



## BALKANS & EASTERN EUROPE April/3 2019

### **China reaffirms commitment to make the Western Balkans a gateway to Europe**

The eighth annual EEC-China summit was hosted by Croatia, in Dubrovnik, on the 11-12<sup>th</sup> of April. For the last time, it was called 16+1, because a new member – Greece – joined the club, now rebranded as 17+1.

Athens is already a member of the Belt and Road Initiative (BRI), the ambitious Chinese project to create new trade routes to export its goods to the West. Beijing plans to make the Balkans a gateway to the EU. Athens has close relations with the region. Joining the CEE-China Forum seemed a logical choice for Greece, but it also shows that China – or at least China's money – is attractive, especially for the Western Balkans countries, that desperately need cash to improve their poor infrastructure. Ahead of the Dubrovnik gathering, Agence France Presse (AFP) quoted a study by the European Investment Bank to highlight that *“between 2007 and 2017 Beijing announced 12 billion Euros in loans for construction projects in the 16 countries, one third of which were earmarked for Serbia, followed by Bosnia (21%) and Montenegro (7%)”*.

In Dubrovnik, China confirmed its commitment to invest in infrastructures in the whole region. An announcement about contracts to build the Belgrade-Budapest high-speed railway is due to come soon. The same railway could be extended via North Macedonia to the Piraeus Port, managed by the Chinese shipping giant COSCO, a crucial spot for Beijing's grand strategy. China is eyeing Croatian ports, too, in particular the Rijeka port. Alongside that of Trieste, in Italy (so far, the only Western European country joining BRI), it could become a northern Mediterranean hub for the BRI.

Other major projects are already undergoing, like the 103 km highway connecting Bar, Montenegro's main port, to northern Serbia. Build by the Chinese Road and Bridge Corporation (CRBC), Beijing's constructions giant, it is mainly financed by its Exim Bank, a state loan provider. The project – valued 1,3 billion Euros – is becoming too big for a tiny State like Montenegro. The Financial Times reported that the borrowing from China *“has sent the country's debt from 63% in 2012 to almost 80%”*. In case of default, China can be paid back through access to Montenegro's land.

The Montenegrin case reveals that China's cash money could jeopardise the Western Balkans financial stability, EU officials warn. Brussels is concerned "*over the socioeconomic and financial effects some of China's investments can have*", the EU commissioner to Neighborhood Policy and Enlargement Negotiations, Johannes Hahn, told AFP. Also Chinese investments in coal plants have been put under scrutiny by the EU. They are not strategic. They just help to forge good relations with local governments and get the green light for major infrastructural projects. Politicians in the region welcome such investments, that keep old plants alive and save jobs, but also consensus. Such scheme is much more preferable than that proposed by the EU, which asks to do more to phase out coal in order to comply with European environmental criteria.

Do the Western Balkans think that China is better than the EU? Are they becoming more and more fascinated by the Chinese way, that combine fresh money and authoritarian rule at home? It is hard to answer yes. The Asian superpower's contribute in terms of FDI in the Western Balkans is still rather thin compared to that of the EU, which still keeps a 70% quota. And despite democracy standards have decreased in the region over the last years, the Western Balkans have absorbed some acquis communautaire and feel very comfortable under NATO umbrella. Nevertheless, China's dynamic posture in the Western Balkans and in Central Europe as well, testify that the Asian giant plays a role in the old continent. This cannot be underestimated; neither European politicians should complain loudly because of China's assertive behavior, as it happened recently, showing they think that the Western Balkans are Europe's own courtyard. Europe is a big democracy, and democracies accept challenges and global competition, if possible by taking action.

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