

Considering the so far unexplored fields of cooperation, some discussants mentioned a potential for greater Turkish involvement in multi-level activities related to the EU enlargement in the SEE region. Collaboration efforts could entail the mediation in border disputes, as in the case of Kosovo and Serbia. Such an opinion was not equivocally supported. Even if regional leaders keep the communication channels with Ankara open, Kosovo and Serbia display little willingness to involve any party but the EU in the bilateral conflict resolution. In addition, speakers considered that bringing Turkey to the table of Kosovo-Serbia negotiations could provide an excuse for inviting Russia as a mediator as well. On the contrary, opportunities for Turkish municipalities to expand their contacts in the region should be praised and supported as they allow Turkey-SEE relations to move beyond high-level official venues. Trade, establishment of joint-enterprises, and counter-terrorism – all these are areas offering ample opportunities for cooperation between the EU and Turkey in Southeast Europe.

■ International Seminar in Tirana

Corporate China in the Western Balkans

Organizers: Cooperation & Development Institute (CDI, Tirana) / Hanns Seidel Foundation (Regional Office for South-East-Europe, Zagreb / Tirana) / Southeast Europe Association (SOG, Munich)

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Report by Jens Bastian, Athens

□ Ever since the Chinese President Xi Jinping formerly announced in 2013 in Kazakhstan his *One Belt – One Road* (OBOR) initiative, conferences and workshops about the objectives of this global infrastructure development project have proliferated across continents and countries. The political implications of OBOR and the economics of its implementation have taken center stage of policy-makers, business representatives as well as in the media and among analysts.

The seminar "Corporate China in the Western Balkans", held in Albania's capital on 16 and 17 May 2019, looked at the manner in which OBOR is being translated into sectoral strategies of Chinese businesses that either invest in companies or lend to governments in the Western Balkans. Jointly organized by the Cooperation & Development Institute (CDI), the Hanns Seidel Foundation (Regional Office for South-East-Europe) and the Southeast Europe Association (SOG), the two-day seminar featured ministers from the region, research analysts, academics and economic consultants to discuss individual country cases, main trends of Chinese investments and what the future holds in Sino-Balkan relations. – Held under Chatham House rules the different stakeholders engaged in vibrant discussions and targeted presentations in three separate panels. Last minute cancellations by the invited Chinese representatives required short-term adjustments by the astute CDI team in Tirana. As regretful as the absence of the Chinese participants was, the seminar's deliberations profited from a willingness to

engage in frank exchanges. Various panel members brought their multi-year work experience in or with China to the open-minded discussions.

From different political economy perspectives, the representatives from Albania, Serbia, North Macedonia, Montenegro, Slovenia, Greece, Germany, Italy and Poland highlighted the portfolio of Chinese equity investments, bank lending and infrastructure development projects that are spreading across the Western Balkans. Financed by Chinese policy banks through concessional lending arrangements, many of these projects had initially been proposed to EU institutions, only to be rejected or delayed for years. Thus, as one observer pointedly remarked, in the course of the past years "China became the second-best choice for us in order to get things moving."

The landscape of Chinese projects crisscrossing the Western Balkans includes hydropower plants, highway construction, maritime connectivity through port infrastructure or investments in railway modernization as well as acquisitions of copper mines and steel mills. The sectoral focus on transport and energy is gradually being diversified. Today, Chinese companies build schools in North Macedonia, update telecommunication networks for 5G mobile telephony in Serbia and finance "smart cities" projects in Bosnia and Hercegovina. This sectoral expansion beyond traditional 'bricks & mortar' was seen by various participants as signaling "lessons learned" by corporate representatives from China. The expanding presence of Chinese companies also highlights another objective: That the political authorities in Beijing have understood the need to better explain the rationale for and objectives of OBOR. While the abbreviation continues to be used in the Chinese language, the English translation has shifted from OBOR to BRI (*Belt and Road Initiative*).

These corporate developments notwithstanding, the seminar did not shy away from pinpointing the mixture of Chinese success stories in the Western Balkans with projects that have failed for a variety of reasons. This part of the China debate is often treated as a footnote in conferences and workshops that more resemble promotional events, but fundamentally lack critical faculties. The "Corporate China in the Western Balkans" seminar sought to take a different perspective, underlining that manifest project failures have as much to do with Chinese deficits in understanding the operational environment of countries in the region as well as a lack of capacity building on the part of policy makers and regulators in Tirana, Podgorica, Skopje or Belgrade.

As was illustrated with a host of empirical examples – ranging from highway construction and procurement procedures being investigated for alleged corruption to the complexity of currency hedging arrangements in lending contracts with Chinese policy banks – the risks inherent in joint ventures frequently came to light as common projects materialized over time, but subsequently also attracted greater public scrutiny. After more than five years of experience with Chinese corporate representatives, policy makers in the Western Balkans are adapting their approaches and re-defining the toolbox. As was repeatedly underlined, capacity building in the execution of projects with China, legal expertise regarding the conduct of contractual negotiations and the preparation of feasibility studies represent a steep learning curve for ministries and regulatory authorities in Serbia, Albania or North Macedonia.

These lessons learned include a broader political message that various panelists highlighted. Contrary to current reassessments of doing business with China in different West European capital cities, policy makers in the Western Balkans have not embraced the criticism of China as an economic predator. The increasingly skeptical voices vis-à-vis China being heard in the hallways of the European Commission in Brussels or in ministries in Paris and Berlin are not

being shared by policy makers in Podgorica, Belgrade or Sarajevo. Instead, as the seminar in Tirana underscored, there continues to be an air of optimism surrounding China's growing economic footprint in the region. This positive view of China as an investor and lender has one key difference of perspective, as one panelist remarked: "Chinese companies investing in and policy banks' lending to governments consider the Western Balkans as one region. But we in Belgrade, Skopje or Podgorica don't see ourselves as a region."

Serbia, Bosnia and Hercegovina, North Macedonia, Albania and Montenegro are all members of the China-led "17+1 network" of countries from Central and Eastern Europe (including 12 EU member states, with Greece joining in April 2019). But this network has not fostered a regional approach of participating countries vis-à-vis China. Instead, bilateral agreements are negotiated and signed between heads of government and Chinese companies and ministries. This top-down, leader-to-leader arrangement is not conducive to developing regional synergies, e.g. in policy fields such as tourism initiatives, energy connectivity or transport corridors.

It was to the credit of the seminar "Corporate China in the Western Balkans" to highlight regional cooperation as a 'work in progress' vis-à-vis China. Individual countries in the region are starting to formulate national strategies, stipulating what they expect from expanded cooperation with China, what rules of engagement need to apply with Chinese companies. Equally, it would be misleading to argue that China has a master plan for the Western Balkans. Its corporate acquisitions and lending agreements for infrastructure development projects suggest that China is undertaking strategic steps in different sectors, establishing connectivity across industries.

The reputational capital Chinese corporate representatives are gaining in the Western Balkans gradually puts them in a position to challenge other traditional European and non-EU external actors. This development constitutes a formidable challenge for EU policy-makers, national governments as well as Russia and Turkey. As one participant of the Tirana seminar remarked, China will continue to fascinate us, confuse and frustrate us. But Chinese companies are firmly anchored in the region. China is in play and will stay in the Western Balkans.

■ Journalismus und Medienfreiheit im Fokus

Öffentliche Jahreshauptversammlung der Südosteuropa-Gesellschaft 2019

Bamberg, 2. März 2019

Bericht von Gregor Mayer, Belgrad

□ Am 2. März 2019 hielt die Südosteuropa-Gesellschaft (SOG) in der Aula der Otto-Friedrich-Universität zu Bamberg ihre Jahreshauptversammlung ab. In seinem einleitenden **Jahresbericht** verwies SOG-Präsident *Gernot Erlen* darauf, dass die vom Auswärtigen Amt geförderte Gesellschaft nunmehr 700 Mitglieder und 20 Zweigstellen (19 in Deutschland