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International Conference

REALITY CHECK SERIES

SOURCES, TOOLS AND IMPACT OF EXTERNAL NON-EU-ENGAGEMENT IN SOUTHEASTERN EUROPE

PART III – CHINA

Berlin, 28 / 29 November 2019 at Hyperion Hotel, Berlin

Conference Venue: Hyperion Hotel, Prager Strasse 12, 10779 Berlin

Conference committee:

Jens **Bastian**, Independent Financial Sector Analyst and Economic Consultant,
Member of the Board of the Southeast Europe Association, Athens

Hansjörg **Brey**, Executive Director, Southeast Europe Association, Munich

Johanna **Deimel**, Independent Analyst, Munich

Christian **Hagemann**, Deputy Director, Southeast Europe Association, Munich

Viktoria **Somogyi**, Project Assistant, Southeast Europe Association, Munich

Conference Language: English

Even before the inception of the Belt and Road Initiative by President Xi Jinping in 2013, China's footprint in Southeast Europe was expanding. Chinese state-owned policy banks are lending for infrastructure development projects while state-owned companies invest in the maritime transport and energy sectors of the region. These anchor investments from Greece over North Macedonia to Serbia and Bulgaria highlight the growing importance China is giving to Southeast Europe.

At the same time, China has created the 17+1 network which comprises 12 EU member states from Central, Eastern and Southeast Europe along with five of the six countries in the Western Balkans. Many of the network's political leaders praise the intensity of bilateral relations with the Chinese government, while the authorities in Beijing emphasize the opportunities for bilateral agreements, dialogue and cooperation presented through the 17+1 network.

What does China's bilateral engagement in the region mean for different countries? What is its significance in comparison with other external actors, and how has it evolved over time? How is the European Commission reacting to China's growing presence in Southeast Europe? Are investment screening initiatives to monitor non-EU foreign investments a practical policy guide for the region?

The conference is the third installment of the SOG's series on 'External Non-EU Engagement in Southeast Europe'. Like its two predecessors on Russia and Turkey, it aims to create an open space for debate on recent developments in Sino-European policy making, especially vis-à-vis the Western Balkans. The focus will rest on topics such as China's economic engagement and infrastructure development projects, the soft power capacity of Confucius Institutes being created in the region, and China's political influence in and through the countries. Further panels will inquire whether China is establishing a sphere of influence in the region and shed additional light on how other external actors including the EU view China's engagement in Southeast Europe.

*ATTENTION: The conference will take place under **Chatham House Rule** in order to facilitate an unrestricted and open exchange of views and ideas. At a meeting held under the Chatham House Rule, anyone who comes to the meeting is free to use information from the discussion, but is not allowed to reveal who made any comment. It aims to increase openness of discussion.*

THURSDAY, 28 NOVEMBER 2019

09:30 WELCOME/INTRODUCTION

Gernot **Erl**er, former Minister of State, President Southeast Europe Association, Berlin

Christiane **Hullmann**, Deputy Head of Western Balkan Division, German Federal Foreign Office, Berlin

10:00 KEY NOTE: THE EUROPEAN UNION, CHINA AND SOUTHEAST EUROPE

Jens **Bastian**, Independent Financial Sector Analyst and Economic Consultant, Member of the Board of the Southeast Europe Association, Athens

10:30 PANEL I: UNDERSTANDING THE BELT AND ROAD INITIATIVE IN SEE: ORIGINS, OBJECTIVES, MEANS OF IMPLEMENTATION

Chair: Jörn **Beißert**, Head of the Division for China at the German Federal Foreign Office, Berlin

Panelists: Liu **Zuokui**, Director of the Department of Central and Eastern European Studies, Institute of European Studies, Chinese Academy of Social Sciences, and Secretary-General of the China-CEEC Think Tanks Network

Gudrun **Wacker**, Senior Fellow, Stiftung Wissenschaft und Politik, Berlin

Dragana **Mitrović**, Professor at the Belgrade Faculty of Political Sciences and Director of the Center for Asian Studies, Belgrade

Guiding Questions:

- Is the BRI a Marshall Plan with Chinese characteristics?
- How is Southeast Europe integrated into the BRI?
- Do Chinese lending and investments compete with EU (pre-accession) funds in the region?

12:00 Lunch for all conference participants

13:00 PANEL II: CHINESE LENDING AND INVESTMENTS

Chair: Helge **Tolksdorf**, Head of Unit EU Enlargement, Southeast Europe, and Turkey, Federal Ministry for Economic Affairs and Energy, Berlin

Panelists: **Greece:** George **Tzogopoulos**, Director of the EU-China Programs at the Centre International de Formation Européenne, Nice

Hungary: Tamas **Matura**, Founder of the Central and Eastern European Center for Asian Studies, Assistant Professor of international relations at the Corvinus University of Budapest

North Macedonia: Martin **Naunov**, PhD candidate in Political Science at the University of North Carolina, Chapel Hill

Guiding questions:

- How is COSCO's acquisition of the Port of Piraeus in Greece reshaping maritime transport connectivity in Southeast Europe?
- Is Serbia becoming China's gateway to Europe?
- Roads and railway construction and their implications on public debt. Are there country risks to fall into a "debt trap"?
- Does China try to influence political decisions in the EU through member states with high investments?
- Chinese loans, workers and services. What is the additionality for the local economy in Southeast Europe?

14:30 Coffee Break

15:00

PANEL III: CHINA IN EUROPEAN AND DOMESTIC POLITICS

Chair: Christiane **Hullmann**, Deputy Head of Western Balkan Division, German Federal Foreign Office, Berlin

Panelists: **Chinese Media, influences on local media and general societal outreach in the Western Balkans:** Kurt **Bassuener**, Senior Associate, Democratization Policy Council, Berlin

Political influences: Valbona **Zeneli**, Professor of National Security Studies, George C. Marshall European Center for Security Studies

Political values and governance: Romania - Iulia Monica **Oehler-Şincai**, Researcher at the Institute for World Economy, Bucharest

Guiding Questions:

- Will countries in the region increasingly perceive China as an alternative, e.g. for financing, project implementation and policy making?
- Soft power capacity: China's influence on government and non-government actors, especially think tanks and academia
- The second wave of Chinese activities in Southeast Europe: A new focus on telecommunications, retail, and academic cooperation.
- The role of the 17+1 network. A 'Trojan Horse' for influence peddling?

16:30 Coffee Break

17:00

PANEL IV: THE CHINA-LED 17+1 NETWORK – CREATING DIALOGUE AND COOPERATION OR ESTABLISHING NEW SPHERES OF INFLUENCE?

Chair: Christian **Hagemann**, Deputy Director of the Southeast Europe Association, Munich

Panelists: Anna **Krstinovska**, Founder of Estima - the Knowledge Brand, Skopje

Viktor **Eszterhai**, Senior Researcher Pallas Athene Innovation and Geopolitics Foundation, Budapest

Yuan **Li**, Acting Professor for Business and Economic Studies of East Asia Institute of East Asian Studies and Mercator School of Management, University Duisburg-Essen

Guiding questions:

- Is China creating regional spheres of influence that compete with existing transnational governance structures in Europe?
- Is the 17+1 network a precursor for a paradigm shift in Sino-European politics?
- How can members of the 17+1 network ensure that consistency with EU law, rules and policies are adhered to?
- How does the Regional Cooperation Council in Sarajevo address the 17+1 network?
- A regional approach in dealing with China's engagement in the Western Balkans / SEE?

18:30 End of the Conference Day

FRIDAY, 29 NOVEMBER 2019

09:30 PANEL V: CHINA IN DIFFERENT POLICY SECTORS

Chair: Johanna **Deimel**, independent analyst, Munich

Panelists: **Chinese tourism:** Case of Croatia: Nevenka **Čavlek**, Professor for Tourism, University of Zagreb

China's "Digital Silk Road" project: Huawei's expanding footprint in Southeast Europe – Vuk **Vuksanovic**, PhD Candidate London School of Economics, Political Consultant, Belgrade

Energy and Environment: Bosnia and Herzegovina – Denis **Žiško**, Energy and Climate Change Programme Coordinator, Aarhus Centre Tuzla

Cultural and societal engagement: Plamen **Tonchev**, Head of Asia Unit, Institute for International Economic Relations, Athens

Guiding Questions:

- Scope of activities of Chinese Cultural Centers / Confucius Institutes
- Energy investment and climate change. Why is China financing coal-fired power plants in Tuzla?
- Challenges of increasing Chinese tourism to the region: What is the added value for the sector?
- Why are there joint police patrols in Zagreb and Belgrade with Chinese police officers?

11:00 Coffee Break

11:30

PANEL VI: WHO IS COMPETING WITH OR CHALLENGING CHINA'S ENGAGEMENT IN SEE?

Chair: Jens **Bastian**, Independent Financial Sector Analyst and Economic Consultant, Member of the Board of the Southeast Europe Association, Athens

Panelists: **EU and China in Southeast Europe:** Competitors or potential allies? Matej **Šimalčík**, Institute of Asian Studies, Bratislava

EU / EP: Jo **Leinen**, MEP, Delegation for the Relations with the People's Republic of China

Srečko **Latal**, Balkan Investigative Reporting Network (BIRN), Sarajevo

Guiding questions:

- Recent attempts of the EU to find a common strategy / response to China's BRI engagement (EU – China Summit in April 2019)
- Are the European Union, Russia and Turkey competing with China's engagement in SEE?
- Are the EU Commission's investment screening initiatives to monitor non-EU foreign investments a practical policy instrument for the region?
- The EU's Connectivity Strategy as a response to the BRI?
- Ways to counterbalance growing Chinese influence
- How can China's strategies in Southeast Europe be aligned with EU strategies?
- How can the EU Commission commit China to the EU's standards, rules and regulations, e.g. in public tender procedures?
- Is Russia competing or engaging with China in Southeast Europe?
- How does Turkey react to / interact with China's growing footprint in the region, e.g. in Bosnia and Herzegovina?

13:00 **Concluding remarks** by Jens **Bastian**, Independent Financial Sector Analyst and Economic Consultant, Member of the Board of the Southeast Europe Association, Athens

13:30 **Farewell lunch** for all participants

End of the Conference