

WORKING PAPER

Political and Security Perceiving of 16+1 Cooperation in Serbia

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Abstract

Since the Chinese President, Xi Jinping, first announced the Belt and Road Initiative, it has developed for five years. Under this initiative, China and its partners have completed many projects important for the transportation of goods between Asia and Europe. These big projects have drawn the world's attention to China and its Belt and Road Initiative.

It is of great importance for China to understand the stance of countries involved in the Initiative and how to cope with its challenges. Accordingly, this article aims to research the characteristics of Serbian perceptions towards the Belt and Road Initiative and 16+1 cooperation, mainly from the political and security point of view.

Unlike other partners of China in 16 + 1 formats, Serbia is not EU member country, though membership is its strategic priority. The political aspect of Serbia's perception of OBOR and 16 + 1 cooperation is of great importance because China is viewed as a strategic partner and foreign policy pillar of the Republic of Serbia in foreign policy terms. The assessment of the political and security stability of Serbia will be presented through indicators related to government stability, ethnic tensions, religious tensions, military in politics, internal conflict and external conflict.

The collection of relevant data on the state of Serbia's political and security stability is based on the content of strategic documents, media published content, attitudes of experts and academia, as well as the positions of key state executives in the process of creating internal and foreign policy of the Republic of Serbia.

Country political and security stability assessment model is based on the International Country Risk Guide (ICRG) model used for financial, economic and political risks forecasting created by the editors of International Reports.

Key Words: 16+1 cooperation, political assessment, security assessment, government stability, ethnic tensions, religious tensions, military in politics, internal conflict and external conflict

Introduction

Going beyond the analysis of Serbia-China ties, the paper explores the political and security perceiving of the '16+1' formula in Serbia in terms of cooperation between the countries of Central and Eastern Europe (CEE) and China.¹

¹ The 16+1 format is an initiative by the People's Republic of China aimed at intensifying and expanding cooperation with 11 EU Member States and 5 Balkan countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia) in the fields of investments, transport, finance, science, education, and culture. In the framework of the initiative, China has defined three potential priority areas for economic cooperation:

In the mega project "One belt - one road", Serbia has gained an extremely important strategic position not only thanks to its geographical position but also historically excellent alliance and strategic relations with People's Republic of China. Serbia is the first among the 16 European countries of the economic alliance that China has signed **agreement on mutual visa free travel** . Serbia has the both the highest number of planned investments and approved projects for implementation as well as their fastest realisation on the field.

Cooperation between Serbia and China will include projects in wide range of fields and industries, such as energy, infrastructure, mining, metal processing complex, chemical complex, construction and especially transportation infrastructure. It is expected that China will pledge its foreign exchange reserves and employ its large enterprises, but also direct considerable investments in sectors which China has a world-wide presence in the placement or needs for its own market (i.e metalworking and chemical complexes, agriculture, mining and quarrying, construction, civil engineering, energy, technology and ecology).

Political and security stability in Serbia are the key prerequisites for planning and realisation of investment, infrastructure and other projects on the field. Despite such rapid development of bilateral ties, the relations have not yet attracted full attention in academic and think tank communities, despite the constant and sharp growth or related studies. Political and security stability are main factors for shaping position of Serbia in bilateral cooperation with China and '16+1' initiative.

This paper aims at providing a brief analysis of political and security indicators which mark Serbian policy toward China. The need for this paper comes from the objective lack of relevant studies, therefore it should be understood as an initial effort to explore factors shaping Serbian policy toward China. I have relied on existing literature, strategic documents and media reports.

Methodology

For the purpose of this research, a combination of one of the methodologies for assessing investment risks and one of the global databases was used. The International Country Risk Guide (ICRG) methodology was used to predict financial, economic and political risks based on a set of 22 components, grouped into three major categories of risk: political, financial and economic, comprising 12 components (and 15 subcomponents) and financial and economic risk each containing five components.

Political risk components include Government stability, Social and economic conditions, Investment profiles, Internal conflicts, Foreign conflicts, Corruption, Religious tensions, Ethnic tensions, Democratic accountability and Bureaucracy quality.

Combining ICRG political risk components with indicators defined in www.theglobaleconomy.com/, the following indicators have been created: Assessment of

infrastructure, high technologies, and green technologies. The following sectors were identified as areas of priority importance in CEE: construction and modernisation of transport infrastructure, including motorways; development of the network of railways, airports and sea ports; energy, in particular renewable sources of energy and nuclear energy; companies trading in commodities; the food production sector.

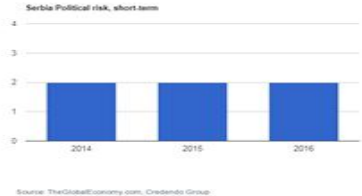
Political and Security Stability of Serbia: Political Risks, Political Stability, War Risk, Government Effectiveness, Regulatory Quality, Corruption Perceptions, Investment freedom, Global index of globalization, Economic Globalization Index, Political Globalization Index.

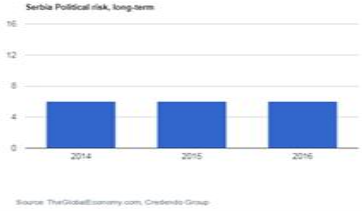
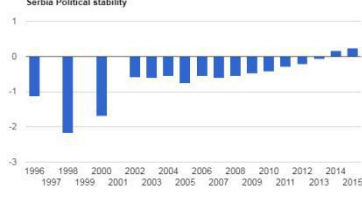
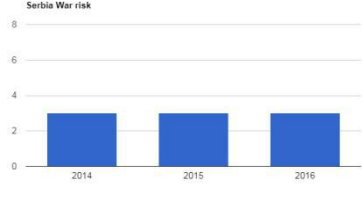
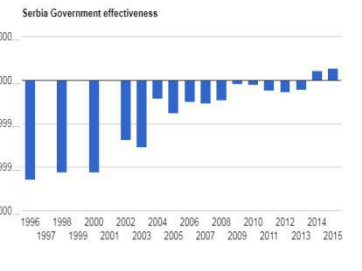
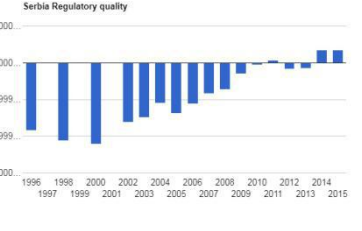
Data for assessment of political and security situation in Serbia are used from www.theglobaleconomy.com/. Within each indicator, a graphic and textual presentation of the state of the indicator is given, followed by the results of research of attitudes that are significant for Serbia's perception of 16 + 1 cooperation.

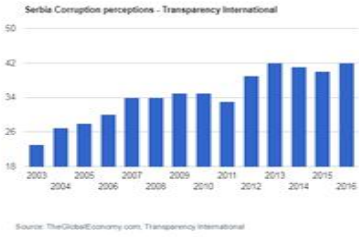
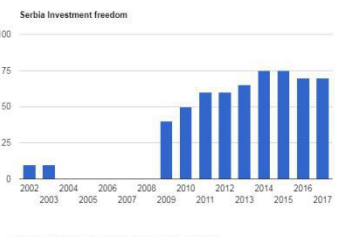
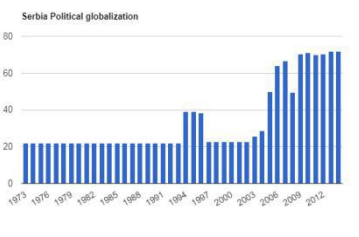
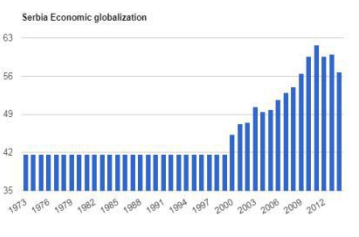
Research Results

In this paper, research results are shown in two parts. The first part refers to the tabular and graphical values of the indicators that point to the situation and tendencies of important segments of the Serbian society. These segments are regarded as critical for the successful realization of projects within the Belt and Road Initiative and 16 + 1 cooperation. The second part deals with the presentation and analysis of the perception of 16 + 1 cooperation in Serbian society through the positions defined in the political and strategic documents, the views of the work of the professional and academic public as well as in the media.

Table 1: Indicators about the situation and tendencies of important segments of the Serbian society

Indikator - Definition	Values	Graphic view
<p><i>Political risk</i> covers the risks of foreign exchange shortages, wars, revolutions, disasters and arbitrary government actions. Political risk indicator consists of Short Term political risk and Long Term political risk. Short Term political risk is related to short-term export transactions. Long Term political risk is related to export transactions with a credit period of more than</p>	<p>The average value for Short Term political risk during that period was 2 index points with a minimum of 2 index points in 2014 and a maximum of 2 index points in 2014.</p>	 <p>The chart displays three blue bars representing the short-term political risk index for Serbia from 2014 to 2016. The y-axis is labeled from 0 to 4 in increments of 1. Each bar reaches the value of 2. The source is cited as 'TheGlobalEconomy.com, Orendo Group'.</p>

<p>two years. Countries are classified into seven categories (from 1-low risk to 7-high risk) reflecting the intensity of political risk.</p>	<p>The average value for Long Term political risk during that period was 6 index points with a minimum of 6 index points in 2014 and a maximum of 6 index points in 2014.</p>	 <p>Source: TheGlobalEconomy.com, Credendo Group</p>
<p>The index of Political Stability measures perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.</p>	<p>The average value for <i>Political Stability</i> in Serbia during that period was -0.61 points with a minimum of -2.19 points in 1998 and a maximum of 0.23 points in 2015.</p>	 <p>Source: TheGlobalEconomy.com, The World Bank</p>
<p>War Risk covers the risks of external conflicts and the risks of domestic political violence. Domestic political violence includes terrorism, civil unrest, socio-economic conflicts, racial and ethnic tension and the extreme case of civil war.</p>	<p>The average value for <i>War Risk</i> in Serbia during that period was 3 index points with a minimum of 3 index points in 2014 and a maximum of 3 index points in 2016.</p>	 <p>Source: TheGlobalEconomy.com, Credendo Group</p>
<p>The index of <i>Government Effectiveness</i> shows perceptions of the public services quality, civil service quality, degree of independence from political pressures, the policy quality formulation and implementat., and the credibility of the government's commitment to such policies.</p>	<p>The average value for Government Effectiveness in Serbia during that period was -0.3 points with a minimum of -0.92 points in 1996 and a maximum of 0.11 points in 2015.</p>	 <p>Source: TheGlobalEconomy.com, The World Bank</p>
<p>The index of <i>Regulatory Quality</i> captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.</p>	<p>The average value for Regulatory Quality in Serbia during that period was -0.34 points with a minimum of -0.89 points in 2000 and a maximum of 0.14 points in 2014.</p>	 <p>Source: TheGlobalEconomy.com, The World Bank</p>

<p>The <i>Corruption Perceptions Index</i> is an indicator of perceptions of public sector corruption, i.e. administrative and political corruption.</p>	<p>The average value for Corruption Perceptions Index in Serbia during that period was 34.5 points with a minimum of 23 points in 2003 and a maximum of 42 points in 2013.</p>	 <p>Source: TheGlobalEconomy.com, Transparency International</p>
<p>The <i>Investment freedom</i> index evaluates investment restrictions (bureaucracy, restrictions on land ownership, expropriation of investments without fair compensation, foreign exchange controls, security problems, a lack of basic investment infrastructure, etc.).</p>	<p>The average value for Serbia during that period was 53.18 points with a minimum of 10 points in 2002 and a maximum of 75 points in 2014.</p>	 <p>Source: TheGlobalEconomy.com, The Heritage Foundation</p>
<p>The degree of <i>political globalization</i> is determined by the number of international organizations to which the country is a member, the number of UN peace missions a country participated in, and the number of treaties signed between two or more states.</p>	<p>The average value for Serbia during that period was 33.93 points with a minimum of 22 points in 1973 and a maximum of 71.75 points in 2013.</p>	 <p>Source: TheGlobalEconomy.com, The Swiss Institute of Technology in Zurich</p>
<p><i>Economic Globalization Index</i> has two dimensions. First, it measures economic flows between Serbia and others in trade and investment. Second, it measures the restrictions to trade and investment such as tariffs and capital controls on international investment.</p>	<p>The average value during that period was 45.89 points with a minimum of 41.65 points in 1973 and a maximum of 61.73 points in 2011.</p>	 <p>Source: TheGlobalEconomy.com, The Swiss Institute of Technology in Zurich</p>

<p><i>Social globalization</i> has three dimensions: personal contacts (internat. telecom traffic, degree of tourism, transfers, foreign population, number of intern. letters), information flows (number of internet users, share of households with a television set, and trade in newspapers) and cultural proximity.</p>	<p>The average value during that period was 59.98 points with a minimum of 57.2 points in 1973 and a maximum of 65.52 points in 2012.</p>	<p>Source: TheGlobalEconomy.com, The Swiss Institute of Technology in Zurich</p>
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The analysis of the indicators and their values, although only from one source, clearly show that Serbia is in a stable political, economic and security state. The results in this review show values for period ending in 2014. However, the key indicators China should focus on when considering project investment in Serbia have a tendency to show even better values from now on.² The cumulative value of the selected indicators points to a favourable political and security situation that should give confidence to foreign investors in Serbia.

External structural determinants of Serbian perceiving 16+1 cooperation

In the next part, we will focus on the relevant structural and actor-level factors in foreign and internal policy of Serbia which could, more or less, influence the perception of 16 + 1 cooperation in Serbia. The most important external structural processes for the perception of the 16 + 1 cooperation initiatives in Serbia are: EU integration, Initiative to develop relations with countries within 16 + 1 as part of the defined four pillars Serbian foreign policy based on China as one of them, Serbia's relationship with NATO and determination of Serbia to protect territorial integrity in term not to accept the secession of Kosovo and Metohija.

EU Integration

Integration of Serbia to the EU as one of the main strategic goals of Serbian government represents the first key structural determinant. Serbian government has underlined its commitment to making progress in all sectors of the EU accession process, and although some reforms have taken place to improve the legal system and extend minority rights, there is still a lot of room for improvement in these sectors. There is work to be done in rights such as freedom of expression and sectors of energy and environment in order to successfully meet the EU's accession criteria. The situation is somewhat better in economic sector with Serbia

² These are the values of the indicators Political Stability, Government Effectiveness, Regulatory Quality, Corruption Perceptions, Investment freedom, Political globalization, Economic globalization and Social Globalization.

having enacted many modernising economic and fiscal reforms from 2014 and 2017, the largest set of laws of the kind in recent decade. It is making a steady progress in improving the business environment and competitiveness. This means that all foreign and domestic policies should be adjusted with those of the EU as an overall frame for Serbia's further actions. It is important to highlight that all mainstream political parties and most of other stakeholders on Serbian political scene are sharing the same opinion on this.

Initiative to develop relations with countries within 16 + 1

Serbia is committed to promoting good bilateral relations and cooperation with influential members of the international community, such as the United States, as well as with its traditional allies, such as the Russian Federation, the People's Republic of China, the Arab countries and the same will be done with Korea, Japan, UAE and other countries whom Serbia has built political and economic cooperation in the past. In the previous period, Serbia is particularly positive about the tightening relations with China. It is extremely important that China has shown great interest in the development of political and economic relations and is ready to invest in Serbia.³ The strong commitment of the Serbian Government to deepen the cooperation with China brings us to the significance that the 16 + 1 initiative has for Serbia. Serbia has so far taken a proactive stance and showed great interest in becoming a key regional partner for China. The existing goodwill on both sides has already been practiced through number of different projects with many other in the line. According to above, there is a firm commitment that ... *"consolidation of key alliances, building partnership relations and deepening of key relations between military forces remain the priorities of the work of the Government of Serbia. This implies expanding cooperation not only with the EU Member States, Russia, China and the United States, but also with the countries of South-Eastern Europe"*.⁴

Engagement of China with the CEE region through "16+1" multilateral framework is welcomed in all CEE countries. This initiative provide powerful incentives for deepening of Serbia-China cooperation in near future. Serbia showed much interest in becoming a key regional partner for China and cooperation has already materialized through a number of projects and measures.

Serbia's relationship with NATO

Serbia's relationship with NATO is based on the concept of military neutrality and reliability to cooperate with all key security actors on the international scene. The state sovereignty is being tested by the enforcement of military neutrality. Only a neutral Serbia can be sovereign and can fight for the question of Kosovo and Metohija, more precisely against pressures that will follow Serbia's consent for Kosovo to become a member of the UN. Finally, only the conquest of neutrality and sovereignty can enable Serbia to reconsider its economic model. Military neutrality in the context of existing military alliances as well as the implementation of the concept of total defence, which involves integral engagement of defence and defence forces, are Serbia's political and security commitments. In addition to

³ <http://www.srbija.gov.rs/pages/article.php?id=208780>, 03.10.2017.

⁴ http://www.media.srbija.gov.rs/medsrp/dokumenti/ekspoze-mandatarke-ane-brnabic280617_cyr.pdf, 26.09.2017.

maintaining the defence capabilities, another significant segment is the promotion of partnership and multilateral cooperation with other countries and international organisations and institutions in preserving and protecting the defence interests of Serbia. Most of all, this includes cooperation with the EU, the Russian Federation, the United States, China, but also the countries of the region of Southeast Europe and friendly countries.

An important aspect of cooperation is the engagement in the "Partnership for Peace" program⁵ and participation in the activities of the common security and foreign policy of the EU, as well as cooperation with the Organization of a collective security agreement (OCSA) and multi-year participation in exercises with the Russian Federation.⁶ The Republic of Serbia remains committed to engaging in the Partnership for Peace program. Serbia has agreed with NATO to implement the first two-year Individual Partnership Action Plan, the highest form of partnership cooperation with this international organization. That, however, does not imply membership in the Alliance.⁷ Serbia will continue to participate in multinational operations under the mandate of the UN and the EU, as well as assisting the civilian population in removing the consequences of major natural disasters on the territory of Serbia and disaster management. We are currently participating in four EU peacekeeping operations. In Europe, Serbia is the eighth, and in the region, is the first in the list of contributors to peace missions.⁸ Bearing in mind the complex security situation in the environment caused by the Middle East wars, the Government of the Republic of Serbia has taken a number of measures to raise the level of security and additionally secure those points along its borders that are under the greatest pressure of the refugee crisis. A response plan was adopted in the event of increased migrants' influx and the activities of the police and the army were coordinated to ensure joint borders, to neutralise smuggling channels and to protect against the illegal entry of migrants and the criminal behavior of smugglers.⁹

Kosovo and Metohija issue

The key structural determinant connecting with all other is determination of Serbia to protect territorial integrity in terms of not accepting the secession of Kosovo and Metohia. With no intention to go deeper in that process, it is important to highlight, for purpose of this paper, that defending Serbian position in the international scene, Belgrade often relies on the states that support this position, China being one of them.

Economic situation and fiscal policy

In the previous period, significant steps have been taken in the organization of public finances. The International Monetary Fund (IMF), the World Bank and other international financial institutions recognised the efforts of citizens and the Government of Serbia.¹⁰

⁵ Serbia agreed a comprehensive Individual Partnership Action Plan with NATO in January 2015, although it continues to maintain its military neutrality.

⁶ <http://www.srbija.gov.rs/pages/article.php?id=208780>, 03.10.2017.

⁷ http://www.media.srbija.gov.rs/medsrp/dokumenti/ekspoze-mandatarke-ane-brnabic280617_cyr.pdf, 26.09.2017.

⁸ http://www.media.srbija.gov.rs/medsrp/dokumenti/ekspoze-mandatarke-ane-brnabic280617_cyr.pdf, 26.09.2017.

⁹ http://www.media.srbija.gov.rs/medsrp/dokumenti/ekspoze-mandatarke-ane-brnabic280617_cyr.pdf, 26.09.2017.

¹⁰ At the end of 2017, a three-year arrangement with the IMF ends.

Excellent results have also reflected the increasing confidence that creditors have in Serbia.¹¹ The state cash register is in stable condition, macroeconomic indicators are very positive, there is a budget surplus, inflation is within the projected limits, and the trend of reducing public debt and deficit of the balance of payments is also evident. Serbia is already ranked in the ranking of fiscal highly responsible countries, with the completion of structural adjustment, the improvement of the state of public finances will lead to falling interest costs, which will further contribute to the reduction of the deficit.

Bearing all this in mind, more and more attention is dedicated to better realization of capital investments.¹² In terms of project management, special attention is paid to more efficient use of EU funds, and the improvement of the legal and institutional framework for the functioning of the EU funds management system is a prerequisite for the use of EU structural funds. Under the changed economic growth model, instead of borrowing and consumption, growth is now primarily based on exports and investments.¹³ It is huge, and so far not used enough, the potential for attracting direct investments to Serbia. In that sense, the attitude of the Government of the Republic of Serbia is that in the forthcoming period everything should be done to improve economic relations with the Eurasian Economic Union, on the one hand, and with BRICS countries (Brazil, Russia, India, China, South Africa) on the other hand.¹⁴ Such an attitude of the current Prime Minister of Serbia represents a continuity in relation to previous governments beginning in 2012 and is defined through a series of reform packages of laws.¹⁵ In the further attraction of investments, the focus is on investments in the field of high technologies, and for more balanced economic development, the priority is on attracting investments in underdeveloped areas.

Social challenges

Serbia is a relatively young democracy and market economy. There may be some challenges, including bureaucracy, corruption and slow response from local authorities and government agencies. However, as Serbia moves ever closer towards full EU legislative harmonization, the future EU accession has strengthened the emphasis in all areas and provides a unique window of opportunity for Chinese firms able to offer specialized

¹¹ Credit agency Mudiz increased the credit rating of Serbia from level B1 to Ba3, while Fitch and Standard and PARS confirmed credit rating with positive prospects for improvement.

¹² Although their realization has increased from 40% to 65% in 2016, there are still shortcomings that are reflected in the lack of adequate project documentation, difficulties in land expropriation, insufficient control of contractors.

¹³ In the first four months of 2017, the amount of foreign direct investments amounted to EUR 634 million, or 6.4% more than in the same period of the previous year.

¹⁴http://www.media.srbija.gov.rs/medsrp/dokumenti/ekspoze-mandatarke-ane-brnabic280617_cyr.pdf, 26.09.2017.

¹⁵ In July 2014, a reform package of laws in the field of economy, public finances and social protection was adopted, creating conditions for significantly improving the competitiveness of the Serbian economy, attracting investment and employment. These are the following laws: Labor Law, Law on Planning and Construction, Law on Privatization, Law on Bankruptcy, Law on Pension and Disability Insurance, Law on Foreign Investments, Law on Public Enterprises, Law on Tax Procedure and Tax Administration, Law on the temporary harmonization of the bases for calculation and payment of salaries and / or salaries with the beneficiary of public funds, i.e. payroll classes, the Law on Civil Servants (harmonization with the Law on Labor), the Insurance Law (harmonization of the rules in introducing the order into the insurance market), the Mortgage Act, etc.. <http://www.srbija.gov.rs/pages/article.php?id=208780>, 03.10.2017.

equipment and services in the near term, to help alleviate the existing challenges and thereby position themselves for longer term access on the country's market.

Corruption can be a problem in Serbia, and is present at all levels of society. In the past 6 years there have been some legislative moves to combat corruption, including establishment of an Anti-Corruption Agency.¹⁶ However, implementation remains patchy, with very few high-profile corruption cases coming to court, and even fewer convictions, and credible claims of undue political influence on judiciary. A track record on investigations, indictments and final convictions in high-level cases of corruption remains to be developed.

A primary driver for *organised crime* in Serbia is the country's central position in the Western Balkan region and the external Schengen borders, being partly surrounded by EU member states. Furthermore, Serbia carries the legacy of conflicts in the former Yugoslav region which had a decisive impact on the development of particular forms of organised crime and its consolidation in the Balkan region. The strength of organised crime is reflected in its capacity to adapt to any change, legislation and repressive measures of the law enforcement authorities. Progress has been made in reorganising the Ministry of Interior and in increasing capacity for border control. Efforts to investigate wider criminal networks and to process money laundering cases is to be increased. Financial investigations and the concept of intelligence-led policing remain underused. Capacity and capability building projects that supports Serbian law enforcement agencies, and international co-operation at police and judicial level had been identified as a key components of success against organized crime in Serbia. Generally, there is low capacity of organized crime to impact on 16+1 cooperation.

Analyzing the processes that influence Serbia's foreign policy, one can draw the conclusion that Serbia's accession to the European Union and the 16 + 1 initiative is most important for perceiving Serbia's relationship with China, One Belt One Road and 16 + 1 initiative. Serbia's cooperation with NATO has reached the maximum in the conditions when military neutrality is a strategic position of the state and when cooperation within the Partnership for Peace has been established at the highest level. The issue of Kosovo is closely linked to the EU accession process, so that it can influence Serbia's relationship with China, One Belt One Road and 16 + 1 initiative. Political stability in Serbia as a basic precondition for further development of macroeconomic stability in the coming period is an important internal social process that most directly affects the attracting of foreign direct investments.

Internal actors in Serbia's relationships with China

Prior to the analysis of specific internal actors that can influence the perception of the 16 + 1 Initiative, a brief introduction is needed. There is a wide range of potential actors starting from citizens to the state subsystems. The most important ones can be distinguished: *political parties*, the *media and public opinion* and *academia*.

Political situation

¹⁶ The Anti-Corruption Agency took up its role on 1 January 2010 to oversee the government's preventative measures, in a complementary role to the investigative and advisory Anti-Corruption Council.

All citizens are potentially, but not really, actors, and since they cannot easily express their interests, this function is carried out by political parties and interest groups. Political parties are the most important multifunctional links between policy makers and individual, specific and local interests. Their relevance to this study lies in the fact that, generally speaking, they are present throughout the nation and reflect diverse interests. All political parties in Serbia support or at least do not dispute, Serbia's activities in the 16 + 1 initiative. Opposition parties, intensely criticising the current government, in terms of cooperation with China and the 16 + 1 initiative, do not respond. This is quite understandable for two reasons. First, the opposition parties that were in power before 2012 partly started cooperating with China. Secondly, given that this cooperation is long-lasting, the opposition parties do not want to be discredited in the field, expecting to take over in some of the elections in the future. Furthermore, several opposition leaders evaluating the 16 + 1 initiative as very important for Serbia. Based on this, it can be clearly concluded that there is full support for the elaborated party scene in Serbia for the 16 + 1 initiative.

Media and public opinion

Media space and public opinion are another important actor. There is no doubt that public opinion and media, through which it is manifest, expressly favor the initiative 16 + 1. This is confirmed by the research "Citizens' Views on Foreign Policy of Serbia" in the realization of the Belgrade Center for Security Policy, which shows that the citizens of Serbia see China as a successful economic and political force. Regarding the influence of the great powers, the citizens of Serbia see the influence of Germany, China and Russia as positive on our country, while the influence of the EU and the US is largely negative.¹⁷

Within the academic sector, the student population attitudes clearly point to the attitude of that part of the academic community in Serbia on the question "To what extent, in your opinion, Serbia in foreign policy should rely on: EU, Russia, USA, China?"¹⁸ The attitude of students is that Serbia in foreign policy should rely heavily on China (36%) and Russia (35.1%). The European Union is in third place with 27.5% of students who believe that they should rely heavily on it, however over 20.8% of respondents believe that the EU should not rely on anything at all.¹⁹ Such results can be explained by traditionally good relations with Russia and current relations with China, and, on the other hand, by negative attitudes towards the United States and the EU. When it comes to the influence of world powers on Serbia's foreign policy, the dominant position is that the US (52 percent) and the EU (36 percent) have a negative impact, while the influence of Russia (61 percent), China (52 percent) and Germany (35 percent).²⁰

In conclusion, the internal political and security environment is favorable to deepening the positive perception of China-Serbia cooperation and, as part of that, the 16 + 1 initiative.

¹⁷ <http://www.bezbednost.org/Sve-publikacije/6483/Stavovi-gradjana-o-spoljnoj-politici-Srbije.shtml>

¹⁸ <http://cmjp.rs/wp-content/uploads/2017/07/Rezultati-istra%C5%BEivanja-Stavovi-studenata-Univerziteta-u-Beogradu-o-spoljnoj-politici-Srbije.pdf>

¹⁹ This data is in some way paradoxical, given that the EU is the biggest foreign trade partner, but also the foreign policy partner of Serbia. The only state that has a more negative attitude from the EU in relying on foreign policy is the US - 34.6% of respondents feel that they should not rely on foreign policy at all.

²⁰ <http://rs.n1info.com/a233349/Vesti/Vesti/Istrazivanje-Podrska-EU-opada-saradnja-s-Rusijom-dovoljna.html>

On a structural level, Serbia's clear commitment to European integration, internal economic and fiscal consolidation, openness to foreign investment, all in the conditions of a stable internal political and security situation, provides sufficient grounds for further improvement of cooperation between Serbia and China. On the actor level, all relevant political actors support the further development of bilateral relations.

Conclusions

In geopolitical terms, Serbia is located in the Southeast Europe on the crossroad between East and West, with a highway which links the Black Sea with the North Sea, South Eastern Europe with Central and Western Europe. Serbia is basing its official foreign policy strategy on four pillars, with China being one of them as global economic power and traditionally good friend of Serbia in international relations.²¹

On the other hand, Serbia is one of the key partners of China in the South and East Europe region. From Serbian perspective, good relations between with China are based on several points. Firstly, China supports Serbian aspirations for full accession to the EU without prejudice to its vital national interests. Secondly, China is committed to the preservation of the territorial integrity of Serbia without accepting a violent change of borders and unilateral proclamation of independence of Kosovo and Metohija. Additionally, Serbia supports territorial integrity of China, its sovereignty and right to regulate its relations with former separate parts of its territory („One China Policy“). Following are the potential benefits of Chinese investment in Serbia: 1) Clear foreign policy goal – joining the EU and World Trade Organization, 2) Relative macroeconomic stability,²² 3) Highly qualified labour, 4) Regionally competitive financial risks, 5) Restructured and privatized banking sector, 6) Accelerated development of the capital market, 7) Contribution to the development of telecommunications infrastructure, 8) Liberalized system of tariffs, 9) Accelerated development of the private sector, 10) Significant level of achieved stimulating fiscal, regulatory and financial measures, 11) Adoption of Strategy for encouraging and developing Foreign Investment, 12) Certain level of harmonized legal framework for foreign investment with European and international standards.²³

The New Silk Project, in which China is investing considerable funds, could also mean a historic opportunity for Serbia as well. At the time of the disappearance of the one-polar world and the formation of new global economic and political relations, it is very important that for the first time in its modern history, Serbia uses the unique opportunity that is provided, which implies full rapprochement and creation of a partnership with the People's Republic of

²¹ The “Four pillars of foreign policy“ proclaimed in public for the first time by Boris Tadic, the President of Serbia at that time, after his visit to China in august 2009.

²² Priority of the Government of Serbia in the forthcoming period will be maintenance of macroeconomic stability and continuation of reforms in the field of public finances. The IMF, the World Bank and other international financial institutions recognized the efforts of the Government of Serbia. Excellent results have also reflected the increasing confidence that creditors have in Serbia.

²³ Dusko Dimitrijevic, Nikola Jokanovic, „Chinese Investment in Serbia and the New Silk Road“, in: Dusko Dimitrijevic (ed.), *Danube and the New Silk Road*, Institute for International Politics and Trade, Belgrade, 2016, p. 345-346.

China based on mutual interests and respect, as opposed to the dictatorship of the Euro-Atlantic and Atlantic forces, as has been the case in the last fifteen years.

Public in Serbia is already familiar with the political gain from cooperation with China. China has taken a firm stance on Serbia's support for Kosovo. Serbia has been in good diplomatic relations with China for decades, during the 60s and 70s in times of crisis, Serbia has supported China and viceversa. There is no dilemma that China could eventually recognize the independence of the self-proclaimed Republic of Kosovo, even if Serbian politicians did so. Moreover, China is showing its support to Serbia on a daily basis, the last example is firm stance towards Kosovo's admission to UNESCO.

The main potential of economic cooperation is in infrastructure projects implemented by China in the context of the construction of the New Road of Silk. China has more than clearly expressed the ambition to economically penetrate Europe with the road passing through Serbia. China could invest considerable resources in Serbia, especially in infrastructure necessary for the placement of its products in the EU. There is large potential for getting loans from the People's Republic of China at favourable terms. However, Serbia has not been fully informed about the concrete projects that China could offer. The exception is the announced infrastructure project of the fast track Belgrade-Budapest, which is currently in the final phase of the agreement and whose realization should start in a few months in cooperation with China, Serbia and Hungary.

China has also shown strong interest in investing in agriculture and food production in Serbia. There are indeed great potentials for exports of products from Serbia to China, especially when it comes to food and agriculture. There is as well interest in science and research cooperation projects in this field. Scientists from China are interested in cooperation with agricultural institutes in Serbia on the development of hybrid varieties of corn and sunflower for joint placement on third markets.

Serbia could have considerable gain from economic cooperation with China. From the construction and rehabilitation of roads, railways, bridges, bypasses, to the strengthening of agricultural production and the revitalising food production and exports. For the Serbian citizens this all means, of course, a reduction in unemployment and an increase in the standards. Potentials for economic cooperation are much higher, but if we only consider these two fields: infrastructure and agriculture, it could be a development milestone for Serbia.

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