



The Dragon Lands in Belgrade: The Drivers of Sino-Serbian Partnership

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The Drivers of Sino-Serbian Partnership

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Introduction

In recent years, the partnership between Serbia and China has been elevated to a historically unprecedented level. The initial foundation was set during 2008 when two watershed moments for Serbia happened: the independence of Kosovo and the global financial crisis. For Serbia, China became a suitable partner as Belgrade tried hedging its bets and rising China was valuable leverage with the West.

However, this partnership was upgraded as China became interested in Serbia, as, under the auspice of the Belt and Road Initiative, it saw Serbia as a strategically central country in the Balkans and a potential geopolitical and geoeconomic gateway into the EU. This perception was the product of Serbia's geographical location in the heart of the Balkans and its EU membership candidate status. Therefore, China believed that if it achieves influence in Serbia by penetrating the country through its industry sectors, it can replicate this success in the wider region and potentially the EU.

The partnership is at its historical high. This partnership manifests itself through Chinese economic statecraft, technological partnership, security partnership, with political ties reaching an unprecedented degree during the COVID-19 pandemic. However, the future of this partnership will be dependent on the trajectory of China's relationship with the West. China has emerged as Serbia's primary partner outside the Western world, and the political ties between the two governments are intense. As US-China relations are becoming adversarial, and as China's relations with the EU are shaken, it will become increasingly difficult and risky for Belgrade to maintain its ties with Beijing.

Serbia's Fateful Year: 2008

Like most of Serbia's foreign policy, Belgrade's partnership with Beijing was shaped by two monumental moments, both occurring in 2008: the unilateral declaration of Kosovo's independence and the global financial crisis. When Kosovo declared its independence from Serbia, counter-secession¹ became the dominant strain of Serbian foreign policy. For Belgrade, the fact that a rising global power, the world's most populated country, and a permanent member of the UN Security Council did *not* recognise Kosovan independence was a welcoming development.

There was also a broader systemic logic at play. The 2008 global financial crisis diverted the EU and the US from the Balkan region, creating a power vacuum² filled by the non-Western players, with China being among them. However, the global financial crisis also generated an incentive for Belgrade to actively engage with Beijing. Serbian policymakers were impressed that the Chinese economy persevered despite the shock of this global crisis. Boris Tadić, Serbian President at that time, said in 2009: "At the start of the 21st century, the world saw two important changes. First, there was unequivocal domination by the United States of America and completion of the EU economic space, with the emergence of the new European currency. The second change came after the world financial crisis when China completely stepped up as the future world economic leader."³

Consequently, Serbia saw China as a potential source of financial aid for its hard-hit economy, as well as being a geopolitical partner at a time when Serbia was diversifying its partnerships in an uncertain world. In 2011, President Tadić again described Serbian logic: "We are moving towards an EU that has a crystallised system of the human society, but that does not mean that the EU is invulnerable. Therefore, Serbia has been developing a policy of alternative pillars with China, Russia, Japan and Brazil."⁴ The notion that the world is moving towards multipolarity, thanks primarily to the rise of China and the idea that Serbia should keep its options open, is shared by the entire Serbian political class irrespective of the partisan and ideological distinctions. The incumbent Serbian President, Aleksandar Vučić, who, unlike the centre-left Tadić, is taking Serbia in an illiberal direction, shares this same understanding.⁵ As Vučić said in his lecture to the security studies students of the University of Belgrade in 2017: "Thirty years ago, you had one absolutely dominant military, political and economic power (the US). With its economic, but also with its military and political power, the People's Republic of China dramatically catches up."⁶

Belgrade has since acted on these perceptions. In 2009, Serbia and China issued a joint statement on a strategic partnership and signed an agreement on economic and technological cooperation in infrastructure development.⁷ As a result, China agreed to provide a credit line for

constructing a bridge across the Danube River, connecting two Belgrade municipalities Zemun and Borča, and thus beginning the first major Chinese project in Serbia. The Chinese state-owned enterprise China Road and Bridge Corporation (CRBC) was in charge of the project, while the Export-Import Bank of China (Exim Bank) provided the financing.⁸ With this agreement, the political foundation for a future partnership was set.

The Game Does Not Begin Until Beijing Says So

While Serbia was enthusiastic regarding its new strategic partnership with China, at first, it was not reciprocated by China. President Tadić famously called China “the fourth pillar of Serbian foreign policy,”⁹ alongside the EU, the US and Russia. To avoid endangering its partnership with Beijing, Belgrade tried boycotting the Nobel Peace Prize ceremony in 2010, honouring Chinese human rights activist, the late Liu Xiaobo, only to abandon this boycott due to the EU pressure.¹⁰

However, Beijing did not show the same level of interest. China did not want to be engaged in local disputes in the Balkans, like the Kosovo issue, as none of these disputes impacted directly on the Chinese national interest. When Serbia asked for an advisory opinion from the International Court of Justice on the legality of Kosovo’s declaration of independence in 2010, China backed the Serbian initiative, but it did not delegate its judge in this proceeding.¹¹ Indeed, in late 2012 most Serbian diplomats perceived China as a country with whom Serbia had friendly bilateral relations, but China was not perceived as a major player in the regional geopolitics.¹²

The situation started to change when China began to display interest in the region. First, in 2012, China inaugurated the 16+1 initiative,¹³ a platform aimed to facilitate cooperation between China and countries of Central and Eastern Europe, with Serbia being among them. Then, in 2013, Chinese President Xi Jinping announced an ambitious Belt and Road Initiative (BRI),

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a macro-project of constructing a global network of infrastructural connectivity to tie China economically and politically with the macro-continent of Eurasia.¹⁴ Through the BRI, China would also promote itself internationally as the new superpower, boosting its political influence and soft power capital even in distant countries like Serbia.¹⁵ As a result, the Balkans, notably Serbia, being the geographically central country in the region, found themselves on the Chinese radar, as Beijing perceived the region as a bridgehead between Europe and the rest of Eurasia.¹⁶ Moreover, Serbia is an EU membership candidate, which further raised Chinese interest as they saw Serbia as a conduit through which they could enter the EU markets.¹⁷

In 2014, the Chinese Prime Minister Li Keqiang visited Belgrade to attend the 16+1 Summit, where he also attended the opening of the bridge across the Danube, named Pupin Bridge, after a Serbian scientist Mihajlo Pupin.¹⁸ Furthermore, during that summit, Prime Minister Li promised Central and Eastern Europe an investment fund of \$3 billion and \$10 billion of credit lines.¹⁹ It was in 2016, however, when Chinese President Xi Jinping visited Serbia, and began moving the partnership in a new direction.²⁰

Chinese Economic Statecraft in Serbia

In the beginning, Chinese interactions with Serbia mostly revolved around economic statecraft and Chinese infrastructural lending performed under the BRI umbrella. As EU enlargement became frozen, the EU's funds were inaccessible for Serbia, making Chinese financing even more attractive.²¹ After President Xi's landmark visit to Serbia in 2016, China's Hesteel Group took over from the Serbian government a steel mill in Smederevo, owned at one point by US Steel.²² Since its acquisition, the Chinese owners made the steel mill Serbia's largest exporter, dethroning the Italian carmaker Fiat, with the mill accounting for one thirtieth of the total Serbian GDP.²³

In 2019, when the EU introduced steel import quotas, Serbia made a failed plea to the European Commission to exempt it from the quota system.²⁴ In 2020, as the export of steel from the mill in Smederevo fell by a third due to these quotas, and the falling demand for steel caused by the COVID-19 pandemic, the Chinese owners shut down one of the two blast furnaces, halving production.²⁵ The relaunch of the suspended furnace has been announced for August 2021.²⁶ The steel mill case shows both the Chinese ambition to use Serbia as a shortcut to access the EU markets, and the influence that China now has in some of the key sectors of the Serbian economy.

In 2018, Zijin Mining took control over debt-burdened RTB Bor, the only copper mining complex in Serbia. With RTB Bor and the Smederevo steel mill, China took hold of two major assets of Serbian industrial infrastructure.²⁷ In September 2018, during the World Economic Forum in Beijing, President Vučić and President Xi agreed on the arrival of the Chinese Shandong Linglong company to Serbia,²⁸ with a plan to build a tire factory in Zrenjanin, an investment estimated at \$1 billion.²⁹ In addition, the CRBC is currently involved in the construction of the E-763 highway, which will increase connectivity between the capital of Belgrade to Western Serbia, while also providing quicker travel from Serbia to Montenegro.³⁰

In the energy sector, China has also been active.³¹ After the European Bank for Reconstruction and Development (EBRD) turned down a project to construct a coal-powered thermal plant in Serbia, PowerChina agreed to build the power unit Kolubara B. The modernisation of the Kostolac coal power plant is also underway, with China Machinery Engineering Corporation (CMEC) being in charge of the project and the China Exim Bank securing the financing. The construction of the Belgrade-Budapest railway remains the most famous Chinese project in Serbia and one of the signature projects of the BRI.³² However, the fate of this project remains unknown, due to many delays on the Hungarian side, showing some of the fallacies of the BRI.³³ By being engaged in construction projects, Chinese

state-owned enterprises acquire references to compete in EU based tenders.³⁴

Given the enormous quantitative and qualitative disparity between the two economies, a question mark remains on how functional this economic partnership can be. At the beginning of 2020, China was ranked the third-largest source of net foreign direct investments in Serbia (6.61 percent), after the EU (72.27 percent) and Russia (11.21 percent).³⁵ According to the National Bank of Serbia, Chinese investments in Serbia from 2010 to 2019 amounted to \$1.6 billion instead of the \$10 billion Serbian officials claimed in their public statements.³⁶ The disparity is the result of Serbian politicians lumping Chinese investments and loans together.

Serbian exports to China have increased 15 times in the past five years, amounting to \$377 million.³⁷ However, China accounts for less than 2 percent of Serbian export revenue, whilst accounting for 43 percent of the entire Serbian national deficit.³⁸ The problem for Serbia is not just the deficit, but the fact that the cost of logistics and transport to the Chinese market are expensive for the state and its exporters.³⁹ While more than 70 percent of Serbian exports to China are copper, the copper in question originates from the RTB Bor, owned by Chinese Zijin Mining.⁴⁰

The future of economic collaboration with China happens in the shadow of fear that Serbia might become the target of 'debt-trap diplomacy',⁴¹ where an economy receiving

Chinese financing absorbs an unsustainable amount of debt. This situation frequently results in China acquiring critical infrastructure, like Hambantota, the strategic Indian Ocean port in Sri Lanka.⁴² The case of neighbouring Montenegro struggling to repay Chinese debt caused by the financing of a controversial motorway project is even more relevant for Serbia.⁴³ In the meantime, despite these shortcomings, Serbia will continue viewing China as the easy source of capital needed to keep the GDP growth afloat, repair infrastructure and help sustain employment. These economic projects, however, are not the only avenue through which the Sino-Serbian partnership manifests itself.

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Serbia Joins China's Digital Silk Road

The technological partnership is another striking domain of cooperation between Beijing and Belgrade. The 16+1 initiative, since its inception, cited the development of technological cooperation between China and countries of Central and Eastern Europe as one of its aims.⁴⁴ Within this partnership, Belgrade relies on Chinese technology companies to improve the national digital and technological infrastructure. With the desired result of a modernised and highly competitive economy.

Different forms of cooperation are taking place with several Chinese tech companies. In 2019, Serbia signed an agreement with Chinese e-commerce company, Alibaba, to promote Serbia as a tourist destination through its online travel agency platform, Fliggy.⁴⁵ Similar arrangements exist with Wechat and Weibo. The Chinese firm, NetDragon helped the Serbian Ministry of Education establish an artificial intelligence training centre so that remote learning platforms can be developed to compensate for the closure of schools during the COVID-19 pandemic.⁴⁶ The CRBC is also involved in constructing an industrial park intended to contain facilities for innovation and development. Of all the Chinese companies, the tech giant Huawei is at the heart of this partnership.⁴⁷

The Balkans and wider Eastern Europe became the regional markets where China and Huawei tried compensating for the drop in revenues caused by the tech war unleashed under the Trump Administration.⁴⁸ However, for China, there is a global strategic logic guiding its desire to include Serbia in its Digital Silk Road. That logic is one where China brands itself as a technological superpower with the ambition to shape global tech standards. As Jonathan Hillman from the Center for Strategic and International Studies (CSIS) told *The Financial Times*: “A country such as Serbia might not sit down and decide they want to adopt Chinese standards, but after enough purchases and deals, they might end up with Chinese standards. There is the risk of lock-in, a point after which switching becomes too costly.”⁴⁹

The logic of Serbia acting as a regional hub and as a Chinese springboard towards Europe falls against the backdrop of the Sino-Serbian technological partnership. Indeed, Serbia, again thanks to its geography, is a hub for regional internet traffic.⁵⁰ Serbia is a neighbour to four EU member states, twice that of any other country in the Western Balkans. Among these neighbours lies Croatia, an EU and NATO member, home to two out of three submarine cables allowing internet traffic to the Balkans. Serbia is also the only country from the Western Balkans that is part of the 5G Public Private Partnership (5G PPP), a joint initiative of the European Commission and private European companies promoting next-generation communication solutions across the continent. Between January

2019 and January 2020, more regional internet queries were transmitted through Belgrade than through any other city in the region, except for Frankfurt, through which some regional traffic is routed.⁵¹

Huawei is acting accordingly. In 2019, Huawei announced plans to form a digital transformation hub in the Western Balkans, headquartered in Belgrade, as part of a smart city development strategy.⁵² The next year, the hub was officially opened, with Serbian Prime Minister Ana Brnabić attending.⁵³ In addition, in 2019 Huawei launched the One Thousand Dreams project to train 1,000 young talents from Central and Eastern Europe, including Serbia, in Information and Communications Technology.⁵⁴ Huawei has also partnered with the Serbian government to pursue a ‘smart city’ strategy in the largest urban centres of Belgrade, Novi Sad, and Niš.⁵⁵ In addition, Huawei will provide the Serbian Ministry of the Interior with eLTE an advanced wireless broadband system for its projects in Belgrade.⁵⁶

In March 2020, Huawei helped the city of Kragujevac launch a City Data Centre.⁵⁷ In that same city, Huawei has plans to develop a regional data centre for South and South-Eastern Europe, which would make it Huawei’s third regional data centre in Europe after the ones built in Germany and Netherlands.⁵⁸ Furthermore, Huawei has secured a 150 million Euro contract with the state-owned telecommunications operator, Telekom Srbija, to develop high-speed broadband internet.⁵⁹ Telenor Serbia, formerly owned by Norwegians and now by a group from the Czech Republic, is also partnered with Huawei.⁶⁰

New Waters: Security Partnership

A security partnership has also blossomed between the two countries. It entails three elements: Chinese presence in the Serbian surveillance infrastructure, joint police patrols in Serbian cities, and growing military cooperation.⁶¹

Serbia's partnership with Huawei is not just grounded in technological cooperation between the two governments but also in their national security cooperation. In 2015, Chinese authorities identified and tracked a Serbian national hiding in China after a fatal hit and run accident in Belgrade, leading to the man's extradition.⁶² Serbian police were impressed with the technological capabilities of their Chinese counterparts. The Serbian Ministry of the Interior was vindicated in its choice of Huawei as a partner for their Safe City project, for which an agreement was signed back in 2011.⁶³ Within this project, Huawei installed 1,000 surveillance cameras in 800 locations across Belgrade, equipped with advanced facial and license plate recognition software. The location of most of these cameras remains confidential and undisclosed.⁶⁴ Huawei is also secretive about the arrangement.⁶⁵ In January 2019, when the introduction of surveillance cameras was announced, Huawei removed the description of the 'Safe City' project from its website. In 2018, the Serbian Ministry of Finance signed another agreement, allowing Huawei to provide traffic surveillance systems.⁶⁶

The presence of this type of technology exposes Serbia to the risk of authorities being encouraged to spy on their population, and to the risk of technological backdoor for China to penetrate local infrastructure and extract intelligence data.⁶⁷ On the former, there are strong indications that during the early stages of the COVID-19 pandemic Huawei's cameras were used to monitor whether the Serbs who returned from virus hotspots, like Italy, obeyed quarantine measures.⁶⁸ The latter risk was seen in 2018 in the headquarters of the African Union (AU) in Addis Ababa, Ethiopia, where Huawei used its equipment to transfer data from the AU's offices to China.⁶⁹ Australia is worried that Huawei's facilities in Papua New Guinea will pose similar risks.⁷⁰ There is also the risk of a kill switch, in which Beijing would have the ability to shut down the local infrastructure from afar.⁷¹

Other Chinese tech companies can also help export products to create a proxy-Chinese surveillance state. Dahua Technologies and Hikvision are two Chinese video surveillance companies, blacklisted by the US for human rights abuses, which also have a presence in Serbia.⁷² In 2019 one could find products of Dahua Technologies at the Belgrade airport.⁷³ During the COVID-19 pandemic, Dahua Technologies engaged in an aggressive marketing campaign in Serbia, promoting its products as a solution to the problems created by the pandemic in a way that exaggerated the realistic capabilities of their products.⁷⁴ In June 2020, 900 Hikvision internet-connected surveillance cameras were detected across Serbia.⁷⁵

Serbia and China also established joint Sino-Serbian police patrols in 2019.⁷⁶ This arrangement was primarily because Serbian cities, before the COVID-19 pandemic, experienced a major growth in the number of Chinese tourists, thanks to the 2016 abolition of visas between the countries.⁷⁷ However, this agreement should not be overstated as a hallmark of diplomacy, as both Serbia and China have similar arrangements with other countries. Still, this does speak to the growing security ties between the two governments. Furthermore, the joint police patrols will also allow China to have police authorities in cities where Chinese capital is concentrated, like Novi Sad and Smederevo.⁷⁸

Military cooperation is the most striking element of this developing security partnership. According to the information disclosed by the Serbian Ministry of Defence in 2019, between 2008 and 2018, China was the second-largest donor to the Serbian army with \$5.2 million in donations, only behind the US with \$9.8 million.⁷⁹ In this partnership, Serbia uses China to modernise its defence and meet its national security requirements while maintaining the balance between Western and non-Western powers. While China tries to promote itself as a rising military superpower, capable of forming military partnerships⁸⁰ even with distant countries, it uses Serbia to penetrate the European defence market with its weapons systems.⁸¹ So far, Chinese entry into the European defence market has been impeded by the arms embargo imposed on China by the EU since 1989,

following the violent suppression of the Tiananmen protests.⁸²

In November 2019, special forces of Serbian and Chinese police conducted a joint anti-terrorism exercise in Serbia.⁸³ While China sent a police unit and not a military unit, the exercise speaks of the growing security stronghold China tries to accumulate in order to guard its citizens and interest overseas. Serbian acquisition of Chinese drones is just one case in point. In September 2018, during President Vučić's visit to Beijing, representatives of the Serbian Ministry of Defence negotiated this acquisition with their Chinese colleagues.⁸⁴ On that occasion, Serbia ordered nine Chengdu Pterodactyl-1 drones, also known as Wing Loong.⁸⁵ The arrangement also includes technology transfers that would allow Serbia to complete its indigenous drone project, Pegaz (Pegasus).⁸⁶

In light of that fact, Serbia gave up on Wing Loong drones and instead went for the CH-92A drones, manufactured by the state-owned China Aerospace Science and Technology Corporation (CASC), as they were more compatible with the development of the Serbian drone program.⁸⁷ Six CH-92A drones were delivered to Serbia in June 2020,⁸⁸ and by October these drones were being used in military exercises attended by President Vučić.⁸⁹

By buying Chinese weapons systems, Serbia is upgrading its outdated military hardware and adjusting it to the changing technological landscape of global defence.⁹⁰ Thanks to the

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acquisition of CH-92A drones, Serbia will manufacture its own drones and reconstitute the 353rd Intelligence Surveillance squadron,⁹¹ defunct since 2006, becoming the largest drone operator in the Balkans.⁹² This transformation will increase Serbian ability to police its air-space, which has been at the forefront of national strategic thinking since the experience of NATO's intervention in 1999 and the Nazi bombing of Belgrade in 1941. By acquiring weaponry from China, Serbian leadership believes it has increased its bargaining power with the West. Serbia continues to rely on China for the modernisation of its defence and air-space capacities. In August 2020, Serbia decided to purchase the Chinese anti-aircraft FK-3 missile system, instead of the Russian S-300 system.⁹³

In the defence industry sector, China will continue viewing Serbia as a springboard from which it can try to win other markets in South-Eastern Europe and the EU. In March 2021, Chinese Defence Minister Wei Fenghe visited Serbia, Greece, North Macedonia, and Hungary, four vital connectivity countries in South-East Europe.⁹⁴ Wei's visit indicated that China is interested in further developing its security ties with Belgrade and that it wants to expand the scope of its military partnership and defence contracts among Serbia's neighbours.

Friendship in the Age of COVID-19

At the outbreak of COVID-19, ties between the two countries were at their apex. The cooperation between China and Serbia in combating the pandemic showed that China would step in to fill any opening left by the EU. In that process, China became Serbia's primary non-Western partner, outmatching even Russia, while cooperation with Beijing has become a tool of domestic promotion for the Serbian leadership.

When the COVID-19 outbreak hit Europe, the EU's initial response was a shortsighted export ban on protective medical equipment.⁹⁵ At the press conference announcing the state of emergency, President Vučić denounced the EU's decision: "By now, we have all understood, that great international solidarity, actually, does not exist. European solidarity does not exist. That was a fairy tale on paper. That decision was made by the people who lectured us that we are not supposed to purchase Chinese goods. To the rest of them, thanks for nothing. Trust me, I will find a way to thank them. What I have spoken today in front of you are the words of a president. Nice and polite."⁹⁶

In that same statement, Vučić embraced China and President Xi, saying: "I believe in my friend and my brother, Xi Jinping, and I believe in Chinese help. The only country that can help us is China."⁹⁷ On March 21, 2020, President Vučić personally greeted a jet carrying Chinese medical aid at the Belgrade airport, where he kissed the Chinese flag as a sign of gratitude.⁹⁸ In addition, landmarks across the city of Belgrade were lit up in the colours of the Chinese flag.⁹⁹ The EU later jumped in with aid worth 93 million Euros, but China just had better timing.¹⁰⁰ As a result, 75 percent of Serbian citizens believe China provided the most assistance to Serbia during the pandemic.¹⁰¹ However, the Chinese campaign of boosting its global image through the provision of medical supplies,

known as mask diplomacy¹⁰² did not yield satisfactory results across the rest of South-East Europe.

Russian medical aid arriving in Belgrade was not greeted by the Serbian leadership with the same enthusiasm, showing that Belgrade has replaced Moscow with Beijing as its primary non-Western partner.¹⁰³ This transformation can be attributed to China's endowment with capabilities that Russia simply does not have. It could also be down to the latent distrust which still exists between Russia and Serbia.¹⁰⁴ Namely, while Serbia relies on Russia in the Kosovo dispute, it fears that Russia could sell it out in a hypothetical bargain with the US. In that regard, Serbia was willing to break its practice of diplomatic neutrality by backing China on the issues of Hong Kong and Xinjiang, something it was not ready to do in the case of Russia.¹⁰⁵

The same pattern is also seen in the case of Chinese 'vaccine diplomacy'.¹⁰⁶ As the EU failed to provide COVID-19 vaccines to the Balkan countries in a timely manner, Serbia turned to China.¹⁰⁷ In January 2021, one million doses of Chinese Sinopharm vaccines were delivered to Serbia.¹⁰⁸ In March, an agreement for an additional two million doses was reached.¹⁰⁹ At one point, Serbia was second in Europe, after the UK, for its vaccination rollout programme.¹¹⁰ Again, the Russian vaccines were not greeted in the same welcoming manner as its Chinese counterparts.¹¹¹

Thanks to the Chinese vaccines, Serbia can now exercise its own version of vaccine diplomacy in the Balkans, by donating to its neighbours for favourable terms.¹¹² The plan to open a Sinopharm production facility in Serbia, with financing from China and the UAE, will make Serbia a regional supply hub for COVID-19 vaccines.¹¹³ Evidently, even when it comes to vaccine diplomacy, Serbia remains a springboard for Beijing's wider goals.

For the Serbian leadership, the influx of Chinese capital has become relevant domestically as it can promote itself to its domestic constituents as facilitator of a favourable partnership with China.¹¹⁴ The arrival of Chinese capital frequently corresponds with local political cycles.¹¹⁵ At the same time, secretive contracts with China enables local cronyism. Indeed, the agreements concerning the 2020 Chinese medical aid remain confidential,¹¹⁶ and so do the price of Chinese drones and Chinese vaccines. The pro-Chinese narrative pushed by the incumbent elite resulted in 16 percent of Serbs believing that China is their greatest friend, second only to Russia with 40 percent.¹¹⁷

Meanwhile, China is upping the ante on its soft power, as three Serbian universities; the University of Belgrade, the University of Novi Sad, and the University of Niš signed a cooperation agreement with Shanghai's Jiao Tong University.¹¹⁸ China is also

investing \$55 million in constructing a large Chinese Cultural Centre on the site of the former Chinese embassy destroyed during the NATO bombing of 1999.¹¹⁹ Many are seeing the presence of China, with its business and political practices, helping accelerate the illiberal tilt we are witnessing in Serbian politics.¹²⁰

Conclusion – How Long Will the Friendship Last?

The question remains, how durable is this partnership? As relations between China and the West deteriorate, the Sino-Serbian partnership will be under intense duress, as Serbia's main partners remain in the West. Serbian foreign policy of hedging and balancing is a tactical and opportunist policy pursued only as long as there remains a systemic leeway.

The EU is already showing uneasiness about China. With its strategic documents describing China as 'a systemic rival.'¹²¹ Moreover, the EU is growing weary of Huawei's presence in their vital infrastructure and is working on eliminating it on security grounds.¹²² In May 2021, the European Parliament blocked the Comprehensive Agreement on Investment (CAI), a deal aimed to boost trade and investment between China and the EU, because of China's human rights violations in Xinjiang. After the 16+1 initiative became the 17+1, with Greece joining in

2019,¹²³ it reverted back to 16+1 earlier this year when Lithuania left the initiative.¹²⁴ The project remains burdened with political dysfunction,¹²⁵ growing dissatisfaction, and many members doubting its validity.

The key, however, will be the US. The US has already shown that it can alter Serbian behaviour using its power instruments. For example, in late 2019, Serbia gave up on purchasing weapons from Russia when faced with a threat of US financial sanctions.¹²⁶ There is no doubt that the US will act in the same way regarding China, its only real great-power competitor. As Sino-American rivalry intensifies, it will inevitably reach Serbia, given its current ties with China.

In September 2020, the Trump administration mediated an agreement on economic normalisation between Serbia and Kosovo, which stipulated that: 'Both parties will prohibit the use of 5G equipment supplied by untrusted vendors', a reference to Huawei.¹²⁷ As a result, in late 2020, Serbia postponed the tender for the 5G spectrum.¹²⁸ The US embassy in Belgrade has already publicly shown concern for the Serbian plan to purchase a Chinese anti-aircraft FK-3 system.¹²⁹ The Biden administration has demonstrated, much like its predecessor, that it is going to be tough on China. President Biden has already banned US companies from investing in 59 Chinese tech and defence companies.¹³⁰ One thing is certain, sometime in the not-so-distant future, Serbia will be faced with some fateful choices. ■

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The Dragon Lands in Belgrade:

The Drivers of Sino-Serbian Partnership

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In recent years, the partnership between Serbia and China has been elevated to a historically unprecedented level. This partnership manifests itself through Chinese economic statecraft, technological partnership, security partnership, with political ties reaching an unprecedented degree during the COVID-19 pandemic. However, as Vuk Vuksanovic examines, the future of this partnership will be dependent on the trajectory of China's relationship with the West. As US-China relations are becoming adversarial, and as China's relations with the EU are shaken, it will become increasingly difficult and risky for Belgrade to maintain its ties with Beijing. From 'vaccine diplomacy' to 'debt trap diplomacy', this Strategic Update examines the Sino-Serbian partnership we are witnessing and what the future has in store for Serbian policymakers.