

Made in Europe Cannot Stop at EU Borders

Interview with Bojan Stanić, Chamber of Commerce and Industry of Serbia

Köz-gazdaság – Review of Economic Theory and Policy interviewed Bojan Stanić, Assistant Director for Strategic Analysis and Services at the Chamber of Commerce and Industry of Serbia, about the future of European industrial policy and economic integration. We discussed the objectives of the Made in Europe initiative, the EU's quest for strategic autonomy, the challenges facing European competitiveness, and the potential contribution of Serbia and the Western Balkans to a more resilient and integrated European economic space. The conversation also explored the implications of automation, artificial intelligence, and industrial upgrading for the region's future development.

RETP: The concept of Made in Europe assumes a unified European production culture represented by the trademark. How can this be defined? In what ways does Made in Europe differ from Made in China or the trademarks of individual nation-states?

Bojan Stanic: The European economy is losing its competitiveness, and this is visible through the decline in its share of global industrial production, exports, and GDP. The main reasons for the economic situation on our continent are the negative consequences of past and ongoing crises that have accumulated over the last decade. Europe is dependent on energy imports, technological transfers, inflows of workforce, and the general political situation. Apart from higher production costs, one of the main factors that negatively affects the overall business and investment environment is the relatively high political risk, a consequence of the broader geopolitical crisis. Because of this, investments are under pressure, as is economic dynamism, which is pushing the economy into stagnation.

Alarm bells are ringing for the EU administration, and they are rushing to find a socio-economic model for sustainable growth and development. A report titled 'On EU Competitiveness,' published by former President of the European Central Bank, Mario Draghi, has prioritized the need to secure the economic autonomy of the European Union. This is to be achieved through increased international economic cooperation with reliable partners and by strengthening EU self-sufficiency. This report is now the main guideline for EU economic policy officials, experts, and strategists.

Currently, the Brussels administration is adopting new documents, such as the Industrial Accelerator Act, aiming for a higher share of industry in GDP. One of the key measures to achieve this is based on supporting EU industry through an initiative called 'Made in EU.' This initiative can be defined as an intention by European policymakers to raise awareness among EU institutions, companies, and citizens about the importance of domestic components within EU supply chains. This includes favorable access for domestic companies and their products to tenders for EU-administered, EU-funded projects across the continent.

Frankly speaking, this initiative is 'd  j   vu' in many countries around the globe, but this one is a bit different because it is more important for us Europeans. However, we, the businesspeople from the Western Balkans, see a huge difference between 'Made in EU' and 'Made in Europe.' We hope that 'Made in Europe' will prevail in Brussels' view of the continent's economic problems, because we wouldn't like to see this initiative inaccessible to businesses coming from non-EU European countries.

RETP: The European Union's declared goal is open strategic autonomy. How can the maintenance of global trade openness be reconciled with establishing sovereignty over critical supply chains without the EU falling into the trap of protectionism?

Bojan Stanic: Unfortunately, the global economy is moving toward fragmentation, which includes the introduction of various protective measures. Europe is part of the global economy and cannot be immune. Honestly speaking, the United States were the initiator of the latest international economic tensions, starting with their 'Liberation Day' on April 1, 2025, when the Washington administration began increasing tariffs on imports of goods from every single country, including those that had active free trade agreements.

We have to mention that Serbia and other Western Balkan countries have a free trade agreement with the EU, are candidate states for EU membership, and our companies are well integrated into European supply chains. However, all these relations were not enough to avoid some new protective measures introduced by the Brussels administration. Just to mention quotas on steel imports, CBAM (Carbon Border Adjustment Mechanism), the so-called 90/180 limitation for truck drivers (truck drivers from the Western Balkans are allowed to be in EU territory

for up to three months within any six-month period), frequent crowds at border crossing points with EU member states, etc. It is a paradox to see suppliers from Serbia and the Western Balkans that are already integrated into EU supply chains being disregarded by the newly introduced measures.

The EU should remain open to international trade and foreign investment, because it cannot develop in autarky, as the USA possibly can. It should be mentioned that the EU, in 2019, was close to signing an agreement on trade and investment with China, similar to the free trade agreements signed with MERCOSUR and India, but further negotiations have since been suspended.

We believe that countries like Serbia could serve as an example of cooperation between the EU and non-European economies, including China, as a global economic superpower. Just to underline that China is the second-largest economy, the main contributor to global economic output growth, and the country on whose territory 60% of global rare metal extraction and more than 90% of rare metal processing take place.

RETP: The life-cycle-oriented design of products requires fundamental structural changes in manufacturing systems. Is the European supplier network prepared for the infrastructural shift necessitated by the transition from linear models to circular ones?

Bojan Stanic: We in Serbia and the Western Balkans can learn a lot from our EU partners regarding ecological standards, the circular economy, and waste management. These areas are underdeveloped in our region and need to be improved in the short term if we want to raise the standard of living. This is one of the most important factors if we are to successfully address the negative demographic trend, which is a key threat to our economic and social sustainability.

The main problem for Europe is the low natural deposits of energy and rare earth metals, especially when you take into account population density, relatively small area and influence of environmental protection organizations, bearing in mind general social environment. This is the basis of higher production costs, along with higher labor costs and social expenditures.

Nevertheless, Europe is lagging behind the USA and East Asia in terms of technological progress, innovation, and research and development. In the mid-term future, this problem could intensify and limit domestic companies' ability to provide best-practice solutions for infrastructural and industrial projects.

Today, we believe that our most developed European partners have enough knowledge, funds, and potential to be leaders in Europe in implementing best-practice solutions, while being supported by suppliers that are able to produce materials and equipment in the required quality and quantity. For instance, Serbian companies in the automotive, chemical, and IT industries are very reliable and integrated into the supply chains of German companies. As a result, last year Serbia recorded a surplus in trade in goods with Germany for the first time.

RETP: The Made in Europe partnership has simultaneously set goals for the development of smart factories and human-centric manufacturing innovation. Where is the line drawn between hyper-automation and preserving the creative integrity of the human workforce? Do these two priorities not exclude each other in practice?

Bojan Stanic: European countries, including Serbia among them, are increasingly lacking a workforce, especially in the fields of construction, transportation, hospitality, but also in manufacturing. For example, in Serbia, foreign investors are reducing employment and industrial capacities in the textile industry and gradually moving their operations to North Africa because of much lower labor costs. Serbia is no longer a country of cheap labor, which is of course a consequence of development and is a positive thing.

Our goal is to increase the inflow of foreign direct investments that are oriented toward higher value-added activities. On the other hand, the government is supporting investors, both domestic and foreign companies, in the process of automation.

We are all a little skeptical of how artificial intelligence will reshape the economy and labor market in the future, but we would like to highlight that we should not be afraid of progress and should take examples from our progressive ancestors. We should use AI as a useful tool for our natural creativity and not let the tools rule over us.

Roughly speaking, there are two sources of comparative advantage. The first is related to the availability of natural resources and lower production costs, while the other is related to technology and innovation. If you want to be competitive in developed, highly competitive markets, then you should focus on the second source of comparative advantage. As we have already mentioned, Europe is not that rich in terms of natural resources, so it should concentrate more on automation and a technology-intensive economy.

RETP: Hungary and the Central European region traditionally function as manufacturing hubs. In light of Made in Europe, what specific breakthrough points are emerging through which domestic industry can advance from supplier status to a higher value-added, R&D-focused developer level?

Bojan Stanic: Hungary is a great example of a country that is becoming a Central European industrial hub, thanks to its geographical position, EU membership, and successful diplomatic relations with non-EU and non-European countries. Hungary is the fourth most important trading partner to Serbia, and many mutual projects are underway. Serbia is the largest economy in the Western Balkans, but it strives to be increasingly linked to EU member states, especially with the Visegrád Group countries. Hungary is a more industrialized economy than Serbia, and it would be logical for it to concentrate its resources on higher value-added activities in the future, especially in the fields of electronics and information and communication systems, while some of the existing automotive industries could be moved to Serbia. This could also be a step forward for Serbian

businesses toward higher value-added production. Within the supply chains led by Visegrád Group companies, companies from other Western Balkans countries could be included alongside Serbia, thus creating a strong and resilient supply chain in this part of Europe that could significantly contribute to the self-sufficiency of the EU and the continental economy.

We firmly believe that the best option for the EU to increase its economic autonomy is not only to deepen but also to enlarge the European Single Market by allowing other European countries, especially from the Western Balkans, to join and contribute to both the 'Made in Europe' initiative and the Industrial Accelerator Act. On the other hand, access to the European Single Market would be the best option for Serbia and the Western Balkan economies to reduce political risks, upgrade their credit ratings, and improve the general business and investment environment, thus securing growth, development, and sustainability.

Thank you for the interview!