

DRIVING OUT HUAWEI: SINO-AMERICAN ENGAGEMENTS IN SOUTHEAST EUROPE

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SUMMARY

The growing tension between the US and the People's Republic of China under the so-called „trade war” increasingly recalls the history of the Cold War. One leading example is the American countermeasures taken in the face of Huawei’s 5G network expansion in Europe, in particular on the Balkan peninsula. The American administration is trying to oust the Chinese company from the allied markets within NATO, offering in return cooperation in the field of security and defense based on common liberal values. On the other hand, along with a significantly cheaper 5G network infrastructure, the PRC offers a package of energy and infrastructure investments. In this regard, the American initiative to reconcile Serbia and Kosovo as discussed in the policy brief should be the measure to counterbalance Chinese influence in the region and on the other hand it shows the ineffectiveness of the European Union in this matter. After the visit of the American secretary of state Mike Pompeo to Croatia in October, it became clear that American relations with South and Southeast Europe will be built in the field of security and defense - an area in which the US government has comparative advantages over China.

INTRODUCTION

The international media vastly discussed the meeting between Serbian President Aleksandar Vucic and Kosovo Prime Minister Avdullah Hoti in Washington in September 2020. Donald Trump, who portrayed himself as a “good father” of the agreement, spoke of a historic agreement between the conflicting parties. Of course, the fact that there has been significant progress in the normalization of relations between Belgrade and Pristina should be appreciated, but the discussed arrangements should be approached with an appropriate distance. It is worth mentioning that the American initiative has been prepared for a long time. Richard Grenell, the former US ambassador to Germany, now serving as a special presidential envoy for Serbia and Kosovo peace negotiations, began the reconciliation process between both parties. The first evidence that his mission could be successful was the reestablishment

of the direct air connection between Pristina and Belgrade, halted in 1998. Additionally, under pressure from the US administration, Kosovo lifted 100% of customs duties on products from Serbia and Bosnia and Herzegovina.

At the same time, China utilizes territorial controversies between Belgrade and Pristina to strengthen its political and economic presence in Serbia. Nonetheless, the major question of whether the infrastructure and investment-hungry region of South and South-East Europe will be able to barter Huawei investments in favor of the security guarantees provided by Washington remains on the table. The policy brief then addresses the following questions: whether security factors can compete with the promises of infrastructure investments and the vision of becoming a "European gateway" for goods from China; and whether the reconciliation process initiated between Serbia and Kosovo would limit the Chinese political agenda in the Balkan Peninsula.

WASHINGTON AS SERBIA-KOSOVO RECONCILIATION MAKER WITH CHINA IN THE SHADOW

The trilateral agreement between the US, Serbia and Kosovo mainly concerns economic and infrastructural issues. In principle, only one of the points worked out during the meeting has a specific feasibility date and does not concern Serb relations with Kosovo but the transfer of the Serbian Embassy in Israel from Tel Aviv to Jerusalem. Most of the issues agreed during the tripartite meeting are not binding and refer only to political will. The documents also do not include the time frame, conditions, and methods of implementing the relevant arrangements.

In order not to be accused of recognizing Kosovo as a separate state, President Vucic, under pressure from Serbian society, emphasized that it was only an "exchange of letters of intent" between Serbia and the United States. The Serbian president's reasoning is not far from the truth: the document itself is more a "letter of intent" than an "agreement". The Serbian and Kosovar leaders received essentially the same documents, except for the last point: in the Serbian version, the last issue was the relocation of the Serbian embassy, while in the Kosovo copy, the last item was the mutual recognition of Kosovo and Israel. As international practices stated, the joint document would require the countersignature of the other party concerned by the agreement; however, the document shows that all points were adopted unilaterally (as one copy had only one leader's signature). In addition, President Donald Trump also did not put his signature to these documents. The American leader only issued a "congratulatory letter" summarizing the trilateral meeting. Signing any bilateral agreement between Kosovo and Serbia was not an option in this case, because the Serbian government does not recognize Kosovo as a sovereign state. The role of the US is to mediate and work out an action plan for both sides. This approach has been seen in the past. Tripartite mediation between the USA, Serbia, and Kosovo resembles the "Marshall plan" in the context of the disputes between Germany and France after WWII, thus this approach can be called the "Marshall Plan for



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Regarding the tripartite meeting in Washington, the media largely focused on the "specific" reaction of the Serbian president to the information that he had just signed a document approving the above-mentioned relocation of the Serbian embassy in Israel. In the video published on Twitter Aleksandar Vucic himself seems surprised, disbelieving in what he has just signed. However, this is no exception, as the Serbian president had previously used body language to indicate Serbian foreign policy. This was the case when China dispatched medical personnel as well as the necessary apparatus to support Serbian efforts in the fight against the Covid-19 pandemic. At that time, President Vucic kissed the PRC flag in an ostentatious gesture. It can be assumed that this "scene" played by the Serbian president is intended to mislead public opinion, and the whole situation can be categorized as a diplomatic procedure aimed at concealing the president's true intentions.

However, the remaining paragraphs of the Serbian-Kosovar agreement might have a long term impact on China's position in the region. The first important part shows that "both parties [Kosovo and Serbia] will ban the use of 5G equipment supplied by untrusted sellers in their telecommunications networks. In the event that such an agreement is already in force, both parties strive to remove it and undertake mediation in due time". Although the name of the Huawei company does not appear explicitly in the official US agreement, there is no doubt that the Trump administration referred to the Chinese tech giant.

SINO-AMERICAN HIGH-TECH PROXY CONFLICT IN THE BALKANS?

As previously mentioned, the nature of the document indicates a rather loose legal relationship between the states, while the intentions of the American administration, which apparently initiated the laborious process of removing Huawei from the Serbian market, should be seen as critical. Americans launched their activities in countries most targeted by China. There is no doubt that the China factor was of prime importance in Vucic's visit to Washington. Moreover, just over a week after the tripartite meeting in Washington, on September 11, 2020, President Aleksandar Vucic met with the Chinese ambassador to Serbia - Chen Bo. President Vucic emphasized that China is a reliable partner for cooperation in the country, especially in the field of telecommunications. Soon after, on September 15, Huawei announced the opening of the Belgrade Innovation and Development Center with the participation of Serbian Prime Minister Ana Brnabić. The head of the Serbian government stated that cooperation with Huawei on the implementation of the 5G network in Serbia does not violate the content of the agreement concluded in Washington.

In the context of displacing Chinese influence from the Balkan Peninsula, the October visit of Secretary of State Mike Pompeo to Croatia is of no less importance. It is a continuation of the diplomatic tour of NATO member states in the region of Southern and South-Eastern Europe. Similarly to the September visit to Greece, where the American Secretary of State announced the creation of a new US Navy naval expeditionary base for the USS Hershel "Woody" Williams on the Greek island of Crete, the dominant topic of Pompeo's talks with Prime Minister Andrej Plenković and the head of Croatian diplomacy Gordan Grlić Radman became security policy.

Croatia is facing a strategic decision to replace the old MiG-21 aircraft, and the visit of the US secretary was to bring the Croatian government closer to the purchase of American F-16s.

Interestingly, a meeting with the president of the country, Zoran Milanovic, was not on the agenda of the American diplomat's visit. There have even been tensions between the Prime Minister and the President of Croatia, who represent different political parties. Ultimately, the decision to buy new jets in Croatia is to be made by December 12, 2020, but President Milanovic spoke indignantly about Secretary Pompeo's proposal, saying that "the American diplomat paid a visit when the bids were practically opened. In my opinion, no one should talk to us like that, it's putting pressure on us". However, in September President Milanovic spoke flatteringly about the American ally, stating that "American machines should be Croatia's first choice." In addition, an important aspect raised during the Pompeo-Plenković talks were preparations for the lifting of the visa regime for Croatian citizens, aimed at consolidating mutual relations. Secretary Pompeo also discussed the plans to expand the Croatian 5G network. In this context, we can again speak of "exerting pressure" by the Americans, because in recent months it has become the habit of American diplomacy towards allied states to "request for the exclusion of Chinese companies from the 5G network implementation process".

An important aspect of the bilateral meeting between the US and Croatia was also the issue of Bosnia and Herzegovina's integration with the West, where both parties pledged to support this process. It is no secret that the active investment policy of the PRC in Bosnia pushes the countries of the NATO bloc to intensify the process of Western integration of Sarajevo. These are mainly energy infrastructure projects, including the construction of a Bosnian CHP plant in Tuzla, the value of which is estimated at EUR 722 million (China Gezhoubu Group), and the construction of a hydropower plant by PowerChina (EUR 44 million) granted to Chinese firms. Chinese companies are also interested in building Bosnian infrastructure, including the Kvanj-Buna highway, where five of the nine offers are from the PRC. Moreover, the Chinese Sinohydro in early 2020 also expressed interest in building the Pocitelj Bridge in the south of the country. It can be presumed that the growing Chinese influence in Bosnia and Herzegovina resulted in the direct support of the Serb representative to the BiH presidency, where in June this year Milorad Dodik expressed his strong support for the PRC in protecting sovereignty and national security over Hong Kong.

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CONCLUSIONS

It seems that the US administration will soon be forced to make more direct moves to exclude the presence of Huawei in the Balkan Peninsula. This applies in particular to Serbia; because of the pandemic, the public tender for the expansion of the Serbian 5G network has been

postponed to the first quarter of 2021. In line with this tender, the visit of President Xi Jinping to Serbia announced for April 2021, would have a significant impact on the future of China's position in the region. In view of these findings, Serbia, along with other countries of the Balkan Peninsula, such as Greece, Romania, and Bosnia and Herzegovina, will become another place of a "tech proxy war" between the US and PRC. From a political point of view, the normalization of Serbian-Kosovar relations under US tutelage deprives Beijing of the political arguments on which bilateral relations are mostly based – supporting Belgrade in its territorial dispute with Kosovo. It is worth mentioning here that the proclamation of independence by Kosovo in 2008 pushed the PRC to take decisive steps in the matter of political and economic rapprochement with Serbia a year later (2009).

China's position is already well-established in Serbia, especially in terms of economic and political influence. Moreover, despite the official status of Serbia as a candidate country for EU enlargement, Brussels seems to have limited influence on the foreign policy of the Serbian government towards China. The US administration is well aware of this; thus, it is slowly applying pressure on Serbia. This is mostly evident through the latest NATO membership enlargement in the region, as Montenegro (2017) and North Macedonia (2020) joined the bloc. In addition, Kosovo regards the US as a key ally and security guarantor with its military base "Camp Bondsteel" in the eastern region of Kosovo. In this matter, China will seek to maintain the status quo between Serbia and Kosovo, seen as the main goal of bilateral relations, mainly for the purpose of its own domestic policy.

There is also no doubt that the American administration has started the process of mobilizing allies (primarily within the NATO alliance) to displace Chinese influence and thus begin the arduous process of limiting Chinese high-tech business across the world. The American administration, therefore, comes up with a concrete offer of security cooperation, and this will probably become the foundation of a common anti-Chinese front, considering the situation in Southern and Southeast Europe. It seems that both powers need to cope with the growing expectations from the Balkans Peninsula countries, and paradoxically medium powers in the region would play the critical role in shaping Sino-American proxy conflict in South and Southeast Europe.



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