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Original paper

CHINA'S BELT AND ROAD INVESTMENT PROJECTS IN THE BALKAN COUNTRIES: SIX YEARS AFTER

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Abstract: The purpose of this paper is to understand the process of the internationalization of Chinese companies with a special focus on their energy and transport investment projects in the Balkan countries through an analysis of two periods: before and after the Belt and Road Initiative (BRI).

By using data from the American Enterprise Institute through descriptive statistics approach, the authors will test their hypotheses through 54 investment project examples whose individual value exceeds 100 million US\$ in a period from January 2008 to December 2018. The research aims to describe the trends of Chinese investment projects in the Balkans in terms of investment volume, the sectors in which they are placed and the investment pattern.

The foreign investment process is one of the crucial things for any global firm to get better results in the international business market. Through the BRI, Chinese companies have achieved this aim so far. Nevertheless, this paper will offer initial findings of those claims that can be used in the future as the primary database for upcoming research to see if types, level and field of Chinese investments remained the same in the Balkans.

This research is among the first studies dealing with the analysis of Chinese investment projects in the Balkans. From a theoretical standpoint, it will fill the gaps in the literature and also show the importance and impact of

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Chinese investments on the Balkan's economy, especially in sectors such as energy and transportation.

Key words: Balkan, Belt and Road Initiative, China, Investment Projects, Internationalization.

INTRODUCTION

At the beginning of the second decade of the 21st century, China started to change its economic and political policy towards Central and Eastern Europe in a positive direction. First of all, China introduced the 16+1³ Initiative in 2012 in Warsaw as an initiative that will gather countries from Central and East Europe (CEE) and China in a group which will try to improve mutual economic, political and cultural relations. This is a very important and successful initiative, which was integrated after 2015 into the most important Chinese geoeconomic initiative called the Belt and Road Initiative (BRI).

The BRI, on the other hand, integrates more than 130 countries into an almost worldwide initiative that aims to enhance economic cooperation between them by building better infrastructure and allowing for goods, people and transport to connect in a better way.

This paper will present investment projects that came through the Belt and Road Initiative in the Balkan countries that are one part of the CEEC. The Balkan Peninsula is one of the least developed regions of Europe, primarily due to war conflicts at the end of the 20th century in Yugoslavia, and due to unsuccessful implementation of communism or socialism. These countries lost their economic place in the competitive world, and it will take some time for them to solve all their economic problems. Among the Balkan countries, there are five of them that are members of the EU, and another five are in some stage of joining the EU. They have very different economic results, which are influencing the level and type of investments that they have in their native territory.

This is the reason why the authors choose to investigate Chinese investment projects in the Balkan countries, given that we have an increase of Chinese investments there. Also, this paper is dedicated to the comparison of Chinese investment projects in the Balkan countries before and after the BRI, in order to see if the BRI changed something in the investment behavior pattern of Chinese companies. According to this, the hypotheses in this research are:

³ Nowadays called the "17+1" Initiative, after Greece has joined the initiative this year.

First hypothesis - There is a significant increase in Chinese investment projects in the Balkan countries that is positively correlated to the implementation of the 17+1 Initiative and the Belt and Road Initiative.

Second hypothesis - Most of the Chinese investment projects in the Balkan countries are coming from Chinese state companies.

Third hypothesis - Energy, infrastructure and transport are the main fields in which Chinese companies are investing in the Balkan countries.

Fourth hypothesis - The level of Chinese private investments is increasing in this region due to the BRI.

LITARATURE REVIEW ON THE BRI INVESTMENT PROJECTS IN THE BALKAN COUNTRIES

Literature review regarding this subject is relatively short and that was expected. The Belt and Road Initiative was implemented six years ago, so from an economic standpoint, that was not a sufficient period for conducting good empirical economic research. Most of the papers are dedicated to an explanation and analysis of economic cooperation between China and Central and East European countries, not so much of the Balkans per se, although the Balkan countries are included in this analysis.

Also, those who do take the Balkans (or Western Balkan for some authors) as a focus of their interest have analyzed different countries, due to their aspect of analysis.⁴ This is the reason why the literature review is inconsistent. However, it must be presented so we could understand what kind of analysis has been done so far.

In one of the first papers that was dedicated to the subject of cooperation between China and the CEEC written by Liu Zuokui in 2013⁵, the author stated that these countries see China as a “window of opportunity” and not as “strategic opportunity”, since all of them have their clear path within the EU or are in some stage of joining the EU. (Liu, 2013, p. 4) This window of opportunity opened due to the crisis within the EU, and it will not be opened for long. Therefore, China needs to use this opportunity while it lasts. Liu then identifies the main problems for cooperation within this framework and suggests ways of improving further cooperation. One of the main conclusions of this paper is that the region is diversified and there is little chance for China

⁴ For example, Turkey is often excluded, as well as Greece. Kosovo is recognized by some countries, so some authors also include those calculations, etc.

⁵ Please note that this paper is written in the time of the establishment of the 16+1 Initiative, while the idea of the BRI was not yet presented.

to cooperate with the region as a whole, but rather in a bilateral way and mainly through economic projects.

Jacoby stated in his article that between January 2003 and January 2015 Chinese FDI in the Balkan countries amounted to 70 projects, while the biggest investments at that time went to Romania, Bulgaria and Greece. The total value of these investments was 5.8 billion €. (Jacoby, 2015) The author also wrote that the increased level of investments started in the period 2011-2014, and the same pattern was noted in the CEEC. Jacoby finds that this rise of investments is correlated to several things: the Chinese government promoted a 10 billion US\$ fund for promoting investments in CEE; then a 3 billion US\$ fund to the Balkan region and promotion of the BRI. Also, it is interesting for this analysis that Jacoby stated in 2015 that greenfield investments were the primary ones, exceeding mergers and acquisitions.

Chen and Yang wrote about the cooperation framework 16+1, trying to see what are the economic and trade relations between China and the CEEC. While using quantitative analysis to investigate those relations, the authors concluded the following: “Overall, the social dimension of the business environment of CEE countries is good, followed by the political environment and investment and financing environment, while the environment of the macro economy, finance, trade, infrastructure and innovation ability should be improved. Thus, the “16+1 Cooperation” should be based on political cooperation, take the infrastructure as a breakthrough and the financial cooperation as the leverage to enhance bilateral cooperation and improve the level of infrastructure of CEE countries in order to achieve inter-connectivity and promote trade.” (Chen, Yang, 2016, p. 18)

Éltető and Szunomár also analyzed Chinese investments and trade with the CEEC⁶, in which they stated that even though at the first moment China saw those countries as a “back door to European markets”, their interest changed and now they are more oriented “towards efficiency - and strategic asset seeking motives.” (Éltető, Szunomár 2016, p. 26)

A report by Jens Bastian for the European Bank for Reconstruction and Development in 2017 is probably the most precise one about Chinese investments in Central and South-Eastern Europe along with the “Balkan Silk Road”. The author sees those countries as ones in which “prices for acquisitions are lower, while demand for preferential lending conditions is higher in countries along the Balkan Silk Road” (Bastian, 2017, p. 4). At the same time “in the Balkans, this embeddedness can also serve as a hedge against

⁶ Countries that were part of the analysis: Bulgaria, Czech Republic, Hungary, Poland, Romania and Slovakia.

Russian and Turkish involvement or present itself as an alternative to EU investment aspirations.” (Bastian, 2017, p. 7) Spill-over effects in the macroeconomic sense of this initiative are mostly visible through trade within the 16+1 mechanism. At the moment, it is giving the most obvious results, stating that especially exports from the CEEC to China were increased by 120% during this continuum. (Bastian, 2017, p. 33)

In the paper called “Chinese Presence in the Balkans - Old Allies, New Ties”, Musabelliu discusses development of the political and economic relationship between China and the Balkan countries, while explaining their complicated historical development. Musabelliu provides analysis of Chinese investments in the Balkans, done under the framework that she calls “New Diplomacy”.⁷ (Musabelliu, 2017, p. 45) This analysis is concentrated on Chinese FDI and its comparison to FDI coming from different countries in the Balkans. The author concludes that: “As we can see the percentage of the Chinese share is still small, and according to some European scholars, the Chinese government is willing to take bigger risks than their European rivals and Chinese companies, especially State-Owned Enterprises, which are capable to finance the projects on very favorable terms.” (Musabelliu, 2017, p. 45)

Jaćimović et al. discussed in the paper “The role of Chinese investments in the bilateral exports of new EU member states and Western Balkan countries” export flow of the WB countries as a function of total inward FDI and Chinese FDI. The authors conclude among other things that for Chinese investors the countries that are new EU member states are more attractive than the WBC. (Jaćimović et al., 2018, p. 1191) In their opinion, there are several reasons for that: “First, by investing in one EU country, a newly established company can supply the whole EU market, and one part of its production can also be exported. Second, inward FDI in the EU, under the condition that the newly established company fulfills the rules of origin requirements for preferential treatment, can open doors to many markets, since the EU has a wide network of preferential trade agreements. Third, Chinese investment is often attracted by the technological knowledge of the companies in the developed economies in which they tend to invest, in order to control or acquire that advanced technology.” (Jaćimović et al., 2018, p. 1194-1195)

Dragan Pavličević, while analyzing political and economic cooperation between China and the CEEC, dedicates his economic analysis to capital projects, loans, investments and trade that is currently going on between China and CEE. The author says that even though the Chinese presence in this

⁷ Initiative 16+1 and Belt and Road Initiative.

region is important and there is an increase in economic cooperation, the EU is still the most important economic partner of CEE. Pavličević states that the EU, for example, has from 90% of total FDI in Poland to 70% in Bulgaria and that China's investment flows are not providing China with leverage over CEE. (Pavličević, 2019, p. 261) Besides that: "Overall, the content and trends in the China-CEE relationship will hence remain greatly dependent on the priorities defined under the China-EU relationship." (Pavličević, 2019, p. 271)

Also, the authors of this paper published recently an article in which they analyzed Chinese investments in European countries before and after the BRI (from 2006 to 2017) and compared them to investments in the Balkan countries. (Zakić, Radišić, 2019). The authors showed that the level of investments in Europe (without Balkan) and the Balkan countries rose significantly after the BRI. The Balkan countries are still receiving a smaller amount of investments when compared to the rest of Europe. (Zakić, Radišić, 2019, p. 51)

As shown, the selected literature review displays that China is an emerging partner of the CEEC and especially the Balkan countries. Its investments are growing, especially in the fields of transport and infrastructure. The 17+1 Initiative and the Belt and Road in a way accelerated Chinese interest in those countries. The region of CEE cannot be seen as unified, nor does China expect to work with a region as a whole. Some countries, more than the others, are working with mainly Chinese state investors. Among them, Poland, Hungary and the Czech Republic are important, while among the Balkan countries Serbia and Greece are the most important partners regarding Chinese state investments.

RESEARCH METHODOLOGY

Usually, while speaking of the Balkans, people think about ten countries that occupy this peninsula: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Macedonia, Montenegro, Romania, Serbia and Slovenia. Technically speaking, the European part of Turkey belongs also to this peninsula, but for the purpose of this paper, we did not put Turkey into this group. Also in recent years, some scientists put Moldova in the Balkan countries, but that is very rare. Kosovo is not recognized by the Serbian Government as a country, so for that reason, we did not include Kosovo in this analysis.⁸

⁸ Also, it is not recognized by PRC.

It is also worth to point out, that we are analyzing former communist countries (socialist countries), except for Greece, that went through economic reforms in the 1990-ties in order to switch to a market economy. The transition for some of them was very difficult, with many internal, as well as external problems. The road to the EU community for the rest of the Balkan countries is a very long one, in which the skepticism about joining the EU is rising. However, the Balkan countries are doing all they can to reform their economies.

It is important to say that the Balkan countries do cooperate in an economic sense mostly with the EU countries. Besides that, they do trade more with the rest of the countries within the EU than among themselves. (Gligorov, 1997, p. 3) The exception to that rule is the trade between Serbia, Macedonia, Montenegro and BiH.

However, in recent years things are slowly starting to change, and one of the reasons for that is Chinese presence in the Balkans. China saw the potential in those countries and their strategic position as a connection between Europe and Asia. Because of that, the Balkan countries are definitely becoming more important to China than before. (Tončev, 2017, p. 2) But, it does not mean that the Balkan countries are more important than the EU. Actually, it is the opposite. The EU is still more important. It is China's biggest trade partner, but we can recently see more business and political activity of China in the Balkan region.

For the purpose of this research, the authors used data from the American Enterprise Institute (China Global Investment Tracker) and with a descriptive statistics approach tested the hypotheses through 54 investment examples, whose individual value exceeds 100 million US\$ in a period from January 2008 to December 2018. The descriptive statistics approach will show through an absolute and percentage value the level of Chinese investment projects in the Balkans, and the authors will use graphical analysis at the same time. For this kind of time frame (6 years after the BRI) and the number of investment projects, this is the only analysis that can be used.

RESEARCH RESULTS AND DISSCUSION

To get a clear perspective of all investment projects, the authors decided to divide them into three categories: energy, transportation and the sector "*Others*". The sector "*Others*" was named in that way because it involves all other sectors in which Chinese companies are investing such as retail, technology, entertainment, tourism, medical sector, utilities, real estate, logistics and metals. So, in this sector, we mainly have services, except for metallurgy.

In Table 1, we have a presentation of Chinese investment projects in the Balkan countries in the energy sector from 2010 to 2018 in billions of US\$. At the end of this table, we have a type of investment that was made to see what type prevailed during those years.

Data presented in this table show that the order of the countries according to the value of investments received is like this: 1. Serbia (3.07 billion US\$), 2. Romania (2.46), 3. Greece (1.99), 4. BiH (1.76), 5. Croatia (0.22) and 6. Bulgaria (0.19). Projects in the energy sector were mainly financed by loans and acquisitions, and Chinese state companies were conducting those projects.

Since Serbia and Romania have received most of the money, we will consider these two countries and Chinese investment projects in these countries.

On the official website of China Machinery Engineering Corporation (CMEC) that is a part of Sinomach group, we acquired the data on projects in Serbia: “At present, CMEC is implementing the Phase-I and Phase-II project of Kostolac Power Station in Serbia, making it the largest Chinese contractor in this region. Serbia’s Kostolac B Power Station Phase-I Project was signed on Dec 8, 2010, and involves the overhaul of two 350MW units and the construction of two new desulfurization systems, as well as the reconstruction of the wharf and road and the expansion of the coal transport railway. Serbia’s Kostolac-B Power Station Phase-II Project was signed on Nov 20, 2013, and involves the construction of one 350MW supercritical coal-fired generating unit and the expansion of the capacity of the existing coal mine. The contract has come into effect in May 2015 and this project will be completed by 2020.” (<http://cseacn.org/cmec-eng/?lang=en>). This project is important because 70% of Serbia’s power is coming from coal and the rest from hydropower, so it is important to have a stable production of electricity.

Table 1. Chinese Investment Projects in the Balkan countries in the energy sector from 2010 to 2018 in billion US\$

Year	Sector	Subsector	Company name	Country	Invested capital	Type ⁹
2010	Energy	Coal	Dongfang El.	BIH	0,71	PL
2010	Energy	Coal	CMEC	Serbia	0,34	PL
2012	Energy	Coal	Huadian	Romania	1,3	ACQ
2012	Energy	Alternative	Ming Yang	Bulgaria	0,19	ACQ
2013	Energy	Gas	PCC	BIH	0,28	PL
2013	Energy	Alternative	Ming Yan	Romania	0,54	ACQ
2014	Energy	/	Sinomach	Serbia	1,2	PL
2014	Energy	Coal	Sinomach	Romania	0,27	FDI
2015	Energy	Coal	Dongfang	BIH	0,46	PL
2016	Energy	Gas	CMEC	Serbia	0,23	PL
2016	Energy	/	State Grid	Greece	0,35	ACQ
2017	Energy	Coal	CMEC	Serbia	0,72	PL
2017	Energy	Gas	Shanghai El	Serbia	0,21	PL
2017	Energy	Alternative	State Energy	Greece	1,64	ACQ
2017	Energy	Coal	Sinomach, CP	BIH	0,31	PL
2017	Energy	/	Power C.C.	Serbia	0,23	PL
2017	Energy	Alternative	Shanghai El.	Serbia	0,14	PL
2018	Energy	Alternative	Nornico	Croatia	0,22	ACQ
2018	Energy	Oil	CEFC	Romania	0,35	ACQ

Source: The authors' research is based on China Global Investment Tracker

On the other hand, Serbia built the last thermal plant 26 years ago, so it was important to secure the uninterrupted flow of electricity by modernizing the production of it. Having that in mind, it should be mentioned that there are two problems regarding this investment: 1) Serbia took this loan, but

⁹ PL – project loans, FDI – foreign direct investment, ACQ – acquisition, JV – joint venture

without public tender, 2) by taking this loan, Serbia is implementing a strategy for electricity that is in opposition with EU regulations, and that is switching to low-carbon emission.

Regarding Romania, the situation is completely different. Romania signed some very promising memorandums and contracts, but due to many political changes in Romania, almost all of them are on hold. Among them are two very important projects – Rovinari Power Plant and Cernavoda nuclear power plant project. The first one is worth around 1 billion US\$ and it is put into Table 1 because it will be finished at some point. The second one was even more important because the deal was around 6.4 billion US\$, but since it will be not realized the project was not put into Table 1. (Popescu, Brînză, 2018 and Drahokoupil at all, 2017) This means that project realization in Romania was less efficient than in Serbia. This will be for sure a problem for the future China-Romania relations because the efficiency in project preparation and execution is very low.

In the next table (number 2), we have data for Chinese investment projects in the transportation sector from 2008 to 2018 in billions of US\$. Data are presented in this table in the same manner as in Table 1.

Table 2. Chinese Investment Projects in the Balkan countries in the transport sector from 2008 to 2018 in billion US\$¹⁰

Year	Sector	Subsector	Company name	Country	Invested capital	Type
2008	Transport	Shipping	China O.S	Greece	5,69	FDI
2009	Transport	Autos	Great Wall M.	Bulgaria	0,12	FDI
2010	Transport	CRS	China C.C.	Serbia	0,26	PL
2013	Transport	CRS	China C.C.	Serbia	0,85	PL
2013	Transport	CRS	Shandong G.	Serbia	0,33	PL
2013	Transport	CRS	Power C.C.	Macedonia	0,4	PL
2014	Transport	CRS	China C.C.	Montenegro	1,12	PL
2016	Transport	CRS	China C.C.	Serbia	0,23	PL
2016	Transport	Shipping	China O.S	Greece	0,78	ACQ
2016	Transport	CRS	Power C.C	Serbia	0,22	PL
2016	Transport	Aviation	Fosun	Greece	0,2	JV
2017	Transport	CRS	Shandong G.	BIH	0,64	PL
2017	Transport	CRS	China C.C.	Serbia	0,52	PL
2017	Transport	RC	China Railway	Serbia	0,35	PL
2017	Transport	Aviation	State C.E.	Slovenia	0,79	FDI
2018	Transport	CRS	China C.C.	Croatia	0,34	FDI
2018	Transport	RC	China Railway	Serbia	1,09	PL
2018	Transport	Autos	Shandong Lin.	Serbia	0,99	FDI

Source: The authors' research is based on China Global Investment Tracker.

The order of the countries according to the value of investments received is: 1. Greece (6.67 billion of US\$), 2. Serbia (4.84), 3. Montenegro (1.12), 4. Slovenia (0.79), 5. BH (0.64), 6. North Macedonia (0.4) 7. Croatia (0.34), and

¹⁰ Note: CRS—reconstruction/construction of a road/highway section, RC- reconstruction/construction of the railways

8. Bulgaria (0.12). These projects were mainly financed by loans and FDI, and Chinese state companies were conducting those projects.

Greece received the biggest amount of investment due to contracts regarding the port Piraeus, which is besides the ports in Sri Lanka and Pakistan the most important port in the Chinese BRI strategy. Therefore, that amount of investment is expected. It is also worth mentioning that due to this investment, the port Piraeus is now ranked at the 36th place on the world biggest ports list (according to Lloyds List), while in previous time it was ranked on the 93rd place. (<https://www.thenationalherald.com/229205/chinas-cosco-makes-piraeus-2nd-largest-port-in-mediterranean/>) So, we can say that this project was very successful for both countries involved, and the plans of COSCO, the company that acquired this port, is to improve the port's capacity and work even more.

Regarding Serbia, there are three projects in the field of transport that are important to mention. First of all, even before we had a promotion of the BRI initiative, Chinese company China Road and Bridge Company (CRBC) had signed a contract to build a bridge across the river Danube, the so-called Mihajlo Pupin Bridge which was finished in the meantime. It was the first bridge that Chinese company built in Europe. The second project that was announced in a big way, but is completing slowly, is building the high-speed railway between Belgrade and Budapest. At the moment two Chinese companies are working on this railway in Serbia - China Communications Construction Company Ltd and Shandong Hi-Speed Company. The third project is building of a part of the Belgrade-South Adriatic E-763 road (so-called Corridor 11), that is a branch of the Trans-European Highway. The general contractor for one part of Corridor 11 is Shandong Hi-Speed Group and for the second part of Corridor 11 China Communications Construction Company Ltd.

When comparing transportation projects with projects in the energy sector, we can say that the efficiency of finishing transport projects in the Balkans is higher.

In Table 3, we have data for Chinese investment projects in the service sector and metallurgy that we named *Others* from 2010 to 2018 in billions of US\$. Data presented in this table are done in the same manner as in Table 1.

The order of the countries according to the value of investments that were received is: 1. Greece (2.42), 2. Serbia (2.35), 3. Slovenia (1.39), 4. Bulgaria (0.21) and 5. Croatia (0.13). These projects were mainly financed by FDI and acquisitions. It is interesting to see that in the service sector, Chinese private companies were the main investors such as Fosun, Truking Group, Shanghai Gongbao and KaiXin Rong and Zhejiang Jinke Entertainment Culture.

Table 3. Chinese Investment Projects in the Balkan countries in the sector Others¹¹ from 2010 to 2018 in billion US\$

Year	Sector	Subsector	Company name	Country Invested	capital	Type
2010	Real estate	Construction	Beijing C. E.	Greece	0,13	FDI
2011	Retail	Consumer	Fosun	Greece	0,12	ACQ
2012	Real estate	Construction	CBMI Sin.	Bulgaria	0,21	FDI
2013	Logistics	/	China O.S.	Greece	0,3	FDI
2014	Logistics	/	CNBM	Croatia	0,13	FDI
2014	Tourism	/	Fosun	Greece	1,2	FDI
2016	Technology	Telecom	Huawei	Serbia	0,17	JV
2016	Metals	Steel	Hebei Steel	Serbia	0,12	FDI
2017	Metals	Steel	Hebei Iron	Serbia	0,12	FDI
2017	Entertainment	/	Zhejiang J.	Slovenia	1,05	ACQ
2017	Health	/	Truiking Gr.	Greece	0,11	ACQ
2017	Technology	Telecom	S.G., KXR	Greece	0,56	JV
2017	Utilities	/	Sinomach	Serbia	0,31	PL
2018	Metals	/	Minmetals	Serbia	0,11	PL
2018	Retail	Consumer	Hisense G.	Slovenia	0,34	ACQ
2018	Metals	Copper	Zijin Mining	Serbia	1,26	ACQ
2018	Technology	/	China C.C.	Serbia	0,26	PL

Source: The authors' research is based on China Global Investment Tracker.

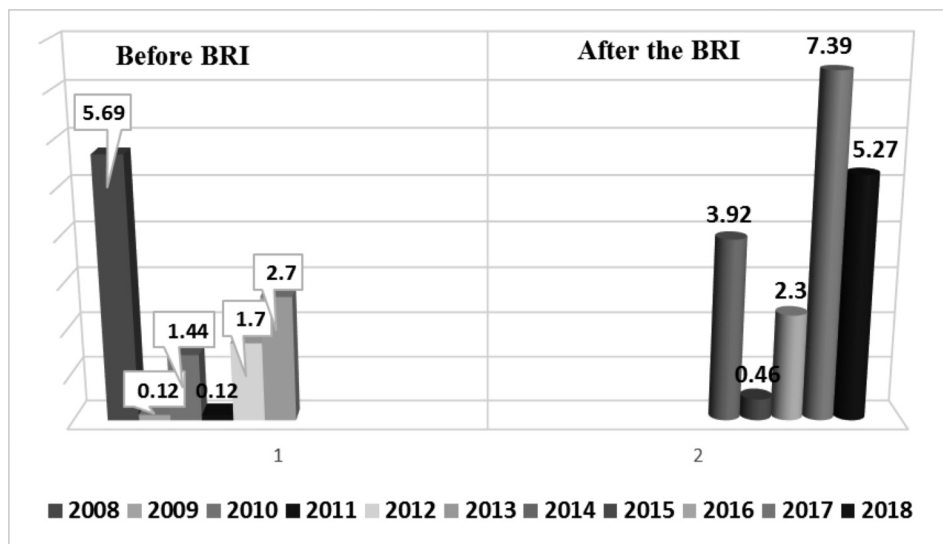
Chinese investments in the Balkan countries from 2008 to 2018 (billion US\$) are illustrated in chart 1. Before the BRI, the value of Chinese investment projects in the Balkan countries was 11.77 billion US\$, and after the BRI it was 19.34 billion US\$. So that is an increase of 7.6 billion US\$, or roughly an increase of 40% (chart 1).

According to chart 2, we can see that since 2008 we have an increase of Chinese investment projects in all sectors that we considered in this research,

¹¹ Retail, technology, entertainment, tourism, medical sector, utilities, real estate, logistics.

and especially in the field of transportation. It was also interesting to see if there were some changes in the fields of investments before and after the BRI.

Chart 1. Chinese investment projects in the Balkan countries from 2008–2018
in billion US\$

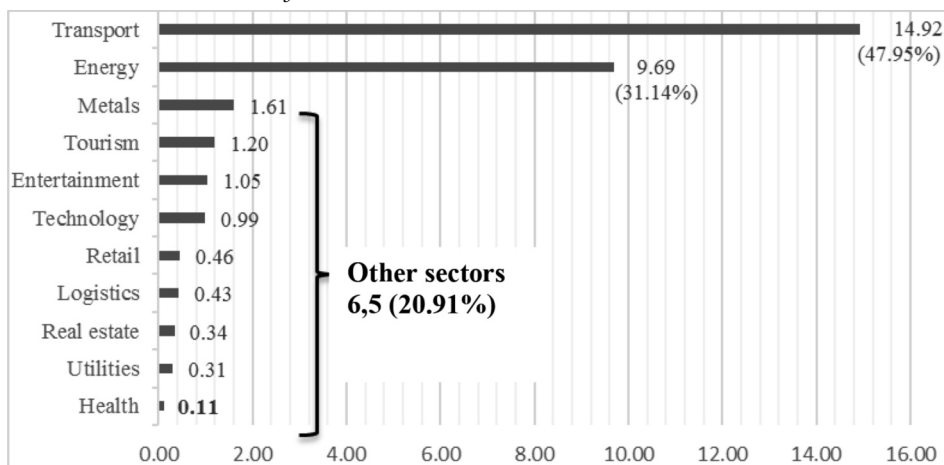


Source: The authors' calculation is based on China Global Investment Tracker

In Table 4, we can see that the percentage of those changes after the BRI is showing a slight decrease of investment projects in transportation, but that can be explained through the concession of the port Piraeus in Greece. That port was acquired by Chinese company COSCO in 2009 for a nominal sum of 4.3 billion EU for 35 years (Putten, 2014, pp. 10). Since that was a large investment, it initially affected the results for the period before the BRI, and that is why it looks like there is a decrease in this sector. If we exclude the biggest investment in the transportation sector before the BRI, then we would see that actually we have an increase in investments in the transportation sector.

Also, since the starting point for the service sector and metallurgy was very low, we have in percentage the highest increase in investments of 655.26% in this field when compared to others.

Chart 2. Chinese investment projects in the Balkan countries according to the sector in which investments went in billion US\$ and share of those investments in the total investment value



Source: The authors' calculation is based on China Global Investment Tracker

Table 4. Chinese investment projects in the Balkan countries before and after the BRI, absolute value (billion US\$), share and percentage share from 2008-2018

Sector	Before BRI (2008–2013) in Billion US\$	After the BRI (2014–2018) in Billion US\$	Share (2008–2018)	Percentage changes after the BRI
Transport	7,65	7,27	47.95%	<i>(-4.96%)</i>
Energy	3,36	6,33	31.14%	88.39%
Other	0,76	5,74	20.91%	655.26%

Source: The authors' calculation is based on China Global Investment Tracker

On map 1, we illustrated the number of investment projects in each country on the Balkan Peninsula and gave in percentages value of investment projects according to its type. Serbia has the biggest number of CIP in the Balkan countries – 23 of them, with the second biggest absolute value of 10.26 billion US\$ that is realized by loans – 74% and ACQ – 12.28 %.

Greece has the second biggest number of investments - 11 of them, with the biggest absolute value of 11 billion US\$ that is realized by FDI– 66% and ACQ – 27%.

In Slovenia, we have three investment projects that are worth 2.18 billion US\$ with FDI share of 36.24% and acquisitions of 63.76%. Croatia also has three

projects that are worth 0.69 billion US\$, with FDI share of 68.11% and acquisitions of 31.89%. Bosnia and Herzegovina have five projects that are worth 2.4 billion US\$ realized by loans. Romania has four projects, and 89% was executed by loans, while only 11% by FDI. In Bulgaria, we have three projects worth 0.52 billion US\$, 63.46% through FDI and 36.54% from acquisitions. In North Macedonia, we have 1 project worth 0.4 billion US\$ and financed by a loan.¹²

Map 1. Map of the Balkan countries with agenda of investment projects in billion US\$ from 2008-2018¹³



Source: The authors' calculation is based on China Global Investment Tracker

¹² As we already stated in the introduction of this paper, for this analysis we only took into account investment projects that are above 100 million US\$, so this is the reason that the number of projects is relatively small.

¹³ PL – project loans, FDI – foreign direct investment, ACQ – acquisition, JV – joint venture. Albania and Kosovo are not colored because they do not reach criteria for analysis – projects that are above 100 million US\$.

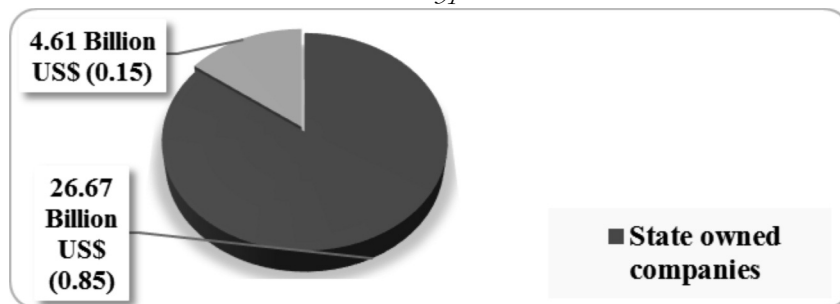
CONCLUSION

Chinese investment projects are gaining a lot of attention, especially in Europe, and the number of research studies is increasing. The number of papers that are dealing with CIP in the Balkans is lesser, but there is an increase of interest to explore this subject. Since the Initiative Belt and Road and 17+1 are very important for this part of Europe, we can assume that that interest will result in more research papers.

Regarding this research, we can conclude the following:

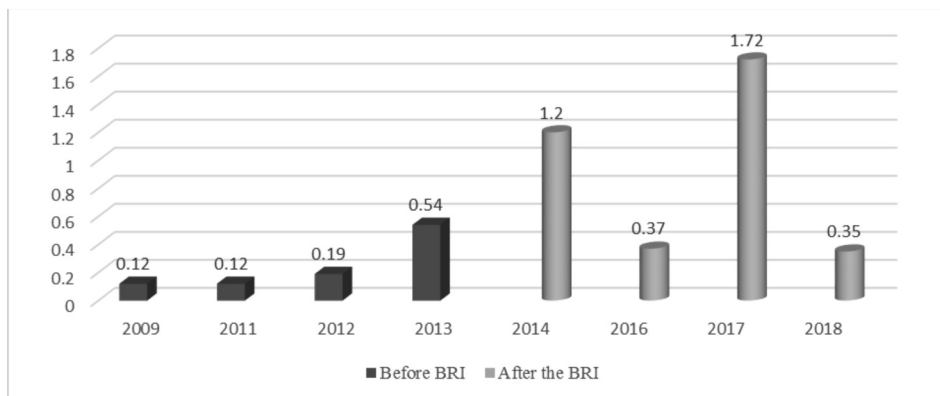
1. Before the BRI the value of Chinese investment projects in the Balkan countries was 11.77 billion US\$, and after the BRI it was 19.34 billion US\$. Therefore, there is a positive correlation between the level of investment projects in the Balkans and the BRI. Although, we should also emphasize that some of the projects were realized through the 17+1 Initiative.
2. The leading countries regarding Chinese investment projects are Greece and Serbia in absolute value. Chinese state companies are still the biggest investors in the Balkan countries (chart 3), but the number of private companies active in this region is increasing, and that can be seen in chart 4.

Chart 3 - Hypotheses 2



Source: The authors' calculation is based on China Global Investment Tracker

Chart 4 -Hypothesis 4: Investments of Chinese private companies in the Balkan countries before and after the BRI in billion US\$



Before BRI in Billion US\$	After the BRI in Billion US\$	Percentage changes after the BRI
0,97	3,64	275.26%

Source: The authors' calculation is based on China Global Investment Tracker

3. The biggest investment projects are in the field of transportation, then energy and at the end are the service industry and metallurgy. Investments in the energy sector were financed mainly with loans and after that with acquisitions. Transport projects were financed mainly by loans and after that with FDI. In the service industry and metallurgy, projects were financed by FDI and after that by acquisitions.
4. The most important rise up in investments right now in the Balkans is in the service industry and metallurgy, so it means that the pattern of investments is changing.

For better and more precise analysis, we need to wait at least four additional years to confirm or disclaim our hypothesis.

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KINESKI POJAS I PUT INVESTICIONI PROJEKTI U BALKANSKIM ZEMLJAMA: ŠEST GODINA KASNIJE

Apstrakt: Svrha ovog rada je da se razume proces internacionalizacije kineskih kompanija sa posebnim osvrtom na energetske i transportne investicione projekte u Balkanskim zemljama kroz analizu dva perioda: pre i posle Inicijative *Pojas i put* (BRI).

Koristeći podatke Američkog privrednog instituta (American Enterprise Institute) i primenjujući deksriptivnu statističku metodu, autori će testirati svoje hipoteze kroz analizu 54 investiciona projekta čija individualna vrednost prelazi 100 miliona US dolara, u periodu od januara 2008. godine do decembra 2018. godine. Cilj ovog rada je da objasni trendove vezane za kineske investicione projekte u pogledu obima, sektora i investicionog obrasca.

Investiranje u inostranstvu je jedan od ključnih poteza za bilo koju svetsku kompaniju kako bi ostvarila bolje rezultate na međunarodnom poslovnom tržištu. Kroz BRI su kineske kompanije do sada ostvarivale taj deo svoje

poslovne strategije. No bez obzira na to, ovaj rad će ponuditi inicijalne rezultate ovih tvrdnji, koji se kasnije u budućnosti mogu koristiti kao primarni izvori podataka u narednim istraživanjima, kako bi se videlo da li tip, nivo i sektor kineskih investicija na Balkanu ostaje isti.

Ovo istraživanje je među prvima koje analizira kineske investicione projekte na Balkanu. Sa teorijskog stanovišta, ono će popuniti praznine u literaturi, a takođe će pokazati uticaj i značaj kineskih investicija na balkansku ekonomiju, a posebno na sektor energetike i transporta.

Ključne reči: Balkan, Inicijativa *Pojas i put*, Kina, investicioni projekti, internacionalizacija.

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