

Ahead of the Chinese President's visit to Belgrade, some economists question whether Serbia stands to benefit much from its current economic cooperation with China.

Ahead of Friday's visit to Serbia of Chinese President Xi Jinping, economic experts say Serbia's business deals with China focus too much on loans for infrastructure instead of direct investments.

Serbian Deputy Prime Minister Zorana Mihajlovic said on June 12 that the government will sign about 20 agreements and protocols with China during the visit of the Chinese President to Belgrade.

"We will talk about the continuation of the modernization of the railway line from Belgrade to Budapest, and there will be an agreements on industrial zones and in the field of culture," Mihajlovic said.

However, Mahmud Busatlija, a foreign investment consultant, told BIRN that there are no real Chinese "investments" in Serbia, claiming that the Chinese are just boosting the exports of Chinese companies with infrastructure credits.

"I don't see any real investments. They are just using their EXIM bank to credit their own companies and stimulate their exports," Busatlija said, adding that Serbia cannot afford to take on so many loans.

China's relationship with Serbia has developed fast since the two countries signed a strategic partnership deal in 2009 to boost economic and cultural cooperation.

Infrastructure investments have been a vital component of the partnership.

The breakthrough project between Serbia and China was construction of a bridge near the capital Belgrade named after Serbian scientist Mihailo Pupin in 2010, which the Chinese state-owned enterprise China Road and Bridge Corporation built on the back of the loan from the Export-Import Bank of China.

This project was followed by the first phase of the revitalization of the thermal power plant at Kostolac, which was facilitated by a 293 million dollars state-to-state loan on preferential terms. In 2014, Serbia took a 608-million-dollar Chinese loan for the second phase of Kostolac.

Among other agreements which are seen as significant is the planned construction of the Belgrade-Budapest high-speed railway which is expected to be completed by 2018, according to Serbian Prime Minister Aleksandar Vucic.

Serbian government has also closed a deal to sell Zelezara Smederevo steel mill to China's He Steel Group, one of the largest firms in the global steel business, for 46 million euros.

This was the first Chinese investment in a major Serbian company. Until now, Chinese companies were engaged mostly in infrastructure projects financed through state-sponsored

bilateral loans.

Milojko Arsic, economic expert, told BIRN that while economic cooperation with China is important for Serbia, it is more based on credits than it should be.

Arsic criticized the fact that Chinese construction companies are working on the infrastructure projects instead of Serbian ones and that Serbia exports little to China.

"It is not so beneficial that the construction works are conducted by Chinese companies.

Also, Serbia could improve exports to China," Arsic said.

In 2015, the value of Serbia's exports to China amounted to only 20.8 million dollars, while in the same period, the value of Serbia's imports from China amounted to 1.6 billion dollars.

source: balkaninsight.com