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EU VS. CHINA: BATTLE FOR TRADE AND INVESTMENTS WITHIN A SMALL OPEN ECONOMY

Filip Ž. BUGARČIĆ [1]✉, Sanja FILIPOVIĆ [2], Katarina ZAKIĆ [3]

[1]*Faculty of Economics, University of Kragujevac, Kragujevac, Serbia*
[2]*Institute of Social Sciences, Singidunum University, Belgrade, Serbia*
[3]*Institute of International Politics and Economics, Belgrade, Serbia*

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Abstract. *Purpose* – Small open economies face various economic challenges that require different institutional solutions. This study presents a quantitative analysis of data collected through a Delphi survey, examining the current state and potential trends in Serbia's relations with the EU and China. The research offers insights into how a small economy, such as Serbia, might strategically plan its development by implementing experts' opinions.

Research methodology – Delphi analysis was employed as the primary methodological tool. It provided experts' opinions about Serbia's position vis-à-vis the EU and China regarding foreign direct investments and trade flows.

Findings – Experts believe Serbia will maintain cooperation with both the EU and China but are more optimistic related to economic relations with China. While the EU remains an important partner, stronger economic ties with China are unlikely to diminish the EU's role.

Research limitations – Conducting the Delphi survey online introduced constraints, namely differences between online and in-person opinions, a limited number of questions given to experts, time restrictions, and the scarcity of publicly available data for expert analysis.

Practical implications – Survey findings could be used by relevant Government bodies and institutions to formulate policies or scenarios for emergency situations.

Originality/Value – This type of survey was not conducted in Serbia before, nor were there other relevant papers that could be used to compare the results, which testifies to its originality.

Keywords: European Union (EU), China, Serbia, trade, investments.

JEL Classification: F10, F21, F41.

✉Corresponding author. E-mail: *f.bugarcic@kg.ac.rs*

1. Introduction

In international economics, the term small open economy refers to a country that participates actively in international trade yet lacks the ability to influence world prices, taking them instead as exogenously given. Because they generally possess limited domestic resources, small open economies depend heavily on Foreign Direct Investment (FDI) and other forms of foreign capital inflows. As a result, they are rarely able to define their economic objectives independently of the countries that constitute their key economic partners – those with which they maintain the most developed trade relations and from which they receive the largest inflows of FDI.

Given these characteristics, the Republic of Serbia (Serbia) represents a classic example of a small open economy. Serbia takes world prices as given, relies substantially on international

trade, and depends significantly on FDI. In response to these structural conditions, Serbia has pursued a four-pillar foreign policy with its main strategic partners – the European Union (EU), the People's Republic of China (China), the United States (US), and the Russian Federation (Russia). The objective of this approach is to secure a unique position that combines, on the one hand, the aspiration to accede to the EU and, on the other, the preservation of military neutrality. Although this multi-vector foreign policy provides Serbia with a certain degree of strategic flexibility (Stekić, 2024), it becomes exceedingly challenging when external partners hold conflicting geopolitical or economic objectives (Vučković & Radeljić, 2024). This dynamic is evident in the current situation, where the US has imposed sanctions on Serbia's only oil company and refinery, directly undermining the country's energy security, while the EU conditions Serbia's accession progress on the imposition of sanctions against Russia and full alignment with EU foreign policy.

In economic terms, the EU and China are Serbia's most important partners. In the structure of Serbia's total merchandise trade in 2024, the EU accounted for 59 %, while China ranked as the second most significant foreign trade partner. Although China's overall share in Serbia's trade (7%) remains far below that of the EU, Serbian exports to China have increased more than 270-fold since 2010, whereas exports to the EU have quadrupled. Over the same period, imports from China rose more than fivefold, while imports from the EU tripled. Despite the dramatic rise in exports to China, approximately 91% of these exports consist of ores, concentrates, and processed copper, while Serbia imports technologically more advanced products from China. Consequently, Serbia records its largest trade deficit with China (36% of the total deficit), and this deficit is on an upward trajectory. Following the entry into force of the Free Trade Arrangement between Serbia and China on 1 July 2024, further growth in bilateral trade is expected. Although accession to the EU would automatically require Serbia to terminate its trade agreement with China, it should be noted that Serbia became an EU candidate country in 2013, yet in recent years, the accession process has not only slowed considerably, but public support for EU membership has also declined to a historic low of just 33% (European Commission, 2025).

Cumulatively, since 2010, Serbia has received approximately three times more FDI from the EU than from China. Nevertheless, inflows of Chinese FDI have increased markedly following the signing of the Comprehensive Partnership Agreement in 2016 (Šekarić, 2020). Moreover, in both 2022 and 2024, the volume of FDI inflows from China and the EU was nearly identical (National Bank of Serbia, n.d.). Whereas EU investments have been concentrated primarily in manufacturing, finance and insurance, and trade, Chinese FDI has been directed predominantly toward the metallurgical and automotive industry (Filipović & Zakić, 2025).

According to the China Global Investment Tracker (American Enterprise Institute, n.d.), a database founded by the American Enterprise Institute and the Heritage Foundation, from 2014 to 2024, China invested $199.23 billion worth of FDI, which does not include construction projects that are mainly financed by Chinese banks. Out of all EU members, Germany received the most investments ($48.35 billion), followed by France ($25.95 billion), Italy ($22.91 billion), the Netherlands ($19.28 billion), Finland ($17.35 billion), and Sweden ($13.44 billion). Serbia, with $5.76 billion in investments, differs from many other EU members, which don't have such high levels of Chinese investments, indicating its strong economic ties with China.

CGIT database indicates that most of the Chinese investment went into transportation ($62.83 billion), technology ($21.21 billion), energy ($19.85 billion), finance ($18.48 billion), and the entertainment sector ($14.91 billion).

The recent increase in trade volume and particularly the rising inflow of Chinese FDI indicate an evolving hierarchy of Serbia's key economic partners. The aim of this research is to assess Serbia's position as a small open economy vis-à-vis the EU and China, in order to understand the structure and dynamics of its trade and investment relations and to anticipate future developments. The central question is where a small open economy, such as Serbia, is situated between the EU and China with respect to foreign trade and investment flows. What are the future trends in economic cooperation with the EU and China, both in terms of opportunities and challenges, that can impact Serbian economic prospects?

The remainder of this paper is structured as follows. The Section 2 provides a literature review with particular emphasis on empirical studies that have examined the role of trade openness and FDI in the economic development of small open economies. Section 3 describes in detail the procedures and methodological aspects of the Delphi technique, as well as the data and sample used in the empirical analysis. Section 4 presents the results of the Delphi analysis, while the last section includes discussion and concluding remarks.

2. Literature review

In the economic literature, the position of small open economies has been examined from various perspectives, such as the design of optimal trade policy (Demidova & Rodríguez-Clare, 2009; Haaland & Venables, 2016), the dependence of small open economies on FDI (Kristjánsdóttir, 2013; Kravtsova, 2008; Oladipo, 2010), the effects of external shocks on small open economies (Aastveit et al., 2016; Demidova & Rodríguez-Clare, 2013; Justiniano & Preston, 2010a), the formulation of monetary policy (Cushman & Zha, 1997; De Paoli, 2009; Galí & Monacelli, 2005; Justiniano & Preston, 2010b), and optimal industrial policy (Bartelme et al., 2019).

Beginning with the theory of comparative advantage, which posits that production and international trade based on relatively low opportunity costs lead countries to use their resources more efficiently (Costinot, 2009; Costinot & Donaldson, 2012; Schumacher, 2013), and continuing with the first structural model – the Heckscher-Ohlin framework, which argues that differences in comparative advantage arise from differences in factor abundance and the factor intensity of goods – various extensions have been developed (Kunroo & Ahmad, 2023). In recent years, the effects of operational efficiency in trade, particularly the quality of logistics performance, have attracted growing scholarly and policy attention as a critical determinant of international trade flows. The effectiveness of national logistics systems represents a pivotal factor not only in facilitating and expanding cross-border trade at the country level (Zaninović & Bugarčić, 2023), but also in enhancing the competitive position of individual firms in international markets (Bugarčić et al., 2024).

Building on these theoretical foundations, a large body of empirical research has emerged. While some studies find a positive relationship between trade openness and economic growth

(Khamphengvong et al., 2017; Tahir & Khan, 2014), others report negative effects (Adhikary, 2011). Grossman and Helpman (1991) show that trade openness facilitates the transfer of new technologies, enabling technological progress and productivity improvements. Dollar and Kraay (2003) found that liberalisation positively affects growth, while Gasiorek et al. (2019) show that increased competition stimulates domestic firms to specialise and raise productivity (Liu et al., 2013). Trade liberalisation may also pressure governments to commit to reform programmes in response to international competition, thereby enhancing economic growth (Rajan & Zingales, 2003). Opening the economy can generate growth through FDI inflows, knowledge and technology diffusion (Baldwin et al., 2005; Kneller et al., 2008), and opportunities to exploit economies of scale and specialisation.

Sugözü and Dorbonova (2024), using a sample of 11 high-income and 22 middle- and low-income countries, find that trade openness and FDI positively affect growth only in high-income countries, while the effect is negative in middle- and low-income countries. Zahonogo (2016), analysing 42 Sub-Saharan African countries for the period 1980–2012, shows that trade openness contributes to growth only up to a certain threshold for countries rich in natural resources and unskilled labour; beyond that point, the effect may even become negative. Similarly, Van den Berg and Lewer (2015) argue that liberalisation may hinder growth if a country specialises in low-quality, low-technology goods or if it is unable to improve productivity in specialised sectors and diversify production and trade (McMillan et al., 2014). Falvey et al. (2012) find that trade openness contributes to long-term growth only if resources are directed toward sectors that generate human capital and R&D. Yeboah et al. (2025), analysing nine European countries from 1995 to 2021, find that FDI and trade openness have positive short-run effects, but negative long-run impacts on growth.

A substantial body of research also examines the effects of trade openness and FDI on developing countries (Adeniyi et al., 2012). Some studies even suggest that openness may negatively affect growth when a country specialises in sectors with a comparative disadvantage in terms of productivity growth potential, or where technological innovation and learning-by-doing are largely exhausted. In such cases, trade openness may reduce long-run growth, and selective protection may be necessary to stimulate faster technological advancement.

Studies of small island economies show that FDI can positively affect economic development (Fauzel, 2016; Matadeen et al., 2011; Wong, 2005), but others point out that small open economies face additional constraints on attracting FDI, and that the impact of FDI depends not only on the quality and quantity of inflows but also on domestic policies, managerial capabilities, market structures, and broader economic trends (Yusheng et al., 2019). Also, FDI inflows are strongly driven by the quality of trade infrastructure, which represents one of the key factors in attracting investments (Bugarčić & Skvarciany, 2024).

Empirical studies on the small open economies of the Western Balkans suggest that FDI and trade liberalisation have had positive effects on economic growth, but these effects are strongly conditioned by institutional quality and the sectoral composition of FDI. Research shows that FDI contribute to growth, export performance, and structural transformation when governance and absorptive capacities are strong, whereas weak institutions limit spillovers (Estrin & Uvalić, 2016; Smolo, 2021). Evidence from Serbia indicates that FDI effects vary

across periods and sectors – stronger before the 2008 crisis and increasingly shaped by the diversification of investors such as the EU and China (Parežanin et al., 2016; Zakić, 2024). Although empirical results reveal heterogeneous labour-market outcomes (Perić & Filipović, 2021) and indicate that FDI tend to crowd in domestic investment (Bucevska & Merdzan, 2024), the overall conclusion is that FDI and liberalisation can be powerful drivers of development in small open economies, but their benefits depend on institutional strength, investment structure, and vulnerability to external shocks.

3. Methodology

This research aims to determine Serbia's position as a small open economy within the EU and China, to understand trade and investment relationships, and predict future patterns. In this context, Delphi analysis is used as a structured method based on expert consensus, gathering and harmonizing opinions through iterative rounds. Delphi provides a deeper understanding of strategic perspectives that go beyond the limits of traditional quantitative analyses. In this research, 15 economic experts (5 female and 10 male) participated in the Delphi survey, including 11 from Serbia, 2 from the EU, and 2 from China. All but one (who is representative of a business association) were university professors (10) or academic researchers (4), with at least fifteen years of experience in this field.

In 2024, Delphi was conducted in three rounds. Round 1 collected data on 50 indicators related to Serbia's economic relations with the EU and China (25 for each), along with 20 global indicators that could influence Serbia's economic ties with these regions. Delphi participants responded to each indicator using the Likert scale, assessing the likelihood that the indicator will occur by 2030. In Round 2, data were gathered for 27 indicators, building on the results from Round 1. During the selection process, all indicators were ranked by average ratings from the first round participants, with 20 indicators generally advancing to Round 2, categorized into three groups: EU, CHINA, and GLOBAL. After analyzing the average ratings, an additional 5 indicators were included for each Delphi based on the lowest standard deviation, indicating the most consistent expert responses. Furthermore, we added indicators suggested by experts after Round 1. Round 3 collected data for 29 indicators related to Serbia's economic relations with the EU and China, as well as relevant worldwide indicators. In the selection process, all indicators included in Round 3 were ranked by the average rating from participants in the second round. In addition to the 27 indicators from Round 2, we included indicators suggested by experts after Round 2.

To analyze the obtained results, a series of statistical techniques were applied to allow for robust analysis and relevant conclusions based on the data type. The first insight, derived from the entire sample, reveals a statistically significant but negative correlation in Round 3 (R3) between the EU and China indicators. This indicates that as the importance of an indicator increases from the EU perspective, the corresponding indicator from China's perspective decreases. Such a negative relationship suggests possible conflicting priorities or differing perceptions between the EU and China regarding the observed aspect. Additionally, Serbia's prioritization of economic indicators at the global level and in relations with the EU and China should be distinguished into two groups: trade and investment. Our starting point for further

analysis is the perceived negative correlation between EU and Chinese indicators, along with the focus on economic indicators in these relations. Further analytical techniques used to ensure valid results include comparing ratings for trade and investment indicators, ranking these indicators, applying Spearman's correlation to identify relationships, and using Friedman and Wilcoxon post hoc tests to assess the existence of statistically significant differences between indicators across groups.

4. Results

Table 1 shows indicators with their average scores and ranks across the rounds, divided into two groups: investment and trade. A key observation is that investments are rated significantly more stable and higher than trade indicators. At the same time, the highest average score across all three rounds was given to projects within the Belt and Road Initiative (IND10), as well as to the general importance of China as a source of financing (IND11, IND14). The strong role and advantage of the EU in investments is recognized in investments in green energy projects (IND01). At the same time, trade with the EU is not perceived as a vulnerable area. Delphi participants, with particularly low scores for indicators related to trade with the EU (IND08 and IND09), have a clear attitude that there will be no reduction in trade with the EU despite the Free Trade Agreement (FTA) with China. In relations with China, the recently signed FTA is perceived as an advantage in stimulating Serbia's exports to that country (IND12), despite the currently growing deficit, while exports of agricultural and food products are expected to increase (IND15, IND16, IND18).

Table 1. Indicator comparison across investments and trade groups

Id	Indicator	Group	Round	Average	Rank
IND01	Increased relevance of EU investments in green energy projects in Serbia.	Investments	1	3.933	4
IND02	Progress in the EU negotiation process positively impacts FDI inflow from the EU.		1	3.867	6
IND06	Significant progress in the EU negotiation process enhances EU-Serbian economic cooperation within the next five years.		1	3.467	7
IND07	Serbian ability to use cohesion funds decreases due to the slow EU accession process.		1	3.467	7
IND10	The Belt and Road Initiative project positively affects Sino-Serbian economic relations.		1	4.467	1
IND11	Rise of the level and number of Chinese investments in Serbia due to the Sino-Serbian FTA.		1	4.267	2
IND14	The Serbian economy experiences a positive impact (such as an increase in exports, number of employed Serbian workers, and better regional development) of FDI from China.		1	4.000	3
IND22	Improvement of Serbian economic cooperation with BRICS member states in light of rising BRICS political growth and economic influence.		1	3.933	4

Continue of Table 1

Id	Indicator	Group	Round	Average	Rank
	Sum average			3.925	
IND08	The trade between Serbia and the EU downsizes due to the Sino-Serbian FTA.	Trade	1	2.000	8
IND09	Serbia decreases the import of higher technological products from the EU.		1	2.267	7
IND12	Serbian exports to China rise due to the FTA with China.		1	4.200	1
IND15	Serbia increases the export of processed fruit and vegetables to China in the next five years.		1	3.933	2
IND16	Serbia increases the export of meat (pork and beef) to China in next five years.		1	3.933	2
IND17	Serbian exports to China increase moderately in the next five years.		1	3.867	4
IND18	Serbia significantly increases the export of alcoholic beverages to China in the next five years.		1	3.867	4
IND25	ASEAN growth positively affects economic cooperation with Serbia aside from China.		1	3.333	6
	Sum average			3.425	
IND01	Increased relevance of EU investments in green energy projects in Serbia.	Investments	2	3.800	4
IND02	Progress in the EU negotiation process positively impacts FDI inflow from the EU.		2	3.533	7
IND06	Significant progress in the EU negotiation process enhances EU-Serbian economic cooperation within the next five years.		2	3.533	7
IND07	Serbian ability to use cohesion funds decreases due to the slow EU accession process.		2	3.667	5
IND10	The Belt and Road Initiative project positively affects Sino-Serbian economic relations.		2	4.400	1
IND11	Rise of the level and number of Chinese investments in Serbia due to the Sino-Serbian FTA.		2	3.933	3
IND14	The Serbian economy experiences a positive impact (such as an increase in exports, number of employed Serbian workers, and better regional development) of FDI from China.		2	4.133	2
IND22	Improvement of Serbian economic cooperation with BRICS member states in light of rising BRICS political growth and economic influence.		2	3.667	5
	Sum average			3.833	
IND08	The trade between Serbia and the EU downsizes due to the Sino-Serbian FTA.	Trade	2	1.800	8
IND09	Serbia decreases the import of higher technological products from the EU.		2	2.733	7
IND12	Serbian exports to China rise due to the FTA with China.		2	3.733	2
IND15	Serbia increases the export of processed fruit and vegetables to China in the next five years.		2	3.667	3

End of Table 1

Id	Indicator	Group	Round	Average	Rank
IND16	Serbia increases the export of meat (pork and beef) to China in the next five years.		2	3.600	4
IND17	Serbian exports to China increase moderately in the next five years.		2	4.133	1
IND18	Serbia significantly increases the export of alcoholic beverages to China in the next five years.		2	3.533	5
IND25	ASEAN growth positively affects economic cooperation with Serbia aside from China.		2	3.000	6
	Sum average			3.275	
IND01	Increased relevance of EU investments in green energy projects in Serbia.	Investments	3	4.000	4
IND02	Progress in the EU negotiation process positively impacts FDI inflow from the EU.		3	3.667	5
IND06	Significant progress in the EU negotiation process enhances EU-Serbian economic cooperation within the next five years.		3	3.467	7
IND07	Serbian ability to use cohesion funds decreases due to the slow EU accession process.		3	3.400	8
IND10	The Belt and Road Initiative project positively affects Sino-Serbian economic relations.		3	4.267	1
IND11	Rise of the level and number of Chinese investments in Serbia due to the Sino-Serbian FTA.		3	4.067	2
IND14	The Serbian economy experiences a positive impact (such as an increase in exports, number of employed Serbian workers, and better regional development) of FDI from China.		3	4.067	2
IND22	Improvement of Serbian economic cooperation with BRICS member states in light of rising BRICS political growth and economic influence.		3	3.600	6
	Sum average			3.817	
IND08	The trade between Serbia and the EU downsizes due to the Sino-Serbian FTA.	Trade	3	2.267	8
IND09	Serbia decreases the import of higher technological products from the EU.		3	2.667	7
IND12	Serbian exports to China rise due to the FTA with China		3	3.800	4
IND15	Serbia increases the export of processed fruit and vegetables to China in the next five years.		3	3.867	3
IND16	Serbia increases the export of meat (pork and beef) to China in the next five years.		3	3.400	5
IND17	Serbian exports to China increase moderately in the next five years.		3	3.933	1
IND18	Serbia significantly increases the export of alcoholic beverages to China in the next five years.		3	3.933	1
IND25	ASEAN growth positively affects economic cooperation with Serbia aside from China.		3	3.000	6
	Sum average			3.358	

Consistently perceived as the most important investment indicator is IND10, ranked first across all three rounds. IND11 and IND14 are consistently among the top three investment indicators, highlighting the importance of Chinese investments and the effects of FDI. IND17 and IND18 show progress through the rounds. In R3, they occupy the top position in the trade group, reflecting a growing confidence in the potential of trade with China. Concurrently, IND08 and IND09, with lower scores, indicate a low likelihood that trade with China would significantly disrupt trade relations with the EU, which constitutes a dominant share of the Serbian import and export market. A stable middle rank is maintained by IND01 and IND22, which hold moderately high ranks throughout all three rounds and demonstrate a steady, but not dominant, importance in respondents' perceptions. In this context, it is clear that Chinese investment and cooperation (IND10, IND11, IND14) are seen as key advantages. Trade volume with the EU (IND08, IND09) is not viewed as a risk due to the FTA with China. Furthermore, the stable ranking enhances the reliability of the insights obtained for identifying development priorities and challenges.

The next step involves analyzing the Spearman correlation for two observed groups across all three rounds. Table 2 presents the correlation coefficients and their significance levels.

Table 2. Spearman correlation (two groups: investment and trade)

Correlations						
	INVEST_R1	TRGOV_R1	INVEST_R2	TRGOV_R2	INVEST_R3	TRGOV_R3
INVEST_R1	1.000	.004	.124	–.276	.604*	–.134
TRGOV_R1	.004	1.000	–.374	.541*	–.100	.559*
INVEST_R2	.124	–.374	1.000	–.348	.456	–.255
TRGOV_R2	–.276	.541*	–.348	1.000	–.301	.620*
INVEST_R3	.604*	–.100	.456	–.301	1.000	–.259
TRGOV_R3	–.134	.559*	–.255	.620*	–.259	1.000

Note: *. Correlation is significant at the 0.05 level (2-tailed).

A significant positive correlation exists between investment indicators in the first and second rounds (INVEST_R1 ↔ INVEST_R3, r = 0.604, p = 0.017), indicating stability in perception regarding investment indicators at the beginning and end of the research. Also, TRGOV_R1 ↔ TRGOV_R2 (r = 0.541, p = 0.037) shows a consistent perception of trade indicators between the first and second rounds, as well as the first and third (TRGOV_R1 ↔ TRGOV_R3, r = 0.559, p = 0.030), and the second and third rounds (TRGOV_R2 ↔ TRGOV_R3, r = 0.620, p = 0.014). Thus, trade indicators showed greater consistency throughout all three rounds, with three significant correlations. Additionally, there is no significant correlation between investment and trade indicators, suggesting that study participants clearly distinguish between these two groups of indicators.

Furthermore, the Friedman and Wilcoxon post hoc tests were performed (results presented in the appendix). The Friedman test, as a nonparametric equivalent of ANOVA, assesses whether there is a statistically significant difference in ratings between rounds, to determine if the experts' opinions vary across rounds. However, this test does not specify where the

difference lies, which is why the Wilcoxon post hoc test was used. The conclusion from these analyses is that an overall difference exists, but no single difference is strong enough to be significant on its own. There is a statistically significant difference in the indicator scores depending on the round and type (investment versus trade). The results of the Friedman test (χ^2 = 21.519, df = 5, p = 0.001) indicate that the participants changed their perceptions over time, while the Wilcoxon post hoc test for pairs did not show statistically significant differences. This means that no single change between the two rounds is large enough to be significant in isolation, which may be due to slight rating variations or the need to adjust for multiple comparisons.

5. Discussion

Small open economies can achieve success and participate effectively in global supply and value chains if they implement a sound economic development strategy. While Serbia lacks a comprehensive economic strategy, it has several development plans and strategic documents, which are primarily influenced by its foreign policy, specifically the so-called "four pillars" policy (Filipović & Zakić, 2025). Serbia, as a politically speaking small country, which doesn't possess enough political power to be completely independent, is using a so-called "hedging strategy" to preserve its national interests while cooperating with foreign actors that can benefit its interests, which at the same time have opposing interests (Stekić & Mitić, 2025). In the Serbian case, those four pillars have different interests, which can be viewed as Western on the one side (the US and EU) and Eastern (China and Russia) on the other side. In Filipović and Zakić's (2025) research, it is stated that trade with these four countries constitutes over 70% of Serbia's total trade and 76% of all FDIs. The EU and China are by far the most important Serbian economic partners in terms of trade and investment, meaning that these are partners that predominantly shape the Serbian economic future and development. Additionally, the EU is the biggest grant donor, while China is the biggest bilateral lender in Serbia.

Due to such uncertainties and high impact of global geopolitical risks that affect economic cooperation (such as, for example, the effects of sanctions on Russia or tariff war between the US and China), it is important to anticipate trends and have answers related to the future economic cooperation that are formulated by independent economic experts, preferably from different countries. Answers during the Delphi survey showcased that experts expressed moderate optimism regarding Serbia's general economic cooperation with China, while investment relations were viewed very positively. Those assessments were later confirmed in practice by the National Bank of Serbia, which showed that Chinese investments in 2024 were the largest to date (National Bank of Serbia, 2025).

China's engagement is multifaceted, combining geopolitical and strategic motivations with economic ones. This motivation includes production and compliance costs, skilled labor, trade agreements opportunities, local natural resources and industrial assets in order to secure inputs and expand overseas production capacity. On the other side, Chinese large-scale investments in infrastructure and energy provided new contracts and export opportunities for their technology and equipment.

Taken together, these factors position Serbia as a cost-efficient manufacturing and logistics hub that supports China's broader objectives of market diversification, supply-chain resilience, and internationalization of Chinese companies. Currently, Chinese investments in Serbia have been concentrated in the metallurgy and transportation sectors. Chinese state-owned enterprises primarily invested in metallurgy, while private companies focused on the automotive industry. Serbia is now facing a new challenge – how to attract Chinese investments that could be placed in more advanced sectors, so that they can improve its economic development. Those findings are somewhat expected, bearing in mind the slow EU accession process (Zakić et al., 2024) and downsizing of the EU investments in Serbia during the last couple of years (Zakić, 2024). However, Delphi experts do predict that the EU will increase green energy investments in Serbia, and those types of investments could improve Serbia's economic development.

Trade relations are positively characterized regarding China, mainly due to the implementation of the Sino-Serbian FTA. Preliminary results of the Serbian Chamber of Commerce (Serbia Business, 2025), showed that the experts' opinions were right, and that the trade volume with China continued to increase – both on the export and import side. The experts do not think these processes will jeopardize trade with the EU, due to Serbian heavy integration into the EU supply, production, and logistics chains, which aligns with previous findings of Stanojević (2025). According to experts, the highest probability of having increased exports to the Chinese market is for alcoholic beverages, as well as processed fruits and vegetables. During the Delphi survey, the optimism towards Serbia exporting beef and pork to the Chinese market has decreased. Although work by Popović et al. (2025) suggests that there is a possibility for these types of meat to be exported, different sources conflict with these data related to the production of these types of meat in Serbia (Agrosmart, 2024; Gulan, 2024; Poljoprivrednik, 2024). The indicators that were initially proposed to researchers related to the Serbian cooperation with the EU were rated very low and did not manage to be on the final list of significant indicators. That information on its own does signal that experts did not identify high risks in cooperation with the EU, but at the same time, they did not provide positive assessments related to the EU accession process and Serbian economic cooperation with the EU.

At this point, while at the same time looking at the next five years, Serbian, European, and Chinese experts see Serbia as a country that will have stable but not improved economic relations with the EU, while China is perceived as a partner with whom investment relations can be significantly improved, while trade relations to a lesser degree. Serbia is capable of balancing its economic cooperation with its two primary partners, and currently faces no significant risks associated with these relationships. The EU represents Serbia's most important export market, apart from non-EU countries in its immediate vicinity. Regarding investments, it is advisable to redirect incoming EU investments toward sectors such as Information Technology (IT), Artificial Intelligence (AI), and the smart economy.

The trade deficit that Serbia has with China should be handled on both sides. Firstly, Serbia should downsize imports from China, and secondly, it should strive to have better export results that are achieved through the work of Serbian companies, which is not the case right now. Bearing in mind that the biggest exporter from Serbia to China is the Chinese company

Zijin Mining, it would be beneficial to witness the increased export of Serbian companies to China. Further, Chinese companies thus far have invested in the automotive industry and metallurgy, while in the upcoming years, it would be preferable to have investments in smart agriculture, green energy, IT, and AI.

In the context of global trade and geopolitical policies, nearshoring is increasingly being considered as part of the strategy (Sessa, 2025), while also representing an opportunity for the Serbian economy. Western Balkan region can be seen as a potential location for relocating certain production phases, given its geographical proximity to the EU, existing trade agreements, and integration into European production and logistics flows. This configuration may enable Chinese firms to maintain access to the European market, and vice versa, for EU firms to access China, in the face of rising tariffs and non-tariff barriers on both sides, while simultaneously shortening supply chains. However, a policy environment characterized by deliberately designed trade barriers, such as quotas, anti-dumping measures, and other restrictions applied by the EU, especially in traditional sectors such as steel, indicates that nearshoring does not completely eliminate regulatory challenges, but rather reshapes them through a new spatial organization of production. In this regard, the key challenge is to identify suitable industries in Serbia that can be easily integrated into European supply chains (Hobbie et al., 2025; Frenda & Kané, 2025), as the main export and investment partner, while being cautious about potential trade risks in the future.

While trade policies in Serbia can be changed over time, the main task for the Government lies in the field of FDI. State incentives to attract FDI have been implemented for nearly a decade, but their effectiveness as the main driver of Serbia's economic development appears to be decreasing. While geopolitical events such as the conflict in Ukraine and tariff wars have not directly impacted Serbia, they have significantly affected the country's main economic partners. The EU economy is facing serious geopolitical issues related to Ukraine, and at the same time, it has significant economic disputes with China. At the same time, Chinese and EU firms are dealing with the tariff tensions with the US. In this context, investors from the EU and China face considerable uncertainty when planning future investments. As a small, open economy outside the EU community, Serbia may not be, at the moment, among the preferred destinations for investment.

6. Conclusions

Aiming to understand opportunities and challenges for cooperation with the two most important economic partners, a Delphi method was used, showing that Serbia, as a small open economy, can successfully balance cooperation with the EU and China. The results show more optimism regarding future economic relations with China, while the EU remains an important partner in terms of trade and investment flows. Although experts express concerns regarding Serbia's EU membership, progress in the accession process could lead to increased EU investment in Serbia, according to their opinions. At the same time, BRICS and ASEAN, are assessed with moderate optimism, meaning that experts believe Serbia can seize opportunities to enhance economic cooperation with those countries. Within both groupings, Serbia maintains strong political relations that can be leveraged for economic purposes.

The findings of this research indicate that economic experts were able to predict short-term trends with precision; however, it remains to be seen whether these predictions will be accurate over the next four years. Furthermore, given the time constraints and the relatively low level of interest among participants in participating in this survey, further in-depth research is necessary to obtain more precise insights and recommendations.

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Author contributions

SF and KZ conceived the study and were responsible for the design of the analysis and data collection. FB was responsible for data analysis and interpretation.

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APPENDIX

Table A1. Friedman and Wilcoxon post hoc test, mean rank

Ranks	
	Mean Rank
INVEST_R1	4.70
TRGOV_R1	2.97
INVEST_R2	4.13
TRGOV_R2	2.27
INVEST_R3	4.17
TRGOV_R3	2.77

Table A2. Test statistics

Test statistics[a]	
N	15
Chi-Square	21.519
df	5
Asymp. Sig.	.001
a. Friedman test	

Table A3. Mean rank and sum of ranks

Ranks				
		N	Mean rank	Sum of ranks
INVEST_R2 - INVEST_R1	Negative ranks	8[a]	7.06	56.50
	Positive ranks	5[b]	6.90	34.50
	Ties	2[c]		
	Total	15		
INVEST_R3 - INVEST_R1	Negative ranks	8[d]	6.63	53.00
	Positive ranks	4[e]	6.25	25.00
	Ties	3[f]		
	Total	15		
INVEST_R3 - INVEST_R2	Negative ranks	5[g]	6.60	33.00
	Positive ranks	6[h]	5.50	33.00
	Ties	4[i]		
	Total	15		
TRGOV_R2 - TRGOV_R1	Negative ranks	9[j]	8.22	74.00
	Positive ranks	5[k]	6.20	31.00
	Ties	1[l]		
	Total	15		

End of Table A1

Ranks				
		N	Mean rank	Sum of ranks
TRGOV_R3 - TRGOV_R1	Negative ranks	8[m]	7.50	60.00
	Positive ranks	6[n]	7.50	45.00
	Ties	1[o]		
	Total	15		
TRGOV_R3 - TRGOV_R2	Negative ranks	4[p]	6.38	25.50
	Positive ranks	8[q]	6.56	52.50
	Ties	3[r]		
	Total	15		
a. INVEST_R2 < INVEST_R1				
b. INVEST_R2 > INVEST_R1				
c. INVEST_R2 = INVEST_R1				
d. INVEST_R3 < INVEST_R1				
e. INVEST_R3 > INVEST_R1				
f. INVEST_R3 = INVEST_R1				
g. INVEST_R3 < INVEST_R2				
h. INVEST_R3 > INVEST_R2				
i. INVEST_R3 = INVEST_R2				
j. TRGOV_R2 < TRGOV_R1				
k. TRGOV_R2 > TRGOV_R1				
l. TRGOV_R2 = TRGOV_R1				
m. TRGOV_R3 < TRGOV_R1				
n. TRGOV_R3 > TRGOV_R1				
o. TRGOV_R3 = TRGOV_R1				
p. TRGOV_R3 < TRGOV_R2				
q. TRGOV_R3 > TRGOV_R2				
r. TRGOV_R3 = TRGOV_R2				

Table A4. Statistics per selected rounds

	INVEST_R2 - INVEST_R1	INVEST_R3 - INVEST_R1	INVEST_R3 - INVEST_R2	TRGOV_R2 - TRGOV_R1	TRGOV_R3 - TRGOV_R1	TRGOV_R3 - TRGOV_R2
Z	–.772[b]	–1.104[b]	.000[c]	–1.359[b]	–.476[b]	–1.064[d]
Asymp. Sig. (2-tailed)	.440	.270	1.000	.174	.634	.287
a. Wilcoxon signed ranks test						
b. Based on positive ranks.						
c. The sum of negative ranks equals the sum of positive ranks.						
d. Based on negative ranks.						