

The European Commission is considering the process of reconciliation of the project from the construction of the Belgrade-Budapest railroad with the EU regulations, noted Maja Kocijancic, a spokeswoman for the European Commission.

Is Europe bothered by Chinese investments? Did Brussels accumulated enough fear that they see unfair competition in everything Chinese? Just when the problem with the takeover of Iron and Steel factory from Smederevo by a Chinese firm "Hestila" was solved, now it's turn for Belgrade - Budapest railroad.

It's possible that non-compliance with the European regulations is the reason that European Union put the construction of a fast railroad between Belgrade and Budapest on the spot, which is within the Chinese Initiative "One Belt-One road". The financial sustainability of a project worth slightly over \$ 2 billion (for which Chinese export and import bank has provided money with a grace period of 7 years and 2% interest) is put on the test and whether it violates EU laws according to which public procurement must be announced for large transport projects.

"The European Commission is reviewing the compliance of this project with EU rules.", said Maja Kocijancic, spokeswoman for the European Commission two days ago, on the opening day of the sixth Summit 16 + 1 and the day before the start of construction works of Belgrade railway line.

The railway modernization project arranged between Hungary, Serbia and China in 2013 has been under investigation by the European Commission due to a possible violation of EU competition rules.

Nevertheless, Victor Orban, the prime minister of Hungary, has clearly revealed the announcement of the procurement at the summit opening in Budapest, which was also confirmed by the head of Hungarian diplomacy Peter Sijarto to a Chinese agency Xinhua. "The procurement procedure will last about six months to a year, and another two years will be needed for projects and permits, so the beginning of works is not expected before the end of 2020," Sijarto noted.

Speaking of EU and China relations, Kocijancic noted: "The 16+1 format is complementing the relationship between EU and China. EU is not a part of this format but it participates as an observer."

She also added that the European Commission and European External Action Service roles are to "support state members belonging to this format", as well as to "help harmonize activities of EU and China relations".

The connoisseurs of European law say that the main focus of the European Commission's investigation is Hungary which, as a member state, is fully subjected to strict European

competitiveness laws. At the same time, Serbia, as a membership candidate, is not fully in charge of the EU's legislation. They have repeatedly emphasized in Brussels that they are in contact with the national authorities of the states which are within the framework of the Belgrade- Budapest railway Project.

If the violation of EU law on public procurement is proven, the penalties can be monetary and the procedure of terminating actions that violate EU legislation will start.

The construction of a fast railroad between Belgrade and Budapest is quite important for China, as it represents a part of the project connecting the port of Piraeus with the rest of Europe in order to make transport of Chinese goods more efficient.

Simultaneously, the fast track section between Belgrade and Budapest should serve as an example that Chinese companies can build in accordance with the highest EU standards.

Ana Brnabic, the Serbian prime minister, believes that the European Union is not obstructing the modernization of the Belgrade-Budapest railroad.

"I don't think they're questioning this project, although it's important to check that it's in the line with all EU rules regarding competition. I think everything will be all right," Brnabic said for Tanjug.

She also reminded that a similar thing has happened with Iron and Steel Plant in Smederevo which was overtook by a Chinese company "Hestil".

In mid-April last year, two months before the signing of the transfer of Iron and Steel Plant Smederevo into the hands of the Chinese "Hestil", the Serbian delegation went to Brussels with fear. Within a few days of negotiations they had to persuade the European Commission that Iron and Steel Plant Smederevo will not sell Chinese steel to Europe. The subsidies Serbia has provided for the ironworks have also been analyzed, but the European Commission has recently announced that the Hestila-owned steel station should not repay the state aid that it received in the past. Serbia then, in a separate process proved to EU that it didn't sell steel at a dumping price.

Ljubodrag Savic, professor at the University of Belgrade Faculty of Economics, believes that EU is trying to limit China's influence in every way, because it sees it as a serious competitor.

- EU has strict laws that protect Member States. EU can't prevent China from investing, but it can slow down and limit their projects. - notes Savic.

In a Brussels portal "Politiko", regarding 16 + 1 Summit in Budapest, it's noted that within the Chinese program "One belt, one way" financial resources are injected into the infrastructure, logistics and transport network to "enable Chinese products to enter the European market easier." " China has been promoting large investments and the 16 + 1

initiative for years just so it could increase its influence in the countries of Central and Eastern Europe, although its efforts have recently triggered an alarm clock in Brussels, especially because of the Beijing activities in the Balkans," it noted.

The EU has a reason for fear, and that can be seen on the example of the British steel "Tata steel", which the Chinese have suffocated by excessive supply of cheaper steel, a year ago. To the extent that the Indian investor announced a withdrawal from the English market and thus put into question 14,000 jobs. Britain then admitted that it was indirectly helping the steel industry for half a year, and, as it said, met the needs of manufacturers concerning the anti-dumping measures, and also energy prices.

There was no warning about state aid from Brussels which in the case of Serbia was carefully analyzed in order to get a green light for the sale of Iron and Steel Plant Smederevo to the Chinese. According to the Stabilization and Association Agreement, which we signed with the EU, the amount of state aid mustn't exceed 50% of the future Chinese investment in this case.