



## **Weekly Briefing**

**Croatia external relations briefing:  
Navigating the Complex Waves: Analysis of  
Croatia-China Relations in a Shifting Global Landscape**  
**Senada Šelo Šabić**


### **China-CEE Institute**

Kiadó: Kína-KKE Intézet Nonprofit Kft.

Szerkesztésért felelős személy: Ju Weiwei

Kiadásért felelős személy: Feng Zhongping

 1052 Budapest Petőfi Sándor utca 11.

 +36 1 5858 690

 [office@china-cee.eu](mailto:office@china-cee.eu)

 [china-cee.eu](http://china-cee.eu)

# **Navigating the Complex Waves: Analysis of Croatia-China Relations in a Shifting Global Landscape**

## **Summary**

*This paper delves deeply into the nuanced and evolving relationship between Croatia and China, primarily focusing on the post-2012 era marked by the initiation of the China-CEE cooperation mechanism, known as the 16+1 initiative. While the historical context outlines a distant yet amicable rapport, the heart of the analysis lies in the transformative period from 2018 to 2022. The construction of the Pelješac bridge under the 16+1 framework serves as a microcosm, propelling Croatia into what was termed a 'diamond stage' of relations. However, the subsequent impact of global geopolitical shifts, accentuated by the COVID-19 pandemic, US-China tensions, and the Russian aggression on Ukraine, prompted a recalibration in Croatia's approach towards China.*

## **Introduction**

Diplomatic ties between China and Croatia were officially established in 1992, in the same year in which the country received the international recognition as a newly formed state. Since then, the two countries have engaged in various forms of cooperation, namely in political, economic, and cultural domains. The diplomatic relations, spanning over three decades, are friendly but rather distant. This paper explores the historical contours of these relations, with a particular focus on the transformative period from 2018 to 2022, when economic cooperation, exemplified by the ambitious Pelješac bridge project, elevated the bilateral ties into what was poetically termed a 'diamond stage.'

China and Croatia maintain diplomatic relations, and their political ties have generally been stable. The countries relatively regularly engage in high-level visits, and there is an established framework for political dialogue. The political relationship is built on mutual respect for sovereignty and non-interference in each other's internal affairs.

Croatia's key foreign policy goals, as a new state throughout the early 2000s were pursuing membership in NATO and the EU, thus leaving little space for building relationships with countries outside the Western block.<sup>1</sup> At the time when the 16+1 initiative was established, Croatia did not express much enthusiasm. Croatia delegation was represented by a foreign minister at a summit in Belgrade in 2014 and the Croatian prime minister was again absent in 2015 at a summit in Suzhou.<sup>2</sup> Andrej Plenković, as a new Croatian prime minister in 2016, changed the approach towards China to enthusiastically explore possibilities for economic cooperation both bilaterally and within the 16+1 initiative.

### **Economic Cooperation**

Economic ties between China and Croatia saw some progress, with both countries expressing interest in expanding trade and investment. China's 16+1 initiative and the Belt and Road Initiative (BRI) have provided a platform for enhanced economic cooperation. Experts in Croatia express belief that Croatia, as a small economy, can benefit from BRI financing and project schemes.<sup>3</sup>

Trade relations have developed, but the scale of economic exchanges is not as significant as with some other countries. Both nations continue to express the desire to increase trade volumes and explore new avenues for investment. The total China's direct investment remain low. An example of Chinese investment in Croatia is a Senj Wind Farm. The value of the project is assessed at 230 million euro with production capacity at 530 million kWh of electricity

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<sup>1</sup> In 2024, Croatia marks 15 years as a NATO member and 11 years as a member of the EU.

<sup>2</sup> Antonina Habova, Jasmin Hasić, Roland Lami, Senada Šelo Šabić, Morgane Rumeau, Vasilis Trigkas, Anastas Vangeli, Stefan Vladisavljev, Miloš Vuković, 2022, The Role of China in Southeast Europe, Friedrich Ebert Stiftung; <https://library.fes.de/pdf-files/bueros/athen/19416.pdf>

<sup>3</sup> 'Kineska inicijativa Pojas i put i američki Marshallov plan bitno se razlikuju, kaže hrvatski stručnjak [Chinese Belt and Road Initiative and the American Marshall Plan differ significantly, says a Croatian expert], CRI online, 13 October 2023; <https://croatian.cri.cn/2023/10/13/ARTIG2JbxijMjJLDUwMCeM2u231013.shtml>

annually.<sup>4</sup> The wind farm employs both Chinese and Croatian workers and contributes to the municipal budget through tax payments.<sup>5</sup>

In 2017 Chinese Camel Group invested in Rimac Automobili company that has gained reputation as being innovative and technologically advanced in the market of batteries and electric cars. This initial business deal was followed a year later, with a joint venture. Rimac and the Camel Group invested in a factory in China that produces engine components for electric cars and buses. The total cost of the investment was 158 million US dollars with Rimac investing 5 million and its *know how*, while the Camel Group financed the rest. Rimac maintains 40 per cent of the ownership of the new factory<sup>6</sup> and this is the only factory that Rimac owns outside Croatia. As a next step, the Kingsway Group, which is also a dealer for Tesla and Lamborghini, opened a luxurious Rimac car saloon in Shanghai in 2021.<sup>7</sup>

### **Cultural and Educational Exchanges, and Tourism**

Cultural and educational exchanges play a role in strengthening people-to-people ties. Initiatives such as language programs, academic partnerships, and cultural events contribute to a deeper understanding between the citizens of China and Croatia.

China and Croatia have established programs and maintain interest in educational, cultural and academic exchanges. Such programs have not been numerous, but a community of Croats learning more about China is growing. Venues for learning about China are predominantly through the Confucius institute (and its branches) which was established at the

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<sup>4</sup> Nina Domazet, Velika senjska vjetrofarma u rad kreće već ove godine [A large Senj wind farm becomes operational already this year], Energetika-net.com, 1 March 2021; <https://www.energetika-net.com/obnovljivi-izvori/velika-senjska-vjetrofarma-u-probni-rad-krece-vec-ove-godine-32071>

<sup>5</sup> Vladimir Spasić, 'China's Norinco gets green light for 156 MW wind farm near Senj', Balkna Green Energy News, 31 July 2018; <https://balkangreenenergynews.com/chinas-norinco-gets-green-light-for-156-mw-wind-farm-near-senj/>

<sup>6</sup> Bernard Ivezić, 'Rimac za milijardu kuna gradi tvornicu u Kini' [For a billion Croatian kuna, Rimac builds a factory in China], Poslovni dnevnik, 13 March 2018; <https://www.poslovni.hr/hrvatska/rimac-za-milijardu-kuna-gradi-tvornicu-u-kini-338674>

<sup>7</sup> Vedran Vrabec, 'Rimac širi globalnu mrežu prodajnih partnera i na Kinu: 'To je inovativna kompanija s nenadmašnim sposobnostima u elektrifikaciji' [Rimac is expanding its global network of sales partners to China: 'It is an innovative company with unsurpassed capabilities in electrification], Jutarnji list, 18 February 2021; <https://novac.jutarnji.hr/novac/aktualno/rimac-siri-globalnu-mrezu-prodajnih-partnera-i-na-kinu-to-je-inovativna-kompanija-s-nenadmasnim-sposobnostima-u-elektrifikaciji-15051728>

University of Zagreb on May 13, 2012, on the day of the 20th anniversary of the establishment of diplomatic relations between the Republic of Croatia and the People's Republic of China.

The Confucius Institute aims to strengthen educational cooperation between Croatia and China, to offer classes and popularize the Chinese language, improve mutual understanding and friendship.<sup>8</sup> It organizes classes in primary and secondary schools, as well as at universities and as part of lifelong education. It is also an initiator and organizer of various cultural events that bring Chinese culture closer to Croatia citizens. It strives also to inform on the ways and opportunities of doing business with China.<sup>9</sup>

University of Zagreb offers a major in Sinology since 2004 while Beijing Foreign Studies University offers a major in Croatian since 2006. China and Croatia signed a program for cooperation in the field of education in 2013, which was renewed in 2018.<sup>10</sup> The program offers scholarships and various study visits predominantly of Croatian students to China. Study trips were put on hold during the pandemic, but there are signs that cooperation in the field of education will pick up again.

Among the more important goals is support for the Department of Sinology at the University of Zagreb in establishing a full Sinology study program and active participation in the network of Confucius Institutes at the international level. From 2021, the strategic focus of the Institute is directed towards tourism, creative industries and digital transformation.

Croatia has experienced a boom of Chinese tourist in a few years prior to the pandemic. Around a quarter of a million of Chinese tourists visited Croatia in 2018 and generated nearly 350.000 overnight stays.<sup>11</sup> The Croatian Tourist Board opened its representation office in Shanghai and throughout 2019 organized webinars and workshops for Chinese travel agents.<sup>12</sup> The pandemic has suspended arrival of Chinese tourists since 2019.

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<sup>8</sup> Confucius Institute, University of Zagreb; <https://www.ki.unizg.hr/o-nama/>

<sup>9</sup> Ibid.

<sup>10</sup> Education Exchange, China Embassy Croatia; <http://hr.china-embassy.gov.cn/eng/zkgx/jyjl/>

<sup>11</sup> 'Activities Planned for Year of Culture and Tourism in Croatia and China', Total Croatia News, 15 April 2019;

<https://total-croatia-news.com/lifestyle/croatia-and-china-3/>

<sup>12</sup> Ibid.

## **A brief phase of ‘diamond cooperation’**

Historically, Croatia's strategic emphasis on Euro-Atlantic integration, especially NATO and EU accession, relegated potential cooperation with China to the periphery. The emergence of the 16+1 mechanism in 2012 found Croatia initially reticent, only actively engaging in 2016 under a center-right government. The construction of the Pelješac bridge, financed predominantly by the EU but awarded to China Road and Bridge Corporation (CRBC), emerged as a transformative juncture. Croatia's diplomatic rhetoric during this 'diamond stage' projected optimism, with expectations of broader collaboration in sectors such as tourism, agriculture, and sports industries.

Chinese Prime Minister Li Keqiang during his high-level visit to Croatia in April 2019 described the relations between two countries reaching a diamond stage. Poetically, it denotes strong and valuable partnership that has been build. The main driver of such partnership was the construction of the Pelješac bridge, for which Croatia received the funding in the amount of 85% of its total cost from the EU.<sup>13</sup> China was particularly interested in this infrastructure project as it would give it reference for future calls for projects that are EU funded. The spokesperson for the Chinese Southeast European Business Association (CSEBA) explained that this project for China is a way to further enter the European market stressing that CSEBA assisted the Chinese company in preparing all necessary documentation of the tender.<sup>14</sup>

Croatian officials spoke about the Pelješac bridge project being just a first one among many planned and discussed, ranging from investments in shipyards, health tourism and agriculture.<sup>15</sup> Little has been eventually realized. Still, the optimism was high at that time. During the state visit to China in November 2018, Croatian prime minister Plenković described the construction of the Pelješac bridge as a project with ‘triple symbolism’: it connects divided parts of the Croatian territory, it is a single largest infrastructure projects funded by the EU in

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<sup>13</sup> 'Komisija odobrila sredstva EU-a za gradnju Pelješkog mosta u Hrvatskoj' [The Commission approved funds for the Pelješac bridge construction in Croatia], EU Representation Office in Croatia, 7 June 2017; [https://croatia.representation.ec.europa.eu/news/komisija-odobrila-sredstva-eu-za-gradnju-peljeskog-mosta-u-hrvatskoj-2017-06-07\\_hr](https://croatia.representation.ec.europa.eu/news/komisija-odobrila-sredstva-eu-za-gradnju-peljeskog-mosta-u-hrvatskoj-2017-06-07_hr)

<sup>14</sup> Jelena Prtorić, 'In Croatia, China's building its bridge to Europe', China Dialogue, 11 May 2020; <https://chinadialogue.net/en/transport/12005-in-croatia-china-s-building-its-bridge-to-europe/>

<sup>15</sup> Hina, 'Plenković: kineske kompanije pokazale veliki interes za Hrvatsku' [Plenković: Chinese companies have shown great interest in Croatia], Večernji list, 6 November 2018; <https://www.vecernji.hr/vijesti/plenkovic-kineske-kompanije-pokazale-velik-interes-za-hrvatsku-1280913>

the given multiannual financial framework, and it will remain as a symbol of partnership between Croatia and China.<sup>16</sup>

On the occasion of the Chinese Prime Minister Li Keqiang visit to Croatia in April 2019, the Croatia Government prepared a series of documents, memorandums and agreements to be signed between the two countries in the areas of economy, trade, investments in agriculture, transport, logistics, science, technology, innovation, culture, education and tourism and other areas. A few examples of such agreements are: bilateral financing of research and development projects; cooperation in sports and transfer of the Croatian know how in sports to Chinese sports clubs; boosting cooperation in special form of tourism; intent to seek partnerships in building railway infrastructure; and a memorandum that establishes cooperation with Huawei directed at industry, innovation and technology.<sup>17</sup>

The Pelješac bridge, a symbol of connectivity and strategic partnership, became the focal point of an evolving narrative. Positive media coverage, buoyed by the bridge project's success, painted a picture of a country poised for enhanced cooperation with China. Headlines in Croatian media suggested that China had 'discovered' potentials in Croatia's various industries, fostering a sense of economic optimism.

### **Cooling-off of Relations Between the West and China**

However, the euphoria of the 'diamond stage' was short-lived. The COVID-19 pandemic, the escalating tensions between the US and China, and the Russian aggression on Ukraine in February 2022 introduced a period of recalibration. Global geopolitical dynamics, especially the fraying ties between the West and China, significantly impacted Croatia's stance. The initial warmth in Sino-Croatian relations gave way to a more cautious approach, influenced by concerns over security, economic considerations, and a broader alignment with EU-China relations.

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<sup>16</sup> Ibid.

<sup>17</sup> Government of Croatia, Press Release, 4 April 2019; <https://vlada.gov.hr/vijesti/brze-i-jeftinije-do-gradjevinskih-dozvola-vise-investicija-i-zaposlenih-u-gradjevinarstvu/25664?lang=cs>

The year 2019, symbolically celebrated as the 'diamond stage' of relations at the 16+1 Dubrovnik summit, proved to be a high watermark. The EU-China summit attempted to overcome trade disputes, but subsequent events, including the departure of Angela Merkel in 2021 and an increasing number of European policymakers expressing skepticism towards China, set a different tone.

In this shifting landscape, Sino-Croatian relations underwent a retraction, mirroring the broader trend of increased scrutiny and skepticism towards China across the European continent. The once-prominent Pelješac bridge, which symbolized a new era of collaboration, faced headwinds as global tensions intensified. The withdrawal of the Baltic states from the 16+1 cooperation mechanism and the breakdown of worldwide supply chains further dampened the framework's efficacy. Croatian politicians, once vocal about ascending relations with China, began to tread more cautiously. Projects discussed earlier, including potential Chinese investments in aging shipyards and the reconstruction of the Rijeka port, failed to materialize. Security concerns regarding the introduction of 5G technology by a Chinese telecommunication company in Croatia led to its indefinite suspension.

### **A Position of Neutrality and Quietism**

The year 2022, anticipated as a milestone for Sino-Croatian relations, witnessed a shift towards a more subdued celebration of the 30-year anniversary of diplomatic ties. The completion of the Pelješac bridge project, initially seen as an opportunity to rekindle the 'diamond stage,' failed to reignite the fervor. High-ranking Croatian officials were notably absent from the Chinese embassy's event, signaling a more reserved approach.

The celebration of the Pelješac bridge's opening also reflected a subtle change in tone. Unlike the earlier lauding of the project as a 'triple beneficial' cooperation story involving the EU, Croatia, and China, the ceremony minimized China's presence, leaving Croatia as the sole focus. The rhetoric of Croatian officials, including prime minister Plenković, shifted towards domestic symbols, underlining the national and strategic significance of the project. While Plenković acknowledged China's role, it was evident that China and the CRBC were no longer in the forefront.



Croatia's stance, as demonstrated by prime minister Plenković's statements in October 2020 when hosting US Secretary of State Mike Pompeo, revealed a strategic balancing act. Croatia sought to maintain a neutral profile amid escalating US-China tensions, emphasizing a desire for a level playing field in its relations with both, in accordance with global open-market principles.

In a span of a few years, Croatia's Sino-Chinese 'diamond stage' partnership underwent a transformation into a policy of neutrality and quietism. Quietism, often adopted by smaller states in foreign policy, involves keeping silent on certain issues. Croatia, it seems, embraced this policy amidst the turbulent currents of US-China relations.

### **Public and Media Perception**

Understanding the public and media perception of China in Croatia adds a layer of complexity to the narrative. Prior to 2017, China-related news in Croatian media were sporadic, with in-depth analyses and political or economic reports practically non-existent. An average Croatian reader might stumble upon politically neutral reports occasionally, typically accompanied by visits from Croatian dignitaries to China.

The narrative began to change in 2017, especially during Chinese Premier Li Keqiang's visit to Croatia for the 16+1 Dubrovnik summit in April 2019. The subsequent media coverage witnessed a surge, with numerous articles providing Croatian readers, many for the first time, insights into the 16+1 platform and the One Belt One Road initiative. The news, initially positive in character, did not sustain its momentum.

The year 2020 marked a shift in the media portrayal of China in Croatian news. The COVID-19 pandemic, which cast a spotlight on China's actions and reactions, fueled discussions on the source of the virus, lockdowns, and China's role in global affairs. The pandemic cemented China as a regular topic in Croatian media, introducing a more critical angle to the coverage.

Even before the pandemic, China-related news started to surface in Croatian media. Daily newspapers covered a range of topics, from China's activities in the South China Sea and its relations with the US to trade wars, the rise of Chinese military spending, and various security issues. The articles often carried a critical perspective, questioning China's intentions and actions.

The war in Ukraine introduced another layer to Croatia's analysis of China. The global geopolitical implications of the conflict, coupled with China's ambiguous stance, became subjects of scrutiny in Croatian media. The war added a new dimension to the discourse on global geopolitics, affecting how Croatia positioned itself in the changing global landscape.

This shift in media narrative reflected broader societal sentiments, with a growing awareness of the geopolitical implications of aligning with China. The positive economic prospects envisioned during the 'diamond stage' were increasingly overshadowed by concerns related to security, technology, and alignment with Western partners.

The public perception, once characterized by optimism and curiosity about China's investments, started to evolve towards skepticism and caution. Social media platforms, forums, and opinion pieces saw an increase in discussions around the potential risks associated with deepening ties with China. The once-welcoming attitude towards Chinese investments began to transform into a more vigilant stance, demanding a thorough evaluation of the long-term implications.

### **Challenges and Opportunities**

While the overall tone of the relationship has been positive, like any international partnership, China-Croatia relations face challenges. These may include differences in political systems, cultural nuances, and variations in economic priorities. However, both countries have the opportunity to address these challenges through open communication and sustained cooperation.

The global and regional context also influences the dynamics of China-Croatia relations. China's role in international organizations and its stance on various global issues may impact its relationships with individual countries, including Croatia. Similarly, regional dynamics in Europe can influence how China engages with Croatian counterparts.

## **Conclusion**

In conclusion, China and Croatia have developed diplomatic relations that can be characterized as positive and cooperative.

Croatia's diplomatic trajectory with China, from a distant yet amicable friendship to a 'diamond stage' of economic collaboration and subsequent retraction towards neutrality, serves as a microcosm of the complex dynamics shaping global relations. The Pelješac bridge project, initially hailed as a symbol of Sino-Croatian cooperation, became emblematic of the broader shifts in international affairs.

The COVID-19 pandemic, the escalating tensions between major powers, and the evolving geopolitical landscape played pivotal roles in reshaping Croatia's approach towards China. From a strategic embrace during the 'diamond stage' to a cautious balancing act amid global uncertainties, Croatia navigated the intricate waves of international relations.

While the 'diamond stage' may have waned, the potential for renewed collaboration remains latent. As the world grapples with multifaceted challenges, including climate change, public health crises, and international conflicts, Croatia's role in shaping the discourse on global cooperation should be recognized. The choices made by policymakers will determine whether the 'diamond stage' was a fleeting moment or a precursor to a sustained and resilient partnership that brings the West and China closer to each other in an ever-evolving geopolitical landscape.