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Report



The Western Balkans and China's Digital Silk Road

Keen Strategic Cooperation or Cautious Limited Engagement

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Summary

China's engagement in the Western Balkans has multiple impacts for the region's countries in terms of geopolitics, security, human rights and democracy, relations with the EU and the United States. Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia have different approaches when it comes to engaging with China, which are strongly related to the crucial issue of membership in the EU and NATO.

China has promoted its Digital Silk Road (DSR) in the six countries, which cooperate with it to varying degrees. This has increased its influence in the region. While the DSR offers technological and economic benefits for the countries in the Western Balkans, it also has serious geopolitical, national security, and foreign-influence implications for them.

Huawei is the main Chinese telecommunications company involved in the Western Balkans, as elsewhere. It is active in the region in the development of digital infrastructure, smart cities, data centers, and 5G networks. However, there are concerns about its ties with the Chinese Communist Party regime.

In recent years, as a result of their domestic politics and geopolitical choices, some of the Western Balkans countries started to take a clearer stance against China's influence and involvement in their digital infrastructure.

When it comes to their relationship with China and Huawei in the development of their digital and telecommunications infrastructure, the six countries have chosen either keen strategic cooperation (Serbia and Bosnia and Herzegovina, though the latter's positioning is complex due to its specific constitutional setup as a state) or cautious limited engagement (Albania, Kosovo, and North Macedonia). Montenegro is somewhat between the two positions.

All six Western Balkans countries should be more aware of the risks and challenges associated with the development of their digital and telecommunications infrastructure. They should formulate and implement clear strategies so that this development does not harm their citizens' fundamental rights and security, without forgoing the immense economic and connectivity benefits that come from digital technological advances. This is especially the case with regard to the involvement, to whichever extent, of China and Huawei in this domain. The six countries would gain from introducing measures and policies for building a secure digital future through collaboration and integration with trusted vendors.

Bosnia and Herzegovina, Montenegro, and in particular Serbia need to be more cautious about engagement with China in this regard and show greater realization that this can jeopardize their aspirations for joining the EU and (for Bosnia and Herzegovina and Serbia) NATO. Beijing's influence has not only brought challenges for the three countries. They will not benefit from drawing close to China in the long term either; instead, they are being positioned as pawns for Beijing as it pursues technological supremacy.

Introduction

China tries to further its interests in the Western Balkans through its efforts to expand its global influence in the world, using diplomatic engagement, trade relations and its Belt and Road Initiative (BRI). At the heart of this is the Digital Silk Road (DSR), a key element of the BRI introduced in 2015 to enhance the digital infrastructure, internet connectivity, and trade with partner countries, and at the same time to facilitate the business activities of Chinese tech companies in the countries concerned.

The DSR focuses on the technological element of cooperation with China: internet finance, digital services, smart cities, cross-border e-commerce, computing, the Internet of Things, and other advanced technologies for improving digital connectivity of participating countries. China has promoted the DSR in the six Western Balkans countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia) that cooperate with it to varying degrees. This has increased Beijing's influence in the region overall.

While the DSR offers technological and economic benefits for the countries in the Western Balkans, it also has serious geopolitical, national security, and foreign-influence implications for each one of them. China's model for digital infrastructure and connectivity has prompted debate on the uses of the digital technologies offered by Chinese companies for spying, censorship, surveillance, and restrictions on information. At home, the Beijing regime uses such technologies—for example, facial recognition and data monitoring—to restrict the freedoms of citizens.

Huawei is the most conspicuous Chinese telecommunications company involved in the Western Balkans, as elsewhere. It is active in the region in the development of digital infrastructure, smart cities, data centers, and 5G networks. However, there are concerns about Huawei's ties with the Chinese Communist Party regime; for example, over the possibility of it giving information gathered from its foreign operations to the authorities in Beijing.

Huawei's connections with the People's Liberation Army's Intelligence services,¹ raises concerns that include the absence of transparency regarding privacy protection of personal data collected from its services and backdoor vulnerabilities. The company has also sought to develop ties with the Western Balkans countries through its global Seeds for the Future Program launched in 2008, which selects young talents from the world to part participate in short-term global competitions, trainings, and other activities.² Huawei's One Thousand Dreams program launched in 2019 aiming to train 1,000 "ICT talents" in Central and Eastern Europe included the six Western Balkans ones.³

In recent years, as a result of their domestic politics and geopolitical choices, some of the Western Balkans countries started to take a clearer stance against China's influence and involvement in their digital infrastructure. For example, Albania, Kosovo and North Macedonia joined the Clean Network Initiative. The United States launched the initiative in 2020 in response to concerns about the DSR. The aim was to ensure the development of digital infrastructure that is secured against security risks emanating from untrusted providers, not least Huawei in 5G technology, through sharing best practice in data privacy, security, and technology adoption. Also important for the region was the 2020 US-brokered Washington Agreement between Kosovo and Serbia regarding prohibiting the use of 5G equipment supplied by untrusted vendors. The Biden administration placed

less emphasis on the Clean Network Initiative and folded it into its Blue Dot Network initiative. This aims to provide internationally recognized certification for quality infrastructure projects that are more open and transparent.⁴

In 2018, the EU Digital Agenda for the Western Balkans was announced as a joint effort of the six countries of the Western Balkans and the European Commission.⁵ It aims to improve and accelerate research and innovation, broadband connectivity, and the digitalization of industry, society and economy. However, there have been no particular actions on the agenda since then, and there remains a gap between the EU and the Western Balkans when it comes to the digital economy. One of the main reasons for the gap is that the Western Balkans has become an important part of the DSR and China taking the lead there in this field.

Keen Cooperation or Cautious Engagement?

When it comes to their relationship with China and Huawei in the development of their digital and telecommunications infrastructure, the six Western Balkans countries have chosen either keen strategic cooperation or cautious limited engagement. In the first category are Serbia and Bosnia and Herzegovina (though the latter's positioning is complex due to its specific constitutional setup as a state) while Albania, Kosovo, and North Macedonia fit in the second group. Montenegro is somewhat between the two positions. The cases of Serbia, Bosnia and Herzegovina, and North Macedonia are looked at in more detail further below after a regional overview.

Serbia wants to use the geopolitical competition between Western powers and China to increase its room for foreign policy maneuver, while Beijing's intent with the DSR aligns with the political situation in the country and its governing party's preferences. Serbia cooperates actively with China and Huawei, with a broad focus on telecommunications, digital transformation, smart-city projects, and 5G implementation. It wants to continue this and to move ahead with using Chinese technologies, regardless of the risks that have been flagged by the EU, the United States, and local civil society. While China offers faster and more affordable technology, the security implications of using it are clear. Serbia's close cooperation with Chinese tech companies has raised concerns in the country regarding surveillance, vulnerabilities, and potential backdoors that can be easily exploited for cyberattacks and espionage. But this has not stopped Belgrade from increasing its collaboration with Huawei. Despite all the criticism and efforts to raise the alarm in the country, the government cites economic and technological benefits to justify pursuing its relationship with China and its tech companies. (See section below for more on Serbia.)

The same applies to Bosnia and Herzegovina to some extent. But the country is also a special case in that its relations and its cooperation with China, and with Huawei, are strongly shaped by the state's unique constitutional setup created by the 1995 Dayton peace agreement. The state contains two ethnic-based entities—Republika Srpska and the Federation of Bosnia and Herzegovina—and this division is at the heart of its internal political problems and difficulties in forging an unambiguous foreign policy. The influence of the Republika Srpska authorities can be described as that of a spoiler, as it particularly favors economic and diplomatic ties with China and its technology companies. However, despite the economic and connectivity benefits to the country as

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whole from engagement with Beijing, there are limits to support for its partner and no guarantee of continuing cooperating with it. (See section below for more on Bosnia and Herzegovina.)

Since it regained independence in 2006, Montenegro has engaged with China, and it is part of the BRI. Their engagement that has been influenced in the last decade by its internal political instability and by having fallen into a massive debt trap in relation to Beijing. In 2014, the two countries signed an agreement for the building of what would be the longest highway in Montenegro, which remains mostly incomplete. Montenegro has struggled to pay the related debt to and asked for help from the EU. Beijing previously had the opportunity to spread its influence in the country but, with the combination of these factors, its influence in the economic, digital, and telecommunications spheres has been limited. Montenegro did not join the Clean Network Initiative and has no clear policy regarding Huawei.

In 2011, Crnogorski Telekom, the largest telecommunications company in the country, signed an agreement with Huawei to expand the 3G network. The company launched its 5G services in 2022 and it has covered 70% of the population. It is owned by Germany's Deutsche Telekom and there is no official information on its relations with Huawei regarding 5G development. The other telecommunications company in Montenegro, m:tel, cooperates with Huawei on phone devices and other equipment. It is owned jointly by Serbia's Telekom Srbija and Bosnia and Herzegovina's Telekom Srpske, both of which cooperation with Huawei.⁶

In 2023, Montenegro signed a memorandum of understanding (MoU) with the private Hungarian company 4iG—which owns One Montenegro—for strategic cooperation to increase the country's capacity through digital transformation. 4iG entered the Western Balkans in 2021—in Albania, Bosnia and Herzegovina, Montenegro, and Serbia.⁷ Budapest supports 4iG's cooperation its company with Huawei⁸ and in 2023, 4iG and Huawei signed a MoU on 5G infrastructure in Hungary.⁹ Montenegro also cooperates with Huawei through its Seeds for the Future program, which was launched in the country in 2021.¹⁰

Montenegro remains concerned about the security risks associated with partnering with Huawei and similar Chinese companies and, also as a result of its debt-trap experience, it is now more vigilant toward the potentially harmful consequences of dealing with untrusted vendors. It tries to have a balanced approach and ensure the safe implementation of its 5G network.

The EU is a major partner for Serbia and, with NATO, for Bosnia and Herzegovina and Montenegro. All three want to be part of the EU and have greater cooperation, most of the time Serbia has a shift in its policies toward the West. They want to join the EU and want greater cooperation with it, while Montenegro is already part of NATO. But their cooperation with China in the technological sphere increasingly clashes with the choices and standards of the EU and NATO, both of which stress how the protection of sensitive information and cybersecurity can be compromised by Chinese technology. This overlaps with the EU and NATO emphasis on how their approach to values, the rule of law, and transparency clashes to that of Beijing. This raises concerns and doubts about the substance of their alignment with the EU and NATO, as well as about the prospects of the process for their accession to the EU.

By contrast with the other three countries in the Western Balkans, Albania, Kosovo, and North Macedonia have opted for a more cautious and limited engagement with China on political cooperation and critical infrastructure, including their digital and telecommunications infrastructure and 5G networks. This approach is driven by their geopolitical considerations, security concerns, and strong alignment with the EU and NATO (of which Albania and North Macedonia are members). They strive to make sure any cooperation with Beijing does not undermine their more important aspiration for greater integration with their Western partners. All three countries benefit from economic cooperation with Beijing in terms of trade, infrastructure, and other aspects of economic growth. China plays a crucial role in the construction of highways, in energy initiatives, and with trade agreements in Albania and North Macedonia. Kosovo does not cooperate with it except for some trade and other economic opportunities. All three have taken measures to align their policies with those of their Western partners, including joining the Clean Network Initiative and signing agreements with the United States to secure 5G networks from untrusted vendors.

Albania, Kosovo, and North Macedonia have opted for a more cautious and limited engagement with China on political cooperation and critical infrastructure, including their digital and telecommunications infrastructure and 5G networks.

North Macedonia engages with China for economic cooperation and infrastructure development, but it took clear new orientation in its foreign policy after a change in government in 2017 that has set limits to its interactions with Beijing. As a member of NATO and a candidate for EU membership, its priority to maintain close alignment with its Western partners, and it is accordingly very cautious when it comes to engaging with China on critical infrastructure projects, as in the digital and telecommunications sphere. Huawei was a dominant actor in telecommunications infrastructure until the country's change of orientation. (See section below for more on North Macedonia.)

Albania has a history of ties with China dating back to its communist period. It follows a "One China" policy regarding Taiwan. Their economic cooperation is strong, and they also cooperate at the academic, cultural, governmental, and parliamentary levels. Albania is part of the BRI, while maintaining a strong strategic partnership with the EU and the United States. It remains cautious about this relationship due to its NATO membership and desire to join the EU, and it has not shown any signs of drawing any closer to Beijing.

The government is revising the legal framework for electronic communications by drafting a law focusing on 5G that is closely aligned with the EU's position.¹¹ The law will eventually align with the European Electronic Communications Code. However, Albania is preparing for a more moderate approach in the field of digital transformation and media.¹² The country's telecommunications operators are struggling with the implementation of the 5G rollout.¹³ In 2021, Albania signed an MoU with the United States about removing untrusted and other non-Western vendors, without direct reference to Huawei. This followed the 2020 U.S.-brokered Washington Agreement between Kosovo and Serbia regarding untrusted vendors.¹⁴ Yet, one of the two main telecommunications companies, ONE Albania is owned by Hungary's 4iG, which as noted above, has close ties with Huawei.

Of all the countries in the Western Balkans, Kosovo is the most resistant to China's influence. The two countries have limited cooperation in all spheres and Pristina has a strong strategic alignment with the West. Kosovo has unequivocally expressed its reluctance to participate in any of Beijing's initiatives, including the BRI and the DSR.¹⁵ This stance is grounded in the perception that such collaborations pose a potential threat to the country's geopolitical alignment with the United States and other Western allies as well as to its overarching aspirations for EU and NATO membership. It also reflects the fact that China does not recognize Kosovo as an independent state and has not pushed hard to include it in its networks. China is also a close partner for Serbia, with which Kosovo has an ongoing tense and difficult relationship. Beijing's influence in the country is therefore minimal and limited to areas of trade and economic development. Kosovo has also taken note of the risks associated with a heavy reliance on Chinese investments based on the experience of most of its neighbors. There are concerns in Pristina about the influence of Serbia and China in the north of the country, where the ethnic Serb population is largest, and any impact on Kosovo's sovereignty.

Kosovo joining the Clean Network Initiative underscored its commitment to secure and maintain Western-oriented and trusted providers. This was reaffirmed in the abovementioned 2020 Washington Agreement between Kosovo and Serbia.¹⁶ The country has not tried to cooperate with Huawei, regardless of the commercial advantages this may have presented. Huawei was in the past involved in providing hardware and software but the state-owned telecommunications company Vala decided not to engage in any collaboration with it. The implementation of 5G, which started this year in the capital, Pristina, has been entrusted to Ericsson and Nokia, following a competitive tender process. In January 2024, Vala signed an agreement with Ericsson that will continue their cooperation for the modernization and maintenance of its mobile network, including the installation of Ericsson 4G+ and 5G equipment.¹⁷

Serbia

Serbia is the largest hub for China's influence in the Western Balkans due to its strategic location, which connects the rest of Europe and Eurasia through roads and railways from Northern, Western, and Central Europe to Southwestern Asia, as well as the Danube River that connects ten other European countries. This makes it an attractive location to connect Chinese businesses with Europe.¹⁸ Serbia is part of the BRI, with transport infrastructure one of the main goals of the cooperation. China is one of Serbia's main partners in the energy and construction sectors. Serbia has an ambivalent position toward the EU and the West, and this is reflected in aligning itself with China even though this goes against the interests of the EU, of which it is a candidate for membership. It follows a "One China" policy with regard to Taiwan. The two countries have also established a visa-free regime.

Their economic cooperation is strong. In 2023, Serbia's exports to China amounted to \$124 billion while China's exports to the country amounted to \$ 2.7 billion.¹⁹ That same year, Serbia's parliament ratified a free trade agreement with China.²⁰ The list of products covered by the agreement includes 9,000 Chinese products and 10,500 Serbian products for which there will be no import duties. The agreement is due to enter into force 90 days after

the China ratifies it. Serbia anticipates that it will attract foreign investors to make in the country products that will be exported tax-free to China.

Belgrade's connections with Beijing are not only based on economic benefits and geostrategic location; the Serbian political context also plays a major role in the relationship. Serbia is a multiparty parliamentary democracy but the situation has deteriorated over the years. The Serbian Progressive Party (SNS) that has been in power since 2012 and has made elections uncompetitive and created political instability. It has constrained the ability of the political opposition, civil society organizations, and independent media to operate freely. The US Department of State judges that fundamental freedoms and democratic institutions in Serbia are in a bad state,²¹ and Freedom House classifies the country as having a hybrid or transitional regime.²²

Serbia's democratic backsliding influences its relationship with China. The autocratizing government seeks power and control, which makes it keen to obtain Chinese technology for social monitoring and control. China is a source of tools that enhance the government's ability to maintain its position and to monitor dissent. Beijing tries to fulfill its geopolitical ambitions in Europe by strengthening its cooperation with backsliding democracies such as Serbia, and the country being part of the BRI also facilitates this agenda. Serbia's democratic backsliding also goes together with the government's claim to follow a "neutral" foreign policy while in reality the government needs clear alignment with Beijing.

Serbia places great importance on digitization. In 2017, it undertook to build a "digital government", and it is also a part of the EU Digital Agenda for the Western Balkans. Serbia has a strong and developing digital infrastructure. The mobile broadband 4G network covers more than 90% of the country, and the aim is to deploy in the whole country. The EU supports the development of the fiber-optic infrastructure that is crucial for further digitalization. However, China also plays a crucial role in developing the country's digital infrastructure.²³ Moreover, Serbia and China cooperate in the development of high-tech weapons. Serbia and China have important official exchanges. In May 2024, Presidents Xi Jinping and Aleksandar Vučić said, during Xi's visit to Serbia, that the two countries will deepen their partnership in space science and technology.²⁴ The close partnership between Belgrade and Beijing in technology and beyond raises concerns regarding human rights and privacy.²⁵

Huawei has been present in Serbia since 2007. It has been one of the government's most important partners in its digital transformation efforts with cooperation in research, innovation, development, and artificial intelligence. Huawei has close ties with the state-owned Telekom Srbija for services and in 2016, they signed a €150 million contract for services, procurement of equipment, and modernization of the landline network.²⁶ In 2021, Huawei was named one of the main partners for developing the digital infrastructure in Serbia. Alongside the two other main mobile operators—Yettel, formerly known as Telenor and part of the Czech Investment Group; and A1 Srbija, which is part of the A1 Telekom Austria Group—Telekom Srbija will compete in the spectrum auction for the 5G license, which is supposed to be launched in the first quarter of 2025.²⁷ Telekom Srbija may partner with Huawei.

In 2018, the Ministry of Internal Affairs signed a partnership with Huawei for a safe-city solution in the public security system. The following year, it shared information about its cooperation with Huawei for the installation of 1,000 cameras with facial-recognition capabilities in Belgrade. One of the justifications for this is the prevention

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and detection of crimes. Civil society and individual citizens raised concerns about the project with regard to surveillance and data privacy, given the lack of clear information about the further usage of the data taken from cameras. Another concern was that law-enforcement cooperation between the two countries would be enhanced with Serbia's purchase of this surveillance technology. Hiljade Kamera—a community of individuals and organizations that advocate the responsible use of surveillance technology—has raised concerns about facial- and object-recognition technology in Serbia's public spaces. It created a website showing the location of the surveillance cameras in Belgrade. It says that it does not have information on the actual needs, system security, cost, and exact numbers.²⁸

When the Ministry of Internal Affairs in 2022 released a draft law that would give the authorities the right to conduct biometric surveillance of people in all public spaces, the Share Foundation—an organization working on digital rights in the areas of privacy, free speech, government transparency and efficiency, surveillance, and human rights—raised concerns.²⁹ The draft law was later withdrawn after initiatives campaigned against it.

Serbia has not joined the Clean Network Initiative but, as part of the US-brokered Washington Agreement with Kosovo in 2020, it agreed to exclude untrusted vendors from its 5G network, with reference to Chinese providers. However, one week after the government signed the agreement, Huawei opened an Innovations and Development Centre in Belgrade with the declared aim of helping Serbia with further digitalization and a 5G network.³⁰ According to the authorities, the center would advance digitalization in the country and closely cooperate with the government in the preparations for or the implementation of 5G infrastructure. Also in 2020, Serbia and Huawei signed an agreement that saw the company placing equipment in and becoming a commercial user of the State Data Center in Kragujevac, where all the data from the country's public institutions are stored in national databases, having earlier donated for the center's construction,³¹ alongside other actors such as the United Nations Development Programme.

Serbia continues to welcome Huawei investment and support in digitalization despite the problematic aspects of this collaboration, including concerns about surveillance and the violation of the right to privacy.

Serbia continues to welcome Huawei investment and support in digitalization despite the problematic aspects of this collaboration, including concerns about surveillance and the violation of the right to privacy. The use of Huawei's facial-recognition and surveillance technology threatens citizens' privacy and undermines human rights by interfering with the freedom of expression and of movement in the country. The protection of "order and security" is only the pretext for the authorities installing surveillance cameras of an untrusted vendor like Huawei.³²

Huawei is also present in the education sphere. For example, the company donated smartboards to the country's elementary schools in 2023. Vučić said Huawei's donation would help in modernizing and advancing the education system.³³ Since 2014, Serbia has been included in the company's Seeds for the Future program. As part of the program, Serbia cooperates with Huawei in education, in particular the field of information and communication

technologies, including through exchanges. The aim is to provide Serbian students with industry innovation experience, entrepreneurial skills, and networking opportunities.

Overall, the close cooperation between Serbia and China, and particularly with Huawei is influenced by political and geopolitical factors. Additionally, the Digital Silk Road is not perceived as an authoritarian threat in the country.³⁴ These ties will not only shape Serbia's digital infrastructure in the coming years but also have a clear impact on digital security and privacy under its hybrid regime. At the same time, Serbia gives no sign of reducing, much less ending, this technology relationship regardless of all the concerns expressed by domestic critics or by its Euro-Atlantic partners.

North Macedonia

China has seen North Macedonia, like Serbia, as a potential hub for its trade activity and its political influence in the Western Balkans. The country's location is important for the BRI, of which it is part. However, North Macedonia has been a less significant partner than Serbia for Beijing, especially since it opted for a clearer alignment with the West. Nonetheless, they have developed a partnership primarily focused on infrastructure and economic development.

The relationship has gone through different phases. It developed significantly in the years after 2012, marked especially by the agreement regarding the construction of two highways in North Macedonia. Things began to change in 2017 in connection with the evolution of the political scene in the country, which resulted in a shift toward the EU and the United States in its foreign policy. The relationship has since stagnated, with the failure to build the two highways the most crucial element.

North Macedonia has a history of unstable government coalitions, of serious challenges with clientelism and corruption, and of civil society, media, and journalists being pressured or intimidated. Freedom House classifies the country as being partly free.³⁵ Hopes for political progress were raised with the change in government in 2017, but North Macedonia continues to be affected by a corrupt patronage network and by abuses of official positions. No one has been brought to justice for violations committed before 2017. The political class has also been preoccupied with issues related to Bulgaria's blocking of its EU accession process.³⁶

North Macedonia became a member of NATO since 2020 and it is a candidate for membership of the EU. Its relations with the EU and its member states as well as with the United States and NATO have played a crucial role in defining its foreign policy and in shaping its cooperation with China. It follows a "One China" policy regarding Taiwan. When a new government took office in 2017, a new phase of the country's foreign policy started, with the focus on advancing the Euro-Atlantic integration process with closer alignment with NATO and less engagement with China. This reorientation has impacted the various dimensions of cooperation with China.³⁷

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It remains to be seen if the new nationalists-dominated government that came to office in June 2024 has any intention of making a significant change in the country's foreign policy that might revive the relationship with Beijing. China is perceived positively in North Macedonia, where citizens have a more favorable opinion of the country than the policy elites do because the prospect of joining the EU seems distant and complicated to them. The fact that neighboring Serbia has a close relationship with Beijing from which it benefits also feeds a greater desire among the population for closer ties with Beijing.³⁸

Between 2017 and 2022, China's exports to North Macedonia increased from \$390 million to \$829 million while North Macedonia's exports to China decreased from \$92.4 million to \$76.3 million.³⁹ China was the country's fifth-major trading partner for January to July 2023.⁴⁰ North Macedonia is particularly reliant on the Chinese market when it comes to selling its raw materials and extractive goods.

Beijing has played a clear role in North Macedonia with energy initiatives and infrastructure projects that aim to enhance the country's connectivity with the region and promote economic growth. Most notably, North Macedonia borrowed heavily from China's Exim Export-Import Bank to build two highways. The one from Shtip to Miladinovci was finished in 2019 and the other from Kichevo to Ohrid was planned to be finished in 2023 but has not been to date. In 2023, the government raised the possibility of cancelling the deal with China. These infrastructure projects have been marked by a lack of transparency, corruption, and shortcomings in construction, while the loan conditions put North Macedonia at a disadvantage.

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North Macedonia has joined the Clean Network Initiative, and it has taken a clear position of excluding all untrusted providers as part of the initiative. It has fulfilled the initiative's requirement to exclude Chinese companies from its 5G network and equipment. The country also signed an MoU on 5G security with the United States in 2020, according to which it has to align its policies for electronic communications and digital infrastructure with the EU and the United States.⁴¹ The MoU stresses the importance of trusted network suppliers for 5G. Following the signing the MoU, the Law on Electronic Communications was amended in 2021, which refers to network security and includes regulation needed for assessing the risks of communication networks and suppliers.⁴² The Electronic Communication Laws also had to be changed accordingly in a way that stops Huawei and ZTE from participating in the development of the 5G network.

The main transport corridors are due to have 5G coverage by the end of 2025. All urban areas should be covered by the end of 2027 and all citizens should have access to 5G by 2029. Sweden's Ericsson is the main provider for the two main telecommunications network operators in the country, A1 Macedonia and Macedonian Telecom, in developing their 5G network, and it is installing the necessary stations for the equipment for the 5G network. Chinese companies like Huawei dominated North Macedonia's telecommunications infrastructure until the recent changes that made Ericsson the primary provider of internet equipment. When the procurement for 3G and 4G networks began in 2010, Huawei and ZTE were the winning companies. Huawei has been present in the country since 2010, and it opened its branch in Skopje with the name Huawei Technologies Macedonia DOOEL Skopje.

It was active in the country until a new government came to power in 2017 and changed foreign policy and then signed the MoU on 5G security in 2020. Ericsson was chosen as the safe option, even though it is more expensive and the performance of Huawei equipment is better for internet provision. North Macedonia is not part of Huawei's Seeds for the Future program. When it joined the Clean Network Initiative, a Huawei-funded e-education project was suspended from the Chinese side.⁴³

Mtel Serbia, a member of the Serbian state-owned Telekom Srbija group, is also present in North Macedonia, which could pose a challenge when it comes to Chinese influence in the country. Given Telekom Srbija's partnership with Huawei, an expansion of Mtel Serbia's activity in North Macedonia's telecommunications sector could put the country's digital infrastructure at risk.⁴⁴

North Macedonia has been an example of maintaining a delicate balance between security considerations and economic opportunities considering the geopolitical landscape. It considers carefully its diplomatic and economic ties with China and demonstrates a careful approach in digital infrastructure by withdrawing from cooperation with Huawei.

Bosnia and Herzegovina

Bosnia and Herzegovina has developed its cooperation with China throughout the years. It is part of the BRI and its high-ranking officials visited the country for various events related to the initiative.⁴⁵ In 2022, Chinese exports to the country amounted to \$1.04 billion while exports in the opposing direction amounted to \$70.3 million.⁴⁶ Bosnia and Herzegovina is one of the few countries that have established a visa-free regime with Beijing and follows a "One China" policy with regard to Taiwan. At the same time, the EU and the United States want the country to have a clearer policy against China's greater presence and influence in its territory.

The fact that the country contains the ethnic-based entities of Republika Srpska and the Federation of Bosnia and Herzegovina shapes interactions with Beijing. The latter aspires to EU membership, while the former aspires to align with China and Russia. This particular situation makes it difficult for the country to align with the EU and the United States. However, China is smart in its approach to the country: it does not show open support for Republika Srpska and calls for peace among different ethnic groups, while most of its investments go to Republika Srpska. In a statement regarding the May 2024 UN General Assembly vote on the International Day of Reflection and Commemoration of the 1995 Genocide in Srebrenica, China's permanent representative said it would support Bosnia and Herzegovina and stressed the harmonious coexistence of all ethnic groups.⁴⁷ Nonetheless, Beijing favors its relations with Republika Srpska. According to the Central Bank of Bosnia and Herzegovina, Chinese investments are higher in Republika Srpska than in the federation.⁴⁸ This disparity can create tensions within the country.

Bosnia and Herzegovina is classified by Freedom House as partly free and the political situation is complicated by the narratives and actions of political actors in Republika Srpska. Recent changes to the country's constitution

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and electoral code led to a more complex outcome regarding government formation and the country's stability. Provocation from Republika Srpska continues and its 2023 decision to withdraw from the country's Constitutional Court, which was a unilateral move with no legal basis, has added fuel to the tension in the country. Bosnia and Herzegovina will continue to deal with the complexity caused by its division and the negative influence of China and Russia through Republika Srpska.⁴⁹

Bosnia and Herzegovina did not join the Clean Network Initiative. It has been strengthening cooperation in the digital sphere with China, which is playing a leading role in building advanced telecommunications networks in the country. 3G mobile broadband is available to 96% of the population and 4G to 82%. In the Regulatory Agency for Communication's Framework Strategy for 2021–2025, the goal is to have 30% of the population covered by the end of 2025.⁵⁰

Huawei opened its office in Banja Luka, Republika Srpska in 2009, which remains its main office for the whole country. Huawei has cooperated with the Republika Srpska-owned telecommunication company, Telekom Srpske, in the expansion of high-speed internet and connectivity in this entity. In 2018, the authorities of Sarajevo signed a memorandum of understanding with Huawei for a "smart capital" development that would include "comprehensive supervision projects, intelligent management systems, public safety systems and intelligent traffic control systems".⁵¹ This cooperation has raised privacy and data-protection concerns in the country.

In 2019, the major telecommunication companies in the country—Telekom Srpske, BH Telecom (which is owned by the Federation of Bosnia and Herzegovina), HT Eronet (jointly owned by the federation and Croatia's Hrvatski Telekom)—announced a plan to implement the 4G network in Sarajevo, Banja Luka, and Mostar. The plan was for more than 40% of the territory in 2020 and 75% in 2024.⁵²

Huawei has cooperated with the Republika Srpska-owned telecommunication company, Telekom Srpske, in the expansion of high-speed internet and connectivity in this entity.

There has been no 5G auction yet and one is not likely before 2026.⁵³ Telekom Srpske is keen to cooperate with Huawei on the introduction of 5G, and Huawei exhibited its 5G technology and services in Banja Luka in 2023.⁵⁴ BH Telecom has not indicate if it will opt against Huawei and for the Swedish company Ericsson in response to pressure from Brussels and Washington, but that seems likely. HT Eronet has chosen Ericsson as the main provider for the internet and for the implementation of the 5G network where it offers coverage. Due to Croatia's cooperation with Ericsson, HT Eronet does not want to have any cooperation on digital infrastructure with the China.

Bosnia and Herzegovina cooperates with Huawei in educational projects where the company supports technical institutions and universities on technology-related topics. Huawei's chief executive officer and the rector of the University of Banja Luka met in 2022 to discuss participation in the company's Seeds for the Future Program, which includes student exchanges in the field of 5G technology.⁵⁵ However, Bosnia and Herzegovina has not become part of the program officially.

Bosnia and Herzegovina's complex political context and the geopolitical situation in the region shapes its relations with different partners and how the Digital Silk Road is pursued there. China takes advantage of the political tension in the country to ensure its presence there. This results in a more favored relationship with Republika Srpska, which is reflected in Huawei's closer cooperation with the entity, while the Federation of Bosnia and Herzegovina faces pressure from the EU and the United States regarding involvement with China.

Conclusion

China's engagement in the Western Balkans has multiple impacts for the region's countries in terms of geopolitics, security, human rights and democracy, relations with the EU and the United States. The six Western Balkans countries have different approaches when it comes to engaging with China, which are strongly related to the crucial issue of membership in the EU and NATO. All six should be more aware of the risks and challenges associated with the development of their digital and telecommunications infrastructure. They should formulate and implement clear strategies so that this development does not harm their citizens' fundamental rights and security, without forgoing the immense economic and connectivity benefits that come from digital technological advances. This is especially the case with regard to the involvement, to whichever extent, of China and Huawei in this domain. All the Western Balkans countries would gain from introducing measures and policies for building a secure digital future through collaboration and integration with trusted vendors.

Bosnia and Herzegovina, Montenegro, and in particular Serbia need to be more cautious about engagement with China in this regard and show greater realization that this can jeopardize their aspirations for joining the EU and (for Bosnia and Herzegovina and Serbia) NATO. Beijing's influence has not only brought challenges for the three countries. They will not benefit from drawing close to China in the long term either; instead, they are being positioned as pawns for Beijing as it pursues technological supremacy.

Serbia in particular plays a dual role in its relations with China and the West. It tries to keep both options open in terms of geopolitical alignment and partnership, but it gives every appearance to have chosen China when it comes to digital and telecommunications infrastructure. In the interests of its citizens in the long term, Serbia needs to realign itself more with EU standards and with technology providers that are trusted by its Western partners. And as long as it also maintains engagement with China for its digital infrastructure, it needs to demonstrate that it is striving for more transparency and to ensure that high standards of data privacy and security are followed.

Bosnia and Herzegovina is in a more complex situation as a result of its special political-constitutional system. Its administrative division leads to ambiguity about partnering with China or the EU and the United States. The different levels of cooperation in digital infrastructure with Beijing by the entities forming the state reflects the diversity of its economic and security interests. The role of the Republika Srpska authorities makes it harder to make progress toward a countrywide decision regarding digital and telecommunications infrastructure that

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benefits all its citizens. Despite this obstacle, Bosnia and Herzegovina should follow the practices of the EU and of its Western partners.

In Montenegro, political disturbances and foreign influence makes choosing a clear alignment for its digital and telecommunications infrastructure complicated. Being a member of NATO and having a debt-trap problem with China adds to its challenges. Given the experience of its highway-construction project, the country should take a clear stance against China's influence in its digital infrastructure. Any cooperation with Beijing should remain at a level that does not undermine its standing with its NATO and EU partners, with whom its future lies.

North Macedonia has showed how a change in government can lead to a clear strategic change of alignment. It cooperated with China in terms of transport and telecommunications infrastructure, but then it changed its stance. The country moved from using Huawei, realizing the long-term potential consequences, to working closely with trusted vendors and its Western allies to build its infrastructure. As a member of NATO and a membership candidate of the EU, North Macedonia needs to stay on this course under its latest government, even if China might offer cheaper solutions, since the geopolitical cost aligning with it would be high.

After a long period of ties with China, Albania reoriented itself to seek integration with the EU and NATO. This has been reflected in its choices regarding its digital and telecommunications infrastructure. However, being part of the BRI and retaining some ties with Huawei can cause tensions with Albania's Western allies. For the country, continuing on the road to EU membership and remaining a reliable partner of the United States must involve caution about any cooperation with China. To this end, Albania must keep its promise to rely on trusted providers for the implementation of its 5G infrastructure, no matter how long it takes.

Under the current government as under previous ones, Kosovo has taken a particularly strong stance against engagement with China, and it is the only country in the Western Balkans that does not have any particular relationship with it. Kosovo wants to stay clear of any attempts to spread Chinese technological or political influence in the Western Balkans, and there is no evidence that it might consider building any partnership with Beijing. The country can be expected to stick with the safer option of vendors that are trusted by the West, even if they are more expensive, for as long as domestic political dynamics and the geopolitical dimension do not change. The tight relationship between Serbia and China also means Kosovo will rely only on its Western partners. The country should continue with this approach even though its neighbors having some degree of cooperation with China.

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