

China as a Factor in the EU's Enlargement Policy

The EU's Measures to Mitigate China's Influence in the Western Balkans, 2013–2021

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Abstract

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Abstract: This thesis examined the role of China as a factor in the European Union's enlargement policy towards Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia. In relation to the Belt and Road Initiative, these five Western Balkan countries (WB5) have received substantial investments and other forms of financial input from China in 2013–2021. Characteristic for this is that large parts of this cooperation has been forged away from the public eye. Meanwhile, the relationship between China and the EU has turned dubious, causing the EU to increasingly "riskify" inbound Chinese investments. While the existing academic literature has highlighted the problems that these investments have caused for the region's enlargement prospects, the extent to which the EU has responded to this phenomenon has received only slight attention.

The purpose of this research has been to discover what concerns the EU has expressed over China, to analyze how these concerns are reflected in the EU's enlargement policy towards the Western Balkans, and uncover the concrete measures through which the EU has mitigated China's influence in the region. The results have been discussed in conjunction with the theoretical framework to provide new empirical literature on how the EU's structural foreign policy, arguably the primary form of enlargement policy, functions in a contested setting, and how norms are diffused through the enlargement process.

The research problem was addressed by employing framework analysis to an extensive body of official documents that have been produced by the European Union in 2013–2021. The analysis indicated that the EU's concerns over China, primarily in relation to cooperation causing non-alignment with the EU's rules, the neglect of economic and environmental sustainability and the distortive effects of state ownership and subsidies, have been reflected in the enlargement policy from 2018 onwards. After this the phenomenon has featured in multiple strategies and other official documents, albeit in an implicit fashion where China has only rarely been mentioned by name. The analysis showed that the EU has sought to re-assert its leadership by focusing especially on increased political steering and engagement, regional integration, connectivity and other infrastructure, public procurement legislation, and the environment and energy. By imposing various conditions to the fields where China-WB5 cooperation has been prevalent, the EU has achieved that the relationship has become largely subordinate to the EU-China relationship and the space for independent Chinese actions has narrowed.

From a theoretical point of view, the thesis concludes that the new EU-norm – China and its investment activities constitute a potential risk – was embedded in the EU's enlargement policy and that the EU has sought to enable the conditions through which alignment with this norm is possible. In a contested setting, the EU's structural foreign policy appears to have placed emphasis on the structures rather than the sustainability of such. In such a context, it is a rather flexible mode of conducting foreign policy due to its adaptability to new realities. The EU's structural foreign policy equally demonstrated an absorption capacity due to the successful combining of different objectives into coherent policies.

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List of Abbreviations

AIIB Asian Infrastructure Investment Bank

BRI Belt and Road Initiative (One Belt One Road (**OBOR**) until 2016)

CAQDAS Computer-assisted qualitative data analysis software

CCP Chinese Communist Party

CFSP Common Foreign and Security Policy of the European Union

CRM Common Regional Market

CSDP Common Security and Defense Policy of the European Union

CSLI Chinese State-Led Investment

DG NEAR Directorate-General for Neighborhood and Enlargement Negotiations

EEAS European External Action Service

ENP European Neighborhood Policy

ETS Emissions Trading Scheme

EXIM Export-Import Bank of China

FDI Foreign Direct Investment

HR/VP High Representative of the Union for Foreign Affairs and Security Policy / Vice President of the European Commission

IPA Instrument for Pre-Accession Assistance

LSER China-Europe Land-Sea Express Route

MFF Multi-annual Financial Framework

PRC People's Republic of China (Mainland China)

REA Regional Economic Area

RoL Rule of Law

SAA Stabilization and Association Agreement

SAP Stabilization and Association Process

SFP Structural Foreign Policy

SOE State-owned enterprise

TEN-T Trans-European Transport Network

WBIF Western Balkans Investment Framework

WB5 Western Balkans Five (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia)

1. Introduction

In July 2018, the European Commissioner for European Neighborhood Policy and Enlargement Negotiations Johannes Hahn warned that China could turn countries in the Western Balkans region into “Trojan horses” that would one day be EU members. According to him, China had made a series of significant investments in infrastructure projects to use its financial clout to get political sway over these countries that aspire to join the EU.¹

The Western Balkan region, consisting of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia, has been involved in the EU’s enlargement process with varying degrees at least since the ‘Thessaloniki Declaration’ of 2003.² To this day, none of these states has acceded to the EU, and the reasons are multifold. Meanwhile, during the 2010s, the relationship between the EU and China has turned dubious. The ‘strategic partnership’ that was forged between the two in the early 2000s has become replaced with ‘systemic rivalry’ over the promotion of alternative models of governance.³ Arguably, one of the primary reasons for this turn of the tide is China’s model of promoting state-led overseas investments through its Belt and Road Initiative (BRI) that was launched in 2013 as the One Belt One Road (OBOR). Spanning over multiple continents, but with particular focus on Europe, Chinese state-owned enterprises have increasingly invested in so-called strategic sectors. Over two decades, this new phenomenon has moved to the center of disputes about foreign investment screening, rising protectionism, and renewed global rivalries.⁴

One novel destination for Chinese investments is the Western Balkans. Whereas in 2007–2015 China’s economic cooperation with the region was marginal (0,1 % of FDI inflows)⁵, by the end of 2021 the total estimated value of Chinese investments was close to EUR 28 billion.⁶ While China’s new interest in the region has been greeted with cautious optimism, EU officials

¹ Heath, R. & Gray, A. (2018). ‘Beware Chinese Trojan horses in the Balkans, EU warns’. POLITICO, July 27 2018. Available at <https://www.politico.eu/article/johannes-hahn-beware-chinese-trojan-horses-in-the-balkans-eu-warns-enlargement-politico-podcast/>. Accessed 19.4.2023.

² Stanicek, B. & Tarpova, S. (2022). Briefing: China’s Strategic Interests in the Western Balkans. *European Parliamentary Research Service*, June 2022. PE 733.558. Pp. 2.

³ Keukeleire, S & Delreux, T. (2022). *The Foreign Policy of the European Union*, third edition. Bloomsbury Publishing. Pp. 313–314.

⁴ Babić, M., & Dixon, A. D. (2022). Is the China Effect Real? Ideational Change and the Political Contestation of Chinese State-Led Investment in Europe. *The Chinese Journal of International Politics*, 15(2), 111-139.

⁵ European Commission (2018). ‘EU-Western Balkans Economic Relations – Investing in People, Infrastructures and Reforms. *Commission Factsheet*, May 2018.

⁶ Balkan Investigative Reporting Network: China in the Balkans. <https://china.balkaninsight.com/#> Accessed 9.2.2023. Aggregate numbers have been compiled by the author based on BIRN’s information.

and many politicians and experts have received it with a large dose of skepticism.⁷ Studies have shown that Chinese infrastructure projects are fueling corruption, the investments set potentials for China's increased political influence over the region's governments, and the implementation of the BRI-projects contradict with the EU's standards, namely with regards to public procurement and sustainability, therefore complicating the region's EU-prospects.⁸ Concurrently, it has been argued that a general rethink on the links between liberal economies, investments policies and security has occurred within the EU, causing Chinese investments to have become "riskified".⁹

While the academic attention during recent years has been on China's increased presence in the Western Balkan region, the extent to which the EU has sought to re-assert its leadership has received only slight attention – as noted by Dragan Pavličević.¹⁰ The purpose of this thesis is to contribute to this little-researched phenomenon and to add new empirical data to the literature on structural foreign policy (SFP) and diffusion of norms as part of the enlargement process. The research problem is answered through two primary questions. First, *what concerns has the European Union expressed over China during the evolution of the bilateral relationship during the 2010s?* And second, *how are the EU's concerns reflected in its enlargement policy towards the Western Balkans? What concrete measures has the EU taken in order to mitigate China's presence in the region in 2013–2021?*

The analytical process to answer the research questions will unfold as follows. First, the evolution of EU-China relations during the 2010s will be discovered through independent analysis, with particular focus on the concerns that the Union has expressed over China. Second, I analyze how these concerns are reflected in the EU's enlargement policy towards the Western Balkans. Third, the thesis uncovers the concrete measures through which the EU has mitigated China's presence and made its independent cooperation with the Western Balkan countries more difficult. Finally, the results of the analysis are discussed in conjunction with

⁷ Markovic-Khaze, N. & Wang, X. (2021). Is China's Rising Influence in the Western Balkans a Threat to European Integration? *Journal of Contemporary European Studies*, 29(2) (234–250). Pp. 236–237.

⁸ See e.g. Makocki, M. & Nechev, Z. (2017). Balkan Corruption: The China Connection. *European Union Institute for Security Studies*. Issue Alert, (22)2017 ; Markovic-Khaze, N. & Wang, X. (2021), 237 ; and Pavličević, D. (2019). Structural Power and the China-EU-Western Balkans Triangular Relations. *Asia Europe Journal*, 17(4) (453–468), 454.

⁹ Mattlin, M. & Rajavuori, M. (2023). Changing Causal Narratives and Risk Perceptions on Foreign Investment: the Riskification of Chinese Investments in the Nordic Region. *East Asia*, March 2023. <https://doi.org/10.1007/s12140-023-09397-6> (Ahead of Print). "Riskification" concerns potential future risks rather than immediate existential risks, cf. Copenhagen School's 'securitization' framework.

¹⁰ Pavličević, D. (2019), 453.

existing literature and the theoretical framework, focusing primarily on how the EU's structural foreign policy functions in a contested setting, and on how the EU's novel norms are embedded in and "diffused"¹¹ through largely conventional enlargement policy. The new norm in question, I argue, is that Chinese investments constitute a potential future risk.

With regards to the Western Balkans, China's actions and the EU's counter-actions are accounted for in five of the region's non-EU countries, namely Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia. This grouping is called the 'WB5' in this research. Kosovo is purposefully left out because it is not included in China's 14+1 (formerly 16+1 and 17+1) regional cooperation framework¹², and there are no reported Chinese activities in the country.¹³

The timeline of this thesis extends from 2013, the year when China's Belt and Road Initiative was first introduced, to year 2021. The research questions are answered by employing 'framework analysis' for the analysis of the primary data. The primary data consists of EU-produced communications and enlargement strategies, briefings and press releases, Council Conclusions, country progress reports, discussion papers and factsheets. The data that is used to analyze the EU-China relationship and the related concerns, is composed of four documents: two EU-produced China-strategies, one Joint Strategy between the two, and one Council Conclusions on the EU's China-policy.

The thesis will now progress to present the background chapter that covers both China and the European Union, providing essential historical and contemporary context for the research problem by relying on existing literature. The third chapter, theoretical framework, introduces the key theories and their relevance for this research. The fourth chapter introduces the primary data as well as the applied method. The research then moves on to the actual analysis of data, dividing the sub-chapters so that they each answer a research question. The results and the theoretical framework are discussed in conjunction in the discussion-chapter, emphasizing the theoretical implications of this thesis and the results' interplay with existing literature. Finally, all findings are summed up in a brief conclusion-chapter.

¹¹ "Norm diffusion" is a concept by Antje Wiener. See e.g. Wiener, A. (2004). Contested Compliance: Interventions on the Normative Structure of World Politics. *European Journal of International Relations*, 10(2), 189–234.

¹² Markovic-Khaze, N. & Wang, X. (2021), 234. 14+1 is also known as the China-CEEC or the Cooperation between China and Central and Eastern European Countries.

¹³ The Balkan Investigative Reporting Network (BIRN), whose data has been used in this thesis as the basis for outlining China's investments in the region, has not reported any activities regarding Kosovo.

2. Background

This chapter is divided into two larger sub-sections that deal with China and the European Union respectively. The chapter aims to provide the thesis an essential historical and contemporary contextualization by describing existing literature on the Belt and Road Initiative, China's regional approach to Europe and its activities in the Western Balkans. On the part of the EU, the enlargement process as well as its relationship and history with the Western Balkans is introduced.

2.1 China

Since the gradual 'opening up' of China that began initially during the 1970s and 1980s and was orchestrated by the reform-minded Deng Xiaoping, China has steadily increased its regional influence in Asia and further abroad. The massive inflow of foreign direct investments (FDI) that began to be directed towards China in the beginning of the 1990s, causing many Western companies to relocate their production and supply-chains, has turned the other way. Steadily from the early 2000s and especially from the 2010s onwards, China's FDI net outflow has gradually increased.¹⁴ The search for new markets, supply chains and economic and political influence has in particular through the Belt and Road Initiative (BRI) rippled to the European soil as well. The process through which China has become a reckonable global investor, and consequently has increased its political and economic weight, constitutes one of the main rationales for this thesis. This chapter will provide background information on the BRI, on China's Europe-specific regional approach called the 17+1 (also 16+1 and 14+1) and on China's presence and investment patterns in the Western Balkan region.

2.1.1 The Belt and Road Initiative

Jyrki Kallio, a Finnish China-scholar, has attempted to provide an exact conceptualization of the BRI and the motivations behind it. In 2023, he argued that China's connectivity projects such as the BRI may be perceived as "part of China's ideational competition with the West, culminating in the presentation of 'Chinese values' as a viable alternative to 'universal

¹⁴ The World Bank: 'Foreign Direct Investment, Net Outflows (% of GDP) – China'. Available at <https://data.worldbank.org/indicator/BM.KLT.DINV.WD.GD.ZS?end=2021&locations=CN&start=1982&view=chart>. Accessed 19.4.2023.

values.”¹⁵ The BRI was launched in 2013 as the One Belt One Road (OBOR) initiative by China’s president and general secretary of the Chinese Communist Party (CCP) Xi Jinping. From the onset, the BRI has been a sought-after label that many actors in China want to have for their overseas projects. As a result, according to Kallio, the BRI has become an umbrella term for various types of projects without a clear, unified objective. In essence, the BRI appears to be a slogan, not a strategy.¹⁶

The investments under the Belt and Road Initiative are often accompanied by the involvement of a Chinese State-Owned Enterprise (SOE). This is well on display in the Western Balkans where each ‘project’ has been announced in conjunction with a Chinese partner, e.g. the China Everbright Group, the Dongfang Electric Corporation or the China Machinery Engineering Corporation. Alternatively, the financing of the project has been provided by a Chinese entity, e.g. China’s Export-Import Bank (EXIM) or the Asian Infrastructure Investment Bank (AIIB).¹⁷ Consequently, liberal market economies such as the European states have become increasingly more concerned over these investments, despite their true contents, because they are perceived to be closely interlinked with the interests and objectives of the Communist Party, even though a ‘private’ company manages the operative side of business.¹⁸

The actual contents of the BRI have been only loosely defined. Besides the March 2015 document “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road”, published by China’s State Council and drafted by National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce, there aren’t structured priority documents or articulated ‘strategies’ for the BRI. According to this document, the BRI consists mainly of connectivity projects, which will help align and coordinate the development strategies of the countries along the BRI, tap market potential in [this] region, promote investment and consumption, create demand and job opportunities, and enhance people-to-people and cultural exchanges.¹⁹

¹⁵ Kallio, J. (2023). China’s Belt and Road Initiative: Ambiguous Model Veiled in Straightforward Pragmatism. *East Asia*, March 2023. <https://doi.org/10.1007/s12140-023-09400-0>, pp. 1 (Ahead of Print).

¹⁶ Kallio, J. (2022). China’s Belt and Road Initiative: Successful Economic Strategy or Failed Soft-Power Tool? *Finnish Institute of International Affairs Briefing Paper*, September 2022 / 350. Pp. 4.

¹⁷ The details of China’s investments into the Western Balkans and the list of Chinese partners or financiers have been compiled from the dataset of Balkan Investigative Reporting Network’s ‘China in the Balkans’. <https://china.balkaninsight.com/#> Accessed 9.2.2023.

¹⁸ See e.g. Babić, M., & Dixon, A. D. (2022), especially pp. 116–117.

¹⁹ Kallio, J. (2022), 3.

Kallio (2023) has described the BRI as “an ambitious connectivity program which has expanded into a global umbrella initiative after its launch [...] which aimed at connecting China and Europe like a modern Silk Road.”²⁰ Extending from China to Southeast Asia, and through Central Asia and Russia towards the Caucasus, the Western Balkans and Eastern and Central Europe, the end-point appears to be the commercial hubs in Western Europe.²¹

There are plenty of other characterizations of the BRI as well, with each scholar with a slightly different emphasis. Wouter Zweers et al. (2020) have coined the BRI as a near-global network of transport, communications and energy infrastructure that Chinese governmental and business actors are building. The BRI therefore provides China’s foreign trade with a gradually expanding network of alternative and complementary routes. In addition, the BRI serves China’s geopolitical interests by linking countries more closely with China, strengthening its economy and international reputation. Constituting a “core component of China’s foreign policy”, the BRI seeks to ensure a favorable strategic space for China in the long term.²² Others, such as Lina Liu (2021), have studied the BRI from other perspectives, in this case through role theory. By looking at nearly 2,000 “events” of the BRI, she has analyzed that through the Initiative China plays multiple roles – the rule taker, the rule reformer, the rule breaker and the rule innovator.²³

Lauren A. Johnston (2019) has argued that the motivation behind the BRI is linked with China’s maturing demographic, slowing internal migration and diminishing returns to physical capital investment. These have weakened China’s competitiveness in low-wage manufactured exports. By extending the BRI to the near-surroundings of China, home to mostly developing countries, low-wage labor and infrastructure gaps, China transfers excess domestic industrial capacity, diversifies its portfolio of international investments and “foster[s] the ongoing development opportunity for other developing countries.”²⁴ Keukeleire & Delreux (2022) have for their part described the Belt and Road Initiative as “China’s overarching external investment and connectivity strategy [...] that can impact various third regions important for

²⁰ Kallio, J. (2023), 1. (Ahead of Print)

²¹ See e.g. Mercator Institute for China Studies: ‘Mapping the Belt and Road Initiative: this is where we stand’. June 7 2018. Available at <https://www.merics.org/en/tracker/mapping-belt-and-road-initiative-where-we-stand>. Accessed 15.4.2023.

²² Zweers, W., Shopov, V., Van der Putten, F. P., Petkova, M., & Lemstra, M. (2020). China and the EU in the Western Balkans. A Zero Sum Game? *Clingendael Report*, August 2020. Pp. 8, 10, 11.

²³ Liu, L. (2021). Beyond the Status Quo and Revisionism: An Analysis of the Role of China and the Approaches of China’s Belt and Road Initiative (BRI) to the Global Order. *Asian Journal of Political Science*, 29:1, 88-109.

²⁴ Johnston, L. A. (2019). The Belt and Road Initiative: What is in it for China? *Asia & the Pacific Policy Studies*, 6(1), 40-58. Pp. 40, 52.

EU foreign policy.” China also embodies a development model for *elites* in other countries that may seem “more attractive than the model promoted by the EU”, namely a combination of market economics with traditional autocratic or semi-autocratic politics that helps the domestic political and economic elites secure progress without risking the loss of political control.²⁵

A uniform view of the BRI and the motivations behind it is difficult to achieve, as demonstrated by the above literature. This research however treats it primarily from the geopolitical and geoeconomic perspectives, juxtaposing it with the ongoing great-power competition and shifting regional and global orders, as suggested by Kallio (2022).²⁶ The suggestion by Bart Gaens, Ville Sinkkonen and Henri Vogt (2023) that the BRI follows the logic of contestation in the sphere of the institutional framework of governance, is equally accounted for. This, according to them as cited by Kallio (2022), is because China has been creating parallel structures and alternative institutions to increase its global influence. These can be seen as important first steps to shape the ecology of international order in China’s preferred direction.²⁷

Equally important is Kallio’s description of the BRI as part of China’s ideological competition. As Xi Jinping said during the 19th National Congress of the Chinese Communist Party in 2017, the Chinese model offers a new option for countries who want fast development while preserving their own independence²⁸, a view that is in line with Keukeleire and Delreux’s suggestion of an attractive development model for national elites. As will be shown, “preserving independence” in the context of the Western Balkan states has assumed the form of not complying with the EU’s rules and standards (as part of the accession processes) on public procurement, transportation, and other fields, but instead capitalizing on their statuses as in-between countries. In certain fields, therefore, cooperation with China has proved to be a fruitful alternative to EU integration.

The following sub-chapter focuses on China’s regional approach to Europe, highlighting the regional implementation framework and the primary *material* objective of the BRI in connecting China with Europe.

²⁵ Keukeleire, S. & Delreux, T. (2022), 316. Italic by author.

²⁶ Kallio, J. (2022), 3.

²⁷ Gaens, B., Sinkkonen, V., & Vogt, H. (2023). Connectivity and Order: An Analytical Framework. *East Asia*, March 2023. <https://doi.org/10.1007/s12140-023-09401-z> (Ahead of Print) ; Citation from Kallio, J. (2023), 2 (Ahead of Print).

²⁸ Kallio, J. (2023), 4 (Ahead of Print).

2.1.2 China's Regional Approach to Europe

For the EU, China is simultaneously a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance.²⁹ Since 2012, China has had a formal regional approach towards the Central and Eastern European Countries (China-CEEC). Founded as the '16+1' and then alternating between the '17+1' (2019–2021) and again the '16+1' (2021–2022) due to associations and drop-outs, the forum to promote Chinese business and investment relations with the region is currently called the '14+1'.³⁰

The 14+1 can be considered as a region-specific implementation framework for the Belt and Road Initiative. Astrid Pepermans (2018) has argued that the forum and the BRI give China the possibility of increasing its economic and political influence in Central and Eastern European countries by using economic carrots and promises, and by gaining soft power on the basis of cultural exchange and high-level diplomatic dialogue. Both the forum and the BRI emphasize the enhancement of connectivity, cooperation, trade, and cultural exchange between China and the CEEC.³¹ In 2015, then China's Prime Minister Li Keqiang mentioned the fruitful results of the 16+1 cooperation, which over recent years had arguably moved in parallel with the greater interests of China-EU cooperation. According to Pepermans, he emphasized China's commitment to achieving "all-win outcomes for China, the 16 CEEC, and the EU", and he expressed his hope of promoting the growth of trade in a balanced way.³²

The Belt and Road Initiative has been described as a case of "contingent power extension" – a multidimensional mechanism through which Chinese party-state decision-makers expect to convey and reinforce the economic, political, and technological capabilities of a globally invigorated nation that pursues an increasingly influential presence in Europe.³³ Juxtaposing the BRI with the 14+1 forum, the work of Gurol and Rodríguez has concluded that the BRI's

²⁹ Keukeleire, S. & Delreux, T. (2022), 313.

³⁰ See e.g. Gurol, J. & Rodríguez, F. (2022). "Contingent Power Extension" and Regional (dis)integration: China's Belt and Road Initiative and its Consequences for the EU. *Asia Europe Journal* 20 (2022), pp. 441–456.

³¹ Pepermans, A. (2018). China's 16+ 1 and Belt and Road Initiative in Central and Eastern Europe: Economic and Political Influence at a Cheap Price. *Journal of Contemporary Central and Eastern Europe*, 26(2-3), 181-203. The 16 original members (2012) of the forum were Albania, Bosnia and Herzegovina, Macedonia, Serbia, Montenegro, Croatia, Bulgaria, Poland, Czech Republic, Estonia, Latvia, Lithuania, Romania, Slovakia, Slovenia and Hungary. The current 14+1 is composed without Estonia, Latvia and Lithuania.

³² Ibid. 184.

³³ Gurol, J. & Rodríguez, F. (2022), 442.

power dynamics are highly context-sensitive and have both integrative and disintegrative implications for the EU. The People Republic of China (PRC) has according to them attained a considerable level of “systemic power” to conduct negotiations with and make important investments in single EU states and in different sub-regions.³⁴

China’s cooperation with the CEE countries has been characterized as the “gate to Europe”, although it hasn’t been received unequivocally in the region and it is perceived with reservation by some institutions of the EU.³⁵ It appears that even though during the past years various initiatives by Chinese companies in many parts of the globe have achieved the Belt and Road Initiative -labeling³⁶, the focus appears to be in connecting the Chinese ‘Middle Kingdom’ with Africa and especially Europe. As noted earlier, the end-points of the infrastructure lines reside in Western Europe. This partially explains why the European Union has had to consider the Initiative and the related regional forums, such as the 14+1, also with a critical gaze.

The five Western Balkan countries (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia) are also included in the 14+1. The next chapter will introduce China’s regional approach to the Western Balkans and its investments and priorities there.

2.1.3 China in the Western Balkans

The Chinese government does not have a separate regional foreign policy framework for the Western Balkans, but rather deals with the WB5 countries mainly at the bilateral level or through the 14+1 (16+1; 17+1) platform.³⁷ Wouter Zweers et al.’s (2020) *Clingendael Report* is perhaps the most comprehensive account on China’s presence in the region and thus deserves a more extensive handling in this chapter. They’ve highlighted that at the bilateral level, the approach of China towards the WB5 states involves infrastructure financing more prominently than in its approach to the other 17+1 [14+1] countries. Its involvement therefore resembles its interaction with developing countries, in which infrastructure financing plays a central role. This means that the China-WB5 relations may be regarded as a *hybrid category* that combines

³⁴ Ibid. 453.

³⁵ Bağ, M. (2019). Central and Eastern European Countries Toward the Belt and Road Initiative: The Role of 16+1 Initiative. *Global Journal of Emerging Market Economies*, 11(1-2), (11-36). Pp. 11–12.

³⁶ E.g., Bradsher, K. (2020). ‘China Renews Its ‘Belt and Road’ Push for Global Sway’. The New York Times, January 15 2020. Available at <https://www.nytimes.com/2020/01/15/business/china-belt-and-road.html>. Accessed 15 April 2023.

³⁷ Zweers, W. et al. (2020), 6–7.

elements from China's approach to developing countries with its interaction with member states of the EU.³⁸

The *Report* argues that the infrastructure projects in the Western Balkans should not be seen as stand-alone activities, but rather their strategic relevance for China is related to the Belt and Road Initiative's overall progress. Consequently, China's main interest in the region relates to the countries' close proximity to the European Union. China's main region-wide initiative for the Western Balkans is the China-Europe Land-Sea Express Route (LSER), a component of the BRI that connects China and Europe via Greece and the Western Balkans.³⁹

While the EU is by far the region's most important partner, China has managed to offset traditional partners in the region, e.g. Russia. An observation that arises from the *Report* is that China's primary mode of operation and the main domain of power is in the economic sector. China's activities are a combination of FDI and loans for infrastructure construction, combined with people-to-people exchanges and political sway – a hybrid model as noted above. While its investments and/or loans have been acquisitions, greenfield investments, loans for construction and manufacturing, surprisingly many sectors have received Chinese capital. The most comprehensive dataset on China's investments has been collected by the Balkan Investigate Reporting Network's (BIRN) 'China in the Balkans' project.⁴⁰

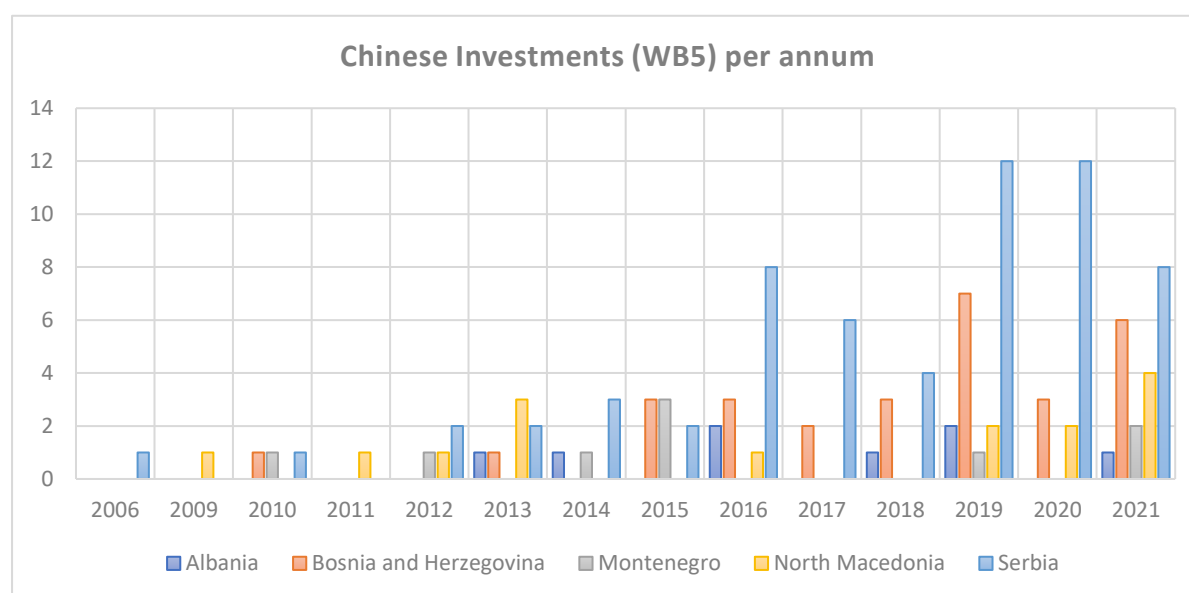


Chart 1. Chinese Investments into the WB5 Per Annum. Y-axis represents the number of investments in a given year.⁴¹

³⁸ Zweers, W. et al. (2020), 8. Italic by author.

³⁹ Ibid. 8–9. The Port of Piraeus in Greece that China has acquired is a crucial part of this.

⁴⁰ Balkan Investigative Reporting Network: China in the Balkans. <https://china.balkaninsight.com/#>

⁴¹ Ibid. Dataset compiled and illustration by author based on BIRN's information.

Chart 1 above presents China's investments, loans, projects or other forms of cooperation with the WB5 countries, as acknowledged by the BIRN. A clear upward trend can be spotted, with Serbia, Bosnia and Herzegovina and North Macedonia receiving the largest amounts of projects, especially since 2016.

Table 1 below presents the total amount of Chinese projects in the WB5. The reason why I've opted for the term 'project' is the fact that these statistics represent the aggregate number of acquisitions of Western Balkan companies by a Chinese entity, greenfield investments, loans by Chinese financial institutions, or donations by China either in the form of money or equipment (e.g. COVID-19 related). The other main function is to highlight perhaps one of the main reasons why the EU has shown concern over China's activities: the majority of these 'material forms of cooperation' have been assigned either 'partial' or 'closed' in terms of their public procurement processes by the Balkan Investigative Reporting Network. Their data included sets of official documents on each project and on the basis of that, they've assigned the value. Out of the total of 122 projects worth EUR 28 billion, Serbia has received 50 % of the projects and roughly two-thirds of the total value. Proportionally, its projects have been the least open in terms of their procurement. In general, however, all countries have expressed a certain regard to forms of cooperation that are forged away from the public eye.

Chinese Investments	PROJECTS	€ TOTAL VALUE	€ AVG. VALUE	OPEN	PARTIAL	CLOSED	N/A
Albania	8	649.849.803	81.231.225	4	3	1	0
Bosnia and Herzegovina	29	5.277.794.746	181.992.922	11	6	10	2
Montenegro	9	2.447.671.096	271.963.455	2	6	0	1
North Macedonia	15	654.434.689	43.628.979	3	10	2	0
Serbia	61	18.773.143.782	307.756.455	2	17	25	17
WB5 TOTAL	122	27.802.904.146	227.892.657	22	42	38	20

Table 1. Chinese investments into the WB5; by country, number of projects, total value, average value and the public procurement process behind each project (open, partial, closed, N/A), aggregate.⁴²

Table 2 below presents China's investments by sector and form, with donations and purchases as separate categories without specifying the sector. It should also be noted that the majority of these projects are in construction, and the specifying is done on the basis of assessing which sector the contract/investment belongs to. The largest amount of Chinese capital has gone to

⁴² Ibid. BIRN's information on China-WB5 projects included an assessment of the public procurement process. Data compilation and aggregate calculations by author.

transportation, the energy-sector and manufacturing. China's donations to the WB5 stands as the no. 2 in terms of instances largely due to the COVID-19 pandemic, but donations have for example included also security and protective equipment to Serbia's Ministry of the Interior in 2020. The transportation sector includes initiatives such as the modernization and reconstruction of the Belgrade-Stara Pazova section of the Serbian railway (Hungarian-Serbian railway connection), which is an EUR 316 million contract given to the China Railway International and the China Communications Construction Company. Cooperation in the field of education is related to the Confucius Institutes that China has built and/or financed in all WB5 countries. The largest purchases by Chinese companies are the Albanian Patos-Marinzha Oil Field (EUR 512,5 million), and the purchase of Tirana International Airport by the China Everbright Group (EUR 81 million). The projects in the 'surveillance' sector relates to Bosnia and Herzegovina's and Serbia's cooperation with the Chinese company Huawei. With the 'Safe & Smart City' projects, Huawei has set up comprehensive supervision and public safety systems to large cities. The investments into different sectors are discussed also during the analysis to contextualize EU-measures on the spot.

BY SECTOR / FORM	ALBANIA	BOSNIA AND HERZEGOVINA	MONTENEGRO	NORTH MACEDONIA	SERBIA	Sum
Donation	1	6	1	10	6	24
Transportation	0	6	3	2	14	25
Manufacturing	0	1	0	0	12	13
Energy	1	10	1	0	7	19
COVID-19 ⁴³	1	1 (5)	1 (2)	2 (5)	1 (7)	6
Education	1	2	1	1	4	9
Purchases ⁴⁴	3	0	2	0	4	9
Surveillance	0	1	0	0	4	5
Research	0	1	0	0	0	1
Other	1	1	0	0	9	11

Table 2. Chinese investments into the WB5 by sector and form. Categorizations by author.⁴⁵

⁴³ On this row, the number not in parentheses represents the number of COVID-related instances of cooperation where a WB5 country has purchased e.g. vaccines or protective equipment from China through a financial transaction. The number in parentheses represents the total amount of COVID-related cooperation, i.e. the purchases by a WB5 country + COVID-related donations by China. The donations are reflected on the row 'donation'. E.g., North Macedonia had 5 COVID-related instances of cooperation, meaning that two of them were purchases by the state and three were donations by China.

⁴⁴ 'Purchases' does not distinguish between the purchases done by the Chinese or the WB5 countries.

⁴⁵ Balkan Investigative Reporting Network: China in the Balkans. The categorizations are based on the authors evaluation.

Existing literature on Chinese presence in the Western Balkans is largely unanimous on the claim that China is systematically advancing its regional footing largely due to the close proximity of the EU market, and that it relates to the broader advancement of the BRI. The Center for European Policy Analysis (CEPA) claimed in 2022 that in Albania, China pursues a long-term strategy through four overlapping stages. First, it is pushing Chinese exports and investments with the aim to make Albania's economy increasingly dependent on them, ultimately allowing Beijing political leverage. Second, China exerts political influence on Albanian political and business leaders. Third, it reaches out broadly to Albanian society, fostering a positive image of China in Albanian communities and promoting Beijing's political and economic model. And fourth, Chinese authorities seek to gain a higher public and media profile in Albania.⁴⁶

Others, such as Markovic-Khaze and Wang (2021), strike a less alarmist tone on Albania, claiming that relations have remained largely at the “cooperative level” rather than the “strategic partnership” that they've identified between China and Serbia. The outcome of China's engagement with the Western Balkan states, according to them, nevertheless appears to be the same: increasing China's presence and actorness in the EU's backyard that can possibly weaken the European integration process. Of importance is also their assertion that the simultaneous goals of following EU regulations, meeting membership conditions and achieving speedy economic development may clash if the latter is based on extensive cooperation with China that is at odds with EU technical standards and political requirements.⁴⁷

From China's perspective, the question of EU-integration has been studied by Lagazzi and Vít (2017). They claim that Beijing seems to benefit from EU-led convergence towards political stability since it increases opportunities to implement its economic agenda.⁴⁸ Interpreting from this, there seems to be a discrepancy between China's ambitions and its style of operationalizing them: its actions in the WB5 set the region's integration process with the EU into a questionable light. Importantly, Lagazzi and Vít have also argued that if China chooses to neglect the side-effects of its investments – and thus indirectly supports regional corruption structures – the harmful consequences will support the “authoritarian political stability” that Beijing has arguably fostered in the region. Moreover, China prefers to “politicize” the

⁴⁶ Feta, B. (2022). 'Chinese Influence in Albania'. Center for European Policy Analysis, 23.8.2022. Available at <https://cepa.org/chinese-influence-in-albania/>. Accessed 31.8.2022.

⁴⁷ Markovic-Khaze, N., & Wang, X. (2021), 245–246.

⁴⁸ Lagazzi, A., & Vít, M. (2017). 'The Good, the Bad and the Ugly: Chinese influence in the Western Balkans.' *EUROPEUM Policy Paper*, Prague, October 2017.

investments [into the WB5] to leverage Beijing's soft power against the already established international players in the region (e.g. the EU), therefore disrupting the status quo that it builds its investments upon. Paradoxically, the imminent effect of an investment-based foreign policy towards the region actually undermines membership prospects for the recipient countries. In practice, China offers lucrative investment projects for the region without the implementation of EU standards.⁴⁹

Dragan Pavličević's (2019) starting point is that China has been developing, and has put to use, its structural power in the region. By dividing China's actions into diplomatic-political instruments and the economic-financial instruments, Pavličević claims that foreign policy, infrastructure and connectivity, and investments are the areas that reflect China's growing structural power in the Western Balkans. Moreover, he claims that by developing the institutional environment and exchange mechanisms, the agenda-setting capability and by providing financial means to enable the implementation of such an agenda, China has prompted policy adjustments on behalf of the Western Balkan countries and alignment of some of their policies with China.⁵⁰

As evident from the above description and the details of Chinese investment activities, China has gained a footing in the Western Balkans over the course of the 2010s. Combining the objectives and methods of its broader BRI with region-specific initiatives, China seems to balance between providing a tempting economic alternative to the Western Balkan states and simultaneously not jeopardizing the EU-prospects of the countries. With good reason, however, China's activities have caused concerns in Brussels.

2.2 The European Union

This chapter presents the EU's model of enlargement and introduces the relationship between the EU and the Western Balkan states. The small amount of existing literature on the EU's counter-measures to China in the region will also be introduced.

2.2.1 The EU's Model for Enlargement

'EU enlargement' means the process through which new countries assume the full rights and obligations of an EU membership. The 'enlargement policy' on the other hand applies to

⁴⁹ Ibid. 7–8.

⁵⁰ Pavličević, D. (2019), 458–460.

countries currently aspiring to join the EU and to the potential candidates. All five Western Balkan states discussed in this research have an EU candidate status.⁵¹ The European Commission describes the steps through which candidates must go as follows: first, when a country is ready, it becomes an official candidate for membership. Second, the candidate moves on to formal membership negotiations, which involves the adoption and implementation of all EU-related legislation, policy positions, the accession criteria and potential reforms. Third, when the negotiations and accompanying reforms have been completed to the satisfaction of both sides, the country can join the EU.⁵²

Established at a 1993 European Council meeting in Copenhagen, the ‘Copenhagen Criteria’ functions as a guide to determining accession eligibility and as a checklist of political and economic benchmarks for aspiring members. In political terms, prospective members would have to establish democratic institutional structures characterized by the rule of law, protection of human rights, and respect for and protection of the rights of minorities. Economically, the countries would have to establish a functioning free market economy. Additionally, aspiring members would have to be able to take on the obligations of membership, including adherence to the aims of political, economic and monetary union. In other words, aspiring members must align national laws and practices with the entire body of EU law contained in the *acquis communautaire*.⁵³ The acceding country must be able to cope with the competitive pressure and the market forces within the EU.⁵⁴

As part of the enlargement process, the EU has been supporting reforms in the enlargement region with financial and technical assistance since 2007. This is done through the Instrument for Pre-Accession Assistance (IPA). The enlargement process is currently experiencing the third IPA (IPA III) for the period of 2021–2027, with a budgetary envelope of EUR 14.162 billion. As IPA I (2007–2013) had a budget of EUR 11.5 billion and its successor IPA II (2014–2020) was allocated EUR 12.8 billion, the envelopes have gradually increased over the years. From IPA III, the largest portions of financial assistance are allocated to ‘green agenda and sustainable connectivity’ (42,25 %) and ‘competitiveness and inclusive growth’ (22,31 %),

⁵¹ Albania (2014), Bosnia and Herzegovina (2022), Montenegro (2010), North Macedonia (2005) and Serbia (2012).

⁵² DG NEAR, European Commission: ‘Steps Towards Joining’. Available at https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/steps-towards-joining_en. Accessed 17.4.2023.

⁵³ Dudley, D. (2020). European Union membership conditionality: the Copenhagen criteria and the quality of democracy. *Southeast European and Black Sea Studies*, 20(4), (525-545). Pp. 527.

⁵⁴ EUR-Lex: ‘Accession Criteria (Copenhagen Criteria)’. Available at <https://eur-lex.europa.eu/EN/legal-content/glossary/accesion-criteria-copenhagen-criteria.html#>. Accessed 18.4.2023.

reflecting both the EU's and the enlargement countries' priorities as well as the challenges that need to be solved before accession.⁵⁵

I've decided to present the EU's model of enlargement only briefly, since the peculiarities and details of the process will be presented and discussed in length in the analysis-part. The following sub-chapter will introduce the relationship between the EU and the Western Balkans.

2.2.2 The EU and the Western Balkans

Already in June 2003, the EU-Western Balkans summit resulted in the so-called 'Thessaloniki Declaration' that unequivocally affirmed that the future of the Balkans is within the European Union.⁵⁶ As of 2023, none of the Western Balkan states have acceded to the Union even though some of the region's countries have had candidate statuses for over a decade. In 2010, a Dutch parliamentarian Kees Verhoeven (D66) said ominously: "if Europe does not provide a prospect for the future [to the six non-EU countries of the Western Balkans], China, Russia or another influential actor will."⁵⁷

The ties between the region and the EU extend all the way to late 1990s, in the aftermath of the Breakup of Yugoslavia and the formation of independent successor states. One of the early cornerstones of the EU's policy towards the Western Balkans has been the Stabilization and Association Process (SAP) that has been later complemented by the enlargement policy. Established in 1999, the SAP launched a progressive partnership with each Western Balkan country, offering a mixture of trade concessions, economic and financial assistance and contractual relationships (through Stabilization and Association Agreements, SAAs). The SAAs on the other hand govern the creation of a free trade area, the approximation of legislation to the EU acquis, political dialogue and cooperation in all areas of EU policies.⁵⁸

Christina Griessler (2020) has argued that after the enlargements of 2004 [Eastern Enlargement] and 2007 [Bulgaria and Romania], the EU has neglected the process. Although it has officially continued expanding its membership, it has made, with the exception of Croatia's accession in 2013, no decisive progress on this front. The remaining countries, i.e. the Western Balkans, have been left in a constant process of negotiation and reform without a

⁵⁵ DG NEAR, European Commission: 'Overview – Instrument for Pre-Accession Assistance'. Available at https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/overview-instrument-pre-accession-assistance_en. Accessed 18.4.2023.

⁵⁶ Stanicek, B. & Tarpova, S. (2022), 2.

⁵⁷ Zweers, W. et al. (2020), 4.

⁵⁸ Keukeleire, S. & Delreux, T. (2022), 274.

clear accession-horizon.⁵⁹ Other scholars seem to agree with Griessler. John O' Brennan has argued that the global recession that began in 2007–2008 and subsequently triggered the Eurozone crisis had a detrimental impact on the progress of enlargement-related reform in the Western Balkans.⁶⁰ Dimitar Bechev on the other hand has claimed that the Eurozone crisis caused the relegation of the entire region to the outermost circle in a multi-speed Europe, calling it the “periphery of the periphery.”⁶¹ Ritsa Panagiotou (2021) amplifies these claims by arguing that while the European Union was focused on serious domestic problems, Russia has been able to seize the window of opportunity and capitalize on growing disappointment and disenchantment in the region.⁶²

As evident from the above description, China's increased activity in the Western Balkans cannot be distinguished as a stand-alone phenomenon, but it should rather be understood in conjunction with the broader trends of ‘enlargement fatigue’ and ‘disillusionment’ that the Western Balkans and the European Union have experienced. “Enlargement fatigue” has been defined by Anna Szoulcha (2010) as the “hesitance or unwillingness to grant EU membership to new states as expressed in the interplay of ‘wideners’ and ‘deepeners’ in the context of an upcoming or just finalized enlargement round”.⁶³ The concept should however be understood as a two-way street: the enlargement fatigue does not concern solely the EU's member states or institutions, but also the enlargement countries themselves. As pointed out by Zweers et al., the Western Balkan countries have experienced a so-called “expectation-fulfilment gap” whereby the lack of progress with EU accession is causing disappointment within the region's governments. This, they argue, have caused the countries to welcome greater Chinese economic engagement.⁶⁴ Griessler on her part has described this as the “reform fatigue”.⁶⁵

Although the Union is certainly the driving force of the overall process, the entire blame mustn't fall solely on the EU's shoulders. Griessler has suggested that the aspirant countries have half-heartedly initiated reforms because their domestic political elites are not benefitted

⁵⁹ Griessler, C. (2020). The Berlin Process. Bringing the Western Balkan Region Closer to the European Union. *Südost-Europa*, 68(1), (1–24). Pp. 1–2.

⁶⁰ O'Brennan, J. (2014). On the slow train to nowhere? The European Union, ‘enlargement fatigue’ and the Western Balkans. *European Foreign Affairs Review*, 19(2), (221–241). Pp. 222.

⁶¹ Bechev, D. (2012). The Periphery of the Periphery: The Western Balkans and the Euro Crisis. *ECFR Policy Brief*. https://ecfr.eu/archive/page/-/ECFR60_WESTERN_BALKANS_BRIEF_AW.pdf. Accessed 6.3.2023.

⁶² Panagiotou, R. (2021). The Western Balkans between Russia and the European Union: perceptions, reality, and impact on enlargement. *Journal of Contemporary European Studies*, 29(2), (219–233). Pp. 230.

⁶³ Szoulcha, A. (2010). The EU and Enlargement Fatigue: Why Has the European Union Not Been Able to Counter Enlargement Fatigue. *Contemporary European Research*, (6)2010, 1–16.

⁶⁴ Zweers, W. et al. (2020), 4.

⁶⁵ Griessler, C. (2020), 2.

politically from pushing them through. Moreover, the problem of lost credibility on the EU's side has been challenged by the emergence of prevalent corruption, and "stabilitocracies" in the aspirant countries. According to her, state capture has been identified as the region's main problem, meaning "paralyzing political polarization, media freedom infringements, and corruption staining the record of most Balkan countries, despite many years in which the EU has been banging on about the priority given to democratic conditions."⁶⁶

In order to signal to the Western Balkan states that there was still support for their accession into the EU, Germany launched the 'Berlin Process' in August 2014. Its main official objective was to galvanize the EU's enlargement process, which had come to a standstill.⁶⁷ Florent Marciacq (2017) has described that the Process was developed outside the [EU's] enlargement framework and in an *ad hoc*, more flexible format, but was nonetheless closely linked to the EU's overall enlargement strategy in terms of both substance and objectives. Its contribution to the overall strategy was quickly recognized.⁶⁸ The Process consists of nine EU member states' governments and the UK, governments of the six Western Balkan countries, the EU institutions, namely the Commission, the European External Action Service (EEAS) and the member state holding the Presidency of the Council, international financial institutions, as well as various regional initiatives.⁶⁹ During its existence, the Process has had annual Summits hosted by the participants and with varying focuses: contentious bilateral relations (2015), youth (2016), connectivity and regional integration (2017), security (2018), and so on.⁷⁰

In relation to the Berlin Process, the claims by Griessler (2020) and Marciacq (2017) are of importance to the thesis' focus. First, that one of the original motivations for initiating the Berlin Process was the fear that in the absence of such engagement, the Western Balkans would be 'lost' to other external actors active in the region.⁷¹ And second, that the Process was instrumental in keeping on the radar the key issues that were marring the progress made by the

⁶⁶ Griessler, C. (2020), 3–4. *Stabilitocracy* is defined as "weak democracies with autocratically minded leaders, who govern through informal, patronage networks and claim to provide pro-Western stability in the region."

⁶⁷ Ibid. 1–2.

⁶⁸ Marciacq, F. (2017). The EU and the Western Balkans after the Berlin Process. Reflecting on the EU Enlargement in Times of Uncertainty. *Dialog Südosteuropa*, Sarajevo.

⁶⁹ The Berlin Process: 'The Participants'. Available at <https://www.berlinprocess.de/en/the-participants>. Accessed 18.4.2023. The EU member states are Austria, Bulgaria, Croatia, France, Germany, Greece, Italy, Slovenia and Poland.

⁷⁰ Griessler, C. (2020), 8–13.

⁷¹ Ibid. 20.

region's states towards the EU. One of these issues, according to Marciacq, is the growing engagement of Russia, China and Turkey throughout the region.⁷²

The economic relations between the EU and the Western Balkans are extensive, as illustrated by the Commission's 2018 factsheet.⁷³ In 2017 figures, the EU was the region's largest trading partner with around 73 % (EUR 47.6 billion) of the total trade flows of the region. This figure had doubled over the span of ten years (2007–2017). The FDI-inflows into the Western Balkans in 2007–2015 highlight the novelty of China's engagement with the region: whereas the EU-area accounted for 72.5 % of FDI during this time period, China's portion was only 0.1 %, trailing behind countries such as Switzerland, Norway and Canada. On top of these, the EU provides the region's countries constant financial support through the multiannual IPA-programs.⁷⁴

Dragan Pavličević's article (2019) is one of the only studies that has focused specifically on the EU's measures to mitigate China's influence in the Western Balkans. Focusing on foreign policy, physical infrastructure and connectivity, and investments – according to him the most important channels of China's influence in the region – he finds that the EU has been successful in positioning the relationship between China and the Western Balkans as subordinate to the China-EU relationship. According to him, the future trajectory of China-Western Balkan relations is determined by compliance with the EU's regulations, policies and objectives. Moreover, despite the perception of China's growing power in the region, China's agenda-setting and implementation ability has actually been substantially weakened, and the space for independent action between the parties has significantly narrowed.⁷⁵ These findings by Pavličević will be evaluated against the results of this thesis in the discussion-chapter.

To summarize, the literature strongly suggests that the EU has initially lost the momentum of the enlargement process, leading to disillusionment and reform fatigue. Even though China's footprint has grown, the EU nevertheless stands as the primary partner for the region. Tangible commitment on the EU's and the Western Balkan states' part is therefore needed to carry out the European perspective of the region.

The thesis now progresses to present the theoretical framework of this thesis.

⁷² Marciacq, F. (2017), 5.

⁷³ European Commission (2018). 'EU-Western Balkans Economic Relations – Investing in People, Infrastructures and Reforms. *Commission Factsheet*, May 2018.

⁷⁴ Ibid.

⁷⁵ Pavličević, D. (2019).

3. Theoretical Framework

This chapter presents the theoretical framework of this research. The framework is divided into two larger parts. First, it presents ‘structural foreign policy’ (SFP) as defined by Stephan Keukeleire (2008, 2015, 2022) and Tom Delreux (2015, 2022), and discusses the concept together with normativity (Manners 2008), norm compliance and diffusion (Wiener 2004; Johansson-Nogués et al. 2020), and socialization (Epstein 2012). The second part relies on Thomas Risse’s and Nelli Babayan’s (2015) theory on the EU as a democracy promoter and the related contestation dynamics, and combines it with norm contestation in international relations (Wiener 2008, 2017), the “China effect” (Babić Dixon 2022) and “riskification” (Mattlin & Rajavuori 2023). The framework provides theoretical concepts to assess the EU’s actions in Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia (WB5), presents the larger context of the research problem, provides the tools to assess the EU’s structural foreign policy and its enlargement policies in a contested setting, as well as provides some key expectations on how the EU may operate vis-à-vis China in the Western Balkans.

3.1 Structural Foreign Policy

Structural foreign policy (SFP) is a concept that was originally proposed in the 2008 edition of the ‘Foreign Policy of the European Union’.⁷⁶ SFP is two things at a time: a political reality and an analytical concept.⁷⁷ On the one hand, a political reality insofar that it is a form of conducting foreign policy and has existed for a long time. Keukeleire and Schunz (2008) have also argued that it may be becoming a dominant feature of foreign policy in a world of globalization and global governance.⁷⁸ On the other hand, SFP is an analytical concept since it recomposes elements of older conceptualizations by injecting new ideas into them, but without necessarily replacing them.⁷⁹ It is also a suitable tool for the analysis of the foreign policy that is conducted by “structural powers”, such as the EU and China, that according to Keukeleire and Delreux (2015) “have the potential to set or influence the organizing principles and the rules of the game in other countries and regions as well as the international system in general.”⁸⁰

⁷⁶ Keukeleire, S., & Macnaughtan, J. (2008). *The Foreign Policy of the European Union*. Palgrave Macmillan.

⁷⁷ Keukeleire, S., & Schunz, S. (2008). Foreign policy, globalization and global governance - The European Union's structural foreign policy. In *ECPR Standing Group on the European Union Fourth Pan-European Conference on EU Politics*, September 2008, Riga.

⁷⁸ Ibid. 14–15.

⁷⁹ Ibid. 15.

⁸⁰ Keukeleire, S., & Delreux, T. (2015). Competing structural powers and challenges for the EU's structural foreign policy. *Global Affairs*, 1(1), (43-50). 43.

SFP is defined as “a [form of] foreign policy which, conducted over the long-term, seeks to influence or shape sustainable political, legal, socio-economic, security and mental structures. These structures characterize not only state and interstate relations, but also societies, the position of individuals, relations between states and societies, and the international system as a whole.”⁸¹ It consists of two aspects that allow for the qualification of “structural”: *structures* and *sustainability*. First, the purpose of SFP is to influence or shape structures that consist of relatively permanent organizing principles, institutions and norms that shape and order the various interrelated sectors in a society. The organizing principles are made operational through a set-up of formal and informal institutions and norms. For instance, “democracy”, “human rights” and “free market economy” are examples of such.⁸²

Second, the objective of SFP is to produce sustainable effects. The goal is to shape or influence structures in such a way that these develop an enduring character and become internalized. Sustainability has both material and immaterial characters. Material in the sense that the organizing principles can be translated into functional institutions and mechanisms that are able to generate the aspired results. Immaterial, or ideational, factors concern the legitimacy of the structures and the incorporation of those into the belief system, culture or identity of the people. The theory also dictates that the “internalization process” is facilitated successfully if the structural changes account for indigenous contexts, processes, preferences and sensitivities in the target countries.⁸³

Relatedly, Ian Manners (2008) has argued that the EU is a ‘normative power’ as it “changes the norms, standards and prescriptions of world politics away from the bounded expectations of state-centricity.” According to Manners, normative power in general, and the EU’s normative power in particular, is sustainable only if it is felt to be legitimate by those who practice and experience it.⁸⁴ The enlargement process can be characterized as the EU’s main way of exporting norms, values, principles, policies and legislation. It is also a form of “soft power” projection. Soft power, as defined by Nye (2011), is treated in this research as “agenda setting that is regarded legitimate by the target, positive attraction, and persuasion [...] Hard power is push, *soft power is pull*. Fully defined, soft power is the ability to affect others to obtain preferred outcomes by the co-optive means of framing the agenda, persuasion, and

⁸¹ Keukeleire, S., & Schunz, S. (2008), 15.

⁸² Keukeleire, S. & Delreux, T. (2022), 35–38.

⁸³ Ibid.

⁸⁴ Manners, I. (2008). The Normative Ethics of the European Union. *International Affairs*, 84(1), (pp. 45–60). 45, 46.

positive attraction.”⁸⁵ The conceptual affiliation between normativity and soft power is strong, with the former placing more emphasis on what exactly is being conveyed.

Charlotte Epstein’s article (2012) provides an important viewpoint that ties together the functions of SFP, normativity and soft power through the concept of ‘socialization’.⁸⁶ Although her view of the concept is critical, she provides an excellent overview on socialization as a concept that “hooks together identity, norms and the appraisal of change in international politics” and explains how it has been centrally mobilized to understand how international actors change their behavior and adopt collective policies by taking on the norms they contain.⁸⁷ As a product of the constructivist tradition, the concept presupposes that both individual and common identities are constructed rather than innate or given. The identity may therefore be modified. Citing Finnemore and Sikkink (1998), Epstein describes that socialization is successful once [these] states have reached a “tipping point” where consideration of any economic benefit that might have accrued from pursuing certain practices is surpassed by the sense that doing so would run contrary to how the countries in question see themselves. This is the point where the “socializees” have fully internalized the norms as constitutive of their identities and therefore of their interests as well.⁸⁸ This, in my view, is in essence what the ‘sustainability’ of SFP refers to.

Antje Wiener has written extensively about norms in international relations. Wiener’s article (2004) provides an important addition to the matters discussed above as she explains the different understandings of norms and the process of ‘norm diffusion’, i.e. how norms spread within a given context.⁸⁹ Since the subject matter is the European Union and its enlargement policy towards the Western Balkans, this thesis has adopted what Wiener calls the ‘neo-Giddensian understanding’ of norms as structuring and constructed [sic] which argues that the “structural properties of social systems are both the medium and the outcome of the practices that constitute those systems.” This understanding assumes norm flexibility and locates the norm itself in the practice.⁹⁰ This is to say that while the EU’s enlargement policy is largely about promoting and ‘exporting’ norms, values, policies and methods of operation, the norms and beliefs of the Union may also be spotted amidst the practices through which this occurs.

⁸⁵ Nye, J. S. (2011). Power and Foreign Policy. *Journal of Political Power*, 4(1), (9-24). Pp. 19. *Italic by author.*

⁸⁶ Epstein, C. (2012). Stop telling us how to behave: Socialization or infantilization? *International Studies Perspectives*, 13(2), 135-145.

⁸⁷ *Ibid.* 135–136.

⁸⁸ Epstein, C. (2012), 136–137.

⁸⁹ Wiener, A. (2004).

⁹⁰ *Ibid.* 191.

Wiener's description of the 'norm diffusion process' is strongly related to socialization and the sustainability of the SFP's structures. The process is divided into four parts. First, elite learning in international institutional environments. Second, internalization and transfer of legal rules to domestic contexts. Third, socialization of outsiders into the behavioral rules set by a community of insiders. And fourth, persuasion through arguing and shaming based on non-state actors such as advocacy groups both in international and in domestic political situations. From the perspective of this research, the norm diffusion process between the EU and the WB5 begins as the domestic political elite is accustomed to the operating mechanisms and principles of the Union in an institutional environment that typically occurs within a structured setting, i.e. a high-level meeting or negotiation context. The second portion of Wiener's process, what she calls the "persuasion approach", is essentially the EU's enlargement policy's objective, meaning that the legal (and non-judicial, i.e. norms) rules are both internalized and transferred to domestic contexts. It is the process by which agent actions becomes social structure, ideas become norms, and the subjective becomes intersubjective. Yet, as Wiener writes, often norm acceptance is "due to coercion or some other mechanism rather than persuasion." Hypothetically then, persuasion occurs through arguing and bargaining among elites.⁹¹

The third part, socialization of outsiders into the behavioral rules, is not of importance to this thesis since the domestic support for EU enlargement is solid.⁹² The final part of the process, what Wiener calls "the liberal community hypothesis", draws on the literature on socialization. The hypothesis functions with two assumptions. First, it assumes that outsiders assume the role of designated norm followers who have an interest in gaining access to resources such as an organizational membership. Second, it supposes that the outsider's wish to become a member implies going to *any* length in order to obtain the resources, including the readiness to bend the community's set of rules and beliefs. This adoption of beliefs and behavior is defined as a process of socialization. According to Wiener, access to the desired resource is offered by the socializing agency that identifies the conditions for membership and that "this perspective on compliance suggests a behavioral yardstick of success, that is, the outcome is successful if and when norm followers are successfully socialized into accepting the rules of the norm setters."⁹³

⁹¹ Wiener, A. (2004), 196–197.

⁹² Kmezić, M. (2019). EU Rule of Law Conditionality: Democracy or 'Stabilitocracy' Promotion in the Western Balkans? In *The Europeanisation of the Western Balkans* (pp. 87-109). Palgrave Macmillan, Cham. See also Keukeleire, S. & Schunz, S. (2008), 22.

⁹³ Wiener, A. (2004), 196–198. *Italic by author.*

In addition to the obvious interfaces between the above description and the EU's SFP, Wiener's work also attaches to the so-called "conditionality principle" that is one of the main forms of operationalizing SFP. Utilized particularly in the EU's enlargement policy and the European Neighborhood Policy (ENP), it is the Union's capacity to use the promise of economic-financial support or of cooperation as a leverage to promote or enforce political and social reforms.⁹⁴

The relevance of SFP for this research stems from the recognition that since the early 2000s, the Western Balkans has become the site of the EU's most comprehensive structural foreign policy and the main testing ground of EU leadership. The EU wields its full spectrum of its policy toolbox in the region, which makes it the best illustration of the multifaceted character of the EU's foreign policy.⁹⁵ Equally important is the claim by Keukeleire and Delreux that the Belt and Road Initiative is a prime example of structural foreign policy.⁹⁶ The theory on SFP also provides some key expectations on the EU's response to the increased Chinese influence in the WB5. Given that the five Western Balkan states are already partially integrated into the structures of the Union, the entrance of a rival power (China), will likely not derail the conventional enlargement agenda. Presumably, the response will take place inside the boundaries of the established structures. The primary structure that the Union is trying to export, and subsequently achieve compliance and socialization with, is the *acquis communautaire*, the body of EU law. This project, as will be demonstrated, includes substantial amounts of assistance for various projects both in the political and economic spheres.

The integration of the Western Balkans into the EU is a long-established priority for the EU. It is therefore unlikely that due to China, the EU would formulate their policy for the region insofar that it could alienate the countries away from the enlargement process. Keukeleire and Schunz have written that structural foreign policy shares the view that the realization of one's interests no longer requires solely the pursuit of "self-regarding" collective interests, but also of "other-regarding" interests. This is to say that states or organizations that conduct SFP can derive indirect benefits from the improved situation of other actors and that the preference of actors in other parts of the world are considered.⁹⁷ In the context of this research, this leads to the assumption that the Union most likely has not considered China's infrastructure investments into the WB5 as *inherently flawed* or as a phenomenon that categorically threatens

⁹⁴ Keukeleire, S. & Schunz, S. (2008), 21–22.

⁹⁵ Keukeleire, S. & Delreux, T. (2022), 273.

⁹⁶ Ibid. 316.

⁹⁷ Keukeleire, S. & Schunz, S. (2008). 16, 19.

the accession processes. Based on the above considerations, the following expectation can be formulated:

The European Union will likely respond to the increased Chinese engagement in the WB5 by deepening the accession processes within the existing frame of the Union's structural foreign policy / enlargement policy. It will likely attempt to mitigate rather than directly confront China's presence and seek to persuade the WB5 states to remain committed to the accession process. This is likely done by incentivizing compatibility through the conditionality principle and by introducing new tailor-made instruments.

3.2 The Dynamics of Contestation

The second part of the theoretical framework addresses the EU's democracy promotion activities, norm contestation, the "China effect" and "riskification". Contestation is understood to occur in two ways in the scope of this research. First, the WB5's non-aligning practices vis-à-vis the European Union, especially in terms of the practices that involve China's investment activities. Second, China's promotion of its practices in a region of high priority for the EU is considered as another type of norm contestation, albeit in a larger and more diplomatic context.

Thomas Risse's and Nelli Babayan's article (2015) provides insight on democracy promotion activities and the challenges posed by "illiberal regional powers" by shedding light on how the dynamics of contestation between a democracy promoter (the EU) and an illiberal regional power (China) will likely play out in a target country or region (WB5).⁹⁸ The article adopts a "triangular perspective, i.e. a triangle consisting of Western efforts at democracy promotion, reactions by illiberal challengers and regional powers, and the political and social conditions in the target states. This research is interested in only one side of the triangle, namely "if non-democratic regional powers adopt countervailing policies, how do the US and the EU react to the policies of illiberal regional powers toward target states?"⁹⁹

While the overall interest of this thesis is not the EU's democracy promotion activities in the WB5 *per se*, it is nevertheless a key part of the EU's policy in the region. It also functions as an overarching concept for the EU's efforts in trying to align the Western Balkan states with the *acquis*. According to Risse and Babayan, the Western responses are likely to depend on the particular combination of democracy and human rights -related foreign policy goals on the one

⁹⁸ Risse, T., & Babayan, N. (2015). Democracy promotion and the challenges of illiberal regional powers: introduction to the special issue. *Democratization*, 22(3), 381-399.

⁹⁹ Ibid. 382-383.

hand, and security and stability-related goals on the other. The theory does not assume benign or altruistic motives on the part of democracy promoters, despite their [the EU and the US] statuses as normative powers, but rather holds that the efforts must be balanced with other foreign policy goals, e.g. security, economic objectives and stability. These objectives, as the authors point out, may however coincide in some cases. The combination of human rights and democracy goals as compared to stability and security concerns therefore depends upon two conditions. First, the stability concerns regarding the target region [WB5], and second, the strategic significance of the illiberal regional power [China] to the democracy promoter [the EU].¹⁰⁰

Regarding the first condition, the theory suggests that the EU will compromise its support for human rights and democracy if increased democratization and liberalization threatens the stability of the target region. In such cases, the EU won't forcefully react to countervailing policies by illiberal powers but even align with them. As to the second condition, the strategic significance of China to the EU will play a part in formulating the response to the country's increased activities in the WB5.¹⁰¹

Antje Wiener's summary (2017) of her book *A Theory of Contestation* (2014) provides conceptual tools for this thesis to understand the contestation that is occurring between the three parties in the Western Balkans.¹⁰² Wiener has defined contestation as a "social practice [that] entails objection to specific issues that matter to people." In international relations, contestation involves the range of social practices which discursively express disapproval of norms. One of the central arguments of Wiener is that the observation of contested compliance includes shifting the analytical emphasis from "compliance", i.e. how can compliance be achieved through for example conditionality or arguing, to "contestation", i.e. what is the effect of contestation as a practice of critical engagement.¹⁰³

By viewing norms as being located in the practice itself and by characterizing the situation in the region as a contestation dynamic that involves all three parties, the effects of this 'critical engagement' may be viewed to characterize the policies of the Union as well. Therefore, the structural foreign policy that the EU is conducting in the Western Balkans can be described as enlargement policy in a contested setting where the Union simultaneously must reiterate the

¹⁰⁰ Risse, T., & Babayan, N. (2015), 387.

¹⁰¹ Ibid. 387–388.

¹⁰² Wiener, A. (2017). *A Theory of Contestation - A Concise Summary of Its Argument and Concepts*. *Polity* 49(1): pp. 109-125.

¹⁰³ Ibid. 111, 112.

benefits that accession brings, mitigate a difficult diplomatic situation between itself and China, formulate such policies for the region that they express the norms and principles of the EU, and advance the accession processes of the countries in question.

Wiener distinguishes between three types of norms of which “type-2 and type-3 norms”, organizing principles and standards and regulations, are the most relevant for this thesis.¹⁰⁴ The idea behind categorizing different norms is the assumption that the outcome of challenging norms depends on the type of norm that is under contestation. Citing Wiener, Johansson-Nogués et al. (2020) distinguish between four different modes of contestation: arbitration, deliberation, justification and contention.¹⁰⁵ Of these deliberation, the “political mode of contestation involving addressing rules and regulations with regard to transnational regimes according to semi-formal soft institutional codes”, is expected to be the main mode of norm contestation in the WB5. The article also states that the cases in the book *European Union Contested* (2020) describe how actors who are *structurally* more powerful in the system, like the EU, have the ability to discursively produce the “standards” of a norm or the luxury to simply ignore the perspectives that inform norm contestation practices from smaller actors.¹⁰⁶

Babić and Dixon (2022) have argued that Chinese state-led investments have caused an ideational change and the political contestation of such practices in Europe.¹⁰⁷ They hypothesize that the “rise of China as an investor in the global economy initiated a gradual ideational change among policymakers in Europe regarding the benefits and drawbacks of inward foreign investment in general and CSLI [Chinese State-Led Investment] in particular.” According to the authors, in the beginning of the 2010s such matters were considered as a welcome source of capital but at the end of the decade, CSLI was perceived as a threat to national and economic security in strategically important sectors in many high-income economies.¹⁰⁸

The dominant factor behind this “ideational change” is the European understanding of Chinese investments as being closely tied to state interests. For example, an interviewee told Babić and Dixon that “the clear conclusion is [...] that anything from medium-sized companies upwards [...] cannot really be regarded as private in the sense that is understood in liberal market

¹⁰⁴ Wiener, A. (2017). 117, 119.

¹⁰⁵ Johansson-Nogués, E., Vlaskamp, M. C., & Barbé, E. (2020). EU Foreign Policy and Norm Contestation in an Eroding Western and Intra-EU Liberal Order. In Elisabeth Johansson-Nogués et al. (eds.) *European Union Contested: Foreign Policy in a New Global Context*, (pp. 1-15). Springer. 10.

¹⁰⁶ Ibid. 14. Italic by author.

¹⁰⁷ Babić, M., & Dixon, A. D. (2022)..

¹⁰⁸ Ibid. 112.

economies.¹⁰⁹ The distinct Chinese logic of operating in the global market in particular is what has caused concerns in liberal market economies, such as the members of the EU single market. Based on their analysis, the authors claim that the rise of CSLI in strategic sectors have caused investment attraction to soar down and the emphasis on matters of national security to rise within the scope of the policy-makers' preferences. Consequently, a change or an adaptation of the investment regime has followed.¹¹⁰ Instead of creating a global-level playing field for trade and investment, the EU and many of its member states increasingly engage in what has been aptly described as the "geopoliticization" of trade and investment policies. Babić and Dixon call this convergence pressure, leading to similar but uneven outcomes in the economic policies of the European states, the "China effect".¹¹¹

Mikael Mattlin's and Mikael Rajavuori's article (2023) builds on Babić's and Dixon's work on the "China effect" by providing an empirical case study on the changing causal narratives and risk perceptions on Chinese investments in the Nordic region.¹¹² Their main contribution to this thesis is the conceptualization of increased European concern over Chinese state-led investments as "riskification." They claim that the rapidly changing risk perceptions have driven legislative and policy changes on foreign direct investments (FDI), e.g. the introduction of investment screening mechanisms. Chinese investments have thus become *riskified*, a term coined originally by Olaf Corry.¹¹³

Aside from the Copenhagen school's concept of "securitization"¹¹⁴ that focuses on how perceived risks are conceptualized as immediate existential threats to a given actor, "riskification" or "activating risk-security logics" focuses on the conditions of possibility for harm rather than direct causes of harm. It thus adopts a precautionary principle, focusing on the potential risks rather than actual threats. According to Mattlin and Rajavuori, due to the absence of concrete "smoking gun" cases where some security risk has been realized after a Chinese investment, the ambiguous and somewhat ephemeral potential for a broad range of risks takes center stage. In this context, they request that the reader recalls that it is the existence of 'constitutive causes', 'conditions of possibility' or 'permissive causes' of future harmful

¹⁰⁹ Ibid. 116, Interviewee no. 09.

¹¹⁰ Babić, M., & Dixon, A. D. (2022), 118.

¹¹¹ Ibid. 112.

¹¹² Mattlin, M. & Rajavuori, M. (2023).

¹¹³ Ibid. 3 (pre-print). The concept "riskification" is originally from Corry, O. (2012). Securitisation and 'Riskification': Second-Order Security and the Politics of Climate Change. *Millennium*, 40(2), 235-258.

¹¹⁴ See e.g. Wæver, O. (2011). Securitization. In *Security Studies* (pp. 93-98). Routledge ; or Balzacq, T., Léonard, S., & Ruzicka, J. (2016). 'Securitization' revisited: Theory and cases. *International Relations*, 30(4), (494-531).

effects that ‘riskifying actors’ point to. The bottom-line of their argument is therefore that while an investment by a Chinese company need not be a direct security threat to a given actor, it could *create the conditions* for various adverse consequences in the future.¹¹⁵

Moreover, the article provides this thesis an important angle because it merges riskification with insights derived from normative change. Mattlin and Rajavuori write that “external shocks create ‘windows of opportunity’ for introducing new norms.” According to them, the main reason for why we are currently seeing legal and policy changes on FDI [in the Nordics] is not any specific ‘external shock’ related to Chinese investments, but rather the emergence and rapid adoption of a new “causal narrative” on risks associated with Chinese investments.¹¹⁶ By tying these claims and the theories that were discussed in the first part of the theoretical framework, and by extending the phenomenon of riskification to the broader European political sphere, it is possible to hypothesize that also the “causal narrative” on risks associated with Chinese investments is extended into the enlargement efforts in the Western Balkans. This extension will likely be reflected both in the EU’s explicit stances towards China’s actions in the Western Balkans as well as be “located in the practice”. This is to say that the EU’s policies will likely reflect also the EU’s reformulated understanding of China.

Based on the above considerations, the following expectation can be formulated:

The European Union will likely have considered its strategic relationship with China in its response to the Chinese engagement in the WB5, thus causing the Union to refrain from explicit responses in the early years of the Belt and Road Initiative. A gradual development may however be witnessed as both the engagement has increased and the EU-China relationship has deteriorated. The EU has likely subscribed to the idea that democracy is the best long-term guarantee for security and stability and has therefore likely accelerated its democratization activities in the region. Along with the general alignment policies, the EU has likely extended its ‘riskified’ understanding of China and its activities to the WB5 countries. This is expected to be located in the practices through which integration with the EU is advanced.

The research now moves on to present the primary data and the applied method for its analysis.

¹¹⁵ Mattlin, M. & Rajavuori, M. (2023), 14 (pre-print). *Italic by author.*

¹¹⁶ *Ibid.* 3–4 (pre-print).

4. Data and Methods

This chapter presents the primary data of this research, as well as the method that is used to analyze it. The chapter provides an explanation of the analytical process that is undertaken in order to answer the research questions.

4.1 Data

The primary data of this research is composed of official EU documents on the Western Balkans and China. The documents have been produced by three official EU institutions: the European Commission, Council of the European Union and the European Parliament. The large majority of documents that concern the Western Balkans have been produced by the Commission, especially by its Directorate-General for Neighborhood and Enlargement Negotiations (DG NEAR) and the European External Action Service (EEAS). The data that is used to analyze the EU-China relationship and the related concerns, is composed of four documents: two EU-produced China-strategies, one Joint Strategy between the two, and one Council Conclusions on the EU's China-policy. The Balkan Investigate Reporting Network's (BIRN) 'China in the Balkans' dataset equally serves as the primary data, since it contains the most comprehensive information on China's financial activities in the Western Balkans.

More specifically, the primary data consists of communications and enlargement strategies, briefings and press releases, Council Conclusions, discussion papers and factsheets. In total, 30 official documents are accounted for as the primary data of this research. The timing extends from 2013 until 2021. The dataset provides a comprehensive view on the EU's perspective on the Western Balkans and the related China-contestation. The following sub-chapters present the method for analyzing the data.

4.2 Framework Analysis

This research consists of two rounds of analysis that are completed by employing framework analysis (also 'framework approach' or 'framework method'). Laurie J. Goldsmith (2021) has explained in detail the application of framework analysis for analyzing qualitative data in

applied policy research.¹¹⁷ The approach is an inherently comparative form of thematic analysis which employs an organized structure of inductively and deductively derived themes to conduct cross-sectional analysis by using a combination of data description and abstraction. The method's objective is to identify, describe and interpret key patterns within and across cases of and themes within the phenomenon of interest through being both grounded in and interpreting from the data.¹¹⁸

It consists of two major components, the creation of an analytic framework and the application of the framework. These two components occur through five steps: data familiarization, identification of a thematic framework, the indexing of all study data against the framework, charting and summarizing the indexed data, and finally the mapping and interpretation of patterns found within the charts. According to Goldsmith, the method has been hailed for its predictability and efficiency, and since the systematic movement through the steps provides an explicit audit trail, it is repeatable and refinable.¹¹⁹

The process consists of making rough notes on the margins of the primary data, coding, the identification of abstract concepts, grouping of themes and concepts, and revisiting and constantly cross-comparing earlier abstractions and findings to the ones that emerge as the process advances.¹²⁰ Frameworks are typically composed of major themes and concepts, i.e., 'components', and 'sub-components' that are achieved through the elaboration or the subdivision of the major themes and concepts.¹²¹ A helpful analogy is to think of the framework structure as a tree with many branches of which some are larger than the others.

Framework analysis is employed in this research due to its excellent suitability for applied policy research, because it is well adapted to research that has specific questions and a limited time frame¹²², and its main objective is to describe and interpret what is happening in a particular setting.¹²³ The research will utilize a computer-assisted qualitative data analysis software (CAQDAS) in order to streamline the workflow of the process and to assist with data

¹¹⁷ Goldsmith, L. J. (2021). Using Framework Analysis in Applied Qualitative Research. *The Qualitative Report*, 26(6), 2061-2076. <https://doi.org/10.46743/2160-3715/2021.5011>. Available at <https://nsuworks.nova.edu/tqr/vol26/iss6/21/>.

¹¹⁸ Ibid. 2061.

¹¹⁹ Ibid. 2062.

¹²⁰ Ibid. 2063, 2065, 2067, 2068.

¹²¹ Ibid. 2065.

¹²² Srivastava, A., & Thomson, S. B. (2009). Framework Analysis: A Qualitative Methodology for Applied Policy Research. *JOAAG*, Vol. 4. No. 2. Pp. 73.

¹²³ Ibid.

coding, indexing and charting. The following two sub-chapters will explain how framework analysis is applied in this research.

4.2.1 The EU-China bilateral relationship and the EU's concerns

The first round of analysis that answers the first research question, namely “what concerns has the European Union expressed over China during the evolution of the bilateral relationship during the 2010s?”, the framework method is employed to its full extent. That is, all five stages of the method described above are completed.

The purpose of the first round of analysis is two-fold. First, it provides the research an essential understanding on what exactly has changed in the relationship between the EU and China, focusing especially on the concerns that the EU has expressed over the country during the 2010s. Second, it gives the research analytical credibility insofar that the EU's actions towards China in the Western Balkans can be correctly contextualized. In my view, therefore, the second research question that taps into the EU's concrete counter-measures and the reflection of the Union's concerns over China in its enlargement policy, cannot be answered properly without an understanding of the bilateral relationship. Since the body of primary data is extensive and because the EU only reservedly states the actual intentions of its actions in larger diplomatic contexts, the analytical process requires a coherent frame for interpreting which EU-actions in the region have a China-connection. This minimizes the risk of a biased analysis during the second round of analysis, i.e., a situation where all measures are interpreted against the backdrop of Chinese presence in the region.

The first round of analysis takes the contents of the main EU-produced China-strategies and other publications from 2013–2019 to answer the first research question and to provide the second round an interpretative tool. The following documents will be analyzed: ‘EU-China 2020 Strategic Agenda for Cooperation’ (2013)¹²⁴, ‘Elements for a New EU Strategy on China’ (2016)¹²⁵, ‘EU Strategy on China, Council Conclusions 11252/16’ (2016)¹²⁶, and the ‘EU-

¹²⁴ Delegation of the European Union to the People's Republic of China (2013). EU-China 2020 Strategic Agenda for Cooperation. Beijing: EEAS/European Commission. Available at <https://www.eeas.europa.eu/sites/default/files/20131123.pdf>. Accessed 23.9.2022.

¹²⁵ High Representative of the Union for Foreign Affairs and Security Policy (HR/VP). (2016). Elements for a new EU strategy on China. Brussels: EEAS/European Commission. Available at https://www.eeas.europa.eu/sites/default/files/joint_communication_to_the_european_parliament_and_the_council_-_elements_for_a_new_eu_strategy_on_china.pdf. Accessed 23.9.2022.

¹²⁶ Council of the European Union. (2016). EU Strategy on China, Council Conclusions 11252/16. Brussels: General Secretariat of the Council. Available at <https://data.consilium.europa.eu/doc/document/ST-11252-2016-INIT/en/pdf>. Accessed 28.9.2022.

China – A Strategic Outlook’ (2019).¹²⁷ The framework is available in full in the Appendix. The application of the method to the data and the different stages of it become clear from the presentation of the results in the analysis-chapter.

4.2.2 The EU’s Counter-Measures Towards China in the Western Balkans

The second round of analysis answers the second research question. Namely, “how are the EU’s concerns over China reflected in the EU’s enlargement policy towards the Western Balkans? What concrete measures has the European Union taken in order to mitigate China’s presence in the region in 2013–2021?” The analysis is conducted by following Goldsmith’s instructions.¹²⁸

All primary data is downloaded into a CAQDAS-program (ATLAS.ti), after which the familiarization with the data begins. This is done in a chronological order, beginning with the strategies and communication that have been produced by the European Commission in 2013. This stage includes making notes about key ideas and observations. Some preliminary coding also takes place, even though according to Goldsmith it is not mandatory at this stage.¹²⁹

The process then moves on to framework identification. By identifying more abstract concepts and patterns from the data, the objective is to come up with a framework for the analysis and the resulting interpretation. The most important themes and concepts (components) and their sub-divisions (sub-components) are identified.¹³⁰ These will consist of the EU’s measures that have been interpreted to have a China-connection. The interpretative framework from the first round of analysis will be essential for the identification of these.

Once a reasonable framework has been identified, it is systematically applied to all of the primary data. This is called indexing. In practice, this stage involves the linking of the entire primary data to the components and sub-components of the framework and is highly resembling to the coding of data. This step provides the opportunity to revise the framework as the application of the framework to the data necessitates assessing its functioning.¹³¹

¹²⁷ High Representative of the Union for Foreign Affairs and Security Policy. (2019). EU-China - A Strategic Outlook. Strasbourg: EEAS/ European Commission. Available at <https://ec.europa.eu/info/sites/default/files/communication-eu-china-a-strategic-outlook.pdf>. Accessed 23.9.2022.

¹²⁸ Goldsmith, L. J. (2021).

¹²⁹ Ibid. 2063.

¹³⁰ Ibid. 2065.

¹³¹ Ibid. 2067.

The second round of analysis will not progress into the fourth and fifth steps of the framework method for two reasons. First, the presentation of the results in this context is more fruitful by referencing the actual framework that is created in steps two and three. And second, the temporal change and the prevalence of particular components are not at the center of the second round of analysis, but rather the uncovering of concrete measures that have a China-connection. This stands in contrast to the first round of analysis that specifically seeks to track change within the relationship as well as the intensity of the identified components at a given moment. The thesis now progresses to the analysis of the primary data and the presentation of results.

5. Analysis

This chapter answers the research questions of this thesis by presenting the findings that have been established as a result of employing framework analysis to the data. The chapter will unfold as follows. Chapter 5.1 answer the question of what concerns has the European Union expressed over China during the evolution of the bilateral relationship during the 2010s. In order for this to be answered, a general analysis of the EU-China relations must be conducted first. The supporting framework for the second round of analysis is found in the Appendix, and it contains a more elaborative account on the findings in chapter 5.1.

Chapter 5.2 presents the main findings of this research by addressing the second research question. The chapter explains how the EU's concerns over China are expressed in the EU's enlargement policy and analyzes in detail the measures that the Union has taken in order to mitigate China's presence and influence in the Western Balkans in 2013–2021.

5.1 The EU-China Relationship and the EU's Concerns Over China

In order to properly distinguish the China-centered EU-measures in the Western Balkans and understand their rationale, it is vital to grasp the broader evolution of the bilateral relations during the same time period. This chapter therefore begins with the analysis of four key EU-China documents referenced earlier. Two of these documents are produced jointly by the European Commission and the HR/VP of the Union (2016, 2019), one presents the conclusions of the Council of the European Union on the EU's new China-strategy (2016), and one is a joint cooperation agenda by the EU and China (2013). The chapter answers the first research question by presenting the concerns that the EU has expressed over China.

<i>EU-China Relations</i>	2013	2016	2019
<i>Synergies/Cooperation</i>	●●●	●●●	●●
<i>Concerns Over China</i>	Ø	●	●●●
<i>Conditionality</i>	Ø	●●●	●
<i>Targeted Policies</i>	Ø	●●	●●●
<i>Priorities</i>	Ø	●●	●●

Table 3. Intensity of the analytical components.

Legend:

- indicates high intensity component or sub-component
- indicates medium intensity component or sub-component
- indicates low intensity component or sub-component
- Ø indicates no data present for this component or sub-component

The results of the first round of analysis are presented above in Table 3, indicating the prevalence of the codes in the data. The chart consists of abstractions and elaborations of codes that were derived inductively from the four documents during the analysis. A short description of the codes is found below in Table 4.

CODE	EXPLANATION
Synergies / Cooperation	Mentions of cooperation, synergies, common interests etc. between the EU and China. Includes e.g. trade, connectivity and cooperation on international matters
Concerns Over China	Implicitly or explicitly expressed concerns over China, its rising power and its practices. Includes specific concerns as well as broader, distressed characterizations of China
Conditionality	Measures how prevalently the EU has attached certain conditions for EU-China cooperation and connections in its strategies
Targeted Policies	Measures whether and how much the EU has announced tailored policies in its strategies in order to address specific concerns or challenges that China poses
Priorities	Measures how often the EU has discussed its priorities and core values/beliefs in the context of EU-China relations

Table 4. Description of the codes.

Synergies and Cooperation

On synergies and cooperation, the results show that the proposed or acknowledged forms of cooperation and the resulting synergies have slightly decreased over time. Whereas in the 2013 and 2016 documents there were 9 and 10 occurrences respectively, in 2019 the amount was 5. The ‘EU-China 2020 Strategic Agenda for Cooperation’ (2013) acknowledged that the EU and China have become highly interdependent and describe each other as ‘strategic partners.’¹³² Fields of cooperation include for example public procurement¹³³, the development of new generation infrastructure systems and “cooperation in interoperability of seamless supply chain logistics networks between Asia and Europe”, joint contracting and co-financing¹³⁴, and enhanced consultation on various regions of the world, including the neighborhoods of the respective parties.¹³⁵ Although the notably positive language of EU-China relations in 2013 is partially explained by the document type (joint strategy), the optimistic foresight has to be appreciated as an indication of serious engagement by both parties. Moreover, the cooperation agenda proposes concrete initiatives that would affect both parties’ economies instead of simply outlining an aspiration for mutual interests in global matters.

The two documents from 2016 are increasingly accompanied with conditions for cooperation. For example, when describing the multi-level connectivity between Europe and Asia, the EU states that it must be “based on an open rules-based platform with benefits for all the countries along the proposed routes [of OBOR/BRI].”¹³⁶ Similarly, the Council Conclusions stress that it supports cooperation with China on its One Belt One Road (OBOR) project on the basis of China “fulfilling its declared aim of making it an open platform which adheres to market rules, EU and international requirements and standards, and [that it] complements EU policies and projects [...]”¹³⁷ Although the EU promoted extensive cooperation in 2016, e.g. in the fields of connectivity and infrastructure, digital economy and joint research¹³⁸, the strategy uses increasingly reserved language and expresses irritation over the lack of reciprocity, for example.¹³⁹

¹³² Delegation of the European Union to the People's Republic of China (2013), 2.

¹³³ *Ibid.* 5–6. The parties propose increased exchanges on public procurement policies in order to accelerate China’s accession to the WTO’s Government Procurement Agreement.

¹³⁴ *Ibid.* 8.

¹³⁵ *Ibid.* 3.

¹³⁶ HR/VP (2019), 2.

¹³⁷ Council of the European Union (2016), 5.

¹³⁸ HR/VP (2019), 9–10.

¹³⁹ *Ibid.* 7.

The EU's Strategic Outlook on China (2019) furthers the decreasing trend of cooperation between the EU and China, indicating a medium intensity component in the data. In comparison to the preceding years' ambitious plans, the 2019 document moves the level of cooperation further away from concrete bi- and multilateral initiatives to the level of 'high politics.' For example, the Outlook proposes that the EU should deepen its engagement with China to "promote common interests at the global level"¹⁴⁰, deepen engagement on peace and security¹⁴¹, and posits that "the ability of the EU and China to engage effectively on human rights will be an important measure of the quality of the bilateral relationship."¹⁴² The gradual shift away from concrete joint initiatives towards the level of 'declaratory politics' should be regarded as an indication of increased suspicion between the two parties and consequently as a deterioration of the relationship.

Concerns

The EU's concerns over China have increased significantly during the latter part of the decade. While no portion of the studied data from 2013 was assigned the code 'concern' and in 2016 the prevalence was only of low intensity, in 2019 concerns over China marked a high intensity component.¹⁴³ In 2016, the EU expressed concerns over China's crackdown on defense lawyers, labor rights advocates, publishers, journalists and others, while also highlighting the new extraterritorial dimension of these practices.¹⁴⁴ The communication also noted how China's "opening up" is more focused on helping Chinese companies go abroad and to establish Chinese State-Owner Enterprises (SOEs) as global champions rather than improving access to China's market.¹⁴⁵

In 2019, the language had become increasingly assertive and the expressed concerns were more detailed. For example, the Outlook noted how Chinese investments "frequently neglect socioeconomic and financial sustainability and may result in high-level indebtedness and transfer of control over strategic assets and resources [of receiving economies]."¹⁴⁶ Foreign subsidies and the distortion in the public procurement market gained notable attention in the paper, resulting in direct complaint that the "EU merger control does not allow the Commission to intervene against the acquisition of a European company solely on the grounds that the buyer

¹⁴⁰ HR/VP (2019), 1–2.

¹⁴¹ Ibid. 11.

¹⁴² Ibid. 2.

¹⁴³ The prevalence of the code was as follows: 2013 (0), 2016 (3), 2019 (13).

¹⁴⁴ HR/VP (2016), 4.

¹⁴⁵ Ibid. 5. This statement should be interpreted as a reference to China's OBOR (BRI) initiative.

¹⁴⁶ HR/VP (2019), 4.

benefitted from foreign subsidies.”¹⁴⁷ China’s increasing military capabilities and the security issues that it poses for the Union were also acknowledged¹⁴⁸ and the country was characterized as a “strategic competitor”.¹⁴⁹

The most notable finding from the perspective of this research was that the Union explicitly acknowledged that China’s business and investment activity had become widespread in the Western Balkans.¹⁵⁰ The fact that this was highlighted in the context of outlining EU-China relations at the strategic level stresses the significance of the issue. In this context, the Outlook notes how Chinese investments may result in various adverse outcomes and it proposes that the EU should continue to promote stability, sustainable economic development and respect of good governance with even greater vigor. The priorities for the Western Balkans from this perspective were also laid out: “In the Western Balkans [...] the EU has a key interest in more effectively pursuing its enlargement and neighborhood policies, precisely in order to strengthen the resilience of its partners and to secure full adherence to EU values, norms and standards, notably in key areas such as rule of law, public procurement, environment, energy, infrastructure and competition.”¹⁵¹

Conditionality

The year 2016 marked the peak of conditionality between the EU and China. This component measured the prevalence of EU-attached conditions for cooperation. The 2013 ‘Strategic Agenda’ didn’t include any specific conditions for cooperation, while in 2016 the code marked a high intensity component in the data.¹⁵² In contrast to the more assertive language in 2019 highlighted above, the tone in 2016 was rather suggestive. In 2016, it was proposed that cooperation in the fields that the OBOR initiative concerns should be based on full respect of relevant policies, regulations and standards.¹⁵³ It was also stated that the EU welcomes Chinese investments in Europe “provided it is in line with EU law and regulations”¹⁵⁴, and stipulated that when member states conduct their relations with China – either bilaterally or through formats such as the 16+1 – they should cooperate with all relevant EU bodies to ensure

¹⁴⁷ Ibid. 4, 7.

¹⁴⁸ Ibid. 4.

¹⁴⁹ Ibid. 5.

¹⁵⁰ Ibid. 4.

¹⁵¹ Ibid.

¹⁵² The prevalence of the code was as follows: 2013 (0), 2016 (12), 2019 (2).

¹⁵³ HR/VP (2016), 10.

¹⁵⁴ Ibid. 7.

cohesion and alignment with EU law, rules and policies.¹⁵⁵ The EU also expects the relationship to be of reciprocal benefit, China to genuinely implement its “win-win co-operation” -slogan and that China assumes responsibilities in line with the benefits it draws from the rules-based international order.¹⁵⁶

Targeted policies

The amount of the EU’s targeted policies towards Chinese actions have also increased gradually during the decade, marking a medium intensity component in 2016 and a high intensity component in 2019.¹⁵⁷ The elaborateness of the policies has also increased over time.

In 2016, the EU called for a “whole-of-EU approach” which links up the activities of the different institutions together with the actions of the member states¹⁵⁸, promoted the possibility of establishing a common minimum definition of what constitutes critical national infrastructure¹⁵⁹ and stated that “the EU’s engagement with China should be principled, practical and pragmatic, staying true to its interests and values.”¹⁶⁰ These could be characterized more accurately as targeted policy *approaches* rather than as targeted policies. In 2019, the Union proposed detailed actions. For example, it called for the member states to fully implement the regulation on screening of FDI, stated that the Commission will identify existing gaps in EU law with regards to foreign state-owned enterprises and subsidies, and calls on the European Parliament and the Council to rapidly adopt the International Procurement Instrument.¹⁶¹

Priorities

The final component is priorities. It gained medium intensity in the data of both 2016 and 2019, while no portion of the 2013 data passed the threshold.¹⁶² In 2016, the Comprehensive Agreement on Investment was identified as the EU’s main priority towards deepening and rebalancing the economic relationship with China¹⁶³, while the protection of human rights was identified as a core part of the overall engagement.¹⁶⁴ Overall, the EU’s priorities appear to

¹⁵⁵ Ibid. 2, 4.

¹⁵⁶ Ibid. 4.

¹⁵⁷ No portions of data from 2013 was assigned the code ‘targeted policies’, while 2016 had 7 and 2019 had 10.

¹⁵⁸ HR/VP (2016), 17.

¹⁵⁹ Ibid. 7.

¹⁶⁰ Ibid. 5.

¹⁶¹ HR/VP (2019), 11.

¹⁶² The prevalence of the code was as follows: 2013 (0), 2016 (6), 2019 (6).

¹⁶³ Council of the European Union (2016), 3.

¹⁶⁴ HR/VP (2016), 4.

have remained largely the same over the course of the 2010s. The only real exception is that in 2019, the Union stressed even more acutely the need to rebalance the economic relationship¹⁶⁵, and acknowledged the need to promote its values and practices in third countries, including in the Western Balkans, with even greater vigor due to China's widespread investment activities.¹⁶⁶

To conclude this first round of analysis, the results do indeed indicate that the relationship between the European Union and China has evolved during the 2010s. Even though mentions of cooperation have not disappeared, a gradual shift away from concrete joint initiatives towards 'declaratory' cooperation may be witnessed after 2013, indicating increased suspicion between the two parties. Simultaneously, the amount of concern over China has increased drastically. The 2013 document indicated no articulated concerns and in 2016 it achieved only the designation of low intensity component, but in 2019 concerns were noted as high. Over time, they have become more detailed and the language increasingly alerted. In 2019, the EU also noted how China's activities had become widespread in the Western Balkans, calling for action. The interconnection between conditionality and targeted policies also fit the trend of deteriorating relations. 2016, marking the peak for conditionality in EU-China cooperation, represents a 'mid-phase' because EU refrained from overtly harsh language and from specific counter-measures. Instead, the EU made propositions under which conditions fruitful cooperation would be possible in the future. In 2019, detailed China-targeted policies were high. Compared to 2016 when the policies could be better characterized as approaches, in 2019 the EU announced, not simply suggested, tailor-made policies to mitigate China's actions.

The found concerns over China were specifically that first, cooperation with China would cause non-alignment with EU law, rules, values and policies and that it could compromise efforts to promote rule of law and human rights. Second, the EU claimed that Chinese investments neglect the socioeconomic, environmental and financial sustainability, possibly leading to high-level indebtedness and the transfer of control over strategic assets. Equally, the EU expressed worry over China's FDI in critical assets, technologies and infrastructure. And finally, the EU stressed its discontent over the unbalanced and non-reciprocal economic relationship, and the distortive effects of state ownership and subsidies of foreign companies on the EU's Single Market.

¹⁶⁵ HR/VP (2019), 1–2, 6.

¹⁶⁶ Ibid. 4.

5.2 China as a Factor in the EU's Enlargement Policy

This chapter answers the second research question, namely “how are the EU’s concerns over China reflected in the EU’s enlargement policy towards the Western Balkans? What concrete measures has the European Union taken in order to mitigate China’s presence in the region in 2013–2021?” The chapter is divided into two parts. First, chapter 5.2.1 presents how the EU has acknowledged China’s presence in the Western Balkans in its official enlargement documents. Second, chapter 5.2.2 presents the concrete measures that have been interpreted to have a China-connection and explains how they affect the cooperation between China and the Western Balkan states. This equally addresses the question on the reflection of EU-concerns over China in its enlargement policy. The entire chapter utilizes the supporting framework that was established in part 5.1 and is found in the Appendix.

5.2.1 Acknowledging China in the Western Balkans

Chapter 3.2.2 explained how China’s entrance into the Western Balkans cannot be distinguished as a stand-alone phenomenon, but rather should be understood in conjunction with the broader trends of enlargement- or reform fatigue that the EU, its member states and the Western Balkan states have experienced. This phenomenon is noted throughout the 2010s in the strategies of the EU, and is an early indication of China’s entrance into the region.

In 2015, the Commission stressed that it is important to “reaffirm unequivocally the European perspective of the enlargement countries”. On an assertive note, the Commission claimed that “if the prospect of moving forward on the road to the EU is seen as real and credible, the risk of countries turning away from the EU *will be mitigated*, as will the risk of disillusionment of the process...”¹⁶⁷ In 2016, the Commission directly acknowledged that “the attractiveness of the EU in the enlargement countries has been partly affected by the economic downturn and skepticism regarding the European project.”¹⁶⁸

The concerns over tangible commitment on the part of the Western Balkans have sustained until the 2020s. When the Union launched its revised enlargement methodology in 2020, it stressed the need for the accession process to “regain credibility” and a need for “more decisive

¹⁶⁷ European Commission, DG NEAR (2015). Enlargement Strategy 2015. COM(2015) 611 final. Brussels, 10.11.2015. Pp. 3. *Italic by author.*

¹⁶⁸ European Commission, DG NEAR (2016). 2016 Communication on EU Enlargement Policy. COM(2016) 715 final. Brussels, 9.11.2016. Pp. 2.

measures proportionally sanctioning any serious or prolonged stagnation in [...] meeting the requirements of the accession process.”¹⁶⁹ In 2021, the EU both observed its own flaws as well as shared the blame. It claimed that the delays in the official launch of accession negotiations [with Albania and North Macedonia] are having a negative impact on the credibility of the EU, and that the absence of genuine political will has continued to be the main reason for the lack of substantial progress, or even backsliding.¹⁷⁰

Even though the trend of enlargement fatigue was noted in the EU’s strategies already during the first half of the 2010s, tangible evidence of China’s presence and the related concerns are found in 2018 at the earliest. In its revised enlargement strategy in 2018, the Union noted how more transparency is needed in the management of public funds, especially in public procurement. According to the Commission, there had been several examples in the Western Balkans of confidential procedures for procuring goods. Some major contracts were awarded without a public tender, leading the Commission to state that the countries should limit the use of confidential procedures in public procurement.¹⁷¹ In this context, it is useful to recall that a total of 30 (58 %) Chinese projects or other contracts before 2018, with the combined value of EUR 7.58 billion, were assigned as ‘closed’ or ‘partial’ in terms of transparency.¹⁷²

The first explicit acknowledgement of China’s activities appeared in a Commission discussion paper in 2018.¹⁷³ While noting how the trade deficits of the region with China were on the rise, it also remarked that the country had gained market share in the region and that it was increasing its presence in all countries of the WB.¹⁷⁴ Similarly in 2018, the Commission published a communication on connecting Europe and Asia.¹⁷⁵ It stressed that “connectivity is an important aspect of EU enlargement and neighborhood policies” and that as countries covered by these policies approximate their approaches with those of the EU, *sustainable*

¹⁶⁹ European Commission (2020). Enhancing the accession process - A credible EU perspective for the Western Balkans. COM(2020) 57 final. Brussels, 5.2.2020. Pp. 2, 5.

¹⁷⁰ European Commission (2021). 2021 Communication on EU Enlargement Policy. COM(2021) 644 final. Strasbourg, 19.10.2021. Pp. 2–3, 13.

¹⁷¹ European Commission (2018). A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans. COM(2018) 65 final. Strasbourg, 6.2.2018. Pp. 4.

¹⁷² Estimate done on the basis of the data compiled from the Balkan Investigative Reporting Network’s ‘China in the Balkans’ interactive map. A total of 52 Chinese projects or other activities were reported before 2018. See chapter 3.1.3 for more details.

¹⁷³ Kaloyanchev, P., Kusen, I. & Mouzakitis, A. (2018). Untapped Potential: Intra-Regional Trade in the Western Balkans. European Commission Discussion Paper 080, May 2018. Directorate-General for Economic and Financial Affairs. DOI: 10.2765/453103.

¹⁷⁴ Ibid. 6, 13.

¹⁷⁵ European Commission, HR/VP (2018). ‘Connecting Europe and Asia: Building Blocks for an EU Strategy.’ JOIN(2018) 31 final.

connectivity is gradually introduced in their legislation. In this context, “the Commission will ensure that sustainable connectivity is more widely taken into account in EU enlargement and neighborhood policies” and that it will “provide further assistance with the implementation of public procurement legislation and promote transparency and best practices.”¹⁷⁶

Two points arise from this observation. First, the fact that the priorities of the EU’s enlargement are discussed in a strategy on EU’s connectivity ambitions towards the entire Asian continent, is a clear indication that there is a link between the two. Since the Union lays out its own means to better connect the enlargement region and coincidentally acknowledges that the Western Balkans plays a role in connecting Europe and Asia, it should also be regarded as an implicit express of concern over China’s transport-related investments into the WB5. According to the calculations presented in chapter 3.1.3, China has funded, constructed or otherwise been involved in 16 transportation-related projects in 2013–2018 with the combined value of EUR 5.7 billion. Second, this acknowledgement should be seen as a response to the Chinese Belt and Road Initiative. The Union is seen to imply that although connectivity *per se* between Asia and Europe is to be supported, and that the BRI may conceive synergies between the Union and China, it is done by the Union’s rules and principles in the enlargement region.

The European Parliamentary Research Service, whilst providing a briefing on the revised enlargement methodology in March 2020, noted how some EU actions in the WB has opened the door to the influence of third-country powers, in particular China and Russia.¹⁷⁷ Overall, from 2020 forward, the EU’s documents are teeming with references to concerns that may be interpreted to have a China-connection. For example, in its 2020 communication on enlargement policy, the EU stated that “it is key to strengthen the resilience of the region to ensure the full adherence of any foreign-funded economic activity to EU values, norms and standards, notably in key areas such as the rule of law, public procurement, environment, energy, infrastructure and competition.”¹⁷⁸ This sentence is *in verbatim* the wording that was used in the 2019 Strategic Outlook on EU’s China-policy.¹⁷⁹ In the same breath, the Commission noted how increasing business and investment activity by *third countries* in the Western Balkans frequently neglect socio-economic and financial sustainability, EU rules on

¹⁷⁶ Ibid. 7–8. Italic by author.

¹⁷⁷ EPRS (2020). A New Approach to EU Enlargement. *European Parliamentary Research Service Briefing*, March 2020. PE 649.322. Available at [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2020\)649332](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2020)649332). Accessed 21.2.2023.

¹⁷⁸ European Commission (2020). 2020 Communication on EU enlargement policy. COM(2020) 660 final. Brussels, 6.10.2020. Pp. 15.

¹⁷⁹ JOIN(2019) 5 final, 4.

public procurement, and may result in high levels of indebtedness, exclusion from the market of EU companies unable to compete, sub-optimal use of public resources, and transfer of control over strategic assets and resources.¹⁸⁰ The resemblance is unquestionable.

Serbia in particular appears to have been in the EU's crosshair, resulting in the direct acknowledgement that "Serbia continued to develop intense relations and strategic partnerships with a number of countries worldwide, including [...] China. Serbia's cooperation with China increased during the COVID-19 crisis and was marked by pro-China and EU skeptical rhetoric by high-ranking officials."¹⁸¹ Overall, the pandemic serves as a prime example of China-WB5 cooperation and the EU's irritation over it. According to BIRN's data, all WB5 countries received some form of assistance from China during the COVID-19 pandemic, either in donations or as purchases of vaccines from Chinese manufacturers. According to BIRN's estimates, in 2020–2021 there were a total of 20 instances of COVID-related cooperation between the WB5 and China of which 14 were donations of vaccines or protection equipment. The largest portion of this aid went to Serbia, which also signed an MoU with the Chinese company Sinopharm to build a vaccine production facility in the country, but Bosnia and Herzegovina and North Macedonia likewise received substantial aid.¹⁸² This cooperation ushered the EU to declare not once or twice, but on three different occasions that "support from the EU goes far beyond what any other partner has provided to the WB, reflecting the region's strategic anchoring"¹⁸³ or that "the unprecedented scale and range of this support must be fully recognized and conveyed by the partners in their public debate and communication."¹⁸⁴

On a final note, one indication of the EU's acknowledgement of China in the WB5 is the fact that the Commission's (DG RTD) 2021 scenario paper "Strategic Foresight in the Western Balkans" outlined a future in which the Union has ceded to China and other third powers as the cause of internal turmoil, lack of perspective for EU accession and general non-excitement over the region.¹⁸⁵ In the scenario, China has replaced the EU's FDI with its own, imports from China have replaced domestic production to an even greater extent, and the country, among other larger powers, has filled the geopolitical vacuum left by the EU.¹⁸⁶

¹⁸⁰ COM(2020) 660 final, 15. *Italic by author.*

¹⁸¹ *Ibid.* 16.

¹⁸² Balkan Investigative Reporting Network.

¹⁸³ COM(2020) 660 final, 1 ; Consilium (2020). Zagreb Declaration, 6.5.2020, 2.

¹⁸⁴ Consilium (2021). Brdo Declaration, 6.10.2021, 2.

¹⁸⁵ European Commission, DG RTD (2021). Strategic Foresight in the Western Balkans: Recovery on the Horizon. October 2021. DOI: 10.2777/202437. Pp. 24–28.

¹⁸⁶ *Ibid.*

In summary, China featured in the EU's enlargement agenda for the first time in 2018 although even earlier implicit indications exist. After this China has been noted in multiple official strategies or other documents, ranging from the express of concern, irritation and the interconnection between the enlargement agenda and the EU's broader connectivity ambitions. When describing activities by third countries in the region, the EU used practically the same exact wording as it did when it described the concerns that the Union has over China. Characteristic for the reflection of China-concerns is that they are almost exclusively spoken of in implicit terms.

5.2.2 The EU's Counter-measures towards China in the WB5, 2013–2021

This chapter answers the second research question of the thesis by analyzing what measures the European Union has undertaken to mitigate China's influence in the Western Balkans. It equally expresses the ways in which the EU's concerns over China are reflected in its enlargement policy. The results should not be considered as isolated measures towards China, but rather be treated as part of the EU's general enlargement policy that simultaneously taps into the China-problem.

The below **Table 5** consists of measures that influence the sectors where China's presence has been noted as most pronounced based on the analysis. The measures have occurred in the fields of regional cooperation, transportation, connectivity and other infrastructure, public procurement and corruption, the environment and energy, and the overarching Instrument of Pre-Accession Assistance (IPA) and the related Western Balkans Investment Framework (WBIF). The latter two feature within other measures and are therefore not presented as a separate category. In addition, 'political steering and increased EU-engagement' is presented as an overall counter-measure.

FRAMEWORK COMPONENT	FRAMEWORK SUB-COMPONENT
Political steering and increased EU-engagement	• Conditionality; rules, standards, policies and the acquis imposition • Enlargement-credibility • Revised enlargement methodology (2018, 2020) • Phasing-in to individual EU policies, market and programs
Policy measures thematically	• Regional integration • Transportation, connectivity, other infrastructure • Public procurement and corruption • The environment & energy • IPA & WBIF

Table 5. Populated framework components, EU’s counter-measures.

Political Steering and Increased EU-Engagement

The first category of measures is political steering and increased EU-engagement. Arguably, one of the reasons why China has gained an unfavorable footing the Western Balkans from the EU’s perspective, is the lack of tangible engagement and steering of the process. It also partially explains the phenomenon of mutual disillusionment with the enlargement process as well as the WB5’s welcoming of Chinese investments.

The portions of the primary data that achieved the labeling of political steering or increased EU-engagement were prevalent from 2020 onwards. In 2020, the Union presented its renewed enlargement strategy titled “Enhancing the Accession Process – A Credible EU Perspective for the Western Balkans.”¹⁸⁷ In it, the EU states that “given what is at stake, it is time to put the political nature of the process front and center and ensure stronger steering and high-level engagement from the Member States.”¹⁸⁸ This would be achieved by for example regular EU-Western Balkans summits and intensified ministerial contacts, as well as stronger monitoring of progress on the part of the Stabilization and Association Councils and the Commission.¹⁸⁹

‘Stronger political steer’ entails the transformation of the accession process from a Commission-led “technical process” towards a practical initiative that contains more

¹⁸⁷ COM(2020) 57 final.

¹⁸⁸ Ibid. 3.

¹⁸⁹ Ibid. 3–4.

involvement and scrutiny from the Council and the Member States.¹⁹⁰ The strategy also stated that “it is critical to raise awareness in the region of the opportunities closer integration and reforms entail, and to *tackle malign third country influence*”¹⁹¹, thus making clear the viewpoint this strategy had assumed.

Two points in particular arise from the renewed strategy. First, the Union is pressing much stronger on the conditionality of the accession process. It states that “the core element of the merit-based accession process is its conditionality” and that “there is a need for more decisive measures [...] sanctioning any serious or prolonged stagnation or even backsliding in reform implementation and meeting the requirements of the accession process.”¹⁹² Second, it envisages further integration of the Western Balkan countries into EU policies, programs and markets, which would “deliver some of the benefits of EU membership even before accession.”¹⁹³ These approaches directly affect the WB5 countries’ possibilities of maintaining their ‘inbetweeners-statuses’ between the Union and third parties. By enabling the possibility of scaling down their pre-accession support and by simultaneously extending the EU’s existing body of laws and policies to the region, the commitment to cooperation with China becomes increasingly more difficult.

One notable example of this is the “foreign investment screening framework” that was introduced in EU-legislation in 2018, aiming to protect critical technology and infrastructure in Europe from foreign investors.¹⁹⁴ Later in 2020, in line with the new enlargement strategy, the Commission stated that “the EU will cooperate with the Western Balkans in ensuring that investments in projects of common strategic interests are appropriately screened to identify, assess and mitigate potential risks for security or public order, in line with relevant EU and WTO policies.”¹⁹⁵

¹⁹⁰ European Parliamentary Research Service Briefing (2020). A New Approach to EU Enlargement. March 2020. PE 649.322. [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2020\)649332](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2020)649332). Accessed 21.2.2023. Pp. 3.

¹⁹¹ COM(2020) 57 final, 2. Italic by author.

¹⁹² COM(2020) 57 final, 5.

¹⁹³ European Parliamentary Research Service Briefing (2020), 1.

¹⁹⁴ European Commission (2018). 'Commission welcomes agreement on foreign investment screening framework'. *European Commission Press Release*, Brussels, 20 November 2018. Available at https://ec.europa.eu/commission/presscorner/detail/en/IP_18_6467.

¹⁹⁵ European Commission (2020). An Economic and Investment Plan for the Western Balkans. COM(2020) 641 final. Brussels, 6.10.2020. Pp. 7. ; Under the ‘list of projects or programs of Union interest’ is e.g. (4) the Trans-European Networks for Transport (TEN-T) which has been extended into the Western Balkans in late 2010s. See European Commission, DG MOVE (2019). China-EU Connectivity Platform 2019 Annual Action Plan for this and Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a

The new strategy presented four core principles: credibility, predictability, dynamism and stronger political steer, and they were built on the 2018 enlargement strategy that offered a “credible strategy” through enhanced EU engagement.¹⁹⁶ Even though conditionality has for long been a key feature of enlargement policy, its power has been argued to have weakened. It is therefore difficult to dismiss the impression that through the new enlargement strategy, the EU demanded a clear decision from the enlargement countries on whether they aspire to remain in the process. This occurred only after China’s investments had grown to be substantial.

Notably, the Berlin Process that was initiated to prevent the “loss” of Western Balkans to other actors in the region, appears to have been sidetracked by the EU’s new strategy. By urging the Council and the member states to engage more with the WB5, the EU is signaling a more comprehensive, whole-of-EU approach to the matter. Equally, it contains an expectation of a more reciprocal engagement from the region’s countries.

The new engagement enabled the possibility of insisting real progress and commitment from the Western Balkan states, or otherwise the flow of financial and political support would be scaled down. While the EU stressed the benefits of accession, it had also adopted an assertive tone towards the WB5. This is in contrast to earlier strategies in that it framed the importance of future steps not from the Western Balkan perspective, but rather from the EU’s viewpoint: “maintaining and enhancing this policy [credible accession perspective] is thus indispensable for the EU’s credibility, for the EU’s success and for the EU’s influence in the region and beyond – especially at times of heightened geopolitical competition.”¹⁹⁷ This should be considered as a clear indication that the EU acknowledges the contested situation in the region and that one of the motives behind stronger political steer is the need to address it.

Regional Integration

The second category of EU-measures is thematically categorized policy measures. The first sub-component is regional integration, consisting of Regional Economic Area (REA) and the Common Regional Market (CRM). Established in 2017, REA was meant to further the development of an area where goods, services, investments and skilled workers can move without obstacles.¹⁹⁸ In practice, the aim was to create a regional, miniature version of the basic

framework for the screening of foreign direct investments into the Union, *OJ L 791* for the regulation and full list of EU-projects or programs to which the regulation has been extended to.

¹⁹⁶ European Parliamentary Research Service Briefing (2020), pp. 1, 3.

¹⁹⁷ COM(2020) 57 final, 1.

¹⁹⁸ European Commission (2017). Western Balkans: Regional Economic Area. *European Commission Fact Sheet*. Brussels, 12 July 2017 (updated on 10 July 2018).

functioning logics of the EU Single Market. It is an essential part of the enlargement process since Brussels has historically had a preference to promote smaller, highly integrated regions within the broader Single Market. The Commission stressed in its press release on REA that it isn't an alternative to EU integration, but rather on the contrary: "the progressive deepening of the economic integration in the region is based on EU rules and principles." REA marked the first region-wide initiative where regional integration is conducted by EU rules, therefore deepening the region's integration with the Union. Its objective was not only to bring the WB countries closer together but also to strengthen trade, investments and mobility between the region and the EU, and to subsequently integrate the markets into European and global value chains.¹⁹⁹

In light of this research, the Regional Economic Area is considered as part of the EU's response to the China-problem because it requires the region's states to adopt an investment reform agenda and devise individual economic action plans under the guidance of the EU. This has been noted in existing literature as well.²⁰⁰ Regulatory provisions and policy solutions are required to comply with the EU's, therefore bringing the practices related to government procurement, state aid, market access, competition, and others in line with those in the EU. This effectively forbids the state-to-state model that has been commonplace in the contracts forged between China and the Western Balkan states. It must however be noted that even though REA as a whole should be viewed as a measure that makes China's practices in the region more difficult, the Commission was in fact responding to calls from the region itself for deepening regional economic integration, as noted in the Commission's factsheet.²⁰¹

The internal integration of the Western Balkans and the subsequent rapprochement with the EU is vital for the China-connection for two additional reasons. First, it strengthens the fragmented economic space and enlarges markets so as to generate more trade and make the economies more attractive to investors, especially to EU-based investors.²⁰² This will ensure

¹⁹⁹ COM(2018) 65 final, 6.

²⁰⁰ See e.g. Pavličević, D. (2019), 463.

²⁰¹ European Commission (2017). Western Balkans: Regional Economic Area. *European Commission Fact Sheet*. Brussels, 12 July 2017 (updated on 10 July 2018).

²⁰² This was directly noted in the Common Regional Market Action Plan (2020) in Sofia: "Western Balkans is particularly well positioned to offer nearshoring alternative for EU-based investors looking to adopt a more balanced distribution and diversification of supply sources and develop means of production closer to consumers." European Commission, DG NEAR (2020). "Common Regional Market, A catalyst for deeper regional economic integration and a stepping stone towards EU Single Market". CRM 2021–2024 Action Plan. Sofia, 10 November 2020. Available at https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/policy-highlights/common-regional-market_en. Accessed 13.3.2023.

the continuation of a steady flow of FDI from the EU-area to key sectors in case the stronger implementation of EU-rules curtails some Chinese FDI. Second, it secures a more unified regional approach to FDI originating from third countries, particularly from China, therefore disincentivizing the securing of loans, grants and investment projects that are accompanied by loose conditions and that possibly take advantage of the corrupt structures prevalent in certain WB5 countries. This, in effect, levels out the playing field within the region. REA is also part of the “phasing-in” process discussed in the context of political steering and the EU’s engagement with the region.

In 2020, the discussion around REA evolved into a discussion on a Common Regional Market (CRM). In its “Economic and Investment Plan for the Western Balkans” (2020), the Commission stated that “the Western Balkans should develop a Common Regional Market as a stepping-stone to integrate the region more closely with the EU Single Market before they accede to the Union.”²⁰³ The initiative did indeed progress quickly when the leaders of the Western Balkan countries adopted the Common Regional Market Action Plan at the Sofia Summit on 10 November 2020.²⁰⁴ The leaders’ declaration stated that they are committed to developing a Common Regional Market that is based on EU rules and standards. It also underlined the interconnection between this initiative and the EU’s 2020 Economic and Investment Plan that envisioned unprecedented investments in productive sectors and sustainable infrastructure, notably in the field of connectivity.²⁰⁵

The Action Plan’s mention of a “regional investment area” that aligns investment policies with the EU standards and best international practices, is an evolution of the contents of the REA. This “Agenda item B” focused on increasing the attractiveness of the region to foreign investors by noting that “international investors increasingly operate regionally, basing investment decisions on market size, regional production and supply networks, availability of talent in Western Balkans, and infrastructure linkages.”²⁰⁶

²⁰³ COM(2020) 641 final, 16.

²⁰⁴ COM(2021) 644 final, 18.

²⁰⁵ European Commission, DG NEAR (2020). Western Balkans Leaders Declaration on Common Regional Market. Sofia, 10 November 2020. Available at https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/policy-highlights/common-regional-market_en. Accessed 13.3.2023. ; COM(2020) 641 final, the Plan put forth a proposal to mobilize up to EUR 9 billion of IPA III funding for the period 2021–2027 to the Western Balkans and in addition proposed that the investment capacity of the region should be boosted by the mobilization of a new Western Balkans Guarantee Facility, with the ambition to raise investments of up to EUR 20 billion.

²⁰⁶ European Commission, DG NEAR (2020), 3.

Even though the Plan mainly refers to EU-based investors, it also taps into the primary reasons why China is interested in the region in the first place: China's main interest in the Western Balkans is not related to the countries as such, but to their proximity to the European Union. My interpretation of CRM and the related declarations and plans is that by extending the EU's rules to the region, the EU is mitigating China's investment practices by making the continuation of non-aligning investments increasingly difficult. This, however, does not mean that the EU or the Western Balkan countries would seek to curtail China's investments *entirely*. As we have and will see, there are also clear synergies between the parties within the region.

Transportation, Connectivity and Other Infrastructure

Transportation, connectivity and other infrastructure have been at the centre of the EU's efforts to further the enlargement prospects of the Western Balkans and in mitigating China's footprint. It is also a good example of the structural foreign policy that the Union has practiced not only vis-à-vis the WB5 but also China. As will be demonstrated, instead of directly confronting China's investments in transportation and other infrastructure in the region, the EU has at times embraced the synergies between the BRI and the EU's Trans-European Transport Network (TEN-T) and affected the ways in which such investments are conceived and handled.

To understand the EU's approach to connectivity in the Western Balkans, two viewpoints should be considered in light of this research. First, it is an essential part of steering the region closer to the EU by extending and uniting the pathways of physical infrastructure (railways, roads, powerlines, etc.) between the WB5 and the Union area – a typical phase in the enlargement process that is. The EU, unlike China, is also interested in how these projects are realized. Connectivity isn't therefore only about networks but also about modernizing public administrations and domestic processes. This has been suggested by existing literature as well.²⁰⁷ Second, the extension of the critical European lines of transportation to the Western Balkans furthers connectivity between the EU-region and China along with the broader Asia – something that both parties have an acknowledged interest to do.²⁰⁸ It equally attaches to the EU's efforts to respond to China's Belt and Road Initiative, namely through initiatives "Connecting Europe and Asia" (2018)²⁰⁹ and the "Globally Connected Europe" (2021).²¹⁰

²⁰⁷ Marciacq, F. (2017), 11.

²⁰⁸ See e.g. Consilium (2019). Joint Statement of the 21st EU-China Summit. *Press Release*. Brussels, 9 April 2019. Available at <https://www.consilium.europa.eu/en/press/press-releases/2019/04/09/joint-statement-of-the-21st-eu-china-summit/>. Accessed 23.2.2023. Pp. 6.

²⁰⁹ JOIN(2018) 31 final.

²¹⁰ Council of the European Union, General Secretariat of the Council (2021). A Globally Connected Europe – *Council Conclusions* (12 July 2021). 10629/21. Brussels.

In the years 2013–2016, the EU’s efforts to promote transport, energy and other connectivity was given lesser attention than in the years to come, although in 2015 the EU noted that “connectivity is at the very heart of the Commission’s efforts to promote integration [...]”²¹¹ The Commission also voiced its support for the “Connectivity Agenda” that was launched at the first summit of the Berlin Process in Berlin, August 2014.²¹² At the Vienna Summit 2015 (Berlin Process), the countries built on the agreement on the core transportation network and on extending three Trans-European Transport Network (TEN-T) core corridors to the WB.²¹³

In 2018, after having acknowledged China’s interest in extending the Belt and Road Initiative into the Western Balkans, the EU introduced the concept of “sustainable, comprehensive and rules-based connectivity.”²¹⁴ In a strategy on connecting Europe and Asia, the EU noted the dual significance of the Western Balkans both in terms of the enlargement and the synergies between the BRI as well as the interest in furthering Europe-Asia connectivity. The EU’s ‘connectivity-trident’ was defined as follows: “to drive productivity and create growth and jobs, connectivity investments need to ensure market efficiency and be fiscally viable [...] it has to promote decarbonization of the economy [...] To further social progress, it needs to adhere to high standards of transparency and good governance and give a voice to the people affected by the projects [...] In short, connectivity has to be economically, fiscally, environmentally and socially sustainable in the long term.”²¹⁵ In this context, the EU emphasized how connectivity is an important aspect of EU enlargement and how sustainable connectivity is gradually being introduced in their [enlargement countries’] legislation.²¹⁶

To stress their point even further, the Commission explained in its factsheet how the “pitfalls of unsustainable borrowing and the dangers of unfair trade and investment practices make a sustainable, comprehensive and rules-based approach to connectivity not only desirable but necessary.”²¹⁷ Later that year, the Council summed up the EU’s approach to connectivity and implicitly underlined the differences between the EU’s and China’s approaches: “The Council emphasizes the importance for the EU to promote an approach [to connectivity] which is sustainable, comprehensive, and rules-based, in line with EU’s values and interest. This

²¹¹ COM(2015) 611 final, 9–10.

²¹² Ibid. 13.

²¹³ COM(2015) 611 final, 10.

²¹⁴ JOIN(2018) 31 final, 2–3.

²¹⁵ Ibid.

²¹⁶ Ibid. 7–8.

²¹⁷ European Commission (2018). Explaining the European Union’s Approach to Connecting Europe and Asia. *European Commission Fact Sheet*. Brussels, 19 September 2018.

approach needs to be economically, fiscally, environmentally and socially sustainable, open and inclusive, with high standards of transparency and good governance. It should be comprehensive, covering transport, energy and digital links as well as people-to-people connections. It should reinforce a rules-based, multilateral international order, delivering quality infrastructure, a level playing field, including in public procurement, and equal access for businesses while protecting intellectual property rights.”²¹⁸

The EU has officially acknowledged the synergies between theirs and China’s connectivity initiatives. Interestingly enough, it seems that the Union has successfully managed to exercise its structural foreign policy on China in this field in the Western Balkans. In the “China-EU Connectivity Platform 2019 Annual Action Plan”, it was stated that “centering on the synergies between the BRI, the extending lines of the TEN-T covering Western Balkans and cooperative initiatives of neighboring countries, China and the EU will carry out a joint study on establishing a new EU-China transport corridor via Balkan Peninsula.”²¹⁹ It also suggested that China and the EU respectively would formulate a set of guidebooks on investment management policies and construction standards in the field of transport infrastructure and conduct a training program to make investors on both sides aware of the rules of investment.²²⁰ The wording of the press release that accompanied the Action Plan had practically the same set of principles that the Union had just few months before claimed as their approach to connectivity: “the EU and China will cooperate to improve the economic, social, fiscal, financial and environmental sustainability of Europe-Asia connectivity and interoperability. Such cooperation should abide by the *shared principles* of market rules, transparency, open procurement, a level playing field and fair competition, and comply with the established international norms and standards, as well as the law of the countries benefitting from the projects, while taking into account their policies and *individual situations*.”²²¹

In sum, the EU’s actions in 2018–2019 in the field of connectivity are evidently counter-measures to China’s actions in the Western Balkans. Especially indicative are the many interconnections between various initiatives and the renewed principles on connectivity. Not

²¹⁸ Council of the European Union, General Secretariat of the Council (2018). Connecting Europe and Asia – Building Blocks for an EU Strategy. *Council Conclusions* (15 October 2018). 13097/18. Brussels. Pp. 3

²¹⁹ European Commission, DG MOVE (2019a), 1. ; For the full list of projects, see EC, DG MOVE (2019b). Projects presented under the EU-China Connectivity Platform, 2016–2019. Available at https://transport.ec.europa.eu/transport-themes/international-relations/eu-china-connectivity-platform_en. Out of the 9 projects in the Balkan Peninsula, three are in the Western Balkans (Montenegro, Bosnia and Herzegovina, Serbia).

²²⁰ Ibid.

²²¹ Consilium (2019), 6. Italics by author.

only do the new principles and conditions impose a set of standards that future infrastructure investments in the field of connectivity must meet, but they also present a viable alternative to China's BRI – both within the Western Balkans and in the broader context. The findings also mark an exception to the other findings in this research insofar that the EU is more explicit in its acknowledgement of China's unwelcome practices. Likewise, the EU appears to have exercised its SFP successfully vis-à-vis China by combining the enlargement process, the EU's Asia-bound connectivity interests and its counter-strategy to the broader BRI. The welcoming of China's BRI to the region, albeit accompanied by multiple conditions, represents a good example of *mitigating*, not directly curtailing, China's influence. By absorbing China's willingness to invest in the region's connectivity, the EU simultaneously capitalizes on its own need to better connect the WB5 countries while making sure that the investments are conducted in a way that fulfils the EU's requirements. Thereby the Union also furthers its need to advance the WB5 countries' public administration reform. In practical terms, the EU is signaling to China that if you come to the Union's neighborhood, you'll play by the Union's rules and within its structures.

The new principles were quickly followed by tangible EU-commitment to finance the connectivity infrastructure in the Western Balkans. The EU's "Economic and Investment Plan for the Western Balkans" (2020) – a plan that was specifically meant to tackle the problems that China posed²²² – contained multiple investment projects in the field of connectivity. The Plan put forth the proposal to mobilize up to EUR 9 billion of IPA III funding for the period 2021–2027. The funding was to support economic convergence with the EU primarily through investments and support to competitiveness and inclusive growth, sustainable connectivity, and the twin green and digital transitions. It proposed that the large majority of this support would be directed towards key productive investments and sustainable infrastructure in the Western Balkans. The Commission announced that the investment capacity of the region should be boosted by the mobilization of a new Western Balkans Guarantee Facility, with the ambition to potentially raise investments of up to EUR 20 billion.²²³

²²² The EU's 2020 Communication on EU Enlargement Policy that was published in parallel with the Economic and Investment Plan stated that the Plan was meant to strengthen the resilience of the region to ensure full adherence of any foreign-funded economic activity to EU values, norms and standards, notably in key areas such as the RoL, public procurement, environment, energy, infrastructure and competition. It also stated that increasing business and investment activity by third countries in the WB frequently neglects socio-economic and financial sustainability and EU rules on public procurement, and may result in high levels of indebtedness, exclusion from the market of EU companies unable to compete, sub-optimal use of public resources and transfer of control over strategic assets and resources. See COM(2020) 660 final, 15.

²²³ COM(2020) 641 final, 1–2.

In the area of transport, the EU presented three “Flagship” initiatives: connecting East to West, connecting North to South and connecting the coastal regions. These included 10 separate EU-funded projects to both intra-regional connectivity and the connections between the EU capitals and the Western Balkans.²²⁴ These investments were accompanied by the progressive adoption and implementation of *all* EU transport legislation and technical standards and transparent tendering procedures, including accelerated alignment with the EU’s public procurement rules.²²⁵ In 2021, the Commission announced that the connectivity portfolio under the Western Balkans Investment Framework (WBIF), a part of the IPA, included already 45 projects worth EUR 1 billion, which will leverage more than 3.8 billion in investments.²²⁶

In summary, starting from 2020, the Union increasingly accompanied the extension of the ‘connectivity-trident’ to the WB5 with substantial investments. This served both the need to bring the countries closer to the EU both in terms of physical connectivity and public administration processes as well as in making sure that the region would benefit also from EU-funded and supervised projects.

Public Procurement and Corruption

Public procurement and corruption have featured as some of the EU’s key concerns over the WB5 during the entire period of 2013–2021. This isn’t only due to China’s activities that have been seen to bypass the EU’s procurement standards, but also because corruption has been widespread to begin with.²²⁷ In practice, closed procurement benefits and exploits the corrupt structures that have existed in the acceding countries.

For the EU, the problem appears to have been the following. As demonstrated in chapter 2.1.3, out of the 122 Chinese projects that are accounted for in this research, a total of 80 (~ 66 %) were designated as either partial or closed in terms of procurement.²²⁸ This can refer to one or many of the following: the contents of the contracts have not been publicly disclosed, there has

²²⁴ Ibid. ANNEX, 1–2. For example, Rail Corridor VIII between Skopje and the Bulgarian border will be substantially advanced, Rail Route 4 linking Belgrade to Podgorica to the Montenegrin port of Bar will be fully rehabilitated, and major steps will be taken to complete the “Blue Highway” along the coast from Croatia down to Greece (Tirana road bypass and two further sections in Albania plus the Budva bypass in Montenegro will be advanced).

²²⁵ COM(2020) 641 final, 7–8. Italic by author.

²²⁶ COM(2021) 644 final, 19.

²²⁷ In 2013, Transparency International ranked the WB5 countries by their Corruption Perceptions Index as follows: Bosnia and Herzegovina and Serbia were tied at 72nd out 177 countries, Albania at 116th, and North Macedonia and Montenegro tied at 67th. The lower the ranking the better. Available at <https://www.transparency.org/en/cpi/2022>. Accessed 15.3.2023.

²²⁸ See chapter 2.1.4. Data and designations compiled from the Balkan Investigate Reporting Network’s ‘China in the Balkans’ portal. <https://china.balkaninsight.com/>.

not been a public tender for a contract, or that lucrative contracts have been awarded to individuals or companies with extensive governmental connections. In BRI-related investments, China has also required that the receiving countries select a Chinese contractor for much of the implementation when offering loans or investing in infrastructure. This is evident in BIRN's database, where each Chinese investment into the WB5 has been announced in conjunction with a "Chinese partner". Therefore, these contracts have often been implemented through intergovernmental agreements, which opens the door for *lex specialis* – procedures that bypass the national public procurement laws. As an example of this, existing literature has highlighted the law passed by the Montenegrin parliament in 2014 that ratified the government loan with China for the Bar-Boljare highway.²²⁹

In 2015, the Commission noted how in "vulnerable areas such as public procurement", corrupt practices continue to divert scarce resources from national budgets and affect negatively the business and investment climates.²³⁰ In that year's enlargement strategy, the fight against corruption and public procurement were designated as so-called Pilot Areas and were given increased attention. For example, the Commission presented that public procurement would be addressed by five separate sub-issues: legal alignment (public procurement laws aligning with the *acquis*), institutional framework (ensuring the capacity to develop, implement and monitor procurement policies), enforcement capacity (ensuring professional management), implementation and enforcement capacity (ensuring legal compliancy and the monitoring of processes from tendering to contract), and the efficient remedies system (providing rapid and competent handling of complaints and sanctions).²³¹ This level of scrutiny is a clear indication of the EU's efforts in trying to address the problem.

Throughout the 2010s, the same concerns over corruption and public procurement policies have featured in virtually every single EU-Western Balkans strategy. In 2018, the Commission stated that more transparency is needed in the management of public funds in all stages in public procurement.²³² In this context, the EU proposed a measure to roll-out a transparent and publicly accessible e-procurement system. It also pledged its support for national public procurement officials and vowed that oversight mechanisms would be strengthened.²³³

²²⁹ Zweers, W. et al. (2020), 45.

²³⁰ COM(2015) 611 final, 34.

²³¹ Ibid. 39.

²³² COM(2018) 65 final, 4.

²³³ Ibid. 4, 13.

In 2020, the Commission once again strengthened its focus on public procurement issues, in line with the broader re-engagement of the Union with the Western Balkans. A notable sign is the fact that public procurement was listed as one of the ‘fundamentals’ in the renewed clusters of the negotiating chapters.²³⁴ In the Economic and Investment Plan (2020), the EU, more vocally than earlier, stated that “public procurement needs to be aligned with EU rules and fully implemented, and that exceptions [...] should be applied restrictively, including limiting the use of inter-state agreements.”²³⁵ It pledged to support capacity-building measures and the public investment management capacity to prepare, manage and supervise project implementation.²³⁶

In essence, the concerns that the Union has had over the region’s public procurement practices have not faded during 2013-2021. Compared to other fields, in the field of public procurement the EU’s responses have been meager. It is however worth reminding that public procurement is in practice the field that unites all fields in which China has operated in the WB5 – all investments go through a procurement process, whether it be open, closed, or partial.

When looking at the documents from 2013–2021, it is in fact astonishing how similar they are in their concerns over public procurement. In 2021, for example, the Commission stated that “public procurement remains particularly vulnerable to corruption. Control mechanisms throughout the [...] process need to be strengthened”²³⁷ and that “the functioning of the public procurement and public finance management systems remains a challenge.”²³⁸ The only tangible counter-measures that the Union has undertaken in this field are the re-designation of public procurement as one of the ‘fundamentals’ in 2020, the support that the EU is providing to the national officials in charge of handling such matters, and the stronger oversight and scrutiny that followed the large-scale investments that were pledged in the Economic and Investment Plan.

Consequently, it appears that the EU has not been successful in steering the WB5 closer to the *acquis* in this regard: out of the 38 China-WB5 projects or other forms of cooperation in 2020–2021, a total of 28 have been designated as either partial or closed in terms of the openness of their procurement. The estimated combined value of these initiatives is EUR 8.17 billion, the largest being the construction of the Belgrade metro network (EUR 6 billion) whose main

²³⁴ COM(2020) 57 final, 7.

²³⁵ COM(2020) 641 final, 5.

²³⁶ Ibid. 7.

²³⁷ Ibid.

²³⁸ Ibid. 15.

contractor is the Power Construction Corporation of China.²³⁹ However, one factor appears to be the emergence of the COVID-19 pandemic and the subsequent cooperation between the WB5 and China. 16 out of the 28 closed or partial instances of cooperation were COVID-related, and this was noted by the Union as well: “The functioning of the public procurement and public finance management systems remains a challenge. Overall, transparency and accountability on COVID-19 related measures were very limited.”²⁴⁰

Environment and Energy

The analysis found that one of the EU’s concerns over China in the Western Balkans relates to the environment and energy production. Environmental questions and the ‘green transition’ have featured on the EU’s agenda for the Western Balkans throughout the 2010s, albeit in a more limited fashion compared to some other concerns.

The list of Chinese investments leads to an impression that the WB5’s convergence towards the Union’s environmental standards has partly stalled due to this cooperation. For example, in Bosnia and Herzegovina, China has been involved in the construction of five coal- or lignite-powered thermal power plants, ranging from 300 MW to 430 MW and with the estimated combined value of roughly EUR 2.5 billion.²⁴¹ Some of these projects have stalled, e.g. the 430 MW Kamengrad Mine and Thermal Power Plant that was planned as a co-project of the Bosnian company Lager and the China Energy Group, when the owner of Lager Milenko Basic was arrested and extradited to Croatia for corruption charges.²⁴²

In Serbia, Chinese companies have been involved in eight projects that are anything but environmentally friendly. For example, the Kostolac-B3 lignite power plant (phase I in 2010, phase II in 2013)²⁴³, the Kovin 700 MW coal-fired power plant (2012, stalled), the construction of a tire factory in Zrenjanin by the Chinese Shandong Linglong Tyre Co. Ltd. (2018)²⁴⁴ and

²³⁹ Data compiled from the Balkan Investigative Reporting Network: China in the Balkans. <https://china.balkaninsight.com/#>.

²⁴⁰ COM(2021) 644 final, 15.

²⁴¹ Stanari Thermo Power Plant (2010, coal-fired), Banovici Thermal Power Plant (2015, coal-fired), Gacko 2 Lignite Thermal Power Plant (2017), Kamengrad Mine and Thermal Power Plant (2017, lignite) and Ugljevik 3 Thermal Power Plant (2021, coal-fired). Data derived from BIRN: China in the Balkans interactive map.

²⁴² Ibid.

²⁴³ Ibid. Funded by a China EXIM-bank loan. Serbia was widely criticized for investing in dirty energy despite its pledge to decrease its CO2-emissions.

²⁴⁴ Ibid. An EUR 880 million investment, which has been subjected to criticism from the very beginning over the company’s possible impact on the environment and the poor treatment of its workers.

the Mining and Smelting Basin Bor, RTB (2018).²⁴⁵ This trend has not gone unnoticed: in 2020, the EU noted that “the 16 coal-fired electricity plants in the region emit more sulphur dioxide than the entire 250 similar plants in the EU.”²⁴⁶

Some positive actions have however sprung up from the WB5-China cooperation. For example, in Montenegro, the country’s power utility EPCG gave a EUR 54 million job to the Chinese Dongfang Electric Corporation to refurbish the country’s only coal-fired power plant in Pljevlja and to reduce its emissions in line with the standards of the European Union.²⁴⁷ Also, in Serbia, the Chinese HBIS Group Co. Ltd that purchased the Zelezara Smederevo steel mill in 2016 for EUR 46 million, started the construction of a new sinter plant in Smederevo in 2019, promising it to be one of Europe’s most environmentally friendly and energy efficient industrial plants.²⁴⁸

In 2020, the Union stepped up its efforts to converge the WB5 towards the Union’s environmental standards. Accompanying the “Economic and Investment Plan for the Western Balkans”, it introduced the “Green Agenda for the Western Balkans”²⁴⁹ that was based on the approach of the European Green Deal. It set out the relevant actions and recommendations, including alignment with the EU standards and the *acquis*.²⁵⁰ The Agenda rests on five pillars: (1) climate action, including decarbonization, energy and mobility, (2) circular economy, addressing in particular waste, recycling, sustainable production and efficient use of resources, (3) biodiversity, aiming to protect and restore the natural wealth of the region, (4) fighting pollution of air, water and soil, and (5) sustainable food systems and rural areas. Furthermore, the region’s Green Agenda was juxtaposed with the broader digitalization of the societies, resulting in the punchline “twin green and digital transition for the region.”²⁵¹

Some initiatives in the Green Agenda can be seen to influence China’s actions stronger than others. For example, the Commission pledged to help partner countries “reconsider unsustainable infrastructure and energy investments” and in providing a “regional approach to infrastructure management and planning.”²⁵² Likewise, the EU stated that it would provide

²⁴⁵ Ibid. The Chinese Zijin Mining Group committed to investing around 300 million for a 63 % ownership share of RTB. In 2020, the local assembly of Bor filed a criminal complaint against the company Zijin Bor for air pollution.

²⁴⁶ COM(2020) 641 final, 10.

²⁴⁷ Ibid.

²⁴⁸ Information derived from BIRN: China in the Balkans interactive map. <https://china.balkaninsight.com/#>. The construction project is reportedly worth around EUR 108 million.

²⁴⁹ European Commission (2020). Commission Staff Working Document, ‘Guidelines for the Implementation of the Green Agenda for the Western Balkans.’ SWD(2020) 223 final. Brussels, 6.10.2020.

²⁵⁰ COM(2020) 641 final, 2.

²⁵¹ SWD(2020) 223 final, 2 ; COM(2020) 641 final, 6.

²⁵² SWD(2020) 223 final, 3–4.

technical assistance on Emissions Trading Scheme (ETS) and explore options for early inclusion of the region in the ETS, if fully aligned.²⁵³ The phasing-in to the ETS is an especially important measure, because then the non-alignment with the EU's environmental standards would be not only politically costly but also fiscally unsound.

The Green Agenda was intelligently combined with the broader initiative to bring the region closer to the EU's rules and standards: the change in terms of the region's environmental standards was linked to the "sustainable, comprehensive and rules-based connectivity" initiative that was introduced in 2018 and discussed earlier.²⁵⁴ In addition, the EU stated that "the roll-out of clean and modern energy technologies needs to be accompanied by a better investment environment, under a comprehensive regulatory framework based on competitive procurement rules. This will mitigate the risks of a lock-in effect of the Western Balkan economies to highly unsustainable and increasingly more expensive new coal-based electricity generation."²⁵⁵ The Green Agenda is therefore placed in parallel with the EU's new standards on connectivity, the regulatory framework on public procurement, and with the broader digitalization of the WB5 societies. The thesis now moves to discuss the results of the analysis together with the theoretical framework and existing literature.

6. Discussion

This research has sought to uncover the evolution of the bilateral relationship between the European Union and China during the second decade of the 21st century, focusing especially on the concerns that the EU has expressed over China and its actions during this transition. The main research problem has been to unveil how these concerns have been expressed in the enlargement policy of the European Union towards the five Western Balkan states in which China's activity has increased between 2013 and 2021. By unveiling these concerns, it has been possible to analyze the concrete measures that the Union has taken in order to re-assert itself as the dominant player in the region and in order to mitigate China's presence towards a desirable direction. The discussion is divided into four sub-chapters that deal with the results' interplay with existing literature and the two key expectations formulated in the theoretical framework, the diffusion of norms through the enlargement process, and how structural foreign policy functions in a contested setting, respectively.

²⁵³ Ibid. 3.

²⁵⁴ COM(2020) 660 final, 16. See pages 55–59.

²⁵⁵ COM(2020) 641 final, 8.

The EU's Response to China in the Western Balkans

The results of the analysis indicate that the EU has responded to China by employing multiple measures. Starting from 2020, it increased the political steering of the region substantially and involved the entire Union in the process. This moved the process towards a practical initiative and reduced the overall significance of the Berlin Process as the primary medium between the member states and the Western Balkans. The EU introduced the possibility of scaling down pre-accession benefits for non-aligning countries and envisaged further integration of the region into the policies, programs and markets of the EU even before accession. This should be viewed as incentivizing stronger compatibility. It also made further non-aligning practices with China increasingly more difficult. The EU appeared to have demanded a clear answer on the commitment of the WB5 to enlargement, and if so, it would expect progress in the implementation of reforms.

In the field of regional integration (REA/CRM), the EU set to deepen the regional connections based on EU rules. The initiatives increased the internal coherence of the region as well as the gradual integration into the Union's standards. Regional Economic Area and the following Common Regional Market made the region more attractive to EU-based investors to increase the flow of FDI into the region's infrastructure and other sectors. A more harmonized approach to FDI originating from third countries was also secured, for example through the "regional investment area" -initiative.

The EU introduced the concept of "sustainable, comprehensive and rules-based connectivity" in 2018 in the field of transport, connectivity and other infrastructure. This was viewed to impact both the WB5 countries' and China's possibilities of pursuing further cooperation in this field. Emphasizing the economical, fiscal, environmental and social sustainability, good governance, quality, and sound public procurement processes, the EU imposed a set of conditions that China and other possible investors must meet. Moreover, the EU appears to have successfully combined its enlargement process with the EU's Asia-bound connectivity interests and its response to the Belt and Road Initiative. By imposing a new set of conditions for such initiatives in the WB5, the EU simultaneously capitalized on its need to better connect the WB5 countries, made sure that the investment practices align with EU standards, and "absorbed" China's willingness to invest in the region. From 2020 onwards, the new sets of conditions were followed by substantial investments in connectivity in the region.

In the field of public procurement, which is the overarching field to all Chinese investment activities in the region, the EU's response has been limited and the concerns have not faded during 2013–2021. The counter-measures in this field have been limited to the re-designation of public procurement as one of the fundamentals in 2020, the support that the EU is providing to national officials that handle such matters, and the stronger oversight and scrutiny that followed the EU-pledged large-scale investments.

Lastly, in the fields of environment and energy it was found that China's investments into the WB5 have stalled the region's convergence towards the Union's environmental standards. The EU announced the "Green Agenda for the Western Balkans" that was based on the European Green Deal. The Agenda can be seen to influence China's actions by helping the countries reconsider unsustainable infrastructure and energy investments, by providing a regional approach to infrastructure management and planning, and by exploring the possibility of including the region into the EU's Emissions Trading Scheme. The Green Agenda was also juxtaposed with the EU's new standards on connectivity, the regulatory framework on public procurement and the broader digitalization of the WB5 societies.

Contrary to Dragan Pavličević (2019) who has claimed that foreign policy is one of the three most important channels of China's influence in the Western Balkans and hence one of the main focuses of the EU's counter-measures²⁵⁶, the results indicate that the EU's efforts have not centered on the foreign policy positions of the countries in question. Rather, the alignment-process with the EU's foreign policy, especially towards China, is veiled in the policies and measures that the EU has undertaken through its enlargement efforts. This means that when the WB5 countries themselves or through the encouragement of the EU align with matters that are internal to the EU and part of the enlargement agenda, the region's states in effect adopt such stances that they also reflect the foreign policy positioning of the EU. Examples of this are policies regarding public procurement, transportation and the environment. Although these fields can be viewed as internal to the Union, they contain stances on foreign policy as well – especially with regards to foreign investments and where transportation connections are extended to. This can equally be regarded as an indication of how foreign policy reflects internal values, norms and policies.

The results of this research build on existing evidence that the EU has managed to position the relationship between China and the Western Balkans as subordinate to the EU-China

²⁵⁶ Pavličević, D. (2019). 453, 460–462.

relationship – as suggested by Pavličević.²⁵⁷ The EU's counter-measures listed above have substantially narrowed the space for independent cooperation, and China's agenda-setting abilities in the region have weakened.

The Validity of the Key Expectations

The theoretical framework posed two key expectations for the results of this thesis and the validity of them is tested in this sub-chapter. First, chapter 3.1 posed that the EU will likely respond to China's engagement in the WB5 by deepening the accession processes of those countries within the existing frame of the Union's enlargement policy. It was expected that the EU would mitigate rather than confront China, and seek to ensure the region's commitment to the enlargement process by incentivizing compatibility through conditionality and new tailor-made instruments.

In line with this expectation, the results do indeed demonstrate that the Union has responded to China's engagement with the WB5 by deepening the accession processes. The measures have been mitigative rather than confrontational and the EU has strongly incentivized compatibility through the conditionality principle and new instruments. However, the presumption that the deepening of the accession process would take place within the existing frame of the EU's enlargement agenda, appears to be invalid. The results indicate that a new framework was formulated at the turn of the decade due to both China's increased engagement and the general disillusionment phenomenon with the enlargement process.

The second expectation laid down in chapter 3.2 hypothesized that the EU would likely have considered its strategic relationship with China in its response to the Chinese engagement with the WB5. This would cause the Union to refrain from explicit responses in the early years of the Belt and Road Initiative. It was also expected that a gradual development may be witnessed as the relationship between the two has deteriorated and China's engagement with the Western Balkans has increased. Finally, it was presumed that the EU has extended its 'riskified' understanding of China to the WB5 countries, and that it would be located in the practices through which integration with the EU is advanced.

In line with this expectation, the results indicate that the EU has largely withheld from explicit and aggressive stances towards China. This is likely due to the consideration of the strategic level of the bilateral relationship. Another possible explaining factor is the EU's ability to

²⁵⁷ Pavličević, D. (2019), 464–465.

convey norms and standards effectively through its enlargement policy, therefore enabling the largely implicit fashion in which China has been confronted. The tone did however grow increasingly alerted closer to the turn of the decade, coinciding with the timing when China's investments had grown substantial and the bilateral relationship had become accompanied with EU's concerns over China. In addition, the results indicate that the Union's understanding of the risks that China poses were indeed extended to the Western Balkan countries and embedded in its enlargement policy.

The Diffusion of the China Effect and Riskification into the Enlargement Agenda

The theoretical framework described the situation in the Western Balkans as a dynamic of [norm] contestation in which all parties – the WB5 states, the EU and China – are involved in. It was characterized as a setting in which the Union must simultaneously reiterate the benefits of accession, manage a diplomatic relationship with China, formulate such policies that they express the norms and principles of the EU, as well as advance the accession processes of the WB5 countries.

The results indicate that the “China effect”, a concept introduced by Babić and Dixon²⁵⁸, eventually diffused into the EU's enlargement policy as well. China's investment activities were regarded as a positive phenomenon in Europe at the beginning of the 2010s but as the end of the decade drew closer, the views had become reserved. In addition, the ways in which the EU has sought to manage the contestation in the Western Balkans indicate that the broader European “riskification” of Chinese investments and other activities has also spilled over into the enlargement policy. Characteristic for riskification, the focus is on the potential risks rather than actual threats. The realization of the threat isn't necessary in order for the logic to be activated, but rather the emphasis is on the conditions that could one day enable the actualization of such. An example of this is the way the EU often attached a future tense to its description of the possible consequences of increased investment activity by “third countries” or the lack of alignment with the EU's *acquis* due to cooperation with China.

One point must however be raised. Although the concepts of “China effect” and “riskification” fit the purposes of this research in general, the emphasis appears to have a distinct character in this contested enlargement context. Whereas the ‘European’ version of these concepts emphasizes the risk-enabling conditions that result from China's investments in strategic assets in particular, the ‘Western Balkan version’ seems to stress the adverse consequences that may

²⁵⁸ Babić, M., & Dixon, A. D. (2022).

result if the WB5 countries extensively align themselves with China politically and economically. The ‘Western Balkan version’ is further divided into the negative consequences on the WB5’s part and separately those that the Union itself may face. A telling example of the latter is the way in which the EU in 2020 framed the importance of future steps in the enlargement process predominantly from the Union’s perspective: “maintaining and enhancing this policy [credible accession perspective] is thus indispensable for the EU’s credibility, for the EU’s success and for the EU’s influence in the region and beyond – especially at times of heightened geopolitical competition.”²⁵⁹ On the WB5’s part, the emphasis is on the negative consequences to the enlargement processes of the countries that may result from having extensive cooperation with China.

Structural Foreign Policy and Norm Diffusion in a Contested Setting

This thesis serves as an opportunity to evaluate the EU’s structural foreign policy (SFP) in a setting where its predominance is being challenged and to assess how the EU transfers norms through SFP. To recall, Keukeleire and Delreux have suggested that the Western Balkans is the site of the EU’s most comprehensive structural foreign policy and it has emerged as the main testing ground for EU leadership.²⁶⁰

Several observations rose from the results. First, contrary to the theory on SFP that determines that the successfulness of the policy is determined by the combination of ‘structures’ and ‘sustainability’²⁶¹, in a contested setting the emphasis appears to have been predominantly on the structures rather than the sustainability of such. Especially the overarching counter-measure ‘political steering and increased EU-engagement’ supports such an interpretation. By introducing the possibility of scaling down the pre-accession benefits, the EU appears to have posed an ultimatum to the region’s countries whether they wish to continue in the enlargement process. The increased political steering that was accompanied by an increasingly assertive tone on the EU’s part may have neglected the sustainability of the new structures, since the benefits were increasingly conditional to compliance.

Not only does the speed of new policies bend one into thinking that the EU has prioritized the structural side of its enlargement policy, but the stark contrast between the early years of the 2010s and the latter part of the decade suggests that the diplomatic juggling – arguably one of the main modes of ensuring the sustainability – was assigned a lower priority. Moreover, it

²⁵⁹ COM(2020) 57 final, 1.

²⁶⁰ Keukeleire, S. & Delreux, T. (2022), 273.

²⁶¹ Ibid. 35–38.

appears that while stronger political steering can be interpreted to seek ensuring the sustainability of the previously introduced structures, the new policies introduced at the turn of the decade certainly picked up the pace. Therefore, arguably, the sustainability of the structures was assigned a lower importance.

Second, based on the results and the establishment that the “China effect” and the riskification of Chinese investments had been diffused through the enlargement policy, the EU’s SFP appears to be a rather flexible mode of conducting foreign policy in the described context. To cite Antje Wiener’s understanding of “norm diffusion”²⁶², the EU’s structural foreign policy has first internalized the novel need to actively mitigate China’s aspiration to invest both in the EU and the WB5, and then subsequently transferred the legal rules to domestic contexts. This was conducted by implementing such policies for the region that they reflect the EU’s new stances towards China without necessarily doing so in an explicit manner. In simplified terms, the new “norm” – China and its investment activities constitute a potential risk – were embedded in the EU’s policies towards the WB5, therefore enabling the possibility of “diffusing” the norm as part of its overall enlargement and structural foreign policies. Some primary examples of this is the introduction of “sustainable, comprehensive and rules-based connectivity” that made WB5-China cooperation more difficult and advanced the EU’s need to further connectivity in the region, the “Green Agenda” that curtails unsustainable infrastructure and energy investments, and the “regional investment area” that aligned the Western Balkan countries’ investment policies with EU standards.

Third, the EU’s SFP demonstrated an “absorption capability” in a contested situation. As noted on multiple occasions, the EU has acknowledged, also publicly, that there are certain synergies between its connectivity initiatives and China’s BRI. A categorically negative stance towards China’s activities hasn’t therefore prevailed. Based on the results, the EU appears to have successfully combined its enlargement process, the EU’s Asia-bound connectivity interests and its counter-strategy to the broader BRI. By imposing a new set of conditions for such initiatives in the WB5, the EU simultaneously capitalized on its need to better connect the Western Balkan region, ensured the alignment of forthcoming investments with EU standards, and “absorbed” China’s willingness to invest in the region. On paper at least, it appears that the Union’s policy ensured the possibility of continued Chinese investments, but reduced the possible negative

²⁶² Wiener, A. (2004), 196–197.

consequences of such. In practical terms, the EU was able to signal to China that in the future such initiatives would be conducted on the Union's terms.

The final insight is related to “socialization” that the theoretical framework established as one of the key pillars of SFP and the enlargement process. Mobilized to understand how and why actors change their behavior and adopt collective policies²⁶³, socialization does indeed appear to be a useful concept for studies that seek to understand the human implications of the EU's enlargement policy. The policies of the EU and their norms, including the new China-norm, and the somewhat willing adoption of them on the WB5's part supports the view that socialization has been advanced. The process has however been slow and it hasn't been perfect, emphasized especially by the fact that the EU's concerns over public procurement in the region have not faded. However, the adoption of policies and standards that complicate cooperation between China and the WB5 is an indication that the EU has advanced the countries' path towards the tipping point, where “consideration of the economic benefit is surpassed by the sense that its actualization would run contrary to how the countries see themselves” – as formulated by Charlotte Epstein.²⁶⁴ As noted, China's investment practices have suited the interests of the countries' elites especially, since they uphold the corrupt structures present in the region. Consent to policies that curtail such practices is therefore, at face-value, seen to curtail also the economic and possible political benefits.

This research began with an aspiration to study the EU's structural foreign policy in a setting where first, its predominance is contested, and second, the contestator is primarily another structural power. Although the results do not contradict the view that China is a structural power, in the Western Balkans the extent of China's *structural* foreign policy is questionable. Its activities in the region have grown extensive since the beginning of the BRI, but the ‘structural abilities’ of its foreign policy pale in comparison to the EU's. The results therefore contradict the view of Pavličević (2019) that China has put to use its structural power in the Western Balkans.²⁶⁵ The policies and the intentions of China certainly resemble SFP, but this research finds that the conceptual usefulness of this form of foreign policy stems in particular from the fact it has an ability to palpably transform countries and societies to the desired direction. Based on the results of this research, China seems to have never possessed such a power vis-à-vis the WB5. Further research and conceptual work is therefore needed to establish

²⁶³ Epstein, C. (2012), 135–136.

²⁶⁴ Ibid.

²⁶⁵ Pavličević, D. (2019), 458.

what is the threshold or the extent to which foreign policy must go in order for it to be accurately termed *structural* foreign policy.

The generalizability of these observations, i.e. how structural foreign policy functions in a contested setting, is limited by the fact that although China's presence in the WB5 has certainly been a cause of distress for the EU, its overall position has not declined dramatically. With good cause, the situation has prompted the EU to reiterate the benefits of membership, up its engagement and step up its conditionality. The context isn't nevertheless as straightforward insofar that the EU would have had to directly compete over influence with China in all fields. This is due to the fact that enlargement is a long-established priority for both the Western Balkans and the EU, and because the countries in question have been partially integrated into the EU's structures already before the contestation began. This may also be one of the reasons why the EU has been able to advance its mitigative policies veiled in largely conventional enlargement policy.

7. Conclusion

This research aimed to identify the concerns that the European Union has expressed over China during the evolution of their bilateral relationship, their reflection in the Union's enlargement policy towards the Western Balkans, and the concrete measures that the EU has taken to mitigate China's increased presence in the region from 2013 to 2021. Based on the extensive analysis of official strategies and other key documents, the following may be concluded.

First, the EU expressed worry, both explicitly and implicitly, that cooperation with China would cause non-alignment with the EU, that its investments would neglect both economic and environmental sustainability and possibly lead to the transfer of control over strategic assets and resources. It also indicated discontent over the distortive effects of state ownership and subsidies.

Second, the analysis found that the EU's concerns over China were reflected in its enlargement policy from 2018 onwards. The identified concerns over the region vis-à-vis China were largely the same as in the bilateral context. Characteristic for their reflection was that almost exclusively, the EU has spoken of the phenomenon in implicit terms. This pointed to the suggestion that the EU has simultaneously considered its relationship with China and opted to maintain a generally proactive and positive stance towards the WB5.

Finally, the research found that the EU has mitigated China's presence in the Western Balkans in particular through political steering and increased EU-engagement and by focusing on the sectors of regional integration, transport, connectivity and other infrastructure, the field of public procurement, and the environment and energy. The thesis shares the conclusion of existing literature, albeit by disagreeing with regards to the EU's priorities and methods, in that these actions have placed the relationship between the Western Balkans and China as subordinate to the EU-China relationship. The future of China-WB5 cooperation is largely determined by compliance with the new rules set by the European Union.

Even though China hasn't been able to challenge the EU's predominance as the WB5's most important partner considerably, therefore limiting the generalizability of the results, this research has provided new insight into how structural foreign policy (SFP) functions in a contested setting. Based on the interplay between the results and the theory, it can be suggested that in such a situation, the EU's SFP places emphasis on the structures rather than the sustainability of such, that it is a rather flexible mode of conducting foreign policy due to its adaptability to new realities, and that it demonstrates a so-called absorption capability insofar that it is able to combine various objectives into coherent policy suggestions. The results also strongly suggest that the "riskification" of Chinese investments and the subsequent new norm – China and its investments constitute a potential risk – had spilled over into the enlargement policy. The EU has advanced the diffusion of the norm and the socialization into it through largely conventional enlargement policy. The key takeaway from this is that alignment with the EU's new foreign policy stances may be advanced also by stressing alignment with internal matters as part of the enlargement process. The new norm and positions were, therefore, embedded in the EU's policies towards the five Western Balkan countries.

On a final note, the limitations to both the empirical and theoretical observations must be made clear. In effect, the successfulness of socialization, norm diffusion and the sustainability of structures cannot be established with confidence without accounting for the indigenous perspectives on the matter. Since the thesis has viewed the setting strictly from the EU's point of view, we can only state reliably that the EU's actions have sought to enable the conditions through which these may occur. The comprehensive assessment over the successfulness of domestic legitimation and internalization of structures is therefore beyond the scope of this thesis. For this to be accurately concluded, future research on this topic should account for perspectives from the individual Western Balkan countries and from China, with respect to the various domestic differences between the parties.

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Appendix - The Supporting Framework for the Analysis of the Primary Data / Results of the First Round of Analysis

FRAMEWORK COMPONENT	SUB-COMPONENTS
EU-CHINA SYNERGIES AND COOPERATION	• Transport, energy, infrastructure and digital connectivity; supply chain networks between Europe and Asia ◦ The EU-China Connectivity Platform & BRI ◦ The EU strategy 'Connecting Europe and Asia' • Trade, reciprocal investments, respective sources of funding for projects ◦ The 'Comprehensive Agreement on Investment' • Promotion of common interests at the global level
THE EU'S CONCERNS OVER CHINA	• Cooperation causes non-alignment with EU law, rules, values, policies, including public procurement regulation; compromises efforts to promote Rule of Law & Human Rights • Chinese investments neglecting the socioeconomic, environmental and financial sustainability → high-level indebtedness, transfer of control over strategic assets and resources • Unbalanced and non-reciprocal economic relationship • Distortive effects of state ownership and state subsidies of foreign companies on the EU internal market • Chinese FDI in critical assets, technologies and infrastructure
THE EU'S CONDITIONS FOR CONNECTIONS AND COOPERATION	• OBOR (BRI) as an open platform which adheres to (free) market rules and international norms; level playing field for economic operators on both sides • Adherence to EU law, regulations and policies (member state, sub-regional and Union levels), incl. public procurement; cooperation with the EC, the EEAS and other member states when conducting bilateral relations with China on aspects relevant to the Union • Relationship one of reciprocal benefit in all respects
THE EU'S TARGETED POLICIES AND THE APPROACH TOWARDS CHINA	• China as a 'strategic competitor and partner', systemic rival • EU policy shift towards a more realistic, assertive and multi-faceted approach; flexible and pragmatic whole-of-EU approach • Regulation establishing a framework for screening FDI (critical assets, infrastructure, technologies); establishing a common minimum definition on critical national infrastructure • Strategic approach to EU's procurement framework
THE EU'S PRIORITIES	• Principled defense of interests and values; the protection of human rights • On connectivity: financial, environmental and social sustainability, transparency, open procurement and level playing field • Maximal EU cohesion and effectiveness in dealings with China • Rebalancing the economic relationship • Promotion of stability and respect of good governance