

The Chinese are Coming: Beijing in the Balkans and Eastern Europe

By [Dr. Binoy Kampmark](#)

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In the latter part of 2014, China became the world's largest economy, dethroning the United States which has held the position since 1872. The technique for identifying such sizes will always be up for question, even if the IMF did account for the issue of purchasing power parity. Those in the US can still summon relatively larger pay packets than their Chinese counterparts.

Be that as it may, China now makes up for about 16.48 percent of the world's purchasing-power adjusted GDP, with the US coming in at 16.28 percent. Analysts point out that these figures ignore "raw terms" (*Business Insider*, Oct 8, 2014), though that doesn't diminish a spectacular transformation – in 1980, China's overall economic output was a mere tenth that of the US.

The chatter about Beijing's economic surge coincided well with its Balkans drive, yet another means by which the Chinese business juggernaut is seeking satiation. Chinese diplomats and figures are not strangers to the region. Their involvement during the eccentric relationship between Beijing and the communist Albanian state of Enver Hoxha is well noted.

The love affair with Hoxha went cold in the late 1970s. China began cultivating ties with Yugoslavia and Romania, insisting that both the Soviet Union and the United States adopt more constructive approaches to the Balkan region. Then, as now, the Balkans was to provide an entry point into the markets of European states while also enabling a currying of favour with so called third world countries.[1] Then, as now, China's regimes boasted new, reformist faces, at least in rhetorical aspiration.

Last month, Beijing exerted its already noted muscle in the southern European, Balkans region, holding discussions with Serbian counterparts on further financial involvement. The point of convergence was the Central and Eastern European-China summit, continuing last years 16+1 initiative begun in Bucharest.

The Chinese came with the promise of heavily-laden money bags. The Serb delegation, desperate for hard cash and needed infrastructure projects, were beaming. Hardly noted for financial prudence, Serbian governments have tended to lurch from one debt-prone crisis to another. Beijing's gamble is certainly one based on bigger pictures rather than small snippets of profit.

Vital to the equation has been the notable absence of Western investors in an area deemed too volatile to touch. While the governments in the Balkans have tended to blot their own

copybook, sometimes with interference from outside forces, the suspicion and reluctance has made the region a prime target for other powers. Russia has already moved into various areas of the energy sector, but China has made it clear that it won't stand on the sidelines in silent admiration. A broader vision is at play here, one that will focus on the big tools of state: agriculture, telecommunications, energy.

The interests for Beijing, seen in the commandeering language of the New Silk Road mantra, are fundamental, though commentators are struggling to identify the unifying theme.

"The interest appears to go beyond markets – in fact, the Balkan markets could be considered insignificant for trade," suggests Valbona Zeneli (The Diplomat, Dec 15, 2014).[2] "It also seems to go beyond the need to secure a source of commodities, although the Balkans are rich in natural resources. Rather, it appears that China is focused on infrastructure and access to Western European markets."

Historically, the Balkans has been the transit route for empires, fronting as a holding area for powers willing to push into other theatres. It was a key region of confrontation between the Ottoman and Austro-Hungarian sphere of influence, the fault line between Christianity and Islam in Europe. Now, it is China's role to move into the bargain of power plays, one that will link central Europe to the Balkans and to Greece, where Chinese control over port access is already proving telling. Since 2009, Piraeus has received plentiful Chinese investment, much of it through COSCO Pacific. Such interest has made the Greek port the main entry point for Chinese products into Europe.

Central to this notion of the "land and sea express line" is the high speed railway line between Budapest and Belgrade, which already became something of a paper reality in November 2013 with the signing of an agreement. What the Chinese delegations promised was a modernised link between two transit points that does what the governments of neither Hungary nor Serbia have been able to do for some time: secure a high speed, reliable connection. For the moment, the signatures are still drying on the paper, though the promise is for a quick start this year, with completion in two years.

The language of the Serbian Prime Minister, Aleksandar Vučić, did follow a carefully lined script – in parts at least. He spoke of how both countries were not keen on "endangering anyone's territorial integrity", while stressing the "good political relations" between the countries (Mondo.rs, Dec 17, 2014).

While the presence of Chinese Prime Minister Li Keqiang was notable, diplomacy in the Balkans can prove testy, one truly developed in the school of hard knocks. The Chinese ambassador, Li Manchang, was rather peeved at an incident surrounding delayed signatures for a construction loan for the new B3 block within the Kostolac thermal power plant. The photojournalist for *Blic* noted in graphic fashion how, "The Chinese ambassador went crazy after they asked him for delay of contract signing" (Dec 17, 2014). The Serbian ministers in question were not entirely forthcoming about their bungling antics. The signatures would materialise, and that was that.

Even if Beijing's visions of a sea and lane access may be ultimately potholed in reality – the tendency to undermine arrangements through the Balkans is well noted – the will, and cash, is there. Beijing has made it clear that it will invest and wait. While Russia has signalled is unwillingness to channel the South Stream project through the region, the Chinese have

rode in with their monetary weight. The European Union and Washington will be taking note.

Dr. Binoy Kampmark was a Commonwealth Scholar at Selwyn College, Cambridge. He lectures at RMIT University, Melbourne. Email: bkampmark@gmail.com

Notes:

[1] http://csis.org/files/publication/110829_CEW_China_in_Balkans.pdf

[2] <http://thediplomat.com/2014/12/chinas-balkan-gamble/>

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