

## MULTYPOLARITY AND DEGLOBALISATION: ECONOMIC PARTNERSHIP OF THE WESTERN BALKANS AND CHINA

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**Abstract:** *This paper investigates the evolving economic partnership between the Western Balkans and China in the context of two defining global trends: multipolarity and deglobalisation. In an increasingly multipolar global order, the economic relationship between China and the Western Balkans is focused on trade, investment, infrastructure development, and strategic cooperation under initiatives - the Belt and Road Initiative (BRI) and the 17+1 cooperation framework. As global power distribution becomes more fragmented and diverse, smaller and transitional economies are increasingly engaging with non-traditional partners to diversify their economic ties and enhance development prospects. China's growing presence in the Western Balkans—manifested through trade, investment, and infrastructure projects—raises important questions about regional issues, dependency, and strategic alignment. The analysis situates this partnership within theoretical frameworks of multipolarity and deglobalisation, drawing on academic literature, empirical data, and policy documents. While China's engagement offers potential economic benefits for the region, including diversification of partnerships and infrastructure modernization, it also presents challenges related to governance, transparency, and geopolitical balance. This paper argues that the Western Balkans' relationship with China reflects both opportunities and challenges inherent in a multipolar world and emphasizes the need for a more coordinated and strategic regional approach in navigating complex global dynamics. The findings contribute to a deeper understanding of how smaller regions engage with rising powers*

*and how economic diplomacy shapes the contours of contemporary deglobalisation.*

**Key words:** *multipolarity, deglobalisation, economics relations, Western Balkans, China*

**JEL classification:** *F02*

### 1. INTRODUCTION

The international economic relations currently are undergoing a fundamental transformation, marked by the decline of hegemony and the rise of multipolarity. Simultaneously, the global economy is experiencing a wave of deglobalisation, characterized by the increasing regionalization, rising protectionism, fragmentation of global value chains. These two processes - multipolarity and deglobalisation are reshaping geopolitical alignments and economic partnerships, particularly in strategically significant yet economically vulnerable regions such as the Western Balkans. The Western Balkans region is encompassing countries that were established following disintegration of former Yugoslavia. The Western Balkans is an area that has, over the last 30 years, undergone a painful process of both economic and political transition. Serbia, Bosnia and Herzegovina, Montenegro, Albania, North Macedonia have long been at geopolitical crossroads. Historically influenced by competing interests from the European Union (EU), Russia, and the United States, the region has in recent years attracted increasing attention from China. Through the Belt and Road Initiative (BRI), China has invested in infrastructure, energy, and transport projects, offering a new model of engagement that

contrasts with the EU's conditional and bureaucratic approach. At the same time, the global circumstances have significantly favoured the process of deglobalisation, amplified by the COVID-19 pandemic, supply chain disruptions, and geopolitical tensions. These developments have opened space for alternative economic arrangements.

In this context, China's bilateral partnerships with Western Balkan states are not only economic transactions; they reflect deeper shifts in the global order. This paper seeks to explore the evolving economic partnership between the Western Balkans and China within the broader context of multipolarity and deglobalisation. It investigates how these global dynamics influence the motivations, forms, and consequences of Sino-Balkan cooperation. The central research questions guiding this paper are: How do multipolarity and deglobalisation shape the economic relationship between China and the Western Balkans and what are the implications of China's engagement for regional integration and global power competition? The paper is structured as follows: it begins with a review of the relevant literature and theoretical perspectives, followed by a discussion of the methodology employed. It then analyses China's economic involvement, and evaluates the broader strategic implications. The conclusion draws together key insights and offers policy recommendations for regional and global stakeholders.

## 2. METHODOLOGY

This study adopts a qualitative, comparative case study approach to explore the nature and implications of China's economic partnerships with countries in the Western Balkans, framed within the broader context of global multipolarity and deglobalisation. This methodological choice is driven by the need to understand complex political-economic relationships and strategic motivations that cannot be fully captured through quantitative analysis alone.

The research is structured as a multi-level analysis combining: Macro-level examination of global trends (multipolarity and deglobalisation), Meso-level analysis of regional dynamics in the Western Balkans, Micro-level case studies of specific bilateral relationships between China and key Western Balkan countries (primarily Serbia, and Bosnia and Herzegovina). This layered structure allows the research to trace the influence of global structural changes on local political-economic decisions and outcomes.

The case study as a focus of the paper - the Western Balkans were selected due to their geopolitical significance as a contested region

between major powers (EU, Russia, China, U.S.) and China's increasing involvement through infrastructure investment and bilateral cooperation. Serbia is chosen as a focal case due to its status as China's key partner in the region and analysis of Bosnia and Herzegovina can offer contrasting examples in terms of governance structures, EU alignment, and Chinese engagement.

When it comes to data sources, this research relies on a combination of primary and secondary sources, including academic literature: peer-reviewed articles, books, and working papers; official documents: government policies, foreign ministry white papers; statistical data: trade volumes, foreign direct investment (FDI) flows, and infrastructure project values from various databases; and national statistics offices and policy and think tank reports. The study uses thematic content analysis to identify recurring patterns, strategies, and outcomes in China's regional engagement. These are interpreted within a broader critical framework that accounts for power, dependency, and strategic bargaining.

## 3. LITERATURE REVIEW

The concept of multipolarity refers to a global system in which power is distributed among multiple states or blocs rather than dominated by a single hegemon. After the Cold War, much of the literature focused on unipolarity, particularly the dominance of the United States (Wohlforth, 1999). However, Buzan (2012) have argued for a transition toward a multipolar world, catalysed by the rise of powers like China, India, and the resurgence of Russia. From a realist perspective, multipolarity increases the potential for conflict and competition, as balancing becomes more complex (Mearsheimer, 2001). In contrast, liberal and institutionalist frameworks see opportunities for more balanced cooperation through multilateralism (Grant & Keohane, 2005). On the other hand, deglobalisation, broadly defined as a retreat from global economic integration, has become a prominent subject in political economy. Scholarly attention to this trend increased after the 2008 financial crisis, with Rodrik (2011) and Stiglitz (2017) noting the fragility of hyper-globalization. More recent literature highlights fragmentation of global value chains and the resurgence of economic nationalism (Tooze, 2020). Deglobalisation does not imply isolationism, but often leads to regionalization, where economic activity is reorganized within more proximate geographic areas (Baldwin, 2016). This trend is particularly salient in the Western Balkans, where regional trade initiatives intersect with external influence from the EU, Russia, and increasingly, China.

The authors who seek to repair or navigate world order's fragmentation discuss this issues from various standpoints are Rodrik and Walt (2022), Stiglitz and Rodrik (2024), Tucker (2022), Vines (2023), and others. Among the same discourse Quah (2024) argues that, besides geopolitical and security factors, economic variables are key drivers for world order. While this is not the first time world order is shaken, economic interconnectedness traditionally raised fragmentation costs and thus served to hold the world together. Now, however, the logic is reversed: economic integration is, instead, a prime contributor to fragmentation. New mindsets are, therefore, needed.

Sahakyan (2023) argues that the world order is no longer unipolar and he describes and theorizes, it has been transformed into a Multipolar World Order 2.0 stage. He critically examines Chinese, US, Russian, EU, Indian, and a number of other powers. He claims that "multipolarity" implies a world of regional powers, even hegemons, and a framework of balancing – a fluid dynamic of nonalignment (not having to choose sides) and competition (among economies and clusters of economies). cooperation and competition over security, diplomatic, economic and cyberspace issues.

Reinštein (2022) claims that the Belt and Road Initiative (BRI) is a potentially world-changing Chinese economic and geopolitical strategy. In his thesis Gravity Model of Trade (GMT) and Network analysis are employed to assess the relative position of China in the International Trade Network (ITN), the overall impact of BRI, and its effect on countries in Central Eastern Europe and Western Balkans grouped in 17+1 mechanism. The results from Network analysis indicate that since the 1990s China is gradually moving towards the centre of ITN. Subnetwork of BRI countries also exhibits higher cohesion and resilience to external shocks than ITN. GMT identified BRI as a significant and positive factor influencing exports, however in case of 17+1 mechanism countries the results are not robust. GMT was also successfully experimentally augmented with Network analysis variables demonstrating its possible enhancements and showing the path for further research.

Dunford & Liu (2023) focus on China's engagement in international trade, outward and inward foreign direct investment, accumulation of reserves, development cooperation, aid and international finance initiatives are examined and related to evolving domestic and international conditions. After joining the Western-centred international economic and political order, while protecting its economic and political sovereignty

and defining itself as part of the Global South, China emerged as a very large semi-peripheral upper-middle-income country. In the new millennium China and other emerging economies started to upgrade into higher value-added sectors and to reshape international governance arrangements. Although these steps do challenge the unequal and unfair 'liberal rules-based order' and US hegemony, they also help create a more equitable and peaceful multipolar world system.

#### **4. CHINA'S ENGAGEMENT WITH THE WESTERN BALKANS**

China's relations with the Western Balkan countries should be viewed in 3 dimensions. The first dimension is its bilateral relations, through which China has dedicated itself to developing friendly relationships with the Western Balkan countries. The second dimension is the context of the China-CEEC relationship, that is the so-called 17+1 framework (formerly the 16+1 framework), with the Western Balkan countries as part of the 17+1 framework, which can complement the existing bilateral relations. The third dimension is the BRI (Belt and Road Initiative). China's BRI focuses on trade, investment, connectivity and people-to-people exchange.

If we look at the broader perspective the cooperation between China and Central and Eastern European countries (CEEC) comes at a time of unprecedented challenges and global changes during the last two decades. Practical implications show that in 2012 China's trade with the CEEC was 52.06 billion USD. In 2014, the trade volume reached 60.22 billion USD. In 2019, the trade reached 95.45 billion USD. In 2021, the trade reached a new record of 124.02 billion USD. China's investment in the CEEC has also increased from 3 billion USD in 2014 to about 10 billion USD in 2018 (Nakić in ed. Zakić & Mitić, 2022).

China's Belt and Road Initiative (BRI), launched in 2013, has become a focal point for examining China's global ambitions. Scholars such as Callahan (2016) and Rolland (2017) interpret the BRI as a vehicle for strategic influence through infrastructure diplomacy and debt leverage. Others, such as Zou (2018), stress economic pragmatism and mutual development as the primary drivers. In the context of Europe, China's engagement with Central and Eastern Europe (CEE) through the "16+1" format (now 14+1) has generated mixed assessments.

The academic focus on China–Western Balkans relations is relatively recent but growing. Research shows that Chinese investments, particularly in Serbia, have become highly visible, ranging from infrastructure (bridges, highways, railways) to energy (coal and hydropower plants) (Vangeli,

2017). Importantly, literature highlights the geopolitical ambiguity of the region. While EU integration remains a formal goal, local elites often engage in "balancing acts" between East and West to maximize strategic autonomy (Dimitrova, 2018). Jaćimović et al (2023) claim that China's involvement in the region is focused mainly on much-needed but controversial infrastructure investments; accordingly, it has attracted increasing international attention over the past decade. However, critiques have emerged over lack of transparency, environmental concerns, and potential debt traps (Kaczmarek, 2020).

Conley et al (2020) claim the Western Balkans is an area of geostrategic competition. Western Balkan countries have progressed somewhat on the path to Euro-Atlantic integration but still suffer from bad governance and economic standards, including corruption and inefficient state-owned enterprises (SOEs). China has recognized the region's potential and hunger for infrastructure financing and invested in the region during the past decade through its Belt and Road Initiative and 17+1 format. Key findings of this study include: energy and transportation are the top sectors, accounting for 64 of 102 Chinese activities in the region. State-owned enterprises dominate these activities, potentially at the expense of small and medium enterprises (SMEs), which are the main drivers of the region's economic growth. Completion rates are low, with only a quarter of the announced activities completed. Serbia is a hub of Chinese activity, accounting for more than half of announced funding in the Western Balkans since 2012. Digital infrastructure is emerging as a second wave of investment: of 15 information and communications technology (ICT) projects, 9 were started in 2018 and 2019, most of them in Serbia.

Despite growing literature, there is limited integrated analysis that frames the China–Western Balkans relationship through the dual lens of multipolarity and deglobalisation. Most studies either focus narrowly on economic indicators or interpret engagement solely through geopolitical competition. This paper aims to bridge that gap by analysing the intersection of global structural changes with regional political economy.

#### **4.1. China and Serbia economic exchange**

The Ministry for Foreign Affairs of the Republic of Serbia defines its contemporary relationship with China 'as one of the most important pillars of Serbian foreign policy' (Ministry of Foreign Affairs of the Republic of Serbia, 2020). As part of China's BRI framework, Serbia was chosen as a hub for China-CEEC. Serbia has become the only strategic partner of China in the region.

Serbia and China's bilateral relations, spanning diplomacy, trade, and investment, are characterized by mutual respect and cooperation. Political stability, adherence to international law, and shared economic interests has solidified their partnership over the years. Serbia, as an active participant in the Belt and Road Initiative (BRI), has seen substantial engagement from China, fostering an environment of strategic cooperation and infrastructure development. The [Memorandum of Understanding on Jointly Advancing the Belt and Road Initiative \(2019\)](#) and the Plan for Bilateral Cooperation under the Framework of the Belt and Road Initiative (2018) solidified the foundations of this collaborative effort.

Despite the impact of the epidemic, high-level Chinese and Serbian governments have continued to maintain positive interaction since 2021, and Sino-Serbian bilateral trade has achieved significant growth, showing great resilience and potential. The Sino-Serbian vaccine cooperation has continued to inject a new era of connotation into Sino-Serbian friendship. By analysing the characteristics of China-Serbia cooperation, we can find out the laws of existence and provide reference significance for the cooperation between China and Central and Eastern Europe (Liu&Zhang in ed. Zakić & Mitić, 2022).

The close relationship between the two countries provides China with a unique opportunity to strengthen trade relationships with European countries. China-Serbia Free Trade Agreement (FTA) concluded in 2023 is expected to further enhance the liberalization of goods trade, fostering mutual benefits and win-win outcomes. FTA opens up new avenues for collaboration and trade diversification. Moreover, this agreement not only solidifies China's trade foothold in Serbia but also paves the way for increased access to other European markets through the [Eurasian Economic Union](#). Notably, Serbia is also a key participant in the "16+1" initiative, also known as the Cooperation between China and Central and Eastern European Countries (China-CEEC Cooperation). Within this framework, Serbia has emerged as the largest beneficiary of approximately 70 percent of Chinese investment in the region, [totalling](#) US\$10.3 billion between 2009 and 2021.

Even with the share of less than 10 % in the total trade, China has managed to offset traditional partners of the region like Turkey and Russia, and became second most important partner after the EU (Zweers et al., 2020). Serbia is China's foremost trading partner in Central and Eastern Europe, while China holds the position of being Serbia's key trading partner in Asia. In 2023, bilateral trade volume surged to US\$4.35 billion.

Notably, the agreement extends beyond agricultural products to encompass various sectors such as iron, steel, machinery, pharmaceuticals, and cosmetics, further enhancing the breadth of bilateral economic cooperation.

Bilateral trade between China and Serbia is still growing substantially, showing great resilience and potential. The signing of China-Serbia economic and trade cooperation and the establishment of the China-Serbia Free Trade Zone will bring positive significance to China-Serbia cooperation. Environmental issues and the energy crisis will become important issues affecting China-Serbia cooperation. For 30 years, the railway in Serbia was not modernized, regional roads were in poor condition, and the high-speed highways were not in the best shape. Some funds were provided for infrastructure projects through Serbian budget. For others, loans were used, which were given either by international financial institutions or bilaterally negotiated with other countries.

Latest data, last updated on May 2025, according to the United Nations COMTRADE Serbia exports to China reached US\$1.24 billion in 2023, with top exported goods being ores slag and ash (US\$842.59 million), copper (US\$301.04 million), wood and related articles (US\$36.28 million), electronic equipment (US\$19.76 million), and machinery, nuclear reactors, and boilers (US\$17.24 million). Meanwhile, China's export to Serbia in 2023 was US\$2.7 billion, with machinery, nuclear reactors, and boilers (US\$811.86 million), electronic equipment (US\$650.30 million), articles of iron or steel (US\$156.84 million), vehicles other than railway and tramway (US\$120.95 million), and plastics (US\$86.43 million) being the top exported goods..

Transportation infrastructure is the backbone of any economy; without proper infrastructure, an economy cannot develop. By developing its transportation infrastructure, the Serbian government is not only increasing the quality of life of its citizens but is also, at the same time, providing conditions to improve the domestic economy by enabling better conditions for enterprises and their work. By looking at the Sino-Serbian cooperation in the transportation field, we can examine the importance of those projects for the economic development of the Serbian economy. Transportation infrastructure projects (TIP) in Serbia, for which China provided loans, were negotiated with China through the China-CEEC cooperation mechanism and the Belt and Road Initiative. Serbia is cooperating with China on TIP in two ways. The first is by using Chinese loans, and the second is by solely financing projects on which the Chinese companies are

working. Since Serbia is in the process of joining the EU, the procedures and standards for building transportation infrastructure are in line with the EU regulations. Although projects with China are negotiated and done bilaterally, procedures and standards used in building transportation infrastructure are according to EU rules. The achieved results regarding TIP so far are good, with both parties respecting their responsibilities and obligations. The Serbian economy is benefiting due to improved transportation infrastructure (Zakić in ed. Zakić & Mitić, 2022).

The investments and huge infrastructure projects include the modernization of the Kostolac thermal energy power plant, funded by the Exim Bank of China and implemented by China Machinery Engineering Corporation (CMEC), stands as another significant project in the energy sector. China has also been involved in the construction of essential segments of the Corridor XI motorway, partially financed by Exim Bank of China and executed by China Road and Bridge Corporation (CRBC). Another significant contribution is the modernization and development of the high-speed railway connecting Belgrade and Budapest, partially financed by Exim Bank of China and reconstructed by China Communications Construction Company (CCCC) and China Railway International Group (CRI).

#### **4.2. China and BiH economic exchange**

In recent years Bosnia and Herzegovina has become an increasingly attractive investment within the Sino-Western Balkans Relations within "Belt and Road" Initiative. There is very small amount of Chinese foreign direct investment, but there are more preferential loans granted by Chinese banks for various projects in Bosnia and Herzegovina.

When it comes to foreign trade, the numbers are not favourable for BiH. Imports to China are significantly higher than exports to this country, and this imbalance, unfortunately, has increased compared to 2022. Exports to China thus amounted to 36.3 million in 2023 KM (cca EUR 18 million), and it was 5% less compared to the previous year. On the other hand, imports from China amounted to 1.1 billion KM (more than 550 million EUR), which is 20% more than in 2022. The deficit amounts to more than one billion KM and the coverage of imports by exports is only 3.4%. According to tariffs, only six groups of articles whose value exceeds millions are exported to China. It is mainly about treated and untreated wood and other wooden products, constructions, etc. On the other hand, 20 tariff items imported from China have a value of more than ten million including toys, lamps, shoes, cloth, and at the very

top are diodes, transistors and similar semiconductor elements; photo-sensitive semiconductor elements, whose import value in 2023 amounted to more than 150 million marks

When it comes to investments and projects in which Chinese companies are involved, there is an increasing trend in the presence of Chinese companies. When it comes to transport projects, Chinese companies cooperate with public companies in both entities, on the construction of parts of the highway on the Vc corridor, but also on other parts of the highway network. Thus, Chinese companies participated in the construction of a subdivision near the town of Čapljina in Herzegovina, the construction of the Počitelj bridge, also in Herzegovina, the construction of the section of the Banja Luka – Prijedor highway in the northwest of the RS entity, and the construction of the section of the highway from Vukosavlje to Brčko in the northeast of the RS entity. When it comes to energy, the largest investment by a Chinese company in the energy system of BiH is recorded here, namely the Ivovik wind farm in northern Herzegovina. Chinese companies were or are still involved in the construction of thermal power plants construction of TPP "Stanari", construction of TPP "Tuzla 7" and TPP "Banovići", a highway from Banja Luka to Mlinište, as well as hydropower plants (Buk Bijela, Dabar), and there is also interest in the construction of solar power plants. When it comes to the healthcare sector, the cooperation in that area, is based primarily on the construction project of the Sveti Luka hospital in Doboj (Arežina, 2022).

## **5. CRITICAL ANALYSIS: OPPORTUNITIES AND CHALLENGES**

The aim of the paper is to point out the opportunities and risks of cooperation the Western Balkans and China. CEEC–China collaboration is based on mutual interests, which are mainly related to infrastructure projects in the fields of transport, energy, tourism, digital economy, consumer goods, intelligent production, etc. A very important aspect of the connection between China and the Western Balkans that has been attracting more and more attention lately are the loans that countries from the region have taken from China. When it comes to trade volume, region's direct trade exposure to China is relatively small when compared to EU. However, there is a very important trend to be observed: China's exports to region more than doubled over the 10-year period, while at the same time imports from China have increased more than seven-fold (Hansel & Feyerabend, 2018). So far, China has played no particularly significant role in BiH. Although China is expanding its trade volume with the Balkan countries as part of the

One Belt, One Road Initiative, it is doing this to a much lesser extent than in Serbia, for example. Unlike Russia and Turkey, whose ties to the Western Balkans go far back in the history, presence of China in the region has mostly been negligible until few years ago. With the introduction of the ambitious investment strategy in 2013 aiming at creation of new Silk Road between China and Europe through "16+1" initiative (now known as 17+1), influence of China in the region has been steadily rising. Even though Western Balkans countries are economically weak and depend on favourable financing opportunities, the intensity of connection with China varies among countries, with Serbia being China's preferred partner (79% of the total stock of its FDI); Montenegro has been mostly exposed as it owes 40 percent of its state loan to China. Similarly, North Macedonia owes approximately 20 percent of its state loan to the Chinese, whereas Bosnia and Herzegovina and Serbia follow, with 14 percent and 12 percent, respectively as of 2018. All of these loans were mostly taken for the purpose of financing infrastructure projects where China proved to be an alternative provider to the EU, one that countries in need can turn to if the EU is not willing to help (Zweers et al., 2020).

The West does not look positively at the cooperation between China and the CEEC, believing that this format discriminates against other EU countries and that only China benefits from the underdevelopment of the infrastructure of those countries. It is difficult to accept the hypothesis that the format 14+1 threatens the sovereignty of the countries involved. This format unequivocally shows the benefits for both sides involved. This format gives each country the opportunity to independently define its own projects of interest and areas of cooperation (Nakić in ed. Zakić & Mitić, 2022).

By learning about the changes in the world order taking place in the 21st century, and also by learning about the strengths and weaknesses of China- CEEC cooperation, as well as the political and economic influence of the Cooperation between China and Central and Eastern European countries in the context of global changes Western powers present in the CEEC region, we can consider the role and importance of the CEEC region in the transforming world order (Horvath in ed. Zakić & Mimic, 2022).

## **CONCLUSION**

In the 21st century we live in a multipolar world order and the process of deglobalisation, in which, in addition to the Western hegemonic power, China and emerging Asian countries also have a major role. The Atlantic era, based on Western

superpower's domination, is coming to an end, and a new Eurasian era is rising based on multi-polar and deglobalised world with mutually beneficial cooperation. With China's economic rise, it can become one of the protagonists of the multipolar world order through the Belt and Road initiative. The transformation of the world order will have a great impact on the countries of the CEEC region and the Western Balkans. In order for the region to be able to properly position itself, taking into account its own interests, it is important to examine the opportunities and challenges. The China Belt and Road Initiative (BRI) and the 17+1 cooperation platform is the key platform of China's foreign policy towards most parts of the world, including Western Balkans (WB). China offers a wide range of opportunities for increasing trade and export, Chinese investment, major infrastructure projects, and their funding through affordable loans. China primarily invests in key infrastructural projects such as thermal power plants, railroads and highways. However its main interest in the region stems from the fact that China views this region as a gateway to the European Union, which is an important export market (Zweers et al., 2020).

In the paper we analysed how multipolarity and deglobalisation shape the economic relationship between China and the Western Balkans and what are the implications of China's engagement for regional integration and global power competition? We finalised the answer to these hypotheses – the Western Balkan (WB) region is affected by the change in the world order. It is obvious that in the WB region Chinese influence is increasing and that the WB region has great opportunities in cooperation with China. In the 21st century, there is a big change in the well-known world order, the unipolar world order becomes multipolar, and the various regions have a great need to diversify their international relations on both the political and economic levels. In addition to relations with European partners, the WB region must also be in close cooperation with the rising economies of the world economy and maintain good relations. In addition to the already existing EU influence, Chinese economic influence has also appeared, however, looking at the economic data, we can see that the Chinese economic presence is still minor, but the proportion of Chinese investments is much higher than that of the USA in the WB region. In any case, China has performed an economic miracle in the past 40 years with its policy of reform and opening up, and has continuously maintained this economic growth, thanks to which it is now the second-largest economy in the world economy. By diversifying its international relations, the WB region can consider China as an important economic partner. In the globalized

world, more and more economic partners are needed so that countries and regions can maintain sustainable economic development and build cooperation based on mutual benefits (Horvath, in ed. Zakić & Mitić, 2022).

The conducted analysis in this paper has shown that China's relationship with Serbia and Bosnia and Herzegovina is based on pragmatism and growing economic and investment links, China's increased economic engagement in the Western Balkans in the last decade has added to the complexity of democratic consolidation in the region, with possible negative impacts on the established process of European integration of these countries, foremost Serbia and Bosnia and Herzegovina. The increased economic and to some extent political presence of China in the Western Balkan states over the past decade which has been exerted through both economic investment and trade incentives as well as a more sophisticated use of China's soft power. The latter is exemplified in the greater number of cultural, educational and scientific exchanges between these states and China (Markovic Khaze & Wang, 2020). Analysis indicated that there has been significant progress in China-Serbia cooperation, but majority of WB's countries have not managed to achieve their interests in bilateral or in the framework of the BRI initiative and the 17+ platform. The significant potential for trade exchange, investments and infrastructure projects have not yet reached expected targets. Trade with China has helped the region diversify its economic partners beyond the EU. The Western Balkans' reliance on China as an alternative market is evident, especially in countries like Serbia, which has reduced its dependency on EU markets. Therefore, the Western Balkans need to balance their relationships with both China and the European Union, ensuring economic growth from diversified sources without sacrificing political or economic independence. It is also important to encourage further diversification of trade partnerships with other emerging markets, while maintaining ties with the EU. With continued collaboration under initiatives like the BRI, the prospects for deeper economic integration and mutual growth between China and Serbia are promising, paving the way for enhanced regional cooperation and development.

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