

POLICY PAPER

Chinese Influence in the Western Balkans: An Annual Review

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- After publishing the [analysis](#) of the impact of Chinese influence and investments in the Western Balkans last year, we can now evaluate its impact from a year-long perspective. The year-long reflection allows us to evaluate China's policy towards the Western Balkan countries whilst considering all of its possible *side effects*.
- This analysis revolves around two main questions: 1) what is the impact of Chinese activities on two individual WB countries – Serbia and Bosna and Hercegovina; and 2) how such policy is evaluated by the EU and Western European countries.



Whilst acknowledging the need for a wider cross-country analysis, we shall focus primarily on these two recipients of Chinese investments in the Western Balkans for the following reason: they both share a stronger strategic interest coming from Beijing, but at the same time they have different political and economic motivations when it comes to development and cooperation with China.¹

The paper is divided into three parts. In the first, we analyse the recent progress of Chinese involvements in the Western Balkans within the context of the Belt and Road Initiative (through the 16+1 initiative) in 2018. The second part focuses on individual Chinese-funded projects started or to be implemented in Serbia and BiH with focus on domestic policy. Lastly, the concluding part deals with the impact of Chinese involvement in the region on the EU integration process of Serbia and BiH.

Introduction

When looking back on the year-long reflection of the previous study, there seems to be a rise of research interest on the topic of Chinese investment activities in the Western Balkans.² This research predominantly revolves around two main focal points: the lack of transparency when it comes to public procurement within implemented Beijing-backed projects, and the vulnerability of WB countries to corruption³. Unfortunately, significantly less interest is paid to the decision-making process of allowing Chinese influence through investments when it comes to the domestic environment of individual WB countries. For this reason, little to no attention is being paid to the quality levels of both policy implementation and administration of the projects, as well as the motivations behind them. As a

result, there is a lack of understanding on what the decisive elements are when it comes to cooperation development with Chinese government agencies and / or companies that are tied to the Communist Party of China (CPC). Thus, hand in hand with the growing involvement of China in the region, the discussion shifts towards the macro-regional or even global level of impact of such cooperation, and how this cooperation might potentially shape the political and economic future of the Western Balkans. However, analyses of the impact of the Balkan region as well as its individual countries are usually either over- or not estimating the position of the Balkan region in the global context: the regional complexity, coupled with the respective relations towards key global players, i.e. China, Russia and the US, tend to make analyses of the Balkan region deteriorate into a matter of vying spheres of influence, whilst downplaying bilateral details of the respective relations with the mentioned global players. Simultaneously, with the rising awareness on Chinese involvement in the region, the EU integration process should become (again) the main merit of analysis of both EU enlargement policy and general research. Thus, this paper will aim to answer following questions:

- 1) How is the EU integration process of the two WB countries continuing vis-à-vis the developing of closer ties with Chinese institutions?
- 2) How do Serbia and Bosnia and Herzegovina fit into China's long-term strategy along with the 16+1 framework?

¹ See Vuk Vuksanovic's commentary for War on the Rocks, available here: <https://warontherocks.com/2017/11/unexpected-regional-player-balkans-china/> and Michal Vít's interview for Balkan Insight, available here: http://www.balkaninsight.com/en/article/china-s-balkan-largesse-comes-at-a-price-expert-warns-07-03-2018?fbclid=IwAR0GUcg7oVvwzZ8NjpkBDmWiE3ViSRKeP64KuR-FdB0iom_C85RK731wKQk

² Apart from the focus of numerous studies that aimed to shed light on the matter of Chinese investments in the WB, a much-expected European Parliament Briefing that was published in September 2018 (as an update to its predecessor from March 2017)

and analyzed the 16+1 cooperation format, including details on the different environment in the WB countries as opposed to the other 11 EU members in the group; as well as presented an outline of Chinese lending practices, sought as a possible threat to EU good governance reforms in the region. The Briefing is available here: [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)

³ For more information, see the authors' previous Policy Paper on Chinese influence in the Western Balkans, available here: <http://europeum.org/en/articles/detail/1677/the-good-the-bad-and-the-ugly-chinese-influence-in-the-western-balkans>

Assessment of the Continuation of Chinese Involvement in the Region

As pointed out in the latest European Parliament Briefing on the 16+1 format – and looking back to the past year – we can observe that the rhetorical interest was not significantly followed by substantial progress of Chinese involvement in the region.⁴ However, there are two interesting exceptions. Firstly, it is China's rather carefully cultivated approach in using its elements – primarily still economic – of soft power towards individual Balkan countries. Secondly, it is China's shift of focus from infrastructure investment projects towards other strategic sectors, such as heavy industry but also information and communication technology. Case in point, China recently positioned itself in a dominant role in the Serbian heavy industry sector, as it acquired copper and gold mines in eastern Serbia.⁵ In this respect, the process of moving its scope of interest from the traditional fields of industries (such as mining and electricity production) towards more sophisticated one (such as information technologies) is clearly evident.

As outlined in our previous study, Chinese-Serbian political relations have been rather warm historically (NATO's 1999 bombing hitting the Chinese embassy, support towards Serbia's stance in the dispute with Kosovo and agreement on issues of sovereignty) and were surely strengthened by the mutual visa liberalization. Interestingly however, the move – with Serbia becoming the first country in Europe that abolished visas with China – served as a favourable precedent for Bosnia and Herzegovina.⁶ As year

later, BiH became the second country to implement the same liberalization, expecting increases in visits of Chinese tourists to the country. However, the lack of a state-level body that would be in charge of tourism, given the complexity of the dual jurisdiction of the country, might challenge the benefits of such liberalization, as well as coordination towards China in other sectors / ministries.

Contrary to BiH, Serbia at least aims to have an institutionalized structure when it comes to Chinese investments. As reported by the Policy department of the DG for External Relations, whilst aiming to position itself as the transit state of Chinese goods coming from Piraeus (Greece), Serbia established institutional links with Beijing already in 2016.⁷ The following year, a specialized body – the Council for Cooperation with Russia and China – was created with the official mandate of *'considering, directing and coordinating the implementation of [...] the Comprehensive Strategic Partnership Agreement between the Republic of Serbia and the People's Republic of China.'*⁸

However, in this respect, it still remains questionable whether Chinese financial interests towards Serbian infrastructure can influence the overall strategy for the country's development, especially given the trade imbalance of the two trading partners⁹. As of now, contrary to the profit generating projects in BiH, Serbian cooperation with China – based primarily on infrastructure projects – does not generate a significant cash flow.¹⁰ However, it seems that Beijing's economic soft power evolved from its original scope of establishing bilateral relations with Serbia in the role of China's gateway to Europe. As of the time of writing, the site of the bombarded Embassy in Belgrade is now

⁴ European Parliament Briefing: China, the 16+1 format and the EU. September 2018, on-line, available here: [http://www.europarl.europa.eu/RegData/etudes/BRIEF/2018/625173/EPRS_BRI\(2018\)625173_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIEF/2018/625173/EPRS_BRI(2018)625173_EN.pdf)

⁵ Details provided by Cecilia Jamasmie's article for Mining.com, available here: <http://www.mining.com/chinas-zijin-wins-race-serbias-largest-copper-mine/>

⁶ For more information, see BalkanInsight's article here: <https://balkaninsight.com/2018/05/30/bosnians-to-travel-to-china-visa-free-05-29-2018/>

⁷ Concretely, between the Belgrade Chamber of Commerce and Beijing Investment Promotion Bureau. For more information, see the document (page 29-30) here:

<http://www.europarl.europa.eu/cmsdata/133504/Serbia%20cooperation%20with%20China,%20the%20EU,%20Russia%20and%20the%20USA.pdf>

⁸ See the Council's official webpage here: <http://www.knsrk.gov.rs/eng/o-nama.php>

⁹ In absolute numbers (2017), only 0.76 % of Serbian exports targeted China, whilst 7.0 % of Serbian imports came from China. Details and datasets retrieved from the Observatory of Economic Complexity, MIT: <https://atlas.media.mit.edu/en/profile/country/srb/>

¹⁰ Details provided in an interview with Anastas Vangel held in October 2018

hosting a construction of a Chinese cultural centre, which reaffirms the focus on cultural diplomacy with the two already working Confucius Institutes in the country.

Moreover, in the long run, there seems to be an aspect of expectation of economic growth from China in both countries – as ultimately, coming towards EU membership, both national economies are expected to come closer to the main European market standards. If counting with this rather logical assumption, it becomes only more logical to already have an established bridge for Chinese companies to European markets through the Western Balkans, as the region's purchasing power and economic engagement with the Single Market will increase. Thus, by employing mainly own workers and using own resources – even though it paradoxically won't add any speed to the EU integration process – China most probably seeks to create working precedents of relocation of manufacturing and logistics for its products much closer to its destination market, whilst not being fully under EU scrutiny and opting out of obeying stricter EU market and labour laws.

In such context, China is swiftly trying to adopt a development of its soft – but still primarily economic – power to carefully extend its influence on the national decision-making process without being either too assertive or aggressive: by positioning itself as an easy-going and most importantly willing business partner that proved (and continues to prove) to be reliable in bringing investments. However, with Chinese companies often linked to or serving as proxies for the government, the projects bring also a burden of debts tied to the investments, which is only raising more questions and has a potential spill-over effect of added scrutiny towards the Berlin process.

¹¹ Apart from concluding the VISA-free Deal, COSCO's office opening in Sarajevo aimed to confirm that Bosnia can counted in 2018 on other major Chinese-backed projects. See more on BalkanInsight: <https://balkaninsight.com/2018/09/25/largest-china-shipping-company-opens-branch-in-bosnia-09-24-2018/> and in reference number 12.

Overview of Chinese-backed projects in Serbia and Bosnia and Herzegovina

Bosnia and Herzegovina

The long-term interest of China towards BiH can be considered as its engagement in the mining and electricity production industries. Although the political system of BiH can be perceived as quite complex due to the existence of two separate entities within one country, China increased in the last year its engagement in both entities¹¹. Chinese institutions are not directly engaged in channelling foreign direct investments (FDI), instead acting as loans providers. The loans, however, have significantly lower interest rates¹² compared to those available from commercial banks or the European Bank for Reconstruction and Development (EBRD) and European Investment Bank (EIB). In return for easier conditions, Beijing requires substantive Chinese engagement in project implementation such as providing technology and knowhow, construction companies and labour force. Local companies thus remain only at levels of subcontracting partners, and with roughly around 20 – 30 % of share¹³ depending on the interest rate provided. Moreover, if compared to European lending possibilities, the Chinese system – lacking many EU conditionalities and of lower standard in terms of accountability – is overall more attractive and achieves quicker “matching” between local decision-makers and institutions providing credit. This establishes a very good negotiation position towards both entities since there are no other significant conditions to be fulfilled; and also causes (mainly from an EU integration perspective) transparency and corruption concerns.

Chinese institutions have been very active in the past years in BiH through a wide scope of projects in both the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS).¹⁴ This engagement has been connected mainly

¹² For more information, see Xinhua's report here: http://www.xinhuanet.com/english/2018-10/04/c_137510744.htm

¹³ According to information given by a representative of Bosna Bank International to the authors, interview held in September 2018

¹⁴ See PSSI's Briefing Paper III, available here: <https://www.balkancrossroads.com/bp-iii-economics>

with the following power plants projects: Banovici and Tuzla in FBiH, Stanari in RS, and the preparation of projects in Gacko and Ugjelvik, both in RS.¹⁵ Only the Stanari Power Plant has been prepared as a brand new installation, whilst the other projects are meant to be an extension of the current capacity.¹⁶ Besides the above-mentioned thermo power plant stations, China aims to enter the water power plants on the river Drina in RS. There, Chinese institutions offered better conditions than a competing Austrian company during the procurement and won. Among all of the mentioned projects, one can observe the following patterns of the Chinese *modus operandi*: firstly, interest is there for projects that are expected to bring financial profit for both sides. As electricity is currently the most profitable export product of BiH, and considering the long-term economic outlooks of BiH, this sector is regarded as strategic and investments into it are quite likely to generate profit. Yet one externality of such profit(s) is that they can result in facilitating increased support and amiability towards China,¹⁷ as well as, anecdotally, provide a cash flow system for the grey economy. A similar pattern – of providing concessions to the government and creating cash flow for the decision-making process, which can be exploited for particular (personal) interests – is to be found in China's interest in the mining industry in BiH, namely in lignite and copper mines.

Secondly, China offers a long-term strategic perspective that makes local decision-makers interested into deepening the cooperation, namely through the focus on transport and information and communication technology businesses that lies at the heart of its strategic development. For both sectors, BiH remains an interesting destination for China when it comes to the long-term strategic involvement that is likely to generate profit – especially as BiH might be a potential substitute for the main

goods transportation connection from Piraeus, Greece. Hence, it seems like it is only a matter of time until BiH will become a relevant optional transportation route for China Ocean Shipping (Group) Company (COSCO) since the company has recently significantly increased its involvement in BiH – through becoming an operator at port of Ploče with the aim to develop a cargo and container infrastructure in the country.¹⁸ Moreover, the ITC sector is one of the most promising business areas considering the well-connected Bosnian ITC industry to the global market and its still robust education system. The extent of Chinese interest towards ITC business(es) in BiH can be demonstrated on the start-up event *Sarajevo Unlimited* that took place in November 2018.¹⁹ The size of the Chinese delegation present consisted of more than 300 members from both the government and private companies. Despite the uncertainty of the level of follow-up and long-term commitment to the event, a clear political message towards local decisionmakers was sent and conveyed the eminent interest in the sector.²⁰

Given that decision-making in both entities [the Federation of Bosnia and Herzegovina and Republika Srpska] can be easily driven solely by China's interests at the expense of considering long-term implications shows that the extent of strategic and financial interests towards BiH also requires attention. Moreover, as the personally-dependent decision-making process is often unclear, it becomes more and more difficult to distinguish actual personal and institutional interests of BiH and RS decision-makers. This struggle can be illustrated on the case of the difficulties within the construction of the power plant in Banovici and Tuzla, where both projects were heavily dependent on the will of cantonal decision-makers, even if

¹⁵ Details in Igor Kalaba's article for Balkan Energy News, available here: <https://balkangreenenergynews.com/chinas-belt-and-road-in-balkan-coal-dead-end-why-should-eu-care/>

¹⁶ See Reuters' Commodities News here: <https://www.reuters.com/article/bosnia-energy-outages-idAFL8N1SF200>

¹⁷ South China Morning Post, more here: <https://www.scmp.com/news/china/diplomacy->

<defence/article/2152298/chinese-investment-winning-hearts-and-minds-western>

¹⁸ More information available here: <http://ba.n1info.com/English/NEWS/a287056/China-s-biggest-shipping-company-opens-office-in-Sarajevo.html>

¹⁹ The official website: <http://weareunlimited.ba/> and agenda available here: <https://www.weareunlimited.ba/agenda/>

²⁰ Details here: <http://poslovnovenovine.ba/2018/10/29/poziv-za-ucesce-na-b2b-sastancima-na-sarajevo-unlimited/>

they all belonged to the same political party.²¹ Such approach and struggle might also be the cause for the delays of implementation as well as a doubling of the expected price of the project as personal political struggles and whims risk overriding public, regional and national interests. Another important factor contributing to the eagerness with which business with Beijing is being conducted is the fact that it provides BiH with comparable economic benefits to those of the EU, yet without the conditionality of numerous challenging reform processes that are integral requirements to the EU accession and integration process. Thus, the incentives and urgency towards EU accession and integration is undermined, which serves China's strategic interests.

Serbia

The involvement of Chinese institutions in Serbia has been significantly deepened in both economic and institutional terms. A lot attention has been paid to planned or ongoing infrastructure projects that are of regional importance, such as the improvement of a railway connection between Beograd and the Serbian-Hungarian border; or part of a highway between Čačak and Beograd.²² These projects raise attention when it comes to their broader impact translated into political and infrastructural connectivity of the Western Balkans with the EU. As the planned railway connection between Serbia and Hungary shows, even the implementation of such an extensive project has still a rather unclear background when it comes to financing and scheduled construction works. The optimistic prospect of the construction works on the Serbian side has mentioned the year 2022 for finalisation of the construction between Beograd and Subotica.²³ Despite the ongoing upgrade of the link between Beograd and Novi Sad as well as the opening of a new bridge across the Danube in Novi Sad in 2018²⁴, the deadline seems to be very

unrealistic, and Serbian authorities only mentioned that the cooperation with Chinese institutions is *still ongoing* when it comes to this particular railway project – to bring an example of how this strategic project is being communicated. In late 2017, the Serbian Ministry of Transport announced the upcoming reconstruction of a railway between Beograd and Novi Sad. However, in 2018, the construction works started on a railway network called the Beograd junction, which is substantially less relevant for the aforementioned high-speed railway connection than the much-needed upgrade of around 200 kilometers of railway connecting to the Hungarian border. Such details prove that a substantive strategy is missing when it comes to determine the aim of Chinese engagement in Serbia from the perspective of Serbian authorities. Moreover, there is a lack of evident supporting arguments for the construction, while the ones presented remain vague. As opposed to those, three main points are more often than not omitted from the discussion: (1) the newly constructed railway connects very poorly towards other Western Balkan infrastructure; (2) the already low frequency of cargo trains operated by COSCO from the port of Piraeus to Central Europe has recently actually decreased, primarily due to concerns over the lack of secure passage in the region; and (3) there is no evident overall framework for infrastructure development in the region, namely any sort of increased cooperation with Croatian and Macedonian authorities. As any significant improvement of the railway connection should be executed with an enhanced administrative and legal cooperation between Macedonia, Serbia, and to some extent also Hungary, the lack of clear political will and motivation does not match the economic perspective.²⁵

In this context, transport expert Aleksandar Bauranov²⁶ argues that significant improvement of transport efficiency can be reached using more flexible

²¹ Blog entry by Pippa Gallop, available here: <https://bankwatch.org/blog/construction-permit-denied-for-banovici-coal-power-plant-in-bosnia-and-herzegovina>

²² More here: <https://www.ekapija.com/en/news/662863/chinas-fsdi-offers-public-private-partnership-for-prokop-and-pozega-cacak-highway>

²³ Railway Gazette's article, available here: <https://www.railwaygazette.com/news/infrastructure/single->

<view/view/chinese-companies-sign-serbian-railway-upgrade-agreement.html>

²⁴ Xinhua news, available here: http://www.xinhuanet.com/english/2018-03/02/c_137009280.htm

²⁵ Aleksandar Bauranov's article for Railway Review, available here: <https://www.globalrailwayreview.com/article/29672/port-piraeus-railways-south-east-europe/>

²⁶ Ibid

border controls and railway operators between Macedonia/Serbia/Hungary. This only confirms the aforementioned need for but lack of strategic decision-making processes along the regional level considering Hungary being part of the project. Despite the existence of a specialized Serbian institution responsible for cooperation with China and Russia (the Council for Cooperation with Russia and China),²⁷ the real power of the political decision-making process is based heavily on informal networks and particular individual interests. Case in point: the Council is responsible for coordination of the public administration when it comes projects with Chinese engagement such as transportation projects, acquisitions of state owned companies etc. However, no executive power is yielded to the hands of the political decision-makers. In addition to that, the Council does not coordinate activities of the Serbian private sector towards the Chinese market – i.e. linking Chinese companies with Serbian ones. Also, there is very limited institutionalized cooperation with the Serbian Chamber of Commerce. Thus, the decision-making process seems to rely mainly on political interests, which do not necessarily overlap with institutional ones, and can be thus motivated by unclear and opaque interests. Whilst this might be a common but unfortunate practice in the region, topped by the yet still unclear ultimate goal of Chinese engagement in the Western Balkans, the issue only grows in importance towards both Brussels and EU membership prospects – as it directly undermines EU good governance reforms of fight against corruption and strengthening of the rule of law.

Moreover, lately China has significantly increased its position within the Serbian heavy industry. In this respect, the automotive factory Ikarbus²⁸ as well as mines in Majdanpek and Bor are, as of 2018, owned by Chinese institutions. When it comes to the mining and steel industries, Chinese companies have become one of the strongest presences in the Serbian heavy industry. From a regional perspective, this can be considered a significant support for the low profitability of the state-owned heavy

industry entities. Despite the fact that such assets (together with the steel mill in Smederevo and power plant Kostolac II) are far from fulfilling EU environment regulations, Serbian authorities do not link these acquisitions to the EU integration process – and it is still unclear whether the investor, China, will have an interest to tie in its ownership of these entities to EU integration. Given the fact that China indirectly became already part of the process of EU enlargement by being significantly present in the Serbian (and Balkan) economy, such (un)willingness to participate in it can be considered as a rather convenient bargaining chip for China towards the Serbian government. When considering the acquisitions on local, grassroots level, China can aim to change its image in the region rather positively – and position itself as an eager partner (even as a viable alternative) by contrasting the implied regulations and required standards from EU-based companies. In this context, the planning of a possible railway connection with Republika Srpska via Zvornik and Loznica, aiming for a better connectivity of freight transport within the region, also might become of significant comparative advantage when it comes to bargaining with both Serbian authorities and the EU institutions. Concretely, if considering the cases of Majdanpek and Bor mining areas, the prospect of a running production can postpone or halt the decrease of economic and social status of this part of Serbia. Topped by the interest of Serbian authorities in the reconstruction of a railway track between Požarevac and Bor/Zaječar, it again shows the strength of Chinese activities and their strategic eagerness to contribute in projects that are positively welcomed by Serbian authorities. With this, Chinese companies are then not limited by any resistance from Serbia when it comes to using the infrastructure for their own economic development, one that usually ties into a broader project framework such as the 16+1 and/or BRI.

²⁷ Official website available here: <http://www.knsrk.gov.rs/eng/index.php>

²⁸ See Snezana Bjelotomic article for Serbian Monitor here: <https://www.serbianmonitor.com/en/chinas-ignite-to-produce-buses-together-with-ikarbus/>

Conclusion: The Impact of Chinese Involvement vis-à-vis the EU Integration Process

It would be naive to think that the respective relations of China towards Serbia and BiH are black and white – as well as that China’s motivation for its involvement in the region is short-sighted. The Balkan region has become a point of interest because of its fragile institutions that, in a context of an increasing complexity of local, regional and international relations, put the countries in a weaker negotiating position towards the EU.

Two basic levels of relations tie into this position – firstly, it is the (in)ability of choosing the right side and the right moment when it comes to differentiate foreign investment opportunities; and secondly, the reaction and realization of EU countries that, after China poured real projects and cash into the region, the political motivation of aiming for EU integration has transformed.

Moreover, the increasing Chinese approach to the region ties into the now established political interest of the region towards Beijing, which intensified during the past year and brought along a rather firm following of China’s role in global politics, as China is swiftly reacting and developing – in the Western Balkans – its own soft-power approach that will enable Beijing to continue to be perceived as a progress- and stability-bringing player to the region. This element of eager cooperation coupled with project implementation not following EU regulations and a Chinese diversification of sectors of its investments, poses an ongoing threat to the integration process of WB countries. The instability of the institutions among individual Balkan countries – topped by an element of unscrupulous leadership prioritizing profits over needed reforms towards EU integration – more often than not result in a negative externality of not recognizing the broader economic and political implications of their participation, which then widens the gap between the political feasibility of EU integration and its domestic support. Therefore, support is still decreasing whilst EU-based companies are running out of breath in terms of bringing sufficient economic stability.

Also, there is an implicated slow but steady decrease of leverage that the EU can use in the situation, as the recipients (due to such created volatility) tend to co-create the instability that Brussels is trying to counter. Thus, this vicious circle is threatening to create another self-fulfilling prophecy of the EU losing a significant share of its transformative capital – not only towards decision-makers, but towards the broader public – as previously seen on the example of the migration crisis. There, the EU countries rather failed to provide the WB with credible incentives to help the EU deal with the influx of migrants, all while being quick to declare that the region should be part of the solution and should adapt.

Overall, Chinese engagement in both Serbia and BiH in the last year seems to be proving that investments – tailored for the countries with rather favourable conditions (in respect to international competition) and bringing Chinese terms and conditions that omit many of the requirements for the completion of EU integration process – are making the recipients unwitting vessels for Chinese regional (and geopolitical) interests, tying to a renewed foreign policy strategy from Beijing. Within such scope, the 16+1 framework (if considered a branch of the Belt and Road Initiative) has become for the Western Balkans rather a lending and construction programme that aims to – in economic terms – build a gateway to Europe for further BRI investments. That, topped by a possible convergence of the WB countries towards Chinese political and normative influence, slows down the Berlin process and stalls EU membership prospects, possibly leaving the WB in a *useful* status quo between the EU and a Chinese playing field aimed to pave the way to access the Single Market.

Whilst using such dynamic status quo to serve such scope, China is swiftly evolving its strategy in the region to implement its investment projects – which are often economically and politically welcomed by the recipients – to slow down the process of EU integration just as much to continue to enjoy the benefits of a less regulated and scrutinized playing field and market. Its eagerness to invest paid off in terms of the recipients’ welcoming of Beijing-backed projects, through which implementation China – often using a majority of own resources and workers – can

make sure to be thoroughly prepared for an ultimate entry of the countries to the EU. Meanwhile, it can easily relocate some assets of its export-led strategy (covered by the BRI initiative) to the region, coming much closer to the destination market of the EU. Ultimately – by exerting its

soft power in the region – it could even create space for discussions, through future EU accession of Serbia and Bosnia and Herzegovina, on the shape of the Single Market that both countries will become fully part of.

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Co-funded by the
Europe for Citizens Programme
of the European Union

The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.