



The Red Road through the Balkan

The Effects of China's Expansion on the Western Balkan

Foreign Policy

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EXECUTIVE SUMMARY

This thesis research concerns the effects of China's Belt-and-Road initiative (BRI) on the non-European Union (EU) states in the Western Balkan region. The BRI is a large infrastructure project launched in 2014, and its motives have been the subject of international debate. Specifically, it has been considered as a means for China to expand its political and economic influence outside its borders. This research analyses to what extent the BRI has been a successful tool in influencing the foreign policy of two states in the Western Balkan: Serbia and Montenegro. Specifically, whether these states' foreign policy has shifted to align with Chinese preferences, or whether they are more likely to follow Western, specifically EU, standards in conducting their foreign policy.

This research utilizes International Relations (IR) theory to argue the motivations of Serbia and Montenegro to shift their foreign policy in favour of China. Specifically, this question is placed within the debate about power and state behaviour between two leading schools of theory in IR: Liberalism and realism. For each theory, a sub theory has been selected, neorealism and liberal institutionalism, to establish a proposition and indicators that could explain the findings of the case studies of Serbia and Montenegro.

The analysis of the data shows that the two case studies have varying results that could each be best interpreted through a different theory. The Serbian case study best aligns with the neorealist proposition, whereas the Montenegrin case study is better explained by the proposition of liberal institutionalism. Therefore, this thesis concludes that the influence from the Chinese expansion of the BRI in this region is varying, and determined by a range of internal and external factors, that China itself does not control.

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LIST OF ABBREVIATIONS

AFD	Agence Française de Développement
BRI	Belt-and-Road Initiative
CCP	Chinese Communist Party
CDP	Cassa Depositi e Prestiti
CEECAS	Central and Eastern European Center for Asian Studies
CRBC	China Road and Bridge Corporation
DPS	Democratic Party of Socialists of Montenegro
ECFR	European Council on Foreign Relations
EU	European Union
EUISS	European Institute for Security Studies
FDI	Foreign Direct Investment
FP	Foreign Policy
GDP	Gross Domestic Product
IR	International Relations
KfW	Kreditanstalt für Wiederaufbau
MFA PCR	Ministry of Foreign Affairs of the People's Republic of China
NATO	North Atlantic Treaty Organization
OBOReurope	One Belt One Road Europe
PRC	People's Republic of China
ROC	Republic of China
UN	United Nations
UNGA	United Nations General Assembly
UNHCR	United Nations Human Rights Council
URA	United Reform Action
US	United States
USD	United States Dollar

1. INTRODUCTION

The launch of the Belt and Road Initiative (BRI) in 2013 signified the beginning of a new Chinese expansion. Amongst other directions, this expansion has also gone westwards, towards Europe. The BRI is an ambitious global infrastructure and connectivity initiative that is loosely based on the routes between Europe, Central Asia and China that were part of the ancient Silk Routes, therefore, it is also referred to as the ‘new Silk Route.’ This initiative signifies a new wave of globalization and Chinese economic dominance, establishing an “ambitious global geopolitical and trade policy initiative” (Berlie 2020, 19). The BRI covers both land and sea, aiming to connect China to core cities and ports across Eurasia, with the five major goals being: policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds (Ibid.). As part of the BRI, China has set up many new infrastructures and Foreign Direct Investment (FDI) projects in various European countries. In particular, China was interested in investing in non-European Union (EU) states located in the Western Balkan, which include Albania, Serbia, Montenegro, Kosovo, North Macedonia, and Bosnia and Herzegovina. Most of these countries were initially enthusiastic about China’s economic advances, as they were beneficial for their own development and national interests, though some countries have also run into problems caused by economic debts to China, or in general, experienced disappointing results from the Chinese investments (Zakić and Radišić 2019).

In light of the BRI, China has facilitated the building of new infrastructure in many of the countries on the Western Balkan, and extended government loans to Montenegro, North Macedonia, and Serbia. In addition to this, they have established influence in these countries through media and academia, by launching pro-China media stations in these countries and forming cooperation agreements with universities. Furthermore, following the outbreak of the COVID-19 pandemic, China has donated copious quantities of its own COVID vaccines to these countries. It seems clear that China is using the BRI to grow its influence in the region, which is strategically placed on the border of the EU, as well as on the periphery of the European continent.

The Belt-and-Road initiative has been heavily criticised, among others by the European Union, as a tool for China to expand its political influence internationally. In light of several accusations of severe human rights abuses on China’s part, including the accusation of genocide of the Uyghur ethnic minority in China’s Xinjiang Autonomic Region, multiple Western countries, as well as the European Union, have boycotted initiatives that are part of the BRI. This leaves the aforementioned Balkan countries in an uncomfortable position. All of them are

either so-called 'EU enlargement countries': candidate members or potential candidate members of the European Union. Future EU membership would strengthen their own influence in Europe, as well as benefit them economically through the entrance to the European market. On the other hand, strengthening the relationship with China would also be strategically beneficial to these countries.

1.1 Research Question

The expansion of China has left the countries on the Western Balkan in an onerous position. On one hand, these countries are EU enlargement countries, and it could be expected that their policy would therefore be aligned to those of the EU, as this would increase their chances of being integrated into the EU. On the other hand, Chinese investment has shown to be enticing for many of these states. However, many of China's values are in stark contrast to those of the EU, and it could be expected that China expects the countries it extends FDI to, to support China regarding certain topics. Specifically, foreign policy regarding Taiwan and Hong Kong, human rights, and security issues are of importance to China, and these are also debates on which China and the EU often collide. This thesis will examine whether economic investments indeed can affect foreign policy. Some states in the Western Balkan have indeed changed some aspects of their foreign policy to align more with Chinese ideals. This thesis will aim to answer the research question:

How can the effects of the BRI on the foreign policy of countries in the Western Balkan be explained through international relations theory?

This question will be analysed and explained through the lens of International Relations (IR) Theory, specifically the theory of structural power, which is related to the school of neorealism, and the theory of liberal institutionalism, which was derived from liberalist theory. The debate between (neo)realism and liberalism, and its sub-theory of liberal institutionalism, regarding power and the behaviour of states is one of the key debates within IR. Where realists consider power and survival the main motivators behind states' behaviour, liberalists believe cooperation between states is possible and necessary, and reject power politics. Therefore, it will be interesting to analyse which side of the debate best explains the phenomenon observed in the Western Balkan states. Furthermore, two case studies have been selected in order to answer this research question. The first case study is Serbia, which stands out as China's key partner in the region, and has accepted copious amounts of Chinese investments, as the Serbian government

appears to prioritise strengthening the relationship with China (European Institute for Security Studies 2017). The second case study is Montenegro. Montenegro is an interesting case study, as the government of Montenegro took out a loan from China for close to \$1 billion USD in 2014 in order to construct a motorway as part of the BRI. However, the country has since struggled to pay back the hefty sum they owe China and has even reached out to the European Union for financial help in 2021, which they rejected (OBOReuropa). The outstanding debt has complicated the relationship between Montenegro and China. It could potentially lead to China using ‘debt-trap diplomacy’ on Montenegro. Debt-trap diplomacy is a tactic that the Chinese have been accused of using before, and refers to the practice of extending debt to another nation to increase political leverage. At the same time, Montenegro reaching out to the EU for financial help suggests they are considering strengthening ties with the EU to resolve any financial issues caused by the BRI. The time frame utilized in this study will be from 2006 until 2022, the year in which this thesis was written. 2006 was chosen because it is the year in which Montenegro declared independence from Serbia, and the State Union of Serbia and Montenegro split into two independent states. The thesis covers events up to the year it was written because as of 2022, the BRI is still actively expanding in the Western Balkan.

This thesis is structured as follows, to appropriately answer the research question. First, a literature review will be conducted, exploring the existing academic debates surrounding this topic. The literature review will be followed by a theoretical framework that will explain and justify the selection of theories that are utilized in this thesis. The next chapter will explain the methodology behind this research. This is followed by an analysis in which the two case studies will be scrutinized, and the theoretical propositions that have been suggested in the theoretical framework will be applied to the case studies. The findings from the analysis will be discussed in a separate chapter, after which this thesis can form a conclusion to answer the proposed research question.

1.2 Relevance

This thesis has both scientific and societal relevance. The scientific relevance lies in the research design and the case studies. The expansion of China through the BRI has been discussed academically before, however, the topic of the BRI in the Western Balkan has been less researched than in certain other areas, such as Central Asia or Africa. Even less scientific research has been done specifically comparing the case studies of Serbia and Montenegro. The empirical evidence that can be acquired through these case studies can perhaps not produce generalisable results, but it could aid the advancement of the theoretical discourse, which could

be utilized in future research on this topic. Furthermore, placing the case study of the BRI in the Western Balkan within the debate between realism and liberalism is unique to this thesis. This method will result in a congruence analysis, during which two theories will be applied to the case studies, with the aim to identify which theory has the strongest explanatory leverage. Therefore, it does not only aid in the understanding of the case studies, but also the deepening of the academic theories. Specifically, how a smaller state reacts when it is placed between two larger, economic powers, both of which could offer the smaller state economic and/or political benefits.

The societal relevance of this thesis relates to the deepening of the understanding of how Western Balkan countries conduct their foreign policy as a result of Chinese expansion. This understanding can help policymakers predict how these countries will make decisions in the future, and what other effects Chinese expansion might have on Western Balkan politics. This analysis will also be interesting from an EU perspective. As briefly mentioned, all countries in the Western Balkan are prospective future EU members. However, it has been theorized that Chinese influence could have a negative effect on EU-Balkan relations. This research could provide arguments about whether or not this presumption is correct. Furthermore, it is important to know whether the states in the Western Balkan have changed their position regarding certain political hot topics related to China, such as their position towards Taiwan and Hong Kong, the alleged genocide of the Uyghur ethnic minority in Xinjiang, and other Chinese human rights issues.

2. LITERATURE REVIEW

This literature review explores some of the current academic debates and topics that are of importance to this thesis. The chapter is divided into three sections. The first section provides an overview of Chinese foreign policy and how the BRI is utilised as a foreign policy tool. The second part discusses the BRI and the EU, whereas the third section specifically analyses the expansion of the BRI towards the Western Balkan.

2.1 China's foreign policy, the BRI, and soft power

Since the launch of the BRI in 2013, it has become an important aspect of Chinese foreign policy. The Chinese foreign affairs minister Wang Yi described it as a way to explore resolving issues with Chinese characteristics and to play a bigger and more constructive role in upholding world stability (Berlie 2020, 5). Berlie describes these Chinese characteristics as being based

upon Chinese socialism, which counters Western capitalism (Ibid.). The inclusion of Chinese characteristics implies that increasing the Chinese influence sphere was always an intrinsic part of the BRI, as much as strengthening trade routes or FDI was. There is an extensive academic debate about how China uses the BRI to influence other countries. A term that is often found in these debates is that of soft power. Soft power is a type of power that comes from the persuasiveness of economic or cultural influence (Hunter 2009). Arguably, this is an inherent characteristic of the BRI, and it should be established whether this is also used in the Western Balkan countries that this thesis is focused on. China has its own unique way of conducting international relations, and soft power has always been an aspect of Chinese foreign policy, even before the People's Republic of China (PRC) was founded, and dates back to imperial times, influenced by the ancient Chinese strategist Sun Tzu (Hunter 2009, 374; 378). Moral leadership and cultural exchange have been used by the Chinese for centuries to influence and win over foreign allies and enemies (Idem. 379). Today, the PRC still uses Chinese culture and language as tools for soft power, exporting internationally through education programmes, media, and tourism (Idem. 385-386).

The West has started to perceive Chinese pursuits to increase its presence in Western media as a 'communication war' (Zhao 2013, 18). Zhao described the 'conflicting nature of (...) the profound domestic tensions in China's ongoing transformation and intense contestations over China's place in a crisis-ridden global capitalist order.' (Idem. 19), concluding that China is able to gain so much influence through the use of soft power due to the problems that have arisen within the global-capitalist order (Idem. 27). This argument could be of interest for this thesis, as one could assess whether a failure of capitalist systems is also leading the countries in the Western-Balkan to turn towards China rather than the EU. The topic of China's pursuits to establish influence through soft power in the Western Balkan region is relatively new and therefore not extensively covered by academic literature. However, extensive literature does exist on Chinese use of soft power in general, as well as on recent developments regarding Sino-Balkan relations, which will be reviewed in this literature review.

China has long been alleged to try and control the academic narrative in foreign countries through the use of soft power. The role of Confucius Institutes has been described as a tool of soft power. First established in 2004, these institutes have been popping up in many countries around the globe, collaborating with local universities to promote the Chinese language and culture (Zhou and Luk 2016, 628). Zhou and Luk also describe that China utilizes an approach to soft power that is different from the classical soft power approach, which focuses on political values, instead focussing on cultural values. One example of China's use of soft

power is the promotion of their culture in academia (Idem. 641). However, the authors explore how in many countries, Confucius Institutes have come under fire for allegedly interfering with the academic freedom of their students and teachers, and spreading propaganda (Idem. 640). This is of interest as China has been establishing Confucius institutes in collaboration with Balkan universities, as part of the Belt and Road Initiative.

China planned to invest heavily in infrastructure in Europe as part of the BRI (Miao 2021, 163). The BRI combines economic hard power with the ‘soft power of a cooperative, inclusive narrative that emphasizes shared prosperity and regional development’ (Idem. 164). However, because the EU’s response to the BRI was largely negative, as many countries perceive the BRI as an initiative to establish dominance internationally, the soft power approach was not very successful, at least in those countries that are a part of the EU. (Idem. 174).

2.2 The BRI and the EU

In order to understand why the expansion of the BRI in the Western Balkan is quite controversial, it must be scrutinized how the EU perceives said expansion of the BRI. It should be noted that while the EU member states share a common set of norms and values when conducting foreign policy, not all member states share the same sentiments towards the BRI, which adds a level of complexity to examining the EU’s perception of the BRI. The EU as an organisation, however, has criticised the BRI for its perceived ambition to increase the Chinese sphere of influence. This is controversial as the relationship between China and the EU, which considers itself a normative power, has worsened, in the context of China’s human rights abuses and debates regarding the autonomy of Hong Kong and Taiwan (Michalski and Nilsson 2018). However, some countries in the EU also participate in some aspects of the BRI, when the potential benefits these countries themselves can reap from the efforts of the BRI in their countries (Jones 2021, 917). Similarly, the way China utilizes the BRI in different contexts is also highly dependent on its own domestic politics. However, the ultimate goal of the BRI is to help the Chinese Communist Party (CCP) remain in power (Yu 2018, 224). Nevertheless, Chinese politics is not static; while it is often assumed that all policy is dictated from the top, this is no longer the case. This fact is often overlooked by those who examine the BRI, which in turn creates a reductive narrative of Chinese policy making (Ibid.). Chinese policy making is complex, and the BRI reflects that, and to argue that one aspect of the BRI is specifically part of a certain strategy is problematic. Therefore, arguing that China is specifically using the BRI to sway these countries away from strengthening ties with the EU would be overly complex. However, the point behind the use of soft power in the BRI is to give countries incentives to

strengthen their relationship with China (Ibid. 227), and this may in turn negatively affect how the relationship between Western Balkan countries and the EU.

Of course, soft power is not solely perceived in Chinese foreign policy. The EU in turn also utilizes soft power as part of its foreign policy, mostly with the aim of diffusing European norms and values to the rest of the world, and has been used to foster a multilateral order based on mutual respect for different perspectives (Duarte and Pereira 2021, 8). Duarte and Pereira argue that for the EU, soft and hard power go hand-in-hand (Ibid.). Besides the use of soft power, China and the EU have other things in common when conducting foreign policy: both advocate multilateralism as a tool to address transnational challenges. Both China and the EU also use development projects as a tool of soft power. However, an important distinction is the EU attached much more conditionality to their development cooperation than China, which makes Chinese development cooperation more attractive for some receiving countries (Ibid. 11). For example, human rights are a key condition for much of the development cooperation that the EU extends to developing countries, whereas China tends to emphasize economic rights, which makes accepting offers from China more attractive for certain countries (Ibid.)

The BRI is regarded by the EU as China's way of evoking China's role as the key economic power, as it was in the times of the old Silk Road, and to bring China back "to the centre of the world" (Duarte and Pereira 2021, 4-5). The timing of the BRI can be interpreted as strategic; the EU was still recovering from the 2008 economic crisis when China announced its plans in 2013. The weak economic position of the EU suggests that China saw an opportunity to rise above its economic position and establish itself as the dominant economic power (Ibid.). But other than being an economic dominant power, the EU also positions itself as a dominant normative power. The EU's established a vision of a "rules-based international system founded on multilateralism, good governance, rule of law, human rights, and democracy, bolstered by the success of the Eastern enlargement and an increasingly confident international position" (Michalski and Nilsson 2018, 3). The Chinese expansion toward Europe and its soft power can be perceived as a threat to the EU's vision of itself as a normative power, especially in the border region.

2.3 China's investments in the Western Balkans

It should be analysed how China has tried to include the Western Balkans into the BRI, and how this has been perceived both by these countries and the EU. Case studies of countries where the BRI has been of influence have been conducted, amongst others by Katarina Zakić (2020), who explores China's efforts to establish investment projects in the Balkans, particularly in

Serbia. Serbia joined the BRI in 2010, and Chinese investments in the country have grown exponentially since (Zakić 2020, 45). While contributing to Serbia's economic development, these investments brought the risks of loan debt, and some of the projects had negative ecologic consequences (Idem. 65-66). Furthermore, while not an EU member yet, Serbia does make an effort to comply with EU regulations when it comes to investment projects. However, not all projects financed by China comply with these regulations, which could potentially have a negative effect on Serbia's integration with the EU (Idem. 48).

Zakić and Radišić explored the impact of the BRI on China's cooperation with those countries, as well as the prevailing type and sector of the BRI investments. The authors conclude that the BRI had a significant impact on the rise of Chinese investment projects in Europe and the Balkans and that China invests resources in traditional sectors and in the form of loans. (Zakić and Radišić 2019, 52). According to the authors, Balkan countries see Chinese cooperation as a way to improve some of their own national problems, such as infrastructure development (Ibid.). Wang and Khaze also describe the legacy of communism in the Western Balkan as being influential on their relationship with China. Besides Albania, all Western Balkan states were part of communist Yugoslavia, which has established good relations with China while under the rule of Mao Zedong (Wang and Khaze 2021, 236), making it "a comfortable stepping stone for Chinese modern-day diplomacy, which resorts to shared commonalities from the previous decades when courting Western Balkan leaders for positioning their countries within a broader geostrategic plan for China's future presence in Europe" (Ibid.). Furthermore, the location of the Balkans presents geographic opportunities for China, due to its access to the Mediterranean Sea as well as its border with the European Union (Ibid. 237). Of course, the different countries have various levels of relationship with China. For example, the Serbian minister of foreign affairs has called the relationship with China "one of the most important pillars of Serbian foreign policy" in 2020, and Albania has been China's closest ally in Europe since the communist era (Ibid. 238-139). A country where the BRI was initially not very established was North Macedonia, where Chinese investment in fact decreased between 2012 and 2018 (Ibid. 245). Wang and Khaze conclude that historical context is of influence, but that the main goal of China is to establish and increase its presence in the 'EU's backyard.' In turn, the Western Balkan states are pragmatic in their approach to China. However, the EU remains the dominant trade partner in this region, and China's actual economic influence is up for debate (Ibid. 246).

It is important to analyse the triangular relations between China, the EU, and the Balkans. Brussels has tried to bind the Balkan states to its own policies and objectives, in an effort to

establish leadership in the region, so that foreign powers like China cannot become too influential there (Pavličević 2019, 453-454). Brussels is convinced that China is increasing its investment in the region in order to establish a strong influence on the border of the EU, and also shape politics and policy in these countries (Ibid.). Besides soft power, there is the dimension of structural power, the power to decide how things shall be done (Strange 1994), which allows one to identify causal mechanisms and effects between set objectives, instruments, and outcomes involved in a relationship (Pavličević 2019, 456). Cotella and Berisha suggest that dual investments from both the EU and China in the Western Balkan states can have positive effects as it will enhance competitiveness in the region. However, they recognize that this could also hinder the process of European integration, specifically because under the influence of Chinese companies, natural resources might become overexploited, as well as the risk of incremental indebtedness to increase influence on these countries' domestic politics (Cotella and Berisha 2021, 180). They also mention that many of the countries on the Western Balkan are struggling to comply with EU standards and that Chinese investment on the other hand can be appealing as it has lower commitments tied to it. And that the delay of investment efforts on the EU's part could lead to more de-Europeanisation in the region (Ibid. 181).

The three parts of this literature review have shown that although much has been written about the BRI, Chinese expansion to the Western Balkan, and the triangular relations with the EU, there is no clear explanation as to whether countries in the Western Balkan are shifting their foreign policy to favour China, and if so; why. This thesis aims to fill this existing 'gap in the literature'. The following chapter will provide a theoretical framework that will be used to conduct this research.

3. THEORETICAL FRAMEWORK

It has been established in the literature review that there is a highly salient debate and controversy regarding the actual drivers of Chinese involvement through the BRI and its influence on the foreign policy of receiving countries, and the difficult position of the Western Balkan countries; hence our efforts to understand the drivers of Chinese expansion in this region, and what it means for the foreign policy of these countries. This chapter will provide the theoretical structure to argue why Balkan countries are increasing their cooperation with China, and whether the tightening of Sino-Balkan relations is having an effect on these countries' foreign policy. An important concept in this discussion is power. It is important to analyse

whether China has the power to influence the Balkan foreign policy, and if so, how that plays out. There are multiple theoretical schools within IR that could provide an explanation for this. However, the concept of foreign policy must first be explained before one can begin to explain the theories of realism and liberalism that would explain foreign policy shifts.

3.1 Foreign Policy

In order to study the foreign policy of Serbia and Montenegro towards China, the concept of foreign policy must first be defined. Foreign policy is at the centre of the study of International Relations. Foreign policy is about understanding how actors recognize threats, constraints, and opportunities in their external and internal environments, and how these guide their actions towards other actors (Kurian 2011, 603). Within the study of foreign policy, the decision-making process is often at the centre of discussion, often comparing different states' or actors' policies on similar issues (Ibid.). Other factors often studied are the process of foreign policy change, the influence of foreign policy on domestic policy and vice versa, and the influence of other factors, such as culture or current events on foreign policy (Ibid.). Within foreign policy, there exist the idea that "who decides matters," coming from the notion that humans misperceive information which can detract them from making the rational choice (Ibid. 606). There is no one theory of foreign policy, instead, foreign policy has been incorporated into many different theories of IR, including Realism and Liberalism, the theories central to this thesis.

3.2 Realism

One of the leading theories within IR that can explain state behaviour is realism. The core assumption of realist theory in IR is that power is the main driver of actions. Because power is relational, there must always be a bilateral or multilateral relationship present in order to analyse power dynamics. Realism also emphasises the concept of anarchy, a state of the world in which there is no higher authority to control states, and a critique of idealism. Early realist thinkers included Machiavelli and Hobbes. One of the most influential post-World War II realist thinkers was Hans Morgenthau, and he was largely influenced by the political scene that resulted from the power struggle between the United State and the Soviet Union during the Cold War (Zhang 2017, 513). This led to the development of the theory of International Leadership. This theory argues that the presence of one global power, which Morgenthau argued would have to be the United States, would be able to take the lead in preventing a decisive shift in the global order of power, and could defend the global order against challenges by aspiring hegemons in key

regions (Ibid. 514). This power would have two important tasks: to maintain a stable balance of power internationally and to uphold democratic values (Ibid.). International leadership was also dependent on whether the global leader could discern international aggression, implement policies to counter threats, and exercise statecraft that could gain broad public support (Ibid.).

In realism there are two core presumptions. The first is that power is not intrinsic and absolute but relative to the power of other actors. The second presumption is that the struggle for power happens both in the domestic sphere as well as in the international sphere. The core difference is the structure of these realms. Because of the lack of hierarchy in the international realm, the struggle for power is less stable and can become more violent than in the domestic realm (Morgenthau, 1978, 42). The conflict between states is caused by states' ambitions to gain more power. Therefore, states engage in balance-of-power policies to ensure stability, which is very precarious, and to protect themselves from being dominated by a larger power (Morgenthau, 1978).

3.2.1 Neorealism and structural power

Kenneth Waltz was one of the founders of the neorealist theory, which quickly became a dominant theory within International Relations over its predecessor. Although it is often emphasized by Waltz and other key figures in neorealism that it is not meant to be a foreign policy theory, it has been utilized as a tool to study foreign policies (Telbami 2002, 159). For example, neorealism explains that states' motive in foreign policy is the basic drive to achieve national security and where possible, attain power. Furthermore, neorealism emphasises the role of structural constraints to guide behaviour. (Telbami 2002, 166). Out of the three IR theories, the theory of neorealism explains that states would conduct international relations with China, based on what is in their own self-interest. Neorealism is centred around the belief that states' first priority is self-preservation, the need for states to preserve their own sovereignty and survival at all times, concluding that they would hesitate to intervene in certain circumstances. These circumstances occur when another state that is either more powerful or whose affiliation is of great importance, is acting in a way that goes against a country's own ethics or undermines international agreements. Neorealism is also concerned with the idea of opportunity and opportunity costs. The contrast with classical realism is that neorealism does not believe that states are merely looking to maximize power, but make careful considerations based on preferences, opportunity, and opportunity costs, the potential benefits states lose when they are choosing between alternatives (Ibid. 160). A primary variable for neorealism is

economic power, which is not only an objective but also a means to an end, and a way to increase security (Ibid. 163).

Neorealism can explain the motives of states, as it accounts for their basic drive to attain security as well as their drive to attain some relative power as an instrument for implementing a state's other motives (Ibid. 164). These other motives cover a wide range of subjects. Neorealism is limited in explaining all the different motives. Therefore, in order to offer an explanation for these motives that cannot be explained by the original neorealist theory, some IR scholars have proposed a theory of structural power. This idea concerns the power that can be held over structures, as Strange considers it as the power to decide how things are done, the power to shape frameworks within states relate to each other, relate to people, or relate to corporate enterprises, as well the power to set the agenda of discussion (Strange 1988, 25). The power over structures can be more valuable than material power. Power cannot only determine outcomes within relations between states due to material or ideational factors, but it can shape the structures or tacit bargains that states are embedded in, these structures become a resource of power as they construct 'the rules of the game' in favour of a state (Ibid. 25-29). Strange also offers three hypotheses of structural power. The first is that states have lost authority over markets as they become global. Therefore, states pay less attention to the direct, first-level power exercised by governments and more attention to the markets. But these markets are not neutral. They do not function in a political vacuum, and all the rules they abide by are a result of structural power (Strange 1994, 14). In this thesis' case studies, this is relevant because China seems to want to increase its authority over the markets, which they might have been feeling they were losing. Strange's second hypothesis is that the equality between states is fiction. The weak states have become weaker, whereas some of the strongest states have become even more strong. This is also resulting in a crisis of legitimacy, as regional authorities are challenging the legitimacy of the global institutions (Ibid. 15). The equality between states is relevant for this topic as the power struggle between the EU and China is affecting different countries, such as those from the case studies, and how they now conduct their policy. The third hypothesis is that the dispersion of power between states is resulting in said power being evaporated, which results in some governmental functions not being properly discharged by anybody (Ibid.). It is important to note that to Strange, issues of the international order and security are inseparable from the political economy. This is also shown in the case of the BRI, where economic projects are resulting in some major political debates about security and foreign policy.

Stefano Guzzini proposes three categories of thinking related to structural power. The first category is indirect structural power, which regards the control over outcomes of structures

by changing the settings in which confrontation between states occurs. This is also called meta power (Guzzini 1993, 451). The second category is non-intentional power, which refers to the unintended outcomes of an agent's actions (Ibid. 456). This category would be controversial amongst neorealists, as they link power to intentionality. Guzzini's argument for non-intentional power is that not all results of the structure's interplay between states are not always in favour of the actors (Ibid.). The last category is impersonal power. Impersonal power focuses on the impersonal bias of international relations, which systematically gives an advantage to certain actors due to their specific position or roles in the international system. These categories entail what Guzzini calls structural power: "the ability to manipulate the choices, capabilities, alliance opportunities, and pay-offs that actors may utilize." (Ibid. 462). He also stresses the link between structural power and the concept of hegemony, or global leadership, as proposed by Antonio Gramsci. Gramsci's argument is that political hegemony resides where people believe it resides. In international relations, there exists the notion of 'common sense,' originating from the works of Antonio Gramsci. This notion can be used to explain the maintenance of global power relations and the global world order (Ibid. 464).

Steven Lukes proposes a dimension of structural power that is also specifically interesting for this thesis. For Lukes, the power to shape values and 'wanting' of actors, or ideological power is an inherent face of power. This power is intentional. The most important form of power is domination. For Lukes' third dimension to occur, domination must be present, and the dominated must not resist the dominator (Dowding 2006, 137). There is, however, a difference between a situation in which the dominated genuinely believes the values of the dominator and one where they merely comply because there is no choice (Ibid.). Lukes' theory provides an interesting lens for this analysis. According to his version of structural power, it could be argued that China uses the structural power it gains through the BRI to shape the values of Montenegro and Serbia, which could then be witnessed in shifts in their foreign policy. This thesis uses structural power, not to explain whether Serbia and Montenegro enhance their structural power through the BRI, but rather to explain how China is influencing the structures that dictate Serbian and Montenegrin foreign policy.

3.2.2 Neorealist proposition

Neorealism would explain any potential foreign policy changes in the Western Balkan to be the result of a shifting dynamic in which relations with China could provide them more power and security than the EU. The BRI might be explained as a way for China to influence economic and political structures outside its borders, and therefore it might increase the structural power

that China has over the states that participate in the BRI. The concepts that are of importance to this proposition, and their explanation, are further explained in table 1, below.

Proposition I: Serbia and Montenegro have shifted their foreign policy to be aligned with China’s preferences, to increase collaboration with China, which provides them with more economic power compared to other actors, specifically the European Union.

Table 1: Neorealist concepts

Neorealism concepts	Explanation
Economic Power	Serbia and Montenegro are seeking to enhance their economic power through Chinese investments rather than through collaboration with the EU
Structural Power	China is successful in enhancing its structural power through the BRI by influencing Serbian and Montenegrin foreign policy shifts, through influencing their values and preferences.
Foreign Policy Shift	Significant foreign policy shifts are witnessed in Serbia and Montenegro.

3.3 Liberalism

Liberalism is the theory in IR that argues that all humans have the right to individual freedom, political participation, private property, and opportunity equality, therefore rejecting many aspects of power politics, which is a central element of realism and neorealism (Doyle & Recchia 2011, 2). In order to achieve these principles on an international level, liberalism accentuates the benefits of international cooperation, in particular emphasizing the importance of institutions that could influence governments to increase their international collaboration (Doyle & Recchia 2011, 4). To argue anything clearly from a liberalist perspective on a topics such as the BRI is difficult by the lack of a clear discourse within liberalism, and liberalism’s lack of paradigm. In order to create a clear paradigm for the school of liberalism, Moravcsik proposes three core assumptions about the preferences of states: the first assumption establishes liberalism as a bottom-up theory: all actors and agents in IR are rational:

individuals form their preferences based on material and immaterial interests which influence both domestic and international politics. This can of course create conflict between actors, in cases of conflicting interests or beliefs, but also over inequalities between powers (Moravcsik 1997, 517). The second assumption is that within IR, states represent a subset of society. The preferences of said society are what constitute the state preferences, making states representatives bodies rather than individual actors. An important distinction must be made between authoritarian states, which may represent the interest of one party, and democratic states that try to represent the interests of a whole society (Ibid.). The third assumption is that the configuration of state preferences shapes the behaviour of states in the international system. These preferences are transformed into a 'purpose,' which becomes the goal in any policy a state pursues. Other states' preferences limit states to pursue their goal to the fullest, but they can be harmonious too (Ibid.).

G. John Ikenberry describes the influence that the rise of China has on the future of liberalism and institutions. He argues that the US-led Western dominance of international relations has been characterized by liberal policies within a (neo)realist framework (Ikenberry 2008, 28). China's economic and political policies do not comply with the values of liberalism, and this could challenge the future of liberalism if China were to take the place of the US as the dominant global power. He reiterates the importance of institutions and international cooperation in challenging China's growing power (Ikenberry 2008, 34-35).

3.3.1 Liberal Institutionalism

Liberal institutionalism was created as a conceptual framework for IR theory that subsumes realism. It holds the belief that international cooperation between states is feasible and is the optimal method to resolve conflict and other issues arising from competition between states. States are the central actor in liberal institutionalism, however, their goals are not merely limited to power and security, as realists theorize (Kolodziej 2005, 150). States and their leaders are still considered rational actors that would not knowingly make any choice that would result in losses for them. Liberal institutionalism also borrows the realist idea of anarchy, states operate under a system where there is no authority higher than them that determines the rules of the game. However, states have many choices over different policy domains and can always choose to defect or cooperate (Ibid.). States are also constantly locked in what has been called the Prisoners Dilemma, which means that collaboration between states can be beneficial for all parties, yet a lack of trust and transparency makes this collaboration more difficult and gives states incentives to betray each other. The concern for betrayal is a defining aspect of

international relations, and states will always consider this possibility when conducting their foreign policy (Ibid. 153). Furthermore, states do not only interact with each other, but also with different actors. These different actors also play a role in determining the rules and constraints of the game for the states, this creates a system of 'complex interdependence' in world politics (Ibid. 154). There are three characteristics to this interdependence. The first is the use of multiple channels of action between actors in international relations. The second is the absence of a hierarchy of issues with changing agendas between the issues, and the third, is the objective of bringing about a decline in coercive power in international relations (Ibid. 155-156).

Liberal institutionalists do not contest the idea that states use power, whether it be hard power or soft power, as a means to an end. Liberal institutionalists see non-coercive power as a very influential tool, more so than military power, whose dominance they consider to be in decline (Ibid. 156). Cooperation is more useful to solve certain collective problems, such as economic or environmental issues, in which use of force is counterproductive. These types of issues will always require interstate collaboration, which proves that such collaboration is feasible and necessary (Ibid.). Institutionalists emphasise the conditionality of the degree to which states pursue absolute gains. States will sometimes be satisfied with relative gains in situations where absolute gains are not feasible (Ibid. 157). However, absolute gains are still valued over absolute power by states. This means that states will pursue benefits from e.g., trade or investments even when it puts them in a subordinate position relative to other states. This also means that even rival states might participate in trade or other forms of cooperation if this could be more beneficial to them (Ibid.).

There is a special role for institutions within liberal institutionalism, specifically that they encourage cooperation between states. They do this by setting the rules that all states have to abide by. Additionally, they can reprimand states when they violate these rules. Institutions can act as mediators between states, specifically rival states (Ibid. 159). Additionally, they guide states to act in certain ways for mutual, equal benefits for all actors involved. By providing this guidance, they provide a solution to the problem posed by the Prisoners Dilemma, namely that states are not aware of the actions and interests of other states (Ibid.).

3.3.2. Liberal institutionalism proposition

Liberal institutionalism would emphasize the importance between both the bilateral relations between China and the Western Balkan states, and their triangular relations with the EU. Institutionalism would also analyse whether the Western Balkan states would benefit more

from cooperation with China or from the EU in terms of material gains. Lastly, they would emphasise the role of non-state actors, whether it be private organizations or public institutions, within the BRI. Table 2 provides an overview of the relevant concepts and their explanations

Proposition II: Serbia and Montenegro have not shifted their foreign policy to align with China’s preferences but instead focus on how they could simultaneously collaborate with China and the EU, to maximize benefits from multilateral collaboration.

Table 2: Liberal institutionalism concepts

Liberalism concepts	Explanation
Multilateral Cooperation	Both on an economic and political level, Serbia and Montenegro cooperate peacefully with China, as well as different states and actors.
Role of Institutions	Besides states, non-state institutions such as the EU, also play a role in foreign policy changes in the Western Balkan.
Foreign policy shift	There has been no, or limited, significant foreign policy shift in Serbia and Montenegro since the start of Chinese investment.

4. RESEARCH DESIGN

This thesis sets out to answer the question: How can the effects of the BRI on the foreign policy of countries in the Western Balkan be explained through international relations theory? In this chapter, a congruence analysis research design for the thesis will be selected and further justified. It will also explain the selection of the case studies and explain the validity and reliability of the selected research design.

4.1 selection of the research design

This thesis sets out to answer the research question about the influence of China's Belt and Road Initiative on the foreign policy of the Western Balkan states towards the European Union. A qualitative approach has been selected, as it is deemed more suitable for this specific research question as it allows in-depth research in the cases. This thesis thus makes use of a small-N case study design. There are three types of congruence analysis, co-variational analysis, and congruence analysis. The co-variational analysis presents empirical evidence of the existence of co-variation between an independent variable X and a dependent variable Y to infer causality. This research is therefore appropriate when a researcher wants to argue whether one specific factor affects a certain phenomenon. (Blatter and Haverland 2012, 33). The second approach is causal process tracing. This approach seeks to identify one or multiple factors that influence a phenomenon, therefore this is useful when a researcher wants to research how a certain outcome was achieved (Ibid. 79). The last approach is congruence analysis, in which researchers use empirical evidence to prove the explanatory strength of a theory compared to other theories (Ibid. 144). Because this thesis aims to analyse which theory best explains the effect of the increasing influence of China in the Western Balkan countries on these countries' foreign policy, a congruence analysis would be the most suitable approach of the three approaches that make up the small-N design.

The two case studies that were selected are Serbia and Montenegro, both countries in the Western Balkan that have collaborated with China as part of the BRI. There are many aspects relating to the relationship with China that could influence or signify foreign policy shifts, and small-N research allows for all these aspects to be scrutinized. In order to interpret and explain the findings of the case studies, two academic theories will be used. According to Blatter and Haverland, two questions summarise the objective of using theory as part of the congruence analysis approach: the first question is whether a certain theory explains observations better than other theories. The second question is whether a certain theory

provides a relevant explanatory insight that other theories do not provide (Ibid. 145). These two questions suggest a debate within the congruence analysis approach: a competing theory analysis vs. a complimentary theory analysis. Because the two theories explained in the previous section give contradictory explanations to a certain phenomenon, this thesis will fall in the competing theory analysis category.

4.2 Congruence Analysis

Congruence analysis is a small-N type analysis that aims to use empirical evidence to make sense of academic theories. This is achieved by deducing sets of specific propositions and observable implications from abstract theories (Blatter and Haverland 2012, 144).

4.2.1 Selection of case studies and theories

This thesis is concerned with the influence of the BRI on the Western Balkan countries. These countries have all to some extent been involved with China to develop partnerships as part of the BRI. Because there are more countries in the Western Balkan than the scope of this qualitative research allows, two countries have been selected to serve as case studies: Serbia and Montenegro.

Montenegro was selected as a case study because of its precarious relations with China as a result of a vast outstanding loan that it received from China in 2014. The country took out a loan of \$944 million in order to construct a highway that would improve the infrastructure between its port in the Adriatic Sea to the Serbian border, as a part of the BRI. This loan is roughly the size of 1/5th of Montenegro's national GDP in 2014 (European Council on Foreign Relations 2021). It quickly became clear that Montenegro would struggle to repay the debt to China, and it was feared that China would utilize this outstanding debt to 'debt-trap' Montenegro; using financial leverage to increase its political power (Ibid.). Montenegro was able to pay off the first instalment of the loan in July 2021, with help of international banks, after being denied financial aid by the European Union (Reuters 2021). Nonetheless, it will be interesting to analyse whether or not the debt has had any influence on how Montenegro has continued its foreign policy, and whether or not it has swayed more towards China's interests in light of their outstanding debt. While arguably, the debt trap has been narrowly, and perhaps temporarily, avoided due to Montenegro paying off the first instalment, there is still a large outstanding debt which could potentially still be used by China to exercise influence on Montenegro.

On the other hand, the relationship between Serbia and China can be described as a ‘convenient marriage.’ Serbia aims to maintain a friendly foreign policy with all-powerful countries, including China. It has used its central location in the Balkan as leverage with Beijing, which recognises its centrality as an opportunity to push into Europe’s periphery (European Council on Foreign Relations 2021). China has intensified its investment in Serbia as part of the BRI, financing multiple projects in different sectors since 2014, including infrastructure, energy extraction, and steel production (Ibid.). Furthermore, many prominent political figures, including president Tomislav Nikolić, have been vocal about the importance of a close friendship with China (Ibid.). Chinese investments in Serbia go beyond infrastructure and other economic endeavours, a number of Serbian media companies have gained Chinese ownership since the launch of the BRI, and China has launched a number of cooperation agreements with Serbian universities in order to collaborate on academic research (Ibid.) This shows that the Chinese influence in Serbia is increasing and is multi-dimensional. China could potentially exercise influence through media and academia, that it could not in a country like Montenegro where it does not have such far-reaching influence. To what extent this has also influenced Serbian foreign policy will be analysed further in this thesis.

The time frame utilized in this study will be from 2006 until 2022, the year in which this thesis is written. 2006 marks the year in which Montenegro declared itself independent from Serbia, which until then was known as the State Union of Serbia and Montenegro. Therefore, it would not be correct to study the foreign policy of these two countries separately, during a time in which they were officially one joined state. The timeframe continues until the present day as the expansion of the BRI is still continuing as of 2022, and presumably so will its effects on foreign policy.

The two schools of international relations theory that this thesis will utilise are realism and liberalism. These two schools are not the only schools of theory within IR. The other schools are constructivism, feminism, Marxism and critical theory, and postmodernism (Diez et al, 2011). These schools provide fewer satisfying explanations for the question posed in this thesis. The school of feminism aims to look at how the dimension of gender affects international relations and how international relations affect gender (Ibid.52). The gender dimension is less relevant to the case studies and topic presented in this thesis, and feminist theory presents no suitable proposition to answer the question posed in this research. Marxism and critical theory arose from critiques that some scholars had on conventional IR theory. Therefore, Marxism lacks its own unified perspective on IR that could be applied to a case study (Ibid. 136). Postmodernism was introduced in the 1980s as a way of self-reflection in

IR that was not previously seen (Ibid. 166). Postmodernists emphasise the importance of language, meaning, and truth. It rejects the existence of objective reality; therefore, society and politics can never be totally understood (Ibid.). Because of this, the postmodernist theory is less suitable to predict and explain the preferences of states, as this research aims to do. Out of the four theoretical paradigms not used in this research, constructivism could potentially theorise the relationship between China and the Western Balkan. However, because the debate this thesis focuses on is between liberalists and realists, the constructivist angle could potentially be applied during future follow-up research.

As mentioned, this thesis focuses on the debate between realism and liberalism regarding IR and power. As explained in the theoretical framework, both of these theories have their own sub-theories. Realists believe that states desire power and security above cooperation. According to (neo)realists, this desire stems from the absence of natural authority, also known as anarchy (Ibid. 180). Structural power theory arose from neorealism and explained that states desire to attain power over structures rather than other forms of power.

On the other hand, liberalism rejects power politics and acknowledges the mutual benefits of international cooperation (Ibid. 130). Liberal institutionalism goes one step further and theorises that cooperation is not only feasible but sustainable long term. It also emphasises the role of institutions as mediators between states. Both theories will have conflicting propositions regarding the influence of the BRI on the foreign policy of the Western Balkan, which will be explained in-depth in the next chapter of this thesis.

4.2.2. Structuring Congruence Analysis

A congruence analysis begins with theories and paradigms that are located at a high level of abstraction. The two main theories, realism and liberalism, and their sub-theories have been extensively explained in the theoretical framework of this thesis. Based on these explanations, the next chapter of this thesis will compose propositions for each of the theories. A proposition, according to Blatter and Haverland, is meant to specify the constitutive concepts, and formulate causal connections to define a paradigm or theory (Blatter and Haverland 2012, 160). A proposition also includes an expectation of how states might behave based on certain factors and influences. Propositions can measure the explanatory power of the theory by providing an expectation about the changes in Western Balkan foreign policy as a result of Chinese influence. Based on these expectations, one can try to make predictions about the future behaviour of states.

The propositions are based on evidence of any changes in Western Balkan policy, as well as the motivation behind them. They will be based on what the theories expect as actors' main motivation, and how such preferences are formulated. After these theories have been transformed into detailed propositions, empirical evidence about changes in Montenegro's and Serbia's foreign policy since the establishment of the BRI will be presented. Specifically, it will be scrutinised whether they have changed their policy regarding topics that are important to China and Chinese security. Some of these topics, such as human rights or the Taiwanese question, are also a point of contention between China and the EU. Therefore, it will be interesting to see whether Montenegro's or Serbia's position regarding such topics has changed from following the position of the EU to aligning more with China's views.

4.2.3 Operationalization

The theoretical framework constructed proposition, which can be used to select indicators, in order to measure the abstract concepts derived from the theories. Through this, the propositions can be linked to empirical observations.

The proposition this thesis proposed for neorealism is as follows: *Serbia and Montenegro have shifted their foreign policy to be aligned with China's preferences, to increase collaboration with China, which provides them with more economic and structural power.* In order to prove or disprove this proposition one must (a) establish whether any foreign policy shifts occurred in Serbia and/or Montenegro that shows to be more aligned to China's preferences, and (b) whether the collaboration with China through the BRI has significant benefits for these countries and (c) if China has gained enough structural power to influence any foreign policy shift. Table 3 explains the indicators used to operationalize this proposition.

The liberalist proposition proposed is *Serbia and Montenegro have shown limited to no foreign policy shifts to align with China's preferences but instead focus on how they could simultaneously collaborate with China and other actors, to maximize benefits from multilateral collaboration.* For this proposition to be correct it must be proven that (a) no significant foreign policy shifts towards Chinese preferences occurred in Serbia and Montenegro since the establishment of the BRI, and (b) Serbia and Montenegro have not discarded any collaborations with other actors, specifically the EU, since the starts of Chinese investment. The operationalization of this proposition is schematically explained in table 4.

Table 3: Operationalization neorealist proposition

Concept	Indicator
Economic power	Chinese investments in Serbia and Montenegro have more economic benefits than disadvantages.
Structural power	China is successful in influencing the structures that dictate Serbian and Montenegrin foreign policy, as shown through influencing their values and preferences.
Foreign policy shift	Serbia and Montenegro have shifted their FP to align with Chinese ideals.

Table 4: Operationalization liberalist institutionalism

Concept	Indicator
Foreign policy shift	There has been no, or limited, significant foreign policy shift in Serbia and Montenegro since the start of Chinese investment.
Multilateral collaboration	There still exists multilateral collaboration between China, Serbia and Montenegro, and other actors such as the EU.
Role of institutions	Non-state institutions, specifically the EU, have helped facilitate between China and Serbia and Montenegro

4.2.4 Data collection

In order to complete an extensive and comprehensive analysis of the case studies, both primary and secondary sources will be utilized in this thesis. While it will be difficult to find any documents coming from either the Serbian or Montenegrin governments that explicitly state that they are shifting their foreign policy in accordance with China's interests, this thesis will research whether these countries have made any explicit foreign policy statements in the years since the launch of the BRI regarding topics such as Taiwan, Hong Kong, the Uyghur genocide,

etc, which are important security issues for China, and if so, if there has been a noticeable change in their position regarding these topics. Furthermore, it will be analysed whether these countries have participated in any international conferences or dialogues related to these topics. Other relevant documents might come from international organizations, such as the United Nations, which could have been co-signed by Serbia or Montenegro; as well as press articles and academic literature related to the topic of the BRI in the Western Balkan, and Serbian and Montenegrin foreign policy.

4.2.5. Reliability and validity

The purpose of a small-N design is to create reliable results that can be reproduced in the future, on the same or similar cases. For this to be the case, results need to be consistent and stable. In order to do so, this thesis will aim to create internal consistency between the two case studies and the theoretical propositions, so that the results could eventually be reproduced in the future. However, one must consider that geopolitical situations are always changing and that for this research to be reproduced with the same results in the future, no changes in the relationship between China and Serbia or Montenegro can have occurred, which is highly unlikely.

This research design must also take internal and external validity into account in order to complete a successful congruence analysis. Internal validity refers to the truthfulness of the results. In other words, which steps were taken to prove a relationship and are they valid? In qualitative research, the researcher's bias can influence the interpretation of results. Because congruence analysis aims to link theoretical expectations and empirical observations, the researchers must interpret results to come to a conclusion (Blatter and Haverland 2012). In order to increase internal validity, multiple theoretical explanations are explored, as well as literature by other researchers, specifically in the literature review conducted in chapter 2 of this thesis.

External validity is the extent to which you can generalise the results of a study and apply them to different cases or in a broader context. External validity poses a problem to qualitative research, as each qualitative research is done in a different context which has a considerable influence on results. Because the results from congruence analysis can often not be generalised across other cases, generalisation can be made within theoretical discourse (Ibid.). This thesis focuses on the debate between liberalists and realists about what drives states to change their foreign policy. Based on the conclusions of this thesis, a point can be made about which theory best explains policy shifts in cases that have similar aspects to the cases in this thesis.

5. ANALYSIS

This chapter will provide an analysis of the two case studies, followed by the application of the two propositions to the findings from the case studies.

5.1 Serbian foreign policy and the BRI

The first case study discussed in this section will be Serbia. Before the involvement of China, Serbian foreign politics was characterised by its ‘non-alignment,’ specifically in the context of the rivalry between Russia and the EU (McConnell 2009, 77). Seemingly, Belgrade tried to maintain its foreign policy as rather neutral in the rivalry, in order to maintain the peace with both parties (Ibid.). A recent example of this would be Serbia’s choice to abstain from a vote in the UN about reaffirming the territorial integrity of Ukraine after Russia’s annexation of Crimea, where other EU-candidate members did vote in favour, and some, including Montenegro, even supported the sanctions against Russia (The Economist 2014, 51). In the period between 2004 and 2008, the relationship with the EU was prioritized. However, the independence of Kosovo remained an obstacle within EU-Serbian relations, as did the refusal of the political leaders to acknowledge the responsibility of the former Serbian government for the war crimes committed during the Yugoslav Wars (Jagiello-Szostak 2016, 168) (Mladenov 2021, 156). After 2008, Serbia focussed on the ‘four pillars of cooperation with Russia, the EU, the US and China,’ but retaining its desire to pursue a policy of neutrality and maintain a good relationship with all four players (Ibid.). Some scholars argue that Serbia did not have any coherent foreign policy strategy, due to its desire to remain neutral and non-aligned (Ibid. 169).

This neutrality seemingly started to fade regarding issues related to China, as the Chinese became more involved in the country. As mentioned in previous sections, China has invested extensively in Serbia as part of the BRI. The partnership between China and Serbia goes back further than 2014, the year in which the BRI was announced. In 2009, China and Serbia signed the Agreement on Comprehensive Strategic Partnership, as a foundation for future growth of bilateral relations between the two countries (Ministry of Foreign Affairs of the People’s Republic of China 2009). In this agreement, the two sides agreed to maintain dialogue on all levels to enhance inter-governmental exchanges and cooperation, to ‘constantly deepen a political relationship featuring mutual trust and equality.’ The two sides also expressed commitment to make efforts to deepen economic cooperation and trade and expand mutual investment. To aid this, the China-Serbia Joint Commission on Economic and Commercial Trade was established. This cooperation would be mainly focused on building bridges, power

stations, road facilities and other infrastructure projects in Serbia, and to work actively to strengthen cooperation between the enterprises in such priority areas as communication, petrochemical industry, energy, high and new technology, industrial production and food processing. (Ibid.). Most importantly, this agreement included the promise of the Serbian government to commit to the One-China policy. This means that Serbia does not recognize the independence of the Republic of China (Taiwan), and considers the government of the People's Republic of China as the sole authoritative power of the 'whole China.' Furthermore, Serbia pledged to never engage in economic or political relations with Taiwan (Ibid.). Interestingly, China did not outright reject Serbia's claim over Kosovo but mentioned wanting to resolve the 'Kosovo issue' through multilateral dialogue between Serbia and Kosovo within the framework of international law and in accordance with the Charter of the United Nations (Ibid.). It is rather surprising that Serbia agreed to the One-China policy, yet China did not directly agree to recognize Kosovo as Serbian territory, considering that it is a significant security issue for Serbia.

The first big Chinese project in Serbia started with the construction of a bridge in 2010 and finished four years later. Serbia joined the 16+1 Initiative in 2012, an initiative of China to establish business and investment cooperation with countries in Eastern and Central Europe (Zakić 2020, 46). In 2013, Serbia officially joined the BRI, as one of the first European countries. The strategic partnership was also deepened in 2013 when Serbian president Tomislav visited China. The new statement underscored many of the statements from 2009, but also included some additional goals. It acknowledged the progress made in the field of infrastructure and stressed that this would be further expanded in the future (Ministry of Foreign Affairs of the People's Republic of China, 2013). Furthermore, the two sides stressed the importance of deepening collaboration in the political, economic, social, and cultural dimensions (Ibid.). They also pledged to increase the mutual investment and trade and to start collaborating in the field of agriculture. Serbia also supported China's efforts to open language and cultural centres, which would be integrated into Serbian education (Ibid.).

While Serbia appears eager to further pursue its collaboration with China, there are a number of issues that have arisen out of Chinese projects in the country. Some of the infrastructure being built as part of the BRI does not comply with the rigorous EU standards for infrastructure. While not currently a member of the EU, Serbia is a potential future member state, and in order to accede to the EU, the infrastructure in the country needs to be up to EU standards. Therefore, the Chinese-built infrastructure could present troublesome for Serbia's chances to become an EU member (Zakić 2020, 48). Furthermore, there are environmental

concerns. A Chinese-led construction of a power plant in Kostolac was causing so much air pollution that multiple parties submitted formal complaints about it, and the pollution caused by a steel factory operated by a Chinese company on the edge of the Danube river was said to make the surrounding area uninhabitable (Ibid. 55, 58).

Despite these concerns, it is clear that Serbia welcomes Chinese investments, and will adjust its position on certain foreign policy topics in order to appease China. As mentioned, Serbia has promised to not recognise the independence of Taiwan, and not to engage in economic or political relations with Taiwan. The disputed independence of Taiwan is a major security concern for China. China aims to ‘reunify’ Taiwan under their rule. Therefore, any foreign country pursuing economic or political relations with Taiwan can always expect disapproval from China (Maizland 2021). In 2021, Chinese foreign minister Wang Yi visited Serbia and expressed gratitude for Serbia’s support regarding China’s ‘core issues’. With this, he referenced the efforts of Taiwan to strengthen ties with other countries in the region, which angered Beijing (Wang 2021).

The One-China policy also extends to Hong Kong, where a growing pro-democracy movement has been protesting the expanding influence of China on its sovereignty. Once again, Serbia has expressed support for the Chinese side in relation to this issue. During the 2019-2020 Hong Kong protests, Serbia expressed support for the Chinese Security Laws that sparked the protests, calling it a “wise and resolute decision” (China Daily, 1 June 2020). Serbia also opposed the interference of any foreign states in Hong Kong, which president Vučić described as “the internal affairs of a sovereign state” (Euractiv 4 June 2020), indicating their position that Hong Kong is part of China and not an independent territory.

Another issue in which Serbia has backed China is that of the persecution of the Uyghur ethnic minority in Xinjiang. Recently, China has come under much scrutiny from the international community regarding the severe human rights abuses committed against the Uyghur, with some governments and organisations classifying it as genocide (Succimarra 2021). Serbia, however, has opposed these allegations. In 2020, it signed a joint statement by the Permanent Mission of Belarus at the 44th UN Human Rights Council (UNHCR) urging the UN to refrain from “making unfounded allegations based on misinformation” (Permanent Mission of the PRC to the UN, 2020). This statement defended China’s actions in Xinjiang as a counter-terrorism policy and criticised the UNHRC for its “politicization of human rights issues and double standards” (Ibid.). The Xinjiang issue was also addressed in a meeting between Xi Jinping and Serbian president Vučić, during which the latter emphasized Serbian support for

Chinese core interests relating to the Xinjiang region (Ministry of Foreign Affairs of the PRC, 2022).

The 2022 meeting of the Serbian and Chinese presidents also addressed the deepening of bilateral relations and discussed the development of further projects related to infrastructure, energy, and production (Ministry of Foreign Affairs of the PRC, 2022.). Xi also promised it would continue to support Serbia in its COVID-19 strategy (Ibid.). With the global outbreak of the COVID-19 pandemic, and its subsequent struggle for countries to acquire vaccines, China incorporated 'vaccine diplomacy' into the BRI. In March 2020, president Vučić criticised the EU for not helping Serbia acquire vaccines, and praised China for its help in fighting the virus, after donating a million doses of its own vaccine Sinopharm (Vladislavjević 2021). This shows how Serbia is again choosing the relations with China over those with the EU, in this case, because it felt let down by the EU's lack of help regarding the COVID-19 pandemic. Similarly, it is clear that China is using vaccines as a tool for foreign policy, in a comparable way as to how they use FDI as part of the BRI.

The aforementioned findings show that it is clear that Serbia chooses to be readily accepting of Chinese investment and friendship. In order to attract and retain this, they are willing to back China up when it comes to issues that are of importance to China's security. Furthermore, they have become more critical of the EU's policies towards China, sparking questions about whether Serbian-EU relations are attenuating in the wake of the strengthening of the friendship between Serbia and China.

5.2 Montenegrin foreign policy and the BRI

The second case study of this thesis is Montenegro. The small state declared independence from Serbia in 2006 and has since struggled to establish a strong economy. Therefore, Chinese FDI was initially welcomed (Zweers et al. 2020, 31). However, the increase in Chinese investment has also caused some significant problems for the country.

China's interest in Montenegro was related to its geographic position, specifically its access to the Adriatic Sea. The expansion of the BRI in Montenegro started with the construction of the Bar-Boljare motorway, to be built by the China Road and Bridge Corporation (CRBC), which linked the Adriatic Sea to the Montenegrin-Serbian border (Ibid.). while construction of the motorway started in 2012, as of 2022, the project has not been completed. Controversy arose when it was uncovered that the Montenegrin government had accepted a loan from China for close to \$944 million USD for this project that driving its national debt up to over 100% of its gross domestic product (ECFR 2022). This outstanding

debt has caused such financial troubles for the Montenegrin government that the building of the highway was halted and thus far never been completed (Schmitz 2021). The project has also come under scrutiny for causing environmental problems, as it disturbs natural reserves by driving up carbon dioxide emissions and noise pollution. Furthermore, anti-corruption watchdogs allege that officials accepted bribes to greenlight the building of the highway and criticise the overall lack of transparency regarding the highway construction (Mardell 2019).

In order to analyse the effects of Chinese FDI on Montenegrin foreign policy, one must take a look at the history of Montenegrin foreign policy. Montenegro declared independence on 21 May 2006 and soon thereafter was recognised as an independent state by Serbia, the EU, and all UN member states. The referendum in which the population of Montenegro voted for independence began in a framework established by the international community, led by the EU. In 2010, it started the process of becoming an EU candidate country (Džankić 2014, 173-175). EU integration was one of the first pillars of Montenegrin foreign policy (Ibid.). EU integration was deemed so important that a large part of Montenegrin domestic policy was designed in order to comply with EU standards (Ibid. 178). Another pillar became integration into NATO. This issue is however contested, due to the history of NATO invasion during the Yugoslav war, and the ethnic divisions that exist within Montenegro (Ibid. 176). Generally, the country's foreign policy is driven by its desire to develop multilateral relations with international and supranational institutions. This need is largely caused by the small size of the country, and therefore its limited range of economic resources and political power (Ibid. 178). Besides the multilateral relations with the EU and NATO, Montenegro maintains bilateral relations with the US, who Montenegro considers its close ally within NATO (Ibid. 179). Montenegro also maintained bilateral relations with Russia, specifically on an economic level. Despite, critique from civil society organizations, Montenegro accepted a significant amount of Russian investment since its independence (Ibid.).

While the relationship between Serbia and Montenegro has been strained to an extent as a result of the former's recognition of Kosovo, Montenegro has good 'friendly relations with the other Western Balkan States (Džankić 2014. 180). The difficulty of conducting foreign policy in Montenegro however lies in the political polarization and ethnic tension, which is enhanced by the multi-ethnic nature of its population and the legacy of the Yugoslav wars and continues to influence public opinion on matters regarding the EU, NATO, and Serbia in particular (Ibid 183-184). Another issue is the asymmetry between Montenegro and many of its relations. In its relations with the EU, Montenegro is bound to abide by certain conditions in

order to accede to the EU, but meeting them requires efforts and money which are often the subject of political disputes (Ibid. 186).

As with Serbia, China set its eyes on expanding in Montenegro as part of the BRI. However, diplomatic ties began before the BRI, in 2006. On July 6th of that year, only months after the independence of Montenegro, the foreign ministers of Montenegro and China signed the Joint Communiqué on the Establishment of Diplomatic Ties between the People's Republic of China and the Republic of Montenegro, which laid the foundations for the foreign relations between the two states (Ministry of Foreign Affairs of the PRC, 2006). Notably, the independence of Taiwan was a topic in this agreement, as Montenegro promised to not recognise the independence of Taiwan and to oppose the accession of Taiwan to any international organizations or agreements (Ibid.). The Montenegrin foreign minister Miodrag Vlahovic underlined the foremost importance of establishing diplomatic relations with the PRC, and that they would like to develop mutually beneficial cooperation with China in various fields. In turn, the Chinese foreign minister Li Zhaoxing emphasised that China respects the independence of Montenegro and understands its ambitions of acceding to the EU (Ibid.).

The Taiwan discussion was revisited in 2018 when members of the parliament of Montenegro visited Taiwan. This visit was later described by the Montenegrin Committee on International Relations as 'political adventurism,' for which they had not requested parliamentary permission (Parliament of Montenegro, 2018). It was also emphasised that this visit does not reflect the stance of Montenegro towards Taiwan, as it still supports the One-China Policy, and rejects the independence of Taiwan, thus signifying that their stance towards Taiwan had not changed since 2006 (Ibid.).

Despite its unwavering support for the One-China Policy, Montenegro has recently taken a stance against China on the issue of human rights abuses in Xinjiang. During the UN General Assembly in October 2021, Montenegro co-signed a Cross-regional joint statement to the UN that expressed concern about the human rights abuses against the Uyghur ethnic population in Xinjiang (Permanent Mission of France to the UN, 2021). This statement addressed the reports about the existence of 'political re-education camps,' in which Uyghur individuals are being detained and subjected to a number of human rights violations, including torture, sexual violence, forced sterilisation, and separation of parents and children (Ibid.). It also expressed concerns about the limitation of personal, religious, and political freedoms of the Uyghur, and urged China to comply with its obligations under national and international law with regard to the protection of human rights (Ibid.). The co-signing of this statement by Montenegro is notable because China firmly rejects any criticism regarding its human rights,

and angering China is not without risk, due to the latter's investments in the country and the outstanding debt Montenegro owed to the PRC. The co-singing of Montenegro of this statement came unexpectedly since the country had not previously participated in any of the efforts of the UN member states to address the situation in Xinjiang (Putz 2019).

Also, despite the increasing influence of China, Montenegro is still seeking accession to the EU. In fact, the BRI has also driven Montenegro to ask the EU for help. As mentioned, the country received a large loan from the Chinese government for the construction of the Bar-Boljare highway, a debt they have since struggled to pay off. When the first instalment was supposed to be paid back, in 2021, Montenegro approached the EU for financial aid. Montenegrin officials attempted to convince the EU to give them Euro credit in order to repay China (Baczynska and Vasovic, 11 June 2021). After negotiation, Brussels decided to ask Germany's Reconstruction Credit Bank (KfW), French Development Agency (AFD), and Italian state lender CDP to direct the financial aid to Montenegro (Ibid.). This refinancing agreement was aimed to relieve some of Montenegro's debt and support the Montenegrin path to EU membership (Ibid.).

In 2021, the EU and Montenegro also renewed their efforts of integration by adopting the Program of Montenegro's accession to the European Union 2022-2023, a comprehensive strategic document that monitors the dynamic development of the EU integration and the necessary modifications to the Montenegrin legal system (Council of Europe, 16 December 2021). In April 2022, a new government was elected. Led by Prime Minister Dritan Abazovic, who announced that reforms to speed up the path to EU accession were his government's main priority (Vasiljevic, April 28, 2022). The collapse of the previous regime, led by the Democratic Party of Socialists (DPS), and the ascension of Abazovic's United Reform Action (URA) signified a turn away from China toward the EU. Sparked by the controversy around the Bar-Boljare highway and the subsequent debt problems, as well as Montenegro's decision to condemn China's human rights abuses in Xinjiang, the argument can be made that the friendly relations between the two countries could potentially cool down quickly.

5.3. Neorealist proposition

The neorealist proposition of this thesis goes as follows: *Serbia and Montenegro have shifted their foreign policy to be aligned with China's preferences and to increase collaboration with China, which provides them with more economic power compared to other actors, specifically the European Union.* The following concepts and indicators will discuss whether this proposition provides a suitable explanation.

5.3.1 Economic power

In order to analyse whether the neorealist proposition proposed by this thesis holds true, the presence of economic and structural power in the BRI must be discussed. Of the two, economic power is arguably easier to measure. As shown in the preceding two case studies, China has invested a significant amount of capital into projects in Montenegro and Serbia that are part of the BRI. It should be mentioned that China does not publicise information about the concrete numbers of FDI it invests in other countries, and therefore all numbers are taken from different sources, which can be considered a limitation of this research.

In Serbia, Chinese FDI in 2020 amounted to an astounding 528.2 million Euros (European Council on Foreign Relations, 2021). Compared to 84.5 million in 2014, the year in which Serbia joined the initiative, and only 2 million in 2010, the year after Serbia and China signed the Agreement on Comprehensive Strategic Partnership (Ibid.). As of 2020, there have been ten Chinese FDI projects in Serbia that were worth one million euros or more, including the building of a number of Chinese-owned factories and a steel mill (Ibid). The Serbian government has also received hundreds of millions in Chinese loans for the development of infrastructure (Ibid.). Unlike Montenegro, the Serbian government has not expressed worry about the repayment of the Chinese debt, which some experts estimate to be around 8 billion dollars. However, it should be noted that some of the largest loans that Serbia received have a twenty or twenty-five repayment term attached to them, unlike the Montenegrin loan which came with the condition to be paid back by 2021 (Central and Eastern European Center for Asian Studies, 2021).

The biggest investment China made in the BRI in Montenegro was the \$944 million USD loan for the Bar-Boljare highway. However, it has been examined that this project has brought many problems with it, including difficulty for the Montenegrin government to repay this debt. Besides this project, China became Montenegro's second-biggest trade partner in 2020. 10% of the country's imported goods came from China, and in turn, 6% of Montenegro's exports went to China (European Council on Foreign Relations, 2021). Montenegro's economy is small, globally ranking 151st in terms of nominal GDP (Ibid.), and while the intensification of Chinese trade did bring some economic growth, this was largely overshadowed by the huge outstanding debt that the government still has not managed to repay in full as of writing. Whether Montenegro will again turn to Brussels for help to repay the rest of the loan has yet to be seen. But either way, it is clear that this has created a precarious economic situation. Therefore, the neorealist proposition is not as well suited to explain the Montenegrin case-study as it explains the Serbian case study.

5.3.2 *Structural Power*

This thesis uses structural power, not to explain whether Serbia and Montenegro enhance their structural power through the BRI, but rather in terms of how successful China is in influencing the structures that dictate Serbian and Montenegrin foreign policy. Structural power has been described as the power to shape frameworks within states to shape their policy, as well as the power to set the agenda of discussion. Furthermore, Lukes' theory added the dimension of power that dictates the values and 'wanting' of other actors, or ideological power. rather than with instrumental power, where one actor would explicitly condition collaboration with another actor, structural power is more subtle and is often expressed through actions rather than words.

In Serbia, China has been exercising structural power since at least 2009, when Serbia and China signed the Agreement on Comprehensive Strategic Partnership. In this agreement, China made Serbia promise to align certain foreign policies with issues that were of importance for China, such as Taiwan. This agreement acts as a framework, which dictates Serbian foreign policy, and it was largely imposed by China. It is also apparent that China was able to exercise structural power by influencing Serbia ideologically to some extent. As previously explained, Serbia had previously valued its neutral position in the international world order. It was willing to cooperate with all major powers, but never explicitly sided with one power against another, rather remaining neutral in situations of international conflict. This changed as the relationship with China grew, and Serbia openly supported China regarding issues that were highly condemned by the international community, such as the human rights abuses in Xinjiang.

China did not succeed to exercise the same level of structural power in Montenegro as it did in Serbia. Like Serbia, Montenegro signed agreements in which they promised not to recognise the independence of Taiwan, which again can be considered as China determining the framework in which Montenegro conducts its foreign policy. The previously discusses debt that the Montenegrin government owed to China, raised concerns about a debt-trap, which could have potentially been instrumentalized to enhance China's structural power. However, this seems to have been limited. Moreover, Montenegrin foreign policy never swayed so clearly towards Chinese ideals as Serbia's foreign policy did. Specifically, when it came to the issue of human rights, Montenegro showed its values align more with the Western narrative rather than the Chinese one, signifying that China's structural power over the country has limits.

5.3.3 Foreign Policy Shifts

Foreign policy shifts have been demonstrated in both of the case studies to some extent. The case study of Serbia revealed some power shifts that clearly revealed a willingness to align its foreign policy with Chinese ideals. Serbia has supported China regarding some issues that were contested by the international community, such as the independence of Taiwan and Hong Kong, and the human rights abuses of the Uyghur. Serbia also joined in with other allies of China to ask the UN to not condemn China for the latter issue. This also shows that Serbia is willing to support China against larger international organisations, such as the UN and the EU. However, not all of this can be assumed to be a direct result of the BRI. For example, Serbia's support of the One-China policy goes back further than the BRI, to 2009, when China started using the partnership with Serbia as leverage.

On the other hand, while Montenegro has shown support for Chinese security issues on occasion, has not always impetuously supported China. As mentioned, Montenegro supports the One-China policy and has since 2006. This indicates that the Montenegrin government does not recognize the independence of Taiwan, and it has promised China to abstain from diplomatic or economic bilateral relations with Taiwan. However, in 2021, Montenegro took a stance against China when it co-signed a joint statement at the UN general assembly that strongly condemned the human rights abuses that China is perpetrating in Xinjiang. While this action can be considered symbolic, it is remarkable that Montenegro, considering the amount of FDI that China has invested into its economy, took this stance. Arguably, the co-signing of this statement indicated a turn in Montenegrin policy. The timing collided with Montenegro's request to the EU for financial assistance. The following year a new government was elected, one that aspires to speed up the process toward EU membership. Perhaps a new policy shift is occurring in Montenegro, this time away from China, and towards the EU.

5.4 Liberal Institutional proposition

The liberal institutionalist proposition proposed by this thesis is: *Serbia and Montenegro have shown limited to no foreign policy shift to align with China's preferences but instead focus on how they could simultaneously collaborate with China and other actors, to maximize benefits from multilateral collaboration.* The subsequent concepts and indicators will discuss whether this proposition can be proven correct.

5.4.1 Multilateral cooperation

The second concept that makes up the liberalist proposition is multilateral cooperation. This inheres that Serbia and Montenegro maintain diplomatic and economic relations with both China and other actors, specifically the EU. Both countries are also EU candidate members and have been since before the BRI. Nevertheless, differences can be observed in how they have approached the EU in recent years.

Serbia officially applied to become an EU member in 2009, and the accession process is still ongoing. However, this process has not been without problems and conflict. As discussed, the legacy of the Yugoslav wars and the trials of former Serbian political leaders in the Hague, and the recognition of Kosovo, have been points of contention in Serbo-EU relations (Bazić 2020, 304). Nonetheless, in the last two decades, the political leadership in Serbia has always been in favour of EU accession (Ibid. 315). Public opinion in Serbia has been divided, with the aforementioned issues being a cause for significant groups of the Serbian population to distrust the EU (Ibid. 316-317). Arguably, the trust towards the EU in Serbia is highly unstable, due to historic events such as well as the conditions that the Union expects Serbia to adhere to, which are not always perceived as favourable (ibid. 319.) On the other hand, the EU also struggles to move further in the accession process as long as Serbia refuses to normalise relations with Kosovo (Ibid.). Moreover, the increasing relations with China are perceived as threatening to Serbian integration in the EU by some. As explained, there is much distrust of China and the BRI from the EU. Serbia has come out to support China in the international sphere regarding issues of which the EU is overly critical, and this could potentially become a new stumbling block in the negotiations between the EU and Serbia regarding accession. However, the Serbian government still maintains it will uphold friendly relations with China and simultaneously increase efforts to join the EU (Markovic Khaze & Wang 2020, 239). So, while the BRI does not make multilateral cooperation between Serbia, the EU, and China simpler, it has as of yet not become a serious threat to Serbia's relations with the EU. Yet it can not be predicted whether it will become an issue in the future as Serbia continues to increasingly rely on China and lets its foreign policy be further influenced by Chinese values.

The other case study of this thesis, Montenegro, has always had its foreign policy closely intertwined with the EU. Ever since its independence, EU integration was of the highest priority to the small state. Montenegro designed its domestic politics so that it would easily adhere to EU standards, making the chance of accession higher, and officially becoming a candidate member in 2010. As was the case with Serbia, around this time China also started to engage with Montenegro in the diplomatic sphere. And a few years later, as part of the BRI investments

in the Balkan, China granted Montenegro the infamous loan that would eventually cause more problems than it solved. Arguably, the debt that this loan created brought Montenegro closer to the EU, as its government turned to Brussels for financial assistance, which they eventually received. Furthermore, EU membership became a deciding topic surrounding the most recent political elections in 2022, with speeding up the process to membership being the winning promise of Dritan Abazovic, who was elected prime minister. As with Serbia, it has yet to be seen whether the BRI can endanger Montenegrin EU integration in the future, but considering how highly Montenegro values EU membership, the chance appears lower than in the case of its Serbian neighbours.

5.4.2. Role of institutions

The institution that is of most importance to this thesis is the same institution involved in the multilateral cooperation: the EU. Both the countries discussed in this thesis have in common that they are candidate EU members, and therefore have to adhere to a framework of rules and regulations set by the EU. This framework is also of importance when conducting foreign policy and engaging in trade and FDI with other countries. As long as Serbia and Montenegro adhere to this framework in their collaborations with China, the EU will play a role in the expansion of the BRI in Serbia and Montenegro.

Out of the two, Serbia has been criticised for its struggles adhering to some of the EU regulations, specifically those relating to anti-corruption, democracy, and environmentalism (Zweers et al, 2020). This provides an opportunity for the Chinese to come into Serbia and exercise influence on the areas where the EU's framework is lacking.

In Montenegro, the EU has however played an important role in the relations with China. As explained, Brussels provided Montenegro with the funds to pay off the first part of the debt it owed to China in 2021. In doing so, Brussels saved Montenegro from having to make concessions that would have severely hurt its already weakened economy, or even having to sell off land to China to make up for the debt. Evidently, this shows that the EU helped ease to collaborations between Beijing and Montenegro. Moreover, unlike Serbia, Montenegro has aspired to become an EU member ever since its independence. Therefore, its constitution and much of its foreign and domestic policy have been designed to fall within the EU framework of regulations, which can also be considered a way in which the EU as an institution plays a role in Montenegrin-Chinese relations.

5.4.3. Foreign policy shifts

Foreign policy shifts in Serbia and Montenegro have been extensively analysed in this thesis. Liberalism would however explain any foreign policy shift differently than realism.

As has been illustrated, Serbia has, in fact, shifted its foreign policy regarding certain topics that are of importance to China. Specifically, by revoking their neutral position in the international order in favour of China. However, it is noteworthy that Serbia started aligning its foreign policy with China before the official launch of the BRI. The diplomatic relations between Serbia and China have however only become stronger, and Serbia has taken stances against the EU and the UN in supporting China over issues relating to human rights, which illustrates the deepening of Chinese and Serbian cooperation.

Unlike Serbia, Montenegro's foreign policy is not overwhelmingly swayed toward Chinese ideals. Most interestingly, they contradicted Chinese values by openly expressing concern regarding the human rights abuses in Xinjiang at the UN General Assembly. Furthermore, the foundation for Montenegrin policy regarding the 'One-China Policy' goes back before the BRI. Therefore, it can be argued that the BRI itself did not do much to change Montenegro's foreign policy to specifically suit China's preferences.

6. DISCUSSION

This thesis set out to explore the effects of the Chinese expansion as part of the BRI on the Western Balkan and specifically their foreign policy. To guide this analysis, the following research question was set: How can the effects of the BRI on the foreign policy of countries in the Western Balkan be explained through international relations theory? The research question was positioned within the theoretical debate between Realism and Liberalism regarding the motivation behind states' actions. Both schools of IR theory have very contrasting ideas about the importance of power dynamics and international cooperation between states.

6.1 Neorealism

Realism is arguably the more pessimistic of the two broad schools of IR theory discussed in this thesis. Realists assume that the international political system is rooted in anarchy and that there is therefore no supranational authority that can enforce laws. This anarchic state of the world results in a constant power struggle between states. The pursuit of power is the main driver behind states' actions and in turn influences all multilateral and bilateral relations between states. Realists theorize that states always have the ambition to gain more power.

Realism sprouted the theory of neorealism. The most important distinction between the two is that neorealist thinkers emphasize how the structures of the international system determine state behaviour, rather than the human and domestic factors, as realist thinkers believe. Concepts that are important for the neorealist analysis are economic power, and structural power. Furthermore, it has been analysed whether there have been significant foreign policy shifts.

It has been extensively analysed how the expansion of the BRI and Chinese cooperation can influence the economic power of the two countries from the case studies, Serbia and Montenegro. Serbia's economic power has arguably increased due to the large scale of Chinese investments. On the other hand, Montenegro's economy has been put under large pressure by the substantial debt that the country owes China, the paying off of which has proven very precarious. The Serbian government also owes China a large debt, but in Serbia, there appears to be less concern about this, and the government continues to welcome Chinese investment without worrying about the potential of a debt trap.

The BRI has proven an interesting tool for China to increase its influence on the structures outside its own periphery. It has been argued that China considers the Western Balkan the gateway to Europe. Not only because of its geographical position but also because all countries on the Western Balkan are pursuing EU membership. Arguably, this allows for an opportunity gap for Chinese expansion. Because they are not yet official EU member states, these states are not bound by the EU regulations when it comes to trade and infrastructure, and neither are they expected to adhere their foreign policy to the official position of the EU regarding China. While it can not be argued through the research of this thesis that China is deliberately trying to decrease their chances of acceding to the EU, it can be argued that China has an interest in swaying these countries to esteem Chinese relations over EU membership. Specifically, for Serbia, the status of Kosovo has been an obstacle in Serbia's process of EU accession since its beginnings, with the EU not only recognizing Kosovo as an independent state but also asking Serbia to normalise relations with the country, which Belgrade to this day refuses. China, while not explicitly agreeing that Kosovo belongs to Serbia, does not force Serbia to engage with Kosovo. Furthermore, it could be hypothesised that the Serbian government hopes that China will one day retract its own diplomacy towards Kosovo, as the Serbian government has been willing to support the One-China policy, though this is beyond the scope of this research to argue. Furthermore, if China succeeds in establishing good relations with a country in the Western Balkan and said country afterwards also becomes an EU member, it could increase the influence that China could have on Brussels through strong ties with a member state.

The neorealist proposition this thesis proposed is *Serbia and Montenegro have shifted their foreign policy to be aligned with China's preferences, in order to increase collaboration with China, which provides them with more economic power compared to other actors, specifically the European Union*. Evidently, this proposition is better suited to the Serbian case study than the Montenegrin case study. Out of the two countries, it has been shown that Serbia has deliberately shifted its foreign policy in multiple instances to align with Chinese preferences, and in doing this, went against the position of the European Union. In other words, Serbia chose China over the EU in multiple international debates, specifically regarding human rights. Furthermore, Serbia has also gained more economically from the BRI than Montenegro has. Montenegro has not made any significant changes in their foreign policy based on Chinese values and even has gone against the preference of Beijing by condemning them for the human rights abuses in Xinjiang. This illustrates that the benefits of collaboration with China are not as tempting to the Montenegrin government as they are to Serbia.

6.2 Liberal Institutionalism

Liberal Institutionalism developed from Liberalism. Unlike Realism, Liberalism rejected the idea that power is the all-determining factor in international relations. Instead, it argues that there is more to gain from the mutual collaboration between states. Liberal institutionalism adds to this that cooperation can also help reduce competition and conflict, and specifically highlights the importance of non-state actors. The concepts that are linked to liberal institutionalism are cooperation, the role of institutions, and material gains.

It has been shown that cooperation between China and the Western Balkan state has substantially increased since the launch of the BRI. However, both states analysed in this thesis have also continued to work together with the EU towards EU membership. For Serbia, this cooperation has shown to be more difficult than for Montenegro, due to obstacles in its domestic politics, such as the recognition of Kosovo and the trials of Serbian leaders at the Yugoslav tribunal. However, there is no indication that Serbia intends to completely forego its cooperation with the EU in favour of Chinese cooperation. Likewise, Montenegro has shown to engage with the EU on a comparable level as before the expansion of China, and EU membership is still regarded by Montenegrin political leaders as the country's largest ambition. As has been explained, both Serbia and Montenegro are somewhat trapped in an awkward position between two dominant global powers, the EU and China. Montenegro announced in 2022 that it intends to speed up its process of acceding to the EU.

Within liberal institutionalism, institutions play many important roles that ease the processes of diplomacy and international politics. Specifically, they facilitate cooperation between states and provide transparency and monitoring (Keohane 2005). The EU as an institution has played a role in the China-Montenegrin relations, specifically in 2021 when it facilitated Montenegro with the funds to pay off the first part of the debt the country owed China. If Brussels had not stepped in to help Montenegro out, the country might have been forced to make concessions that it could not afford, such as selling off land to China. Arguably, this is an example of how the EU eased the cooperation between Montenegro and China. Furthermore, it must be noted that much of the Montenegrin constitution and its domestic policy has been designed in order to qualify for EU membership, and the EU has provided a framework that Montenegro follows to conduct much of its policies. On the other hand, the EU has been of less influence on the Serbo-Chinese relationship. Serbia, as a prospective EU member state, still has to follow the EU rules regarding areas such as corruption, environmental impact, and good governance, but out of the Western Balkan states, Serbia appears to perform poorly in some of these areas, which leaves room for China to promote its own agenda (Zweers et al. 2020).

The liberal institutionalist proposition of this thesis is as follows: *Serbia and Montenegro have shown limited to no foreign policy shift to align with China's preferences but instead focus on how they could simultaneously collaborate with China and other actors, to maximize benefits from multilateral collaboration.* As previously explained, the Serbian case study is arguably better explained by the aforementioned neorealist proposition. However, the liberal institutionalist proposition is better aligned with what has been explained about the Montenegrin case. It has been shown that Montenegro has not made many significant foreign policy shifts regarding China. Furthermore, while the Montenegrin government has welcomed Chinese investment and infrastructure projects related to the BRI, it also still highly values EU cooperation and still considers EU membership its highest aspiration. Furthermore, the EU has played an important role by facilitating Montenegro with the funds to avoid the potential debt trap that the large Chinese loan could result in were the country not able to repay Beijing by 2021. The reason this proposition does not fully satisfy in the case of Serbia is that, although the Serbian government still collaborates with the EU in multiple areas, it has shown to favour China on multiple occasions and has shifted its foreign policy to align with Chinese preferences, even going against the preferences of the EU at times.

7. CONCLUSION

This thesis aimed to identify and explain the effects of the Chinese Belt-and-Road initiative to the Western Balkan states on these states' foreign policy. In order to guide this research, the following research question was formulated: *How can the effects of the BRI on the foreign policy of countries in the Western Balkan be explained through international relations theory?* Given the scope of this question, two case studies were selected: Serbia and Montenegro. Furthermore, the question was placed within the framework of the theoretical debate between Realism and Liberalism about power and the motivations of states. Specifically, this thesis selected the theories of neorealism and liberal institutionalism, each of which sprouted from one of the two classical IR schools, to construct propositions. These propositions could in turn help identify which of the theories best explains the findings of the case studies.

The first theory used was neorealism, which came from classical realism. Neorealism considers the want for power to be the driving force behind states' actions. Neorealism explains states' interactions with China as being based on self-interest and self-preservation. Specifically, states would want to maximize their own economic power through Chinese investments. Therefore, it has been analysed to what extent the BRI enhanced the economic power of Serbia and Montenegro, specifically vis á vis the European Union, these countries' other major trade partner. As part of the neorealist framework, the theory of structural power has been discussed. Structural power would be utilized by China to coerce Serbia and Montenegro into changing their foreign policy to align with Chinese preferences. The extent of this structural power could be measured by examining whether foreign policy shifts occurred, and whether these have been influenced by Chinese values and ideals. Based on these indicators, the neorealist proposition was formulated as: Serbia and Montenegro have shifted their foreign policy to be aligned with China's preferences, to increase collaboration with China, which provides them with more economic power than other actors, specifically the European Union.

The second theory discussed was liberal institutionalism, which was derived from the school of liberalism. One of the main characteristics of liberal institutionalism is the belief that cooperation between states is not only feasible, but necessary to maintain peace and maintain a balance of power. Furthermore, cooperation is the optimal way to resolve international issues. Therefore, cooperation is the optimal way to conduct foreign politics. Liberal institutionalists would stress that Serbia and Montenegro should engage in multilateral relations with both the EU and China. Institutions such as the EU are also important in guiding states' behaviours and actions, and provide a framework of rules in which states can conduct

their foreign policy. The liberal institutionalist proposition was formulated as: Serbia and Montenegro have not shifted their foreign policy to align with China's preferences, but instead focus on how they could simultaneously collaborate with China and the EU, to maximize benefits from multilateral collaboration.

The first case study presented in this thesis was Serbia, which has maintained good relations with the PRC since at least 2009, which intensified with the joining of the BRI in 2014. Chinese FDI to Serbia exploded with the launch of the BRI, and Serbia became China's closest allies in the Western Balkan region. Previously, Serbian foreign policy has been characterised by its neutrality; Serbia made it a priority to maintain friendly relations with all global powers, both Western and Eastern. But while an EU candidate-member, the EU accession process had proven troublesome for Serbia. Issues such as the independence of Kosovo, and the persecution of Serbian leaders for war crimes, have become obstacles in the Serbo-EU relationship. It has been shown that China is using the BRI, and potentially the cracks in the Serbo-EU relationship, to expand its influence on Belgrade. This is noticeable in the latter's foreign policy, because Serbia has shed some of its neutrality in favour of Chinese ideals. Not only does the country fervently support the One-China policy, it also strongly opposes any interference from the international community in Chinese domestic issues, such as the issues surrounding Hong Kong, Taiwan, and the Uyghur ethnic minority. Because of this, out of the two propositions, the neorealist proposition offers the more suitable explanation for the Serbo-Chinese relations. It has been illustrated that there has been a significant foreign policy shift in Serbia to align with Chinese preferences, and the collaboration with China through the BRI has increased Serbian economic power. It has also been explained how China has enhanced its structural power on Serbia through the BRI by influencing Serbian ideals to align with those of China, and to move away from those of the EU. However, it has to be noted that the explanation that this proposition offers lacks to provide an explanation of why Serbia still engages with the EU to an extent, even if the country appears to favour China in the foreign policy dimension. Naturally, no theoretical proposition is perfect. Foreign policy, as well as state behaviour, is constantly changing and does not always follow theoretical principles, which, as has been illustrated, holds true for both the case studies in this thesis.

The second case study, Montenegro, illustrated the risks of a large, powerful country, investing into a country with a very small economy. In particular, the afore discussed loan that Montenegro accepted from China severely hurt Montenegro's economy, and the highway that the loan was intended for has not been finished as of 2022. Evidently, China's expansion to Montenegro has not been very beneficial to the country, and therefore the influence China has

had on its foreign policy is significantly smaller than on its Serbian neighbour. Furthermore, Montenegro has always maintained its ambitions of becoming an EU member state, and its strong relations with Brussels. Brussels was also responsible for preventing Montenegro from falling into a Chinese debt-trap by aiding in paying off the Bar-Boljare highway debt. Therefore, the liberal institutionalist proposition serves as the better proposition to explain the Montenegrin case study. It has been observed that there have been limited significant foreign policy shifts in Montenegro. In fact, one important foreign policy shift, the official condemnation at the UN general assembly of the human rights abuses in Xinjiang, goes against Chinese preferences. Furthermore, Montenegro has maintained balanced multilateral relations with both China, and the EU. While the country continues to accept Chinese projects, the Montenegrin government has also announced it wants to speed up its EU accession. Furthermore, it has been argued that the EU as an institution has played a significant role in Montenegrin-Chinese relations by aiding in resolving the issues surrounding Montenegro's Chinese debt.

Of course, this research has limitations that should be pointed out, as a qualitative research can not conclusively demonstrate the motivations behind states' foreign policy shifts. As with any academic research, the methodology is limited by the researchers own interpretations. Therefore, the internal validity can always be considered to be biased, which can result in biased conclusions. This thesis is written within a framework of Western academia, in which exists an inherent bias, and occasionally hostility, against China. This bias is difficult to overcome as it is deeply ingrained in many Western scholars of IR, and therefore also in their literature. However, the use of two different theoretical perspectives can aid in limiting the internal bias of the researcher, as has been done in this thesis, therefore still providing arguments and a conclusion that are as accurate in representing the results as possible.

Another limitation comes from the selection of a congruence analysis research design. Inherently, this type of research produces results that are not generalisable. This thesis provides arguments that can explain the effects of Chinese expansion on the foreign policy of two states, Serbia and Montenegro. However, there is no certainty that these arguments hold true for any state that has a different relationship with China, or in general has a different history, political climate or economic position. Further research on different states should therefore consider these states' unique circumstances in order to explain any potential foreign policy shift resulting from Chinese expansion.

A third limitation that is worth mentioning is that some of the data utilised in this research come from governmental sources. Unfortunately, China is infamous for its lack of freedom of media, and its heavy censorship regarding any topics that are considered sensitive

by the Chinese government. Therefore, there is an inherent lack of transparency and heavy bias present within Chinese governmental sources, which should be pointed out as a limitation of any research that utilises Chinese official documents, as well as other Chinese sources.

Overall, the results of this thesis contribute to the understanding of how China's expansion as a result of the Belt-and-Road initiative is increasing the influence of China outside its borders, even as far as the frontiers of the European Union. As illustrated in the literature review, opinions about this have divided scholars of IR. This thesis has illustrated that the influence of China on countries, even within a small region such as the Western Balkan, is highly diverse. There are many internal and external factors that can influence the extend to which China can be successful in influencing a state. Evidently, the two case studies produced varying results, which can not be generalised or explained by one academic theory.

The rising influence of China has been a cause of concern for those who value human rights, democracy, and economic freedom. The West perceives the rise of China as a threat because of its poor reputation regarding the aforementioned subjects. Unfortunately, countries like Serbia, which are willing to please China in order to increase collaboration, seem ready to ignore the profoundly serious accusations that have been made towards China by the international community regarding its human rights. Most recently, the international community has scrutinized China for its alleged genocide of the Uyghur ethnic minority, which China denies. As illustrated, Serbia has not partaken in this scrutiny. It can be cause of concern that a country that is a prospective member of the EU, which holds human rights in the highest regards, is not willing to condemn China for such a grave human rights abuse. On the other hand, Montenegro, a country with minimal economic and political power against China, dared to sign an official statement against China, condemning it for its human rights abuses, proving that not every state is so easily blinded by Chinese promises. Therefore, despite the growing anxiety that China is successfully expanding its influence through the BRI, it is clear that the success of this is dependent on a range of elements, some of which, not even China can control.

8. BIBLIOGRAPHY

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