

It all began with bombastic announcements of an investment worth 800 million euros, the “biggest factory under one roof” (500,000 square meters), a research center, highways and 1,500 jobs by 2025th. The local media were buzzing about the “largest greenfield investment”, and a branch called “Linglong International Europe” was established in Serbia for the occasion. In May 2018 the European Commission imposed anti-dumping duties and introduced tariffs on Chinese tires. That same year, during his visit to Beijing, Vučić signed an agreement on the construction of a tire factory in Zrenjanin, while the Minister of Economy Goran Knežević signed an investment memorandum on August 23. This is how “Linglong” came to Serbia. The cornerstone was laid by Vučić himself, at 10:18, in accordance with Feng Shui, while the president of the company, Feng Wang, pointed out that “it is a good omen to start works in March, when the flowers bloom”.

And, as the epidemic flourished instead of flowers, the “Linglong” company nevertheless began construction on April 3rd. This could not have happened, however, without previous (and subsequent) subsidies. First, the government permanently donated 96 hectares of arable land (class I and class II fields, worth 11.9 million euros) on March 28. Then, in October, the government provided its Chinese partner with an additional 75.8 million euros worth of financial assistance, and in March, it issued ten building permits for auxiliary facilities, without an environmental impact assessment for the plant itself. All 215 complaints were rejected, and whenever protests broke out in Zrenjanin, the local police were there to quell them.

Thus, as the state was handing out subsidies without consulting anyone, a Chinese tire factory blossomed on its most fertile fields. Through the auxiliary facilities, a plant was concealed, hence avoiding the obligatory environmental impact assessment, as should have been done, according to procedure. This “concealing” is known as “salami slicing”, and even the Renewables and Environmental Regulatory Institute complained about it. Given that the factory in question is huge, with a production forecast of over 35,000 tires daily, or 13 million tires yearly (which translates to a sharp rise in the concentration of zinc oxide in the air), its environmental impact is, nonetheless, inevitable.

Hundreds upon hundreds of 24 ton trucks a day would be needed for tire transport alone. This will cause environmental pollution by way of a rise in exhaust gases, in spite of the fact that Zrenjanin is already among Serbia’s record holders in terms of pollution. Zrenjanin has been left without drinking water for fifteen years, while the air is heavy with sulfur dioxide and soot. This makes it all the more important to investigate and prevent any careless attitude towards the local environment. And that is precisely the opinion of the Regulatory Institute, since Linglong’s factory is being built in the working zone Southeast II-A. But, it is

one working zone that is unsuitable for a construction of a factory: only two kilometers away, lies the Special Nature Reserve called “Carska bara” (Emperor’s Pond), known as one of the largest natural habitats in Serbia (with 239 species of birds, of which as many as 207 are protected).

Asian globalisation and the “outsourcing of pollution”

Avoiding environmental regulations is not a local thing. Namely, although China is the world’s largest producer of tires, two months ago Chinese President Xi Jinping officially announced that the aim of the People’s Republic of China is to achieve “carbon neutrality” by 2060. This sealed the fate of the Chinese rubber industry, and deepened the shock that it already experienced.

The official announcement of “Brother” Xi (as Xi Jinping is referred to by the Serbian president) came after several years of tightening environmental regulations. For example, the “war” on pollution was declared in China in 2014, the Environmental protection law was made stricter in 2015, while over 20 of the “dirtiest” producers at the head of the already “dirty” tire industry were fined in 2017 alone. This sealed several fates: companies such as Hengju and Yong Tai - both from Dawang, the so-called “Tire City” and the center of the Chinese rubber industry - went bankrupt and their shares were sold by the court. As bigger companies overtook the smaller, “Double Star” - one of China’s largest tire producers - rose to the top.

Unlike them, however, “Linglong” is an entirely different story. Namely, it was the first to initiate expansion along the Chinese “Belt and Road” initiative at the onset of the China’s Twelfth Five-Year Plan (2011-2015). This was done according to its “5 + 3 model”: five factories in China and three abroad, and it was during that time, when the company even got an “industrial Oscar”. The first factory was opened in Thailand, while the last - and at the same time, the first in Europe - was opened in Serbia. Along with it, “Linglong” fulfilled its goal. But, not only has this goal been fulfilled - a new one was established in 2020. Now the company aimed to implement a model of 6 + 6 plants by 2030 (1 more in China and 3 factories abroad). This would make “Linglong” one of the world’s top five tire manufacturers. Thus, in a word, “Linglong” has its own strategy of globalization. That strategy is conditioned by China’s desire for carbon neutrality and the idea of a “Green Asia”. “Linglong”’s response to that is to outsource its production to Southeast Europe. As the desire for carbon neutrality increased, so, too, did the need to outsource production. And with the outsourcing of production, what occurred in Serbia was an “outsourcing of pollution”.

The labour force

Besides the environment, the issue of labour was equally neglected. First, instead of the initially promised 1,500 jobs, it was later found out that the true number was 1,200 local jobs (as we shall see, the remaining 300 are coming from “imported”, that is, dispatched Chinese labour). Regarding the qualification structure, out of those 1,200 new employees, jobs are planned for “131 low-skilled, 904 skilled and 165 highly skilled workers. Thus, the percentage of highly skilled workers is 13.75.” Secondly, regarding the structure of “Linglong”’s investment, only 2% of its investment will go to employees’ salaries (despite the fact that Serbia actually subsidized 63,167 euros per domestic worker), while the largest part (67%) is intended for the purchase of new production equipment.

In terms of employment, the effect of an investment of that size will still be moderate. According to one estimate, unemployment can be expected to decrease in Zrenjanin by 22.69% (out of 5,289 unemployed persons). But even such a number is not guaranteed, considering that in the meantime “Linglong” started recruiting professional staff from the nearby and larger town of Novi Sad – on March 5, 2020, “Linglong” also established a scholarship for students of the Faculty of Technical Sciences (in Novi Sad), which is tied to an obligation to work for the company for a minimum of three years. In 2020, “Linglong” plans to employ only 200 people, who will be sent to China on training programmes, and to open up 800 more jobs in the coming years (which totals 1000 people, so no data is given for the full figure of 1300 jobs), as announced by the management on November 22, 2019. The average gross salary in the company will be 565.76 euros, while most of the new employees will have fixed-term contracts, expiring by 2024. Neither the “Nezavisnost” trade union nor the Confederation of Autonomous Trade Unions are currently present, while according to unofficial information, some construction workers work illegally.

Dispatched workers from China

If you are a worker from China, you will probably find a job in Serbia through employment agencies – the so-called International Economic and Technical Cooperation Groups. There are at least 300 such agencies (according to the list of accredited agencies that do business with Japan). By the end of 2019, according to the report of the Ministry of Commerce of the People’s Republic of China, they dispatched about 487,000 Chinese workers abroad. There are a total of one million such workers (mostly under service contracts) at any given time. In Serbia, there are 3,148 work permits which have been issued to citizens of China, according to the Serbian National Employment Service. Today, the legal status of these workers are regulated by the Department for Cooperation with Foreign Labor Services at the said

Ministry of the People's Republic of China .

With that in mind, in order to get a job in Serbia, a Chinese worker must pay approximately 10,000 renminbi to a dispatching agency (about 1,285 euros at exchange rates dating from November 21, 2020). Upon payment, a service contract, not an employment contract, is signed with the "economic-technical group", ie. the agency. This is also why these workers (mostly men) generally enjoy fewer rights than those with an employment contract, even in China itself.⁵At the Linglong construction site, they mostly work from 07h-18h: they dwell and sleep in poor hygienic conditions, in special dormitories designed for 12-16 people, located at the construction site, while the industrial management considers them to be "more productive" than Serbian workers, although they are more "expensive" to get. For, what distinguishes them from Serbian workers (who are often hired by the same agency) is that Chinese workers don't have a single day off (not even Sunday) or celebrate holidays - unfortunately, such is standard practice for Chinese agency workers. ⁶In short, there is no rest until the working period is over. And this means 2-4 years. In those few years they actually work and live on factory land, where they are available 24 hours a day, without a single day of rest or holiday. This is the only thing that will allow "Linglong" to be built so fast and to work even faster (24 hours, in 3 shifts, 340 days a year). And that is, ultimately, what makes Chinese labour profitable for Chinese employers, even when the site of production is located in Serbia.

One of the agencies that send such workers to Serbia is the state employment agency "Shandong". The "Shandong" agency has been operating in Serbia since 2013. It worked on road construction (for example, Corridor XI, i.e. sections of the highway "Miloš Veliki": Obrenovac-Ub and Lajkovac-Ljig), the Chinese Cultural Center in Novi Beograd and underground parking facilities on Studentski trg, Trg republike, in the park near the Serbian Parliament and near Kosančićev venac. As of recently, it's been engaged at the "Linglong" project in Zrenjanin, where the Chinese workforce currently dominates the construction site. According to a source (known to the author), the Chinese workforce currently numbers about a hundred people, but an increase in number is also planned. They are employed through the "Shandong" Chinese employment agency, so that "Shandong Linglong Tire Co Ltd." (the Chinese employer) is not directly responsible; instead, the "Shandong" agency is responsible both for the Chinese and domestic workers.

However, the other side of the coin - namely, the Serbian legislation - is complicit. Besides the domestic Law on the Employment of Foreigners, an additional regulation deals with Chinese workers in particular. Namely, Chinese citizens who work on the territory of Serbia are not regulated by the laws of the Republic of Serbia, but by the laws of the People's

Republic of China, since that is the country of their employer, and their employer's agencies. This is exactly what the Assembly of the Republic of Serbia adopted with a unanimous vote on the "Law on Ratification of Social Security Agreement between Government of Serbia and Government of People's Republic of China", on September 25th 2018. And, it was adopted the same month, and even the same week when Vučić signed the agreement on the construction of the Linglong factory in Beijing, during his visit to China (the law was proposed during Vučić's stay in China, and has been adopted only a week after his visit). Article 7 of this law deals with the so-called persons dispatched from China, to whom the Serbian labor law does not apply. Such persons include those who are employed in Bor, Kostolac, and other Chinese investments, such as construction work on Serbian roads - or, last but not least, in Zrenjanin's "Linglong" tire production. In short, in accordance with the law - they lay excluded and outside of Serbian law.

Profits

But, the work they do results in someone's profit. The question is - just how big of a profit? First, in the Serbian branch, the so-called "Linglong International Europe Ltd. Zrenjanin", the official revenues are noted as less than 100,000 euros, while the profits listed on the company's own website amount to about 2,571 billion euros (20 billion renminbi, from 2008 to 2013; but, by now they have certainly gotten larger). But, how much of them actually reach Serbia? Currently, the sum of all investments from 2010 until 2019 barely approaches the promises made by President Vučić and the company's president-chairman Wang Feng. By 2019, a total of only 744.2 million euros have come to Serbia from China; by June 2020 - 888.6 million euros (table and chart below). Hence, of "Linglong's" 800 million and the 2% out of that, which will go to salaries - the largest part of the promised investment is yet to be fulfilled - or not - that remains to be seen.

Be that as it may, so far the "Linglong"'s branch did bring something else to Serbia: namely, the Super League. The "Linglong Tire Super League" - as it's officially called - is only the latest addition in the unusual link between Chinese capital and football. Namely, "Linglong" has previously sponsored China's Women's Volleyball Team (2011-2013), and then the German "Wolfsburg" (2015), after which came the Italian Juventus (2018). And in the same year when "Linglong" financed the German football team, it also became one of the suppliers of "Volkswagen" (whose headquarters are also in Wolfsburg). According to President Aleksandar Vučić, "Linglong" tires from Zrenjanin will ultimately end up being sold precisely to "Volkswagen". Because "Volkswagen" is a production chain which, in turn, lacks cheap tires, considering that in previous years it has fallen into a recession together

Pollution export in accordance with feng shui and Serbian subsidies for Chinese tire factory

with the entire German car industry. This is the way in which the globalization of China's capital spreads from the "flourishing" factories of Zrenjanin to Europe's giant manufacturers, both of which are now tied to one another, surprisingly, through China's "Belt and Road".

Source: masina.rs