

Chinese Presence in the Balkans - Old Allies, New Ties

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Abstract

The previous two and a half decades have seen the Balkan countries proceed with their move from basically centrally-planned economies, towards an undeniable open market philosophy for all governments of the area. The region has generally outperformed many developing countries nearby, driven by trade growth, large inflows of investment and private consumption. This ongoing process of modernization has been paramount to developing a manufacturing base to satisfy growing EU demand for cheap manufactured goods. EU was and remains the main source of FDIs and first trading partner of the Balkan countries, but we observe in the last years an always growing influence of Chinese presence in the region. China's exchange relations with Southeastern Europe at first centered on creating trade with the Balkan's biggest markets, and after that, Beijing based investments went on with the littler ones. Peculiar here is the fact that Beijing has aimed at boosting exports and flowing investments in a time when no other country would do so: immediately after the financial crisis of 2008. Despite these positive trends, the region remains very diverse with respect to income, standards of education/healthcare and infrastructure. The countries under analysis in this paper are: Albania, Montenegro, Macedonia, Bulgaria, Serbia, Bosnia and Herzegovina, Slovenia, Croatia and Romania. ¹ This paper endeavors to evaluate the real impact of People's Republic of China in the economic and political stances of the 21st century on the aforementioned countries.

Keywords: Balkans, China, Cross trade, Foreign Direct Investments, Cooperation Mechanisms, One Belt One road.

The Balkans economy in their complex historical and political context

From the enormous realm of the Ottoman Turks to the breaking down of Yugoslavia, national fringes inside the Balkans have changed drastically throughout the years. Following the collapse of the Yugoslav federation in the early 1990s, the region was set ablaze by a decade of war and conflict (Medlicott, Farrar, 2008). But many things changed since then, and most of the disorders worn away and all these countries peoples, are eager to prosper. Even today there is not a very strict denomination of the area and which the countries are that belongs to the term. In order to appear the 'issue' even more discombobulating, the same name 'Balkans' is not the only denominations used. Plenty refer to it as South East Europe. In here countries frequently included are, Serbia, Macedonia, Montenegro, Croatia, Bulgaria, Bosnia and Herzegovina and

¹ The initial intent was to include also Kosovo's economic performance on attraction of FDIs and trade partners; unfortunately, there are no available sources (ex. World Bank Database, IMF yearbook, MOFOCO, etc) on real figures to evaluate. Furthermore, in some scholars' opinion, Romania is not nominated as part of the Balkans, but for the purpose of this study Romania will be part of the analysis. As well as Greece is definitely known as a Balkan country, but again, for the purpose of this study and the perspective of a group with some common background, Greece will be left out.

Albania. There are also some other important countries which are commonly referred as part of it such as Romania, Slovenia and Moldavia.

In the time being, when all the years of the past conflict seem history, the Balkans is starting to step in a new incipient and more positive cycle, in which private businesses and foreign governments are eager to take part. Since the European Union regards these countries as her 'backyard' –Brussels is a firm adherent of the Balkans and proclaims to incite fast development, political order, stability for the fragile democracies of the region.

For a better processing of this wishes, European Membership is been offered to the countries of the West Area. This membership will give them full access to the EU's rich market and economic benefits of its common policies. At the start of the millennium some Balkan countries made their first step for entering the complex mechanism of the EU by being part of the SAA, 'Stabilization and Association Agreements'. This is the first phase of the EU membership application and outlines the processes that a country needs to make to bring its legislation into line with EU standards. Informally the SAA is a stamp of approval from the EU.

In the time being the countries' state of accession is as follows: Albania was granted candidate status in June 2014; Bosnia and Herzegovina is a potential candidate country; the Former Yugoslav Republic of Macedonia applied for EU membership in March 2004 and was granted EU candidate status in December 2005; like Bosnia and Herzegovina, Kosovo is a potential candidate for EU accession. The SAA was signed on 27 October 2015 and entered into force on 1 April 2016 following its ratification by the European Parliament (consent). Kosovo's future EU integration – like Serbia's – remains closely linked to the outcome and implementation of the EU-facilitated high-level dialogue between Kosovo and Serbia; Montenegro applied for EU membership in December 2008, more than two years after declaring its independence (which was recognized by all Member States). The country was given candidate status in December 2010, and accession negotiations were opened in June 2012; Serbia submitted its application for EU membership in December 2009 and was granted candidate status in March 2012 after Belgrade and Pristina reached an agreement on Kosovo's regional representation (De Munter, 2016), while Romania, Bulgaria, Croatia and Slovenia are already members of the EU. The Balkan countries have received billions of euros in financial help over the past years. The main sources of this funding are: Instrument for Pre-Accession Assistance (IPA),² European Neighborhood and Partnership Instrument (ENPI).³

IPA concerns those countries afforded with candidate status and also those with

² The Instrument for Pre-accession Assistance (IPA) is the means by which the EU supports reforms in the 'enlargement countries' with financial and technical help. The IPA funds build up the capacities of the countries throughout the accession process, resulting in progressive, positive developments in the region. For the period 2007-2013 IPA had a budget of some €11.5 billion; its successor, IPA II, will build on the results already achieved by dedicating €11.7 billion for the period 2014-2020.

³ The ENPI finances actions in the various sectors, including: more equitable development; regulatory trade and reforms; the liberalization of certain sectors; justice and home affairs; energy; transport; information society; environmental sustainability; research and innovation. In addition, it can provide support to electoral observation and post-crisis missions and to disaster preparedness.

potential candidate status. Turkey will receive the largest amount in total – almost half of the budget – followed by Croatia and Serbia.

The EU's European Neighborhood Policy means to advance peace, policy solidness, security, development, progress and flourishing business environments inside neighboring nations. The ENPI awards financial aid to the point of advancing improved collaboration and dynamic monetary coordination between the EU and its neighboring nations, and, specifically, supporting the execution of association and participation understandings, for example, the SAA, with the Balkans. For the period 2007-2013, a sum of 13 billion Euros was made accessible. Other major sources of funding to the Balkans are the European Investment Bank, European Development Bank for Reconstruction and Development, and the World Bank. Donor activities from institutions such as the above are largely coordinated by the Infrastructure and Steering Group (ISG), which aims to support the development of Infrastructure within the Western Balkans.

For those Balkan countries with candidate status, the EU has provided significant financial assistance to help them fulfill their objectives for eventual EU accession. Regarding imports and exports, the Balkans has witnessed strong growth in over the past decade. While trade is on the up within the Balkans, it is generally unbalanced, as many of the countries import more than they export. This means that they are dependent on foreign capital to finance their trade debts, and, therefore, could face significant problems if the flow of money were to dry up due to financing problems or a change in investor risk appetite. ⁴ If we take a look at the figures of overall imports and exports volume in the region the situation is as in table 1.

Country Name/Year	2007		2008		2009		2010		2011		2012		2013		2014		2015
	Imports	Exports															
Albania	5,429	2,454	7,149	3,278	6,598	3,061	6,280	3,324	7,010	3,777	6,189	3,558	6,158	3,677	6,562	3,733	5,362
Montenegro	3,273	1,582	4,428	1,816	2,933	1,436	2,826	1,502	3,152	1,930	2,918	1,710	2,938	1,843	2,992	1,842	2,624
Macedonia, FYR	120,094	67,041	143,512	79,593	103,082	59,023	96,203	59,916	102,077	67,622	76,719	63,239	88,813	72,905	90,488	76,826	64,594
Bulgaria	5,799	3,612	7,206	4,257	5,378	2,996	5,789	3,606	7,347	4,794	6,922	4,332	7,149	4,689	7,796	5,377	6,911
Serbia	39,909	26,298	45,096	30,446	29,966	23,265	36,343	33,565	38,202	35,606	37,825	33,976	40,590	37,256	39,499	36,842	N/A
Bosnia and Her	2,528	668	3,222	796	3,101	916	3,377	1,099	4,018	1,334	3,495	1,181	3,596	1,217	3,861	1,445	3,343
Slovenia	23,331	11,146	29,207	14,119	19,622	11,242	20,302	12,594	25,560	15,514	24,103	14,733	26,330	18,526	26,655	19,180	23,558
Croatia	9,573	4,288	11,932	5,168	8,843	4,431	9,111	5,094	10,991	5,981	10,039	5,565	10,181	6,139	11,026	6,324	9,011
Romania	36,321	33,029	41,808	36,999	29,959	28,848	31,912	30,843	37,727	36,110	33,883	33,875	34,378	35,872	36,049	37,853	32,335

Source: WorldBank Database

Table 1. Imports of goods, services and primary income (BoP, current millions US\$)

In the next table there are the figures regarding the Chinese share of these exports and imports for 2014 and 2015. As we can see the total amount for each country is not highly significant, but it should be added in this stance that “Made in China” products in the analyzed countries vary much more than 5-8% of total imports. These data are official data of country of imports, and not country of origin of goods. In other words, Balkan countries purchase many products from European wholesalers

⁴ Ibid.

and corporation, but at the end, the country of origin is still China, and country of import is a member of EU.

Country Name/Year	2013				2014			
	Imports	Of which from PRC	Exports	Of which to PRC	Imports	Of which from PRC	Exports	Of which to PRC
Albania	6,158.12	324.60	3,676.66	234.84	6,562.27	378.27	3,733.35	189.32
Montenegro	2,937.69	86.38	1,842.60	16.14	2,991.91	157.07	1,841.62	53.56
Macedonia, FYR	7,148.83	63.48	4,689.23	107.97	7,795.90	76.66	5,376.85	90.58
Bulgaria	40,590.37	1,116.98	37,255.94	956.74	39,499.42	1,178.06	36,842.24	984.86
Serbia	26,329.92	431.91	18,525.50	180.13	26,654.63	424.56	19,179.94	112.74
Bosnia and Herzegovina	10,180.55	91.33	6,133.37	20.88	11,025.84	283.98	6,323.57	37.24
Slovenia	34,378.24	1,832.81	35,871.73	302.80	36,049.38	1,991.94	37,852.96	331.46
Croatia	26,951.77	1,389.94	24,868.35	104.27	28,389.94	1,027.33	26,545.13	100.66
Romania	85,132.09	2,822.54	76,167.79	1,207.50	88,337.71	3,223.18	82,184.62	1,520.67

Table 2. Chinese share of total exports and imports in the Balkans, in millions USD
 Source: WorldBank Database, UNCTAD, MOFOCO

Chinese presence in the area

People's Republic of China did not assume a direct role in the volatile Balkan region until the late 1970s. Despite robust cooperation with Albania, mainly built upon a shared opposition to Soviet claims of world communist leadership, it was not until the summer of 1978 that Beijing articulated a coherent policy to deal with Southeastern Europe.

For a post-Mao leadership, the Balkan region had then become an important element in a broad diplomatic offensive meant to secure a foothold in the Soviet Union's sphere of influence, open up to the Third World, and forge valuable relationships with nations which could help modernize the Middle Kingdom. In effect, China severed ties with Enver Hoxha's Albania to develop tighter economic, political, and personal bonds with Josip Broz Tito's Yugoslavia and Nicolai Ceausescu's Romania. The first step for an East European alliance between Rumania, Yugoslavia and Albania, was made by Prime Minister Zhou Enlai in 1968, in the heights of the Cold War (Polain, 2011). It was easier for the Chinese premier to put in the same alliance Rumania and Yugoslavia, since both these countries had left the aside their orientation towards Moscow and had no conflict, past or present, with each other. Premier Zhou knew that the most hard to convince party for this possible future alliance would have been Albania. Yet, nothing substantial occurred.

Notwithstanding, the fall of the Iron Curtain and the grisly breaking down of Yugoslavia kept China from maintaining solid connections with Southeastern Europe. As the Balkan area is coming back to steadiness, the time has wanted Beijing to develop other techniques and spread its impact through expanded trade exchange. The vital land position amongst Asia and Europe, gives the area enormous potential to end up a key center point for direct exchange between the two continents.

By 2015 China has become the second trade partner after the EU. If we analyze the countries one by one we will find the following scenario:

In Serbia the leap forward venture amongst Serbia and PRC was the construction of a bridge close to the capital Belgrade in 2010, which the Chinese state-owned company "China Road and Bridge Corporation". The next important investment was the participation of a Chinese fund of 239 million dollars (a country to country

loan with preferential conditions) for the reconstruction of Kostolac power plant in 2014. Among different agreements which are viewed as huge is the construction of the Belgrade-Budapest fast railroad which is believed firmly to be finished by 2018. Serbian government has also closed a deal to sell Zelezara Smederevo steel mill to China's He Steel Group, one of the largest firms in the global steel business, for 46 million euros. Until now, Chinese companies were engaged mostly in infrastructure projects financed through state-sponsored bilateral loans.⁵ Plenty of other deals, in areas such as currency swaps, renewable energy and highway construction, came during a visit to Serbia by Chinese President Xi Jinping,⁶ in summer 2016, culminated with the by signing 22 agreements on finance and infrastructure.

In Montenegro China's Exim Bank signed a 800 million Euros arrangement to back an extend of highway connecting the port of Bar with Serbia, regardless of restriction to the arrangement from the International Monetary Fund (IMF), the deal went on anyway. Exim Bank will provide a loan for 85 percent of the total with a six-year grace period and repayment of 20 years. Montenegro's government will secure the remaining 15 percent (bibic, 2016). Also their renewal of the ship fleet began with a loan from China Exim Bank, for a total of 56 million euros. Montenegro used this money to buy two ships, made by Chinese Poly Group.

In FYROM Sinohydro, China's infrastructure giant, was awarded the construction of two highways in the country between Kicevo and Ohrid, as well as between Miladinovci and Strip, with a total length of 110 kilometers.

In Albania Chinese organizations are likewise effectively included in the country's transportation framework. The Port of Shëngjin in Northern Albania is created by China Communications Construction Company. In April 2016, a consortium of China Everbright and a Hong Kong organization declared the decision of an arrangement to assume control Tirana International Airport, which was made legal 5 months later. Meanwhile, there are arrangements for the highway "8th Corridor", connecting Tirana with the Macedonian fringe to be updated by Chinese organizations utilizing Chinese financing as well.

In Bosnia, Chinese involvement in the country's economy is limited to a small nr of projects. Chinese companies are currently developing two coal-fired thermal power plants, one in Stanari in the Republic of Srpska, the other in Tuzla in the Federation of Bosnia and Herzegovina. Bosnia has natural advantages in terms of energy generation, and already being an exporter of electricity, Bosnians are hoping to turn this sector into larger source of income for their country. These projects, undertaken with Chinese equipment and Chinese funding, can profoundly contribute to this purpose.⁷

In Slovenia, Chinese emissaries made calls on key infrastructure companies, including the Port of Koper and rail operator Slovenske železnice, after singling out infrastructure as a primary area of interest. The Chinese, for their part, are interested in investment, as executives of China Railway Construction Corporation Limited

⁵ <http://www.balkaninsight.com/en/article/serbia-s-credit-based-economic-cooperation-lacks-direct-investments-06-14-2016>.

⁶ <http://www.reuters.com/article/us-serbia-china-idUSKCN0Z40C6>.

⁷ Ath, Altay, *China in the Balkans: Montenegro and Bosnia-Herzegovina open new frontiers*, 2016.

quizzed the port officials about future investments in port infrastructure. A call to make the best possible use of the meeting of 151 Chinese and over 220 Slovenian business representatives was issued by the four key speakers, including Chinese Vice Premier Wang Yang, at the Sino-Slovenian business forum in Ljubljana.⁸

In Croatia, Prime Minister Zoran Milanovic was missing the annual summit for a second year in a row, after missing the meeting in Belgrade in 2014, owing all to the rocky political relations with the host country, Serbia. Croatia's Chamber of Commerce is leading a delegation of 13 Croatian companies that have met Chinese partners on the sidelines of the summit.⁹

In Bulgaria The largest up to date Chinese investment in the field of energy, evaluated in the amount of \$ 1.5 billion started last year, with the active assistance of the Bulgarian-Chinese Chamber of Commerce and Industry. The investment will cover not only the construction of power plants, but also the assembly plants of the equipment required for these facilities. Last year this project had received an amount of \$ 50 million from the Chinese government holding company "XEMC Group," said Azmanov. He informed that the Chinese company is currently looking for a suitable place to build a factory that will provide 300 to 500 new jobs.¹⁰

In Romania he projects of bilateral cooperation aims at the following domains: auto, renewable energy, real estate and education. Thus, the Chinese investors intend to build a factory for auto parts in Brasov, the investment being estimated at 45 million euro. Similarly, there is a project in the domain of car ornaments which will be made with an investment worth 17,6 million dollars and the construction of a solar power station of 20MW investment worth 33 million euro. At the same time, the Chinese intend to invest 23 million euro in the development of real estate units in the capital city and to develop a project of cooperation and exchange in the domain of education in Hunedoara. Five investment projects of some Chinese companies in Romania worth over 118 million euro were signed in China on the margin of the ministerial reunion for the economic and commercial promotion between China and the countries of Central and Eastern Europe, informs the ministry of economy.¹¹ In table 4 below there are the figures of the China-Balkans from year 2007 to year 2014. The increasing value on year to year bases for FDIs in impressive and there is the general trend of only increasing, beside Montenegro which is stable on FDIs attraction from PRC.

Country Name	2007	2008	2009	2010	2011	2012	2013	2014
Albania	0.51	0.51	4.35	4.43	4.43	4.43	7.03	7.03
Montenegro	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
Macedonia, FYR	0.2	0.2	0.2	0.2	0.2	0.26	2.09	2.11
Bulgaria	4.74	4.74	2.31	18.6	72.56	126.74	149.85	170.27
Serbia	2	2	2.68	4.84	5.05	6.47	18.59	29.71
Bosnia and Herzegovina	3.51	3.51	5.92	5.98	6.01	6.07	6.13	6.13
Slovenia	1.4	1.4	5	5	5	5	5	5
Croatia	7.84	7.84	8.1	8.13	8.18	8.63	8.31	11.87
Romania	72.88	85.66	93.34	124.95	125.83	161.09	145.13	191.37

Table 3, Chinese FDIs flow in the Balkan Countries (in Millions, USD)

Source: MOFOCO

⁸ <http://www.sloveniatimes.com/chinese-wants-action>.

⁹ <http://www.balkaninsight.com/en/article/china-seeks-closer-ties-with-balkans-11-25-2015>.

¹⁰ <http://www.bulgariachina.com/en/news/view/14.the-chinese-investments-in-bulgaria-will-increase.html>.

¹¹ <http://www.thediplomat.ro/articol.php?id=7164>.

In order to have a better understanding of the whole situation of FDI's inflows in the region, Table 4 analyzes the share of the Chinese presence in the market.

Country Name	2007	Of which from PRC	2008	Of which from PRC	2009	Of which from PRC	2010	Of which from PRC	2011	Of which from PRC	2012	Of which from PRC	2013	Of which from PRC	2014	Of which from PRC	2015
Albania	652	0.51	1,241	0.51	1,343	4.35	1,089	4.43	1,049	4.43	920	4.43	1,254	7.03	1,149	7.03	982
Montenegro	938	0.32	975	0.32	1,549	0.32	758	0.32	556	0.32	618	0.32	446	0.32	497	0.32	700
Macedonia, FYR	733	0.2	612	0.2	260	0.2	301	0.2	508	0.2	338	0.26	402	2.09	61	2.11	193
Bulgaria	13,875	4.74	10,297	4.74	3,897	2.31	1,242	18.6	2,100	72.56	1,788	126.74	1,989	149.85	1,971	170.27	1,774
Serbia	4,424	2	4,056	2	2,929	2.68	1,693	8.81	4,990	5.05	1,276	6.47	2,060	18.59	2,060	29.71	2,345
Bosnia and Herzegovina	1,842	3.51	1,005	3.51	139	5.92	444	5.96	472	6.01	392	6.07	337	6.13	497	6.13	267
Slovenia	1,895	1.4	1,081	1.4	-346	5	319	5	876	5	34	5	104	5	1,019	5	1,680
Croatia	4,567	7.84	5,188	7.84	3,199	8.1	1,424	8.13	1,418	8.18	1,465	8.63	937	8.31	3,960	11.87	159
Romania	10,103	72.88	13,668	85.66	4,038	93.34	3,214	124.95	2,370	125.83	3,048	161.09	3,855	145.13	3,869	191.37	3,891

Table 4, Share of Chinese FDI's out of total FDI's flows in the Balkan countries (In Millions USD)

Source: World Bank, UNCTAD, MOFOCO

As we can see the percentage of the Chinese share is still small, and according to some European scholars, Chinese government is willing to take bigger risks than their European rivals and Chinese companies, especially State Owned Enterprises, which are capable to finance the projects on very favorable terms.

It must be outlined here that the Balkan countries in the past decade have been the major attractors of EU direct investments because the prospect of EU accession for these countries is opening doors to both business and market reforms. A safe economic environment and functional infrastructure for South East Europe are translated in high investments opportunities for Western European countries. In the time-being, roads, railways, ports and airports are being upgraded and expanded as trade flows begin to surge. The modernization and extension of its roads, rails, airports, and ports are essential if the region is to cope with increasing trade. A study by the European Commission forecasts continued rapid growth in trade flows and freight transport between the EU and its neighbors – overall volumes are expected to grow by 100% between 2000 and 2020. An improving infrastructure will allow the Balkans to take better advantage of its strategic location – the crossroad of major international trade routes (Cheung & Lee, 2015).

Chinese investments in the Balkans as integral part of Beijing's "New Diplomacy"

Geostrategic policymaking represents a country's effort in the world arena to use geographic orientation and principles to pursue and safeguard its national interests. Entering the twenty-first century, China's geostrategic relationships are undergoing profound change (Xu Qi, 2004).

As consequence, geopolitical analysis is an essential component of any sound investment strategy. The Balkan countries under analysis in this paper are part of bigger cooperation mechanism named "16+1", which is the cooperation between 16 Central and Eastern European Countries plus People's Republic of China. CEE countries include all 16 countries covering the region east of Germany and Austria, north of Greece, south of the Baltic and west of Russia and include: five Central European countries of Poland, Hungary, the Czech Republic, Slovakia, and Slovenia; three Baltic countries of Estonia, Latvia and Lithuania and eight Eastern and Southeast European country of Romania, Bulgaria, Serbia, Montenegro, Croatia, Macedonia, Bosnia and Albania.

By the time when the Soviet Union collapsed and great political changes took

place in CEEC, the term 'CEE countries' gradually resumed its original geographic connotation. These countries are notably diversified in economic and social situation, religion, culture as well as their foreign policies. However, they also have certain similarities: they used to be members in the socialist camp; they have gone through difficult but uncompleted systemic transformation; and they are all developing countries. After the 90s, these group of countries, each in different ways, prioritized the policy of 'turning back to Europe' in both domestic reform and foreign policy performance. They worked hard to get free from security vacuum and to adopt the Western economic and social development model with the accession to NATO and the EU as the major concern (Long, 2014).

Firstly, their inclining toward the West approach has been corrected to a more adjusted outside arrangement, and CEE nations have given careful consideration in creating relations with other important actors like China while carefully maintaining ties with the United States and Europe. Furthermore, during an era of perpetually extending worldwide economic integration and China's fast financial development, CEE nations have joined more prominent significance to their financial and exchange joins with China. The respective exchange volume between CEE nations and China has seen a great momentum especially in the last 5 to 7 years. Institutionally everything started in April 2011, Chinese Premier Wen Jiabao paid a visit to Central and Eastern Europe and the first meeting between the Chinese and CEE leaders. In the fall of 2012 China established the China-CEE cooperation Secretariat and the first meeting of national coordinators were held in Beijing. The trajectory of the Chinese behavior in the group of the CEE countries has a standard of calling summits on yearly bases and during those summits go deeper in bilateral talks with every specific country of interest.

Usually all Heads of States and decision-making apparatus are present (Prime Ministers, Minsters of Trade, Minsters of Infrastructure, etc). On yearly bases the summits were held a follow Warsaw Summit in 2012¹², Bucharest Summit 2013¹³,

¹² According to a press release issued after the summit, China reaffirmed support for European integration and the measures taken by central and eastern European nations to promote healthy economic development. Meanwhile, the European countries welcomed China's contribution to the world economy through its fast economic growth. The leaders agreed to deepen practical cooperation in trade, investment, fiscal and financial areas. China would take positive steps to back cooperation with the European countries in infrastructure, high and new technology and clean energy. Aiming to further bolster two-way investment, the leaders expressed commitment to eradicating trade and investment protectionism. http://news.xinhuanet.com/english/china/2012-04/26/c_123043844.htm

¹³ Premier Li Keqiang and the state leaders have issued a guiding document following their summit, pledging to expand their cooperation, particularly when it comes to investment and infrastructure construction. They all agreed to provide more support to small and medium-sized enterprises and offer larger room to play an 'active role' in bilateral trade. Li Keqiang has also issued a six-point proposal on deepening China's ties with Central and Eastern European countries. Other proposals include enhancing cooperation on transportation infrastructure, new energy and finance, as well as expanding local government exchanges. During this summit China reached an agreement with Hungary and Serbia to jointly build a railway between the latter two countries. http://english.cri.cn/11354/2013/11/27/3_441s800648.htm

Belgrade summit 2014¹⁴, Suzhou summit 2015¹⁵.

According to Jakobowski,¹⁶ The goals of China's direct investments in Central and Eastern Europe should be viewed in a wider context of development goals identified in the 12th Five-Year Plan for the years 2011–2015. The Plan mentions the need to acquire strategic assets to enable Chinese companies to increase their competitiveness on global markets, including by acquiring foreign companies to guarantee Chinese companies access to technology and an R&D base, to international sales channels and to recognizable brands. This coincides with an immense project carried on by the Chinese Government namely "One Belt, One Road".

The 'China dream' of the 'great rejuvenation of the nation' has been the hallmark of Xi Jinping's presidency since he became party chief in late 2012. President Xi's main idea is to restore China's pre-nineteenth century grandeur and influence in order to make it a 'prosperous, strong, culturally advanced and harmonious country.' The proposed revival of a great trade route that two thousand years ago bridged Eastern and Western cultures across the Eurasian continent might well help realize that objective (Rolland, 2015). The visionary functionaries in Beijing have been dreaming of revivals and resurrections over what has come to be known as the 'one belt, one road' policy. The language of the New Silk Road, more than a patch on the ancient Silk Road strategy of the Han Dynasty, has become something of an accelerant drive in planning, the hallmark of President Xi Jinping's still early tenure (Kampamark, 2015). In all, the Chinese vision of a Silk Road economic belt (also dubbed 'one belt, one road' by Chinese writers) encompasses a population of 4.4 billion people with a collective GDP of \$21 trillion (one-third of the world's wealth) and links emerging markets with strong growth potential. For China, the proposed new Silk Road is, among other goals, a tool for promoting national economic development by boosting exports, enhancing access to natural resources, and providing support to important domestic industries.

China has a long tradition in the construction and the maintenance of huge infrastructural projects. Let's remind of the Grand Canal, the Great Wall, and the impressive length of the Chinese Railway system in the 21st century. PRC has been poised to fully tap its skills and capacity to strengthen the connectivity and links between China and countries in Central Asia, Europe, Southeast Asia and countries

¹⁴ Participants recognized that China-CEEC cooperation has provided new driving force to China-CEEC traditional friendship, built a new platform for mutually beneficial cooperation and served as a new engine for deepening China-Europe relations for mutual benefit and win-win cooperation. To this end, the participants jointly formulated and issued, on the theme of 'New Driving Force, New Platform and New Engine', reaffirming their readiness to expand cooperation in accordance with their respective laws and regulations, as well as in the case of EU member states, the EU legislation, regulations and policies stemming from their membership. http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1224905.shtml

¹⁵ The theme of the Suzhou Summit is "a new beginning, new domains and a new vision." These three "new" aspects represent one agenda for cooperation over the next five years and six cooperative priorities: implementing a roadmap for advancing cooperation, promoting synergy between the Belt and Road initiative and the development strategies of the CEECs, setting new examples for cooperation on production capacity, looking for new ways to invest and finance cooperation, stimulating trade and investment, and expanding people-to-people cultural exchange. http://www.china.org.cn/opinion/2015-12/11/content_37291453.htm

¹⁶ Jakóbowski, Jakub, *China's foreign direct investments within the '16+1' cooperation formula: strategy, institutions, and results*. Commentary, OSW Centre for Eastern Studies, Nr. 191 | 27.11.2015.

as far as in the Balkans as well.

Professor Xi Ze, argues that these two new proposals, are aimed to develop and deepen cooperation in a new form, and have very meaningful implications for the development of the relationships between China and the other nations along the New Silk Road.¹⁷ He analyses the innovation in conceptualization at first place by stating that China in the course of its 'reform and opening up', initially adopted a 'bringing-in' strategy, that is, to attract outside countries' technology and investment to do development in China. Chinese scholars call it a policy of 'hitching a ride,' to draw in support from international assistance to push forward the economic development. This kind of policy in the beginning of opening up of China achieved obvious results in developing the country. A lot of international financial organizations and friendly nations came to China to invest and engage in economic cooperation.

The second phase is the 'going-out' strategy. That is, to better accelerate the development of China's economic policies, by pushing Chinese companies and enterprises to go out, to go out abroad to do international development, to develop everywhere in the world; to go out for international economic cooperation.¹⁸ The very name of the project, the Silk Road, is inextricably linked to China's past as a source of goods and information for the rest of the world. The promotion of the New Silk Road Project reflects how China seeks to position herself internationally—to propose such an important concept and such an innovative proposal, China is proposing a stand on how she seeks to align herself in relationship with the international community. This project is a long-term goal on the part of China and it has no definite time frame. China's "One Belt, One Road" initiative revitalizes the ancient Silk Road which connects East and West, over land and sea. This initiative highlights the core of China's new strategic policy, while founded on economic development and shared prosperity it cannot succeed without appreciation of diverse cultures.

Conclusions

Globalization is the ultimate threshold of multiple opportunities in a world without ideological barriers, where investments, free trade, and economic cooperation are the pivot to any responsible government. Lately, the ability of the Balkan countries to attract foreign investments might have been channeled in one sense direction; political integration fused with EU obligations towards these community of countries. But in a multipolar world, where opportunities are viable in multiple directions, it would be a loss to focus only on one source of revenues.

The vital land position amongst Asia and Europe, gives the area enormous potential to end up a key center point for direct exchange between the two continents. The shape of China's investments in the region will depend on the development of the New Silk Road project, on the development of China-EU relations and on the strategic goals defined in the 13th Five-Year Plan implementation. Some worry that

¹⁷ Xi Ze, *Director for International Energy Strategy Studies, and China Institute of International Studies Senior Fellow, Beijing, China- Speech on Schiller Institute's 30th anniversary conference, "Silk Road Economic Corridor and the Innovations on its Conceptualization and Implementation"*.

¹⁸ *Ibid.*

China has ulterior motives for naval and terrestrial expansion and energy security. What the skeptic's miss is that securing economic growth is at the core of national security policy proclaimed from Beijing. To further ease worries, President Xi Jinping has emphasized "Three No's" policy: No interference in the internal affairs of other nations; Do not seek to increase the so called "sphere of influence"; Does not strive for hegemony or dominance.

If we compare the above mentioned with the major investor in the Balkans, European Bank for Reconstruction and Development, we will see that the latter asks for much more than simple interest rates. The four pillars required from each country to respect are: Free Elections and Representative Government; Civil Society, Media and Participation; Rule of Law and Access to Justice; Civil and Political Rights.

While analyzing the Chinese behavior in the region one point is the pivot: commercial exchange. Every diplomatic, political and economic approach the PRC has towards the region is just an extension of Beijing's actual foreign policy: cooperation through mutual benefit and progress. As examined with the data presented in this paper, the percentage of Chinese investments out of the total, in the Balkan countries is not very high, but it's important to point out that this trend started only few years ago and it's only growing.

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