping and Tomislav Nikolić, Presidents of China and Serbia, laying the foundations of the Chinese Cultural Centre in Belgrade, June 2016.



Cinema offers additional opportunities for interaction between WB societies and China. The Sarajevo Film Centre and Chinese film production companies have agreed to remake the classic war

9 "KINESKI TURISTI U SRBIJI GODIŠNJE POTROŠE 143 MILIONA EVRA! Rekordni prihodi od gostiju SA ISTOKA! Tokom 2019. doći će ih čak 130.000! [CHINESE TOURISTS IN SERBIA SPEND US \$ 143 MILLION ANNUALLY! Record revenue from guests from the East! As many as 130,000 will arrive in 2019!]" (Informer, 2019), <https://informer.rs/vesti/drustvo/431448/kineski-turisti-srbiji-godisnje-potrose-143-miliona-evra-rekordni-prihodi-gostiju-istoka-tokom-2019-doci-cak-130-000>.

film *The Bridge* (1969). An identical endeavour that is reportedly being discussed concerns the movie *Walter Defends Sarajevo* (1972), Walter being the name of an anti-fascist hero in World War II.¹⁰ Both films were known throughout China in the 1960s and 1970s, and it is even assumed that thanks to the latter movie, the number of Chinese visitors to BiH has increased as of late. Similarly, an entire generation of Chinese people grew up watching Albanian films until the late 1970s, which is now a likely segment of Chinese tourist flows to Albania.¹¹ As for Chinese films, perhaps the best known one is *Crouching Tiger, Hidden Dragon* by the Taiwanese director Ang Lee, with institutions from mainland China partially involved in its production, which has even been projected at festivals in the Western Balkans.¹²

The China-CEE Institute, established in Budapest by the China Academy of Social Sciences (CASS), maintains a social media presence including a Facebook page, Twitter, and LinkedIn accounts. However, the number of likes and followers on its Facebook page is hardly impressive, despite the fact that the Institute covers 18 countries, including China. By contrast, the Facebook page of the Albanian-Chinese Friendship Association has a much larger following, with 659 members as of September 2019.¹³

There is no evidence of the existence of media outlets in the WB region that are owned by Chinese entities. However, an interesting case is the *kina-danas.com* portal, which is run by the Sino-Bosnian Friendship Association and displays the logo of the People's Republic of China (PRC) embassy in BiH. Regarding news of growing politi-

cal turmoil in Hong Kong, the portal in question has hosted articles, which echo the views of the Chinese government¹⁴ as well as a statement by the PRC ambassador to BiH.¹⁵ Similarly, some Serbian media outlets reviewed in this research tend to cover the Hong Kong clashes by quoting primarily pro-government sources (e.g. the Chinese state's mouthpiece *Global Times*).¹⁶

Apart from scenes of the stand-off in Hong Kong, there are some other spoilers that clearly affect

China's image in the Western Balkans. Ironically, China's economic weight in the region can be a two-edge sword: investment projects through Chinese funding contribute to Beijing's reputation, but the growing presence of Chinese contractors has also exposed them to scrutiny. In nearly all the WB countries there are reports about financial scandals, which have generated negative publicity in the national media. Controversy over the environmental impact of coal-fired plants constructed by Chinese companies in Bosnia and Herzegovina¹⁷ or the degree of indebtedness to Chinese banks also adds a sour sentiment to the region.

KEY TAKEAWAY

Plamen Tonchev presents key elements of Beijing's soft power strategy in the Western Balkans, and it is argued that there is a gap between China's growing presence and its image in the region. This is attributable to the fact that Beijing's soft-power toolkit does not necessarily match regional priorities. For instance, the Western Balkan countries are not bewitched by the Chinese development model; nor is it helpful that Beijing conspicuously favours one country, Serbia. At the same time, the issue of China's clout calls for further research and more active involvement of EU partners, so that the long-term impact of China's presence in the region is properly captured and assessed.

¹⁰ See: <http://www.beijing.mfa.gov.rs/news.php>.

¹¹ "Visa free travel boosts Chinese tourists to Albania" (*Tirana Times*, 13 September 2018), <http://www.tiranatimes.com/?p=138465>.

¹² Aljoša Drobnjak, "Chinese Culture Week Organised in Podgorica, Montenegro" (*Total Montenegro News*, 17 January 2019), <https://www.total-montenegro-news.com/travel/3079-chinese-culture-week>.

¹³ See: https://www.facebook.com/groups/122577617833356/?fref=mentions&__tn__=K-R.

¹⁴ "Hong Kong: Središnja vlada podržava glavnu upraviteljicu u rješavanju duboko ukorijenjenih problema [Hong Kong: The central government supports the Chief Executive in solving deep-rooted problems]" (*kina-danas.com*), <http://www.kina-danas.com/hong-kong-sredisnja-vlada-podrzava-glavnu-upraviteljicu-u-rjesavanju-duboko-ukorijenjenih-problema/>. See also "Prosvjedi u Hong Kongu: Policija upozorila na eskalaciju nasilja i obećala da će privesti sve prekršitelje pravdi [Hong Kong protests: Police warn of escalation of violence and promise to bring all offenders to justice]" (*kina-danas.com*), <http://www.kina-danas.com/prosvjedi-u-hong-kongu-policija-upozorila-na-eskalaciju-nasilja-i-obecala-da-ce-privesti-sve-prekrsetelje-pravdi/>.

¹⁵ "Ambasador NR Kine u BiH Ji Ping: Politički motiv prosvjednika u Hong Kongu je osporiti kineski suverenitet [PRC Ambassador to BiH Ji Ping: The political motive of Hong Kong demonstrators is to challenge Chinese sovereignty]" (*kina-danas.com*), <http://www.kina-danas.com/ambasador-nr-kine-u-bih-ji-ping-politicki-motiv-prosvjednika-u-hong-kongu-je-osporiti-kineski-suverenitet/>.

¹⁶ I. Stanojević, "Armija Kine sve bliža Hongkongu [Chinese Army ever closer to Hong Kong]" (*Novosti Online*, 13 August 2019), <http://www.novosti.rs/vesti/planeta.299.html:811962-Armija-Kine-sve-bliza-Hongkongu>.

¹⁷ Mladen Lakić, "Bosnia's China-Funded Power Plant Gets Green Light" (*BIRN*, 7 March 2019), <https://balkaninsight.com/2019/03/07/bosnias-china-funded-power-plant-gets-green-light/>.

Sometimes spoilers can be unpredictable events, such as a spectacular heist at the Tirana international airport in April 2019. In the wake of that incident, the Albanian government accused the airport operator, the Hong Kong-based China Everbright Limited, of ‘persistent irresponsibility’ and failure to guarantee the security of passengers and state assets.¹⁸

The safest way to assess the effectiveness of China’s soft power strategy in WB countries would be a review of China’s reputation, as reflected in the opinion polls. While documented evidence of China’s image in the Western Balkans is hard to come by, an inkling is provided by outputs sponsored by

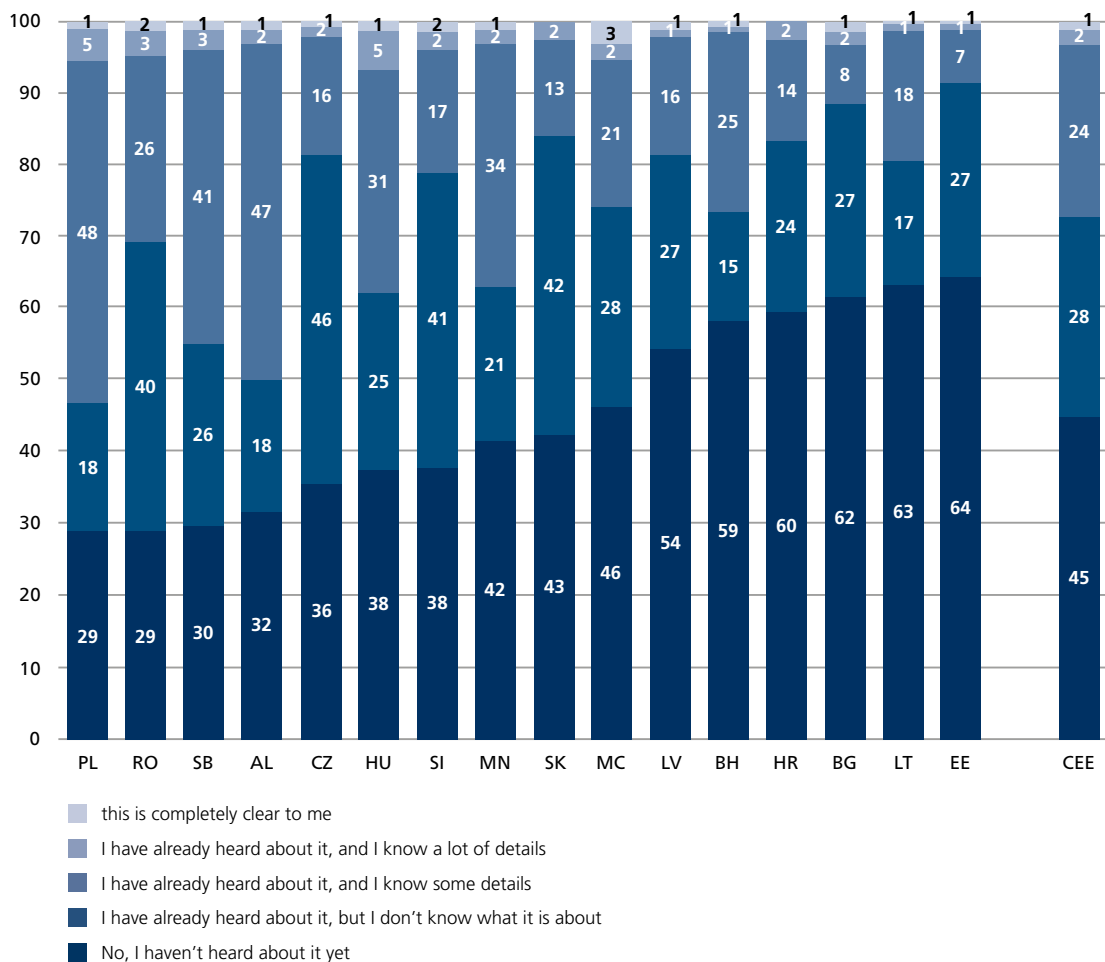
the China-CEE Institute. Since 2017, it has commissioned working papers and surveys¹⁹ of the way China is perceived across the CEEC area. The majority of these surveys are based on samples that are either too small and could only be viewed as ‘focus groups’ or do simply not have a representative sample.²⁰ This makes the analysis in these publications weak. Indeed, a number of conclusions drawn in the working papers are marked by praise for China and appear to be sponsor-driven, while criticism is often veiled and indirect at best.

18 “Albania deploys army to guard capital’s Chinese-operated international airport after Hollywood-style heist on runway” (*South China Morning Post*, 11 April 2019), <https://www.scmp.com/news/world/europe/article/3005677/albania-deploys-army-guard-capitals-chinese-operated-airport>.

19 Available, among other working papers, on the Institute’s website: <https://china-cee.eu/working-paper/>.

20 For instance, a survey carried out in Serbia has a sample of only 130 interviewees and a questionable balance: 68% males and 32% females, and 60% of the respondents’ lives in the capital city Belgrade. See: Jelena Petrović, “Attitudes and knowledge of young people in Serbia toward People Republic of China’s development” (*China CEE Institute*, 2019), https://china-cee.eu/working_papers/attitudes-and-knowledge-of-young-people-in-serbia-toward-people-republic-of-chinas-development/.

Figure 1: Have you ever heard about the cooperation between China and the Central and Eastern European Countries (16+1), in which your country participates? (in %)



Source: GKI – China-CEE Institute Nonprofit Ltd. Survey

Although these publications do not allow for reliable quantitative outputs, some qualitative findings are of interest. A working paper produced in North Macedonia²¹ reveals that while China's spectacular growth is duly acknowledged in society, there are concerns about the quality of the Chinese development model, in regards to pollution, bad living conditions, long working hours, etc. Unlike Western countries, China is not often viewed as a destination for education or a possible career path. Most importantly, China's presence is examined by the interviewees in light of its complementarity – or not – to the Euroatlantic aspirations of the country.

One of the very few home-grown studies of China's image in the Western Balkans comes from Albania. The research covered more than 1,000 China-related articles published in the country over a period of five years. A key finding is that some 47 % of the news items portrayed China in a positive light, as compared to 38 % which had negative connotations, while 15 % of media coverage was deemed neutral.

In addition to the working papers, in 2017 the China-CEE Institute sponsored a survey of China's image in the CEE region. Although the thematic scope of the exercise is rather narrow and

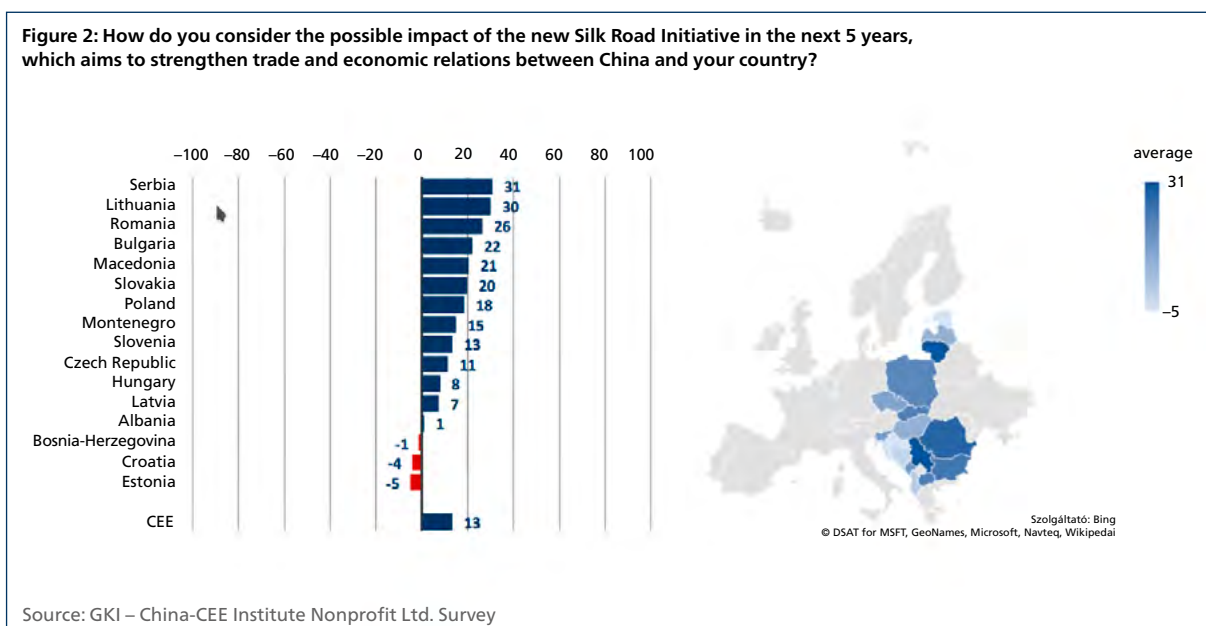
anticipating a positive outcome, some of the findings are anything but encouraging for Chinese authorities. What comes out of the survey is a general lack of awareness of the 16 +1 format. Albanians appear to be the best informed nation in the region (50 %), followed by Serbia (44 %), Montenegro (37 %), and North Macedonia and Bosnia and Herzegovina, both at 26 % – see Chart 1.

As for expectations regarding the impact of the Belt and Road Initiative (BRI), once again the findings are hardly impressive. Serbia stood out with 31 % of the respondents expressing largely positive views, followed by North Macedonia (21 %), Montenegro (15 %), Albania with a meagre 1 % and Bosnia and Herzegovina at even below zero (-1 %) – see Chart 2.

As has been pointed out, China's soft power is not measured by blockbuster films, but by the appeal of its development model, and the WB region is no exception. The key driver of Beijing's clout in the Western Balkans is the expectation that China can help the WB countries crawl out of underdevelopment and catch up with advanced European economies. Yet, it is clear that the image of the Asian giant in the Western Balkans does not match its economic weight in the global economy and growing presence in the region.

So, how effective is Beijing's soft-power strategy in WB countries? Despite the aforementioned methodological limitations, there are indications that:

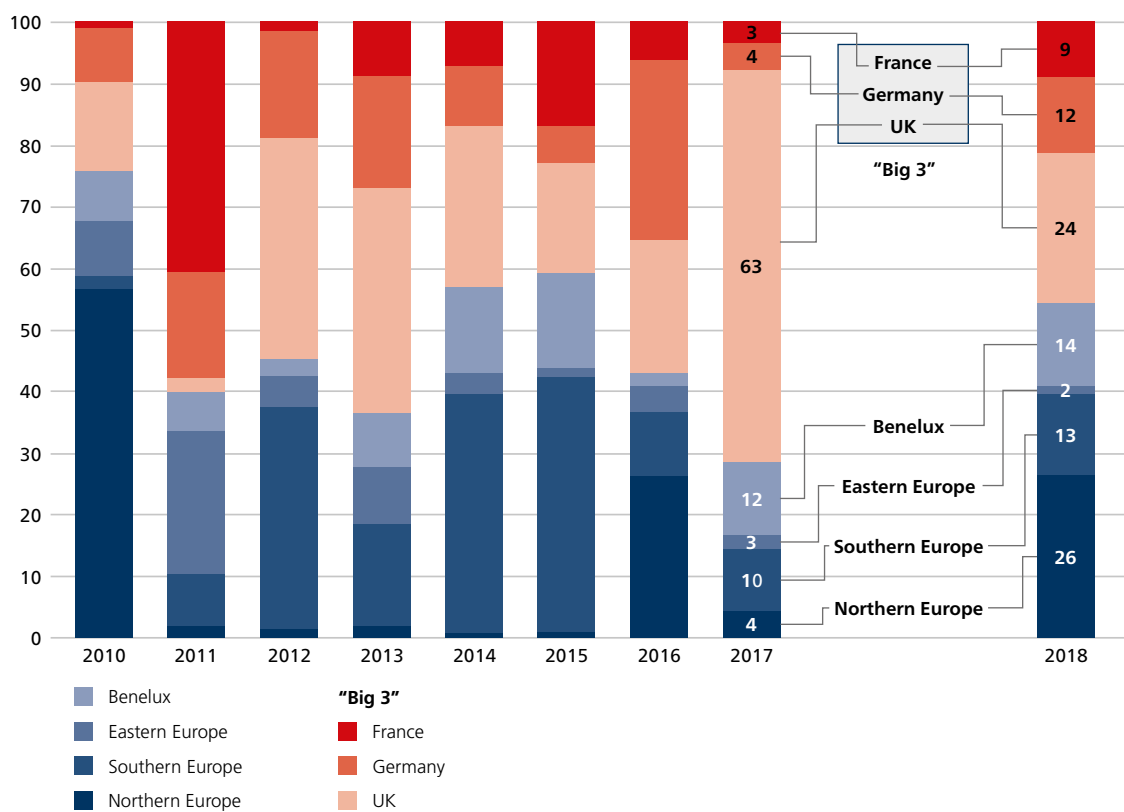
21 Adela Gjorgjioska, "Varying anchors, differing perceptions? Examining the representations of (China's) development in Macedonia [sic]" (*China CEE Institute*, 2019), https://china-cee.eu/working_papers/varying-anchors-differing-perceptions-examining-the-representations-of-chinas-development-in-macedonia/.



- At present, China’s image in the region remains rather negative and does not compare with the appeal of Western partners in terms of lifestyle, educational and professional opportunities or broader political prospects. While WB countries are willing to benefit from access to Chinese capital, they prioritise European integration to a much larger extent.
- WB citizens are either insufficiently aware of or unconvinced by the emblematic BRI, a centrepiece of China’s foreign policy. There appears to be a gap between elites and citizens as to the benefits to be expected from BRI-touted projects, and this reflects on China’s image at the societal level.
- Beijing’s soft-power toolkit is not particularly effective in relation to the rather small number of scholarships or lack of delivery on twinning schemes and other activities marked by pompous officialdom. China ‘invests’ considerable resources in cultural diplomacy, which may not fit in with key national and regional priorities.
- Beijing’s soft-power strategy is arguably more successful in Serbia than in other WB countries, as a mix of economic statecraft, history, and foreign policy. However, it is not inconceivable that the conspicuous focus on Serbia may be at the expense of China’s clout in other WB countries.

While this piece presents some key issues in relation to China’s soft power in the region, it also serves as a mapping exercise in pinpointing possible tasks ahead. There are two areas it would be worth exploring. For one, systematic research into the typology and numbers of WB beneficiaries of Confucius Institutes and Confucius Classrooms, as well as the purpose and estimated long-term impact of related activities. Other useful research would be annual Eurobarometer surveys covering the Western Balkans as well, including questions about China’s presence in the region. Alternatively, the EU could consider supporting region-specific projects aiming to capture China’s soft-power efforts and influence in the region.

Figure 3: Chinese FDI remains concentrated in Europe’s largest economies
Chinese FDI in the EU-28 by country group 2010–2018, percentage



Source: Rhodium Group. The “Big 3” includes France, Germany, and the UK. “Benelux” includes Belgium, Netherlands, and Luxembourg. “Eastern Europe” includes Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, and Slovakia. “Southern Europe” includes Croatia, Cyprus, Greece, Italy, Malta, Portugal, Slovenia, and Spain. “Northern Europe” includes Estonia, Denmark, Finland, Ireland, Latvia, Lithuania, and Sweden.

THE EXTENT, LIMITS AND CONSEQUENCES OF CHINA'S SYMBOLIC POWER IN THE BALKANS

Anastas Vangeli

Introduction

Symbolic power is the power to affect how others think and behave by speaking from a position of legitimacy.¹ As such, it is one of the keys to understanding China's impact in the Balkans and beyond. China has 'socialized' the Balkan countries through new formats for international cooperation, such as the Belt and Road Initiative (BRI) and 17+1, meaning that China has attempted to make those in the Balkans "see and believe certain visions of the world rather than others."²

The BRI is a global endeavour of the Chinese government to promote all forms of connectivity, which currently involves more than 100 countries worldwide. 17+1 is the regional vehicle for the BRI in Central, East and Southeast Europe, which involves 17 countries (including the Balkans) and China. Created by China, such platforms aim to facilitate an asymmetrical two-way interaction that in addition to producing policy outcomes, have the potential to impact the 'visions of the world' of non-Chinese actors (and sometimes Chinese actors themselves) and affect the way they think and act on issues of development and international cooperation. Through the advancement of the China-led cooperation, Beijing is capable of challenging policy orthodoxies and inspiring new forms of thinking. This on its own has disruptive potential, which is part of the reason³ why despite a small Chinese presence in the Balkans when compared to both the presence of the EU and US or even China's presence in Western Europe and the US, China has mobilized the EU and the US to craft a rather strong response towards China and to employ combative language in the region.⁴



Anastas Vangeli is a PhD Candidate at the Graduate School for Social Research at the Polish Academy of Sciences in Warsaw, where in 2019 he submitted his dissertation titled *Symbolic Power and Principle-Diffusion Through China's Belt and Road Initiative*. His research interests include the political and economic transformations in China and in the post-socialist countries of Europe, their global context and normative and societal ramifications, and the comparisons and relationships between them. He has collaborated with a number of think tank and research institutes in Europe and Asia, and has a long-standing experience of social activism in his home country of North Macedonia.

There are two pillars at the foundation of China's symbolic power: (1) through convening new platforms and creating new institutions for international cooperation, Chinese policy-makers increasingly set the discourse and framework for international interaction; and (2) despite the centrality of China, local agency of non-Chinese actors matters a great deal in the process, in particular their consent and active contribution to the China-led interaction. Symbolic power is reflected in the confident posture of the language and actions of Chinese actors who have engaged with the outside world at an unprecedented rate. When it comes to its effects, unlike soft power, it is not solely based on attraction and persuasion, but more so on compliance. As I have argued elsewhere, "whereas the success of soft power is gauged by China's ability to generate a certain likability [, appeal] and respect in the eyes of others, the effect of symbolic power is gauged based on whether others engage with China on Chinese terms, whether they follow the practices established by China, and whether they start expressing their interests using the concepts generated by China, all of which results in extending the universe of what is thinkable, sayable and perceived as legitimate."⁵

Symbolic power thus has to do with ideational impact, which refers to changes in the thinking and behaviour of non-Chinese actors socialized by China-led platforms for cooperation.

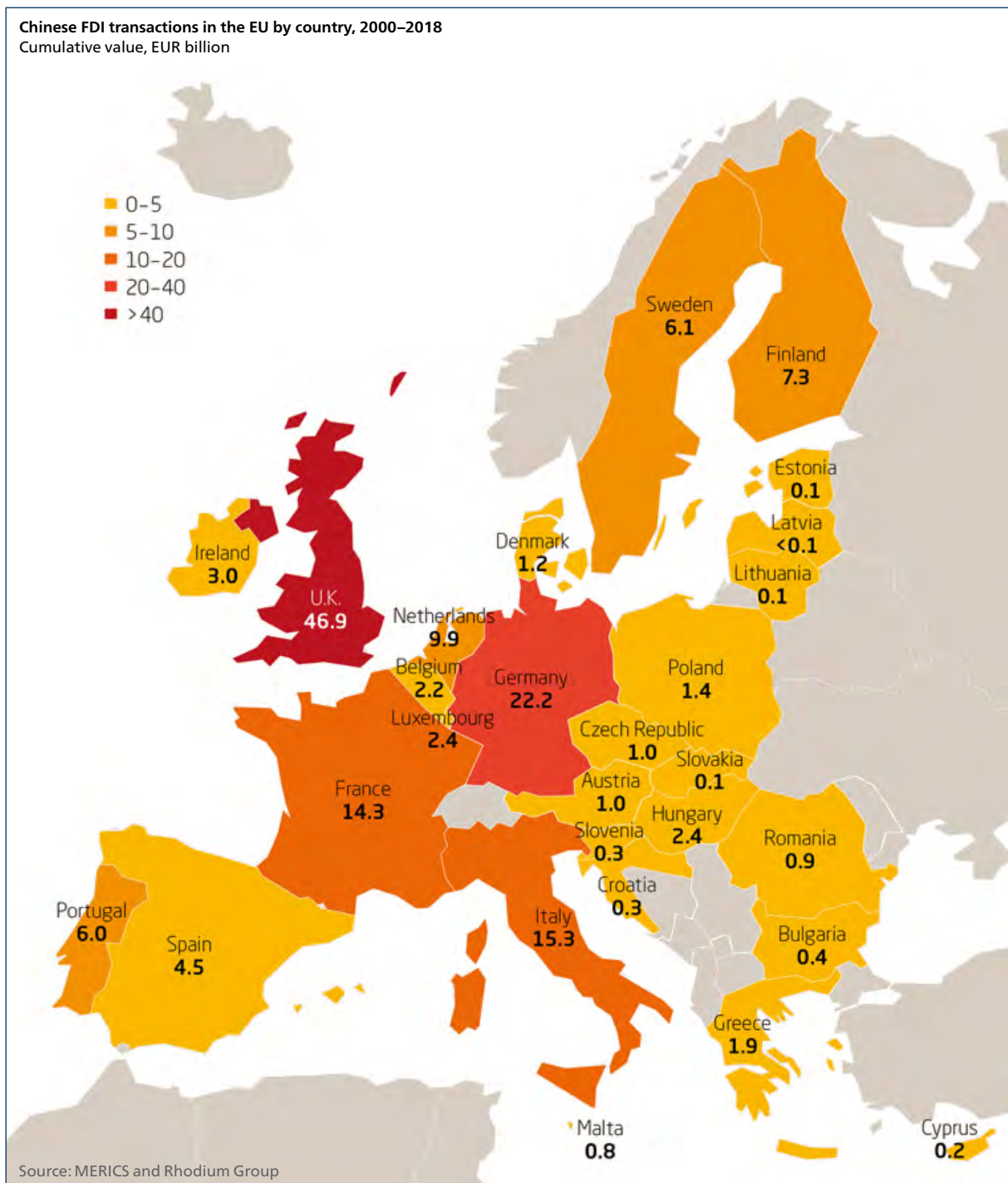
1 See: Pierre Bourdieu, "Symbolic Power" (*Critique of Anthropology* 4:13–14, 1979), pp. 77–85, <https://doi.org/10.1177/0308275X7900401307>.

2 Pierre Bourdieu, *Language and symbolic power* (Cambridge: Cambridge University Press, 1991).

3 Another significant part of the reason is economic competition, but that is a topic for another paper.

4 Dragan Pavličević, "Structural Power and the China-EU-Western Balkans Triangular Relations" (*Asia Europe Journal*, September 13, 2019), <https://doi.org/10.1007/s10308-019-00566-y>.

5 Anastas Vangeli, "Global China and Symbolic Power: The Case of 16+1 Cooperation" (*Journal of Contemporary China* 27, 2018), <https://doi.org/10.1080/10670564.2018.1458056>.



The emergence of a Global China and its arrival to the Balkans, with its accumulated economic resources as a no. 2 economy in the world and the prestige of an economic miracle-maker in particular in the post-economic-crisis context, contributes to such changes. By becoming part of the geopolitical and geoeconomic calculus in the region, China has already affected decision-making in the region and beyond. It is therefore logical to conclude that as an emerging actor in the Balkans, China has influenced how local actors think about the world and their role in it.

The Symbolic Power of Global China

China should not solely be seen as an ordinary external actor that develops how different actors from the Balkan region conduct themselves politically. It is an external actor, which through its own development has made tectonic shifts in the global system, and has already impacted the broader context in which regional dynamics of the Balkans take place. In other words, China became 'global China', a factor of change in the global political and economic order, long before it became an actor in the Balkans.

What lays the foundation of the exercise of symbolic power is not the fact that China is much larger and richer compared to Balkan countries, but rather that it's perceived as having miracle-making properties, which have not only changed global economic flows, but also how scholars and policy-makers understand the global political economy. Even before Beijing dared to pursue proactive policies on the global stage, the powerful image of a Global China was co-produced by non-Chinese (in particular Western) actors. As business interests trumped ideological differences, American and (Western) European media and opinion-makers after 1978, particularly during the 1990s and onwards, reinforced the discourse of a "rising China" by publicizing an array of statistics and rankings on its economic growth. This also included visual representations of its skylines of megacities, state-of-the-art infrastructure and sites of techno-scientific progress, and as of recently, narratives of China inevitably exceeding the US to be ranked as the top economy in the world. Critical voices have often blamed Western establishments for enabling and being complicit in the rise of China⁶ by investing in China financially, but also for supporting a growing discourse of a 'rising China'. Today, even those who advocate caution or vigilance in dealing with China suggest that it offers an important lesson. For instance, an influential voice from the Trump administration, Michael Pillsbury, declared that the West must learn from China in order to successfully compete with it.⁷ In response to rising competition with China, the formulation of a national industrial policy – something which was unthinkable before – is now being contemplated in Germany.⁸

KEY TAKEAWAY

Anastas Vangeli argues that China has changed the context of regional dynamics in the Balkans, by deploying its symbolic power and expanding what is thinkable, sayable, and considered legitimate about issues regarding development, cooperation and beyond. The specific timing of China's arrival to the region in the period following the global financial crisis facilitated its pursuit of expanding its economic influence. Local actors have embraced China's vision as a back-up for their own economic development but have been inadequately prepared dealing with Beijing. The EU and US have tried to confront China in the region, but they face a formidable challenge, particularly because they have themselves have contributed to the co-production of the narrative of a Global China on the rise, while supporting an agenda in the region that has sent mixed signals.

While today a growing number of Balkan intellectuals and policymakers participate in platforms for international cooperation established by China under the BRI and 17+1 framework, there are some whose fascination and interest in China originally developed by reading Western literature on the rise of China and its interdependence with the West. For them dealing with China is among other things, an opportunity to assume a greater and more visible political role on the global stage. Such actors therefore do what their American and Western European role models have done for decades: actively engage with China, even if this is done on Chinese terms. Nevertheless, it would be a mistake to conflate the partially informed enthusiasm with expertise, and the opportunism with a concern for welfare. Balkan elites still have significant knowledge gaps when it comes to China and it is difficult to gauge with complete confidence their motives in dealing with China.

China began intensifying its relations with countries in the Balkans only about a decade ago. Since 2012, a change in attitude took full effect under Xi Jinping's leadership – commonly referred to as a

shift from the foreign policy of "keeping a low profile" toward one of "striving for achievement." This shift took place in the aftermath of the global financial crisis, rendering the rise of China relative to the troubled recovery of the US and EU as an even more astonishing and symbolically powerful development. A key element to this change was the Chinese Communist Party, which now fully embraced the narrative of China's prowess, instrumentalizing it in a quest to rearrange the global economy and position China towards its centre. Countries in the Balkans on the other hand, suffered disproportionately from the global financial crisis.⁹ This is true not only for the "Western Balkans", which has been referred to as

6 Arif Dirlik, *Complicities: The People's Republic of China in Global Capitalism* (University Of Chicago Press, 2017), <http://www.press.uchicago.edu/ucp/books/book/distributed/C/bo26613819.html>.

7 Michael Pillsbury, *Hundred-Year Marathon* (Griffin, 2016).

8 "How China has pushed Germany to rethink industrial policy" (*The Economist*, 21 Feb 2019), <https://www.economist.com/europe/2019/02/21/how-china-has-pushed-germany-to-rethink-industrial-policy>

9 Ritsa A. Panagiotou, "Effects of the global economic crisis on South-east Europe" (*Journal of Balkan and Near Eastern Studies* 12:2, 2010), pp. 187–194.

Europe's "super-periphery",¹⁰ but also of Greece, where the crisis had far-reaching political and societal consequences. Coming to the region at a time of disillusionment, China utilized its symbolic capital as an economic miracle-maker to project a promising vision of economic development captivating the imagination of many.

With the establishment of 16+1 in 2012, which expanded with Greece to become 17+1 in 2019, and the launch of the BRI in 2013, which subsequently became an umbrella for much of the 17+1 and the bilateral cooperation, political, economic and cultural relations between the Balkans and China increased. Interactions on a high level intensified as all Balkan countries have signed memoranda of understanding on the BRI, within the framework of 17+1. They now host various institutions in charge of regional cooperation with China and infrastructure projects financed via Chinese loans and implemented in partnership with Chinese state-owned enterprises, while trade and investment have increased.

For all its global ambition however, China did not come to the Balkans with the intention of becoming its preferred international partner, nor was it embraced by local partners as such. In the Balkans, as in other places in the global periphery, China positioned itself as an actor interested in the undertaking of projects that other global actors avoided. In this way, it developed an idiosyncrasy regarding its symbolic power, serving as a solid back-up plan for regional development where the input of primary stakeholders like the EU was not sufficient.¹¹ While Chinese banks supported infrastructure projects that governments in the Balkans had unsuccessfully tried to pitch to international financial institutions for decades, such as the Bar-Boljare highway in Montenegro, Chinese companies invested in under-performing industrial capacities like the Smederevo steel mill in Serbia, which its former owner US Steel wanted to sell, as well as in assets the EU obliged governments to privatize and international financial institutions, such as the Piraeus port in Greece.

At the same time Chinese "symbolic labourers", such as scholars and think-tanks,¹² worked to pro-

vide a new reading of the Balkan region by hosting a multitude of joint events and conferences with counterparts from the region and beyond. Instead of perpetuating old orientalist tropes of the Balkans as an economic backwater and hotbed of crises, conflict, and corruption, they talked about the region's untapped economic potential and strategic economic location, which has played an important role in the construction of the New Silk Roads geoeconomic vision aiming to boost connectivity between Europe, Asia and Africa, with China playing a central role in it.

Stimulating the Geoeconomic Imagination

While the BRI and 17+1 initiatives are open-ended and ambiguous by design and often criticized for it, such projects have enabled a two-way interaction with Balkan actors that are able to re-articulate and translate the New Silk Roads discourse according to their needs and context provided that the conversation is set up, moderated and significantly shaped by Chinese actors. Present discourse about China's involvement in the Balkans generally consists of local actors' voicing their desire for high speed trains, highways, and waterways (e.g. Danube-Vardar-Aegean canal), technological development, re-industrialization, and boosting exports, which would help close the economic gap with Western Europe. They see their interactions with China through the prism of their own underdevelopment, and hope that China can assist them in reversing economic underperformance. China-led forums provide ample space for the expression of such desires. Some of these tropes are grounded in reality, portrayed by certain success stories resulting from China's increased economic presence in the region. However, most of the New Silk Roads discourse in the Balkans is a product of the imagination of local actors. Some of them, traumatized by the endless "transitions" and crises in the region, see the China-led interactions as a therapeutic experience allowing them for once to speak optimistically – even if with naiveté – about the future.

What makes this China-inspired discourse on economic renewal even more relevant and potent is the broader context in which it operates. In the post-crisis era, and subsequently with the

10 Will Bartlett and Ivana Prica, "The Deepening Crisis in the European Super-periphery" (*Journal of Balkan and Near Eastern Studies* 15:4, 2013), pp. 367–382.

11 "Corporate China in Western Balkans" (Tirana: Cooperation and Development Institute, 2019).

12 Anastas Vangeli, "Diffusion of ideas in the era of the Belt

and Road: Insights from China-CEE think tank cooperation" (*Asia-Europe Journal*, 2019).

migration crisis and Brexit, the EU has become inward-looking and defensive, showing increased reluctance towards EU enlargement. Meanwhile, in the US, the Trump era has unravelled much of the liberal international order to advance an “America First” agenda, restoring the reading of the Balkans as a region where great powers collide with locals as collateral. China on the other hand, by launching the BRI and other opportunities for interaction, has facilitated the co-production of narratives of economic and techno-scientific progress and inter-connectivity, particularly attuned to the needs of the global periphery. It has used not only its resources, but also its accumulated prestige as an economic miracle-maker to vouch for the credibility of such a vision.

China’s symbolic power has arguably left an imprint, at least when it comes to creating an appetite for development and at times it has maybe even gone too far. In fact, the imagination of certain local actors from the Balkans has caused them to romanticize China’s ability of bringing wealth to the Balkans to the extent that compelled Chinese actors to provide a reality check. For example, during one 17+1 event, a Chinese scholar weighed in on the investment wishes expressed by locals, arguing that China is not Santa Claus. Of course in policy terms, inflated expectations may be a warning sign for Beijing that lack of delivery is likely to lead to disappointment and backlash. At the same time, the scope of local desire for Chinese involvement in the region suggests that China will remain a welcome actor in the foreseeable future, co-shaping debates on the future of the region.

An important remark has to be made here: not everyone in the Balkans has jumped on the China train. Recent tensions between China and the EU, more importantly between China and the US, have been a factor of constraint and limitation for China’s agenda. The recent proliferation of content critical of China in the Western media has had a particular effect. Just as actors in the region emulated a Western opportunistic approach towards China earlier on, some of them now emulate the “China Threat” discourse. Nevertheless, what sustains the symbolic power of China even in the context of a “New Cold War” is the vernacular of China-led cooperation centred on economic development and the inspiring example of China’s own success. In other words, whereas the US and certain EU actors have stepped up their competition with China

and framed it as a threat, many actors even within the West and certainly outside it, continue to advance their relations with China driven by a promise of prosperity and the New Silk Roads.

Consequences and Responses

One of the main reasons why critical voices perceive China as a threat is for its alternative way of thinking and talking about the global economy and the role of the Balkan countries in it. However, this does not only concern the geoeconomic imagination and narratives of belts, roads, corridors, and megaprojects. It also concerns the questions of how this desired reality of development should be achieved. The normative takes on the future of the Balkans within the China-led framework are thus profoundly different compared to the ones within the framework of the EU. Many themes that are at the cornerstone of EU discourse are notably absent in the Chinese one, and vice versa. In the Chinese approach, democratization is a non-topic, while economic development is considered a major responsibility of the state. In essence however, despite its own adherence to state-led development, China’s normative approach does not endorse the promotion of any models, nor does it impose policies on actors, rather it encourages others to find what works best for them. Based on the idea that there is no one way of doing things, China deems different rules and norms and a trial-and-error approach as acceptable and legitimate. All of this is divergent, if not contradictory, to the European claim of universal values based on the ideals of liberal democracy, and policy practice based on strict rules and procedures.¹³ This is a built-in normative contradiction between the European and Chinese world views, which is reflected both in EU-China relations and their interactions in third areas.

China’s symbolic power, while advancing its worldview, has simultaneously refrained from imposing its economic norms upon the EU or directly confronting it regarding its involvement in the Balkans. On the contrary, the more the EU has voiced its concern, the more Chinese actors

13 Of course, the different approaches between the two are too many, and cannot be listed in such a limited space. For an overview see Anastas Vangeli, “Chapter One: On the Obstacles to Greater Commitment in Sino-European Relations: A European View,” in *China and Europe in 21st Century Global Politics: Partnership, Competition or Co-Evolution?*, ed. Frauke Austermann, Anastas Vangeli, and Xiaoguang Wang (Newcastle upon Tyne: Cambridge Scholars Publishing, 2013), pp. 20–42.

have sought to at least rhetorically appease it.¹⁴ The normative discrepancy instead, has been reflected in the level of policy practice.

Thus far, governments in the Balkans have not yet had to choose between two economic and political blueprints or models. The hegemonic status of the EU model remains undisputed and local actors in the region would not dare challenge it. Another likely reason for this is because a “Chinese blueprint” in that sense simply does not exist. Nevertheless, they faced the predicament of how to implement concrete projects in partnership with an external actor unversed in cooperation while abiding by EU norms and not jeopardizing EU integration prospects. The contradiction in norms was best seen in the implementation of transport infrastructure projects, which while portrayed as strategic projects by national governments and lauded as major achievements in regional connectivity by China, have raised questions regarding their transparency, efficiency and financial sustainability in Europe.¹⁵ In practice, they have also raised questions not only about the capacities of Chinese institutions and state-owned enterprises to adhere to European norms, but also of countries in the Balkans, considering their lack of knowledge about Global China and their lack of commitment to good governance. Debates about the topic have been eerily similar to debates about other governance challenges in the region, including whether criteria for EU accession can be met, questions regarding competence, diligence and corruption.¹⁶ In the Balkans like elsewhere in the world, dealing with Global China both in theory and practice raises important questions about *us* and *our models* of political and economic development, including the role and responsibilities of the state in the economy, long-term priorities and strategies, and the capabilities of various institutions.

External actors have mobilized in response to China as well. While they have often reiterated

14 Jakub Jakóbowski and Mateusz Seroka, “The Dubrovnik Summit: The Europeanisation and Enlargement of the 16+1 Format,” Analysis (Warsaw: Center for Eastern Studies, 2019), <https://www.osw.waw.pl/en/publikacje/analyses/2019-04-17/dubrovnik-summit-europeanisation-and-enlargement-161-format>.

15 Anastas Vangeli, “On Sino-Balkan Infrastructure Development Cooperation (Experiences with Chinese Investment in the Western Balkans and the Post-Soviet Space: Lessons for CEE?),” Policy Paper (Budapest: Central European University – Center for European Neighborhood Studies and Friedrich Ebert Stiftung, 2018).

16 Participant observation by the author in scholarly and policy forums on Balkans-China relations.

points about respecting rules and regulations, over time they have realized that the only way to contain China’s initiative in the region is to offer alternatives. For instance, a report of the EU Parliament Research Service argued that the Berlin Process on the Western Balkans, with its pronounced economic development and in particular its focus on comprehensive connectivity, has been one response to China.¹⁷ The Balkans are also featured in EU’s latest response to the BRI, the EU-Asia Connectivity strategy. As a response to the BRI, the US has pledged to increase the budget of its Overseas Private Investment Corporation to contribute to overseas connectivity projects. Japan has demonstrated interest in making a connectivity counter-offer to the Balkans, too.¹⁸ While these external responses may indeed slow down or even contain China’s actual policy agenda in the region, they are to some degree a reflection of China’s agenda-setting capacities. The cumulative effects are that connectivity has now become the new mainstream concept of the region. There are a growing number of global actors taking part in the competition to provide connectivity to the region, create new regional dynamics, and generate new opportunities for the governments of Southeast Europe. It is up to regional actors to adapt to this new reality and take advantage of the situation.

17 Gisela Grieger, “China, the 16+1 Format and the EU,” Briefing (European Parliamentary Research Service, September 2018), [http://www.europarl.europa.eu/RegData/etudes/BRIE/2018/625173/EPRS_BRI\(2018\)625173_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2018/625173/EPRS_BRI(2018)625173_EN.pdf).

18 Liubomir K. Topaloff, “Japan, China, and the Western Balkans” (*The Diplomat*, 2018) <https://thediplomat.com/2018/01/japan-china-and-the-western-balkans/>.

The Friedrich-Ebert-Stiftung in Southeast Europe

After more than two decades of engagement in southeastern Europe, the FES appreciates that the challenges and problems still facing this region can best be resolved through a shared regional framework. Our commitment to advancing our core interests in democratic consolidation, social and economic justice and peace through regional cooperation, has since 2015 been strengthened by establishing an infrastructure to coordinate the FES' regional work out of Sarajevo, Bosnia and Herzegovina: the Regional Dialogue Southeast Europe (Dialogue SOE).

Dialogue SOE provides analysis of shared challenges in the region and develops suitable regional programs and activities in close cooperation with the twelve FES country offices across Southeast Europe. Furthermore, we integrate our regional work into joint initiatives with our colleagues in Berlin and Brussels. We aim to inform and be informed by the efforts of both local and international organizations in order to further our work in southeastern Europe as effectively as possible.

Our regional initiatives are advanced through three broad working lines:

- Social Democratic Politics and Values
- Social and Economic Justice
- Progressive Peace Policy

Our website provides information about individual projects within each of these working lines, past events, and future initiatives: <http://www.fes-southeasteurope.org>

© 2019

Friedrich-Ebert-Stiftung

Publisher: Friedrich-Ebert-Stiftung Dialogue Southeast Europe

Kupreška 20, 71 000 Sarajevo, Bosnia and Herzegovina

www.fes-southeasteurope.org

Orders / Contact: info@fes-soe.org

Responsible: Felix Henkel, Director, Dialogue Southeast Europe

Project Coordinator: Denis Piplaš

Editor in Chief: Ioannis Armakolas

Editors: Alida Vračić, Jasmin Mujanović

Managing Editors: Felix Henkel, Denis Piplaš

Editorial Assistants: Tea Hadžiristić, Azra Muftić

Photos: Anadolu Agency (p. 12–13); Xinhua (p. 20 left); CCTV.com (p. 20 right)

Design / Realization: perTEXT, Berlin

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung (FES), or of the organization for which the authors work. The FES cannot guarantee the accuracy of all data stated in this publication. Commercial use of any media published by the Friedrich-Ebert-Stiftung is not permitted without the written consent of the FES. Any reference made to Kosovo is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence. Any reference made to Macedonia in this publication is understood to refer to the Republic of North Macedonia.

This publication has been produced in cooperation with:

BIRN CONSULTANCY
Helping you make sense of the Balkans

