

**China's Growing Influence in the Western Balkans**  
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## Introduction

Chairman Ernst, Ranking Member Peters, distinguished members of this subcommittee, thank you for the opportunity to testify today. Thank you, also, for organizing a hearing on this topic critical to U.S. interests and the future of democratic governance in the Western Balkans.

## China's Means of Influence in Developing Countries

China's economic influence is growing in the Western Balkans, saddling some countries with unsustainable debt and exacerbating governance problems. As a result, the Chinese Communist Party (CCP) is amassing potential political leverage and bolstering China-friendly illiberal leaders, threatening to undermine democratic development and pulling countries away from the United States and the European Union (EU).

These effects are largely consistent with China's tactics and their effects in developing countries around the world. I therefore would like to begin my testimony today with a description of China's expanding interests and influence efforts across the developing world, and then turn to their application in the Western Balkans in particular.

China for decades has gradually increased engagement with countries throughout the developing world, seeking critical resource inputs and new markets for its rapidly growing economy as well as portraying itself as a leader of developing country interests on the global stage. However, today, we see China pursuing an unprecedented level of influence in developing countries, with decidedly mixed results for the recipients of China's attention.

This uptick can be attributed to China's desire to advance an expanding set of interests in the developing world. First, China is trading and investing more in the developing world than ever before. The overseas component of the Belt and Road Initiative (BRI), China's ambitious infrastructure and connectivity program, has significantly expanded Beijing's investment footprint abroad despite its small size relative to China's domestic economy.

There is an expectation of economic benefit for Chinese companies — typically state-owned enterprises (SOEs) — and their workers engaging in debt-financed BRI projects in numerous developing countries.

The CCP also seeks to legitimize its autocratic system of governance and development. Chinese leaders recognize that Beijing must expand its normative power abroad to achieve China's rise and rejuvenation as a great power. They also recognize that to achieve global legitimacy as a

responsible great power without democratizing — a prospect not welcomed by the developed West — they must first popularize China’s model in the developing world.<sup>1</sup>

Given these growing interests, it is not surprising that the CCP is using multiple means of influence to advance them, in the process undermining governance, prosperity and open discourse in a way that encourages democratic backsliding in many countries.

I will focus my remarks on China’s means of influence in two key domains, the economic and the informational, and their impact on democracies. I will then describe how China is using these tactics in the Western Balkans in particular, examining the case of Serbia, and conclude with some thoughts on how the United States can best counter such influence.

### *Economic Influence*

Much of China’s growing global influence can be ascribed to its leverage as a \$14 trillion economy and the world’s largest commodity importer. Beijing is expanding trade and investment with countries hungry for both. However, there are malign aspects to China’s growing economic engagement that render its influence harmful for many developing countries. In most every case China’s economic investments involve opaque deals that ensure China lends and is repaid at a premium to hire Chinese companies and workers for infrastructure and energy projects. BRI projects frequently saddle countries with debt and few alternatives to dependence on China to continue financing those debts.

This lack of transparency sets a foundation for rampant corruption. Corruption and elite capture is not a “bug” of BRI but an inherent feature of the initiative, with the goal of ensuring subsidized Chinese SOEs undercut their competition and secure contracts with highly favorable terms to carry out projects financed by Chinese policy banks. The CCP cultivates “friends” among elites in many countries who are only too willing to sign up to opaque investment deals that undermine their country’s long-term prosperity in return for personal enrichment.

### *Influence over Information*

Such elite capture through corruption also facilitates the CCP’s ability to exert influence in a second area, the information space. Beijing’s foreign propaganda and censorship efforts have traditionally focused on promoting China’s political and economic system while suppressing coverage of its domestic human rights abuses and religious persecution. But the Chinese

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<sup>1</sup> At the 19th Party Congress in October 2017, Chinese President Xi Jinping left no doubt that he regards China’s illiberal concepts of political and economic order as superior to so-called Western models, and that we are “in an era that sees China moving closer to center stage and making greater contributions to mankind.” See Xinhua. “Full Text of Xi Jinping’s Report at 19th CPC National Congress.” *ChinaDaily.com.cn*, updated 4 Nov. 2017, [www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content\\_34115212.htm](http://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content_34115212.htm).

government and its proxies increasingly are attempting to tilt other countries' internal debates about their relationships with China, including by suppressing criticism of Chinese activities within their borders. Many governments, including our own, engage in vigorous public diplomacy campaigns, but the CCP's methods are frequently covert, coercive and harmful to democratic institutions.

China's manipulation of the information environment in countries around the world, which the National Endowment for Democracy has termed "sharp power," is critical to the Party's ability to protect its growing investments and legitimize China's authoritarian development model abroad. Ensuring the presentation of a positive "China story," as Chinese President Xi Jinping has put it, helps to smooth the path for investments that benefit China's economy.<sup>2</sup>

The CCP recognizes that a more positive perception of China heads off criticism of Chinese investments and corruption of a country's elites. Through media cooperation agreements with BRI countries, Beijing advances information sharing intended to influence foreign journalists covering the BRI, including through conferences sponsored by the state-affiliated All-China Journalists Association.

The CCP has a large and growing set of tools it uses to advance its narrative abroad and to quiet critics, including pervasive but overt official propaganda, investment in foreign media outlets, and funding of research and academic institutions. The CCP's more aggressive use of so-called "united front work" abroad includes more covert efforts to cultivate China-friendly elites and squelch anti-China narratives by "enemy forces" abroad. These efforts are conducted through numerous Party bodies, including the increasingly powerful United Front Work Department (UFWD).

### **Negative Consequences for Democracies**

The CCP's use of these different means of influence simultaneously has a pernicious effect on developing democracies. Beijing's manipulation of the information space and discourse ensures the neutering of institutions such as an independent media and civil society which, in a healthy democracy, would expose the negative consequences for a country of China's opaque deal making and corrupt practices.

Beijing's influence plays a clear role in encouraging democratic backsliding in certain Western Balkan countries, most notably Serbia.<sup>3</sup> China's efforts bolster the fortunes of

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<sup>2</sup> Xinhua. "President Xi Urges New Media Outlet to 'Tell China Stories Well.'" *CCTV.com*, 31 Dec. 2016, english.cctv.com/2016/12/31/ARTIdbvXHYpQnQ35nWBGttZg161231.shtml.

<sup>3</sup> *Freedom on the Net 2018: The Rise of Digital Authoritarianism*. Freedom House, 2018, freedomhouse.org/report/freedom-net/freedom-net-2018/rise-digital-authoritarianism#fotn18-section-china-remakes-the-world-in-its-techno-dystopian-image.

illiberal actors eager to take credit for delivering Chinese investment in much-needed infrastructure projects, no matter the long-term costs of deals signed behind closed doors. The Party also offers increasingly sophisticated surveillance and monitoring technology to governments looking to control their populations and is increasing cooperation on domestic policing and security.<sup>4</sup> Taken together, these activities lend credence to illiberal actors' claims that they can deliver economic development, security and stability through increasingly authoritarian policies.

China's influence tactics and their effects are remarkably diverse across different countries, even those within the same region. For example, Chinese financing and SOE practices are less consistent with accepted international standards in countries with looser regulation practices, public procurement rules and labor regulations. Understanding the nature of CCP influence in a certain environment is therefore critical to understanding the threat to a country and the ways in which it can be mitigated. To that end, I will now offer a case study on China's particular approach in Serbia.

### **Case Study: CCP Influence Efforts in Serbia**

Chinese leaders view the Western Balkans as a key door to Europe's broader market, and Serbia as the geographic and strategic heart of this critical region. Analysis of China's approach to influence in Serbia is therefore uniquely instructive.<sup>5</sup> China is investing rapidly in Serbia, leveraging a close relationship with Serbia's increasingly illiberal leadership.<sup>6</sup>

The CCP leadership views the current governance in Serbia as presenting an ideal opportunity to enhance China's influence. The Serbian government, led by President Aleksandar Vucic, welcomes Chinese investment as a boon to its political fortunes and controls the media narrative

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<sup>4</sup> This relates to the more fundamental question of whether and how China is now proactively exporting authoritarianism to achieve acceptance of the CCP's model of governance. See Friedberg, Alan F. *The Authoritarian Challenge: China, Russia and the Threat to the Liberal International Order*. The Sasakawa Peace Foundation, Aug. 2017, [www.spf.org/jpus-j/img/investigation/The\\_Authoritarian\\_Challenge.pdf](http://www.spf.org/jpus-j/img/investigation/The_Authoritarian_Challenge.pdf); Brands, Hal. "China's Master Plan: Exporting an Ideology." *Bloomberg*, 11 June 2018, [www.bloomberg.com/opinion/articles/2018-06-11/china-s-master-plan-exporting-an-ideology](http://www.bloomberg.com/opinion/articles/2018-06-11/china-s-master-plan-exporting-an-ideology).

<sup>5</sup> Research on China's influence in Serbia was led by Vuk Vuksanovic, a PhD researcher in international relations at the London School of Economics, and is included in the International Republican Institute's recent report on China's malign influence and the corrosion of democracies around the world. See *China's Malign Influence and the Corrosion of Democracy: An Assessment of Chinese Interference in Thirteen Key Countries*, edited by David Shullman, *International Republican Institute*, 2019, [www.iri.org/sites/default/files/chinese\\_malign\\_influence\\_report.pdf](http://www.iri.org/sites/default/files/chinese_malign_influence_report.pdf).

<sup>6</sup> Serbia's minister of infrastructure recently lauded the country's receipt of \$5.6 billion in new investment financing from China while promising a new influx of funds. See Vasovic, Aleksandar. "Serbia Wants Billions in Foreign Loans to Invest in Infrastructure." *Reuters*, 12 July 2019, [www.reuters.com/article/us-serbia-investment-china/serbia-wants-billions-in-foreign-loans-to-invest-in-infrastructure-minister-idUSKCN1U71VG](http://www.reuters.com/article/us-serbia-investment-china/serbia-wants-billions-in-foreign-loans-to-invest-in-infrastructure-minister-idUSKCN1U71VG).

about the bilateral relationship. Vucic and his Serbian Progressive Party (SNS) increasingly control government agencies, the national security apparatus and the media.

The CCP also benefits from the fact that it, and China generally, remains little understood in Serbia. The public maintains a mostly positive view of China, based on Chinese investment in Serbia's development and a lack of knowledge about the opaque terms of such deals. The public also is largely uninformed about the CCP and how it exerts influence abroad.

### *Rapidly Increasing Economic Influence*

China's economic engagement with Serbia has grown steadily in response to Serbia's dire need for financing and infrastructure improvement and China's drive for strategic investments in the Balkans. China's engagement with Serbia was limited before 2009, when the two countries signed a strategic partnership agreement. The relationship transformed beginning in the mid-2010s, when Serbia began receiving significant Chinese financing for infrastructure projects. The Export-Import Bank of China financed the construction of the Pupin Bridge across the Danube River in Belgrade.

China's BRI ushered in a major influx of Chinese financing in Serbia, particularly following Xi's historic visit to Serbia in June 2016. Chinese companies now play a significant role in Serbia's industrial sector, having taken over or acquired significant stakes in major steel and copper complexes.<sup>7</sup> One opposition politician has claimed that "the entire Serbian mining industry was sold to the Chinese for free."<sup>8</sup>

In September 2018, Vucic met Xi at the World Economic Forum in Beijing (their fifth meeting in as many years) to sign commercial agreements worth \$3 billion, including a deal for the purchase of Chinese military drones by Serbia.<sup>9</sup> Chinese government and SOE engagement with Serbia has raised hopes of improved local infrastructure and employment opportunities. However, the opacity of these deals has raised concerns among private enterprise, civil society and others that Chinese lending could create unmanageable debt loads and future Chinese leverage over the country.

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<sup>7</sup> China's Hesteel Group took over a steel mill based in the city of Smederevo that was previously owned by U.S. Steel. In August 2018, the Chinese mining company Zijin Mining acquired a 63 percent stake in debt-ridden RTB Bor, the only copper mining complex in Serbia. See Sekularac, Ivana. "China's Xi Sees Serbia as Milestone on New 'Silk Road.'" *Reuters*, 19 June 2018, [www.reuters.com/article/us-serbia-china/chinas-xi-sees-serbia-as-milestone-on-new-silk-road-idUSKCN0Z50DV](http://www.reuters.com/article/us-serbia-china/chinas-xi-sees-serbia-as-milestone-on-new-silk-road-idUSKCN0Z50DV); Vasovic, Aleksandar. "UPDATE 1 — China's Zijin Mining to Take Stake in Serbian Copper Complex." *Reuters*, 31 Aug. 2018, [www.reuters.com/article/serbia-copper/update-1-chinas-zijin-mining-to-take-stake-in-serbian-copper-complex-idUSL8N1VM2K6](http://www.reuters.com/article/serbia-copper/update-1-chinas-zijin-mining-to-take-stake-in-serbian-copper-complex-idUSL8N1VM2K6).

<sup>8</sup> *China's Malign Influence and the Corrosion of Democracy*.

<sup>9</sup> Zivanovic, Maya. "\$3bn Economic Agreements Boost China's Role in Serbia." BIRN, *Balkan Insight*, 18 Sept. 2018, [balkaninsight.com/2018/09/18/new-agreements-boost-china-role-in-serbia-09-18-2018/](http://balkaninsight.com/2018/09/18/new-agreements-boost-china-role-in-serbia-09-18-2018/).

Most of the commercial contracts with Chinese entities are not available to the public, with little opportunity for public review and comment.<sup>10</sup> According to a local businessman who has worked on projects involving Chinese SOEs, Chinese officials in some cases insist upon a nontransparent bidding process for projects and the ultimate allocation of projects to Chinese SOEs. Unlike in many other BRI countries, Chinese SOEs in Serbia have not insisted on using only construction material imported from China, probably due in part to Serbian government conditions.<sup>11</sup> However, Chinese SOEs have employed predominantly Chinese machinery and workers, reducing the benefits of projects to local employment and the economy.

The most prominent Chinese project in Serbia is the high-speed railway connecting Belgrade with Budapest, Hungary, inked in 2013. However, little progress has been made on implementation, raising questions about the project's utility and feasibility. The railway nevertheless has been touted as "the signature project of the 16+1 framework," a grouping established by China to facilitate engagement between itself and Central and Eastern European countries, including Serbia, and increase its influence across the region.<sup>12</sup>

Serbian demand for infrastructure financing from China is reinforced by delays in Serbia's progress toward EU accession. China also gains relative advantage in Serbia because Chinese funding, unlike that from the EU, is disbursed quickly. As one local businessman with a history of engagement with Chinese SOEs argued, Serbia's economic urgency plays into China's hands: "The EU is telling Serbia you will have something tomorrow, but today you must starve, while the Chinese come with the money right away."<sup>13</sup>

China's ability to ensure such funding correlates with Serbian political cycles offers opportunities for corruption and enhances China's influence with elites.<sup>14</sup> Serbian politicians able to secure Chinese financing around election time can promote themselves to their constituents as enablers of Chinese capital inflows. Many of those same politicians and elites find the lack of transparency in Chinese funding appealing, creating rent-seeking opportunities.

### *Thriving in a Controlled Media Space*

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<sup>10</sup> Vladislavljev, Stefan. "Oversight and Control of Agreements, between China and Serbia." *BFPE*, 6 Nov. 2018, [en.bfpe.org/oversight-and-control-of-agreements-between-china-and-serbia/](http://en.bfpe.org/oversight-and-control-of-agreements-between-china-and-serbia/).

<sup>11</sup> For instance, the contract for the construction of the Pupin Bridge mandated that 45 percent of the construction material originate from Serbia. See [www.beograd.rs/index.php?kat=beoinfo&lang=cir&sub=1363983%3f](http://www.beograd.rs/index.php?kat=beoinfo&lang=cir&sub=1363983%3f) (in Serbian).

<sup>12</sup> Ferchen, Matt. "China's Troubled Hungary-Serbia Railway Project: A Case Study." *Carnegie-Tsinghua Center for Global Policy*, 12 Dec. 2018, [carnegietsinghua.org/2018/12/12/china-s-troubled-hungary-serbia-railway-project-case-study-pub-78100](http://carnegietsinghua.org/2018/12/12/china-s-troubled-hungary-serbia-railway-project-case-study-pub-78100).

<sup>13</sup> *China's Malign Influence and the Corrosion of Democracy*.

<sup>14</sup> Makocki, Michal. "China in the Balkans: The Battle of Principles." *European Council on Foreign Relations*, 6 July 2017, [www.ecfr.eu/article/commentary\\_china\\_in\\_the\\_balkans\\_the\\_battle\\_of\\_principles\\_7210](http://www.ecfr.eu/article/commentary_china_in_the_balkans_the_battle_of_principles_7210).

The CCP goes to great lengths in many countries to shape the information space to ensure a positive view of China’s engagement. In today’s Vucic-led Serbia, however, China has not needed to aggressively influence debate about its impact on Serbia. This is because China’s activities are perceived as largely benign by the Serbian public, and the government — led by Vucic, who has called the friendship with China one “made of steel” — ensures this positive view of China through its control over the information and media sphere.<sup>15</sup>

Government-friendly media does not report news that critically examines China’s role in the country. The Serbian media, echoing the country’s political leadership, typically (and incorrectly) presents Chinese financing as “gifts,” not loans. Consequently, China can rest assured that under the Vucic administration relatively little critical information on Chinese activities will surface in outlets that influence Serbian public opinion.<sup>16</sup>

The CCP has sought to further enhance this positive view by cultivating ties with cultural and political elites (including the political opposition) and establishing institutions that could help shape the narrative about China in the future. China supports the Center for International Relations and Sustainable Development (CIRSD), a think tank led by a former Serbian foreign minister and opposition politician Vuk Jeremic, which holds events and releases publications about the benefits of BRI and the expanding China-Serbia relationship. CIRSD is partly funded through CEFC China Energy, a CCP-linked conglomerate marred in corruption scandals.<sup>17</sup>

Additionally, Serbia hosts two Chinese government-sponsored Confucius Institutes promoting Chinese culture—and official government viewpoints — at prominent universities in Serbia, and China is investing 45 million euros to build a cultural center on the site of the Chinese Embassy building destroyed during the NATO air campaign in 1999.<sup>18</sup>

### *Benefiting from — and Exacerbating — Authoritarian Trends*

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<sup>15</sup> “Vucic: Serbia-China Friendship Made of Steel.” *B92*, 12 Mar. 2018, [www.b92.net/eng/news/politics.php?yyyy=2018&mm=03&dd=12&nav\\_id=103685](http://www.b92.net/eng/news/politics.php?yyyy=2018&mm=03&dd=12&nav_id=103685).

<sup>16</sup> Those programs that do appear on Serbian media concerning China are typically overwhelmingly positive. In 2017, the national broadcaster Radio Television of Serbia (RTS) ran a series of Chinese government-produced television documentaries on China, including one on the Silk Road. See [www.rts.rs/page/rts/sr/rtspredstavljaja/story/267/najnovije/2919597/najbolji-kineski-dokumentarci---utorkom-na-drugom.html](http://www.rts.rs/page/rts/sr/rtspredstavljaja/story/267/najnovije/2919597/najbolji-kineski-dokumentarci---utorkom-na-drugom.html) (in Serbian).

<sup>17</sup> *Briefing Paper IV: External Influence in the Cultural & Religious Sphere. Western Balkans at the Crossroads: Assessing Non-Democratic External Influence Activities*, [www.balkancrossroads.com/bp-iv-culture-religion](http://www.balkancrossroads.com/bp-iv-culture-religion); Zhang, Shu and Chen Aizhu. “China CEFC Founder Ye Named in Corruption Case — State Media.” *Reuters*, 12 Oct. 2018, [www.reuters.com/article/china-corruption-cefc/chinas-cefc-founder-ye-named-in-corruption-case-state-media-idUSL4N1WS26I](http://www.reuters.com/article/china-corruption-cefc/chinas-cefc-founder-ye-named-in-corruption-case-state-media-idUSL4N1WS26I).

<sup>18</sup> Xinhua News Agency. “Confucius Institute in Belgrade, Serbia, Celebrates Its 10th Anniversary of Establishment.” *Hanban*, 25 Oct. 2016, [english.hanban.org/article/2016-10/25/content\\_661564.htm](http://english.hanban.org/article/2016-10/25/content_661564.htm).

The authoritarian tilt of Serbian politics, characterized by Vucic's growing domination of the political scene and its institutions since 2012, has facilitated China's integration into the Serbian economic and political landscape. Vucic and SNS government control allows for one point of focus for Chinese SOEs' and government lobbying resources. Serbia's "soft autocracy" provides few roadblocks to Chinese influence, with very few institutional or societal checks on China's influence or insistence on greater transparency in negotiations with Serbian officials. The lack of Serbian expertise in both academic and policy circles on China and the CCP's means of influence ensure limited public debate about the risks of opaque Chinese investment deals and growing coziness with the ruling government.

China's influence, in turn, has facilitated Serbia's tilt toward soft authoritarianism by bolstering the fortunes of illiberal Serbian leaders who use the influx of Chinese investment to promote themselves domestically as those who can deliver needed infrastructure development.

The growing role of Chinese technology firms in Serbia, particularly in the country's surveillance ecosystem, presents another avenue of potential CCP influence in the country and a means of bolstering government control over the Serbian populace. Chinese telecommunications giant Huawei has a cooperation contract with Serbian telecommunications company Telekom Srbija, and the Serbian government has signed a contract that would allow Huawei equipment to be used for traffic surveillance.<sup>19</sup>

The Serbian Interior Ministry has contracted with Huawei to provide cameras and facial recognition software for its "Safe City" project and announced the planned installment of a thousand cameras in 800 locations in Belgrade.<sup>20</sup> The Ministry did not, however, explicitly cite Huawei as a supplier, possibly to avoid attention given the sensitivity surrounding the company and its ties to the Chinese government.<sup>21</sup>

China's growing security ties to Serbia also have the potential to exacerbate authoritarian trends. In August 2019, Serbia's Interior Minister announced that officers from China would join police patrols in certain Serbian cities, ostensibly in an effort to help Serbian police officers in their interactions with growing numbers of Chinese workers and tourists.<sup>22</sup> It is impossible at this point to know exactly what the agreement entails because it is not available to the public

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<sup>19</sup> "Serbia and China Sign Several Important Documents." *B92*, 18 Sept. 2018, [www.b92.net/eng/news/business.php?yyyy=2018&mm=09&dd=18&nav\\_id=105087](http://www.b92.net/eng/news/business.php?yyyy=2018&mm=09&dd=18&nav_id=105087).

<sup>20</sup> *China's Malign Influence and the Corrosion of Democracy*.

<sup>21</sup> *China's Malign Influence and the Corrosion of Democracy*.

<sup>22</sup> The visa regime between Serbia and China was liberalized in 2017, contributing to a rapid increase in the number of Chinese tourists. See "Visa Regime for Entering Serbia." Ministry of Foreign Affairs of the Republic of Serbia, [mfa.gov.rs/en/consular-affairs/entry-serbia/visa-regime/81-consular-foreigners-to-serbia/11411-china-for-cons](http://mfa.gov.rs/en/consular-affairs/entry-serbia/visa-regime/81-consular-foreigners-to-serbia/11411-china-for-cons).

— a troubling indicator by itself. This police-to-police cooperation nevertheless could import authoritarian tactics used in China against protesters, political dissidents, and ethnic and religious minorities to Serbia and other countries in the region.

The CCP's increasingly tight relationship with the current Serbian government points toward potentially negative consequences for Serbia's increasingly fragile democracy. The SNS-led government appears inclined to pursue even closer ties with China. In 2017, the Serbian government established the National Council for Coordination of Cooperation with the Russian Federation and the People's Republic of China, led by a former Serbian president. This new government office may represent yet another channel of potential influence for the CCP going forward.

### **Recommendations for Countering China's Malign Influence**

Despite China's growing influence in Serbia and the Western Balkans generally, a nascent but increasing awareness of the risks of expanding, under-scrutinized economic deals with Chinese entities and CCP cultivation of elites provide a foundation for resilience to China's influence. Greater knowledge of China's influence tactics and the capacity to counter them across civil society and independent media in Western Balkan nations is critical to better protect the region's democracies.

**The CCP's approach will not change unless it sees fewer benefits to aggressively acquiring influence in developing countries.** Chinese officials and companies take a harder line in countries where governance, transparency and the rule of law are lacking. On the other hand, there are increasing indicators that China moderates its influence efforts in the face of pushback by recipient governments.

**The United States and its partners therefore must invest resources in inoculating targeted countries against the malign effects of China's influence.** This can be accomplished through two complementary efforts: 1) offering countries alternatives to Chinese investment and assistance on how to negotiate and structure future deals with China; and 2) building the resilience of developing democracies to the malign effects of CCP influence.

**First, the United States and partners in Europe should offer Western Balkan countries both alternatives to China's investment and financing practices and technical assistance on project evaluation and negotiation.** The administration and Congress have taken some important steps, including the passage of the Better Utilization of Investments Leading to Development (BUILD) Act creating the new U.S. Development Finance Corporation (DFC). The DFC must not be viewed as directly competing with a massive state-financed infrastructure initiative like the

BRI. Instead, through targeted support for private enterprise in critical countries limited in their financing choices, the United States can help establish higher common standards for transparency and sustainability that both regional government officials and their publics may increasingly demand over time.

The United States should work closely with likeminded partners and allies to offer such training and alternatives. Wherever possible, the United States should work with multilateral development banks and partners such as the EU to offer infrastructure alternatives to developing countries.

**Second, the United States must dedicate resources to bolstering the capacity of civil society, political parties and independent media in developing countries.** These democratic institutions are critical to recipient countries' ability to monitor and evaluate Chinese project implementation practices, expose and prevent instances of elite capture, and promote the rule of law. Transparency and investigative journalism are essential to ensuring the resilience of recipients of Chinese financing, particularly in countries with leaders happy to conclude deals behind closed doors.

The availability of accurate information permits broad public debate about how to engage China amongst business, civil society, government officials and local communities affected by infrastructure projects. In so doing, national interests are protected and equitable benefits assured across a society.

In addition, host governments at the central and local level should be encouraged to build greater transparency into economic deals with China. Washington should prioritize assistance for government and nongovernment actors in Western Balkan countries like Montenegro that are deemed particularly vulnerable to CCP influence as a result of significant debt owed to China.

The United States should also work with its country partners to raise awareness of CCP influence efforts in think tanks, universities, NGOs and media where impartial expertise on China and the nature of the Party and its tactics is lacking.

None of these efforts to counter the malign aspects of China's influence in the Western Balkans will be easy or achievable without a sustained U.S. dedication to working with and assisting fragile democracies across the region. There is no alternative, however, if Washington hopes to prevent the spread of authoritarianism in the region and preserve the region's ties to the democratic West. The United States must recommit to the hard work of defending democracy around the world.

