



Weekly Briefing

**Macedonia external relations briefing:
Macedonia and Budapest 16+1 Summit
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Summary

On 27-28 November 2017, Budapest hosted the sixth annual summit of the heads of governments of China and the sixteen countries of Central-East (and Southeast) Europe (CESEE), dubbed 16+1. Macedonia was represented by a delegation led by the Prime Minister Zoran Zaev. This was the first 16+1 summit attended by the new Macedonian government, which was also a chance for its representatives to get familiarized with the 16+1 format from up-close. In the context of Sino-Macedonian relations, the summit was an opportunity to inject new energy into the bilateral relationship after the years of Macedonia's political crisis. Aside from meeting his Chinese counterpart, Prime Minister Zaev also met Chinese companies and had a bilateral meeting with the Hungarian Prime Minister, Viktor Orban. Zaev demonstrated enthusiastic rhetoric about the cooperation with China, announced new projects to be jointly pursued by Macedonia and China, and overall, managed to leave an impression that the new Macedonian government takes China and 16+1 seriously. However, due to other events occurring at the same time, related to the US relationship with the Balkans, as well as extra-ordinary domestic political developments, the 16+1 Summit and China did not have a prominent position in the news cycle and the public debate. The prospects for the relationship are good, but hard work will need to be done by the Macedonian side for the potentials of the cooperation with China to be fully utilized.

Context

Macedonia is a country whose developmental needs are to a great extent complementary with China's foreign policy objectives expressed in both the platform for cooperation with Central, East and Southeast Europe (16+1), and the Belt and Road Initiative. Geographically, Macedonia borders two countries

that are important strategic partners of China – Serbia and Greece. Macedonia also figures prominently in the new pro-active diplomacy of China, and is involved in its international platforms and projects, and is part of the China-Europe Land Sea Express passage. In theory, all of this puts Macedonia in an excellent position to significantly advance its cooperation with China. However, due to its protracted political crisis and the paralysis of the government institutions in the past 2-3 years, Macedonia has greatly lagged behind in the cooperation with China compared to the other countries that share similar characteristics (Serbia, Bosnia and Herzegovina, and Montenegro). Moreover, after the government change in 2017, cooperation with China has so far not been on the priority list – more even so, the new government started the cooperation with China with controversy as it abruptly stopped the construction of the two highways Kichevo-Ohrid and Miladinovci-Shtip (funded with ExIm Bank credits, implemented in partnership with Sinohydro) due to issues of corruption and lack of diligence. Hence, the Macedonian delegation in Budapest led by the Prime Minister Zaev had the task of smoothing the relations with China, and pushing for a return on the way to cooperation and progress. Zaev's trip to Budapest on its own left the impression that there is political will and certain vision to reinvigorate the cooperation, however other parallel developments completely overshadowed Sino-Macedonian relations and pushed them outside of the public debate.

Macedonia at the summit

The delegation of Macedonia's government to the Budapest Summit, aside from Zaev, was also comprised of the Vice Prime Minister in Charge of Economic Affairs (and a tycoon) Kocho Angjushev, the Minister for Economy Kreshnik Bekteshi, the Minister for Culture Robert Alagjovzovski, the State Secretary of the Ministry of Foreign Affairs and National Coordinator for 16+1 Viktor Dimovski, and two advisors in the Cabinet of the Prime Minister – the former minister Fatmir Besimi (economic affairs) and Mitko Andreevski

(energy policy). Prime Minister Zaev was reported to have had a keynote speech at the plenary session of the Summit where he talked on the regional and the national perspectives on cooperation with China, calling for more trade cooperation, and pledging to improve institutional framework for attracting Chinese investments.

According to the Budapest guidelines, Macedonia committed to continue participating in the process of streamlining policy under the Customs Clearance Facilitation Cooperation on the China-Europe Land-Sea Express, together with Serbia and Hungary (this also entails cooperation with Greece). Importantly, in Budapest it was agreed that Macedonia will hold the fifth Think Tank Symposium in 2018. The peculiar importance of this is that Macedonia was supposed to host the Third Think Tank Symposium in 2016. However, this did not materialize due to various reasons, which put a stain on the endeavor, while Macedonia lost face in the platform. In 2018, Macedonia will re-take the exam and will have a chance to fix the impression. This will coincide with the 25th anniversary of the establishment of bilateral relations between China and Macedonia and therefore is a good opportunity to do something more on the topic, i.e. to promote a book and publicity material on Sino-Macedonian relations.

At the summit, it was restated that Macedonia will host the China-CEEC Coordination Center for Cultural Cooperation, and it was announced that it will be launched in January 2018 by the Ministry of Culture of the Republic of Macedonia. With this, Macedonia joins the CESEE countries that are responsible for coordinating certain policy areas of cooperation. Culture has been an important policy field in the debates in Macedonia, and the current Minister of Culture has pledged to promote new people-oriented approach (compared to the old one, where culture served nationalist policies).

Finally, at the Budapest Summit it was announced that the seventh 16+1 summit in 2018 will be held in Sofia, Bulgaria. This was important news for the Macedonian side, as recently Macedonia has pursued a politics of reconciliation

and achieving ever closer comprehensive cooperation with Bulgaria, while Bulgaria committed to help Macedonia to join the EU and NATO. The government of Zaev seems to consider Bulgaria its closest partner in the neighborhood, and most loyal ally in Europe, and therefore the news that the next years' summit will be held in Bulgaria (in the same year when Bulgaria will also hold the rotating EU presidency), was welcomed and greeted by the Macedonian representatives.

Outside of the regular summit activities, Prime Minister Zaev and the Vice Prime Minister Angjushev met with representatives of the Chinese technological giants Huawei and ZTE with whom they discussed potential investments in Macedonia. In particular, they were looking for possibilities of getting Huawei and ZTE to invest in Macedonia (in particular to open research and development facilities) and presented the business conditions in the country, but they also discussed the potential application of new information and communications technologies in Macedonia, in particular the smart city technologies of Huawei, and ZTE-s all-purpose smart ID cards.

Bilateral meeting Zaev-Li

In the aftermath of the Summit, Zaev had bilateral meeting with the Chinese premier Li Keqiang. This meeting was the first time Zaev to meet his Chinese counterpart after coming in power, and at the same time was the first high level meeting between Macedonian and Chinese officials in the aftermath of the 19th National Congress of the Communist Party of China. As such, it was a meeting that first served as introduction, and for setting the ground for their future cooperation.

Macedonian media reported that Li lauded Sino-Macedonian relations and said that once the corridors 10 and 8 are completed, Macedonia will become a transportation knot in the Balkans, and again argued that investments in infrastructure are investments in the future of the country. Allegedly, speaking

about the forthcoming 25th anniversary of the bilateral relations, Li also repeated the fact that China had recognized Macedonia by its constitutional name.

Zaev called China “proven friend of Macedonia” and argued that Macedonia now faces a “historical moment.” He said that the Chinese contribution to “infrastructure modernization” in Macedonia is of great importance. He announced that Macedonia will propose concrete projects and bid to use the special credit lines within the 16+1 framework. He specifically mentioned that Macedonia is interested in the construction of the railway line of the Corridor 8 from Kichevo to the border with Albania (expected to approximately cost 500 million Euro), the construction of the Veles-Prilep highway, as well as the upgrading of the corridor 10 railway line from the northern border (Tabanovce) to the southern one (Gevgelija), which is also the Macedonian section of China-Europe Land-Sea Express.

Reception of the Summit in the media and the public

Macedonian media and the public have little knowledge and little curiosity when it comes to matters related to China. Therefore, the reporting on 16+1 was rather dry, without any originality, mostly relying on official press releases and statements, with no variation through the media. There were no op-eds, commentaries nor detailed reporting, except a couple of statements made by Zaev. There was no special emphasis on what China is, what 16+1 is, what BRI is, and what the main aspects of Sino-Macedonian cooperation are. At the same time, both the formal press releases of the government as well as the media reports contained a number of mistakes, which varied from wrongly written names to factual mistakes on key policies, and even wrongly reporting the title of the Center of Cultural Cooperation to be opened in Macedonia, all of which revealed the sorry state of China knowledge/studies in the country and the lack of expertise on the topic.

Moreover, the news from the summit was rather quickly overshadowed by other developments. First, Zaev in Budapest also met the Hungarian Prime

Minister Orbán, who has been an important factor in the Balkan affairs by supporting Gruevski during the political crisis and implicitly and sometimes explicitly criticizing Zaev while he was in opposition, getting involved in the Balkan refugee crisis, and supporting the bid of the Western Balkan countries to join the EU as soon as possible. This meeting was an opportunity for Zaev and Orbán to reconcile and turn a new page. The meeting therefore gained a lot of attention in the domestic press.

At the same time, the Budapest Summit coincided with the meetings of the Ministers of Foreign Affairs of the Western Balkan countries in Washington DC with the US Secretary of State Rex Tillerson, and other US officials as well as think tanks. As Macedonia upholds a firm pro-American geopolitical allegiance (more than it is pro-European), and as the US is the key patron of the country in international affairs, the American gathering attracted much more attention than the Budapest Summit. Moreover, in this occasion, the US announced that Brian Hoyt Yee, Deputy Assistant Secretary of State for European and Eurasian Affairs will be the new American ambassador to Macedonia. Hoyt Yee was central figure in solving the political crisis in Macedonia, and therefore his appointment as ambassador completely dominated the news cycle. In the past, Hoyt Yee who is otherwise vocal opponent of the Russian influence in the Balkans was also said to be critical of China and 16+1.

Finally, during and immediately after the Budapest Summit, the domestic agenda was bustling as well. Most notably, more than 30 individuals including high officials and deputies of VMRO-DPMNE were arrested in relation to the April 27 incident in the Parliament. These events, in combination with the news from Washington DC, have completely overshadowed the Budapest Summit and therefore the cooperation with China remained on the margins of the public debate in Macedonia. Opposition media argued that the action was planned to coincide with Zaev's trip to Budapest, so that he will only address the issue upon return to Skopje.

Prospects

All in all, at the 16+1 summit in Budapest, the Macedonian government succeeded in the mission to restore its position within the platform, and to reaffirm its commitment to the cooperation with China. Zaev demonstrated strong political will to advance Sino-Macedonian cooperation. However, this is the necessary, but not sufficient condition for the relations to improve: Macedonia needs to work hard first on its own economic development agenda, securing its agency as an economic actor, but also on its own institutions and policy frameworks, and only then seeing how the cooperation with China can contribute to its own development course. The problems that have complicated the relationship, rooted in Macedonia's own predicaments, and that are not exclusive for this relationship – but rather complicate other facets of Macedonia's domestic and foreign affairs – are still to be overcome. At the same time, regardless of the positive political climate – China is still treated as distant and unimportant in the Macedonian public debate.