



Weekly Briefing

**North Macedonia external relations briefing:
Recent Developments, Policies, and Prospects in
Sino-Macedonian Relations**

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Summary

Sino-Macedonian relations have experienced varied phases. Following the Global Financial Crisis (GFC), the relationship gained new impetus, especially with Macedonia's involvement in the 16+1 initiative (now China-CEEC Cooperation) and the Belt and Road Initiative (BRI), marking a period of intensified cooperation. The years 2012 to 2015 represented a golden age in Sino-Macedonian relations, with the signing of numerous agreements, notably those initiating infrastructure projects such as the Miladinovci-Štip and Kičevo-Ohrid highways. However, since 2017, the relationship has entered a phase of stagnation due to a confluence of factors including domestic political changes in Macedonia, a shifting foreign policy agenda, the impacts of COVID-19 and changes in the global geopolitical context.

The Republic of Macedonia and the People's Republic of China formally established ambassadorial-level diplomatic relations on October 12, 1993, signifying that the year 2023 commemorates the 30th anniversary of diplomatic relations. In this period, the evolution of Sino-Macedonian relations has been shaped under the influence of geopolitical, economic, and strategic developments. At the same time, these bilateral relations have been influenced not only by the direct actions of the two countries but also by the involvement of intermediating countries and organizations, such as NATO, the EU, and the USA. Since 2017, Sino-Macedonian relations have experienced a period of stagnation, a result of multifaceted factors including domestic political shifts within Macedonia, a reorientation of foreign policy priorities and the evolving geopolitical landscape. This paper aims to dissect the recent years of Sino-Macedonian cooperation, analyzing the underpinnings of the current stagnation, and contemplating the future trajectory of this bilateral relationship. The period under analysis spans from May 2017 until January 2024, a timeframe that aligns with two consecutive governments led by the Social Democrats (SDSM) in coalition with the ethnic Albanian party, DUI (Democratic Union for Integration). During this period, Macedonia had two Prime Ministers: Zoran Zaev, who served from 31 May 2017 until January 2022, and Dimitar Kovachevski, who took office thereafter, serving until January 2024. The country also had two Foreign Ministers

in this timeframe: Nikola Dimitrov, who held the position from 31 May 2017 until 30 August 2020, followed by Bujar Osmani, who has served from 30 August 2020 to the present. The article thoroughly examines all materials related to Sino-Macedonian bilateral cooperation and multilateral cooperation within the framework of the 16+1 initiative that have been published on the website of the Government.

The domestic political context since 2017

The Government of VMRO-DPMNE (Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity) in Macedonia ended in 2017. The transition from VMRO-DPMNE to the SDSM-led coalition government occurred in May 2017. The SDSM-DUI coalition government, under the leadership of Zoran Zaev, officially took office on May 31, 2017. This marked the beginning of a new political phase in the country, one marked by Zaev's government's focus on "advancing the country's Euro-Atlantic integration process", which eventually resulted in the Prespa Agreement in June 2018, the country's subsequent (illegal and illegitimate) name change and the membership in NATO on 27 March 2020.¹ The period marked by a closer alignment with NATO has also seen a noticeable stagnation in the relations with the People's Republic of China (PRC), particularly when compared to the level of cooperation and official visits to China that characterized the previous VMRO-led government. However, this was not immediately evident from the beginning. In the "Draft Government Work Program 2017-2020," published by the Social Democrats in 2017, there was a clear intention to cooperate with China, aiming to deepen and expand the cooperation between the two countries.² The document states that the Government will commence negotiations for funding three priority infrastructure projects, leveraging the 16+1 Initiative spearheaded by the People's Republic of China, with an investment exceeding 10 billion USD. This phrase is published verbatim on the government's website, under the section on "Infrastructure".³ However, none of these intentions materialized into action or infrastructure projects in the ensuing period. Indeed, in the subsequent "Draft Government

¹ Gjorgjioska, M. A. (2020). Ethnicity and Nationality in and around the 'Prespa Agreement' on the Macedonia Name Issue. *European Yearbook of Minority Issues Online*, 17(1), 190-211.
https://doi.org/10.1163/22116117_01701009

² Draft Government Work Program 2017-2020, published in 2017, available at <https://sdsd.org.mk/wp-content/uploads/2020/06/Predlog-Programa-za-rabota-na-Vladata-2017-2020.pdf>, accessed on 11.02.2024

³ Infrastructure, published in 2017, available at <https://vlada.mk/node/18054>, accessed on 11.02.2024

Work Program" for 2020-2024, there was not a single mention of China or the 16+1 (China-CEEC Cooperation), indicating a shift in the Government's intentions.⁴

The remainder of the materials published on the Government website further reflect this downward trajectory in bilateral relations, attributable to a lack of interest by the government. One of the first meetings that Prime Minister Zaev held in 2017 upon taking office was with the Chinese ambassador, Yin Lixian. During the meeting, it was agreed to intensify the economic cooperation between the two countries through new projects within the framework of China's 16+1 Program for Central and Eastern European countries, immediately after resolving the issues in the construction of the two highways, Miladinovci-Štip and Kičevo-Ohrid, in which China is involved. Additionally, Minister Zaev announced specific initiatives from the Government of Macedonia to expand economic cooperation with the People's Republic of China. Zaev informed that contacts with Chinese companies for cooperation in the fields of energy and construction had already been established, and he also announced an expansion of cooperation in agriculture.⁵

In October 2017, Zaev, accompanied by the State Secretary in the Ministry of Foreign Affairs, met with Chao Wang, Deputy Minister of Foreign Affairs of the People's Republic of China. "We demonstrated that our goal is to fully implement the construction of the two highways, Miladinovci-Štip and Kičevo-Ohrid, which are being built by a Chinese company in collaboration with domestic firms. Plans are in place to sign several memorandums with a few more Chinese companies present in the region, in the fields of energy and railway traffic. This shows that we see the People's Republic of China as a major economic partner," Zaev said during the meeting.⁶

⁴ Draft Government Work Program 2020-2024, published in 2020, available at <https://bco.mioa.gov.mk/wp-content/uploads/2020/09/%D0%9F%D1%80%D0%BE%D0%B3%D1%80%D0%B0%D0%BC%D0%B0-%D0%B7%D0%B0-%D1%80%D0%B0%D0%B1%D0%BE%D1%82%D0%B0-%D0%BD%D0%B0-%D0%92%D0%BB%D0%B0%D0%B4%D0%B0%D1%82%D0%B0-%D0%B7%D0%B0-%D0%BF%D0%B5%D1%80%D0%B8%D0%BE%D0%B4%D0%BE%D1%82-2020-2024.pdf>, accessed on 11.02.2024

⁵ "Средба на премиерот Заев со кинеската амбасадорка Лисјен: Кина гледа голем партнер во новата Влада на Македонија и шанси за поголема економска соработка", published on 19.06.2017, available at <https://vlada.mk/node/12914>, accessed on 11.02.2024

⁶ "Средба на премиерот Заев со кинескиот заменик министер Ванг: Македонија ќе постигне големи успеси, поддршка за реформите и најава за нови инвестиции", published on 13.10.2017, available at <https://vlada.mk/node/13547>, accessed on 11.02.2024

In November 2017, in Budapest, a government delegation led by the Prime Minister participated in the 16+1 Summit of Heads of State. On the sidelines of the summit, Zaev met with Li Keqiang, the Premier of the People's Republic of China. During the meeting, he emphasized that Macedonia was ready with several specific projects to apply for the favorable Chinese credit lines.⁷

In July 2018, Zaev took part at the Seventh Summit of Heads of Government from the 16+1 in Sofia, Bulgaria. He made a statement media in which he highlighted: "We will use this significant opportunity together with the ministers to present several capital projects related to road and rail infrastructure with which we can establish cooperation, but we will also use this occasion to enhance the possibilities for advancing cultural cooperation between the Republic of Macedonia, the People's Republic of China, and the CEE countries."⁸ On the sidelines of the meeting, the Prime Minister, along with the government delegation he led, once again met with the Premier of the People's Republic of China, Li Keqiang.

In October 2018, the 5th High-Level Think Tanks Symposium of China-CEEC Cooperation was held in Macedonia's capital of Skopje from Oct 30 to 31. The PM opened the Symposium, which was co-hosted by the Institute for Geo Strategic Research and Foreign Policy (IGRFP), the think tank of the Ministry of Foreign Affairs (MFA) and the Macedonian Academy of the Sciences and Arts (MANU). From the Chinese side, the organizing institutions were the 16+1 Think Tanks Network and the Institute European Studies at the Chinese Academy of Social Sciences (CASS), the Secretariat for China-CEEC Cooperation with the Foreign Ministry of the PRC, the China Foundation for International Studies and the China Institute for International Studies. The Symposium was one of the highlights of Macedonia's participation in 16+1. It also represented the last high-level event organised by the country

⁷ "Премиерот Заев: Помошта од Народна Република Кина е од историско значење за инфраструктурната модернизација на земјата", published on 28.11.2017, available at <https://vlada.mk/node/13791>, accessed on 11.02.2024

⁸ "Премиерот Заев на Самитот 16+1: Овој значаен собир ги потврди големите инвестициски можности", published on 07.07.2018, available at <https://vlada.mk/node/15134>, accessed on 11.02.2024

within the Format.⁹ In 2018, the 16/17+1 Coordination Center for Cultural Cooperation was established at North Macedonia's Ministry of Culture.

In 2019, the Prime Minister led a government delegation consisting of the Deputy Prime Minister in charge of economic affairs and coordination with economic departments, the Minister of Transport and Communications, and the Minister of Culture, to the 8th Summit of Heads of Government from CEE and the People's Republic of China as part of the 16+1 process, which took place in Dubrovnik, Republic of Croatia. Within the framework of this Summit, Prime Minister Zaev participated in the plenary session, where the prime ministers of the participating countries delivered speeches.¹⁰ On the sidelines of the summit, Zaev had a meeting with the Chinese Premier, Li Keqiang.

In 2019, Sinohydro successfully won two public contracts to build local roads in Macedonia through competitive tenders. The projects included the Krupište-Kočani road, where the prices per item were up to four times cheaper than those of the Kičevo-Ohrid highway. This road has been in operation since January 2022. Another significant project undertaken by Sinohydro was the Gradsko-Prilep section, specifically the Farish-Drenovo stretch, in 2021. This project covered 10.2 kilometers and cost 33.3 million euros, funded by the European Bank for Reconstruction and Development (EBRD). The contract for this project was taken over from the Spanish company "Construcciones Rubau SA," which abandoned the project in 2019 after completing about 35% of the work. Initially, the project, signed in 2016 for 31,793,692 euros, was supposed to be completed in 2018, highlighting the challenges and changes in the execution of such infrastructure endeavors in Macedonia.

Early interactions between Prime Minister Zaev and Chinese officials, including meetings with Ambassador Yin Lixian and Deputy Foreign Minister Chao Wang, underscored Macedonia's interest in pursuing infrastructure projects and economic cooperation within the

⁹ "Премиерот Заев: Петтиот Симпозиум на тинк тенк од процесот 16+1 е значаен чекор во процесот на поврзување помеѓу земјите од ЦИЕ и НР Кина", published on 30.10.2018

<https://vlada.mk/node/15637>, accessed on 11.02.2024

¹⁰ "Премиерот Заев од пленарната сесија на Шефови на Влади од ЦИЕ и НР Кина 16+1: Силно ја поддржуваме иницијативата 16+1, имаме огромен потенцијал да ги унапредиме економските и бизнис партнерствата", Published on 12.04.2019, available at <https://vlada.mk/node/17465>, accessed on 11.02.2024

16+1 framework. However, despite these early engagements and expressed intentions to implement significant infrastructure projects with Chinese collaboration, the momentum did not sustain. Participation in 16+1 Summits and bilateral meetings with Chinese Premier Li Keqiang highlighted Macedonia's initial commitment to fostering economic and cultural ties with China. Notable events, such as the 5th High-Level Think Tanks Symposium of China-CEEC Cooperation in Skopje and the establishment of the 16/17+1 Coordination Center for Cultural Cooperation, showcased Macedonia's active engagement in the 16+1 Initiative. Yet, the lack of substantial progress on previously announced projects and the shift in government focus reflected in later documents indicate a cooling of relations and a reevaluation of Macedonia's strategic priorities away from China towards deeper integration with Western institutions.

Sino-Macedonian Relations after the country's NATO accession

On 27 March 2020, Macedonia became a member of NATO. Several months later, on the 23 of October 2020 Prime Minister Zoran Zaev signed a Memorandum of Understanding with the United States on security issues linked with new telecommunications technologies. The Memorandum is part of a broader offensive by the United States aimed at keeping Chinese companies out of the race for building 5G infrastructure in countries across Europe. Macedonia became the 11th country to have signed the US Memorandum of Understanding. "We have an obligation to align our telecommunications development policies with those of the EU as well as to align the security aspects of the implementation of the 5G network with our strategic ally, the US" Prime Minister Zaev declared during the signing ceremony. Moreover he added that "the memorandum is vital for the future prosperity of our country from an economic point of view, as well as for national security".¹¹ The Memorandum led to changes in the Electronic Communication Law and other accompanying legislation, which embedded rules effectively blocked vendors such as Huawei and ZTE from supplying 5G equipment to Macedonia.

The period following these developments would likely have been characterized by a noticeable decline in cooperation, attributed to Macedonia's alignment with NATO positions. However, this trend was significantly altered by the COVID-19 crisis. China's provision of

¹¹ "Заев: Северна Македонија и САД ја потврдија соработката за безбедност на 5G технологии", published on 23.10.2020, available at <https://vlada.mk/node/22928>, accessed on 11.02.2024

vaccines and other forms of support to Macedonia played a pivotal role in maintaining and even enhancing bilateral relations during this global health emergency. On 09.02.2021, Zaev participated in the 17+1 Summit, which was held via an online video conference link. "Now is the time to prepare for the post-COVID era and the renewal of our societies and economies, and in that direction, it is certainly important to intensify various forms of economic cooperation. Bearing this in mind, we believe that cooperation within the framework of 17+1 should be focused on specific projects and have concrete results, especially in the areas of economic and trade exchange and capital infrastructure projects," emphasized Prime Minister Zaev in his address.¹²

In March 2021, the Prime Minister received a delegation from the Ministry of Defense of the People's Republic of China. At the meeting, Prime Minister Zaev appealed to the Minister of Defense, General Wei Fenghe, to convey to the competent institutions in the People's Republic of China that Macedonia expects the acceleration of the delivery of 200,000 vaccines from the company "Sinopharm" to be included in the country's immunization process.¹³ At the end of April of that year, 200,000 vaccines from the manufacturer Sinopharm arrived, marking the beginning of the mass vaccination process in the country. In the months that followed, a significant quantity of Sinovac vaccines also arrived.¹⁴ As Macedonia struggled to procure vaccines from Western manufacturers, China was the first country to provide a sizable number of doses.

In the period following the COVID-19 crisis, cooperation with China entered a quiet phase, characterized by a lack of significant activity. Macedonian businesses consistently failed to grasp the range of opportunities presented at the China International Import Expo (CIIE). Since 2018, this Expo has presented an important platform for businesses from around the world

¹² "Премиерот Заев на Самитот на Иницијативата 17+1: Процесот на соработка со НР Кина има потенцијал да постигне поголема ефикасност и од зголемената регионална соработка за проекти од интерес за повеќе земји во регионот" Published on 09.02.2021, available at <https://vlada.mk/node/24164>, accessed on 11.02.2024

¹³ "Премиерот Заев прими делегација на Министерството за одбрана на НР Кина: Посетата на министерот за одбрана генерал Фенгхе е уште една значајна потврда за добрите односи меѓу двете земји", published on 30.03.2021, available at <https://vlada.mk/node/24730>, accessed on 11.02.2024

¹⁴ "Филипче: Поддршката од Кина и кинескиот народ е од огромна важност за здравствениот систем" Published on 22.06.2021, available at <https://vlada.mk/node/25663>, accessed on 11.02.2024

to display and demonstrate their products and services to potential customers in China. Its importance only increased in the post-Covid period with businesses eager to showcase their products and services to new markets and customers, to establish relationships with other companies and to build networks that can be beneficial for future collaboration, whilst also staying up-to-date on the latest trends and developments in their respective industries. And yet, the country failed to send any type of representation to the Expo, in spite of high interest amongst the domestic business community. The reasons for this can be located in the lack of institutional planning and coordination with regards to managing trade, economic affairs and economic diplomacy, but also in the geopolitical landscape which severely constricts the space in which both institutions and businesses operate.

On November 6th on the occasion of the 30th anniversary of the establishment of diplomatic relations between China and Macedonia, and with the aim of advancing bilateral economic, trade cooperation, and cultural exchange between the two countries, the Chinese Embassy in Macedonia held a reception on the theme of Industrial and Economic Cooperation China-Macedonia. The reception was attended by 260 representatives from more than 200 enterprises and business associations.¹⁵ As part of the anniversary events, the Deputy Prime Minister in charge of economic affairs, coordination of economic departments, and investments, Fatmir Bytyqi, had a meeting with a Chinese delegation composed of representatives from several leading Chinese companies, led by the Ambassador of the PRC to Macedonia, Zhang Zuo. Vice Premier Bytyqi presented to the businessmen from China the opportunities and conditions for investing in the country, emphasizing that the Government offers legally founded and transparent support measures for starting a business, accompanied by strong institutional support in the realization of investments. The meeting with the Chinese businessmen was also attended by the Director of the Directorate for Technological-Industrial Development Zones, Jovan Despotovski, who presented the conditions for investing in the industrial zones in the country.¹⁶ These events represented isolated occurrences that did not alter the overarching narrative of a government hesitant to engage deeply with China. Indeed,

¹⁵ “Голем интерес за индустриската и економската соработка Кина-Македонија: Македонските бизнисмени на прием на Кинеската амбасада”, published on 06.10.2023, available at

<https://novamakedonija.com.mk/makedonija/golem-interes-za-industriskata-i-ekonomskata-sorabotka-kina-makedonija-makedonskite-biznismeni-na-priem-na-kineskata-ambasada/>, accessed on 11.02.2024

¹⁶ “Вицепремиерот Битиќи ги претстави можностите за инвестирање пред кинески бизнисмени”,

Published on 06.10.2023 <https://vlada.mk/node/34772>, accessed on 11.02.2024

against the backdrop of the 30th anniversary of diplomatic relations, rumors started to circulate within diplomatic circles that under the leadership of the Minister of Foreign Affairs, Bujar Osmani, the country might be considering an exit from the China-CEEC Cooperation framework in 2024.

These developments coincide with increasing hawkishness by actors in the EU vis a vis China (and Russia). At the Wachau European Forum on June 23, Austrian Foreign Minister Schallenberg launched the "Friends of the Western Balkans" coalition, which includes several EU countries like Austria, Greece, Italy, Croatia, Slovakia, Slovenia, and the Czech Republic. This group aims to accelerate the EU integration process for Western Balkan nations by fostering closer relationships with them even prior to their official membership. By November 13th, the further objectives of this coalition became more evident. As outlined by the Austrian Foreign Minister alongside the "Friends of the Western Balkans," the initiative seeks to diminish China's and Russia's foothold in Southeast Europe while enhancing the Balkan region's connections with the European Union. The primary objective of the initiative will probably be to obstruct the development of cooperation between EU membership candidates like Macedonia and China.

In this context, the political party Levica has emerged as the sole political actor deeply committed to fostering a positive relationship between Macedonia and China. Levica's advocacy for closer ties and strategic partnership with China distinguishes it from other political groups and underscores its unique position in Macedonia's political landscape regarding foreign policy orientations towards China. It also suggests that if Levica were to join a future ruling coalition, it might advocate for strengthening relations with Beijing.¹⁷

¹⁷ Levica's electoral program for the 2020 parliamentary elections, <https://levica.mk/wp-content/uploads/2020/06/Levica-programa-A4-final-za-net-12.06.2020-1.pdf>

Conclusion

In recent years, the dynamics of Macedonia-China relations have seen a significant downturn, most notably marked by the absence of official high-level visits from Macedonian officials to China. The bilateral relationship encountered stagnation, most notably influenced by Macedonia's alignment with NATO and the European Union's strategic orientations. The period following the COVID-19 pandemic, despite the support from China, failed to rejuvenate the momentum, as evidenced by the absence of significant activity in the post-crisis period. Speculations about Macedonia's potential departure from the China-CEEC Cooperation framework in 2024 further illustrate this. However, the highly likely change of government in 2024 opens the possibility for a shift in course and improvements in relations with China, especially in the very unlikely scenario that Levica becomes a coalition partner. This shift underscores the profound impact of Macedonia's Euro-Atlantic integration process on its external relations, particularly with non-Western partners like China, highlighting the loss of sovereignty that the country has experienced as a result of its membership in NATO.