

Big powers'
economic presence

in the Western Balkans



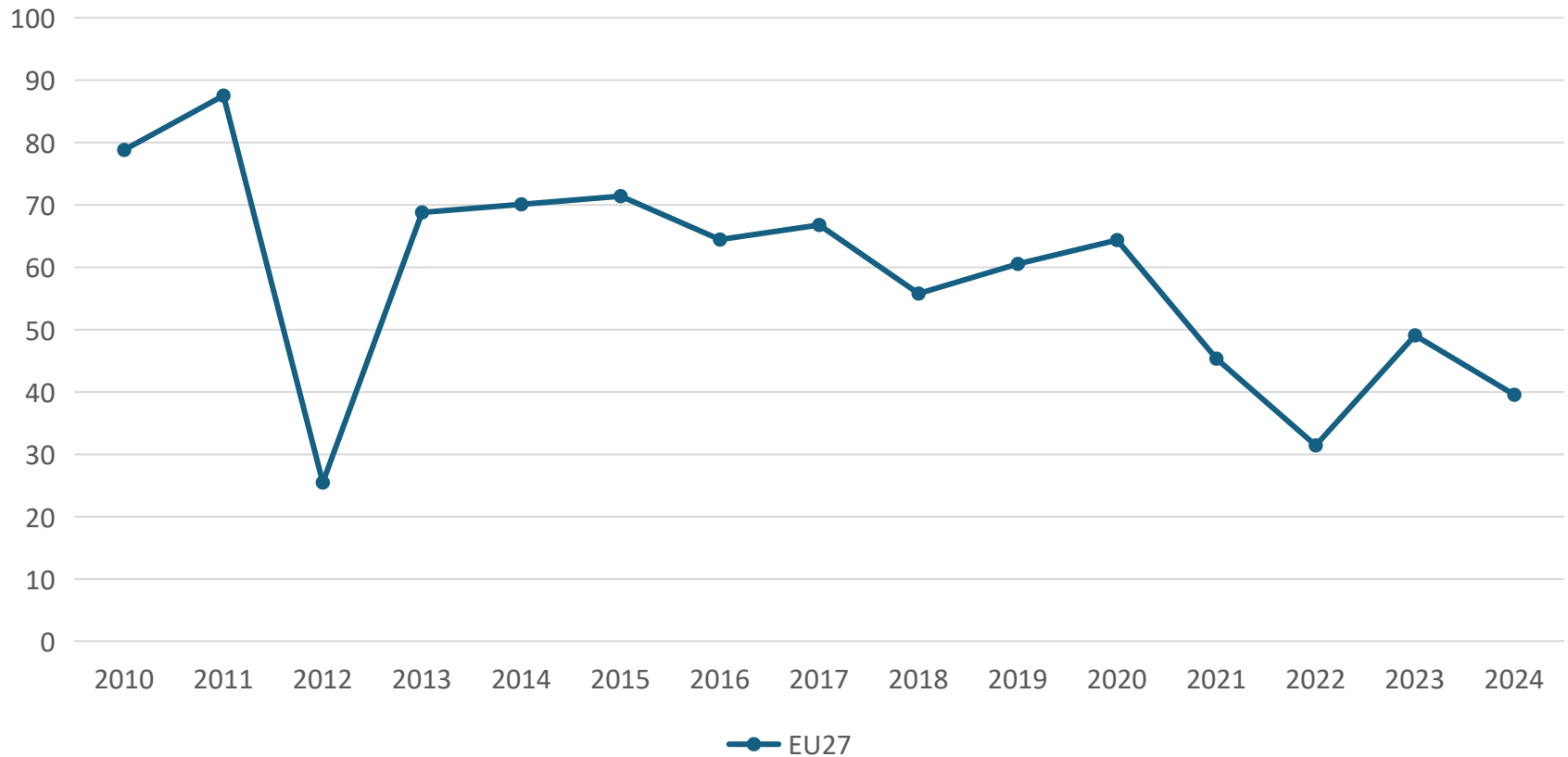
Plan of the talk

- A snapshot of the economic presence of the Big 4
– US, EU, CN, RU – in the Balkans
- Zoom in on EU and CN
- The motives behind
- What is to be done?

Foreign Direct Investment inflows (% of total)

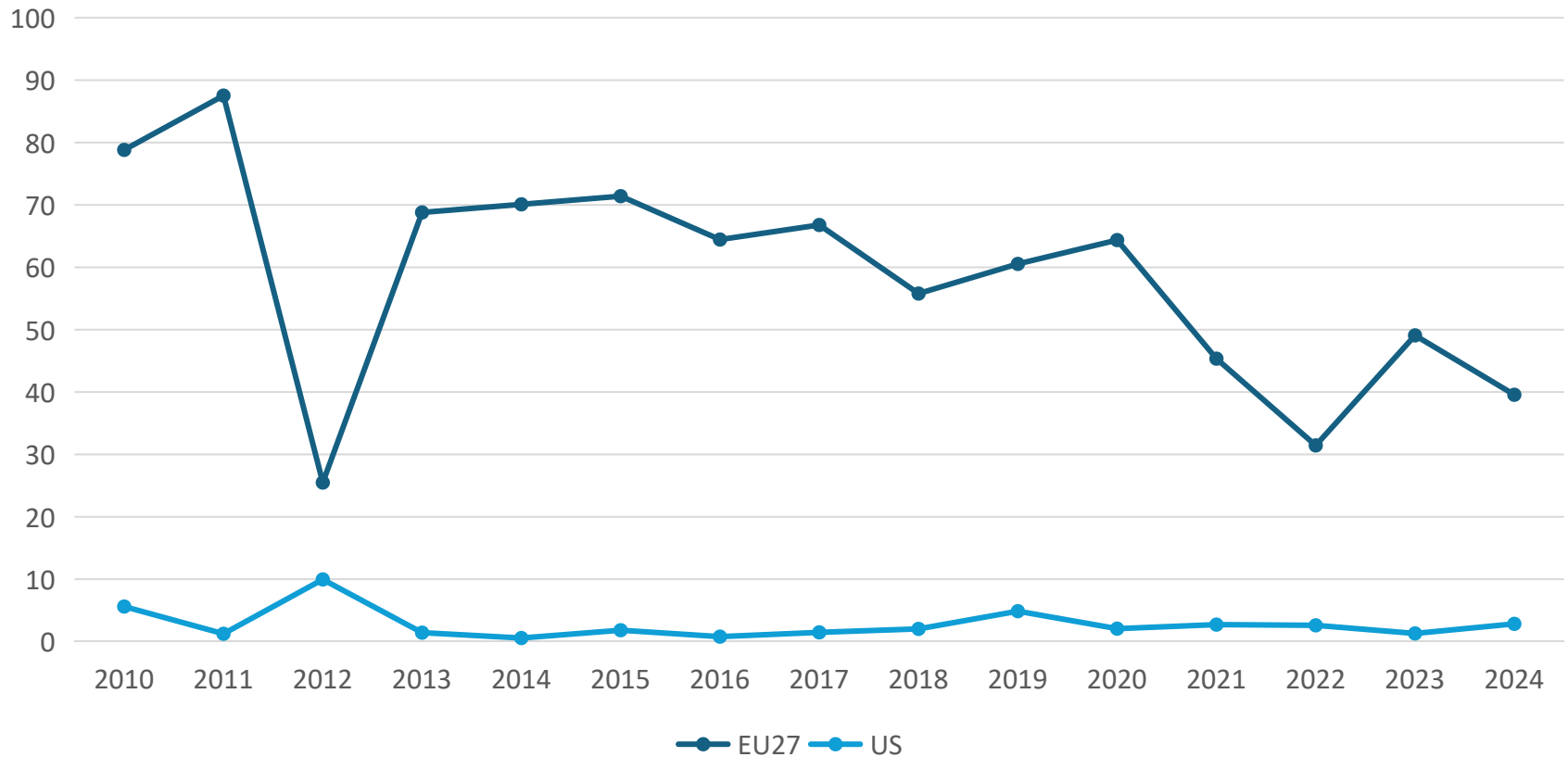
Foreign Direct Investment inflows (% of total)

Serbia



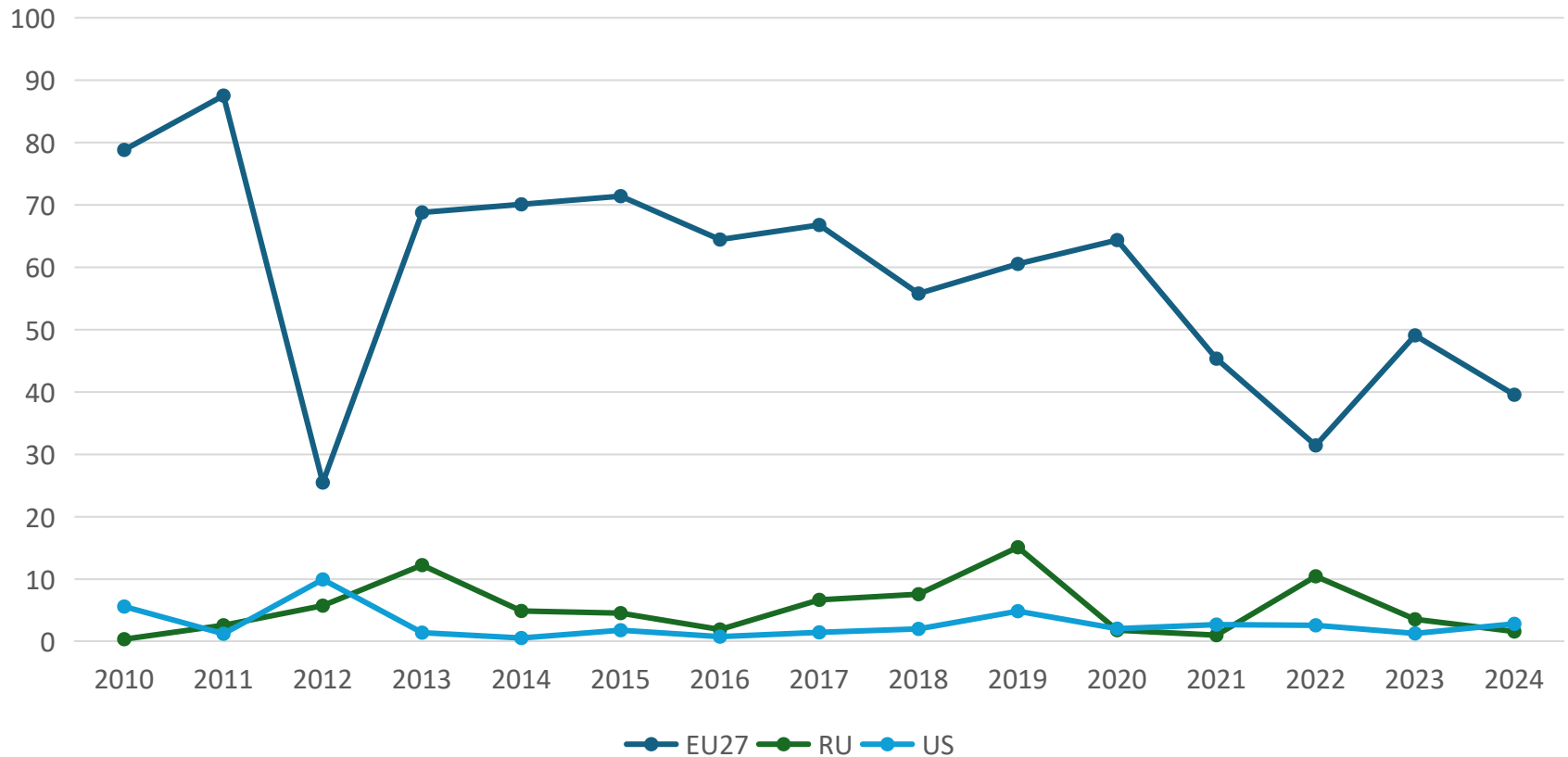
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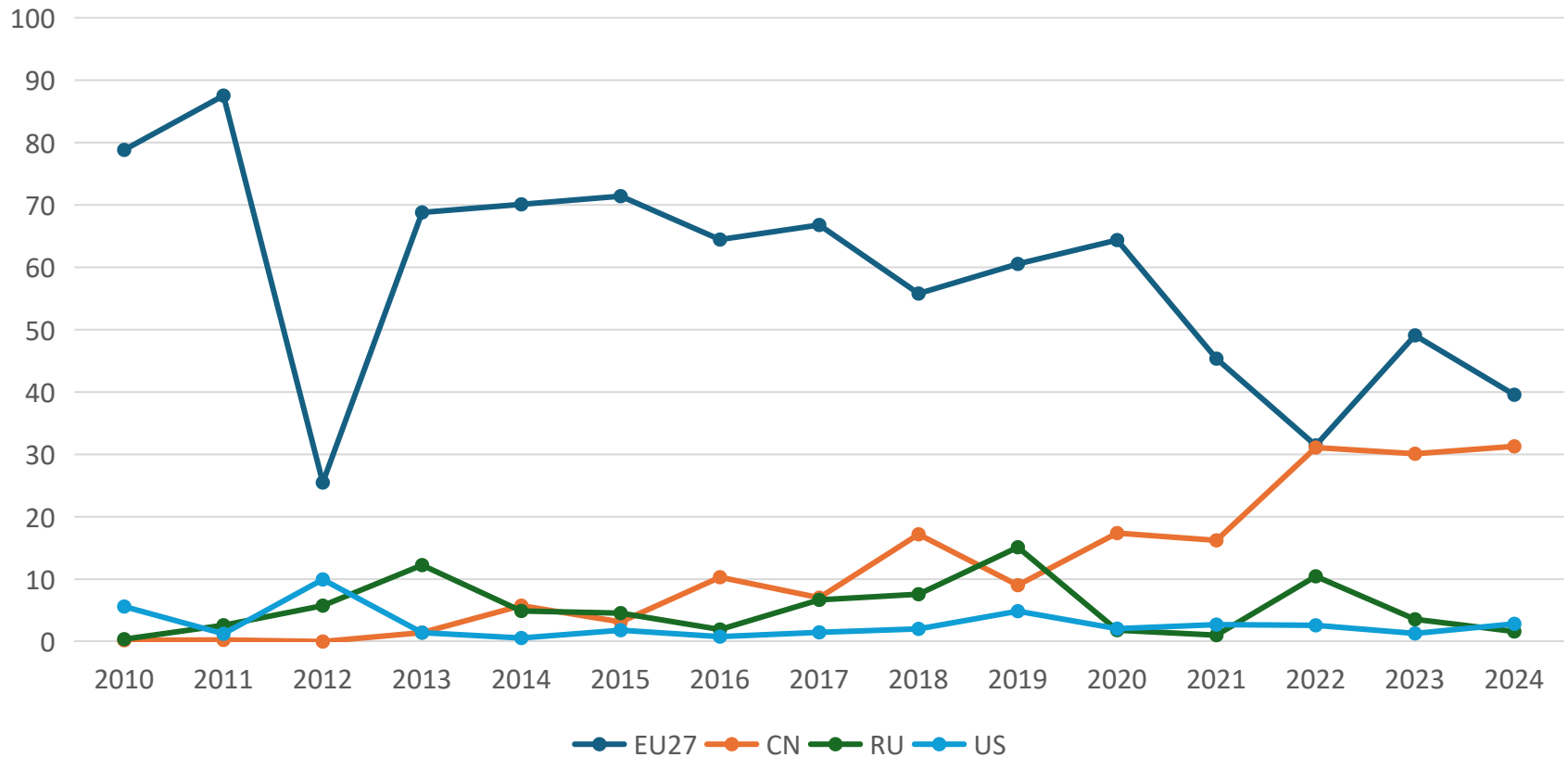
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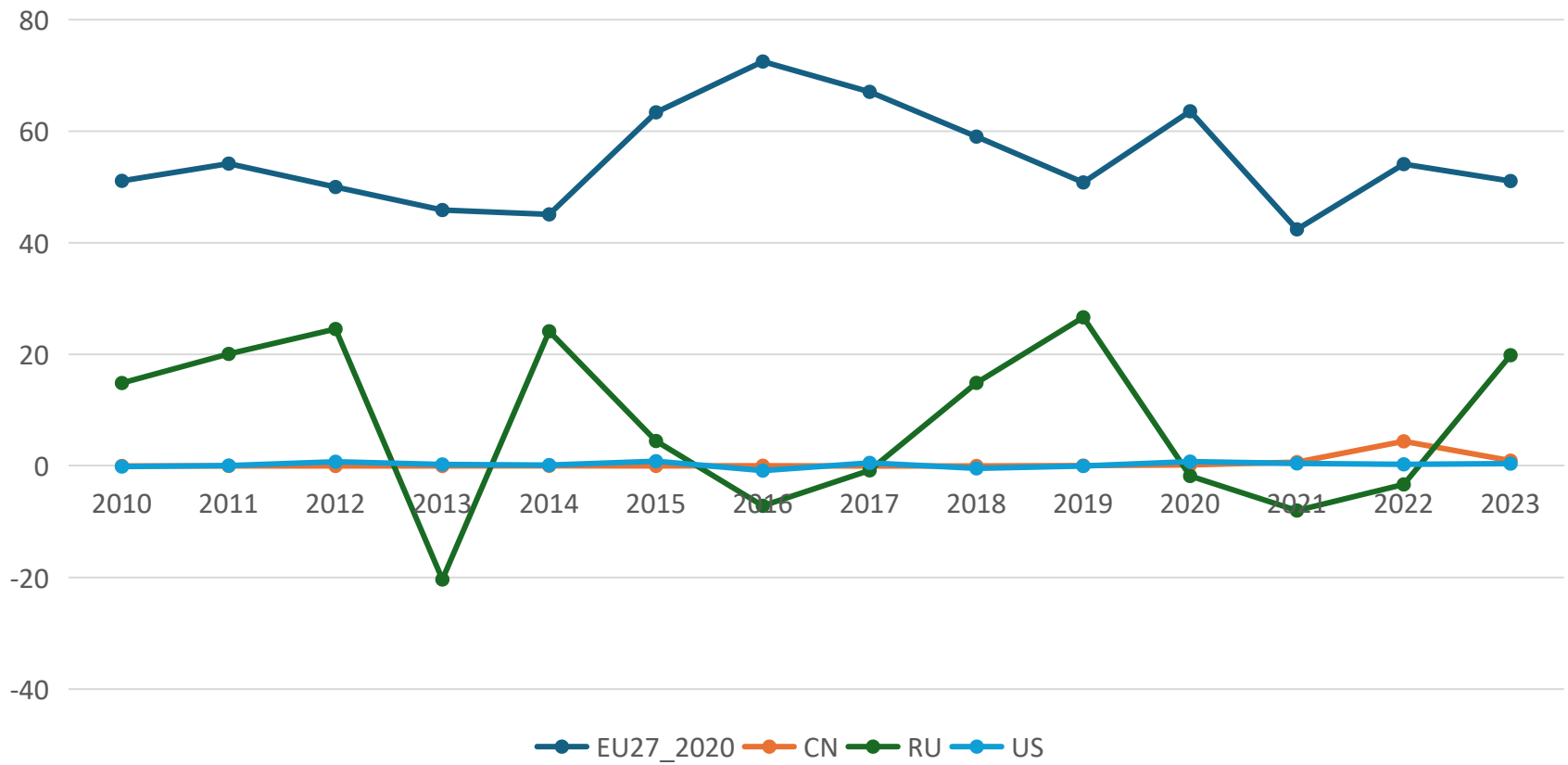
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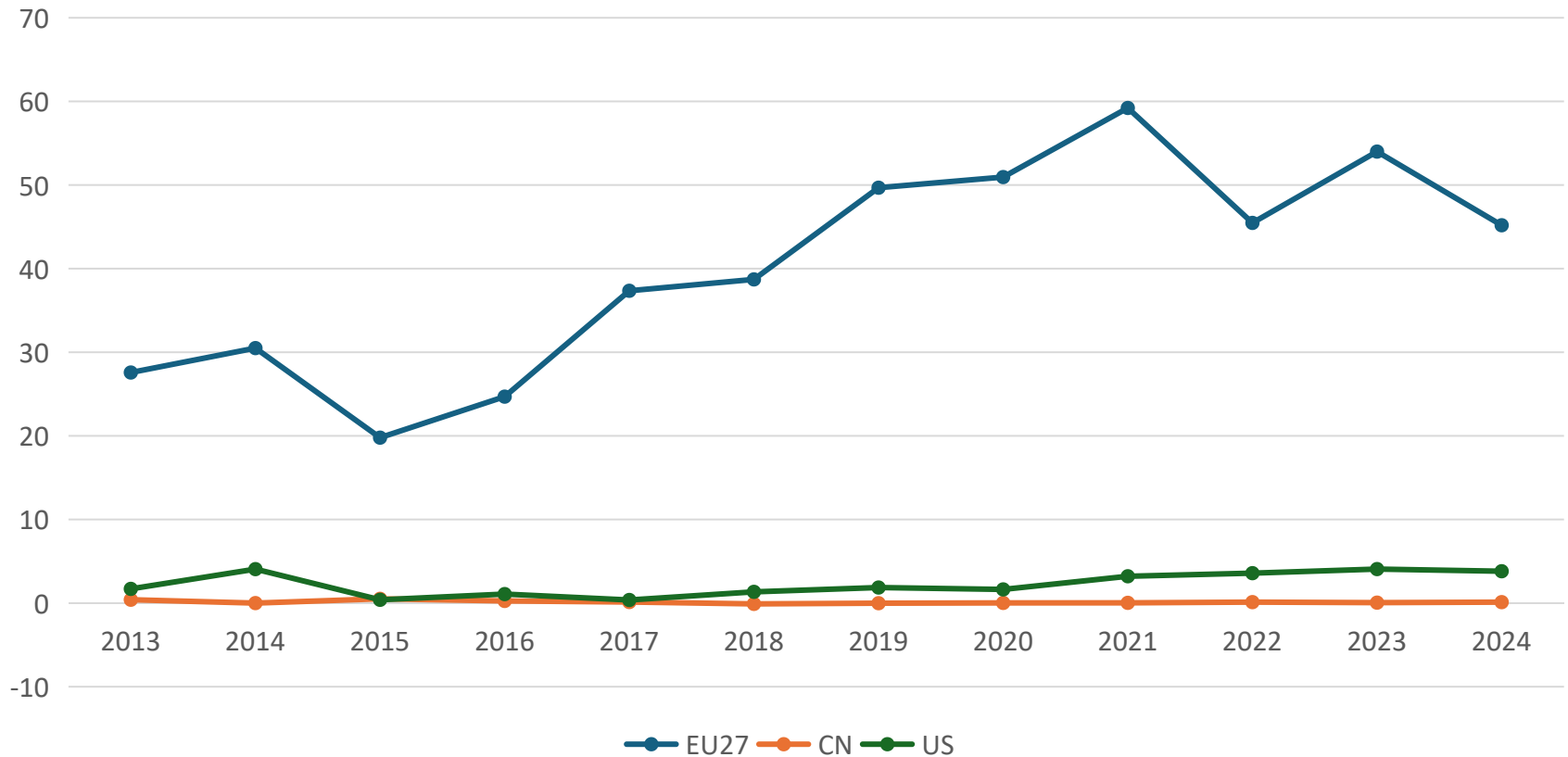
Foreign Direct Investment inflows (% of total)

Bosnia and Herzegovina



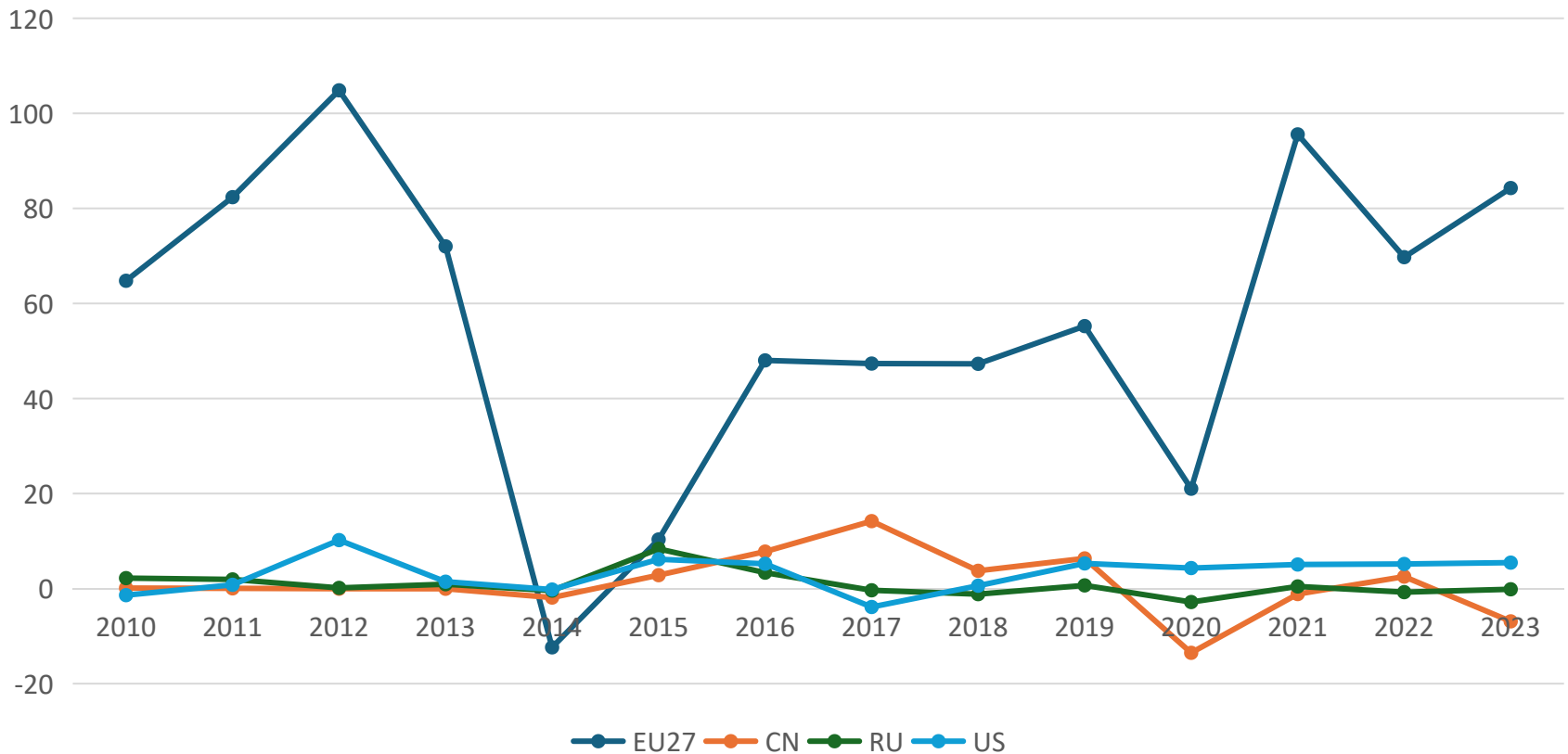
Foreign Direct Investment inflows (% of total)

Albania



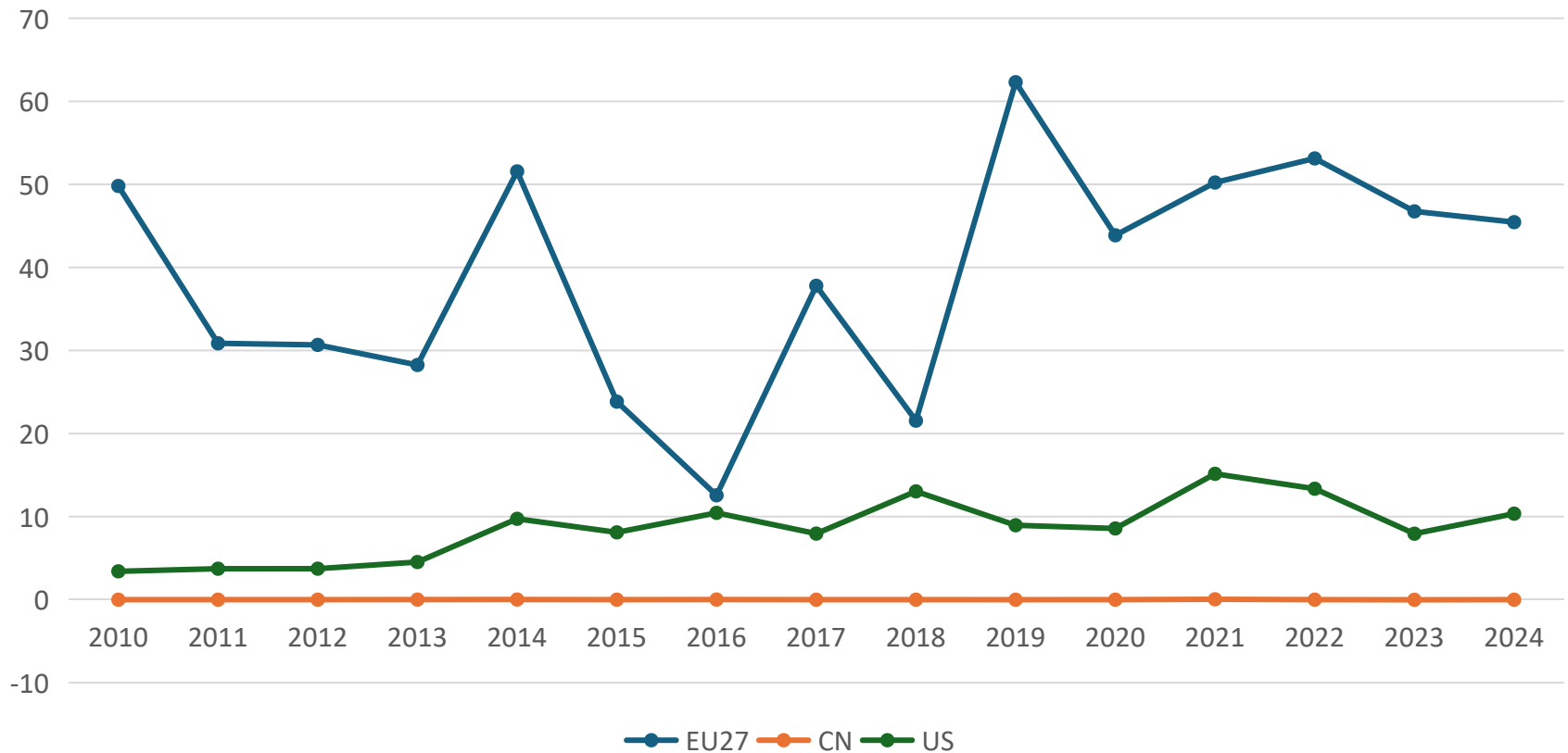
Foreign Direct Investment inflows (% of total)

North Macedonia



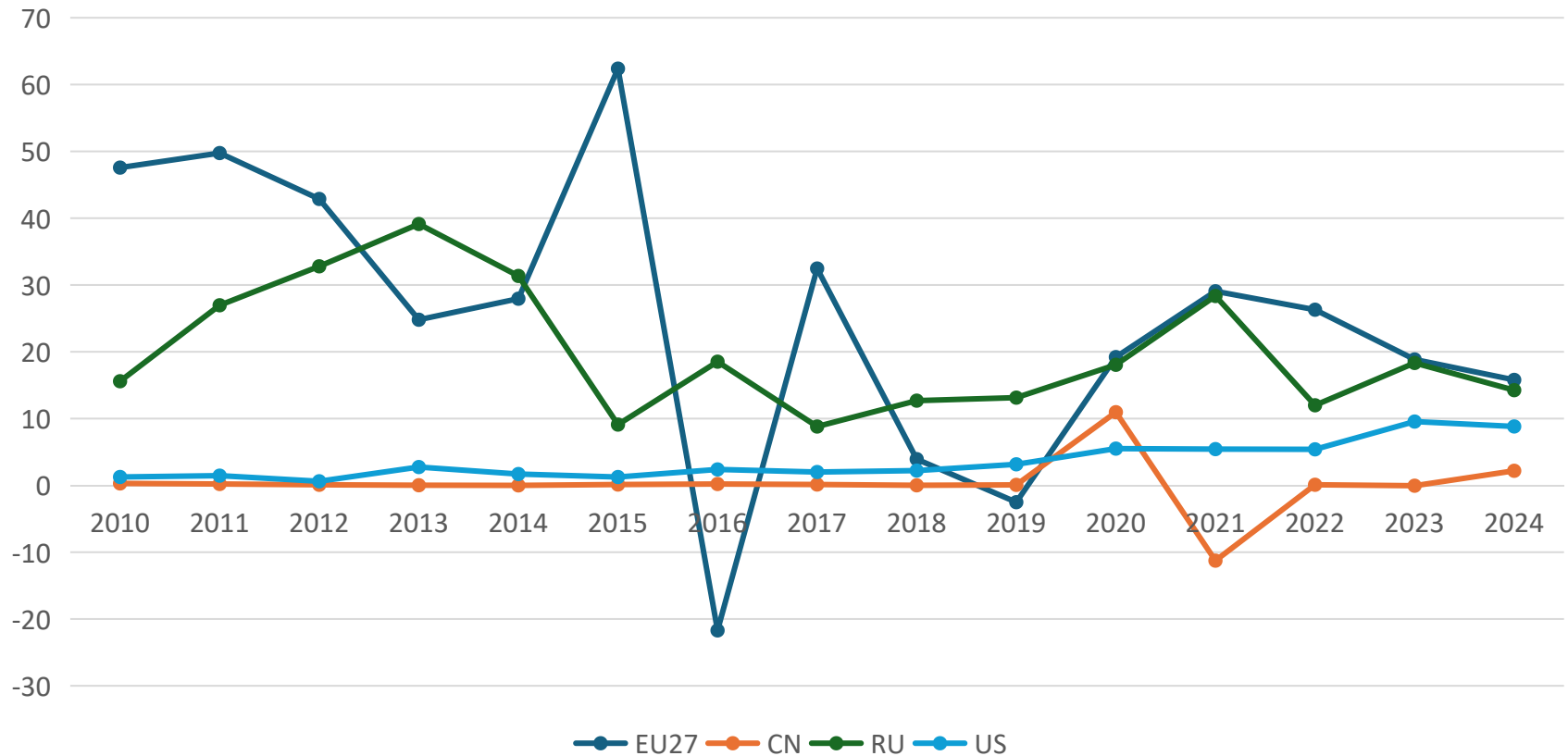
Foreign Direct Investment inflows (% of total)

Kosovo



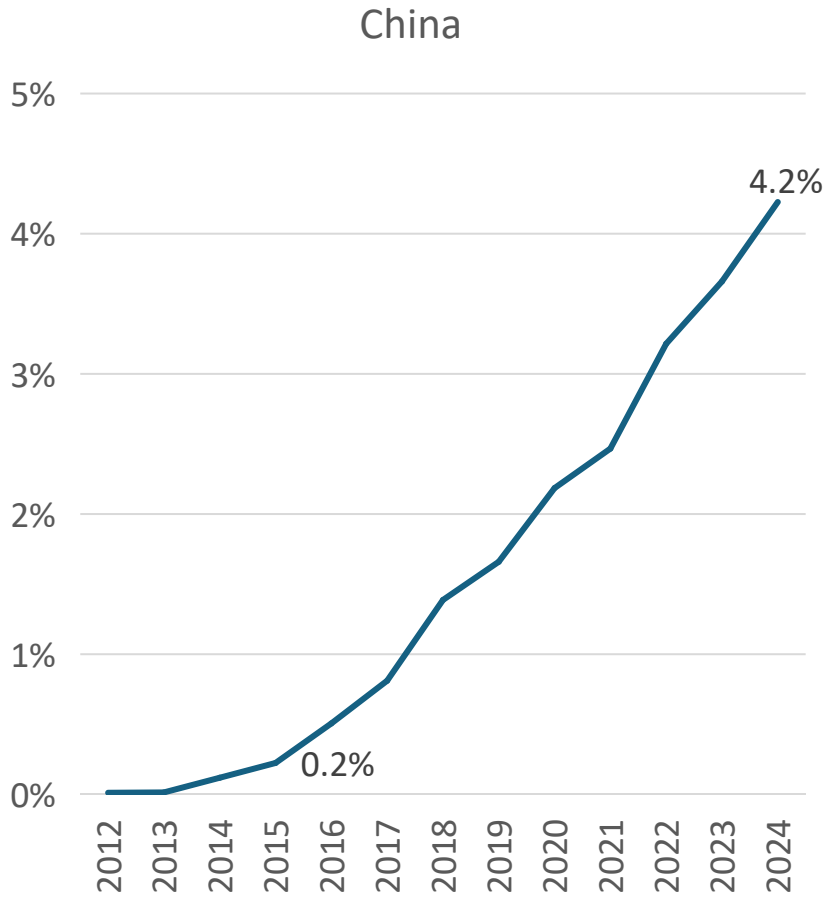
Foreign Direct Investment inflows (% of total)

Montenegro

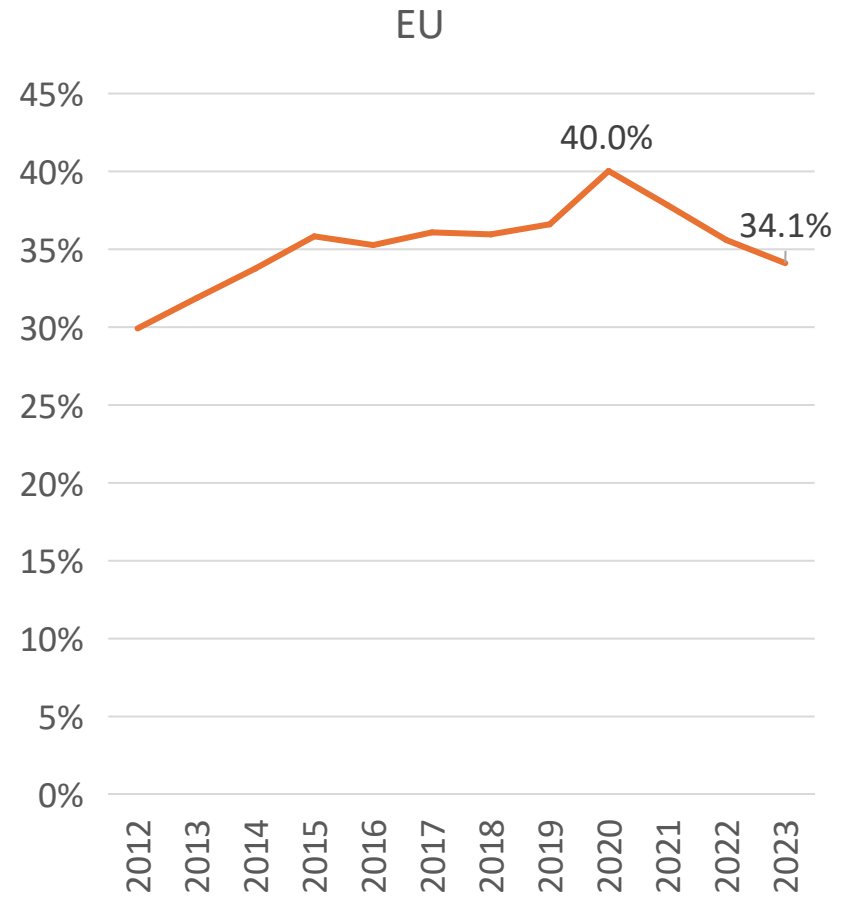
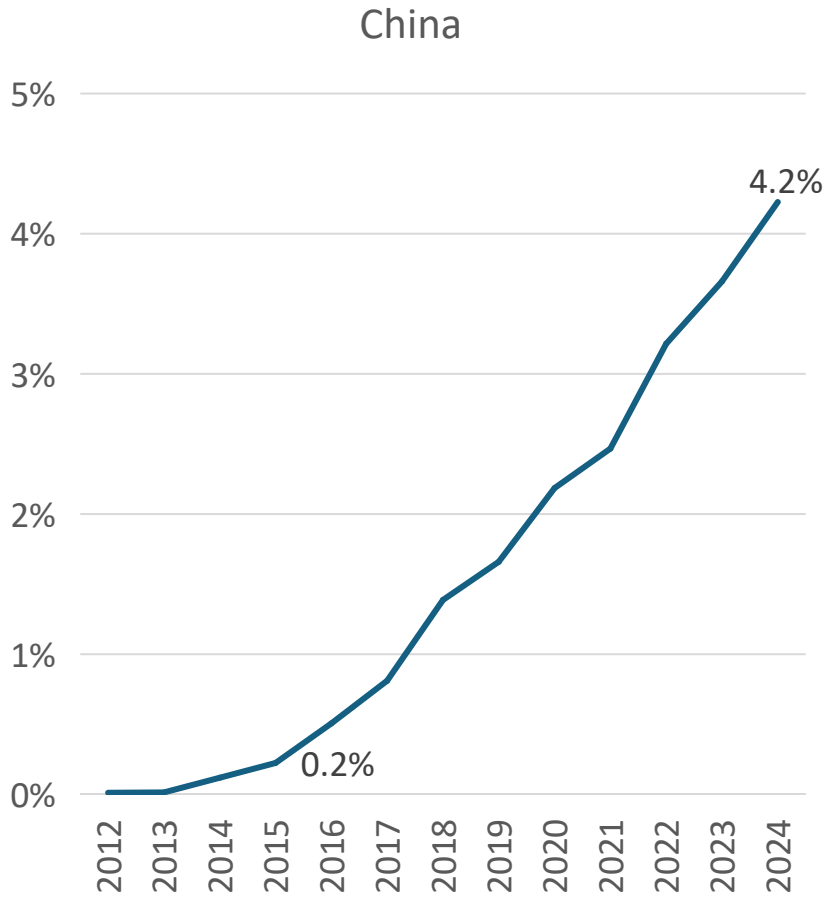


Stock of FDI, as % of GDP
(for the whole WB6)

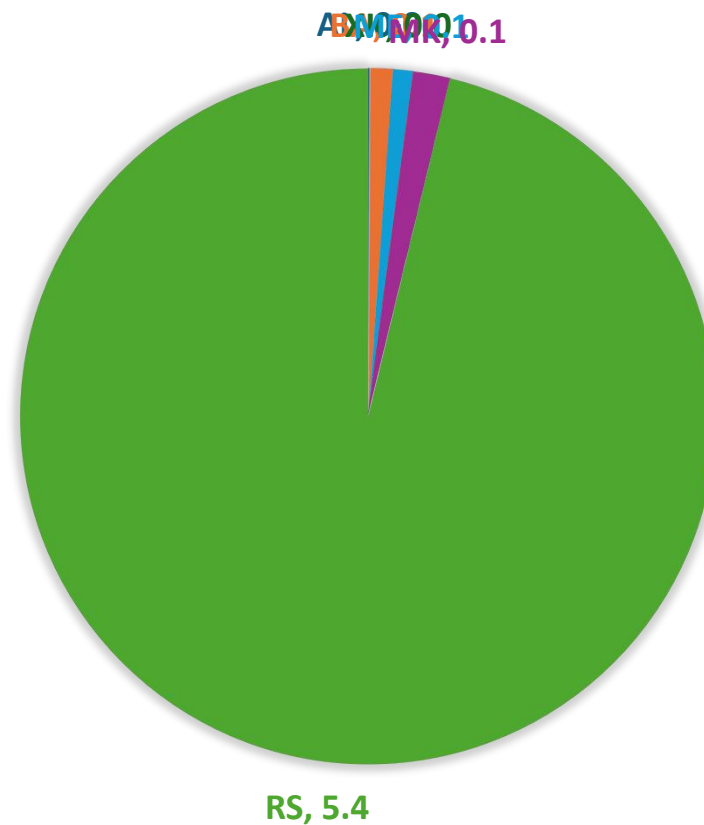
Stock of FDI, as % of GDP (for the whole WB6)



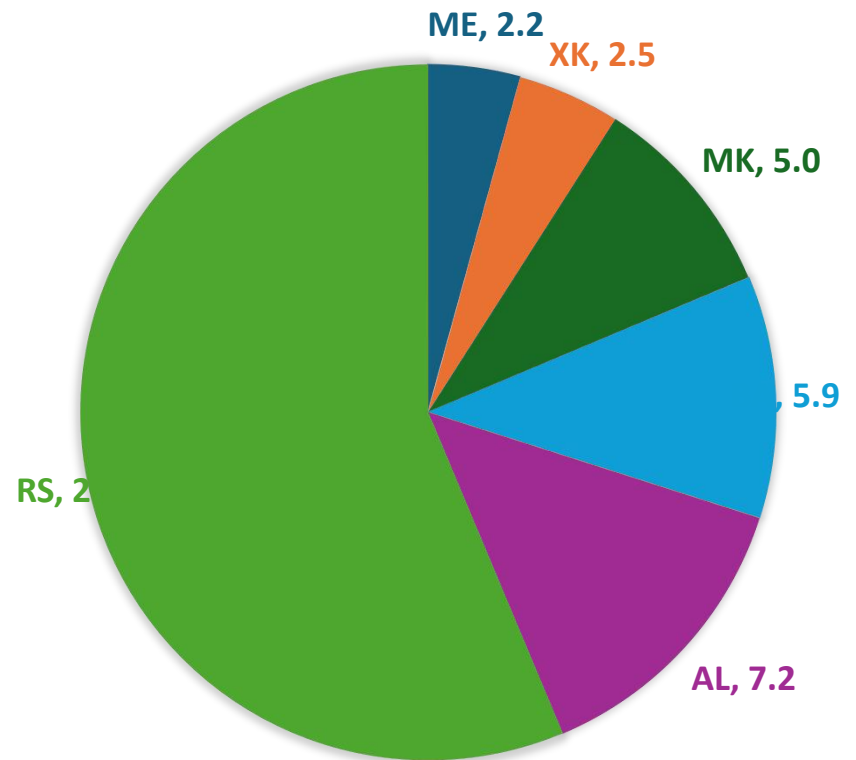
Stock of FDI, as % of GDP (for the whole WB6)



- EUR 5.6bn total Chinese investment in the region
- Almost all – EUR 5.4 bn – in Serbia



- EUR 52bn total EU investment in the region
- Much more evenly spread



**NOW, LET'S MOVE TO STATE
INVOLVEMENT...**

- GRANTS

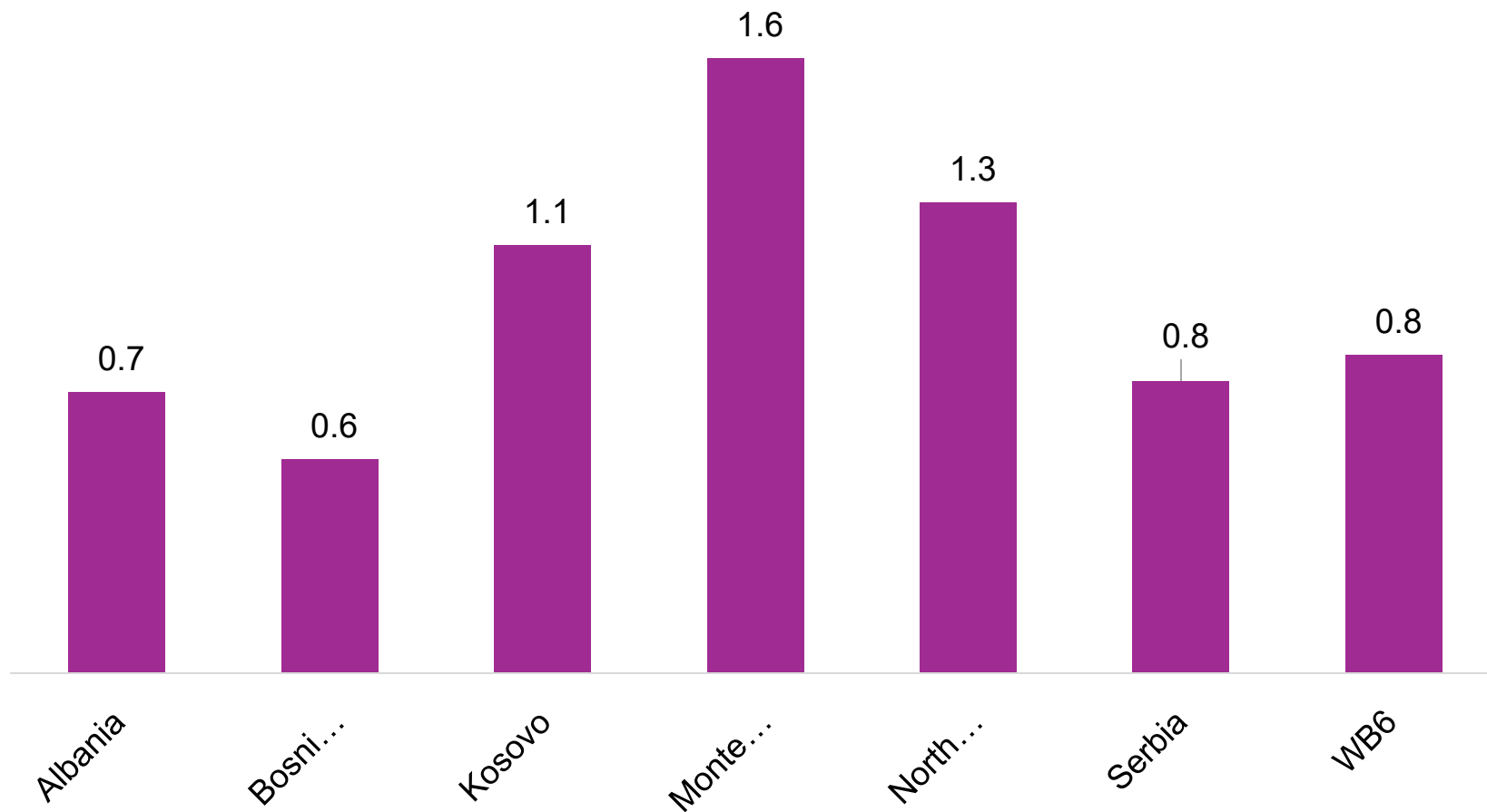
EU grants to WB6

Total IPA, 2007-2023

Economy	Total Paid/Consumed (EUR m)
Albania	1,500
Bosnia and Herzegovina	1,559
Kosovo	1,134
Montenegro	1,128
North Macedonia	2,005
Serbia	5,736
Total (WB6)	13,064

- EUR 13bn of IPA grants received so far by WB6
- Almost half of it in Serbia

Average annual IPA grants, as % of GDP



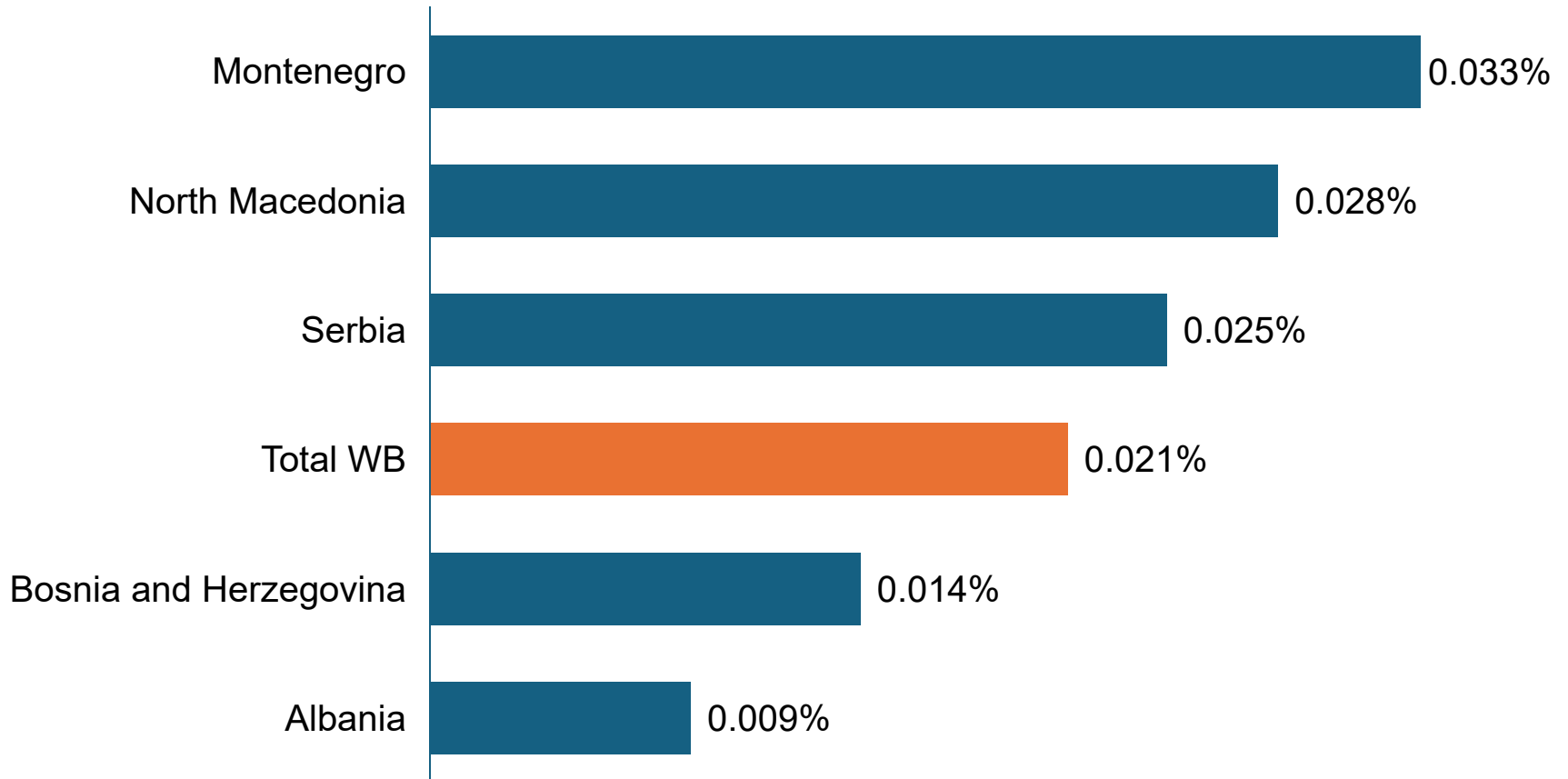
Chinese grants to WB6

Total 2000-2021

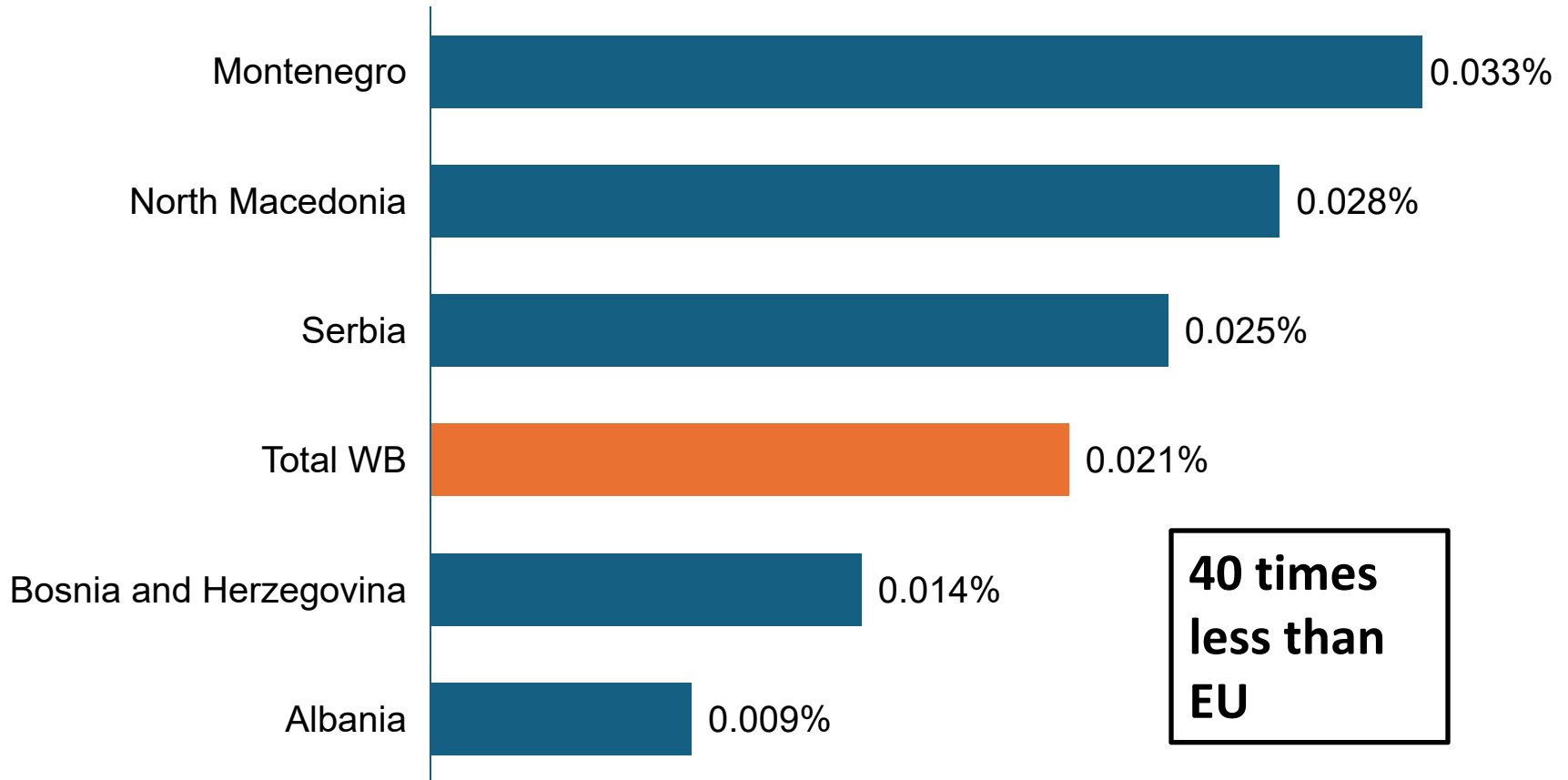
Economy	Value of projects
	(USD m)
North Macedonia	56.4
Serbia	226
Bosnia and Herzegovina	49
Albania	21
Montenegro	27
Total	379.4

- Just EUR 379mn
- Much less than EU

Chinese grants on an annual level, as % of GDP

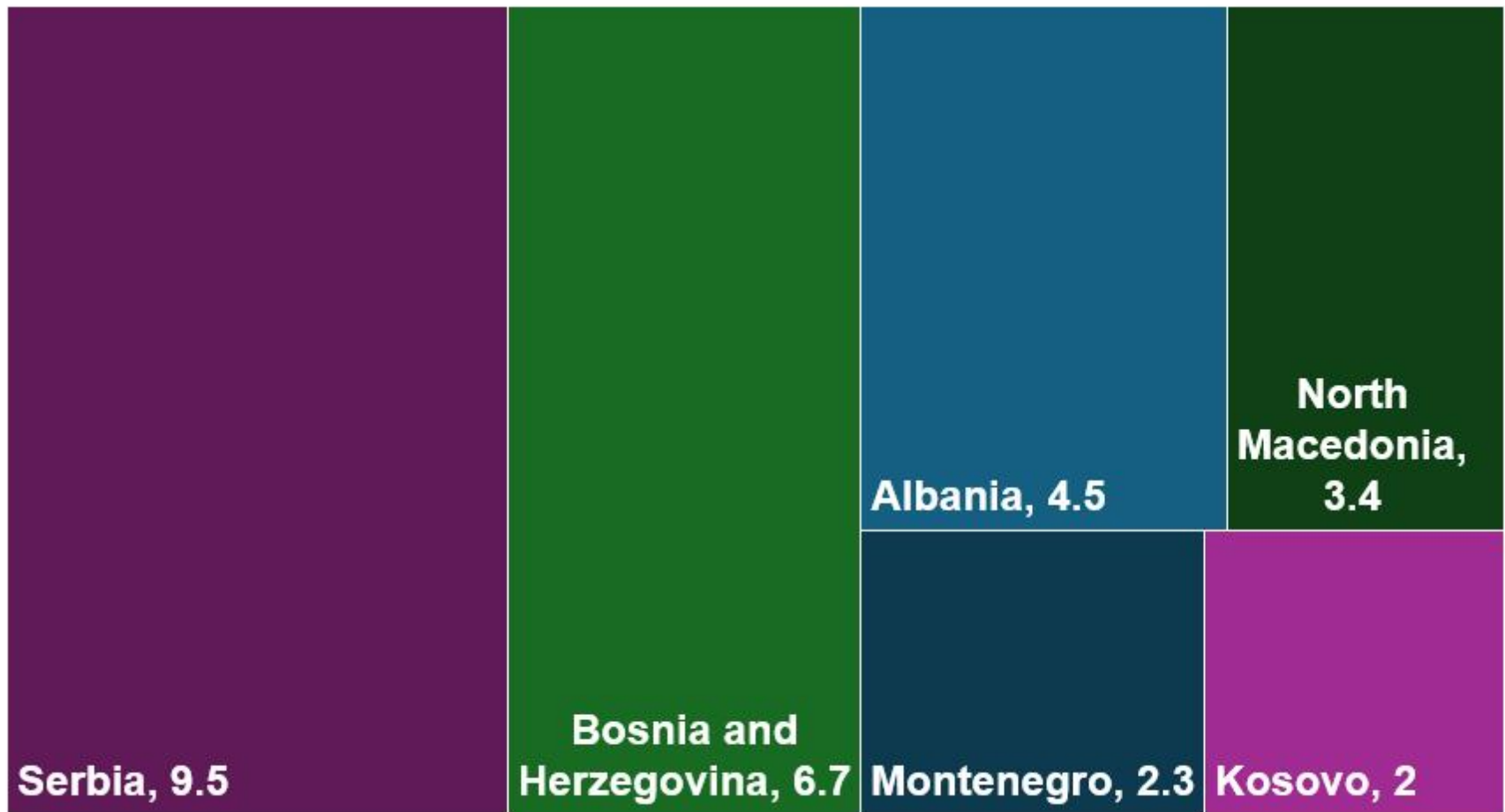


Chinese grants on an annual level, as % of GDP



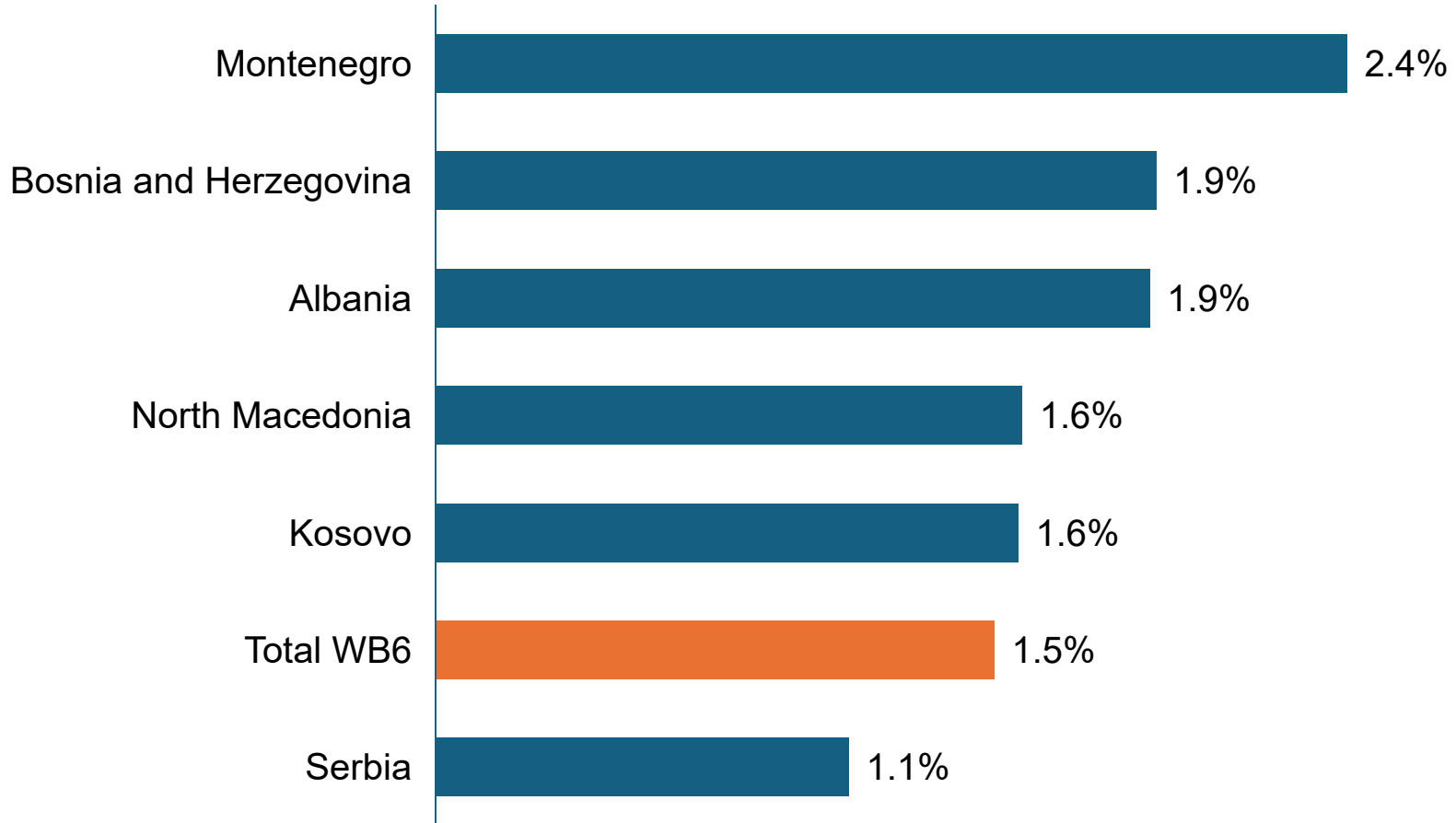
- INFRASTRUCTURE LOANS

Funds allocated by the Western Balkan Investment Fund (EUR bn)

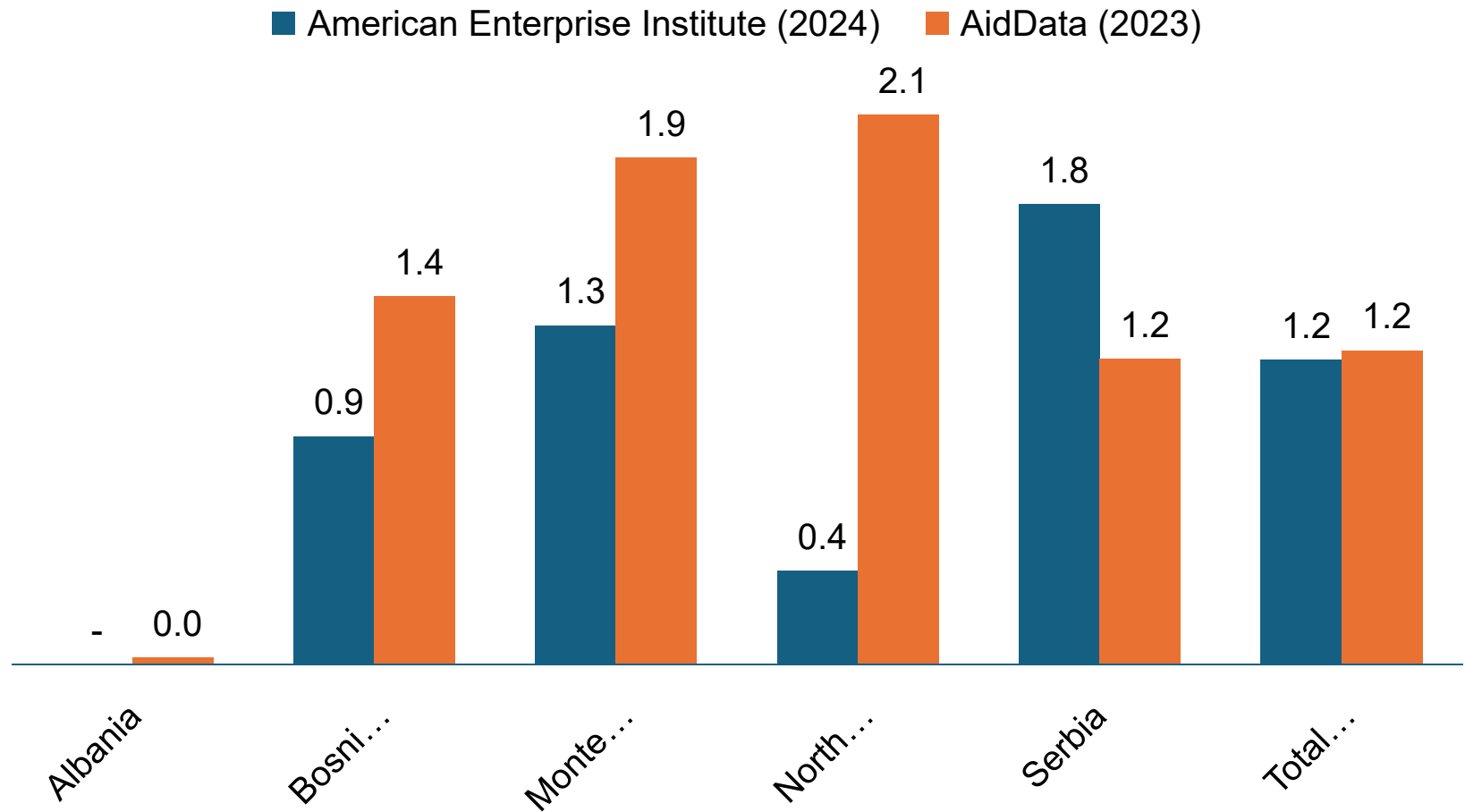


- In total,
- Between 2008-2023,
- The WBIF has allocated
- EUR 28bn for projects in the Western Balkans

WBIF loans dedicated for WB6 on an annual basis (% of GDP)



Chinese investment loans for WB6 on an annual basis (% of GDP)



- Chinese infrastructure loans almost as big as EU loans
- And in some countries – like Serbia – they even surpassed EU

- Comparison between EU and China loans

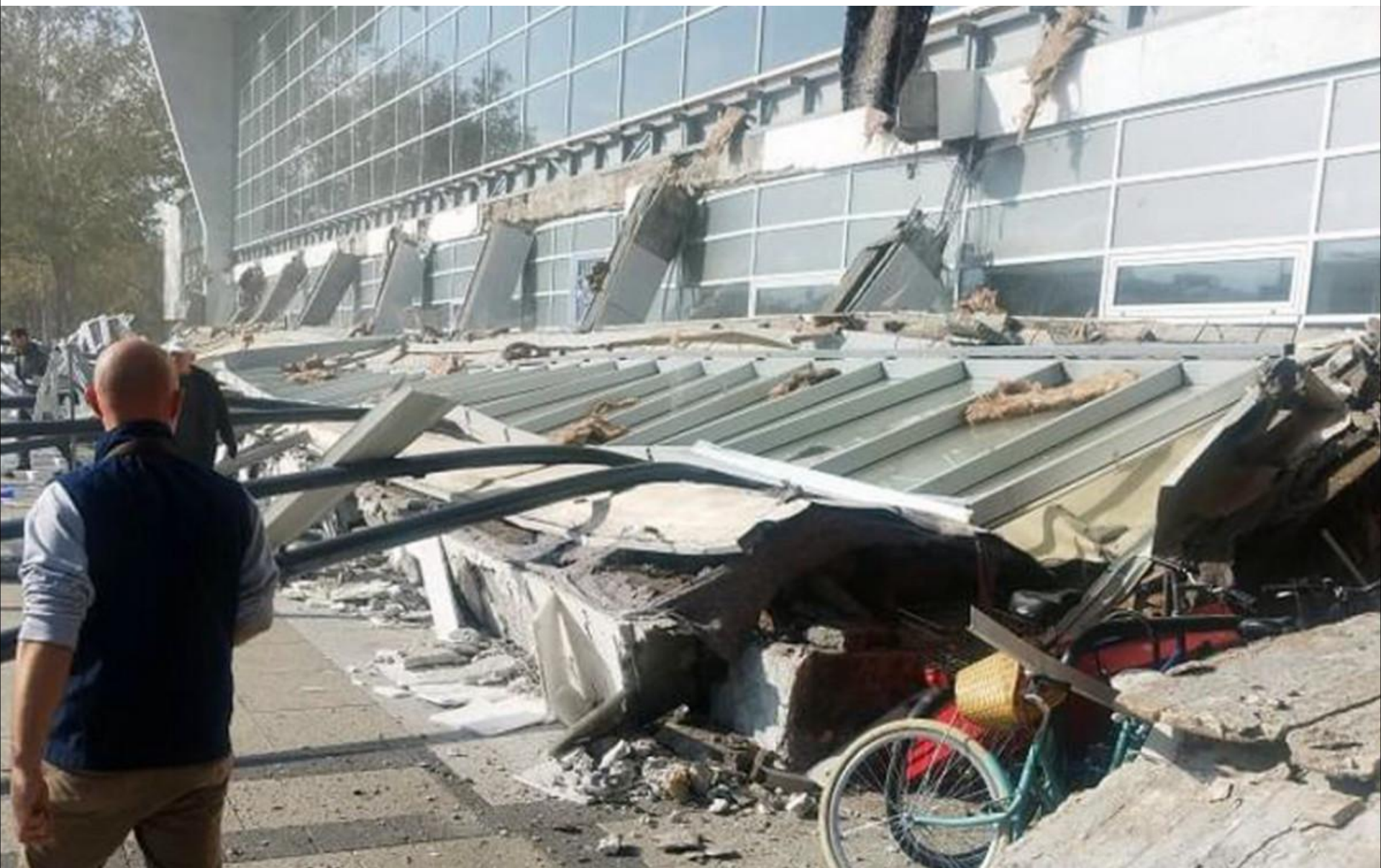
- EU projects very slow to implement

WBIF loans often very slow

STATUS OF PROJECTS	NUMBER OF PROJECTS
Completed	65
In implementation	61
In preparation	122
Tendering	17
Tender preparation	8
Total	273

- Of the 270 EU infrastructure loans for the region
- Just 1/4 completed
- Another 1/4 in implementation
- And more than half still in preparation

- But Chinese projects often poor quality





- Contrary to conventional beliefs...
- ...EU loans cheaper in terms of interest rates
- And usually longer repayment periods

- EU loans much more transparent
- For Chinese, information very scarce and contracts hidden

- But EU loans have much more conditions
- For reforms etc.
- Which politicians often don't like

New Tapes Show Macedonian PM Fixing Cuts

Sinisa Jakov Marusic | Skopje | BIRN | March 26, 2015 18:19

The opposition says its latest tapes show the Macedonian Prime Minister solicited millions of euros from companies as sweeteners while fixing tendering procedures.



📷 Macedonian PM, Nikola Gruevski | Photo by: Sinisa Jakov Marusic

At the 14th opposition press conference devoted to wiretapping allegations in Macedonia on Thursday, the Social Democrats released tapes that allegedly feature the voices of Prime Minister Nikola Gruevski and his associates discussing taking cuts worth millions of euros.

One batch of tapes reveals what appears to be the voices of Gruevski and Transport Minister Mile Janakieski discussing how to extort a hefty 25 million euro from a company that had been selected to

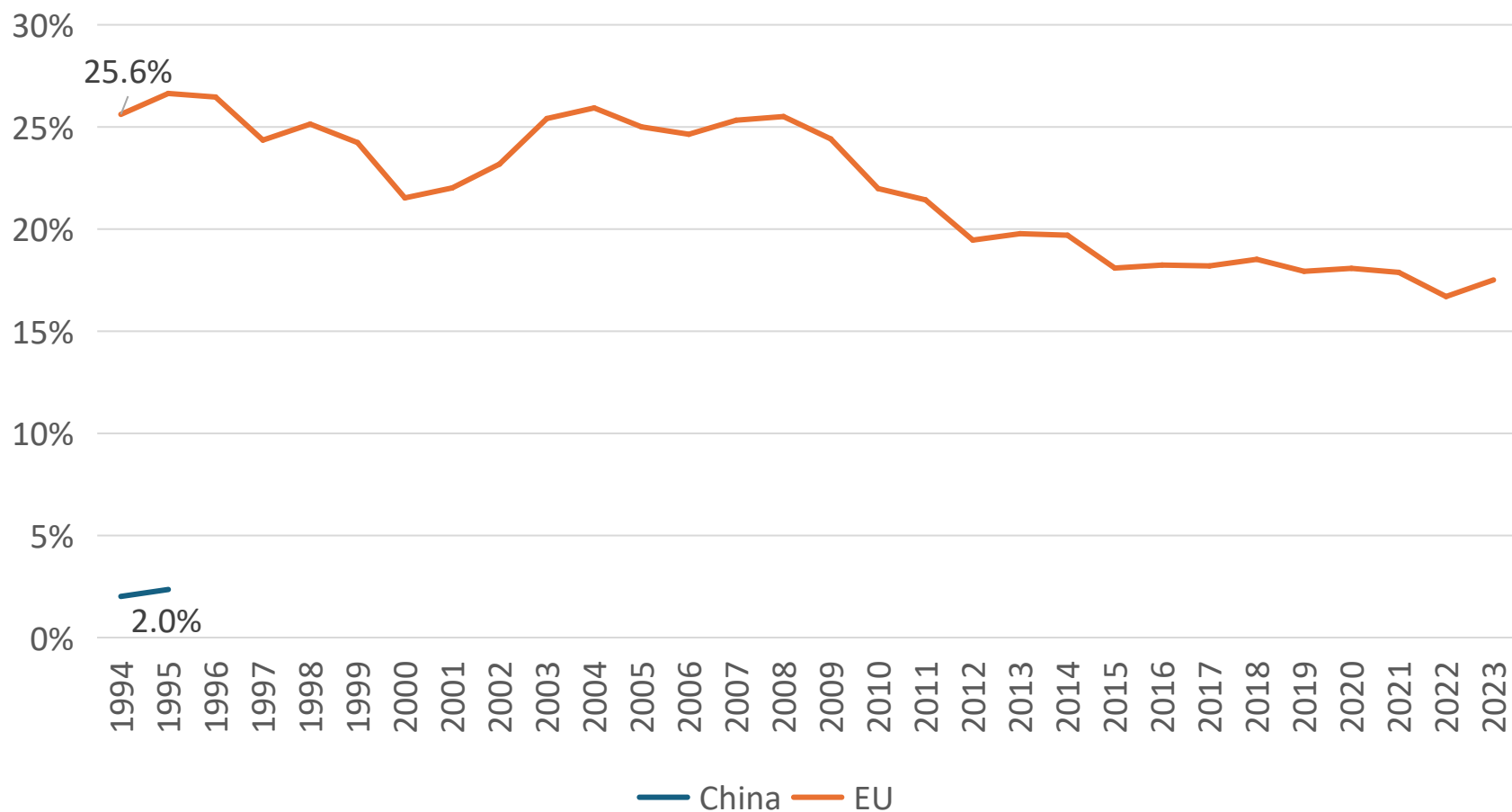
construct two motorway stretches.

- Chinese loans often have requirements for Chinese companies and workers to do the projects

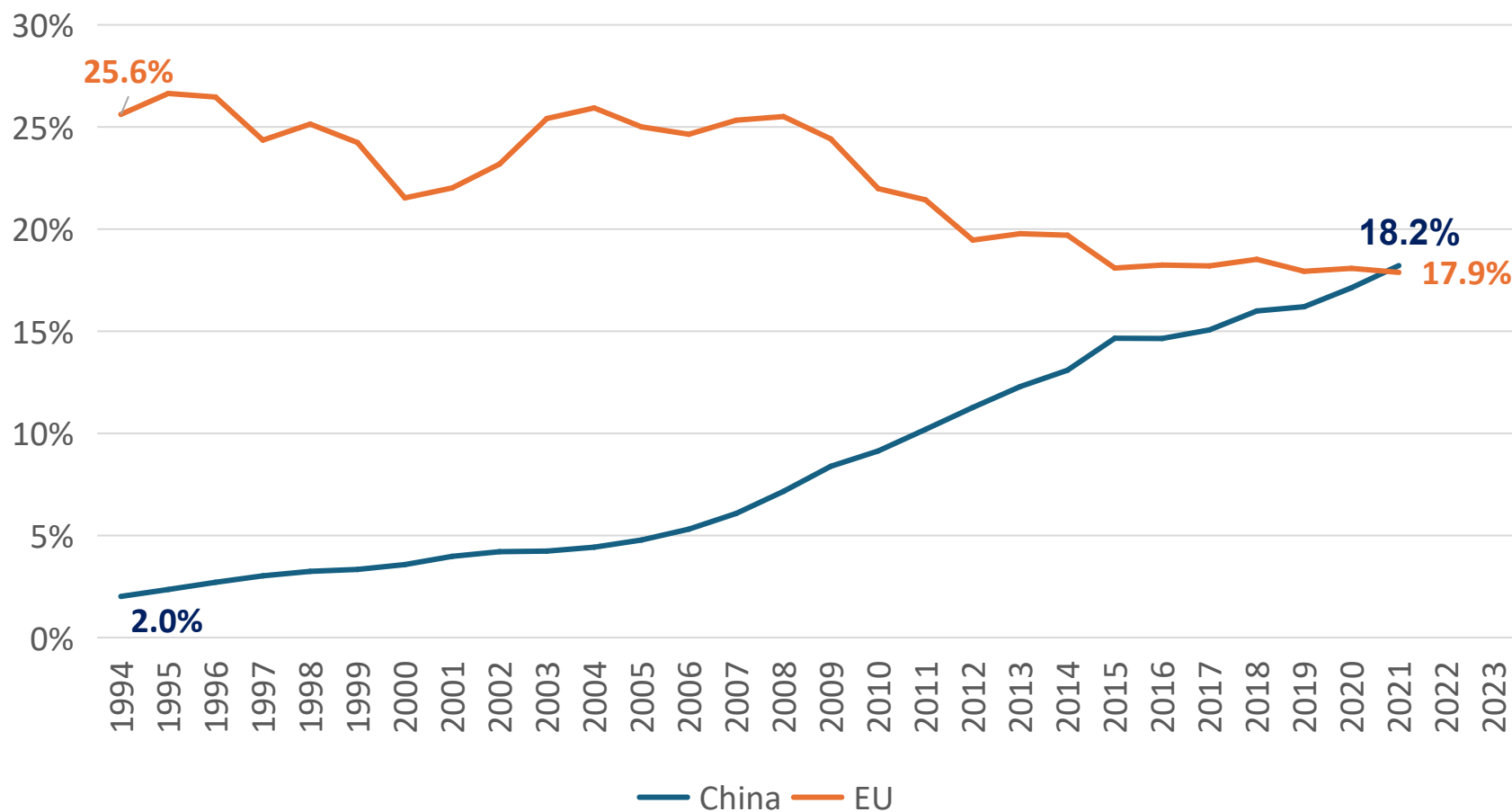
**NOW, WHY CHINA INVESTS IN THE
REGION?**

- Political reasons
- Economic reasons

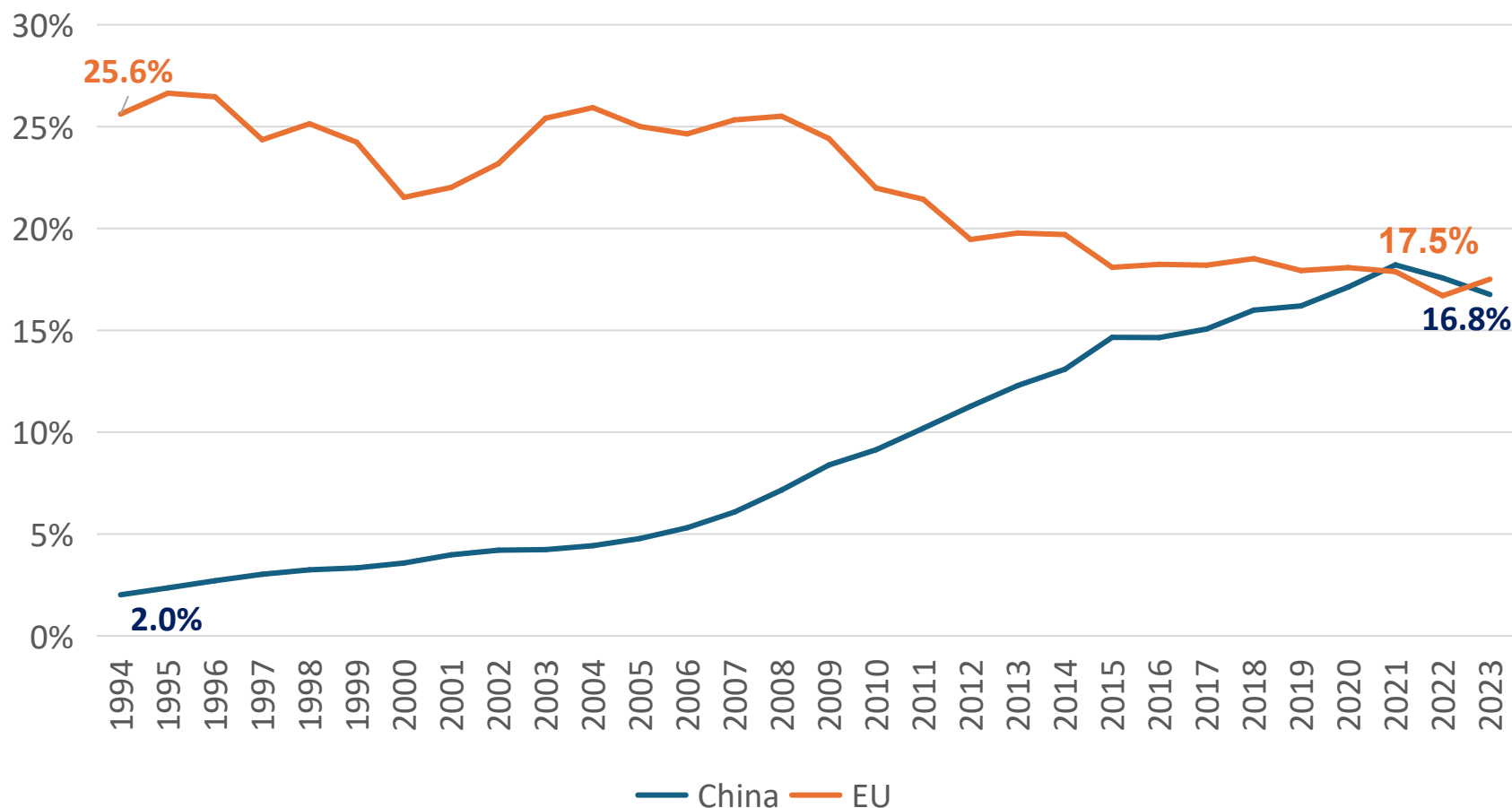
EU and China share of world GDP



EU and China share of world GDP



EU and China share of world GDP



**AND WHY THE REGION ACCEPTS
CHINESE INVESTMENT?**

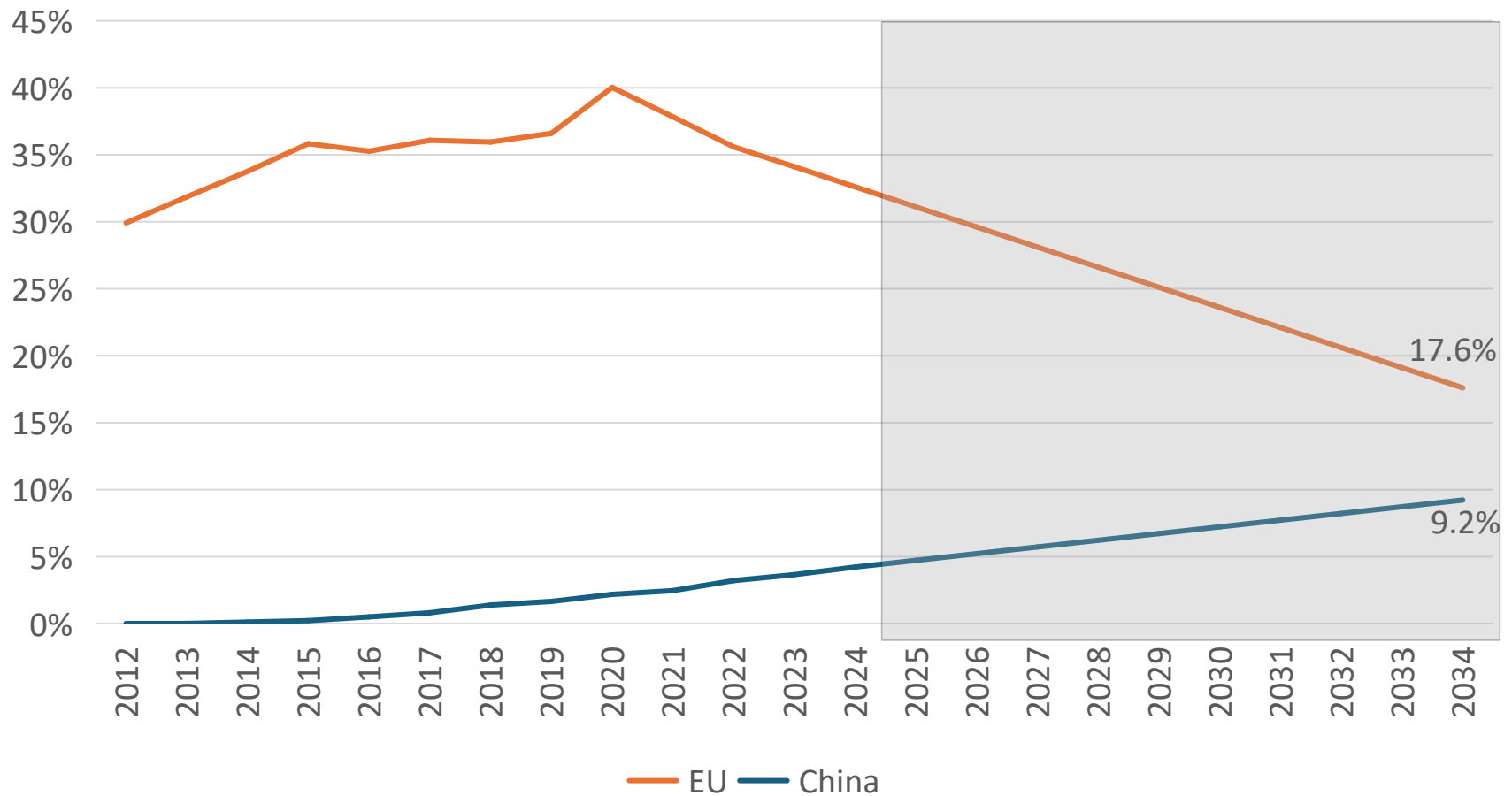
- Need for investment
- Gap that EU does not meet
- No big Sinophobia in the region
- Sitting on several chairs

WHAT IS TO BE DONE?

EU

- Should not try to prevent Chinese presence in the region
- As China's share in the world economy grows, so will its investment
- Highly unlikely that China will surpass EU in terms of overall economic presence
- EU should take pro-active approach
- Fill in the gaps it currently leaves
- More and better investment

Projections of EU and China FDI in the region



The Balkans

- Should not be naïve
- Increased economic presence = increased dependence
- Should prevent environmental degradation
- And protect workers rights
- And be more selective when it comes to investment
- Focus on high-quality investment



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