

The German “Bertelsman Foundation” has published a study entitled “How much the West invests along China’s New Silk Road”, which showed that Western countries are not lagging behind China when it comes to investing in the belt.

According to a study published by “Deutsche Welle”, reported by “Tanjug”, between 2013 and 2017, the Western countries invested \$ 290 billion in “Silk Road” countries, while China invested about 285 billion in the same period. According to this research, Western investments in the said period amounted to slightly less than \$ 10 billion, and that Serbia is in the group of countries where the EU invests more than China.

The Foundation further states that one of the reasons for this development is that China’s engagement is currently well behind Beijing’s announcements, and that investments have fallen significantly this year compared to 2016 or 2017, while investments from the West are constant.

The question arises: does the EU actually fear Chinese investment?

According to the Ministry of Trade, Tourism and Telecommunications, from 2010 to 2018, the EU invested 12.7 billion euros in Serbia, representing 75 percent of total investments.

The EU invested two billion euros last year, which is 64 percent of total investment.

According to available National Bank of Serbia data, € 538 million was invested in the EU in Serbia in the first quarter of 2019.

By 2018, China has invested € 504 million, or three percent of total investment, if this adds up to Hong Kong investments, amounting to € 1.1 billion and a share of seven percent in total investment.

Prof. Katarina Zakic, from the Institute for International Politics and Economy, says that the European Union has good reason to be concerned about the arrival of Chinese investments in the Balkans, as they have grown significantly over the last five years.

“First and foremost, she worries about increased Chinese investment in the EU itself, as it is significantly higher than investments in the Balkans and Central and Eastern Europe. Due to this dramatic increase in Chinese investment and fears that it will affect its own economy and competitiveness, the EU has introduced a special screening of Chinese investment that allows the EU to make a significant impact on which Chinese companies and in what types of activities they can invest in its territory. For now, the IT industry has been identified as a particularly sensitive area where the EU wants to reduce its Chinese presence” - Zakic said. However, notwithstanding these changes, there is still interest in some countries within the EU to intensify Chinese investment in their countries, such as Italy or Spain, which are seeking solutions to new investments due to problems in national economies.

She recalls that in 2016, China set absolute records of its own in terms of foreign direct

investment, and the reason was primarily due to the Chinese government's greater permits for Chinese private investors to invest abroad.

"It is noticed that all the investments did not produce good results, and that there were big problems after the purchase of these foreign companies in their work. As a result, President Xi Jinping announced at the 19th session of the CCP's National Congress that the volume of Chinese foreign investment will be reduced, that the areas in which it is invested will be watched more carefully, and that more money will be invested in the Silk Road countries. Given that China is in a trade war with the US, and the EU has withdrawn a number of measures to reduce Chinese investment, it made sense for China to direct investment to the other side, namely Asia, Africa and partly Latin America" - Zakic states.

When it comes to Serbia, Zakic says that the European Union has the most investment in every sense, and this is expected because Serbia is in Europe, trades most with EU countries, and these countries are its natural partners.

"Chinese investments in Serbia are coming much later, and it is normal that they cannot yet reach the level of EU investment in terms of volume and number of projects. It has to be said that the number of Chinese investments in Serbia has increased significantly and that the investments of "Zijing Mining" and "HBIS Group" are certainly the most prominent examples. If the "Shandong Linglong" investment in Zrenjanin is realized, it will be one of the largest greenfield investments in Serbia in its history" - says Zakic.

In her estimation, Serbia in general, economically speaking, should not be interested in where the investments come from, it is more of a political problem. What we need to be more interested in is the amount, type of activity and type of investment that comes to our country.

What she thinks is lacking at the moment is a stronger domestic economy, a greater number of domestic investments and the protection of those domestic companies that will be given strategic importance by the development strategy.

Source: politika.rs