

WORKING PAPER

How Serbia perceives “The Belt and the Road” Initiative and 16+1 Cooperation

Stefan Jojić

Kiadó: Kína-KKE Intézet Nonprofit Kft.

Szerkesztésért felelős személy: Chen Xin

Kiadásért felelős személy: Huang Ping



Abstract

The colorful web of intertwined bilateral and multilateral relations within “The Belt and the Road” and 16+1 initiatives makes a mosaic of interlaced policies, goals and interests. In spite of some similarities between countries “on the road and belt”, cooperation between China and individual states doesn’t represent a uniform pattern, but a unique conglomerate of attitudes, intentions and actions. That’s because of unique condition of each country and region. This situation applies in the case of Serbia also, whose partnership with China can be considered in a variety of ways. This paper examines Serbia’s attitude towards cooperation within “The Belt and the Road” and 16+1 initiatives using two levels of analysis: authoritative, which considers acts and public performance of Serbia’s authorities towards those initiatives, and non-authoritative level of analysis, which explores views and attitudes of scientific community, non-government organizations and think-tanks, public opinion, as well as the author’s viewpoint regarding the topic. For Serbia, importance of cooperation with China within these initiatives is twofold- economical, which includes intensive cooperation in improving infrastructure, Chinese direct economical investments and financial cooperation, and geopolitical and security significance, which includes mutual political support between Serbia and China in international organizations and maintenance of peace and faith in prosperity in unstable the region of the Balkans, through mutual investments and cooperation. The author also evaluates importance of those two initiatives for Serbia by analyzing cooperation through the progress of achievement of the goals stipulated in the 5-point proposal of President Xi Jinping, exposed in Astana, in 2013: policy coordination, better road connections, unimpeded trade, monetary cooperation and people to people bonds. Evaluation of mutual cooperation within the confines of these parameters provides immediate insight into Serbia’s commitment and mood towards cooperation within “The Belt and the Road” and 16+1 initiatives.

Key Words: Serbia, China, 16+1, The Belt and Road, cooperation, bilateral relations, international affairs

Methodology

Since the paper is oriented towards exploring how a country perceives a specific question, the author is focused on researching the level and character of the presence of the question in public life of Serbia and the analysis of statements and public performances of the most relevant authoritative and non-authoritative subjects in the country. Under the assumption of rationality of the decision makers, the author, by deliberation of objective significance of the initiatives for Serbia, questions attitude of the Serbia’s highest officials

towards the Initiatives. Thereby, the attitudes of relevant subjects can be affirmative or critical, directed towards cooperation overall or towards its individual segments and concrete manifestation. Under the assumption of rationality, degree of significance of the cooperation for some of the clear national interests would speak about the intentions and readiness of Serbian Government to participate.

Introduction

One Belt, One Road has been described as “the most significant and far-reaching initiative that China has ever put forward” (Winter, 2016). This initiative directly or indirectly includes over 60 countries and 4 billion people, which probably makes it the biggest infrastructure project ever. It is expected that the total value of these initiatives surpass 21 trillion US dollars (almost one third of the world’s GDP) (Janković, 2016, p. 6), and to be realized in stages over next few decades. In favor of the significance of the initiative speaks the fact that countries along the Belt and the Road are mainly undeveloped or countries in development, whose economic development to a large degree depends on modernization of the infrastructure and the opening of markets from different parts of the world. The Silk Road Economic Belt is calculated so the countries in region mutually communicate and consider developing strategies, make plans and consult each other about improving road infrastructure (Simić, 2015, p. 197). The most important common economic interests include the improvement of trade and investment flows, the improvement of transport infrastructure and deepening economic integration (Dimitrijević, 2017, p. 67). On the other hand, the 16+1 platform has become an important cooperation mechanism between China and 16 countries of Central and Eastern Europe (Oehler-Sincai, 2016), leading to a closer cooperation between the both sides, in the fields of common interests. The annual multilateral meetings of 16+1 format are the occasion for accomplishing concrete agreements between delegations and an opportunity to realize mutual projects. Since they are based on the same principles, “at the Sozhou summit (November 2015), the Chinese President Xi Jinping proposed the goal of fully integrating the “16+1 cooperation” into the “the Belt and Road” initiative” (Oehler-Sincai, 2016), so that the bilateral and multilateral cooperation of China and 16 European countries could be perceived in a wider context of the Belt and the Road.

Although, comparatively, only a small cog in a large machine to these initiatives, Serbia intends to actively participate in them and use them for realization of mainly its economic and political interests. Serbia’s Government tries to present Serbia as a reliable partner to China and a promoter of these initiatives. At the 16+1 summit in Sozhou, Serbia received the support to establish a center for transport and infrastructure cooperation within the China and Central and Eastern European countries mechanism. The cooperation within those initiatives is an extension of the traditionally good relations and strategic partnership of Serbia and China, established in 2009. Additionally, China is one of the “4 pillars of Serbia’s

diplomacy²”, which means that the cooperation with China is one of the bases for Serbia’s international political actions. The strategic partnership is comprehensive and fast developing- especially within the domains of political, economic, cultural and military cooperation (Pavličević, 2011). Over the last few years, it has been deepened in many fields, due to the intensive bilateral meetings between the two countries officials, at the presidential level. The fact that the former President of Serbia, Tomislav Nikolić, took over as head of the newly-formed National Council for cooperation with Russia and China, speaks in favor of Serbia’s intention to achieve the maximum benefit out of the relationship with China³. The council’s primary mission is to, by coordinating work with ministries, help the Government to realize more efficient political, economical and cultural cooperation with the East.

The economic aspect of cooperation

The economic significance of cooperation, within the framework of “The Belt and Road” initiative and 16+1 mechanism, is huge and multifold. Firstly, Serbia’s economy, devastated by war and economic sanctions in the 90s, was additionally burdened by the denationalizational shock therapy, according to the neoliberalism model. This caused the total industrial production of Serbia in 2013 to reach only 40% of that in 1989. Taking into account Serbia’s economy, ruined during the transition process, every form of economic cooperation with the outside world is a necessity. Secondly, Serbia’s vulnerable heavy metal and chemical industries endanger the economic and social stability of entire regions in Serbia. These are fields in which Chinese economy has leading role in the world and offer the chance of mutual beneficial cooperation. On the other hand, China is the world’s biggest agricultural products importer, while agriculture is an economic branch in which Serbia has the greatest potential for development. This compatibility between “supply and demand” provides a possibility of “guided investing”, where investments could be directed to the fields in which the two countries have greatest interests and needs. Thirdly, Serbia has long-term problems with public financing of large infrastructure projects, so the cooperation within the framework of “the Belt and the Road” and 16+1 initiatives provides an opportunity to attract Chinese investments through loans for individual and regional infrastructure projects.

The most concrete manifestation of economic cooperation between Serbia and China, so far, is the purchase of Serbia’s largest ironmongery in Smederevo, by the Chinese Hesteel Company. A former Yugoslavian giant in the field of heavy metallurgy, over the years suffered in a period of stagnation and regression. After the privatization by US Steel in 2003 and a decade of being owned by an American company, Smederevo ironmongery got into hands of Serbia’s Government again in 2012. Burdened by the low price of steel on the market and low productivity, as a consequence of non-investing into high technologies, the

² Doctrine of Serbia’s former President, Boris Tadić, which is still mostly in use. According to the doctrine, Serbia, in foreign policy, relies on cooperation with four main partners-Brussels, Moscow, Beijing and Washington.

³ The Council for cooperation with Russia and China is considered by many as an obverse to Serbia’s Ministry of European Integration.

factory was only losing money. Considering the significance of the complex for City of Smederevo⁴ and its region, the Government continued with its policy of grants and the mitigation of negative effects of the factory's business. For that purpose the Government of Serbia spent around 300 million euros over a few years, which was a huge load for Serbia's budget, so the Smederevo's ironmongery was a priority in government's privatization policy. Due to the bad situation on the iron market and its heavy debts, the factory, despite its lower than expected price, did not represent a good opportunity for potential foreign investors. In 2015 a possibility appeared that a Chinese giant in the field of heavy metallurgy, the Hesteel Company, might buy Smederevo's factory. Observing those speculations, the skeptics, like Mahmut Bušatlija, a known Belgrade adviser for foreign investments, highlighted primarily the nature of the cooperation of China and partners within 16+1 framework, according to which China is only interested in placement of its goods and services⁵. Either way, sale contract, worth 46 million euros, between Serbian Government and Hesteel was signed in April 2016. On that occasion, the President of Hesteel, Jong Jo, promised that the factory will keep the existing number of employees and expressed his feelings that, with additional investments, it can become one of the most competitive in Europe, reported the Serbian daily newspapers *Večernje novosti* (2016). Most of the high representatives of Serbia attended the signing of the contract, which speaks about the importance of this investment for Serbia's economy. On that occasion, Serbia's Prime Minister, Aleksandar Vučić, described the ironmongery sale as a "story about not giving up" and highlighted the significance of bilateral meetings with PR China's leadership, whose help was crucial for this project⁶. Officials of the two countries, over the next few months, highlighted this investment as a good foundation for future economic cooperation. Over 2016 Hesteel invested 120 million euros into the ironmongery, which was the same amount predicted for 2017. Today, the factory is making records - during the first half of 2017 Smederevo's ironmongery exported steel in value of 280 million euros, double the amount from the same period in 2016. Therefore, it is not a surprise that strategic partnership of Serbia and China, after a year of cooperation in Smederevo, was "forged" into a "steel friendship"⁷, as described by Serbia's President⁸ Vučić.

The case of Smederevo's ironmongery is relevant for one more reason. In January 2017 European Commission put this factory under surveillance, as a potential exporter of steel at dumped prices. Additional taxes were predicted for Serbia's steel export, as well as for the export of other states where Chinese steel companies do business, in order to protect the domestic production and European market from cheap Chinese steel. Besides dumping, Serbia got under suspicion for unfair competition, strictly forbidden by European laws, especially in the sensitive areas such as the steel industry, where Europe cannot achieve as efficiency as high as some of the competitors. Even some traditional European steel

⁴ Factory employs 5000 workers and hundreds of cooperants, and represents, to a large degree, the main carrier of social stability of Smederevo, a middle sized city for Serbia's conditions.

⁵ For more information see Newsweek (2015) in References. Available at: <http://www.newsweek.rs/biznis/64977-niske-nade-za-visoke-peci.html> Accessed: 15th October 2017.

⁶ For more information see *Večernje Novosti* (2016) in References.

⁷ A phrase used by Vučić in August 2017 to describe Sino-Serbian relations.

⁸ In June 2017 Vučić, a former Prime Minister, became the President.

producers have to dismiss employees, reduce production or close entire sections, due to low steel prices on the global market and slow growth of the steel demand. Under these circumstances, all, however small production, such as Smederevo's represent a challenge worth of the attention of the European Commission. In some right-winged circles of Serbia, this move of the European Union was perceived as a sabotage of Sino-Serbian cooperation, with a potential political background. However, in July 2017 The General Directorate for Trade of the European Commission delivered recommendation to the Commission about removing Serbia from anti-dumping list. On 6th October, The European Commission did so, due to negligible production amount of Smederevo's ironmongery. Serbia's leadership rated this as a great victory, which will make the factory more competitive than others⁹. The Serbian daily newspaper *Politika* (2017a) reports that in the margins of "The Belt and the Road" international forum in Beijing, during his visit to the Hesteel company headquarters, Serbia's President Aleksandar Vučić expressed his gratitude towards company and Hbei province for all they did for Smederevo and Serbia. According to them, on that occasion, Vučić highlighted Serbia's dedication towards cooperation within "The Belt and the Road" initiative and used his meeting with Chinese Prime Minister Li Keqiang to present to him the problems that Serbia faces in the case of another huge metallurgy company, RTB Bor.

RTB Bor¹⁰ is mining and smelting complex, located in Bor, eastern Serbia. For more than hundred years it dealt with exploitation of copper ore and precious metals, and their processing in its smelting works. RTB Bor, after privatization of Smederevo's ironmongery, remains the biggest loss maker owned by the state, burdening government's budget by around 100 million euros per year. Even when the Government forgave 900 of 1200 million euro of debt in 2016, the factory was still "choking" with the rest of debt, mostly on the account of construction of the new smelting work, in the moment of crisis on the global market of colored metals. For Government, which in all ways tried to achieve surplus in the budget and stop the growth of the public debt, and which in that purpose implemented drastic saving measures, this irrational economic behavior represents a danger to fiscal and monetary stability of Serbia. Today, RTB Bor is in search for a strategic partner, who will invest in new technologies for exploitation and processing, and who will, together with Serbia's Government, manage the company. According to *Večernje Novosti* (2017), two Chinese companies delivered necessary documentation for tender, while potential value of the investment is over 500 million euro. Using these models, Serbia's leadership strives to deal with other state owned industrial companies, which due to bad management or technological backwardness cannot find their place on the market. The consequence is additional burdening of the budget of Serbia, which has the duty to unnaturally keep those companies in life, and maintain the social stability that way. Examples of these kind of companies are giants of chemical industry from Pančevo and Kikinda, whose losses have been creating troubles to Serbia's budget for years. After researching the real condition and value of the companies and

⁹ For more information see Tanjug (2017).

¹⁰ A company which employees around 5000 workers, and in the similar way as Smederevo's ironmongery threatens the social stability in the region and with its cooperants represents the basic economic activity in the city with less than 50 000 citizens.

some period of restructuring, the Government of Serbia made a call to foreign investors. According to writings of some Belgrade media, among potential investors is “Dong Shiwu Holdings” company, interested in buying MSK Kikinda.

There is a mutual interest for cooperation in the domain of agriculture and food industry as well. Chinese companies are being mentioned as potential buyers of some food companies owned by Serbia’s Government, such as PK Beograd and Budimka, both in a difficult financial position. Cooperation is possible both in the domain of purchase and export of fresh and organic fruits, as well as in the field of producing final food products. In the margins of “The Belt and the Road” international forum, on 16th May 2017 in Beijing, delegations of Serbia and China signed *Memorandum on the establishment of an action plan for trade and investments in agriculture*, according to which China expressed its readiness to import unlimited amounts of lamb meat, corn, dried plums and beetroot noodles. On that occasion, Prime Minister Vučić pointed out the size of potential agricultural export and added how he expects that “Chinese processors will start coming to Serbia, since they can return huge number of products back to China”, Radio Television of Vojvodina (2017) broadcasted. Earlier this year, *Memorandum of understanding on cooperation and provision of guarantees for the safety of food products in import and export* was signed between two sides. This non-binding document speaks of the intention of Chinese side to buy Serbian food. According to the cabinet of then Serbia’s President Tomislav Nikolić, China is interested importing 500 000 tons of beef meat annually¹¹. Total annual production of beef meat in Serbia is 77 000 tons, only 15.4% of mentioned amount, which speaks of Serbia’s limited capacities, but also of the huge potential for development in that domain. With guided subsidization and encouragement of cattle breeding, Serbia could revive economically devastated rural areas, with long cattle breeding tradition, whose economic composition was damaged by industrialization and later economic transition. Whether there will be cooperation in these fields depends mostly on the will of Serbian Government to organizationally and financially help its agricultural producers. Speaking for Beta News Agency about potential exporting capabilities of Serbia, dr Dragana Mitrović, director of Institute for Asian Studies, said that “if Serbia wants to export to China, it should make long-term strategic contract about cooperation and building-up joint capacities in Serbia, and, that way, create the base for bigger production and export¹²”. In his interview for TV N1 (2017), economic journalist, Boško Korkodelović expressed his pessimism about Serbia’s personnel potential, to keep track with all the possible domains of cooperation with China.

Other type of economic cooperation of two countries is financing and construction of large infrastructure projects with the funds obtained from one of the Chinese banks, such as Exim bank. Some of the biggest projects which are supposed to be realized this way are construction of a new wing of Kostolac B thermal power plant, construction of Belgrade-Budapest fast railroad, construction of some stages of E-763 highway, as well as cooperation

¹¹ For more information see Politika (2017b) in References.

¹²From an interview for Beta News Agency. Available at :<http://www.nspm.rs/hronika/dragana-mitrovic-kineske-investicije-od-32-milijarde-evra-u-projekte-u-srbiji-su-u-stvari-zajmovi.html> , accessed on 15th October 2017.

between Serbian Telecom and Huawei Company in the field of modernizing telecommunication infrastructure, worth 150 million euros. Works on the construction of the new wing of the Serbia's largest thermal power plant are in progress. Investment, worth 700 million euros, is mostly provided by the Exim bank loan, while works on construction are assigned to China Machinery Engineering Corporation. At the 16+1 summit in Riga, in November 2016, Serbia and China signed an agreement about loan for modernization of Belgrade-Budapest railroad. Funds are provided by Exim bank, while works on construction are assigned to "China Railway International Corporation" and "China Communications Construction Company". The start on the first stage, worth 300 million euros, is expected for November 2017. After trilateral meeting China-Hungary-Serbia, dedicated to reconstruction and modernization of this railroad, on June 2017 in Budapest, Serbia's minister of infrastructure has expressed her hope that both Macedonia and Greece could join the project, completing the railway corridor between Aegean Sea and Western Europe that way: "We will initiate negotiations about how to practically link Belgrade-Budapest project with Piraeus port in Greece, since the essence of the project is (to make) a corridor which should connect , i.e. to provide Serbia a better transit between Greece and Europe," reports *Blic*(2017) daily newspaper. The most ambitious of these projects is the construction of E-763 highway, which connects Belgrade with Adriatic coast in Montenegro, and in wider context, Romania, Serbia, Montenegro and Italy. The construction of Serbian part of the highway is split in seven parts, two of which are already complete, while three are currently under the construction by Chinese companies. Works on construction of remaining two, longest and the most demanding portions are assigned to "China Road and Bridge Corporation". These projects are being financed by a loan from the Chinese side, with the possibility of granting concession for remaining parts, if both sides agree. Start of works is expected for spring 2018. The director of Institute for Asian studies, Dragana Mitrović¹³, and a consultant for foreign investments, Milan Kovačević¹⁴ are concordant in their assessments that signed contracts for these projects lack transparency. These investments are criticized for being exclusively based on state-to-state loans by providing state guarantees, which in the long run brings into question their feasibility and financial profitability (Pavličević, 2015).

(Geo)political and security significance of cooperation

There are three strong motives for cooperation within "The Belt and the Road" initiative and 16+1 mechanism which provide positive implications on the (geo)political and security position of Serbia. Firstly, the cooperation within these initiatives has a positive influence on political relations of Serbia and China and it improves mutual support that these countries provide for each other in the international arena. Secondly, cooperation is in correlation with the proclaimed "multi-polar" foreign policy of Serbia and its aspiration to take an active, but

¹³ Ibid.

¹⁴ For more information see his statement for Beta News Agency. Available at: <http://www.blic.rs/vesti/politika/kovacevic-srbiji-nije-prioritet-pruga-beograd-budimpesta/svkvgyz>, accessed on 16th October 2017.

independent position in international scene-not in the east, not in the west. Thirdly, the initiatives encourage cooperation in joint projects and actions, which leads to an improvement in regional stability and security¹⁵.

China and Serbia are sustaining a strategic partnership since 2009. Besides intensive contacts and communication between officials at the highest level, partnership implies mutual support in international initiatives and acts. In joint statement of PR China and Republic of Serbia, after establishing strategic partnership, we can notice basic principles of the partnership-respect of sovereignty and encouragement of mutually beneficial cooperation. Serbia respects the One-China policy while China actively supports territorial integrity of Serbia. China is one of the countries that does not recognize self-proclaimed independency of Kosovo and, together with Russia, represent a guarantee of Serbian policy of inadmissibility of Kosovo's membership in the United Nations. Serbia receives similar support from China for implementation of this policy in the case of other organizations, such as UNESCO and Interpol. On the other hand, the Serbian Government adopted a state policy not to join any initiatives criticizing China in international forums and effectively boycotted the Nobel Peace Prize Award Ceremony in 2010 (Pavličević, 2011). Also, Serbia is an active participant and promoter of "The Belt and the Road" and 16+1 initiatives, and one of the members that most actively encourage other countries to cooperate in this action. This policy is a logical continuation of the traditional friendship of the two states and improves their strategic partnership.

Although Serbia officially intends to join the European Union, it strives to stay out of the EU's Common Foreign and Security Policy framework, at least until it is fully integrated. Despite pressures to harmonize its foreign policy with the EU and implement sanctions to Russia, Serbia successfully resists it for now. It is a predominant stance in Serbia's public opinion that Serbia, on its path to European Integration, made more concessions and compromises towards the EU, than the EU did towards Serbia. In accordance with this attitude lies Serbia's policy to take an independent role in the international scene, balancing that way between the different poles of international politics. Instead of blind obedience towards the European Union, Serbia is, today, open for a cooperation with all parts of the world. It is in some way a message to the EU that alternatives exist for Serbia tired of the multi-year integration process, without concrete improvements or certainty regarding the date of access to the Union. This way the negotiating position of Serbia towards the EU is improved. Otherwise irrelevant for the EU, Serbia might be important if it opens up to Russian and Chinese influence, and that way forces the EU to suppress influence of the east by making concessions with Serbia. The cooperation within these initiatives is in accordance with Serbia's effort to play the role of leader in the region. Serbia uses its "Chinese special friend"¹⁶ status and tries to encourage countries from the region to join common projects. In

¹⁵ "Peace and political stability in the region" is one of the main elements of the Aleksandar Vučić's doctrine.

¹⁶ "Serbia is Chinese greatest friend in Europe", said Serbia's minister of foreign affairs Ivica Dačić, after meeting with Chinese delegation in April 2017, reports Tanjug. Available at: <http://www.blic.rs/vesti/politika/dacic-srbija-najveci-prijatelj-kine-u-evropi/2b4hjsm> , accessed on 16th October 2017.

that purpose Serbia, after hosting 16+1 summit in 2014¹⁷, strives to impose itself as a potential host of “The Belt and the Road” international forum in 2018. During “The Belt and the Road for international cooperation” forum in Beijing in 2017 President Vučić expressed his agreement with Chilean and Greek proposal for more frequent holding of the sessions and hope that Serbia, although one of the smallest states on the new silk road, will host the meeting in the near future.

With the turbulent past, unsolved historical disagreements and still alive irredentism, the region of the Balkans, from a security point of view, is the least stable region of Europe. For that reason, often, when it is spoken about the European future and Euro integration of this region, it is the security aspect of the EU that is highlighted, because it guarantees avoidance of conflicts in the future. European Union, with common foreign and security policy is seen as a dam to potential instability in the region of Balkans. Other integration processes and regional projects, such as the initiative to establish Balkan customs union or joint infrastructure projects with regional significance, serve the same purpose as well. One of those infrastructure projects is construction of fast railroad Belgrade-Budapest, which is, by economic analyst Boško Korkodelović, seen as a great opportunity for Serbia to connect to future railway corridor from China to London. Belgrade-Budapest railroad, according to Korkodelović (TV N1, 2017), would be a part of the railway corridor from Piraeus to Western Europe, through which huge amounts of Chinese goods would be transported. The potential Danube-Morava-Vardar channel would serve the same purpose, for which the feasibility study has been done. The plan is to connect Danube with Thessaloniki, by deepening riverbeds of Morava and Vardar and digging new channels. On the other hand, Serbia put some efforts to become a junction of energy corridors, through which Russian or Middle Eastern gas would be transferred to Europe. In Serbia, due to historical experience, among most of the people and political elites exists a fear of outside intervention, for the purpose of change of the internal conditions in the country, forcibly influencing resolve of a certain political situation or just evoking the crisis. Because of the importance of unhindered flow of the goods both for the producers and consumers, existence of such important corridors would have, undoubtedly, positive implications on Serbia’s security position. This discourages potential instability generators by the simple fact that potential crisis in Serbia wouldn’t have only local consequences. “This is a project of peace and tolerance”, said Serbia’s President Aleksandar Vučić, speaking about “The Belt and the Road” initiative, behind the round table of leaders in Beijing, in May 2017 (Politika, 2017c).

5-point proposal

The author evaluates the importance of these two initiatives for Serbia by analyzing the cooperation through the progress of achievement of the goals stipulated in the 5-point proposal of President Xi Jinping, exposed in Astana, in 2013: policy coordination, better

¹⁷ Ivica Dačić rated Third meeting of China and Eastern European Countries, held in Belgrade as “the most important foreign policy conference held in our country, over last few decades”. Available at: <http://mfa.gov.rs/sr/index.php/pres-servis/saopstenja/17309--q-?lang=lat> , accessed on 16th October 2017.

road connections, unimpeded trade, monetary cooperation and people-to-people bonds. The evaluation of mutual cooperation within the confines of these parameters provides immediate insight into Serbia's commitment and mood towards the cooperation within "The Belt and the Road" and 16+1 initiatives. Also, it provides insight into the level of concurrence of Chinese and Serbia's goals, as well.

The policy coordination refers to the strengthening of political exchange at all levels, which will improve mutual economic cooperation. Good example of that coordination is a frequent exchange of political ideas, intentions and interests between officials of Serbia and China, at bilateral or multilateral meetings within the framework of forums and summits of "the Belt and the Road" and 16+1 initiatives. Trilateral meetings of Hungary, Serbia and China were the foundation and place where the idea of Belgrade-Budapest railroad construction was initiated and implemented. Better road connections imply upgrading infrastructure corridors from Pacific Ocean to Europe, which will improve mutual trade and exchange of people between the regions. Construction of Belgrade-Budapest railroad is a good start to the realization of this goal. New railroad, with its eventual extension to Piraeus, would significantly ease exchange between Mediterranean and Europe. Danube-Morava-Vardar-Aegean Sea Channel would serve the same purpose. Achieving unimpeded trade is directed towards eliminating or reducing trade barriers and expenses. According to Chamber of Commerce and Industry of Serbia (2017), Serbia's total import from China in 2016 was worth 1.6 billion US dollars, while export to China worth 25.3 million of US dollars, which makes only 1.6% of import coverage. Under these circumstances it is hard to expect that Serbia's authorities will work towards reducing the customs rates and other taxes for Chinese import. Exactly opposite, Serbia's Customs Administration, announced more strict customs control ¹⁸ over Chinese goods, to prevent potential outflow of funds. Achieving monetary cooperation is in correlation with "currency settlements that could decrease transaction costs and lessen financial risk while increasing economic competitiveness" (Szcudlik-Tatar, 2013). Developing bonds between the people implies increased contact between the people through various educational and other programs or commercial tourism, exchange of cultural experience through that contacts and promotion of cultural values and heritage. Many things have been done for the realization of this goal. Since January 2017 citizens of Serbia and China do not need a visa to pass through and stay in two countries, for periods less than 30 days. As a result of that, according to Serbia's minister of tourism, commerce and telecommunication Rasim Ljajić, a number of Chinese tourists in Serbia, during the first five months of 2017 doubled, compared to same period in 2016 (Politika, 2017d). The establishment of a direct flight line between Belgrade and Beijing is announced, as well. A huge progress has been made in the field of promotion of the two country's cultures as well-works on construction and opening of Chinese culture center in Belgrade and Serbian culture center in Beijing are in progress. "Relations of two nations and two states in the domain of

¹⁸ For more information see: Uprava carina, Uvoz kineske robe-pitanja I odgovori, available at: <http://www.upravacarina.rs/lat/Informacije/FAQ/Stranice/kineskaroba.aspx> , accessed on 16th October 2017.

culture are in climb and with huge potential”¹⁹, stated Serbia’s minister of culture, Vladan Vukosavljević, during the opening of the construction of Chinese culture center in Belgrade.

Conclusion

Analysis of statements and attitudes of Serbia’s leadership towards “The Belt and the Road” and 16+1 initiatives, indicates their positive stance about cooperation within this framework and Serbia’s clear intention to, as an active participant of these initiatives, use the opportunity for fulfillment of various interests. Economic cooperation with China, which mainly occurs in the context of these initiatives, allows Serbia to solve some of the burning issues of the economy, which has slowed Serbia’s development for many years. Chinese investments in Serbia represent a huge opportunity for development as well as good evidence of the successful conduct of foreign policy of the two countries which promote economic cooperation not only at the interregional but also at the global level, contributing to the harmonization of relations between East and West (Dimitrijević, 2017, p. 77). Direct acts of Serbia’s government in their attempt to attract some of Chinese investors speaks of their intention to attach Serbia to “the locomotive of growth and development” from the East. Considering the number of mutual projects in the economic domain that are being carried out by the two countries in the last years, we can freely say that China is one of the 4 pillars of Serbia’s economic policy, as well. Critics are exclusively coming from the non-government sector, and are mainly focused to the asymmetry of export and import, non-transparency of the contracts and Serbia’s additional borrowing. On the other hand, Serbia’s active participation in “The Belt and the Road” initiative and 16+1 mechanism provides the possibility for realization of various political goals. Serbia, that way, “cements” the direct support it receives from China for its international activities of vital importance for national interests. Participation in these initiatives, indirectly, contributes to the fulfillment of Serbia’s other political interests, such as acquiring the “new image” in international community, raising its reputation in the region, strengthening Serbia’s negotiation position towards the EU or keeping the interior and regional political stability. By observing Serbia’s cooperation with China through the framework of a 5-point proposal of president Xi Jinping, the author concludes that there is a high level of accordance of Chinese and Serbia’s interests. Since there are a huge number of political initiatives and economic projects still in the preparation and negotiation phase, the author expects that the cooperation of two countries and Serbia’s engagement in Chinese initiatives will be continued with unabated intensity.

References

Articles:

¹⁹ For more information see:” Kineski kulturni centar u Beogradu je dokaz prijateljstva dve zemlje”, available at: <http://www.kultura.gov.rs/lat/aktuelnosti/kineski-kulturni-centar-u-beogradu-je-dokaz-prijateljstva-dve-zemlje-> , accessed on 16th October 2017.

Dimitrijević, D. (2017) „Chinese Investments in Serbia-A joint pledge for the Future of the New Silk Road“ *Baltic Journal of European Studies*, Vol. 7, No. 1(22).

Janković, A. (2016) “New Silk Road-new growth engine,” *Review of International Affairs*, vol. LXVII, no. 1161.

Oehler-Sincai, I. M. (2016) „Determinants, Goals and Different Approaches of the 16+1 Strategic Cooperation Framework“, *Global Economic Observer*

Pavlicević, D (2015) „China’s New Silk Road Takes Shape in Central and Eastern Europe“, *China Brief*, Vol. XV, No. 1

Pavlicević, D. (2011) „The Sino-Serbian Strategic Partnership in a Sino-EU Relationship Context“, *Briefing Series-Issue 68*

Simić, J. (2015) “EkonomskipojasnovogPutasvile: kineskiprodornaZapadiliodgovornaazijskeizazove” *Medjunarodniproblemi*, Vol. LXVII, No. 2-3.

Szczudlik-Tatar, J. (2013) „China’s New Silk Road Diplomacy“, *Polski Instytut Spraw Miedzynarodnowych-Policy Paper*, No. 34(82).

Winter, T. (2016) “One Belt, One Road, One Heritage: Cultural Diplomacy and the Silk Road”. *The Diplomat*. <https://thediplomat.com/2016/03/one-belt-one-road-one-heritage-cultural-diplomacy-and-the-silk-road/> Accessed 15th October 2017.

Internet and Media:

Blic (2017) „Spojiti projekat Beograd-Budimpesta sa Pirejom“, Available at: <http://www.blic.rs/vesti/ekonomija/mihajlovic-spojiti-projekat-beograd-budimpesta-sa-pirejom/ehwp620> , accessed on 16th October 2017.

Chamber of Industry and Commerce of Serbia (2017), „Spoljnotrgovinska robna rzmjena Srbije i Kine“, Available at: <http://www.pks.rs/MSaradnja.aspx?id=73&p=1&pp=2&> , accessed on 16th October 2017.

Newsweek (2015) „Niske nade za visoke peci: Moze li Železara Smederevo da bude profitabilna“, Available at: <http://www.newsweek.rs/biznis/64977-niske-nade-za-visoke-peci.html> , accessed on 15th October 2017.

Politika (2017a) „ Potvrda specijalnih veza Beograda i Pekinga“, Available at: <http://www.politika.rs/sr/clanak/380685/Potvrda-specijalnih-veza-Beograda-i-Pekinga> , accessed on 15th October 2017.

Politika (2017b) „Kina hoce da uveze svu govedinu koju proizvedemo“, Available at: <http://www.politika.rs/sr/clanak/379137/Kina-hoce-da-uveze-svu-govedinu-koju-proizvedemo> , accessed on 15th October 2017.

Politika (2017c) „Vučić nudi da Srbija bude sledeci domacin“, Available at: <http://www.politika.rs/sr/clanak/380617/Vucic-nudi-da-Srbija-bude-sledeci-domacin>, accessed on 16th October 2017.

Politika (2017d) „Ljajić: Udvostrucen broj turista iz Kine“, Available at: <http://www.politika.rs/sr/clanak/385914/Ljajic-Udvostrucen-broj-turista-iz-Kine> , accessed on 16th October 2017.

Radio Television of Vojvodina (2017) „Vučić kineskog premijera zamolio za pomoc za RTB Bor“, Available at: http://www.rtv.rs/sr_lat/politika/vucic-kineskog-premijera-zamolio-za-pomoc-za-rtb-bor_824751.html , accessed on 15th October 2017.

Tanjug (2017) „Srbija bez antidamping carina na celik, ostali-znacajne takse“, Available at: <http://www.tanjug.rs/full-view.aspx?izb=360122> , accessed on 15th October 2017.

TV N1 (2017) „Korkodelovic: Paleta saradnje sa Kinom velika, problem kadar“, Available at: <http://rs.n1info.com/a249005/Biznis/Korkodelovic-o-saradnji-Srbije-i-Kine.html> , accessed on 15th October 2017.

Večernje Novosti (2016) „Potpisan ugovor o prodaji zelezare Smederevo“, Available at: <http://www.novosti.rs/vesti/naslovna/ekonomija/aktuelno.239.html:601196-Potpisan-ugovor-o-prodaji-Zelezare-Smederevo> , accessed on 15th October 2017.

Večernje Novosti (2017) „Za Bor nude 600 miliona?“, Available at: <http://www.novosti.rs/vesti/naslovna/ekonomija/aktuelno.239.html:686736-Za-Bor-nude-600-miliona-evra-> , accessed on 15th October 2017.

About the author

Stefan Jojić, University of Belgrade, Faculty of Political Sciences, Serbia