

New Political Economy

ISSN: 1356-3467 (Print) 1469-9923 (Online) Journal homepage: www.tandfonline.com/journals/cnpe20

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To cite this article: Miklós Sebők, Andrea Éltető & Elena Jovičić (15 Nov 2026): Illiberal gateways and hubs: Chinese push and European pull in Hungary and Serbia, New Political Economy, DOI: 10.1080/13563467.2026.2751109

To link to this article: https://doi.org/10.1080/13563467.2026.2751109

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View supplementary material

Published online: 15 Nov 2026.

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NEW POLITICAL ECONOMY
https://doi.org/10.1080/13563467.2026.2751109

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Illiberal gateways and hubs: Chinese push and European pull in Hungary and Serbia

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ABSTRACT

In this article, we examine how Chinese economic engagement positioned Hungary and Serbia within US–China network competition from 2013 to 2025. Drawing on the network-centrality thesis, we apply a push–pull framework across infrastructure, digital technology, production and finance. On the push side, Chinese firms sought markets, production sites and natural resources, channelled domestic overcapacity outward and internationalised the renminbi. On the pull side, illiberal governance was a key factor, since weak legal and societal constraints reduced entry friction. Because a gateway controls the institutional access point to a larger regulated space while a hub concentrates flows, the two positions emerged bidirectionally, as third countries adapted to great-power competition and China selected partners that fitted its expansion logic. Hungary became a gateway, where tariff-jumping access to the Single Market, tax breaks and lax regulation met Chinese demand for cost-effective production. At the same time, Serbia became a hub, where sovereign-guaranteed borrowing and resource endowments offered sites beyond EU oversight. Most European states became neither, and illiberal government is what distinguished those that did. The gateway–hub distinction therefore illuminates how third countries position themselves under great-power competition.

ARTICLE HISTORY
Revised 18 September 2026
Accepted 14 October 2026

KEYWORDS
China; Hungary; Serbia; illiberalism; network centrality

Introduction

By the mid-2020s, Europe became adrift between the United States and China. Since the 2010s, the liberal international economic order has been challenged by geopolitical rivalry, supply chain disruptions and competing development orders (De Graaff *et al.* 2020, McNally 2020), and scholarship has pointed to a more fragmented, even bifurcated, global economic environment marked by state-directed technological competition and value-chain decoupling (Petricevic and Teece 2019). This fragmentation centres on China's rise and the political-economic tensions it generates (Weinhardt and Ten Brink

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Supplemental data for this article can be accessed online at https://doi.org/10.1080/13563467.2026.2751109.
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2020). Within this drifting Europe, illiberal member and candidate states cultivated their own economic links with China.

China's economic engagement unfolded within structural constraints of dependent integration into European markets and within opportunities created by geopolitical fragmentation (Bohle 2006, Ban and Adăscăliței 2022, Medve-Bálint and Éltető 2024, Truchlewski and Schelkle 2024, Sebők *et al*. 2026). Scholarship on Chinese economic activity in Central and Eastern Europe has often examined sectors in isolation, most notably infrastructure (Rogelja 2020), digital partnerships or financial integration, rather than tracing how these domains interact. Even where sectoral interdependence has been examined more systematically (Cieślik 2019), the political-economic mechanisms by which third countries convert such ties into network positions remain under-theorised.

Third-country adaptations in continental Europe were shaped not only by external rivalry but also by domestic political regimes and by position within or outside the EU. For politically centralised, illiberal regimes, the embedding of transnational economic networks may follow different logics than in institutionally constrained settings. For Hungary, Rogers (2024) shows how an illiberal government balanced among the EU, Russia and China to maintain power. In his account, because its loyal national capitalists lacked what his title calls 'the right kind of capital', Viktor Orbán's government channelled inward transnational capital – notably from China and Russia – into large-scale infrastructure, reshaping state–business relations to entrench authoritarian populism.

What Rogers describes for Hungary raises a question that reaches well beyond it, and it is the question this article takes up: how do third countries caught between the American and Chinese economic spheres integrate into Chinese-led networks? We approach it from an international political economy perspective. Our overarching frame is push and pull, which brings source-country supply and host-state demand into a single analytical framework (Calvo *et al*. 1996, Forbes and Warnock 2012, Fratzscher 2012). Push factors – Chinese state-steered firms, sectoral overcapacity and policy-bank lending – drive outward capital flows. Pull factors – illiberal host-country geopolitical strategies and access to European markets – shaped where and how that capital landed. And the alignment of the two sides created different network positions for these countries. Within this framework, illiberal governance was a pull factor that reduced friction for Chinese entry. We characterise the resulting positions with Schindler *et al*.'s (2024) network-centrality framework, which locates a state's strategic significance in its position within transnational networks rather than in its own economic strength.

In our research design, we compare Hungary and Serbia as politically similar yet institutionally distinct cases of Chinese engagement in Europe from 2013 to 2025, while developments in 2026 are discussed separately as post-period context for assessing the durability of the patterns we identify. Both were governed by regimes described as illiberal during this period, but they differed in one crucial respect: throughout this period, Hungary was an EU member and Serbia a candidate state. Our claim is thus related to the novel concept of illiberal hubs and gateways: illiberal governance shaped whether a third country integrated into Chinese-led economic networks as a gateway inside the EU, as in Hungary, or as a hub outside it, as in Serbia. These positions emerged bidirectionally: third countries chose how to adapt to great-power competition, while China selected partners fitting its expansion logic. We expect gateway positioning to attract higher value-added investment more slowly while preserving leverage through EU regulatory

embeddedness, and hub positioning to draw larger and faster but more extractive flows and deeper structural dependence (we revisit these expectations in the Conclusion).

The study makes three contributions. First, it refines the network-centrality perspective by distinguishing gateway and hub as institutionally differentiated, bidirectionally emergent forms of network positioning. Second, it theorises illiberal governance as a key pull factor and shows how it interacts with EU membership to shape third-country development strategies, generating different forms of leverage and dependence. Third, it offers a comparative multi-domain analysis of Chinese engagement across infrastructure, digital technology, production and finance through its push–pull frame. We do not aim to provide a fully fledged theory of all global-power–host-state economic relations; rather, we offer a focused comparison bounded by these two cases.

Theoretical framework

Network centrality

Across international political economy and geoeconomics scholarship, contemporary rivalry is increasingly understood as mediated through cross-border economic and infrastructural networks rather than through military confrontation or territorially bounded spheres (Farrell and Newman 2019, Petricevic and Teece 2019, De Graaff *et al*. 2020, Schindler *et al*. 2024). The COVID-19 pandemic and Russia's invasion of Ukraine accelerated this shift through disrupted global supply chains (Greco *et al*. 2023, Bednarski *et al*. 2025).

Schindler *et al*.'s (2024) network centrality framework provides an analytical foundation for understanding these global trends. It identifies four transnational networks in which the United States and China compete for centrality – infrastructure, digital, production and finance – and these four networks structure the case studies that follow. Based on that work, we conceptualise networks as structured patterns of relationships among states, firms and institutions, embedded in geopolitical power dynamics rather than purely economic or technological exchanges. Countries with high network centrality command bargaining power, access to resources and influence over flows of goods, capital and technology. This is especially relevant for third countries, whose strategic significance derives less from their aggregate economic capabilities than from their position within transnational networks.

Within Europe, this shift has reshaped debates on the EU's position in the global political economy, increasingly turning to geoeconomics, strategic autonomy and the geopolitical implications of economic governance (Babić *et al*. 2022, Blockmans 2022, Schmitz and Seidl 2023, Bauerle Danzman and Meunier 2024, Håkansson 2024). These debates intersect with a longer-standing literature on Europe's semi-periphery, where development strategies have historically relied on foreign direct investment (FDI), export dependence and externally anchored growth models (Bohle 2006, Ban and Adăscăliței 2022), and with more recent work reconfiguring such dependence through new industrial policies and shifting state strategies (Medve-Bálint and Éltető 2024, Truchlewski and Schelkle 2024).

Still, network centrality alone does not explain how positions are institutionally produced, stabilised or politically managed. States are not simply nodes in these networks

but politically mediated sites through which transnational economic networks are organised, negotiated and domestically integrated (Coe and Yeung 2015). The push and pull dynamics set out below supply the political-economic mechanisms that network centrality leaves implicit: push factors explain why Chinese capital sought intermediary positions in Europe, while pull factors explain how host states decided whether, on what terms and through which institutional channels that capital landed, and thus how they captured value, managed dependence and leveraged external engagement under uneven development.

Push and pull dynamics

We rely on the push–pull concept pair in international political economy to organise the argument. The international capital-flows literature separates push factors (external conditions driving outward flows) from pull factors (domestic conditions selecting which flows land and on what terms – Calvo *et al*. 1996, p. 127; Forbes and Warnock 2012, p. 241; Fratzscher 2012, p. 341). We apply this distinction to third-country positioning within Chinese-led economic networks, extending it beyond capital flows to state-steered foreign economic engagement, including infrastructure financing, digital and telecommunications partnerships, sovereign lending and resource-based investment. Push factors are broadly common across our cases; pull factors diverge with host-side interests and governance, with illiberalism, theorised below, as a key pull factor.

Third countries selected network positions available under their institutional constraints, but great powers also sought gateways and hubs that fit their logics of outward expansion. China's push factors – sectoral overcapacity, the state-coordinated 'going out' policy, and policy lending aligned with the Belt and Road Initiative (BRI) – generated demand for intermediary positions in Europe. One of these position types was the gateway, where Chinese capital could land inside EU regulatory perimeters and signal financial-market integration; another was the hub, where infrastructure debt, resource-based investment and surveillance technology could be concentrated without EU institutional friction (Nugent and Lu 2021).

Gateway status emerged only where push and pull factors aligned. EU membership created the regulatory perimeter a gateway position required, but did not, by itself, produce one – not every member state became a Chinese gateway. Hungary's pull-side conditions ('Eastern Opening', state aid for tariff-jumping FDI, dual-positioning leverage) met China's push-side demand in a way that Germany's did not. The hub-side logic was similar: not every non-EU European state became a Chinese hub; Serbia's pull-side conditions were what made it one. Hungary and Serbia are therefore best read in this period as the joint product of both the push and pull dynamics.

Gateways and hubs

Our main conceptual contribution distinguishes two forms of third-country integration into transnational economic networks: the gateway and the hub – political mechanisms, not descriptive labels, through which states derive strategic value from network positions. Gateway cities are intermediary locations linking hinterlands to wider regional or global markets (Burghardt 1971), and territories gain strategic value as intermediaries or

brokers within networks of trade, capital and knowledge (Coe and Yeung 2015, Scholvin *et al*. 2019, Martinus *et al*. 2021). We define a gateway as a state whose strategic significance lies in facilitating access to a larger, more highly regulated economic space: gateways translate insider access to a wider regulatory framework into brokerage advantages for foreign capital, a logic especially relevant for EU member states in the Single Market. The brokerage logic is Burghardt's; the mechanism, in our usage, is regulatory rather than locational.

The hub is less systematically theorised at the state scale but can be reconstructed from literatures on global production networks, logistics and financial geographies, which show how locations gain strategic importance by concentrating, coordinating and redistributing flows of goods, capital and infrastructure rather than by regulating access to a larger market (Coe and Yeung 2015, Martinus *et al*. 2021), and from global value-chain work on how governance and bargaining power are redistributed across the supply base (Gereffi 2014, p. 9). We define a hub as a state whose strategic value derives from hosting and coordinating concentrated flows of infrastructure, capital, production and connectivity, whether or not it offers formal market access to a larger regulatory space. Hub status depends on the state's ability to attract and stabilise such flows through infrastructure provision, sovereign commitments, governance coordination and state-mediated bargains with foreign firms and financiers.

Gateway and hub positions generate different forms of leverage and vulnerability. Gateway states derive leverage from controlled access: they attract external capital by offering entry into a larger institutional space, but remain dependent on the stability of that wider order. Hub states derive leverage from functional indispensability and/or cost-effectiveness in hosting and coordinating strategically important flows, offering favourable terms through host-state financial support (sovereign guarantees, state aid) and a regulatory environment laxer than the gateway alternative. The cost is deeper bilateral dependence, especially where integration is underpinned by sovereign borrowing, non-transparent contracting or concentrated external ownership.

The framework clarifies the comparative significance of EU membership. Hungary's EU embeddedness allowed it to serve as a gateway for Chinese production and investment into the Single Market; Serbia assumes a more hub-like role, hosting and coordinating infrastructure, industrial and financial projects outside the full regulatory discipline of the EU. As argued above, EU membership is necessary but not sufficient for the gateway role, and its absence for the hub: the comparison is not an inside/outside EU contrast but a distinction between two forms of network positioning that emerge bidirectionally, where third-country strategy meets great-power site selection.

Illiberalism as a key pull factor

Within this frame, we theorise regime illiberalism as a key pull factor: the central host-side condition shaping whether and on what terms Chinese economic engagement lands. We use the term in a narrower political-economic sense than the vast political science literature: centralised executive authority, weakened institutional constraints, selective governance practices, reduced transparency (Grzymala-Busse 2019, Scheiring 2020), together with the strategic politicisation of sovereignty claims that both our cases exhibit. In such regimes, external economic ties are shaped by domestic institutional arrangements,

state strategies and patron-client relations (Mingardi and Nanni 2022, Kowalski and Rekść 2023). In our cases, illiberal governance concentrated these arrangements in the executive, reducing the friction Chinese entry would otherwise encounter.

Substantively, illiberalism facilitated the domestic embedding of transnational economic networks by reducing political, legal and societal friction: illiberal nationalist governments were less constrained by human-rights, labour or environmental advocacy, civil-society scrutiny or commitment to the EU's collective interest, and could leverage their gateway/hub positions to benefit themselves and Chinese capital rather than the EU collectively. Studies of China's expanding economic engagement in Central and Eastern Europe – particularly since the Belt and Road Initiative and the 16 + 1/17 + 1 framework (Vangeli 2018, Vangeli and Pavlićević 2019, Karásková *et al*. 2020, Rogelja 2020) – have documented Chinese involvement across transport infrastructure, industrial production, digital and telecommunications projects and sovereign-backed finance.

In Hungary, these dynamics interwove with the 'Eastern Opening' policy and Chinese manufacturing and logistics investments (Gubik *et al*. 2020, Matura 2020, Szunomár 2020, Sebők *et al*. 2026); in Serbia, with state-steered infrastructure finance, industrial acquisitions and project-based bilateralism embedded in close government-to-government cooperation (Pavlićević 2019, Bastian 2020, Liu and Dixon 2022, Liu 2024). In both cases, centralised political authority and captured institutions have enabled governments to accelerate investment decisions, negotiate large-scale projects through executive channels, and selectively adapt legal and fiscal frameworks in support of foreign-led development strategies (Vučković and Đorđević 2019, Sebők and Simons 2022). As Polyák (2026) observed, autocratic regimes in Serbia and Hungary accepted high domestic political and environmental costs of Asian projects in the electric-vehicle (EV) sector in exchange for external geopolitical leverage and supply-chain centrality.

Illiberal governance also shaped who benefited domestically: gains were channelled through industrial policy, public procurement, bilateral agreements and preferential access for politically connected actors. Our theoretical framework thus combines into a single analytical claim: the similarities and differences of illiberal hubs and gateways in network centrality. Illiberal governance shaped whether a third country integrated into Chinese-led economic networks, while EU membership determined the form that integration took: Hungary as a gateway inside the Union, Serbia as a hub outside it. The gateway-relevant differences ran through these friction-reducing mechanisms rather than EU membership per se – the Discussion shows member states varying from restrictive to permissive within the same screening regime.

Empirical scope and comparative dimensions

Hungary and Serbia provide a useful comparative foundation for examining how Chinese-led economic networks were embedded under different political and institutional conditions in Europe. Hungary was a member of the European Union throughout the period, whereas Serbia remained outside it as a candidate state. This difference created variation in how Chinese engagement could be organised, negotiated and institutionalised. As an EU member state, Hungary operated within the legal, regulatory and market structures of the Single Market, which shaped both the opportunities and constraints of Chinese investment. Serbia, by contrast, enjoyed greater flexibility in organising

bilateral cooperation with China, particularly in sectors such as infrastructure, finance and digital governance, where EU regulatory discipline was less directly binding.

At the same time, the two cases share similarities that permit controlled comparison. In both countries, Chinese engagement has unfolded under illiberal governance marked by centralised executive discretion and state capture of economic policymaking, together with relatively high political willingness to cooperate with China. The comparison thus moves beyond a simple inside/outside EU distinction to examine how this shared pull factor interacts with different institutional environments to produce distinct forms of network positioning.

That shared pull factor entered through different institutional channels. In Hungary, under Orbán's 'illiberal democracy', executive discretion operated inside EU transparency regulations, state aid rules and competition law: the constraint limited how far the state could strengthen national control over strategic sectors, but membership simultaneously supplied the brokerage advantage – access to the Single Market – that made Hungary worth entering. In Serbia, the same discretion operated without those constraints, so Chinese involvement in infrastructure and digital security could be facilitated directly through non-transparent bilateral agreements and limited public scrutiny. What differed, therefore, was not the willingness to strengthen state control through Chinese partnerships, but the channel available for doing so – and, with it, what each position could yield.

Methodologically, the article relies on comparative qualitative analysis based on desk research. The study utilises secondary sources to explore the embedding of Chinese economic engagement across four domains: infrastructure, digital technology, production and finance. The empirical analysis combined information from international datasets, national statistical and policy sources, official agreements, and existing academic, policy and current literature. These materials were used to assess the scale, sectoral distribution and institutional forms of Chinese engagement, as well as the political-economic mechanisms through which it was organised and sustained. The aim, therefore, was to develop a structured comparative analysis that links empirical patterns to the proposed theoretical framework of gateway and hub forms of network positioning (with the online supplementary material providing additional sources for critical facts).

Chinese economic ties in Hungary and Serbia in four dimensions

After the fall of communism, Chinese-Hungarian ties developed gradually: a prime-ministerial-level trip to China in 2003, an agreement to expand the Bank of China's Budapest branch and a Hungarian-Chinese bilingual elementary school. Serbia signed a strategic partnership document in 2009 during President Boris Tadić's visit to Beijing: China supported Serbia's sovereignty, and Serbia committed to the 'One China' principle. The first major infrastructure project, Belgrade's Mihajlo Pupin Bridge (China Road and Bridge Corporation), was agreed that year and opened in 2014.

Economic ties between China and the Central and Eastern European (CEE) countries received a new impetus in 2013, when China announced the Belt and Road Initiative. Although the concept was regional, negotiations proceeded bilaterally, and Hungary and Serbia were arguably the only cases in the broader region with committed efforts

to intensify relations (Ghincea *et al*. 2021). China's approach to the CEE countries as a group also drew substantial 'suspicion, criticism, and competition' (Yang 2024).

Chinese investment in the CEE countries has since increased, with the largest FDI engagement in 2022 coming from the world's biggest battery producer, CATL, in Hungary. China and Hungary framed China–CEE cooperation as 'connectivity', governed by flexible soft-law mechanisms and extending beyond the economy into politics, youth, academic, sports, media and health cooperation (Yang 2024). Direct trade showed a large deficit for both Hungary and Serbia, although many Hungarian exports to Germany, an 'intermediate', ultimately reached China. Net FDI inward stock from China has risen sharply in both countries since the early 2020s, making both country-period pairs ripe for detailed comparative analysis.

We organise the analysis across the four networks identified by Schindler *et al*. (2024). Table 1 consolidates the factual inventory – projects, firms, investment values and dates – for both countries across these networks. It is not an exhaustive list of Chinese engagement: it records the engagements on which the case narratives draw, selected by disclosed value where deals were priced, chiefly in infrastructure and production, and by institutional significance where engagements took the form of agreements, first-of-their-kind arrangements or policy instruments, mainly in digital technology and finance. Table 2 then classifies that material through the push-and-pull framework set out above, listing, for each domain, the China-side push drivers and the host-side pull incentives behind those projects and agreements. The following case narratives, therefore, analyse, based on the tables, how push factors and, above all, the pull of illiberal governance shaped each network into a gateway in Hungary and a hub in Serbia.

Hungary

Across the four networks, the China-side push was broadly constant: sectoral overcapacity, the state-coordinated 'going out' policy and BRI-aligned lending in search of European outlets. What shaped the Hungarian outcome was the host-side pull – an illiberal government exercising centralised executive discretion over procurement, permitting and enforcement, joined to the interests that flowed from EU membership. Each network accordingly took a gateway form, channelling Chinese access into the Single Market from inside the EU's institutional framework (see Table 2).

Infrastructure

The Budapest–Belgrade railway (Rogers 2019, Szabó and Jelinek 2023) shows how BRI-aligned lending found its EU entry point. As part of the China–Europe Land-Sea Express Route, the line was designed to cut transit times for freight from Piraeus to Western Europe – infrastructure whose logic is transit through Hungary rather than capacity built for it. The pull side supplied the discretion such a project required: procurement ran in successive rounds at ever-increasing cost, the winning consortium's Hungarian partner belonged to a conglomerate tied to PM Orbán's circle, and the terms of the Chinese loan were classified (Éltető *et al*. 2024, p. 13). Yet the gateway remained disciplined by the framework it served: Chinese contractors struggled to meet EU safety standards even after freight traffic began. Further agreements followed President Xi Jinping's 2024 visit (Table 1).

Table 1. Chinese engagement in Hungary and Serbia.

Network	Hungary	Serbia
Infrastructure	• Budapest–Belgrade railway: memorandum (2014) and contract (2015); CRE consortium of China Railway Group Limited (50%) and an Opus Global subsidiary (50%) won the tender (2019); USD 1.855 bn Chinese loan over 20 years at 2.5% (2020); Hungarian-section freight service opened (early 2026) • Agreements on a rail freight line around Budapest, an airport rail link and nuclear energy, signed during Xi Jinping's state visit (May 2024) • Defence train transports assigned to a China-linked company (May 2025)	• Belgrade–Budapest high-speed railway: memorandum (2014) and agreement (2015); construction of the Belgrade–Stara Pazova section by China Communications Construction Company with China Railway International began (November 2017) • Corridor 11 highways, Fruška Gora corridor, Belgrade bypass and Kostolac Thermal Power Plant expansion: together c. USD 2.5 bn, mostly EPC+F (85% Chinese loan, 15% Serbian budget) • Belgrade metro Lot 2: PowerChina, €720 m, financed from the Serbian budget (2024) • About 30 cooperation agreements signed during Xi Jinping's state visit (May 2024)
Digital	• Huawei 5G network: announced (November 2019), adopted only by Vodafone (now One) • Huawei–4iG cooperation (2024–2025) • BRIDGE Project linking the payment infrastructures of Macau Pass Group Holdings and Cardnet Group (November 2024) • Extensive ZTE presence: phones, smart home devices, AI and 5G infrastructure • Fiberhome subsidiary's fibreglass cable plant opened (March 2025)	• Economic and technical cooperation agreement (2009) • Huawei–Telekom Srbija agreement: €150 m (2016) • Safe City project: 1,000 facial-recognition cameras in Belgrade • Huawei Innovation and Development Center in Belgrade (2020) and contributions to the National Data Center: AI platforms and cloud infrastructure • Satellite and space research agreements signed during Xi Jinping's state visit (May 2024) • No restrictions on Huawei despite the Washington Agreement (2020)
Production	• BYD plant: 300,000 EVs a year in the long run; European headquarters relocating to Budapest with c. 2,000 jobs (announced 2025) • Chinese EV-battery investments: €12 bn by 2025, led by CATL (€7.3 bn, Debrecen), plus EVE Power, Sunwoda, Huayou Cobalt/Bamo, Semcorp and KunlunChem • Government target of 250 GWh yearly battery capacity by 2030 • Battery-sector state aid: 2% of GDP (2025) • South Korean Samsung SDI and SK On operating since 2018	• Zijin Mining purchase of 63% of RTB Bor: USD 1.26 bn, plus USD 200 m debt repayment and 5,000 jobs preserved (2018) • HBIS Group purchase of Smederevo Steel Plant: €46 m (2016) • Linglong Tire plant in Zrenjanin: Shandong Linglong, c. €800 m • Minth Holding memorandum for Inđija and Belgrade: €870 m over ten years, 2,200 jobs (November 2024)
Finance	• Bank of China: subsidiary (2003), branch (2014), designated RMB clearing bank (2015) • MNB Chinese-currency bond portfolio (announced 2015) • Panda bonds: RMB 1 bn, €130 m (July 2017); green panda bonds of RMB 1 bn (2021) and RMB 2 bn (2022); RMB 5 bn issue (2025) • Residency bonds granting 10-year permits for €300,000 (2013–2017) • Guest investor permit: €250,000 in investment certificates or a €1 m donation (2024)	• Export-Import Bank of China infrastructure loans under sovereign guarantees • Serbia's debt to China: up from €305 m to €3.7 bn in a decade, over 8% of external debt (2023) • NBS–PBOC memorandum on RMB clearing (December 2023) • Bank of China Serbia's first cross-border RMB remittance: c. RMB 2 m (USD 281,349) for the HBIS-owned Smederevo Steel Plant (by June 2024) • Free trade agreement with China (2023)

Source: Compiled by the authors. This table is reproduced with background sources as Table A3 in the online supplementary material, where each entry is keyed to the numbered Sources list. Amounts are given in the currency reported by the sources; dates refer to announcement, signing or opening.

Table 2. Push and pull drivers by network.

Domain	Dimension	Hungary Illiberal gateway (EU member)	Serbia Illiberal hub (EU candidate)
Infrastructure	Push	Containerised freight from Piraeus to Western Europe: Budapest–Belgrade high-speed railway upgrade Outlet for Chinese construction-sector overcapacity: CRE consortium contract (China Railway Group + Opus Global, 2019); further rail and nuclear deals during Xi's 2024 visit	Securing the Western Balkans leg of the China–Europe Land-Sea Express: Mihajlo Pupin Bridge and Belgrade–Stara Pazova high-speed railway (China Road and Bridge Corporation; China Railway International) Channelling state-construction overcapacity outward: Corridor 11, Kostolac power plant and Belgrade bypass under the 85% Chinese loan / 15% state-budget structure
	Pull	Symbolic dividend of the 'Eastern Opening' and bargaining leverage vis-à-vis Brussels: Hungarian acceptance of classified loan terms and EU-non-compliant procurement on the Budapest–Belgrade railway Economic dividends for Orbán-affiliated capital: Opus Global's 50% stake in the CRE railway-construction consortium	Renewing transport infrastructure without EU pre-accession constraints: sovereign-guaranteed Chinese loans on non-competitive terms (Belgrade bypass, Corridor 11, Kostolac plant) Demonstrative alignment with Beijing: 'community with a common future' framework signed during Xi's 2024 visit
Digital	Push	Central European base for Huawei outside Western 5G bans: Hungary-wide logistics, manufacturing and R&D footprint Exporting Chinese smart-city and digital-payments standards into the Single Market: Fiberhome fibre-cable plant (2025) Extending Chinese (Alipay-linked) payment rails into the EU retail market: Cardnet–Macau Pass BRIDGE alliance serving Chinese tourists and expatriates in the EU (2024)	Flagship export market for Huawei surveillance technology: Safe City Belgrade rollout with 1,000 facial-recognition cameras Showcasing Digital Silk Road cooperation: Huawei Innovation and Development Center and National Data Center AI/cloud platform (2020); satellite-cooperation agreements during Xi's 2024 visit
	Pull	Maintaining open Huawei cooperation against EU pressure: 2024–2025 partnership with 4iG; regular Hungarian State Secretary–Chinese National Data Administration dialogue	Surveillance and executive-control tools as a political asset: retention of Huawei facial-recognition infrastructure despite 2022 public outcry and the withdrawn biometric-surveillance law, as well as going against the 2020 Washington Agreement on 'untrusted vendors'
Production	Push	Tariff-jumping ahead of the 2024 EU electric-vehicle tariffs: CATL €7.3 bn battery plant in Debrecen; BYD's 2025 commitment to relocate its European headquarters from the Netherlands to Budapest Reducing Chinese battery-sector overcapacity through Central European production and sale: cluster of secondary cell, separator, cathode and electrolyte investments (EVE Power, Sunwoda, Huayou Cobalt/Bamo, Semcorp, KunlunChem)	Securing copper and lithium supply for Chinese industrial chains: Zijin Mining's USD 1.26 bn acquisition of a 63% stake in the RTB Bor copper complex Reviving Chinese steel production abroad: HBIS Group's purchase of the Smederevo steel plant (€46 m, 2016); subsequent Linglong tyre and Minth Holding electric-vehicle supply-chain plants
	Pull	Single-market access plus battery-sector state aid (c. 2% of GDP): battery cluster in Debrecen and the eastern counties targeting German automakers Job creation in lagging eastern regions plus low labour costs: Hungary's stated target of becoming Europe's largest electric-vehicle-battery producer by 2030	Industrial revival of post-socialist heavy industry: Smederevo steel turnaround under HBIS; RTB Bor copper smelter returns to profitability Strategic geopolitical leverage from Jadar-valley lithium: resource simultaneously attracting Chinese partners and Western offers (Rio Tinto)
Finance	Push	Building a renminbi-clearing node inside the EU: Bank of China Budapest designated as RMB clearing bank (2015) Recruiting a credible EU-anchored sovereign issuer to deepen renminbi	Lender-of-last-resort role for Chinese policy banks: Serbia's total debt to China growing from €305 m to €3.7 bn over the decade, most of it owed to the Export-Import Bank of China

(*Continued*)

Table 2. Continued.

Domain	Dimension	Hungary Illiberal gateway (EU member)	Serbia Illiberal hub (EU candidate)
		internationalisation: cumulative Hungarian panda-bond issuance of more than RMB 9 bn since 2017	Building cross-border renminbi clearing infrastructure: NBS–PBOC clearing memorandum of understanding (2023); first Bank of China Serbia cross-border RMB remittance (by June 2024)
	Pull	Diversifying away from euro and dollar reserves: MNB renminbi-denominated bond-portfolio strategy Symbolic statecraft of dual positioning between Brussels and Beijing: green panda-bond issuance marketed alongside continued EU funding eligibility	Funding flagship infrastructure outside EU conditionality: reliance on Chinese sovereign-guaranteed loans across Corridor 11, Belgrade bypass and Kostolac power plant Executive-level financial diplomacy without parliamentary review: central-bank renminbi-clearing MoU (NBS–PBOC, 2023) and credit facilities concluded through Vučić–Xi executive channels (2023–2024)

Source: Compiled by the authors, drawing on the engagements listed in Table 1.

Digital

In the digital network, the push came from Chinese telecommunications champions expanding abroad; the pull, from an executive prepared to disregard the global controversies surrounding Huawei: the Orbán administration announced that the firm would build a 5G network in Hungary (Éltető *et al*. 2024). Discretion had limits – Magyar Telekom and Yettel chose Ericsson and Nokia under US pressure – so the government deepened Huawei's ties with a government-friendly aspirant national champion and cultivated affinity with Chinese data governance directly, from the procurement of Chinese surveillance software to regular exchanges between the State Secretary for Technology and the Chinese National Data Administration. The gateway form is most explicit in the payments alliance designed to connect Asian mobile payment systems to European contactless networks: Chinese digital infrastructure entering Europe through a Hungarian door, with other Chinese digital vendors following the same route.

Production

Production is where push and pull interlocked most tightly. EU tariffs on Chinese EVs induced tariff-jumping FDI, and Hungary's membership offered the advantages of an inside position: single-market access, EU funds and public procurement (Éltető *et al*. 2024). The pull was actively manufactured – relatively cheap qualified labour, low corporate taxes and state aid to the battery sector – and secured through strategic exemption: authorities disclosed Halms Hungary's hazardous pollution only months later and fined it €5,000, and official denials of releases at Semcorp and CATL were contradicted by independent laboratory tests. The resulting concentration of Chinese battery and vehicle production is a gateway that exports to Germany while, apart from mining, the battery supply chain remained under Asian control, with Chinese firms operating with their own suppliers.

Finance

Finance reveals the gateway's monetary dimension. Beijing's push was renminbi internationalisation, for which a credible EU-anchored sovereign issuer was a prize; Hungary's

pull was an executive and central bank eager to supply one. Clearing-bank status and a Chinese currency portfolio at the Magyar Nemzeti Bank (MNB) supplied the monetary architecture, and the central bank supported the yuan-denominated issuance that followed: Hungary issued its first panda bonds (Éltető *et al*. 2024, p. 17), then green issues, then its largest onshore placement – even as it continued to draw EU funds. The same logic of selling inside-EU access ran through migration policy: residency bonds granted well-off Chinese nationals long-term permits (Nyíri and Beck 2020), and Chinese interest followed the later guest investor permit. In each instance, Hungary marketed its position within the EU for its own gain.

Serbia

Across the four networks consolidated in Table 1, the China-side push factors were broadly the same as those operating elsewhere in Europe: sectoral overcapacity, the state-coordinated 'going out' policy and BRI-aligned lending. What distinguished Serbia was the pull. Illiberal governance – bilateral deal-making conducted through centralised executive channels, outside EU procurement and state-aid disciplines – combined with an accession-candidate position that kept EU leverage prospective rather than binding, lowered the friction of Chinese entry. The result in each network was a hub form: a deep, self-contained accumulation of Chinese economic presence outside the EU's institutional framework.

Infrastructure

The Serbian section of the Belgrade–Budapest railway shows the same BRI-aligned push meeting the opposite pull. Where the Hungarian section was disciplined by EU procurement law, Serbia's was concluded bilaterally at the executive level under sovereign guarantee, often without competitive bidding or environmental assessment. That latitude generalises across the projects listed in Table 1: most followed the engineering, procurement, construction and financing (EPC + F) model, tying finance to contracts with Chinese state-owned enterprises (Liu and Dixon 2022) in what Liu (2024) characterises as a 'finance-sensitive' engagement, where financing, implementation and state coordination intertwine, increasing debt exposure and limiting competitive procurement.

The same freedom from EU procurement disciplines produced the agreements signed during Xi Jinping's 2024 visit, which made Serbia the first European country to formalise a common-future relationship with China while potentially complicating its EU ambitions. Connectivity accordingly accumulated within Serbia rather than easing access to a wider market: the defining mark of a hub.

Digital

In the digital realm, Huawei acted as the central corporate actor. From telecommunications supply, cooperation extended to municipal surveillance (Table 1). Even after public outrage forced the withdrawal of a proposed 2022 biometric-surveillance law, monitoring technologies remained in use, and Huawei continued to supply Serbia's information and communications technology (ICT) and security industries (Haxhixhemajli 2025, p. 11). Chinese technology was then embedded in the state's own data and computing infrastructure and, after the 2024 visit, in new strategic domains (Haxhixhemajli

2025, p. 10). That no restrictions were imposed on Huawei despite Serbia's Washington Agreement commitment to exclude 'untrusted vendors' (Haxhixhemajli 2025) captures the pull precisely: executive discretion overrode an external commitment, and sensitive government data came to be processed or hosted through Chinese-backed platforms. This created a self-contained regional digital hub for Chinese interests, built outside the constraints EU membership would have imposed.

Production

Production shows the push factors most explicitly: securing vital raw materials for international supply chains and inputs for China's electric-vehicle battery market, including the lithium reserves that made Serbia a focal point of geopolitical contest between the West and China. The transactions listed in Table 1 gave Chinese capital ownership of strategic assets in mining (Bastian 2020, p. 20) and steel (Zweers *et al*. 2020, p. 13), while new manufacturing capacity extended the pattern into automotive and EV supply networks (Stojanović-Višić *et al*. 2023). The pull combined a tax and regulatory environment more flexible than EU members could offer with tariff-advantaged access through free trade agreements with the EU, the European Free Trade Association (EFTA) and the Central European Free Trade Agreement (CEFTA), positioning Serbia as a low-cost manufacturing hub close to European markets. The developmental costs of this depth surfaced domestically: mining pollution (Vujović *et al*. 2026), temporary migrant labour arrangements (Liu 2025) and public protests against the unregulated terms of Chinese production investment.

Finance

Finance bound the other networks together and displayed the hub logic most clearly. On the push side, Chinese state lending financed infrastructure under sovereign guarantees borne by the Serbian state, and Serbia's debt to China accumulated across the decade; on the pull side, executive-channel contracting without parliamentary review, outside EU regulatory frameworks, raised EU concerns about long-term financial sustainability and regulatory alignment.

Monetary integration followed: the free trade agreement with China facilitated integration into China's global value chains (Jovičić and Marjanović 2024), while a central-bank memorandum on establishing renminbi (RMB) clearing was followed by a first cross-border settlement on behalf of Chinese-owned industry in Serbia (Table 1). The hub position offered capital, modernisation and employment on terms unavailable inside the EU; it foreclosed competitive procurement, regulatory alignment and, potentially, the accession that would convert Serbia from hub to gateway.

Discussion

This analysis shows that Hungary and Serbia occupied qualitatively different positions in Chinese-led economic networks: the divergence lies on the pull side of push-and-pull dynamics. Hungary's trajectory reflected selective intermediation: EU membership made it a regulated entry point into the Single Market, attracting Chinese investment in manufacturing and high-value-added sectors while retaining leverage through regulatory embeddedness – openness to Chinese capital combined with reliance on EU funds

and markets. Serbia's trajectory reflected concentrated dependence: an accession candidate outside the Single Market, it served as a hub for Chinese flows into infrastructure, extractive and heavy-industry sectors, accepting sovereign-backed financing in the absence of EU regulatory embeddedness.

Each position offered distinct returns and foreclosed distinct options. The gateway delivered higher value-added engagement – electric-vehicle manufacturing, R&D and financial services – with the premium of producing inside the EU customs union, EU funds stacked on national state aid and financial-services capture through the 2015 RMB clearing bank and roughly RMB 9 bn in panda bonds. What it foreclosed was speed and scale: EU compliance and competitive procurement slowed deployment, and Chinese capital remained mid-tier, though rising in absolute and GDP terms. Structural dependence stayed lower, and EU and NATO membership left the exit option intact: because Hungary retained alternative sources of capital, market access and security guarantees, Chinese engagement could be scaled back without leaving the country exposed.

The hub inverted this profile. Serbia derived its strategic value not from facilitating access to a regulated market but from hosting and coordinating infrastructure, industrial and financial flows within Chinese-led networks: extractive and infrastructure investment in mining, steel and transport, sovereign-backed loans around 5 Per cent of GDP and project-based bilateral arrangements concluded faster and more flexibly than EU conditionality would allow. This hub-type accumulation foreclosed autonomy. Without the gateway advantages of tariff-jumping access to the Single Market, EU funds that could be combined with state aid, or a designated RMB-clearing bank, engagement ran through sovereign borrowing and Chinese ownership of legacy SOEs – RTB Bor, Smederevo – producing closer alignment with China and a more limited exit option.

Despite their different institutional positions, both maintained close political relations with China – illiberal cooperation in the sense used by Mingardi and Nanni (2022) and Kowalski and Rekść (2023). Orbán made Hungary China's most reliable EU ally; Aleksandar Vučić embraced China as Serbia's essential economic partner through the Belt and Road Initiative; and the Belgrade–Budapest high-speed railway placed both states at strategic nodes within China's expanding European network. Yet the railway exposed the institutional divide: Serbia advanced its section through bilateral agreements, often without competitive bidding or environmental assessment; the Hungarian section's pace remained constrained until the EU recognised the Chinese-built safety system.

That divide over a single railway reflects the broader pattern, and it cannot be reduced to the EU/non-EU distinction: what separated the two cases was the interaction of institutional embeddedness with domestic political structures. Illiberal governance acted as a key pull factor, since centralised executive authority and politicised economic governance enabled both governments to negotiate, implement and stabilise Chinese engagement in ways more difficult in pluralistic settings – mediated in Hungary by EU constraints, in Serbia by their absence.

Hungary's substantive, unconditional state aids, tailor-made regulations, 10-year classification of the railway loan's terms and Huawei digital partnership running through the Orbán-aligned 4iG illustrate this, as does Serbia's EPC + F bundling, routing infrastructure construction to Chinese state-owned enterprises without competitive tender. Engagement in both followed a sequence rather than four parallel tracks:

infrastructure lending opened the relationship, digital partnerships followed through Huawei and 4iG in Hungary and the Safe City rollout in Serbia, manufacturing arrived with the battery cluster and the Zijin and HBIS acquisitions, and finance consolidated the whole through panda bonds and sovereign-guaranteed lending.

As the railway showed, EU rules could slow delivery; what they could not do was block the transactions themselves. EU FDI screening targets China-related concerns, but the Commission cannot prohibit transactions or impose binding conditions even when EU interests are at stake (European Court of Auditors 2023 – the 2026 revision broadened coverage without creating a prohibition power). What marks an illiberal gateway is thus not formal EU membership but the friction-reducing mechanisms illiberal governance makes available: within the same screening regime, member states ranged from restrictive to selectively open – Huawei alone drew a ban, an approved entry and an executive-brokered partnership – with Hungary anchoring the actively permissive end.[1]

On the evidence presented here, the gateway is the developmentally more advantageous position. Hungary secured a higher value-added investment mix, stacked subsidies and financial-services functions while keeping the leverage and exit options of EU membership. Serbia obtained speed and volume at the price of an extractive investment profile, sovereign-guaranteed debt and legacy industrial assets passing into Chinese ownership. The hub accumulates dependence as it accumulates capital; the gateway converts institutional embeddedness into bargaining power, even as illiberal governance strips away the friction embeddedness would otherwise impose on Chinese entry.

For a Europe adrift between the United States and China, the meaning of these positions is uncomfortable. The illiberal gateway routes Chinese capital into the Single Market through the member state most willing to lower its regulatory guard; the illiberal hub anchors Chinese networks in the accession space the Union regards as its own. In both, alignment runs through economic connectivity rather than political commitment, and this is exactly the channel EU instruments are less equipped to police. The Union can neither block these deals inside its own membership nor finish bringing in the candidate states at its edge. Europe is adrift, then, not because it has no direction, but because its least liberal governments have chosen to set their own course.

Conclusion

This article examined how global network centrality competition manifested in Hungary and Serbia through a push–pull frame whose key pull factor is illiberal governance. Our comparison showed that Chinese push factors were broadly common across cases, while host-side pull conditions diverged along EU membership, embedding Chinese investments differently in EU and non-EU contexts: gateway and hub positions emerged where push and pull aligned bidirectionally with host-state and Chinese interests. Findings revealed interrelated patterns of engagement, especially in Serbia, extending from infrastructure into digital partnerships, manufacturing and financial integration.

Hungary's 'illiberal gateway' and Serbia's 'illiberal hub' illustrated two pathways for economically vulnerable third countries navigating great-power competition. In the Introduction, we hypothesised that the two positions would carry different developmental consequences, and the evidence broadly bears that out. The gateway proved the more advantageous of the two. But both countries used their location and their political

alignment to capture gains for themselves and for Chinese capital rather than for the EU as a whole, and both ended up with lopsided dependencies that narrowed their own room for manoeuvre and entrenched illiberal rule.

Dependence nonetheless compounded across domains, and did so most severely in the hub: sovereign debt from infrastructure, surveillance capacity from digital partnerships, extractive ownership from production and policy exposure from sovereign-guaranteed lending accumulated in Serbia, whereas Hungary's ran through the narrower channel of a single manufacturing cluster. In both, the effect reinforced rather than challenged core–periphery relations within the international division of labour.

Our research made three contributions to the network-centrality literature. First, the push–pull frame, with illiberal governance as its key pull factor, shows that gateway and hub positions emerged bidirectionally: third countries chose how to adapt, while China selected partners fitting its expansion logic. Second, EU membership was necessary but not sufficient for the specific gateway position identified here – access to the Single Market from within the EU's regulatory perimeter – and its absence was likewise necessary but not sufficient for the hub role. Third, examining all four domains simultaneously reveals how dependencies in one area reinforce vulnerabilities in others, creating feedback loops that constrain policy options. Despite these generalisable ideas, we did not aim to provide a fully fledged theory of all global-power–host-state economic relations: our claims remain bounded by the paired comparison of two illiberal European semi-peripheries.

Our final remarks concern the period after the timeframe investigated in the present article. Our analysis does not capture the effects of Donald Trump's second presidency: his return in January 2025 and steeper tariffs on China reshaped the landscape, and as US–China competition sharpened, Hungary's and Serbia's balancing act became more difficult to sustain. Amid the geopolitical fragmentation of global production networks, in-between states buy capital and speed with autonomy. This is 'Europe Adrift': a fragmented institutional landscape, not a unified response. It turns China's expansion from bilateral influence into internal European differentiation, with peripheral positions inside and outside the EU generating distinct but complementary pathways for Chinese networks.

The April 2026 Hungarian election – Péter Magyar's Tisza party defeating Fidesz and ending Orbán's tenure – also falls just beyond the 2013–2025 window but poses the framework's question: what becomes of a gateway when the illiberal facilitator that built it is removed by electoral defeat? We argue that its structural conditions – EU membership, the incumbent EV-battery cluster and established Chinese supplier ties – persist. Political management, however, may change – the pace and terms of new deals and the distribution of gains. How the post-Fidesz government renegotiates the status quo will test the illiberal pull-factor theory.

Note

1. Under the EU screening regime (Regulation 2019/452), Spain was a liberal gateway: it approved the 2017 COSCO Noatum-ports acquisition and Huawei's 5G entry yet vetoed the Hungarian Ganz-Mavag bid for Talgo and tied CATL's support to a Stellantis joint venture in Zaragoza. The Chinese firm Chery had a Barcelona joint venture, and SAIC

announced a Galicia plant in June 2026. Germany (the 2018 Leifeld Metal Spinning case, the first Chinese FDI prohibition authorised under expanded rules; the reduced COSCO Hamburg port stake) and Sweden (the 2020 Huawei/ZTE 5G ban, upheld in 2022) were non-gateways. Hungary's illiberalism, therefore, produced a non-standard, permissive application, accelerating 'network contagion' for Chinese interests across domains.

Acknowledgements

We thank Zoé Baumgartner and Anna Takács for their research assistance. We also greatly appreciate the reviewers' comments, as well as those from Imogen Liu, Seth Schindler, and the participants in the workshops organised by the CHERN research network and EISA.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This work was supported by the Hungarian Academy of Sciences under the V-Shift Momentum (Lendület) Project [LP2023-16/2023]; the National Research, Development and Innovation Office under the National Research Excellence Programme [151324]; and the Ministry of Science, Technological Development and Innovation of the Republic of Serbia [451-03-33/2026-03].

Data availability statement

The data that support the findings of this study are available in the online supplementary material of this article.

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