

Belt and Road builds ties in the Balkans



SEPTEMBER
2013
President Xi Jinping proposes the Belt and Road Initiative to explore and promote new areas of international cooperation.

Experience in Serbia and Macedonia shows that Chinese firms expanding overseas attach much importance to providing support for local people

By HU YUANYUAN in Belgrade
huyuanyuan@chinadaily.com.cn

Until early last year, Serbia's largest steel company, Smederevo, was in deep financial trouble. It had had seven straight years of losses, and its very survival looked precarious.

Now, around 18 months later, the company is well and truly over its brush with mortality, and its managers say its prospects are rosy.

Its fortunes began to change in April last year, as did those of Ivan Matkovic, who has worked for Smederevo for 17 years.

The company and Matkovic owe their good fortune to the intervention of one of China's largest iron and steel manufacturers, HBIS, but also to the overarching influence of the Belt and Road Initiative, which seeks to revitalize the ancient Silk Road routes.

The initiative's five most important planks are policy communication, road connectivity, unimpeded trade, monetary circulation and understanding between peoples. President Xi Jinping has stressed that the last of these is essential for sound relations between countries and thus requires more commitment.

Paying heed, HBIS went about exploiting new opportunities presented by the Belt and Road Initiative. It bought the loss-making Smederevo for 46 million euros (\$55 million) and started to manage it within three months.

Now Matkovic earns more than he ever had before. "HBIS expanded Smederevo's capacity after the takeover," he said. "I feel relieved economically and more confident in the company's future. Moreover, the top Chinese executives are very friendly, and provide effective management."

The output of Smederevo, which has since been renamed HBIS Group Serbia Iron & Steel (or simply HBIS Serbia), increased by more than 50 percent in the second half of last year, the highest level since 2010.

The HBIS takeover ended seven years of losses and pushed the 105-year-old Smederevo back into the black by the end of last year, according to Song Sihai, the company's CEO.

HBIS Serbia's revenue accounted for 2.1 percent of Serbia's GDP (\$377.5 billion) in 2016.

"The Belt and Road Initiative is a very important trigger for the acquisition," said Song. "The supportive attitude of the Serbian government also played an important role."

Zorana Mihajlovic, Serbia's deputy prime minister and minister of construction, transport and infrastructure, said that the total investment in the country's ongoing infrastructure projects

B&R INITIATIVE — A TIMELINE

December
2014

China funds the Silk Road Fund with an initial contribution of \$40 billion aimed at boosting infrastructure and financial cooperation in countries and regions along the centuries-old Silk Road trading routes.

December
2015

China pioneers the Beijing-based Asian Infrastructure Investment Bank or AIIB, which serves as a key financing mechanism for the Belt and Road Initiative.

March
2016

China includes the Belt and Road Initiative in its 13th Five-Year Plan (spanning the 2016-20 period), identifying it as one of its major goals.

May
2017

China hosts the Belt and Road Forum for International Cooperation in Beijing on May 14 and 15, the highest-level international meeting since President Xi's announcement in September 2013.