



# Weekly Briefing

**Serbia External Relations briefing:  
Strengthening Serbia's foreign policy position through economic  
development in September 2018**

**IIPE**

## China-CEE Institute

Kiadó: Kína-KKE Intézet Nonprofit Kft.

Szerkesztésért felelős személy: Chen Xin

Kiadásért felelős személy: Huang Ping



1052 Budapest Petőfi Sándor utca 11.



+36 1 5858 690



office@china-cee.eu



china-cee.eu

## **Strengthening Serbia's foreign policy position through economic development in September 2018**

### *Abstract*

*Serbia's foreign policy in September 2018 marked a major economic activity aimed at China. This is understandable given that Serbia seeks to establish a stable development in order to regain economic stability, and that China is one of its key economic political and economic partners. Economic development, growth and stability will enable Serbia a better position in the field of international relations. This could make Serbia more powerful in solving the most important problems, including the issue of Kosovo and Metohija. Better economic position of Serbia in the region and in Europe would contribute to solving the political problems and better position in the announced negotiations regarding Kosovo and Metohija.*

In September 2018 Serbia was very active in strengthening economic and political connections with China. In its economic policy and the formation of a long-term economic development strategy, Serbia relies heavily on China. One of the political interests of Serbia is a tighter link to China as one of the most important subjects in international relations. The best way to do this, with mutual benefit, is economic co-operation. Taking into account that Serbia is not a member of the European Union and NATO, and most of its neighbours are, a stronger position of Serbia in the region and international relations depends at the moment on the ties to strong partners outside the region and Europe. That is why connecting Serbia to China is one of the most important aspects of its foreign policy. On the other hand, China has an interest in becoming more present in the region of Central and Eastern Europe. Due to the fact that Serbia is not a member of the European Union, China without any major problems has

easy access to the Serbian market, and through Serbia, China can be more present in the Balkans and in the region. The best way to do this is the field of economy, so further development of cooperation between Serbia and China is of mutual interest.

President of the Republic of Serbia, Aleksandar Vučić, visited China in September this year. The focus of this visit was strengthening bilateral relations with China. This was realized by signing a series of bilateral agreements. President Vučić met with representatives of Chinese companies, financial institutions and important state agencies. On the last day of the visit, President Vučić participated in the regular annual meeting called “New Champions” organized by the World Economic Forum, also popularly called Summer Davos. As the representatives of the World Economic Forum said, this conference was the largest ever, with more than 2000 participants from 100 countries discussing principles, protocols, standards and solutions for the sustainable future of the world. This year’s “Summer Davos” is held in the sign of the Fourth Industrial Revolution which aim is to encourage global innovations and solutions to global challenges. After 40 years, cooperation between the World Economic Forum and China will enter a new phase by opening the Center for the Fourth Industrial Revolution in China. These are one of the very important reasons which show importance of President Vučić's visit to China. Also, Serbia was one of four countries represented at this conference with heads of state or government. It shows how important Serbia is to China, as well as the firmness of mutual relations.

From economic standpoint, for Serbia and China important was meeting of Aleksandar Vučić with the governor of the province Hebei Su Gin and representatives of the company “Hbis”, which is the owner of Železara Smederevo. The topic of the discussion was the present cooperation and the possibilities for further progress. On that occasion, two documents on cooperation were signed. Since the moment it was sold to the Chinese company

“Hbis”, Železara Smederevo increased production capacity by 30% and profit by 39%. It is great example of efficiency and good cooperation of China and Serbia. At the meeting of the President Vučić and President Xi Jinping the most attention was devoted to Železara Smederevo. Other possible projects in Serbia were discussed, of which the most important possibility is for companies from Hebei to build an industrial zone in Belgrade.

On the first day of visit of Aleksandar Vučić to Beijing an agreement was signed with the Chinese tire manufacturer “Shandong Linglong Tire Co” to build a factory in Zrenjanin, Serbia. Total amount investment is 900 million dollars and it is expected to be realized until the end of 2020. Plan is that new factory in Serbia satisfy the needs of French and German carmakers which cooperates with “Shandong Linglong Tire Co”. It should be emphasized that the most important agreement was reached on the RTB Bor mines with Chinese company Zijin Mining Group who was picked by the Serbian government as a strategic partner that will invest 1.46 billion dollars in the next 6 years. This level of investment will contribute to the strengthening of Serbia, which can be imposed as a leader in the region. Also, China places itself across Serbia as one of the most important economic entities in Central and Eastern Europe. This is also transmitted to the political level, as China and Serbia are firmly connected.

The Serbian President also met with Chinese Prime Minister Li Keqiang, who discussed the economic cooperation. This meeting was primarily focused on innovative technologies. The two presidents discussed the ability of China to assist Serbia in innovative technologies and the development of new high-tech products. It is concluded that Serbia development strategy will be in coordination with Chinese global development strategy in accordance with the Belt and Road Initiative. It will be efficient way for Serbia to become regional economic leader. Serbia will base economic development on major project, like transport infrastructure construction and increasing cooperation capacity. Main partner of Serbia in these steps will be China. This will deepen mutual

cooperation “on the field” and have mutual benefit. The Chinese position in the Western Balkans will be further strengthened by this economic policy of Serbia.

In current global economic relations, Serbia will rely on relations with China in gaining experience in economic and social development. China will continue to support Serbia in the realization of its interests in international relations and is interested in strengthening bilateral relations. Serbia also remains an honest partner of China. This will expand mutual cooperation and consolidate state bases for strengthening cooperation. The goals of Serbia and China are fully in line with the functioning of the 16+1 mechanism. Given that this mechanism functions in Central and Eastern Europe, it is a good opportunity for Serbia to position itself as one of the regional leaders. Of course, China’s support for this goal is irreplaceable.

Serbia’s policy of firmly positioning itself on the regional plane also relies on China’s global economic strategy. Serbia can use the 16+1 mechanism to more easily develop cross-border and cross-regional cooperation. This is another proof of the importance of China as a partner of Serbia and the need of Serbia to connect more with Chinese companies and financial institutions. Solid position of Serbia in the region can help China in the next economic and political steps in the region of Central and Eastern Europe. More specifically, Chinese companies can have easier access to the region and the formation of new economic links through Serbia. At the state level, Serbia, as one of China's most important partners, can promote China’s development and cooperation policy in the region and be a good example of the effectiveness of this policy and development. This will also help Chinese companies’ easier access to European Union market and better positioned in cooperation with countries from European Union.

## **Conclusion**

In September 2018, Serbia achieved new successes in terms of long-term economic development. A new phase of cooperation with China began in the

field of investment. The interest of Chinese companies for large investments in Serbia suggests that Serbia will be one of the most important partners of China in the future in the region.