

CENTER FOR POLITICAL, ECONOMIC  
AND SOCIAL RESEARCH

BSF RESEARCH PAPER

FEBRUARY 2025

# China's Belt and Road Initiative in the Balkans

## Regional Economic and Political Impacts

FIGEN AYDIN





## ABSTRACT

The Balkan geography has geopolitical importance as a part of the European continent with its natural location. The region, which holds together countries that are important in the history of the continent, connects Europe to Asia and the Middle East. The geopolitics of the Balkans, which offer a geographical intersection, inevitably becomes an important arena for the sphere of influence of great powers. Continuing its economic growth, China considered increasing its contacts with the Balkan countries as of the end of the 20th century. The political changes that the Balkans went through did not lead to a deep change in China's Balkan policy; on the contrary, it tried to strengthen its ties with the countries of the region that had a fragmented structure after Yugoslavia.

There are several basic reasons why the Balkan countries are skeptical about China and the Belt and Road Project. Economic and political concerns make the Balkan countries suspicious of the Chinese economy and political influence. Inspired by the historical Silk Road route, the Belt and Road is a geopolitical development and investment project launched to ensure China's economic integration with all countries in the world. The fact that geopolitics is at the core of the project and investments come to the forefront makes it easier for China to focus on developing economies. China has overlapping interests with the Balkan countries. The fact that the Balkan countries need investment, are geographically close to European markets and are prone to cooperation deepens China's policies in the Balkans. However, the possibility that cooperation with China will distance the Balkan countries from EU membership reveals the damage that the Balkan countries will suffer.

## Keywords

Balkan Geopolitics, China-Balkan Relations, Belt and Road Initiative, Economic and Political Influence, EU Membership Challenges

# Introduction

The Balkan geography has geopolitical importance as a part of the European continent with its natural location. The region, which holds together countries that are important in the history of the continent, connects Europe to Asia and the Middle East. The geopolitics of the Balkans, which offer a geographical junction, inevitably becomes an important arena for the sphere of influence of great powers.

China, which continues its economic growth, has evaluated increasing its contacts with the Balkan countries as of the end of the 20th century. The political change that the Balkans have gone through has not led to a deep change in China's Balkan policy, on the contrary, it has tried to strengthen its ties with the countries of the region that have a fragmented structure after Yugoslavia.

The political revolutions experienced by the Balkans, on the one hand, provided the market that the Chinese economy needed, and on the other hand, revealed the political influence area that the Chinese state desired. However, the need for investment in the Balkans and the need to increase its connections provided an opportunity for China to integrate with the Balkan countries. In this context, the Belt and Road Project, announced by the Chinese state in 2013, has brought China's economic and political policies in the Balkans into operation.

Inspired by the historical Silk Road route, the Belt Road is a geopolitical development and investment project launched to ensure China's economic integration with all countries of the world. The fact that geopolitics is at the core of the project and that investments come to the forefront makes it easier for China to focus on developing economies.

The changing political landscape of the Balkan countries has increased the countries' need for investment, and has necessitated the establishment of connections and the development of states. The fact that the Belt and Road Project can meet the needs of the Balkan countries ensures that China is integrated into the Balkans through engagement. Thus, China focuses on the investment areas and markets it wants to make. The Balkan countries, on the other hand, gain the investments, local employment and connections it needs.

There are two ideas for the overlapping economic interests between China and the Balkan countries. The first is that China is not only an economic investor country in the Balkans. According to this idea, China aims to create an economic and political sphere of influence in the Balkans. The increase in economic

influence will serve as a political leverage for China over time. In addition, it is evaluated that the economic and political integrity of the countries in the region with China will prevent the Balkan countries from becoming members of the European Union.

According to the second idea, China is increasing its investments as an Asian state and is not aiming for a partnership/integration rather than economic cooperation. As the world's second largest economy, China provides the economic support that the Balkan countries need and only increases its investments. It aims for the full integration of the Belt and Road Project and foresees the development of the Balkans.

Within the framework of the evaluations, determining the economic and political effects of China's presence in the Balkans with the Belt and Road Project on the region will shape the future of the Balkans. This study aims to explain China's political and economic presence in the Balkans within the framework of the Belt and Road Project. Thus, the political and economic effects of the Belt and Road Project on the Balkan countries can be determined. First, China's presence in the Balkans and how it has integrated into the region with the Belt and Road Project investments will be explained. In the second title, the economic and political effects of the Belt and Road Project on the Balkans will be determined.

## **From East Asia to the Balkans: Chinese Presence and Goals in the Balkans**

The Balkan countries, which were parts of the Soviet Union and Yugoslavia, have a divided network of relations as a result of the dissolution of their unions and military conflicts. Their ties with the European Union (EU) and its transatlantic ally the United States consist of relations that need to be developed in this direction. However, the instability and corruption in the region and the migration prevent investments from flowing to the Balkans. Despite the enormous economic growth potential, the Balkan countries cannot realize their potential due to the lack of investment. In addition to the lack of investment, the economic crisis experienced in 2008 further weakened the economies of the Balkan countries. After

***After the 2008 crisis, the Balkan countries learned that it was wrong to expect investment only from Western countries and to achieve development through Western economies.***

the 2008 crisis, the Balkan countries learned that it was wrong to expect investment only from Western countries and to achieve development through Western economies. Excessive dependence on Western economies and markets prevented the development of the economies of the Balkan countries. As a result, the economic experiences gained taught the Balkan countries not to be dependent on a few markets. They discovered that foreign investments should be increased and cooperation from countries other than Western countries should be accepted even if they do not have historical ties (Boehm, 2021).

After 2011, when China became the world's second largest economy, it has shown that it is one of the most industrialized countries in the world and that it has the power to invest in countries that need investment. For China, which has increased its investments in line with its own economic goals, the Balkan countries seem to be in need of prosperity and can increase China's market share in Europe. The overlap between China's goals and the needs of the Balkan countries has been the main reason for China's increase in investments and economic share in the Balkans.

China, which aims to meet with Balkan countries on common platforms, established the CEE (China-Central and Eastern Europe) cooperation in 2012. The platform established with 16 countries in Central and Eastern Europe aimed to provide an institutional basis for economic and trade relations. The cooperation established as 16+1 was realized between Bosnia-Herzegovina, North Macedonia<sup>1</sup>, Albania, Montenegro, Bulgaria, Hungary, Serbia, Poland, Croatia, Estonia, Slovakia, Czech Republic, Romania, Latvia, Slovenia, Lithuania and China. The two main investors of the platform were the Export-Import Bank of China and the Hungarian Exim Bank. The first summit of the cooperation was held in Warsaw, the capital of Poland, and the China-CEE Investment Cooperation Fund was established with 435 million US dollars (Lønsetteig, 2018).

The 16+1 platform, which China pioneered in establishing, aims to establish a network and ensure coordination with the Balkan and European countries. However, it has been evaluated that the CEE platform has an asymmetric structure and

1 North Macedonia still had the name Macedonia in 2012. In the following years, after the name crisis with Greece, the country added the word North to the beginning of its name.



emphasizes China's symbolic dominance over the Central and Eastern European countries. For the Central and Eastern European countries, it is aimed to ensure that Chinese investments flow into their regions and to facilitate access to Chinese markets. In this direction, China has tried to reveal bilateral benefits for the Balkan countries on the CEE platform. It has encouraged the integration of huge investment projects into the Balkans and economic development by bringing up the old friendships of the new century. For this purpose, it has promised the Balkan countries a new partnership model that includes mutual benefit, win-win strategies, equal consultation, openness, innovation and inclusiveness (Mierzejewski, Kowalski, & Jura, 2022).

The CEE 16+1 cooperation platform was increased to 17+1 in the following years with the participation of Greece. However, the platform later became 16+1 again with the withdrawal of Lithuania. CEE, which meets once a year with the Chinese Prime Minister, consults on important projects in the Balkans. The CEE platform was made a component of the Belt and Road Initiative announced in 2013. It was aimed for the Balkan countries to serve as logistics corridors to reach European markets with their infrastructure investments and logistics centers. The strategic geographical location of the countries, being the first stop in reaching the interior of Europe, led to the flow of Chinese investments into the region (Ivanić & Savović, 2020: 4).

The CEE, which was integrated into the Belt and Road Project, has made it easier for Balkan countries to determine their goals in cooperating with China. The main goal of Balkan countries in cooperating with China is economic prosperity. On top of the economic foundation, some Balkan countries aim for political and soft power from cooperating with China. For example, it can be said that the biggest reason for Serbia to deepen its cooperation with China is the great power competition. Serbia, which is following the European Union membership process, wants to relieve the pressures of the EU through cooperation with China and use China as a leverage against the EU. Similarly, the Hungarian government evaluates China as a counterbalance to the pressures of the EU (Mitrović, 2023: 53). Kosovo has not been recognized by China since the day it declared its independence from Serbia. Kosovo has also declared that it does not recognize China for this reason. Kosovo, which does not accept Chinese investments in its country, is not willing to cooperate with China on any platform. North Macedonia and Albania, with its name change, are advancing their cooperation with China mainly for economic reasons. As a result, each of the Balkan states maintains the same, but specifically different, practices in cooperation with China (Mitrović, 2023: 53).

***The main goal of Balkan countries in cooperating with China is economic prosperity. On top of the economic foundation, some Balkan countries aim for political and soft power from cooperating with China.***

Infrastructure investments are particularly prominent in the Balkan countries. The main reason for this is that the infrastructure investments of the countries have not been renewed since the Yugoslavia period and that infrastructure investments have ensured the connection between the countries. China provides the infrastructure investments and therefore the connections of the Balkan countries; thus facilitating the globalization of its economy. The significant increase in Chinese infrastructure investments in the Balkans is to meet the needs of the countries, to ensure that the Chinese economy goes abroad, to integrate with foreign and European markets, to increase its share in international markets and to ensure the internationalization of Chinese companies. With the implementation of the Belt and Road Project and its access to the Balkans, China has reached out from Eastern Europe to the Balkans. The bilateral relations and regional and sub-regional cooperation it has established have provided economic benefits to China. Offering the opportunity to expand its economic influence, the

***The Balkans, which China is trying to integrate with the Belt and Road Project, offer China many economic, political and strategic advantages. China declares that the Belt and Road does not pursue a covert goal in the Balkans, but reveals globalization and inclusiveness***

Balkan countries expect to receive development benefits from China in return. In addition to economic benefits, the platforms where China meets with the Balkan countries offer China the opportunity for political cooperation. It is envisaged that the Belt and Road Project will gain definite ground in Europe and grow the Chinese economy. China hopes that the economic cooperation it has established will turn into political and diplomatic relations over time.

There are several fundamental reasons why China is increasing its cooperation and expanding its relations with the Balkan countries. First of all, economic goals are at the forefront of China's strategies. Even if the Balkan countries do not have a large market share, the fact that they are supported by European countries and are not dependent on strict rules is seen as an advantage for China. In addition, the geographical locations that China offers in reaching the interior of Europe, the Middle East and the African continent emphasize the economic importance of the Balkan countries. The second goal is for the production costs in the Balkan countries to be competitive compared to other regions. Although the region



experienced war at the end of the 20th century, today it is more stable and the possibility of regional war is not intense. This situation increases the business suitability of the Balkans. Another goal of China is that the Balkans need investment more than other markets. On the one hand, the Balkan countries need investment, on the other hand, they aim for EU membership and want to develop. The fact that the Balkan countries want to approach EU standards also indirectly makes it easier for China to adapt to EU standards. China is considering gaining experience in integrating into EU markets by deepening its cooperation with the Balkan countries (Zuokui, 2019: 99-101).

The Balkans, which China is trying to integrate with the Belt and Road Project, offer China many economic, political and strategic advantages. China declares that the Belt and Road does not pursue a covert goal in the Balkans, but reveals globalization and inclusiveness (Ivanić & Savović, 2020: 6). However, it is determined that China has economic and political goals in the Balkans by using the Belt and Road Project as an intermediary. Because it exports its excess capacity to the Balkans and offers projects with high interest rates (Boehm, 2021).

Regional	Project	Estimated Cost	Financing from China
Serbia, Kostolac, Drmno	Construction of the new unit of the Kostolac thermal power plant (350 MW) and expansion of the Drmo coal mine	715 million euros	China Exim Bank (80%)
Serbia, Novi Belgrad- Nikola Tesla Termik Santrali	Heating pipeline construction	200 million euros	Belgrade Power Plants and the Serbian Government
Bosnia and Herzegovina, Stanari	Construction of the Stanari 300 MW power plant and expansion of the nearby coal mine	560 million euros	China Development Bank (350 million euros)
Bosnia and Herzegovina, Stanari	Construction of the Stanari 300 MW power plant and expansion of the nearby coal mine	560 million euros	China Development Bank (€350 million) and EFT
Bosnia and Herzegovina, Tuzla	Tuzla 450 MW power plant (block 7) construction	785 million euros	China Exim Bank (%85)
Montenegro, Morača nehri	Installation of eight hydroelectric power plants.	500 million euros	Unknown
Albania, Patos Marinze ve Kucova	Purchase of oil field rights.	442 million euros	Unknown

**Table 1.** China's Project-Based Aid to the Balkan Countries

Note. Data adapted from Chinese backed energy projects in the Western Balkans: where supply and demand could meet, by Dániel Gábor Csapó, 2020, Romanian Journal Of European Affairs , 20 (2). Retrieved from [http://rjea.ier.gov.ro/wp-content/uploads/2020/12/RJEA-20-no-2\\_Dec-2020\\_articol-8.pdf](http://rjea.ier.gov.ro/wp-content/uploads/2020/12/RJEA-20-no-2_Dec-2020_articol-8.pdf).

# Belt and Road Project Investments in the Balkans

China, outside of the CEE platform, carries out bilateral and multilateral cooperation with the Balkan countries in particular. The ties it has established with every Balkan country except Kosovo have provided China with the opportunity to invest and establish partnerships. Serbia is one of the countries with which China has established partnerships and made investments within the framework of the Belt Road Project. Serbia, which is geographically at a strategic point in Europe, is seen as a key country in the Balkans for China.

Projects in Serbia, where political relations provide economic cooperation, have been targeted in the construction of bridges connecting the two banks of the Danube River. The Pupinov Most/ Mihaylo Pupin Bridge over the Danube, connecting the Zemun and Borča districts of Belgrade, was built with China's privileged financing in Belgrade. The bridge was opened by Serbian Prime Minister Aleksandar Vucic and Chinese Prime Minister Li Keqiang during the third 16+1 Summit in 2014. The most important feature of the bridge is that it is the first bridge projected by a Chinese company in Europe. China's ability to implement technology projects in Europe has been proven by the establishment of the Kostolac thermal power plant (Mitrović, 2023: 47).

**Table 2.** Cost of China's Investments in the Balkan Countries Until 2022: 122 Chinese projects with an estimated value of \$31 billion (€27.6 billion)

Country	Number of Projects	Cost
Bosnia and Herzegovina	29	6 Milyar dolar
Montenegro	61	2.8 Milyar dolar
Albania	8	74 Milyar dolar
North Macedonia	15	8 Milyar dolar
Serbia	61	21 Milyar dolar

Note. Data adapted from China in the Balkans, by Dr. Valbona Zeneli and Fatjona Mejdini, 2022, per Concordiam Journal. Retrieved from <https://perconcordiam.com/china-in-the-balkans/>.

Another important project in Serbia is the Belgrade-Budapest Railway. It is part of the connection that provides access to the inner Europe and EU markets from the Piraeus Port in Athens, Greece. It has been identified as an important point for the distribution of trade goods from Asia to Europe. The modernization of the 374 km long railway between the two cities has become an important link

in the Belt Road Project. On the Serbian side of the railway, there is more than 200 km of track. Its cost is approximately 1.8 billion euros. On the Hungarian side, the cost of the 166 km railway is approximately 2 billion euros in total (Mitrović, 2023: 56-57).

The Piraeus Port in Greece is seen as the first European destination for Chinese goods. In sectors such as logistics, energy and tourism, the Piraeus Port has become a connection point between the European corridors of the Belt and Road Project. By purchasing 51% of the Piraeus Port, China has become a partner in one of the ports with the highest container volume turnover in Europe. China Ocean Shipping Company (COSCO) purchased shares for 280.5 million euros in 2016. The Chinese company has tried to turn the port into a transshipment logistics center and cruise center. China has predicted that it could increase its share in the Piraeus Port, which offers a basic connection between Asia and Europe, according to the agreement (Lønsetteig, 2018).

After the acquisition of the Port of Piraeus, it has become important for China to increase the connection points in European countries in order to facilitate the transfer of trade goods to European countries. Reaching the interior of Europe with railway connections required the opening of new routes. The Athens-Skopje-Belgrade-Budapest railway will facilitate China's access to the interior of Europe. The transportation of trade goods coming from the Mediterranean to the interior of Europe will be possible with this railway. Although the Athens-Skopje-Belgrade-Budapest railway is a long-term project, it is considered one of China's important projects in Europe (Ivanić & Savović, 2020: 5).

The Bar-Boljare highway project, which is a 170 km section of the Belgrade-Bar highway that brings together the capitals of Serbia and Montenegro, has been recorded as the most costly Belt Road Project in the region. Starting from the Adriatic, the project passes through Podgorica, reaches Serbia and travels throughout the country. The project, built by the Chinese company China Road and Bridge Corporation, costs 910 million euros (876 million US dollars) and is covered by the China Exim Bank. The highway, which was tendered in 2017, consists of a total of 16 tunnels and 20 bridges and passes through mountainous terrain (Soyaltin-Colella, 2022: 54).

The Stanari Thermal Power Plant in Bosnia is a project worth 1.7 billion US dollars. Just like the Bar-Boljare highway, the amounts spent on the Stanari Thermal Power Plant in Bosnia (Miao, 2021: 26) have not been spent on investments in the Balkan countries for many years. With its huge economic

***The Bar-Boljare highway project, which is a 170 km section of the Belgrade-Bar highway that brings together the capitals of Serbia and Montenegro, has been recorded as the most costly Belt Road Project in the region.***

power, China is making investments in the Balkan countries that it has not been able to achieve for many years.

The Tuzla Thermal Power Plant Unit 7 project in Bosnia and Herzegovina is the basis of the projects between China and Bosnia and Herzegovina in the field of electricity generation. The China Import Export Bank has announced that it will finance the project, which has an installed capacity of 450 megawatts, as a loan for 730 million euros. An agreement has been made to pass the first 5 years of the debt, which is planned to be paid in 20 years, without payment (Ivanić & Savović, 2020: 8).

Albania was one of the first European countries to recognize diplomatic relations with China in 1949, when the country was founded (Pulaj, 2023). In 2016, the Chinese company Geo-Jade Petroleum obtained an oil extraction concession in Patos-Marinza, Albania's largest oil production field. The concession, which was obtained for 384.6 million euros, forms the basis of China's Belt and Road Project in Albania. In North Macedonia, although there are many investment opportunities for Chinese companies, the projects that have been implemented are limited. The Kicevo-Ohridoto road and the Miladinovci-Stip road are pending as important projects (Stojkovski, etc. 2021).

The projects implemented by Chinese companies in Montenegro are being completed in parts. The total length of the Montenegro Belt Road Project highway, announced in 2014, is 163 km. However, only a 41 km section of the road, which cost 1 billion US dollars, was opened in 2022. The project, which was not found successful in the feasibility studies, was delayed due to reasons such as corruption assessments, poor quality of construction materials, and high credit prices (Pulaj, 2023). Another project in Montenegro is the highway project that extends to Serbia. Montenegro received a loan of 800 million euros from the Chinese Exim Bank for the highway. Montenegro is indebted to China for a part of the highway implemented by the Chinese company China Road and Bridge Corporation (CRBC). However, Montenegro, which could not pay its debt to China, remained under the burden of debt. Montenegro, which is thought to be exposed to China's debt trap diplomacy, has taken loans from European and US banks to pay its debt to China. The uncertainty regarding the implementation of the highway continues. However, Montenegro is seen as the first country in the Balkans to which China gave unpayable debts (Stojkovski, etc. 2021).

Table 3. Serbia

Project Name	Project Date	Project Partners (Domestic-Foreign)	Project Description
Construction of a ring road with a bridge over the Danube around Novi Sad	2021- Ongoing	China Road and Bridge Corporation (CRBC)- Corridor Serbia	Serbia signs a Memorandum of Understanding with the China Road and Bridge Company to build a highway that will bypass Novi Sad.
E763 Preljina – Pozega highway section (Corridor XI)	2017- Ongoing	Serbia Public Enterprise Routes	China Communications Construction Company has signed a deal to build a €450 million highway between Preljina and Pozega. The project is being co-financed by a loan from the Export-Import Bank of China.
Modernization and reconstruction of the Serbian railway (Novi Sad-Subotica-state border (Kelebija section))	2018- Ongoing	China Railway International Ltd.- Infrastructure of Serbian Railways JSC	Two Chinese companies, China Railway International and China Communications Construction Company, are rebuilding the railway line connecting the Serbian city of Novi Sad to the Hungarian border.

Note. Data adapted and retrieved from <https://china.balkaninsight.com/>

Table 4. Greece

Project Name	Project Date	Project Partners (Domestic-Foreign)	Project Description
Purchase of Piraeus Port	2016- Completed	China Ocean Shipping Corporation- Piraeus Port Authority	China Ocean Shipping Company's (COSCO) presence in the Port of Piraeus in Greece dates back to 2008, when the company was the provisional winner of a public tender to run container operations at the port. In August 2016, China Ocean Shipping Company Shipping acquired a 51% stake in Piraeus Port Authority (PPA), Greece's largest port. In September 2021, the Greek parliament approved a new agreement that allows China's state-owned shipping giant COSCO to acquire an additional 16% stake in Piraeus Port Authority (PPA), bringing its total ownership stake to 67%.
MINOS 50 MW solar thermal project in Crete	2019- Ongoing	China Energy Construction- Gezhouba Group International Engineering-Zhejiang Supcon Technology-NUR Energy-Nur Minos-	In November 2019, UK-based NUR Energie, Greece's Prenecon-Green Energy Holdings, China Energy Construction, Gezhouba Group International Engineering and Zhejiang Supcon Solar Technology signed a cooperation agreement to build a 50MW concentrated solar power (CSP) plant in eastern Crete. The agreement was signed during Chinese President Xi Jinping's visit to Greece. The Chinese Business Law Journal listed MINOS as one of the best deals of the year.

Note. Data adapted and retrieved from <https://china.balkaninsight.com/>

Table 5. Montenegro

Project Name	Project Date	Project Partners (Domestic-Foreign)	Project Description
Bar-Boljare highway	2014-Ongoing	China Road and Bridge Corporation (CRBC)- Bemax	The Bar-Boljare highway is a leg of a larger highway that will run along Montenegro's Adriatic coast to the Serbian capital Belgrade. According to Montenegrin authorities, the first phase of the Matesevo-Boljare is set to open by the end of 2021. China Road and Bridge Corporation is building this phase of the road, and 85 percent of the initial project is being paid for with a loan of approximately \$944 million from China's Export-Import Bank. Major concerns include financing the rest of the highway's phases, loan repayment, environmental damage, etc.
Albania-Montenegro highway	2018-Ongoing	China Pacific Construction Group	In November 2015, Montenegro and Albania signed a Memorandum of Understanding with China Pacific Construction Group, CPCG, to build a €1.4 billion express highway between Montenegro and Albania – the Adriatic-Ionian highway. The then-president Yan Jiehe announced that construction of the 280-kilometer link would begin in the second half of 2016 and be completed in 2018. A Memorandum of Understanding was signed for an 18-month period, but could be extended with the signatories' approval. Local media reported that in June this year, the Ministry of Capital Investment announced that the average estimated value of the highway project along the Montenegrin coast was around €13.2 million per kilometer.
Adriatic-Ionian Highway (Blue Corridor)	2015-Stopped	China Pacific Construction Group	In November 2015, Montenegro and Albania signed a Memorandum of Understanding with China Pacific Construction Group, CPCG, to build a €1.4 billion express highway between Montenegro and Albania – the Adriatic-Ionian highway. The then-president Yan Jiehe announced that construction of the 280-kilometer link would begin in the second half of 2016 and be completed in 2018. A Memorandum of Understanding was signed for an 18-month period, but could be extended with the signatories' approval. Local media reported that in June this year, the Ministry of Capital Investment announced that the average estimated value of the highway project along the Montenegrin coast was around €13.2 million per kilometer.

Note. Data adapted and retrieved from <https://china.balkaninsight.com/>



Project Name	Project Date	Project Partners (Domestic-Foreign)	Project Description
Banja Luka Railway (Vrbas Bridge) - Prijedor - Novi Grad	2016- Stopped	China Shandong International Economic and Technical Cooperation Group- Republic of Srpska Railway Company	No new information has emerged since China's Shandong Group for International Economic and Technical Cooperation signed a Memorandum of Understanding with the agency's government in 2016 on a project expected to cost 240 million euros to upgrade a railway line in the northeast of Republika Srpska.
Stanari Thermal Power Plant Construction	2010- Completed	Dongfang Electric Company- Energy Financing Team	The China Development Bank co-financed the €530 million Stanari Thermal Power Plant project, built by China's Dongfang Electric Power Company. Construction began in 2013 and was completed in 2016. The plant is controlled by Serbian businessman Vuk Hamovic's UK-based Energy Financing Team through local subsidiaries.
Tuzla Block 7 TPP 450 MW	2019- Stopped	China Gezhouba Group Ltd.-Guangdong Electric Power Design Institute-China Export-Import Bank-Public Enterprise Elektroprivreda Bosnia and Herzegovina	The Export-Import Bank of China loan will finance 85 percent of the construction of the 450 MW Block 7 of the 722 million euro Tuzla Thermal Power Plant. The plant will be built by China's Gezhouba Group Corporation and the Guangdong Electric Power Design Institute.

Table 6. Bosnia and Herzegovina

Note. Data adapted and retrieved from <https://china.balkaninsight.com/>

Project Name	Project Date	Project Partners (Domestic-Foreign)	Project Description
Takeover of the Patos-Marinza Oil Field	2016- On-going	Geo-Jade Oil Company	In September 2016, the Chinese company Geo-Jade Petroleum Corporation acquired a 100% stake in the Albanian concession of the Canadian company Bankers Petroleum. This concession consists of the right to drill in the country's largest oil field. It is also the largest onshore oil field in Europe and produced 15,059 barrels of crude oil per day in the first six months of 2019. It currently produces 95% of Albania's crude oil.
Tirana International Airport	2016- Completed	China Everbright Group- Tirana International Airport	In October 2016, China Everbright Group, a state-owned financial company, acquired all shares in the Albanian airport as part of China's strategy to invest in the European continent and in line with the One Belt, One Road initiative. In December 2020, the management, development and operation of Tirana International Airport was transferred to Albania's Kastrati Group.

Table 7. Albania

Note. Data adapted and retrieved from <https://china.balkaninsight.com/>

# Economic and Political Impacts of Belt Road Project Investments in the Balkans

China has maintained diplomatic relations with the Balkan countries for many years. However, since the Belt and Road Project was announced, it has been expanding its relations with the Balkan countries with an economic and political focus. This network of relations offers different advantages to China and the Balkan countries. While the partnerships provide the investment that the Balkan countries need, they also provide advantages such as focusing on markets close to Europe for China. However, China's cooperation with the Balkan countries, especially through the Belt and Road Project, is approached with suspicion.

There are several fundamental reasons why the Balkan countries are skeptical about China and the Belt and Road Project. Economic and political concerns make the Balkan countries suspicious of the Chinese economy and political influence. The fact that the Balkan countries have small economies in the face of the size of the Chinese economy is one of the fundamental reasons for concern. It is assessed that small economies cannot be protected against China's huge economy and will suffer losses. Another source of concern is that China validates its development model and cooperation principles. If China wants to apply procedures related to its regime in economic cooperation, this will be negative for the Balkan countries with weak democratic institutions. In addition, the question of whether China will follow its own conditions or apply international standards when implementing cooperation is seen as an enigma. China's implementation of its own standards will further weaken the weak institutions of the Balkan countries (Lønsetteig, 2018).

China's entry into the Balkan countries through economic engagement brings political concerns. China's promotion of an alternative governance style in the Balkan countries through the Belt and Road Project is at a level that will affect

***There are several fundamental reasons why the Balkan countries are skeptical about China and the Belt and Road Project.***

the governance standards of the countries. China's authoritarian governance style has the power to prevent the Balkan countries from wanting to integrate with Western democracy. It is assessed that China is promoting authoritarian governance standards in the Balkans through the Belt and Road Project. China's governance and development model is authoritarian and determined informally. It is criticized for the state's involvement in institutional relations, the priority given to the state/party in infrastructure development, the existence of financial state management and the existence of personalized capital accumulation. It is determined that the industrial transformation in China offers loans and implements investments that continue the authoritarian model. Naturally, it is thought that these authoritarian standards in China are exported to other countries. It is assessed that it is implemented as a challenge to the Western governance and standards that the Balkan countries want to be included in.

The possibility of exporting the authoritarian political governance and economic model presented by China to the Balkan countries is at a level that will affect the future of the countries. Because the Balkan countries' application for EU membership means that they need to adjust their political and economic standards according to the EU. However, the political and economic authoritarian model presented / likely to be presented by China is incompatible with EU standards. It is thought that this situation will cause the Balkan countries that have deepened their cooperation with China to move away from the EU. Because the cooperation of the Balkan countries that continue their EU membership negotiations with China is at a level that will cause the countries to move away from EU standards. EU standards that are incompatible with China's economic and political model seem to extend the EU membership negotiation process of the Balkan countries to many years.

Country	Committed Amount	Assistance Provided
Albania	17.14	8.38
Bosnia and Herzegovina	24.41	15.90
Montenegro	11.83	8.87
North Macedonia	25.91	20.30
Serbia	215,81	123.64

**Table 8.** China's Commitments and Loans to the Balkan Countries Until 2019

Note. Data adapted from Riding the Trojan horse? EU accession and Chinese investment in CEE countries, by Y. Zeng, 2023, *Journal of Contemporary China*, 33(147), 486-501. <https://doi.org/10.1080/10670564.2023.2196507>.

China's most important and prestigious interaction in the Balkans has been infrastructure investments. The infrastructure investments offered by China meet the needs in the region and provide faster opportunities than the investments

***However, the Balkan countries, which have not been able to effectively receive the development policies they expect from the EU, have looked positively at the development investments that China's huge economy will offer.***

provided by the EU. In addition, the unconditional lending policy provided by China attracts the Balkan countries. Because the EU is not willing to provide large loans for infrastructure investments by acting in line with its standards. However, the EU wants the loans to be provided to meet the conditions such as infrastructure development quality, financial feasibility, adequate working conditions, environmental sustainability, and transparent procedures (Soyaltin-Colella, 2022: 47-48). However, China does not want the EU's difficult conditions and allocates funds for projects that the EU does not want to provide loans to. This situation causes the Balkan countries to be willing to provide the loans they need for infrastructure works from China instead of the EU.

The development policies offered by the EU to the Balkan countries years ago have not met expectations. The Balkan countries, which need economic and political reforms, have prioritized investments from a transformative power in order to achieve the standards promoted by the EU. However, the Balkan countries, which have not been able to effectively receive the development policies they expect from the EU, have looked positively at the development investments that China's huge economy will offer. The Balkan countries, which are taking into account the possibility of being burdened with debt by the high-interest loans offered by China, want to continue their development policies without interruption. The majority of the loans provided by China are provided by large Chinese banks such as the China Exim Bank and the China Development Bank. Serbia has been the largest recipient of Chinese financing among the Balkan countries. In Montenegro, China has become the country's largest investor, leaving the EU and Russia behind. It is known that China has provided loans of 6.5 billion euros (8 billion US dollars) to the Balkan countries between 2012 and 2020 (Soyaltin-Colella, 2022: 45-46).

In addition to the economic factor being effective in China's relations with the Balkan countries, it is also assessed that it affects the countries politically. China, which continues its relations with the Balkan countries through economic engagement, is expanding the political relations brought about by the economy. It is assessed that the fact that China's management and implementation procedures are not standardized may negatively affect the Balkan countries politically. It is thought that China's authoritarian regime

encourages corruption in regional policies, weakens stability, reduces the transformative power of the EU and highlights negative governance. It is indicated that the reason for this is factors such as the unconditional loans provided by China, the autocratic governance style it implicitly encourages, and the weak example of democracy. It is stated that China's autocratic governance style and leaders will weaken the stability in the Balkan countries and distance the Balkan countries from the EU and EU membership by creating informal institutions (Soyaltin-Colella, 2022: 38).

The democratic regression in the Balkan countries is accompanied by EU expansion fatigue. The expansion fatigue in the EU has been valid for almost all Balkan countries. Balkan countries that applied for EU membership many years ago have not received a positive response from the EU or the membership process has been delayed too much. Evaluating this situation, China interprets the relations between the EU and the Balkan countries as complicated and considers that EU membership is not attractive for the Balkan countries. It sees the formation of the EU as a political division and expresses it as an ineffective formation (Zeng, 2023: 30). The EU, on the other hand, has complicated thoughts about China's relations with the Balkan countries. The union, which is experiencing expansion fatigue, welcomes the economic development of the Balkan countries on the one hand, and does not welcome the possibility of the Balkan countries moving away from the EU process on the other (Boehm, 2021).

Indeed, China uses its economic power as a tool in its cooperation with the Balkan countries and influences them politically. It expects political relations in its attitude towards the Balkan countries, which it has joined through economic engagement. The possibility of the Balkan countries having deep political relations with China will strongly distance the Balkan countries from the EU.

## Conclusion

China has deepened its relations with the Balkan countries as a necessity for 21st century economic growth. The Balkan countries' need for investment coincides with China's investment capacity. China, which has deepened its cooperation with Central and Eastern European countries through the CEE platform, has deepened its investments comprehensively with the launch of the Belt and Road Project.

The Belt and Road Project has fundamentally changed China's position in international politics and the landscape of global politics. The Belt and Road has made it possible for the Chinese economy to spread its investment power to the world, including the Balkan countries. China's economic rise has increased the importance of supply chains and logistics centers in Europe as well as in Asia. Most countries in the world have been positive about the Belt Road partnership with China. The fact that the project, which has global goals, connects the connection points and thus strengthens global and regional trade has increased the attractiveness of the Belt Road.

In a world where globalization is accelerating, the importance of infrastructure investments and connection routes has been understood again with the Belt Road. In addition, the fact that development projects and investments help countries gain power in the global system has helped countries cooperate with the Belt Road. The Belt and Road Project, which is seen as a tool in shaping regional and global policies, has been understood as the first step of development investments over time.

The Balkan countries, which need development policies and investments, have been in the focus of global and major powers due to their geographical location and need for investments. The need for comprehensive development policies and the desire to receive investments in the Balkans after the Soviet Union and Yugoslavia have facilitated China's connection to the Balkans via the Belt Road.

China, which continues its global influence policies all over the world, has increased its economic and political power with the Belt Road. China, which evaluates that EU policies are not sufficient in the Balkan countries, is trying to be included in the Balkans through economic engagement. China, which has an autocratic regime, is expressed as a model opposing the democratic regimes of the EU. It is thought that China's relations with the Balkan countries will be an example of an autocratic governance model for the Balkan countries in time.



The reasons that suggest that China will offer a management model are clear. First of all, the investment opportunities offered by China require high financing. The high-cost investments that the Balkan countries need are sometimes rejected by the EU. However, China is positive about implementing investments that the EU does not approve. In addition, China offers loans without any details to the Balkan countries. However, the EU does not offer loans as high as China to the Balkan countries and applies too many bureaucratic procedures.

The Balkan countries evaluate the opportunities offered by China positively against the EU and want to benefit from China's huge economy because they need it. However, the fatigue of expansion in the EU and the long duration of membership negotiations require the Balkan countries to make efforts for long bureaucratic procedures. However, China facilitates the inclusion of the Balkan countries in regional and global trade with the investments and development projects it offers within the framework of the Belt and Road.

The Balkan countries, which do not reject the opportunities offered by China in reaching international markets, welcome the Chinese partnership and cooperation for now. China evaluates that economic cooperation can establish a political network in time. Today, China has no attempt to establish a political platform or partnership with the Balkan countries. However, it is known that economic engagement will allow for the strengthening of political relations in time. China has overlapping interests with the Balkan countries. The Balkan countries' need for investment, their geographical proximity to European markets and their propensity for cooperation deepen China's policies in the Balkans. However, the possibility that cooperation with China will alienate the Balkan countries from EU membership reveals the damage that the Balkan countries will suffer.

## References

- Boehm, T. (2021). The New Balkan Route – China’s Development Aid for South-eastern Europe. *European Guanxi*. <https://www.europeanguanxi.com/post/the-new-balkan-route-china-s-development-aid-for-southeastern-europe>
- Ivanić, M. & Savović, A. (2020). Belt and Road Initiative and Bosnia and Herzegovina. China-CEE Institute, Working Paper. ISSN: 2560-1628, No. 29.
- Lønsetteig, A. (2018). The Balkans Silk Road: revival of a region?. *Global Trade Review*. <https://www.gtreview.com/magazine/volume-16issue-2/balkans-silk-road-revival-region/>
- Miao, J. T. (2021). Understanding the soft power of China’s Belt and Road Initiative through a discourse analysis in Europe. *Regional Studies, Regional Science*, 8(1), 162–177. <https://doi.org/10.1080/21681376.2021.1921612>
- Mierzejewski, D., Kowalski, B., & Jura, J. (2022). The Domestic Mechanisms of China’s Vertical Multilateralism: The FOAC and the 16+1 Format Case Studies. *Journal of Contemporary China*, 32(142), 652–668. <https://doi.org/10.1080/10670564.2022.2109842>
- Mitrović, D. (2023). The dynamics of the Republic of Serbia’s cooperation with China via the Belt and Road Initiative and the “Sixteen plus One” platform. *Journal of Contemporary East Asia Studies*, 12(1), 148–178. <https://doi.org/10.1080/24761028.2023.2240999>
- Pulaj, A. (2023). Zero benefits for Albania from China’s Belt and Road Initiative. *Global Voices*. <https://globalvoices.org/2023/03/02/zero-benefits-for-albana-from-chinas-belt-and-road-ntatve/>
- Soyaltin-Colella, D. (2022). The EU Accession Process, Chinese Finance and Rising Corruption in Western Balkan Stabilitocracies: Serbia and Montenegro. *Europe-Asia Studies*, 75(8), 1311–1335. <https://doi.org/10.1080/09668136.2022.2115013>
- Stojkovski, B., Jeremic, I., Kajosevic, S., Nikolic, I., Angelovski, I., Mejdini, F. & Pekmez, I. (2021). China in the Balkans: Controversy and Cost. *Balkan Insight*. <https://balkaninsight.com/2021/12/15/china-in-the-balkans-controversy-and-cost/>
- Zeng, Y. (2023). Riding the Trojan Horse? EU Accession and Chinese Investment in CEE Countries. *Journal of Contemporary China*, 33(147), 486–501. <https://doi.org/10.1080/10670564.2023.2196507>
- Zuokui, L. (2019). China’s Investment in the Balkans under the Belt and Road Initiative: A Chinese Perspective. *Insight Turkey*. 21(2), 91-105.

## ABOUT AUTHOR

**Figen Aydın**, graduated from Gazi University, Institute of Social Sciences in 2018 with her master's thesis titled "The Economy Politics of the Belt and Road Project and Turkistan". In 2019, she started the PhD program in International Relations and Regional Studies at the National Defense University, Atatürk Strategic Research and Graduate Education Institute. She graduated in 2022 with her thesis titled "Turkey and China's Foreign Policy in Kazakhstan: A Neoclassical Realist Comparison (2010-2020)". Aydın, is an Assistant Professor at the Department of Political Science and International Relations at Istanbul Yeni Yüzyıl University.

BSF Center for Political, Economic and Social Research is the centre of Balkan Studies Foundation based in Skopje. Our mission is to help societies and governments build a sustainably justice, equality, development and regional cohesion.

All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical including photocopying, recording or any information storage or retrieval system, without the prior written permission of the copyright holder. Please direct all enquiries to the publishers.

BSF Center for Political, Economic and Social Research does not express opinions of its own. The opinions expressed in this publication are the responsibility of the author(s).

Copyright © IDEFE, 2025

*Editor* : Sevba Abdula  
*Editorial Board* : Bujamin Bela, Dilek Kütük, Mustafa Işık, Enes Turbic, Riad Domazeti  
*Coordinator* : Hanife Etem, Şengül İnce  
*Design* : Seyfullah Bayram  
*Printed by* : Ajgraf  
*Cite this paper* : Aydın, F. (2025), China's Belt and Road Initiative in the Balkans: Regional Economic and Political Impacts, BSF Research Paper, Skopje: IDEFE Publications.



**BSF** | B | A | L | K | I | A | N |  
S | T | U | D | I | E | S |  
F O U N D A T I O N