



**Center for Euro-Atlantic Studies CEAS**  
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# RASHOMON

**Analysis of the bilateral relations between Serbia and China and their impact on the continuation of Serbia's democratization, EU integration and cooperation with NATO and the Member States**

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## EXECUTIVE SUMMARY

The relations between Serbia and China can be analyzed from several aspects, not too rarely being mutually opposite, depending on what is considered to be Serbia's chief short-term, mid-term and long-term goals, relevant and legitimate geopolitical circumstances and trends, and the likely peaceful and sustainable outcomes of the open regional issues. The sequence of steps to be taken in order to realize the priorities may be viewed from several angles. Therefrom the title *Rashomon* – after the cult film by Japanese director Akira Kurosawa.

*Rashomon* is being published at the time of new geopolitical circumstances that are more and more often described as a strategic *Great Power Competition*. It seems that the very complex and unpredictable events along the world's maritime mercantile and military lines, in the full swing of straining the relations between the United States (USA) and Iran, are the most important topical geopolitical circumstances.

Internally, there are efforts to strike a balance among perpetuation of minimum democratic practices, certainly at much higher a level than in China, continuation of the EU integration and regional cooperation, the attempts to reach an internal and broader compromise on the possible layout of a multidimensional agreement with Prishtina, which would keep the official Belgrade on the European track and yet get a democratically verified majority support in Serbia.

These endeavors of the RS top officials have not met, according to the CEAS assessments, with objective considerations of a part of the political and analytical landscape, both local and Western. Another *Rashomon* or ulterior vested interests, remains to be seen.

In *Rashomon*, CEAS offers a range of arguments, from opportunistic and irresponsible actions of a part of the opposition, to the problems created by the pro-Kremlin structures, mainly related to Belgrade's attempts to articulate its legitimate interests in negotiations with Prishtina and the political West, to a series of positive steps and trends towards a better understanding and renewal of strategic cooperation with the political West and failure to live up to certain expectations of the official Moscow, which may contribute to a certain understanding for the corroded democratic processes in Serbia and for the absence of transparency in the policies of the RS Government and President Aleksandar Vučić. However, these circumstances cannot be maintained for long, without very negative implications for the state and the society in the long run.

In its conclusions and recommendations provided in *Rashomon*, CEAS reminds of the fact that, besides being Serbia's significant economic partner, China is a Member State of the UN Security Council (UN SC) which has not recognized Kosovo and is struggling with disputes and challenges, such as Taiwan and Tibet, and which could be subject to the implications of interpretations of a possible comprehensive multidimensional agreement between Belgrade and Prishtina, having in addition lost its three nationals during the NATO bombing of the Federal Republic of Yugoslavia (FRY).

These are additional relevant circumstances that need to be taken into consideration when analyzing the Chinese presence and trends of Chinese policy in the region at large, as well as the bilateral relations between Serbia and China. CEAS deems that the most important



aspect of the bilateral relations between Serbia and China for the moment is actually the Chinese position on the solution to the relations between Belgrade and Prishtina that China would find acceptable.

China's role in the Western Balkans region is substantial, but significantly different in nature from the destructive role of Russia. China is an important, but not the largest political and economic partner of Serbia. Strengthening the bilateral relations between Serbia and China in the past few years has, for the time being, been a logical trend which, on the whole, has a positive impact on the internal economic and developmental situation in Serbia and on Serbia's geopolitical positioning. At the same time, CEAS notices that this is not the case with Russia, however. Serbia would be well-advised to adopt as many measures that would approximate the current business operations with China and Chinese entities to the European practices and expectations related primarily to the level playing field in the market and transparency of procedures while respecting environmental standards.

The obvious recent enhancement of the military-technical and military relations between Serbia and China could be perceived as a compensation for or balance with the heightened Russian expectations from the bilateral cooperation with Serbia in these areas, and partly as a political decision with greater internal-policy leverage than a strategic one. Bearing in mind the measures adopted by the EU in response to the illegal annexation of Crimea and the deliberate destabilization of Ukraine; US sanctions to deal with the threat posed by the actions and policies of certain persons who had undermined democratic processes and institutions in Ukraine, threatened the peace, security, stability, sovereignty, and territorial integrity of Ukraine, and contributed to the misappropriation of Ukraine's assets; and the US sanctions with respect to persons engaging in transactions with the intelligence or defense sectors of the Government of the Russian Federation articulated in the CAATSA legislation, this is not necessarily a bad alternative, but it must be pursued very cautiously. The aggravating circumstance is, naturally, the lack of updated strategic documents of the Republic of Serbia in the areas of defense and security.

The activities related to the application of the Chinese telecommunications equipment and software in defense and security systems, as well as in public administration, are more acute and potentially more perilous trends. The RS must be careful lest it compromise its security system with the Chinese equipment and software, by way of letting them jeopardize the achieved level of protection for individual rights of citizens without a broad consensus on its necessity, thus preventing further EU integration, first and foremost.

In the area of data exchange and protection, the EU is much more integrated with NATO and the US, so Serbia needs to take this into account already, balancing its expectations regarding the negotiations on Kosovo. Bearing in mind all the global challenges around the use of China's 5G technology, this is by no means an easy task for a small and militarily neutral state, especially given the lack of updated strategic documents.

CEAS believes that Serbia's military and security cooperation with China due to the geopolitical implications of the developments in the South China Sea and general Great Power Competition, controversies regarding the use of Chinese 5G technology at the global level at one hand, and challenges regulating the Serbia's legislation on personal data exchange and protection and other relevant laws and practices on the other hand, and soon, especially after the eventual formalization of relations between Belgrade and Prishtina, will become the main aspect of bilateral relations which will be the key condition



in the prospects of the continuation of the Serbia's democratization and EU integration process and enhancement of the cooperation with NATO and the Member States.

CEAS considers that the best further scenario of shaping the Serbian and Chinese relations for the Republic of Serbia and all its citizens would be to stay on track of the European integration and reinforcement of cooperation with NATO and the Member States, at the same time reinforcing the bilateral cooperation with other global and different actors in a way which would not jeopardize these goals, primarily by compromise formalization of the relations with Prishtina as soon as possible, with its potential democratic verification in Belgrade, where China has a role that often gets overlooked.

This, in turn, would contribute to further improvement of the fragile democratic practices and strengthening Serbia's resilience to, together with its partners, resist the detrimental local influences on liberal democratic practices and policies, from the corroding to the malign ones. Such an outcome would enable Serbia to resist the corrosion of democratic practices, which China has been carrying out through its sharp power in the areas of information and politics, by strengthening the positive aspects of cooperation with China.

Formalization of relations between Belgrade and Prishtina in a foreseeable future would open the RS's currently limited potential to pass new strategic documents in the midst of the very complicated negotiations with Prishtina.

After formalization and its institutional adoption through constitutional amendments, Serbia would need to embark on developing its foreign policy strategy as soon as possible, as well as on adoption of new defense and security strategies. In the absence of the encumbering open issue of Kosovo, they would need to consider the geopolitical circumstances in a more realistic manner than is the case with, for example, the proposed new defense and security strategies published in the spring.

CEAS recommends that, should the assessment be that the formalization will not take place any time soon, the RS competent state authorities expedite the adoption of amendments and improvements to the above drafts or come up with new proposals for the relevant strategies. This is indispensable for the Western partners to also officially assess Serbia's predictability and reliability in coping with common challenges and threats. Having in mind the unusually complex and volatile geopolitical circumstances, this is necessary, though not simple for the RS.

Should Belgrade fail to formalize its relations with Prishtina in a way that would keep its EU integration course, as well as the momentum for strengthening the relations with NATO and the Member States individually, first of all with the USA, which CEAS considers the most favorable outcome, the above mentioned new strategies would have to project the future relations with China in a way which would not jeopardize these primary interests.

In the long run, for a country of Serbia's size, if willing to continue the process of democratic consolidation and economic growth, regionalization through the European integration, enlargement and deepening the cooperation with NATO and strengthening the bilateral relations with the USA is the best manner to streamline the positive and mitigate the negative global trends, to a great extent generated by China as a global power.



CEAS recommends that the EU, NATO and the US, as the first necessary short-term measures in achieving these goals, should try to better understand the current breadth and profundity of the challenges that Serbia's current leadership and Serbia as a society are facing. In the short run, they can demonstrate in first by appreciation of the Republic of Serbia Government's expectations regarding the increased export quotas for steel, produced in Serbia in a Chinese-owned steel plant, and through support to a compromise solution for formalization of relations between Belgrade and Prishtina, which would bring Serbia closer to the political West.

In the mid-term prospective, CEAS would recommend the EU to primarily endeavor to facilitate access to its infrastructural funds for the applicant countries. The EU and NATO together could articulate the development of their mutual cooperation in the area of military mobility through several joint infrastructural projects in the Western Balkans region/South East Europe. Given the latest geopolitical developments in Eastern Mediterranean and the Black Sea region, as well as world's mercantile and military naval routes in general, Serbia as the largest country of the Western Balkans and its only Danube country certainly gains a new importance and potential new role in that.

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