



Weekly Briefing

Bosnia-Herzegovina external relations briefing:

Two meetings in April

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Dubrovnik 16+1 Summit

The 8th Summit of the China-Central and Eastern Europe cooperation framework (16+1 becoming: 17+1) organized in Dubrovnik, Croatia, on April 12 received some attention in Bosnian media. The summit was attended by BIH Chairman of the Council of Ministers Denis Zvizdic, who also had bilateral talks with Chinese Premier Li Keqiang on Chinese prospective investments in BIH (agriculture, transportation and energy sector); Foreign Trade Minister Mirko Sarovic who confirmed that his highlight of the Summit was a meeting with Chinese Gezhouba company and talks on several infrastructural and energy projects in BIH that are also included in the text of the joint declaration. The Trade & Business Forum organized within the Summit under Croatian Chamber of Commerce was also attended by some BIH companies and Deputy Chairman of the BIH FOCOM Chamber Vjekoslav Vukovic.

The Summit confirmed positive and engaging attitude of Bosnia and Herzegovina towards 16+1 and Chinese FP initiatives that started after the last 2018 Sofia Summit where BIH was designed “as a winner of 16+1 initiative”. The organization of the Summit in neighboring Croatia gave additional spotlight to BIH delegation: BIH COM Chairman Zvizdic gave a speech at the plenary session and, judging from media snapshots, was often seen in the limelight accompanying Croatian PM Plenkovic and Chinese PM Li Keqiang. Bilateral talks with Chinese counterparts on the margins of the Summit was a chance to affirm mutual understanding for continuing engagement in bilateral cooperation in infrastructure and energy sector, with agriculture, forestry and tourism as new fields of cooperation being confirmed by the two sides.

The 16+1 Summit and the participation of the BIH delegation, along with Mostar Trade Fair that was simultaneously held in Mostar (with China as a partner country) in overall terms helped to decrease (slightly) critical reporting on China and its influence in the region that appeared in Bosnian media following the news on FBiH Parliament approving a bank guarantees for Thermal Plant Tuzla construction - project that will be partially financed by Chinese Exim Bank, which gave some voice to concerns on political motives of Chinese investment and “debt trap” BIH government might face in such a deal. In the same manner, Bosnian media neutrally reported on EU-China Summit in Brussels, organized three days before Dubrovnik (April 9). Without going into in-depth analysis, major media outlets reported on a summit as a chance to strengthen trade links between China and the EU, mutual

commitment for improving access to both markets, eliminating discriminatory requirements and practices affecting foreign investors and generally reported that the European leaders (Donald Tusk and Jean-Claude Juncker) and Chinese Prime Minister Li Keqiang had made positive evaluation of the talks for the progress in EU-China trade relations.

What BIH gained from the Summit?

During the Summit, BIH delegation was given Chinese assurances for financial support in implementing the Tuzla Thermal Plant (Unit 7) construction project, the most significant Sino-BIH cooperation project included under 16+1 cooperation format and the biggest investment in BIH energy sector so far (worth EUR 613 million). The cooperation over the agricultural products exchange (especially export of BIH meat and fruit products), expected ‘boom’ of Chinese tourists (hoping to exceed the number of 100 000 in this year alone) after BIH introduced visa-free regime to Chinese citizens during the summer months seizing thus the opportunity neighboring non-EU Serbia and Montenegro had previously made in attracting prospective Chinese tourists, reconfirming the support for some of the long-standing projects in transportation sector (several highway projects in RS), potentials for building up cooperation in forestry and metal-processing sector are all mentioned in bilateral talks Bosnian delegation on PM, ministerial and business levels held with Chinese counterparts. BIH has given the opportunity to host this year the 4th 16+1 Transportation summit, a ministerial-level meeting of 18 countries participating in the framework. Also, Sarajevo, the capital of BIH will organize the 5th CEEC-China capital mayor’s forum, hosting 18+ mayors from Europe and China and 16+1 University Winter Sports Festival.

Partially overlapping Mostar Trade Fair

In April 9-13 period, in Mostar was organized the 22nd "Mostar International Trade Fair", (one of) the largest trade fairs in BIH, which attracts main regional companies and is usually attended by PM-level delegations from the region. This year the country-partner was China, which was one of the reasons why the fair, at least in Bosnian media, partially shadowed Dubrovnik Business Forum organized under the aegis of 16+1 Summit. During the five days the fair, according to organizers, had more than 800 exhibitors from all over the world. As it was announced, the Fair was opened by the Serb MOP Milorad Dodik and Serbian President Aleksandar Vucic, both invited by HDZ BIH Chairman and one of the hosts, Dragan Covic. Apart from the critiques from the press the fair received for being yet another “parade of politicians” dragging the publicity away from business and trade matters, 800 companies (among which around 100 were from China) are proof that below political “surface” were

business-minded exchanges. According to the President of the BIH Federal Commerce Chamber Marko Santic, the fair was successful in presenting a new areas of bilateral trade exchanges between China and BIH, with emphasis on tourism& food industry, agriculture and industry. Several economist also mentioned that this Fair “was” a great opportunity to present Bosnian, especially Herzegovinian, businesses to Chinese partners.

Other (sensitive) issues related to the Summit

In the last month, following the decision of the Federal (FBIH) Parliament to allow and financially back state electric company Elektroprivreda BIH in taking a loan for construction of the Unit 7 of Tuzla Thermal Plant (TET) from Chinese Exim bank, several influential dailies have published articles that warned on a “debt trap” a small European states can expect from availing themselves to Chinese state-backed loans. Similarly to the media headlines in neighboring countries, these warnings were primarily sourced from other European magazines, directly quoted or paraphrased and rarely accompanied with an opinion of a local expert providing “the application of these concerns to particular domestic cases”. Probably due to proximity of the FBIH Parliament decision (March 24) with the Dubrovnik Summit, news on BIH participation on the Summit had also included partially digested concerns on the pending TET project. Since BIH academic and professional arrays lack “China experts” or more China tuned geopolitical and geo-economic proficiency, in the BIH public these generically termed “China-threat” and “China-friendly” narratives coexist without sliding into each other. Therefore, while some media warned or reported other`s warnings, BIH government (particularly PM Zvizdic) in parallel continued to push progressivist narrative in welcoming the biggest infrastructure project, only slightly rebuffing some “more grounded” objections on environmental and ecological consequences of such project. (For details, see report on Tuzla Thermal Plant).

16+1 Dubrovnik Summit was also a chance for BIH COM Chairman Zvizdic to meet Croatian PM Plenkovic to discuss bilateral issues between Croatia and BIH. Among these was Peljesac bridge construction project built by Chinese CRBC, which (some circles close to SDA party in) BIH opposes. Although there are no changes in the current BIH ‘semi-official’ position regarding Peljesac bridge construction and the impact on BIH objection against the project (blocking a free access to open sea), some media have reported speculations that BIH political circles are backing Austrian construction company Strabag`s case in filing complaint on subcontracting road project linking the bridge with Croatian A1 highway.

BRI 2.0 Forum in Beijing

It is safe to say that the reactions on the so called “Belt and Road Initiative 2.0” forum organized in Beijing in the last weekend of April were less pronounced in Bosnian public than the China related events in Dubrovnik and Mostar by the beginning of the month. The Beijing forum has also arrived amid Bosnian ongoing “crisis” in forming the central government and pending transition in the Foreign Ministry. Main dailies in BIH (Oslobodjenje, Dnevni Avaz, Glas Srpske, Nezavisne) gave an information on the forum, while media with regional outreach (Al Jazeera Balkans, N1, Slobodna Europa) published articles with more extensive reports, mostly covering a number of foreign dignitaries attending forum (including Serbian President Vucic), Xi-Putin meeting and cooperation ideas that were announced after the meeting (joining Russian Arctic Route with Maritime BRI), boosting “the opening of the BRI to more wider markets” (as a personal emphasis of President Xi), briefed on the main points discussed (expanding access to foreign investment market, intensification of the efforts to enhance international cooperation in the protection of intellectual property, increase the trade of goods and services to an even greater level, more effectively coordinate international macroeconomic policy), joint declaration “BRI Progress, Contribution and Perspective” adopted at the closing session and reported on Business sub-forum attended by a large number of business representatives from different countries, “which signed a series of cooperation projects worth over 64 billion US dollars”. Chinese Ambassador in BIH, Ji Ping in an interview to Klix.ba portal on April 28 furtherly introduced the significance of the forum from Chinese perspective, which also helped to build more comprehensive understanding of the forum in the Bosnian media.

On April 24, a day ahead of the Forum in Beijing, BIH Deputy Foreign Minister Josip Brkic received a new Chinese Ambassador to BIH, Ji Ping. On this formal occasion, according to BIH MoFA site, Deputy Minister Brkić welcomed Ambassador Ji and expressed satisfaction with the level of bilateral relations between BIH and China, especially the level of the cooperation under the 16+1 platform and Belt and Road Initiative. As a one of the important issues in bilateral relations, BIH side emphasized the importance of the participation of China as a partner country at the International Trade Fair in Mostar, “which was an additional boost to the intensification of relations between the two countries, particularly in the economic sphere”. Chinese Ambassador stressed that the bilateral cooperation has been gaining momentum in economy and tourism, thanks to the bilateral visa-free agreement and has also emphasized the growing interest of Chinese investment in BIH, especially in infrastructure and energy projects. This meeting was also a chance for the both sides to exchange views on “all major political issues in both BIH and the region, as well as on a global scale”, during which

Chinese Ambassador has informed Bosnian Deputy Minister on incoming 2nd BRI Forum in Beijing.

Without any big changes in BIH foreign policy in regards to bilateral relations with China, perception that sees the synergy of the Chinese initiatives 16+1 (17+1) and BRI, the complementarity between these two and the EU's connectivity strategy, with slightly pronounced dualism in respect to "China-threat" and "China-friendly" narratives in BIH media and "professional" opinion, the Beijing forum was observed in similarly positive fashion as the Dubrovnik Summit.

Bosnia and Herzegovina is a country with relatively firm EU aspirations, but with realistic outlook on the date of prospective EU accession, therefore regards 16+1 as well as BRI as a chance to attract Chinese capital for infrastructure projects that are or would be of pressing importance meanwhile. This is also sustained with the fact that despite the concerns warning that BIH government is about to enter in a debt trap by taking a loan that will overstretch its budget capabilities, compliance with EU political and economic conditionality in regards to the chief projects for its development is very challenging for a small and insufficiently developed economy of BIH, especially when the benefits of such compliance are projected, as they are now, in a very long-term picture.