



‘Our brothers’, ‘our saviours’: The importance of Chinese investment for the Serbian government’s narrative of economic rebound

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Policy paper, October 2020



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the Serbian government's narrative of economic rebound**

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**Published by the Prague Security Studies Institute,
October 2020, Prague**

The publication is written within the framework of the project
**"Western Balkans at the Crossroads: Ways Forward in Analyzing
External Actors Influence"** led by the Prague Security Studies
Institute with the support of the National Endowment for Democracy.

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Abstract

This study traces the way the Serbian Progressive Party (SNS) has used the topic of economic assistance from abroad to build and consolidate its dominance on the Serbian political scene from 2012 to 2020. Through the analysis of domestic and international media coverage, this study argues that the construction of a narrative of economic renaissance has gone hand-in-hand with a narrative depicting economic salvation in the form of foreign friends coming to the rescue. It is shown that this role, initially played by the United Arab Emirates, was later assumed by China. It is argued that the conduit of this

'foreign' assistance activity is, in fact, the Serbian political leadership itself (in the person of current Serbian President Aleksandar Vučić), which seeks to present itself as able to offer stability and reassurance to the population, thus preserving the 'ontological security' of the Serbian nation. The findings of the study provide insights into why Serbian foreign policy has been, seemingly, so erratic: narrative-wise, the Serbian leadership has picked the actor that was most useful in highlighting their own nation-saving activity at any given moment.



Introduction

How has Serbia's increasing economic cooperation with non-Western actors been used to further a 'winning' narrative by the Serbian Progressive Party (SNS) during their consolidation of power (2012-2020)? And how has this played out in the case of the actor that has increased its economic ties with Serbia most strongly in the late 2010s, China? These are the two main questions addressed in this paper. While the importance of the economic narrative for Aleksandar Vučić's political parties is established in the literature (Stefanovic 2008; Economides and Ker-Lindsay 2015), an appreciation of how it has changed over time is lacking. Furthermore, there has so far been no meaningful attempt to put this topic of 'economic renaissance' in conversation with Serbia's relations with external actors; this is a significant gap in the literature, considering that the benefits of economic help from abroad have been repeatedly emphasized by the Serbian leadership.

It is argued that, under the leadership of Aleksandar Vučić, the Serbian state has pursued a strategy of 'sitting on several stools'. While the 'two-stools' strategy ascribed to Vučić is usually conceived of as a binary choice between the West and the East (Poltermann 2014; EIU 2017), it is argued here that Serbia's ruling party (SNS) has been pursuing a narrative that goes beyond this dualism, choosing, instead, to have a wide spectrum of allies to rely on. The ability to draw funds from several countries, the possibility of presenting this as a success with domestic and international audiences, as well as the implicit threat to the EU ('if you do not court us enough, we have other partners to rely

on') have been key features of Vučić's rule. The increasing importance of China for Serbia, throughout the 2010s and from 2016 especially, should therefore be seen within this wider context.

The discussion is structured in five sections. The paper first outlines the theoretical framework within which the analysis operates, building on the ontological security theory as developed in the South East European context by Subotić (2015; 2016) and Ejodus (2020b; 2020a; Ejodus and Subotić 2014). It then establishes the great importance that the narrative of economic rebound had for the ascent of the Serbian Progressive Party (SNS), under the leadership of Aleksandar Vučić, on the Serbian political scene. In the sections three and four, through the analysis of official statements in domestic and international media coverage relating to narratives about non-Western actors and the economy, it is shown that the role played by the UAE at the beginning of SNS' rule (i.e. as 'saviours' of the Serbian economy) came to be increasingly occupied by China over time. The theme of cooperation with Russia was present throughout, although it is interesting that the first signs of negative coverage on Russia, by Serbian government-friendly tabloids, appear in 2020 – coinciding with a closer alignment with China. Finally, in the fifth section, the paper goes on to provide a more detailed outline of the cooperation between China and Serbia over the course of the past decade (2009-2020), reflecting on the form into which this cooperation has morphed in 2020.

Theoretical framing: state ontological security

The analysis presented in this paper deals with the way political actors strategically deploy shared narrative frames for their own political ends, by putting this dynamic in conversation with the presence of non-Western actors in the Balkans. In this sense, it speaks to a strand of theoretical literature that addresses cognitive frames being manipulated for political purposes (Payne 2001), within the well-established approach of 'strategic social construction' (Finnemore and Sikkink 1998). In the South-East European context, this approach has been developed to good ends by Jelena Subotić (2015) and Filip Ejdus (2020a; 2020b), within a framework of *ontological security*.

The concept of ontological security (which could be freely translated as 'the security of the self', from the Greek *ὄντος* (ontos), i.e. 'being') was initially coined by psychiatrist Ronald David Laing (Laing 1960), and later developed in sociology (Giddens 1990; 1991) and international relations (Wendt 1994; Huysmans 1998; Steele 2007). In substance, ontological security is "a basic need of actors for predictability of social order, stable relationships with others, and ability to maintain the narrative of the self" (Ejdus 2020a, 1). Scholars of international relations have postulated that in times of crisis, political leaders bridge what is presented as a security challenge through the preservation of state ontological security, by providing a sense of routine and familiarity, while attributing this success to themselves. It follows that the study of political narratives is able to shine a light on the inner workings of this attempt at preserving state ontological security and on the intention to claim this success. As Subotić writes, "The fact that narratives are manipulated for political purposes

does not make them any less important. In fact, it makes them critical to our understanding of what motivates political action in the first place" (Subotić 2015, 611).

This framing is adopted in this article, while being applied to a novel angle. The lens of analysis is expanded from the insecurities originating from a challenge to territorial integrity (both Subotić and Ejdus look at how Serbian politicians responded in relation to the case of Kosovo) to the insecurities that are a product of a – real or perceived – economic crisis. As the empirical sections will analyse, in the topic of the overcoming of economic adversity through foreign investments, this projection of security is enacted through the 'salvific' help of foreign partners. This is another novel dimension this paper explores, pushing the theoretical boundaries of the concept of ontological security. While autocratic leaders usually present themselves as saviours in opposition to a foreign threat – examples abound, but Viktor Orban's positioning of himself as a safe haven *vis-à-vis* threats presented by migrants is a case in point (Toomey 2018) – the narrative employed by the SNS and by Aleksandar Vučić in particular shows that, in specific circumstances, this salvific narrative can also be applied to foreign actors. As will be examined in the analysis that follows, this salvific property is subsumed by Vučić himself. While the other actors are all disposable, he – through whom this salvific action is enacted – is not. In this sense, the ontological security framework is helpful in giving insights relevant to another burning question in IR analysis on contemporary Serbia: explaining the motives behind Serbia's seemingly erratic foreign policy behaviour.



The ascent of Aleksandar Vučić's Progressives: the economy as a central theme

To understand the importance of the partnership with China for the current Serbian government, it is important to first consider the way the dominance of the Serbian Progressive Party (SNS, or Progressives) and of their leader, Aleksandar Vučić, were established on the Serbian political scene. SNS was set up in 2008 as a splinter party from the far-right Serbian Radical Party. The two figureheads of the SNS – Aleksandar Vučić and Tomislav Nikolić – set their new political home on a much more ideologically moderate course than the party they hailed from. They professed a far more favourable view of the European Union (whereas the Radicals abhorred it), a more ambivalent relationship with Russia (instead of unabashed support), and signalled an opening to dialogue with Kosovo (which the Radicals considered, and still do, an inalienable part of Serbia) (Buckley 2012; Samardžija and Robertson 2012; Lazea 2015; Ejodus 2020b, 127–59). This positioning was crucial in securing the support of key Western figures for this new political option (Eror 2018).

But a determining factor that drove SNS' popularity was, in fact, the *unpopularity* of the previous government. Ever since the fall of Slobodan Milošević's regime in October 2000, and throughout the 2000s, Serbia was led by a broad coalition including the Democratic Party (DS) that experienced various changes during the decade, but was nevertheless anchored in its general pro-Western stance. Weakened by its inability to find a solid position on the Kosovo issue and rocked by several corruption scandals, this political trend was eventually brought down – as a final nail in the coffin – by the global economic crisis that started in 2008/9 and that hit Serbia particularly badly; Serbian citizens “generally blame[d] the DS for the country's economic and social plight” (Deutsche Welle 2012). This is recognised in the area studies literature on the subject, which has shown that economic vulnerabilities were key in the rise in support for the Serbian far-right (to which Vučić and Nikolić belonged, at the time) in the 2000s (Stefanovic 2008). Astutely exploiting the moment, while at the same time building a more acceptable *façade* for external purposes, the SNS won both parliamentary and presidential elections in 2012, and Aleksandar Vučić progressively solidified his dominance throughout the decade, from Vice Prime Minister (2012), to Prime Minister (2014), and to President (from 2017 to date).

Not discounting the relevance of topics such as Vučić's (later amply questioned) initial anti-corruption drive (Stojanović 2017) and the projection of security and stability (Bieber 2018), the economy was thus a key element by which the SNS distinguished itself from the previous old-guard. Scholarly works have shown that economic considerations have been front and centre in the way in which the SNS, and Aleksandar Vučić in particular, presented their narrative even in relation to more ideologically-charged issues such as Kosovo (Economides and Ker-Lindsay 2015; Dragojlov 2020). Indeed, Vučić kept using the language of economic development, stating in his speeches that Serbia wants to “win in the economy” and that his aim is to have “an economically stronger Serb in Kosovo” (Vučić in HRT 2018).

What is, however, still missing is an appreciation of how this topic has changed over time, and even more, how Serbia's increasing economic cooperation with non-Western actors has been used as a way to further this narrative. This question is relevant in light of the fact that, while the European Union has been by far the most important trading partner for Serbia and the Western Balkans for decades, in the 2010s several non-Western countries have emerged as important trading partners, investors and providers of financial assistance – including China, the United Arab Emirates and Russia (Bonomi and Uvalić 2020).

Serbia has been very agile in attracting foreign investments over the past decade. In the first two decades of the post-Yugoslav era, Serbia had difficulties with finding partners interested in the privatisation of large state-owned enterprises, whose poor financial results were putting pressure on state coffers. Since 2006, the Serbian government started giving out major subsidies and other incentive packages to foreign investors, which were further expanded in the 2010s. This model became particularly significant after 2012, when a new ruling majority led by the Serbian Progressive Party (SNS) and the Socialist Party of Serbia (SPS) took power (Pavlović 2020; EBRD 2019). The foreign investment and economy narrative is a clear focus of the Serbian Progressive Party's political communication.

A closer look at SNS politicians' statements in media coverage shows how important this theme has been

throughout the eight-year period (2012-2020) the SNS have been in power. As the consolidation of the Serbian Progressive Party's power continued in 2020 with a landslide victory in the June elections, it is relevant to take stock of this narrative to assess future prospects. In the section that follows, this evolution is documented through the analysis of a set of articles from Serbian and international press.



Campaigning on economic prosperity – the UAE as Serbia's new 'salvific' ally

At the 2012 parliamentary and presidential elections, the SNS presidential candidate Tomislav Nikolić won against incumbent Boris Tadić (DS) and the SNS became, for the first time, the largest party in the Serbian parliament. The key driver of the election was economic adversity and the promise of sounder economic leadership under the SNS. The two main figureheads of the SNS at the time – Tomislav Nikolić and Aleksandar Vučić – often sounded stern warnings about the Serbian economy, and other SNS members echoed this message. “We want to decrease unemployment by creating the right environment for foreign investment,” said Marko Đurić, who later went on to become the head of the ‘Office for Kosovo and Metohija’ of the Republic of Serbia. In Western media, these messages resonated loud and clear. “This election is about the economy, about jobs and growth, about putting people to work,” said William Infante, head of the UN mission in Serbia, quoted in the Financial Times (Buckley 2012). The same paper also wrote, in no unclear terms, that “what decided the election was the economy” (Buckley 2012). Similarly, the New York Times wrote that “visceral indignation with joblessness and an arrogant political establishment” benefited the SNS (Bilefsky 2012). In a 2013 interview with The Independent, Vučić underlined the challenge facing Serbia using a military metaphor, stating that “[t]he battles we are facing now aren’t with guns and tanks, but the economy” (Sengupta 2013).

In the same period, the discourse about the lamentable state of the Serbian economy was joined by the ‘salvific’ presence of a new ally, a small but very rich country that had markedly changed its approach towards Serbia from the 1990s, when it vocally opposed Serbia’s military actions in Bosnia and Kosovo, to the 2010s, with the flourishing of pragmatic business relations: the United Arab Emirates (UAE) (Bartlett et al. 2017). “We discussed everything including history and geography and afterwards he walked me to my hotel room and our friendship began,” Vučić said in a TV broadcast, about his warm relationship with the

powerful Emirati Sheikh Mohammad bin Zayed (MbZ) Al-Nahyan (Vasović and Doherty 2013). The Serbian media reported MbZ as addressing Vučić – who was then Deputy PM and Minister of Defence – as ‘my brother Aleksandar’ (Marković 2013) and highlighted that the sheikh “left Putin to meet with Vučić” (Raković 2012). The relations between the two countries clearly benefited from this ‘connection at the top’ between Vučić and MbZ (Bartlett and Prelec 2020; Prelec 2019). In this period, government officials spoke about the UAE’s help in glowing terms, even stating that economic cooperation with the UAE was to be preferred to that of Western institutions. “For Serbia, the financial arrangement with the UAE is 100 times more valuable than the one with the IMF, and if it manages to push that through, the agreement with the IMF will no longer be needed” (Dobrić 2013), said then Minister of Finance Mlađan Dinkić in October 2013. Earlier that year, Dinkić and Aleksandar Vučić visited the UAE and met with MbZ, who visited back in early 2013, signing a series of deals. In August 2013, Dinkić was named the Vice-President of the Committee for Cooperation with the UAE, while Aleksandar Vučić was named its President (RTS 2013). Upon being appointed, Dinkić thanked Vučić ‘for the trust placed in him’ and said: “I will endeavour to channel the friendship with the family of Sheikh Mohammad and other influential people in the Emirates for the benefit of the citizens of Serbia” (RTS 2013)¹.

Abroad, commentators and media outlets took note. Reuters wrote: “Serbia is banking on an unlikely alliance with the United Arab Emirates to upgrade its vital farming industry, revive military production and get badly needed cheaper finance” (Vasović and Doherty 2013). Deutsche Welle noted that “the Emirates have appeared out of nowhere and have been presented to the Serbian public as the saviours of the tottering Serbian economy” (Rujević 2013). The Financial Times reported that “Serbia plans to borrow billions from the United Arab Emirates as the country’s deputy prime minister warned that it could

1 It is interesting to note that, in the change of power between the DS and the SNS, Dinkić (formerly a DS member) was a prime candidate to be tried and sent to jail as part of an “anti-corruption effort” by the new guard (the jailing of some tycoons such as Miroslav Mišković won Vučić initial praise). However, in spite of the pre-election threat, he not only avoided jail, but became Minister of Finance and Economy in 2012-2013. Vučić explicitly stated that Dinkić was appointed to the function of Vice-President of the Committee for the Cooperation with the UAE “because he knows people [there]” (RTS 2013).



face bankruptcy without urgent steps to cut public sector wages”, noting that Aleksandar Vučić (defined as “the deputy premier widely seen as the most powerful man in Serbia’s coalition”) said that the \$1bn UAE loan, with announced further loans taking the total to \$2bn-\$3bn by the end of 2014, “could almost be “considered a gift”, given its favourable interest rate and conditions” (Buckley and Kerr 2013).

All the while, it is relevant to note that cooperation with other countries did not cease, indicating the emergence and progressive solidifying of the ‘multiple-stools’ policy approach: “Serbia is diversifying the portfolio of investors to as many countries as possible... In addition to the EU, we have Russia with energy deals, China with infrastructure investments and now we have the Gulf,” said Saša Đogović of Belgrade-based Institute for Market Research (Vasović and Doherty 2013). Indeed, economic relations with Russia were never broken – on the contrary. Post-2012 election ties with Russia grew, helped also by the presence of the Socialist Party of Serbia (SPS) among the ruling coalition (a party enjoying warm relations with Russia since Milošević’s times), and by Nikolić’s open support for Vladimir Putin (Veljović 2012). Significantly, unlike Montenegro, Serbia did not join in the sanctions against Russia in relation to the Ukraine crisis (Bechev 2014). This decision, too, was motivated by economic considerations: “Relations with Brussels have since been strained after Serbia declined to join EU sanctions against Russia, warning that its economy would be too badly hit” (Buckley 2014).

Serbia’s economic hardship and this purported salvific help of ‘friends coming to the rescue’ was an important part of the discourse that spearheaded Vučić’s victory at the parliamentary election in 2014. As noted by Bloomberg: “Aleksandar Vucic, the favorite to become Serbian prime

minister after elections this month, is campaigning as the candidate who can bring home investment from the United Arab Emirates, including a \$4 billion plan to redevelop Belgrade’s waterfront. The former nationalist, known in the 1990s for his anti-Muslim rhetoric, is stressing his ties with the Persian Gulf nation’s business and political leaders as a source of investment ahead of the March 16 ballot” (Filipović and El Baltaji 2014). The very decision to hold an early election in 2014 was, in fact, outright motivated by the economic reforms in store, as explained by political scientist Mikucka-Wojtowicz: the “head of state’s decision to dissolve the Skupština [Serbian parliament] was based on the government motion which stated that painful reforms were in store for Serbia and that new legitimisation from voters was vital in order to implement them. The main initiator of the early elections was the leader of the Serbian Progressive Party (SNS), Aleksandar Vučić” (Mikucka-Wójtowicz 2017).

The campaigning strategy worked, and the SNS easily imposed themselves as the dominant party at the 2014 election. In 2015, this same discourse continued steadily, although with a partially new set of actors (Dinkić’s connections with the UAE were no longer needed). Siniša Mali, economic advisor to the prime minister and candidate for the mayor of Belgrade, stated: “The UAE believes in the political stability of Serbia, in our human capital and it [the investment] is the result of friendship and understanding between [Serbian Prime Minister] Aleksandar Vucic and Sheikh Mohammed [bin Zayed the Crown Prince of Abu Dhabi]” (Donaghy 2015). But after 2016, which was marked by extreme controversy over the demolition of buildings to make space for the UAE-connected luxury development Belgrade Waterfront, the dominance of the UAE in government officials’ discourse decreased somewhat.



Switching between 'salvific' stools: from the UAE to China – while not neglecting the others

After 2016, the UAE faded away from being the dominant 'friend coming to the rescue', and slowly, but steadily, this role was taken by China. As reported by Politico: "You'll see what my real passion is," [Vučić] said, kneeling next to a multicolored map of Serbia criss-crossed with planned highways and rail lines. "It's roads and economy." [...] To turn his "passion" into reality, the Serbian president is relying not just on Europe, but on an old ally farther east — China." (Karnitschnig 2017). This partial shift is also reflected in the twitter activity of Aleksandar Vučić (handle: @avucic). The #UAE hashtag (used to publicise official meetings and communications about the UAE on twitter) is present on six occasions in 2015, whereas it later almost disappeared, being used only once in 2017. On the other hand, tweets mentioning China (always in a positive light) have increased sharply in 2020. For instance, during the Covid-19 crisis, Vučić was not personally present at the delivery of help from the UAE, while he lavished Chinese help with high praise (Ruge and Oertel 2020; Hall and Hopkins 2020). Tweets mentioning warm relations with Russia, on the other hand, have remained a constant, indicating that the different tone used by pro-regime media in attacking Russia in 2020 (N1 2020) has not been matched by the official communication of the President.

Why this change in narrative? The most likely explanation is that the UAE had run its course serving as part of the salvific aid narrative. In 2015, protests against the Belgrade Waterfront project were gaining ground, while urban planners started to voice concerns about the elitist character of the project (Cukic et al. 2015). Demonstrations intensified after the events that occurred in the central Belgrade district of Savamala in April 2016, when masked men demolished shop windows and damaged buildings in an area where the Belgrade Waterfront was to rise: a cloak-and-dagger operation that took advantage of the confusion offered by its having taken place on election night. This is an event that was never clarified by the central government, but that was widely understood as being connected with the highest city authorities (Pećo 2017).

The ruling party has surely taken note of this unpopularity, choosing not to put forward then-mayor Siniša Mali as their

candidate for the 2018 local election. At the same time, China's increased economic presence in South Eastern Europe was low-hanging fruit to exploit for narrative purposes: in the words of a former diplomat in Serbia's Foreign Ministry, while in 2012 Serbia "did not see China as playing a particularly meaningful role", as soon as 2014 the situation changed, with it gradually becoming "a player in the Balkans to an unprecedented degree" (Vuksanović 2017).

In the Serbian government's public discourse, praise for China went from strength to strength in the second half of the 2010s: from defining the Chinese as saviours of the Serbian economy and best friends (RTS 2015), to announcing the production of flying cars (SEEBiz / Beta 2018), to stating that Vučić was "bringing back 3bn euro from China" after "one of the most significant meetings [he] had ever had" (Pink 2018), to saying that China "does not have a more loyal and more sincere friend than Serbia" in the frame of a celebration of bilateral relations called "steel partnership for joint prosperity" (Ministry of Defence of the Republic of Serbia 2019), to stating that China "has given Serbia a hand when no one else would do so" (MacKinnon and Gramer 2020), and to announcing even bigger, "the biggest", Chinese investments in Serbia (Mondo.rs 2020).

While the SNS' 'hot and cold' mood towards Russia did not change significantly for the better part of the decade, there are indications that, in 2020, the favour of Belgrade officials has shifted more strongly towards China, while becoming much cooler towards Russia – a development that has been partially connected with the rising investments of the former, and stagnating economic presence of the latter (Vuksanović 2020). It is also relevant to note that when, in September 2020, Aleksandar Vučić signed a (non-legally binding) agreement on Kosovo at the White House that foresaw, among other points, potential difficulties in economic relations with Russia and China, the way Aleksandar Vučić presented the Serbian gains at home was that 'Trump had given him the keys to the White House' and that 'Serbia was going to get billions in investments from the US', including through the opening of a US development fund in Belgrade (Vladić 2020; Informer 2020).

Once again, the 'salvific' economic narrative of a friend from abroad coming to the rescue was crucial in the way Vučić presented this foreign policy success as a victory at home, thus confirming the pattern identified in this analysis.

In summary, the discussion in this section showed that the projection of successful economic performance was, and still is at the time of writing (Hall and Hopkins 2020), a key element of the SNS' electoral victories and continued domination on the Serbian political scene. At the earlier stages of SNS rule, in 2012-2014, discourse about the economy was focused on highlighting the danger in which Serbia finds itself, while later it centred on the success that

the new government brought to the country (Filipovic and Savić 2019). A big part of these portrayed accomplishments relates to the indeed remarkable increase in Foreign Direct Investment (FDI) achieved during the 2010s, although doubts have been raised on whether the benefits such investments bring to the country actually touch the whole population (Pavlović 2020; Dragojlo 2020; Prelec 2020a). The analysis of Serbian government officials' discourse in domestic and international media has shown that, while in the initial phase the salvific role of a non-Western country coming to Serbia's rescue was played by the UAE, this narrative later shifted to Beijing.

The intensification of Serbia–China relations over the past decade

From the discussion presented above, it became clear that a very prominent narrative used by the Serbian government under Aleksandar Vučić, especially from 2016 onwards, has been the beneficial role China is promised to have in terms of its impact on the Serbian economy. But was 2016 really a watershed in Sino-Serbian relations? What has changed in recent years, and how are Sino-Serbian relations forecasted to develop from here? In order to answer these questions, this section examines the recent history of Serbia-China relations over the past decade.

The first striking piece of information is that high-profile institutional cooperation between the two countries was established before the SNS came to power: in 2009, a joint letter of strategic partnership between Serbia and China was signed during a visit by then-President Tadić to China. In the document, the two parties agreed on deepening economic and technical cooperation in the field of infrastructure (Ministry of Foreign Affairs of the People's Republic of China 2009), thus opening the way for a large number of infrastructure projects through a financial scheme that included lending by China through its Exim Bank for the purpose of those projects, with the obligation to hire Chinese companies as contractors (Dragojlo 2016). This is a typical model of how China operates in the Western Balkans and other underdeveloped regions (Mardell 2020). The 2009 Agreement still serves as a basis for lending projects in the field of infrastructure and energy that China is implementing in Serbia, such as the reconstruction of the Kostolac thermal power plant, works on the upgrade of the Nikola Tesla thermal power plant in Obrenovac (Belgrade), and others. For comparison, in the six decades from 1957 to 2008, Serbia (or the former Yugoslav Federation) and China signed a total of 39 agreements, while in the seven-year period from 2009 to 2016 they signed 59 agreements (Ministry of Foreign Affairs of the Republic of Serbia 2020).

China, on their part, places Serbia within a wider plan of expansion of its influence in the CEE region. Through the One Belt One Road (OBOR) strategy, China is seeking to diversify its economy and, increasingly, build influence

throughout the world. While its economic relations with Western European countries, especially in terms of trade, were further developed over the past several decades, relations with Central and East European countries lagged behind. To stimulate business and investment relations with this wide region, the Chinese Ministry of Foreign Affairs has spearheaded the 16+1 initiative with Central and East European countries (also known as China-CEE) in 2012, and then upgraded it to 17+1 with the entrance of Greece in 2019. When China introduced the 16+1 initiative in 2012 and the Belt and Road initiative in 2013, the prospects for deepening cooperation increased. But in spite of this regional outlook, the curation of rapport with the countries of the region remained something that China preferred to do, fundamentally, on a bilateral basis, through state-to-state relations (Tonchev 2020; Vangeli 2020).

Relations between the two countries intensified considerably in the second part of the 2010s. After the visit of President Xi Jinping in 2016 to Serbia, the Chinese company Hesteel acquired the Smederevo steel mill, making it the first Chinese brownfield investment² in Serbia. The Smederevo industrial plant was owned by a US company from 2002 to 2012, when the owner returned it to the Serbian government. The plant was a heavy burden on the State budget, incurring considerable losses. The closure of the mill was not an option for the State because of the negative consequences it would have in the Smederevo region, where the company is the biggest employer. The Chinese purchase in Smederevo is considered the basis for a new and improved image of China in Serbia (Novaković and Todorović Štijića 2020). The first Chinese greenfield investment is the Linglong tire factory in Zrenjanin, valued at approximately \$900 million. Some sources – though contested, with other analyses downplaying China's actual economic presence in Serbia (Nova Ekonomija / Business Info Group 2020) – indicate the presence of up to 16 greenfield investments in Serbia by 2019 (Shehadi and Hopkins 2020).

2 The term 'brownfield investment' refers to a type of foreign direct investment (FDI) in which a company or government entity purchases existing production facilities to launch a new production activity, whereas the term 'greenfield investment' involves the building of a new facility from the ground up.



There is thus no doubt that the Chinese and the Serbian leaderships have been successful in finding a common language, leveraging their clear commonalities of interest. On the occasion of the signing of a state-level agreement worth \$3 billion in September 2018, Finance Minister Siniša Mali proudly stated that Serbia will host “China’s largest industrial park in Europe,” among other projects (Živanović 2018). In 2019, Chinese companies announced up to a \$625 million investment in Serbia, making it the fourth-biggest recipient of Chinese investment in Europe in that year (Shehadi and Hopkins 2020).

China is seen as supporting Serbia’s position on Kosovo (an important point, considering the permanent place Beijing holds in the UN Security Council), although it has never made a special public statement on the issue. The political endorsement is much more outright from Belgrade’s side: Serbian officials supported China on the issue of purported ‘terrorism’ in the Chinese province of Xinjiang, as well as in relation to the Chinese law on national security, which refers to the special administrative region of Hong Kong. Serbia was the only European country (together with

Russia) to sign on to a declaration of support to China’s policy in Xinjiang issued by the government of Belarus. Considering the atrocious human rights infringements that are being carried out on the Uighur population in Xinjiang by Chinese authorities (Wood 2020; Chao 2020), the statement of support by Belgrade is a clear sign that it will stand by China, no matter what³.

With the coronavirus crisis in spring 2020, these problems were put under a magnifying glass. The narrative of the Chinese as ‘brothers’ and as ‘saviours’ of the Serbian economy, and later of the Serbian nation, has intensified during the early phase of the Covid-19 crisis, leveraging Vučić’s tight grip over the media (Vuksanović 2020; Ruge and Oertel 2020). Throughout spring 2020, it was used by the Serbian leadership to deflect from the government’s problems in handling the coronavirus crisis and lay the groundwork for a crushing result at the parliamentary elections in June (Cvetković 2020). Although this framing has been a particularly clear during the coronavirus crisis, it is to be seen as a culmination of a longer trend, as analysed in the previous section.

3 What is the reason for this strong endorsement? While this paper does not have the ambition of proving causality, the analysis presented in the preceding sections offers evidence of at least one important reason for the Serbian leadership to be so supportive of the Chinese government. This is the fact that China’s investments are integral to the rule of the Serbian Progressive Party, by underpinning the narrative of the preservation of state ontological security analysed here.

Conclusions

The paper has analysed the Serbian Progressive Party (SNS)'s discourse in relation to the narrative of 'economic adversity' Serbia found itself embedded in at the beginning of their rule in 2012, and of an 'economic rebound' under their guidance (from 2012 to 2020 - with the likely continuation of their rule for several years to come). It has been argued that the increase in investment from non-Western countries, although still a far lesser source of FDI than EU countries, has allowed the Serbian government to shape a narrative of friendly states coming to the rescue of Serbia. This has been identified as a 'multiple-stools' policy (rather than just two – East vs West – positions); by drawing funds from several countries, Aleksandar Vučić and his party sought to present to the domestic audience and to the outside world the image that Serbia has a range of friends to rely on. The analysis has highlighted that, while the 'friendly nation' most quoted by Serbian officials in 2012-2015 was the United Arab Emirates (UAE), this has somewhat changed in the second part of the 2010s, when China's role started to be praised much more strongly. This coincided with an increasing economic presence of China in Serbia, through brownfield and greenfield investments, mostly focused in the (heavily polluting) manufacturing industry.

These findings help us gain a better insight into the SNS' strategy in relation to their policy towards non-Western actors. A central consideration relates to the fact that the deals with the non-Western countries addressed in this paper (China, the UAE and Russia) are less transparent, bound to considerably less scrutiny, and raise more red flags in terms of their impact on the environment than investments coming from the EU and other Western countries. The presentation of such deals as sterling

successes that are able to 'save' Serbia, as it was shown in this paper, could be seen as a way of bypassing such questions. This is true rhetorically, but it also applies in very practical terms, as the inclusion of such deals within the framework of a bilateral state agreement allows authorities to turn down Freedom of Information requests, citing the 'strategic importance for the state' of such investments, which trumps the public interest argument (personal archive; Novaković and Todorović Štiblija 2020).

The increasing importance of China for Serbia, throughout the 2010s and especially from 2016 onwards, should therefore be perceived within this wider setting of the economic lens as all-important for the narrative of success presented by Vučić and his party. So far, economic performance and the narrative built around economic success have trumped considerations related to transparency and the environment in the Serbian government's calculations – to little pushback from the EU. The inroads Serbian-Chinese cooperation has made in 2020, which now exceed the strict economic sphere and encompass Serbia's unabashed support for China's actions even when it clearly infringes human rights (as in the case of Xinjiang), indicate that this relationship could become even bigger and more significant with time. Seen in this context, the findings of this study resonate far and wide: the narrative pattern of 'salvific aid' identified here serves to bypass concerns about human rights, labour rights and the environment, while manipulating the real economic situation. As long as Aleksandar Vučić will stay in a position to seek power, it is likely that this narrative will continue to play a key role in his political communication tactics.



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About the project

“Western Balkans at the Crossroads: Ways Forward in Analyzing External Actors' Influence” is a follow-up project that aims to build upon a knowledge base established in the preceding project “Western Balkans at the Crossroads: Assessing Non-Democratic External Influence Activities,” which mapped, analyzed and publicized Russian, Chinese, Turkish, and Gulf States' influence activities in the region. The innovative project focuses on in-depth socially rooted research and investigative journalism. Its design reflects the aim to go beyond conventional analytical frameworks, overcoming ideologically constructed stereotypes and methodological nationalism while combining a variety of methodological approaches from security studies to visual anthropology.

Project outputs consist of fifteen analytical studies and fifteen journalistic articles drawing on their findings. Major observations on external actors' influence gathered throughout the work on the project will be summarized in a final reflection paper.

Project duration: 10/2019 – 03/2021

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About Prague Security Studies Institute

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