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Sacrifice Zones: How Europe's Electric Vehicle Transition Is Entangled With Coercive Zoning on Its Semi-Periphery

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Abstract

This article develops the concept of coercive industrial zone (CIZ) to analyze how Europe's electric vehicle transition is propelled by legal and territorial carve-outs that fast-track investment while suspending democratic, labor, and environmental safeguards. Drawing on evidence from Serbia and Hungary, it shows how exemption logics, territorial sacrifice, and coercive practices underpin the EU's green industrial rollout. In Serbia, the Jadar lithium project illustrates how extractive frontiers are reorganized through exceptional rules, ecological degradation, and repression of protest, with EU partnerships re-legitimizing the contested project under the Critical Raw Materials Act. In Hungary, Korean and Chinese gigafactories have advanced through national designations of "strategic investments" and special economic zones, stripping municipalities of fiscal autonomy, normalizing environmental and labor rights violations, and silencing dissent. Unlike classic authoritarian developmentalism, these zones are decoupled from a clear, long-term industrial upgrading project. CIZs emerge from a transnational interest constellation in which the EU's urgent push for clean-tech capacity, transnational firms' preference for de-risked investment environments, and semi-peripheral regimes' pursuit of geopolitical relevance temporarily align. Despite high domestic costs, this strategy remains attractive as it anchors regimes in geopolitically charged clean-tech value chains and enhances external leverage.

Keywords

decarbonization; European Union; green industrial policy; special economic zones

1. Introduction: Coercive Industrial Zones in Europe's Electric Vehicle Boom

The green transition produces sacrifice zones—concentrating the ecological, social, and political costs of decarbonization in vulnerable and disenfranchised spaces. This dynamic has been unveiled by the literature on green extractivism, which documents how the Global North's decarbonization efforts rely on lithium and cobalt mining in Latin America and Central Africa operating under weakened environmental and labor protections and exceptional permitting regimes (Jerez et al., 2021; Riofrancos, 2020, 2025). This article turns to the European electric vehicle (EV) boom to show that sacrifice-zone logics are neither confined to the Global South nor limited to extractive frontiers, travelling instead across regions and value-chain segments. It focuses on Serbia, where lithium extraction is positioned as a strategic input into Europe's EV supply chain (Stuehlen & Anderl, 2024), and Hungary, a central hub for battery manufacturing (Ricz & Éltető, 2025)—both cases marked by ecological harm, rights violations, and sustained public protest.

This article introduces the concept of coercive industrial zones (CIZs) to capture a recurring governance logic across the EV value chain. Carved out of the state's regulatory fabric, these zones perforate sovereignty (Ong, 2006; Slobodian, 2023) by creating enclaves in which environmental, labor, and democratic protections are selectively suspended, and dissent is repressed to accelerate industrial rollout. Europe's emerging EV industry—a strategic priority of the EU—has become increasingly dependent on such zones, particularly in its authoritarian periphery. By 2030, Serbia's Jadar mine is expected to supply 16–24% of EU lithium needs according to the European Commission (2025a), while battery gigafactories in Hungary are projected to account for 20% of total EU capacity (Polyák, 2026).

The article is structured around two core questions. First, how do CIZs take shape in practice, and how can they be identified empirically? Second, why do CIZs emerge, and what constellation of interests makes them viable despite high domestic costs and popular resistance?

The first question addresses how CIZs crystallize as a distinct governance arrangement in autocratic settings. The article argues that CIZs are not isolated implementation failures or ad hoc violations of standards, but a coherent logic for accelerated rollout. While weak institutional capacity or poor policy design often produce scattered breaches of labor or environmental protections (especially in peripheral contexts, but also in consolidated democracies), CIZs are distinguished by the co-occurrence of three elements: (a) an exemption logic, enacted through bespoke legal carve-outs; (b) the extreme concentration of ecological and social costs in specific territories; and (c) the coercive suppression of dissent. This three-pillar framework constitutes a strong test: While any one of these features might arise in isolation, their simultaneous presence indicates a systematic, rather than incidental, pattern.

The second question turns to the political economy of CIZs, addressing why such zones emerge in the first place. The answer is not straightforward. For host regimes, CIZs are politically costly: They generate sustained opposition, erode regime legitimacy, and deliver only modest domestic economic gains. Nor can they be plausibly explained by cronyism or rent extraction, as there are far less risky channels for patronage. Instead, this article argues that CIZs emerge from a transnational interest constellation in which EU green transition imperatives, transnational firms' preferences for regulatory forbearance, and autocratic regimes' geopolitical strategies temporarily align. The EU's clean-tech push—driven by decarbonization targets, supply-chain insecurity, and geopolitical competition—prioritizes rapid, large-scale project delivery, yet is

weakly coupled to credible enforcement of environmental, labor, and democratic standards. Autocrats, in turn, accept domestic political and economic costs in exchange for external payoffs: geopolitical relevance, supply-chain centrality, and bargaining leverage vis-à-vis EU institutions and member states. Coercive zoning is the technology that delivers this wager.

Crucially, the EU is not external to this process. In Serbia, it has actively re-legitimized the contested Jadar lithium project through a strategic partnership under the Critical Raw Materials Act (CRMA), despite mass protests. In Hungary, its role has been far less proactive, but permissive non-enforcement of common standards allowed regulatory arbitrage in labor and environmental protection and the suppression of dissent. CIZs thus emerge neither from EU policy nor from authoritarian governance—both are necessary conditions, and neither suffices alone. The EV transition does not inherently produce adverse outcomes: Despite its high material footprint, many battery projects across the EU manage environmental and social risks within democratic frameworks—so far, there have been no widely reported pollution scandals or public protests linked to operational battery factories in France or Sweden. Conversely, authoritarian regimes alone would not generate CIZs in the absence of the EU-driven momentum for battery manufacturing and critical raw material extraction. Neither Serbia nor Hungary could engineer these large, foreign-funded, capital-intensive projects that hinge on access to European markets and supply-chain integration. This means that the EU's green industrial strategy contributes to the emergence of CIZs; what is more, it is structurally entangled with them. Autocratic regimes enable faster rollout by more efficiently neutralizing friction, and in turn, become central nodes in EU clean-tech supply chains. This produces a tension for the EU in its normative role: The democratic and rights safeguards it aims to strengthen can impede the strategic industrial projects it now considers essential.

To empirically substantiate these propositions, the article analyzes two cases—Serbia and Hungary—where CIZs are most likely to emerge. These cases were selected not to generalize across all sites of Europe's green industrial rollout, but because they represent strategic nodes in the EV value chain that combine large-scale investment with autocratic structures. Their differences, with Hungary as an EU member state focused on battery cell production and Serbia as a candidate country focused on raw material extraction, further allow for tracing how the CIZ logic travels across institutional contexts and value-chain segments. The aim here is the explication of mechanisms—a deeper look into how Europe's green industrial rollout functions on the ground (in line with Bora et al., in press), and how the EU's clean-tech rollout interacts with authoritarian governance to produce zonal regimes.

The analysis draws on a wide range of empirical sources, including investigative journalism, NGO reports, and academic studies, to reconstruct the mechanisms through which exemption, sacrifice, and coercion are operationalized. It focuses on the formal designations (such as "investments of national importance" or "special purpose areas") that provide legal insulation, the concentration of environmental risk and displacement in specific communities, and the suppression or circumvention of protest and procedural safeguards. Importantly, it also tracks EU involvement—whether through official partnerships (as in the case of Serbia's Jadar project), funding streams, or regulatory forbearance. This allows for tracing how the EU's green industrial push becomes entangled with coercive zoning.

The article proceeds as follows. Section 2 situates the analysis within existing debates on industrial policy, authoritarian developmentalism, and EU studies. Section 3 develops the conceptual framework, defining CIZs

as territorially bounded spaces that crystallize when three dynamics intersect: exemption logics that reshape rules, sacrifice logics that concentrate costs, and coercive logics that suppress dissent. It also explores the interest constellations giving rise to CIZs. Section 4 provides empirical analysis of Serbia and Hungary, showing how zonal governance structures both extractive and manufacturing sectors. The conclusion reflects on the broader implications for the EU's green transition and the uneven territorial politics it engenders.

2. The Political Economy of Coercive Zoning

Why do CIZs emerge despite their high domestic political costs and sustained popular resistance? Existing literatures offer partial answers to this question.

Territorial exemptions are widely used in industrial policy. Special economic zones (SEZs), export processing zones, free trade zones (FTZs), industrial parks, and their variants have long been central instruments of space-based industrial policy, with a vast literature assessing their role in export-led development (for an overview, see Zeng, 2016). Classic cases—Taiwan's Kaohsiung export processing zone and South Korea's Masan zone in the late 60s, and China's national SEZs shaping its economic opening from 1980—are often credited with driving structural transformation and catch-up growth, largely due to their integration within coherent developmental strategies (Farole & Akinci, 2011; Zeng, 2010). However, as the model diffused globally, it was often stripped of this developmental core. Across Latin America, Africa, and South Asia, zones frequently functioned as enclaves for regulatory arbitrage, land dispossession, and labor suppression, with weak linkages to local economies and negligible spillovers (e.g., Levien, 2013; Romero, 1997).

Critical scholarship moves beyond the question of whether zones "work" (i.e., deliver GDP or export growth), and interrogates them as a governance logic: instruments that create territorial exceptions to attract capital by suspending rights. Slobodian (2023) provides a richly theorized and historicized critique of the zonal logic—as it perforates the fabric of nation-states, decoupling economic activity from obligations like taxation, environmental protection, and labor rights. Zoning, in his view, is a neoliberal governing logic, serving capital in its age-old quest to escape from the constraints of collective obligation. Ong (2006) describes this as graduated or variegated sovereignty—a spatial ordering where some populations are governed as citizens, others as labor pools. This article builds on these critiques: Zones are not mere policy instruments but a logic of rule—a method for fast-tracking investment through the suppression of democratic friction.

If coercive zones are politically costly, why do regimes pursue them? One possible answer is that they pursue a long-term authoritarian developmental project. While the seminal work of Chalmers Johnson denied "any necessary connection between authoritarianism and the developmental state," he also acknowledged that authoritarianism can "sometimes inadvertently solve the main political problem of economic development…namely, how to mobilize the…population to work and sacrifice for developmental projects" (Johnson, 1999, p. 52). He stressed, however, that such mobilization is fragile and easily abused. Amsden (1989) was more explicit about the key role of authoritarianism, emphasizing how late industrializers like South Korea relied on strong state capacity and constrained civil society to accelerate structural change. This article does not aim to adjudicate that debate. Rather, it shows how authoritarian tools—once associated with developmental success—can be deployed in the absence of a clear, long-term developmental project. That is not to say these projects in Serbia and Hungary are devoid of economic rationale. They do generate employment, and attracting EV-related investment may offer a way to retain

manufacturing activity while Europe's automotive sector is under acute pressure. But differences from classic developmentalism are fundamental. Rather than fostering technological upgrading or building national champions, zones primarily host low-value-added segments of foreign multinationals, often supported by substantial, weakly conditioned subsidies. Domestic value capture and long-term spillovers are limited. In both the Serbian and Hungarian cases, economic assessments raise questions about the projects' net returns once subsidies, infrastructure costs, and environmental liabilities are taken into account (e.g., Grujić, 2024; Győrffy, 2023; Rajić et al., 2025).

If not a long-term developmental strategy, then private or crony gains might explain why autocrats pursue these projects—crony firms can secure related infrastructure construction contracts or join in as suppliers. But if the goal were simply to reward loyalists, there are far less risky ways to distribute rents than through lithium extraction or battery plants that generate ecological damage, public outrage, and sustained protest.

Recent work instead points to an external incentive structure. Scholars describe how states like Hungary seek connector roles between competing geoeconomic blocs (Gagyi & Gerőcs, 2025) and how autocrats use external alliances and foreign investment as forms of hedging to offset vulnerabilities at home (Camba & Epstein, 2023; Kelemen, 2020). This literature helps explain why leaders might embrace projects that may weaken their domestic standing but enhance their external leverage. By hosting large EV investments at a moment of supply-chain reordering, regimes can reposition themselves as hinge actors between the EU and Asia, gaining bargaining power and insulation from criticism.

This external logic also means that the EU cannot be treated as a neutral backdrop. The attractiveness of these projects to autocrats is inseparable from the broader transformation of Europe's industrial strategy and the permissive—or even enabling—environment it creates. Europe's recent turn to green industrial policy has generated a growing body of scholarship on the revival of industrial activism in response to geopolitical tensions, and climate imperatives (Bora et al., in press; Di Carlo & Schmitz, 2023; McNamara, 2023; Schmitz & Seidl, 2023). Critical contributions have flagged the EU's overemphasis on de-risking capital (Gabor & Braun, 2025), its weak or absent conditionalities (Bulfone et al., 2023), uneven regulatory capacities (Bulfone et al., in press), and its tendency to "crowd in financial capital and crowd out democratic oversight" (Wigger, 2024; see also Wigger & Lavery, in press). Yet what remains undertheorized is how the EU's green industrial push intersects with its democratic backsliding crisis (Kelemen, 2020, 2023)—not only in Hungary, a member state, but in Serbia, a candidate country. Kelemen and Pavone (2023) have diagnosed a structural enforcement crisis, culminating in an EU increasingly unwilling to enforce its own laws.

Policy debates on Europe's green industrial turn often problematize the subsidy race because it fragments the single market (e.g., Sandbu, 2023). Scholarship has also highlighted the risks of entrenching core–periphery divides through EU funding streams aimed at innovative high-tech production (Lopes-Valença, 2024). Far less attention has been paid to the detrimental EU-wide effects of competing through regulatory arbitrage and forbearance (Dewey & Di Carlo, 2022) as distinctive forms of a (negative) subsidy race. It has been longstanding EU policy to incentivize export-led growth models based on foreign direct investment (FDI) attraction (Bohle, 2018; Bohle & Regan, 2021; Bruszt & Vukov, 2017; Bulfone et al., 2025), and countries with similar factor endowments often compete for FDI through regulatory laxity (Pavlínek, 2016). CIZs represent a continuation of this dynamic in an extreme form; a "tipping point" where regulatory forbearance is coupled with concentrated costs and repressed dissent.

The coercive zoning practice explored in this article offers a way to bring these otherwise siloed strands of EU scholarship into dialogue. CIZs emerge from the interaction of the EU's drive for accelerated clean-tech rollout—pursued without credible enforcement of common standards—and authoritarian governance practices able and willing to deliver that rollout through coercive means. Hungary and Serbia are central to the EU's clean-tech expansion precisely because they can make the zone work. The political costs of decarbonization are not evenly shared; they are displaced onto the authoritarian edge of the bloc, undermining the EU's self-proclaimed pursuit of a "just transition."

3. Conceptual Framework: CIZs and the Interest Constellation Behind Them

This article introduces the concept of coercive industrial zone (CIZ) to capture a specific mode of territorial and legal exception. CIZs are coercive political arrangements: spaces produced through the suspension of ordinary rules, designated to absorb concentrated costs, and advanced through authoritarian control. CIZs are not just a product of a neoliberal deregulation trend—they reorganize law, territory, and authority to fast-track strategic industrial projects while curbing democratic contestation. These zones function as signals to investors that within these bounded spaces, they are insulated from the obligations of public consultation, accountability, or municipal oversight. A zone is a spatialized promise: of frictionless accumulation, of sped-up procedures, of politics held at bay.

The CIZ, however, is not a straightforward concept to identify. Coercive zoning reaches beyond formal categories like SEZs or FTZs. Nor should the term be applied to all industrial enclaves or to every fast-tracked investment project. Not everything that is called a "zone" is a CIZ, and not every CIZ needs to be housed in a formal zone. The concept is thicker. A CIZ crystallizes only when three empirical markers intersect: the exemption logic, the territorial sacrifice logic, and the coercion logic. SEZs or FTZs may overlap with CIZs, but they do not automatically qualify. A FTZ that does not involve a concentration of costs and suppression of dissent is not a CIZ; a battery factory exempted from assessment, absorbing ecological costs, and advanced through the repression of local protest may be. This distinction disentangles CIZs from the existing industrial policy literature.

CIZs are defined by three interlocking features (Table 1). The first is the exemption logic. Within these zones, law operates differently: Environmental reviews are waived, permits fragmented or accelerated, and local authority stripped back. The exemption itself constitutes the zone, producing a territorial unit where ordinary protections do not apply. In Hungary and Serbia, this has included the use of "strategic" project designations, formal SEZs and special purpose areas, and "sliced up" environmental permitting, illustrating how legal procedure is reshaped to accommodate investment. Exemption alone does not create a CIZ; an industrial park that creates fast-track procedures or "one-stop shops" for companies is not a coercively zoned space without the other two pillars.

The second feature is the (territorial) sacrifice logic. CIZs are designated territories for absorbing the ecological and social costs of rapid industrial transformation, while benefits accrue elsewhere. This asymmetry allows broader decarbonization and industrial goals to be pursued by redistributing their costs downward. Communities around battery factories or mines are expected to tolerate groundwater contamination, loss of farmland, or increased toxic waste, while the EU advances toward vehicle electrification. Again, the sacrifice logic alone does not constitute a CIZ; it is an almost necessary companion

to large-scale industrial projects. Communities in the vicinity of a factory site will always incur concentrated costs, but they are coercively zoned only if the two other pillars are there too.

The third feature is coercion logic. CIZs advance through authoritarian transgressions. Oversight institutions are hollowed out, courts and regulators sidelined, and opportunities for public participation curtailed. In both Hungary and Serbia, there has been a crackdown on dissent and protest, and attacks against civil society and journalists monitoring the projects—clearing friction to speed up investments. The coercive reordering of oversight and participation is what makes acceleration work in practice.

Table 1. Three pillars of CIZs with empirical illustrations.

Pillar	Examples from Serbia	Examples from Hungary
Exemption logic (legal and procedural differentiation)	"Special purpose area" designation for Jadar; fragmented and accelerated permitting; repeated permit extensions	"Investment of national economic importance" status; SEZ designations (e.g., Göd, Iváncsa); fragmented and accelerated permitting
Sacrifice logic (extreme cost concentration)	Ecological risks and land loss concentrated in the Jadar Valley; threats to water, agriculture, and livelihoods	Air and groundwater pollution concentrated around battery plants; hazardous waste dumping
Coercion logic (repression and autocratic control)	Criminalization of protest; intimidation of activists; suppression of referenda and petitions	Curtailment of public hearings; harassment of activists and journalists; weakening of municipal authority

The three logics may appear in pairs, but it is their convergence that produces a full CIZ (see Table 2). For example, exemption and sacrifice without coercion resemble the familiar politics of industrial siting: Projects are (lawfully) fast-tracked and burdens concentrated, but contestation remains free. The three pillars are not binary switches but scales, giving CIZs a cumulative, "tipping point" dynamic. The more strongly the pillars align, the more a site takes on the characteristics of a CIZ. These markers set CIZs apart from ordinary industrial parks or SEZs.

Table 2. Interaction of exemption, sacrifice, and coercion logics.

Configuration	Exemption logic	Sacrifice logic	Coercion logic	Outcome
Ordinary industrial siting	✓	✓	–	Fast-tracked rollout with heavy local burdens; but contestation remains free
Authoritarian fast-tracking	✓	–	✓	Accelerated rollout with repressed protest; but limited local burdens
Coercive siting	–	✓	✓	Heavy local burdens and repression; but under standard (nation-wide) legal framework
CIZ	✓	✓	✓	Accelerated rollout through legal exception, territorial sacrifice, and repression

This "thick" conceptualization makes CIZs more difficult to identify than formal categories like SEZs or FTZs. But it captures how zonal governance operates in autocratic contexts, where law does not constrain rulers but

rulers dictate the law; and where informal power structures often outweigh formal ones (Zgut, 2022). CIZs' boundaries become visible not through legal designation, but through practice. This also complicates the EU's role: Scholars of democratic backsliding have shown that EU institutions often assess formalistic compliance with the letter of the law rather than systemic compliance with principles (Pech & Scheppele, 2017). This dynamic can help explain why practices like CIZs can persist without triggering EU intervention.

3.1. The "Why" Question: Interest Constellation Behind CIZs

CIZs emerge at the intersection of three sets of interests under conditions of accelerated green industrial transformation: those of autocratic regimes, the EU, and transnational firms embedded in EV-related value chains. No single actor produces these zones on its own. Rather, it is their interaction that renders coercive zoning politically viable despite high domestic costs and sustained popular resistance.

For host regimes, CIZs are not a very attractive option in domestic political terms. These projects generate visible ecological harm, protest, and erosion of regime legitimacy, while economic gains can be modest and uncertain. The motivation instead lies outside the domestic arena, in how these zones reposition regimes within transnational power relations. By embedding themselves in the EU–China clean-tech corridor, leaders such as Orbán and Vučić may seek to elevate their international standing and to manage asymmetric relationships with powerful external actors. EU institutions hold significant leverage over both cases—through accession conditionality in Serbia and rule-of-law procedures and funding disputes in Hungary. Germany's automotive industry is a major investor in both countries and, in turn, depends on secure access to battery cells and critical raw materials (CRMs). Hosting strategic segments of the EV transition creates the potential to weaponize this interdependence: Control over key inputs can be translated into bargaining power in moments of conflict. This positional leverage allows regimes to deflect external pressure or sanctions, and reframe domestic repression as the unavoidable price of maintaining Europe's industrial competitiveness and supply-chain security.

How does the EU and its EV transition contribute to the emergence of CIZs? The EU's recent turn toward active industrial policy has created powerful incentives to mobilize investment in the battery value chain. Launching the European Battery Alliance as early as 2017, the European Commission has long framed battery manufacturing as a strategic priority (Di Carlo & Schmitz, 2023) at the intersection of three high-stakes political projects: decarbonization, industrial competitiveness, and strategic autonomy. The 2024 Net-Zero Industry Act sets a target of 550 GWh of EU-based battery manufacturing capacity by 2030. Yet there are no credibly enforced mechanisms to guarantee that this industrial acceleration upholds common environmental, labor, or democratic standards. This functions as a permissive cause for low-road strategies: Member states that deliver fast rollout by weakening oversight gain a competitive edge within the single market (Polyák, in press). Coercion thus becomes a source of efficiency, enabling fast and frictionless project execution. Once supply chains are locked in, the EU's own dependence on these sites makes enforcing standards even harder. But the EU's role can be more than just permissive: Through its power to label "strategic projects," linking them to funding streams and conferring legitimacy, it can transform locally contested investments into European priorities, embedding coercion in its green transition.

A potential critique of this argument is that coercive zoning would have emerged regardless of the EU's green industrial agenda—but this is implausible for several reasons. A defining feature of CIZs is the scale of industrial

transformation involved, and that scale is specific to the EV transition. Both the Rio Tinto lithium mine and the CATL gigafactory represent the largest foreign investments in Serbia's and Hungary's respective histories. These large, capital-intensive projects hinge on access to European markets and supply chains. Autocratic leaders may desire such projects for political or private gain, but the ability to realize them only opened up because of the green transition.

Transnational firms form the third element of the constellation. EV-related minerals extraction and battery manufacturing are capital-intensive projects with large material footprints and substantial execution risk. Firms therefore seek de-risked investment environments. CIZs provide a distinctive form of de-risking: Regulatory requirements are relaxed, timelines compressed, and, crucially, exposure to popular protest and legal challenge is neutralized through political control. In line with the de-risking logics identified by Gabor and Braun (2025), zonal governance shifts political, regulatory, and social risks away from capital and onto host states and affected communities. Firms may not drive coercive zoning directly, but they readily capitalize on it.

Table 3 summarizes the benefits and risks of CIZs to various actors. While autocratic regimes, transnational firms, and the EU capture strategic gains, burdens are concentrated at the local level.

Table 3. Actors, benefits, and risks in coercive zoning.

Actor	Key benefits	Key risks
Autocratic leaders	Geopolitical positioning and supply-chain centrality; leverage vis-à-vis the EU	Sustained opposition; economic, social, and ecological burdens erode regime stability
EU	Progress towards decarbonization goals; strategic inputs to auto industry	EU-wide erosion of standards (race-to-the-bottom); exposure to autocratic regimes
Transnational firms	De-risked investment; lower costs	Reputational damage
Local communities	Economic and employment opportunities (limited)	Concentrated environmental and health harms; autocratic oppression

4. Empirical Cases: Evidence for Coercive Zoning in Serbia and Hungary

The empirical analysis proceeds through two case studies, each analyzed in two layers—first tracing the coercive zoning practices, then examining how they are embedded in wider constellations of domestic, European, and corporate interests.

4.1. The Jadar Project

The Jadar Valley, Serbia's extractive frontier, offers the clearest illustration of a CIZ: a territorially bounded space where exemptions are engineered, costs are concentrated, and coercion accelerates industrial rollout. Jadar is a juridically and politically constructed space in which rules are selectively suspended or reconfigured to accommodate a high-stakes lithium project. Through fragmented environmental assessments and repeated permit extensions, the state crafted an exemption logic that allowed Rio Tinto to advance without comprehensive scrutiny. These exemptions translated into a sacrifice logic, designating the

valley as the territory expected to absorb pollution, water depletion, and land loss so that Europe could move toward its electrification goals. When opposition emerged, the project entered a phase of authoritarian acceleration: Petitions were erased, protests repressed, and dissent criminalized. Exemption, sacrifice, and coercion converge to produce the paradigmatic CIZ.

In 2017, the Serbian government signed a Memorandum of Understanding with Rio Tinto, a British-Australian mining conglomerate, granting it rights to develop one of the world's largest lithium deposits in the Jadar Valley through its local subsidiary, Rio Sava. The agreement paved the way for a massive greenfield mining project designed to extract lithium and borates for use in EV batteries and other clean-tech applications ("Jadar project timeline," 2024). In 2020, this political commitment was formalized through the adoption of the Spatial Plan of the Special Purpose Area for Jadar, which carved out a bespoke legal framework for the mine and associated processing facilities. This designation gave the mine priority status despite the absence of a national strategic and policy framework, already stretching planning law (Rajić et al., 2025, pp. 14–15). Once the project had this privileged status, procedures were systematically adapted to suit the investor. The Ministry of Mining extended Rio Tinto's permits 18 times, even though the company had failed to provide the necessary documentation and there was no legal basis for the extensions. Instead of applying existing regulations, authorities treated deadlines as flexible, normalizing the project's exceptional treatment and ensuring continued preparations despite persistent non-compliance (Müller et al., 2025).

Further irregularities appeared in 2021, when the Ministry of Environmental Protection approved Rio Tinto's request to define the scope of the environmental impact assessment study. The environmental impact assessment procedure is intended to provide a comprehensive evaluation of a project's environmental effects before approval, covering impacts on water, soil, biodiversity, waste, and public health. Yet Rio Tinto's request was incomplete and inconsistent with the law. It included only the underground mine, excluding ore processing, tailings storage, water extraction from the Drina, and sludge disposal. This tactic of "project splitting" (also called "salami slicing") obscured cumulative harms, lowered environmental obligations, and accelerated permit acquisition (Müller et al., 2025; "Rio Tinto—Salami slicing," 2024).

These exemptions trigger ecological and social burdens, territorially concentrated in the Jadar Valley. The Jadar project covers nearly 400 hectares of farmland and forest, threatening biodiversity, drinking water reservoirs, and the Jadar and Drina rivers. A recent, contested study stresses that the project would be "one of the world's very first lithium mines in populated and agricultural areas" (Đorđević et al., 2024). The authors argue that ecological damage already surfaced in the project's test phase: Wastewater containing high levels of boron reportedly leaked from test wells, drying out crops, while downstream rivers showed substantially elevated concentrations of boron, arsenic, and lithium compared to upstream sites. Rio Tinto sought to discredit these findings (Steward et al., 2024). The article was subsequently retracted, though the authors maintain their findings (see Chawla, 2026).

Criticism has also been raised on the economic side, suggesting that the Serbian state would capture negligible benefits from the project—€17.4 million annually, or just €2.60 per capita—while bearing hundreds of millions of euros in infrastructure costs (roads, railways, pipelines, electricity, and water supply) necessary to support the mine. In the event of environmental disaster, such as floods or tailings spills, Serbia would also shoulder remediation costs worth hundreds of millions of euros, while Rio Tinto would retain ownership of the extracted lithium (Grujić, 2024; Rajić et al., 2025).

Residents face the immediate risks of contamination, biodiversity loss, and displacement, while the benefits—58,000 tonnes of lithium carbonate annually, potentially meeting 15% of EU demand by 2030 (Müller et al., 2025)—are externalized to the European level as contributions to the EV transition, climate neutrality targets, and industrial competitiveness. This sacrifice logic is not lost on locals; as one protester told the *New York Times*, "I don't need green cars. I need green apples and green grass" (Higgins, 2024). Serbian daily *Blic* reported how Jadar was designated as the green transition's "sacrifice zone" (Vukašinović, 2021).

Mass protests have been central to the trajectory of the Jadar project. In late 2021 and early 2022, tens of thousands of people across Serbia mobilized against Rio Tinto's plans, blocking roads and rallying in cities and villages under the slogan "Ne damo Jadar" ("We won't give up Jadar"). The resistance forced the government in January 2022 to suspend the project, a rare concession in Serbia's tightly controlled political environment. Yet this moment of apparent victory was short-lived. On 11 July 2024, Serbia's Constitutional Court overturned the suspension, ruling it unconstitutional (Stojanovic, 2024a).

The return of Jadar immediately reignited protest. Between late July and early August 2024, demonstrations spread to 48 cities and towns, culminating in a massive rally in Belgrade on 10 August 2024, where tens of thousands again took to the streets. The state's response was repressive. Police intimidated organizers and dispersed road blockades with force; new legislation was adopted to criminalize environmental protest. Fourteen demonstrators were arrested in Belgrade, and three activists received 30–40 day prison sentences for minor misdemeanors—an unusually harsh punishment in Serbian judicial practice (Stojanovic, 2024b).

Repression extended beyond the streets. In May 2022, a citizens' initiative signed by over 38,000 people to ban lithium and boron mining was submitted to the National Assembly, but they declared the petition "lost," in open breach of the Law on Referenda and People's Initiatives (Müller et al., 2025). Pro-government media launched smear campaigns portraying activists as "terrorists" and "enemies of the state." A website named Kopaćemo even published a registry of 21 "eco-terrorists," targeting local community representatives, environmental activists, and public figures who oppose the project. ("Jadar project timeline," 2024).

4.2. Entangled Interests in the Jadar Project

Among global lithium projects, Jadar stands out for its strategic significance within the EU's green industrial agenda (Table 4). According to the European Commission's official factsheets on CRM strategic projects, Jadar is one of only 10 lithium extraction projects granted this designation—and the largest among them. With a planned annual output of 58,000 tonnes of lithium carbonate, the mine alone could supply 18–26% of the Union's needs for battery-grade material by 2030 (European Commission, 2025b). In comparison, the EU's largest domestic lithium sources, the Barroso mine in Portugal and the Cínovec mine in Czechia, are expected to cover 18% combined. The scale underscores why Jadar occupies a pivotal position in the EU's CRM diplomacy: It combines scale, proximity, and political accessibility in a single project.

Situated in an EU candidate country firmly within the Union's geopolitical orbit, the Jadar project offers more than just a stable source of lithium: It represents an opportunity to consolidate EU influence in the Western Balkans, a region where Chinese actors have been expanding their footprint in the raw materials sector. This is precisely why the European Commission and key member states—particularly Germany—have embraced the project as a flagship initiative, central to both Europe's battery value chain and its broader push for strategic autonomy in CRMs (Müller et al., 2025).

Table 4. EU CRM strategic projects in lithium extraction.

Project Name	Company	Country	Share of EU demand (2030 est.)	Annual capacity (t Li content)
Jadar	Rio Tinto (Local entity: Rio Sava)	Serbia	18–26%	9,600
Cínovec Lithium Project	Geomet s.r.o.	Czechia	7–8%	4,900
Barroso Lithium Project	Savannah Lithium Unipessoal, Lda	Portugal	10%	4,900
Emili	Imerys Ceramics France	France	5%	≈2,500
Romano Mine	Lusorecursos Portugal Lithium	Portugal	4–6%	≈2,500
Keliber Lithium Project	Keliber Technology Oy	Finland	2–5%	2,070
Ageli	Eramet	France	n.d.	n.d.
Zero Carbon Lithium	Vulcan Energie Ressourcen GmbH	Germany	n.d.	n.d.
Mina Doade Project	Recursos Minerales de Galicia	Spain	n.d.	n.d.
Las Navas	Lithium Iberia, S.L.	Spain	n.d.	n.d.

Sources: European Commission (2025a); Schmidt (2023).

EU engagement with the project long preceded its formal designation under the CRMA. As early as 2021, leaked correspondence revealed meetings between Rio Tinto executives and officials of the Commission's Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW). In these exchanges, the Commission signaled political support for project implementation despite the absence of completed environmental impact assessments (Stuehlen & Anderl, 2024). The leak triggered strong backlash in Serbia.

Despite the suspension of Jadar's permits in 2022 following mass protests and a government moratorium, EU institutional engagement continued. In September 2023, while the project was still officially halted, the European Commission and the Serbian government signed a Letter of Intent on closer cooperation in the fields of CRMs and EVs—effectively maintaining the project's strategic status. Less than a year later, in July 2024, Serbia's Constitutional Court overturned the suspension. Within days, President Vučić, German Chancellor Olaf Scholz, and EU Commissioner Maroš Šefčovič announced a trilateral memorandum on CRM cooperation, formally placing Jadar at the center of the EU's CRM strategy (Weizman & Ahmatović, 2025). The rapid sequencing—court decision followed almost immediately by high-level diplomatic choreography—created a strong impression that the ruling merely cleared the path for a pre-negotiated agreement.

The strategic designation of Jadar under the CRMA was actively contested by civil society in advance. In December 2024, the Marš Sa Drine ("Get off the Drina River") coalition of environmental NGOs sent a letter to the Commission, urging it not to designate Jadar as "strategic," arguing that it fails to meet the criteria set by the CRMA framework, as it violates national law and human rights (Marš Sa Drine, 2024). This sequence is analytically significant: Civil society groups explicitly identified EU designation as a mechanism that could re-legitimize the project and enable its resurrection. Despite these warnings, on 4 June 2025, the Commission formally included Jadar among the strategic CRMA projects. This decision conferred a powerful package of incentives: fast-tracked permitting, facilitated access to EU-level financing (including through the European Investment Bank), and administrative support via a streamlined "one-stop shop." While the Commission presented it as a technical measure to accelerate implementation without lowering standards, critics warned that the designation risked becoming a carte blanche for project implementation "at any cost"

(Elek, 2025). Marš Sa Drine organizer Bojana Novaković, one of the letter's signatories, put the sacrifice zone logic front and center in her critique:

> The lack of transparency, legal irregularities, and deficient feasibility studies in these projects further expose the EU's complicity in undermining the very governance and regulatory frameworks it claims to champion, perpetuating a system of unequal resource extraction that benefits parts of Europe at the expense of other nations. The future is not green if it's only green for you. (Todorović, 2024)

In this context, the very act of strategic designation becomes evidence of the EU's constitutive role in the emergence of CIZs. Far from a neutral classification, the "strategic project" label reconfigured the trajectory of a contested investment—demonstrating how the EU can function not merely permissively, but as a driver of zonal governance.

Stuehlen and Anderl (2024) also interpret this dynamic as emblematic of a triangulated interest constellation. In their account, the Serbian state facilitates deregulation, the EU provides strategic and institutional backing via the accession process, and Rio Tinto operates with quasi-sovereign authority. The mechanism lies in the contradictions of Europeanization itself: Accession simultaneously obliges Serbia to adopt EU environmental standards and to liberalize for foreign investment. In practice, the latter imperative dominates, with EU leverage used to frame Jadar as a European priority while overlooking violations of legality and democratic procedure. Interestingly, local actors invoked EU norms to resist the project—drawing on the accession process to articulate demands for ecological protection and transparency—while the Commission's actions simultaneously strengthened the autocratic regime's position. In a double movement, the EU promotes high normative standards and enables their erosion in practice.

In principle, the accession process is designed to align candidate states with EU standards and strengthen the rule of law and democracy. In practice, however, the Jadar case shows how this conditionality has been unevenly applied. During the 2019–2024 mandate, the enlargement portfolio was assigned to the Hungarian commissioner, repeatedly criticized for watering down rule of law benchmarks (Bayer & Wanat, 2021), contributing to a permissive environment.

The contradiction was stark: While the EU's green transition relies on Serbian lithium to meet EU climate targets, the governance of the mine itself embodies differentiated rules, concentrated costs, and coercion. In this sense, the CRMA framework actively reshapes governance on Europe's periphery, transforming suspended projects into strategic ones and embedding the logics of exemption within the EU's green industrial agenda.

As of writing, the project's fate remains uncertain. In November 2025, Rio Tinto placed Jadar into "care and maintenance," citing stalled permitting and market uncertainty (Perišić, 2025).

4.3. Battery Zones in Hungary

Hungary's attempt to position itself as Europe's battery superpower rests on CIZs to fast-track foreign investment. While Hungary lacks domestic mineral reserves, it has become a central node in the EU's EV supply chain through an aggressive push to attract Korean and Chinese firms such as Samsung SDI,

SK Innovation, and CATL. The strategy has been remarkably effective: Between 2018 and 2024, Hungary rolled out 78 GWh of annual battery cell manufacturing capacity (one quarter of the EU total) with projections that by 2030 it could reach up to 233 GWh/a (Polyák, 2026). While Europe's "domestic champions" like Sweden's Northvolt have struggled to scale up and even cancelled projects, Hungary's foreign-owned gigafactories are pressing ahead on schedule. Yet this industrial surge has been structured through differentiated rules, concentrated territorial burdens, and coercive suppression of dissent.

The Hungarian battery boom has been enabled by a dense patchwork of legal exemptions, as systematic analyses document. The cornerstone is the 2006 law on investments of "national economic importance," which since 2010 has been used to fast-track almost 2,000 projects (Éltető, 2023, p. 25). The thresholds for this privileged status have been dramatically lowered—from 1,000 jobs and €1.7 million in investment to as little as 15 jobs and €300,000—rendering the law almost meaningless, and giving the government full discretion to hand-pick exempted projects.

Formal SEZs became another pillar of Hungary's exemption logic, used to insulate battery megaprojects—and mashed together with the coercion logic too (Sárosi, 2020). The most explicit case is Göd: After Samsung SDI's repeated permit violations drew scrutiny from a newly elected opposition mayor, the government reclassified the factory site as an SEZ in April 2020, transferring tax revenues and regulatory competences to the Fidesz-controlled county. Importantly, however, SEZ designation was applied selectively: In Debrecen, CATL's gigafactory proceeded without SEZ status, indicating that where local governments were politically aligned, formal exemption was unnecessary. As one activist remarked: "We don't have a Special Economic Zone in Debrecen, what we have instead is a Fidesz majority in the local government" (personal communication, 28 December 2023). By late 2024, the government announced the abolition of SEZs, but only after they had served their purpose of disempowering local dissent; and after Fidesz took back control of Göd, the most high-profile site of local contention. Their deployment and repeal highlight how SEZ designations are mobilized selectively, as tools of fiscal and regulatory gerrymandering (i.e., the strategic reallocation of tax revenues and regulatory authority), designed to weaken opposition and guarantee frictionless rollout.

Samsung's Göd plant illustrates the practical effects of the exemption logic. For five years it (unlawfully) operated without a valid environmental permit, despite using more than 10,000 tonnes of hazardous solvents annually (Éltető, 2024a, p. 9). Rather than assessing cumulative impacts, authorities issued separate permits for each expansion (the "salami slicing" tactic found in the Jadar case), each time declaring "no significant environmental impact." When monitoring requirements were imposed, Samsung buried its own well to avoid detection of carcinogens in wastewater (Bodnár, 2023). Even when permits were finally granted, they excluded key areas such as wastewater, waste management, and noise.

These exemptions produced stark territorial sacrifices. Hungary's battery plants have emitted hazardous substances at levels virtually unseen in other industries. For example, Samsung SDI's battery factory in Göd released a total of 88 tonnes of N-methyl-2-pyrrolidone (NMP) solvent into the air from 2019–2022 (Bodnár, 2024). NMP is a fetotoxic chemical used in battery electrode production, not typically emitted by other local industries. In 2021 alone, the Göd plant's NMP emissions spiked to 81.5 tonnes—roughly 75 times above the new EU emission limit ("What are the environmental concerns," 2023). The battery factory became the dominant polluter in its region, driving a seven-fold jump in Göd's CO_2 emissions and

uniquely accounting for massive NMP pollution. These levels of air toxin emissions have no recent parallel in other Hungarian industries, marking the battery sector as an outlier in environmental impact. A very visible form of the territorial sacrifice logic is battery waste. Samsung, SK, and other suppliers were linked to illegal dumps, a whopping 14,000 tonnes across six sites (Éltető, 2024a, p. 25). Such toxic stockpiles, never cleared despite multiple removal orders, created what NGOs called a "battery wasteland" (Inotai, 2023). The sacrifice logic is lamented by local activists, who stress the irony of eco-conscious Western Europeans hopping into their EVs to drive to the farmers' market, while the battery is produced through ecological devastation (Partizán Podcast, 2024).

Worker safety violations reveal the same sacrifice logic in labor rights (Merk et al., 2024). To name just one example, a record €250,000 safety fine—Hungary's largest-ever workplace safety penalty—was imposed on Samsung's Göd plant in 2023, for sorely neglecting mandatory health monitoring of 66 employees working with carcinogenic cobalt and nickel (Bodnár & Szabó, 2025). Labor shortages are covered by recruiting workers from Vietnam, Kyrgyzstan, and Ukraine, often treated as expendable and exacerbating the risk of violations, while inflaming xenophobic backlash in communities long fed anti-immigrant propaganda. Explosions, fires, and fatalities have occurred across multiple sites, yet no plant has ever been suspended (Éltető, 2024b). Fines are treated as a cost of doing business; even after Hungary raised maximum penalties tenfold in 2024, enforcement remained symbolic.

Critics of Hungary's battery strategy contend that the industry produces relatively low added value and does not deliver sufficient economic benefits to justify high subsidies (e.g., Győrffy, 2023). That Hungary's battery push is best understood as a geopolitical rather than an economic strategy is underscored by the fact that it has been driven primarily by Foreign Minister Péter Szijjártó, while Economy Minister Márton Nagy reportedly criticized the strategy sharply at a 2024 cabinet meeting, warning that the government had "bet on the wrong horse" (Pethő et al., 2024).

The coercive edge became visible as soon as dissent emerged (Ricz & Éltető, 2025). In Debrecen, a 2023 public hearing on CATL's announced gigafactory investment descended into chaos and physical altercations (Higgins, 2023); soon after, the government eliminated such hearings altogether. In Göd, citizens' complaints about noise, air, and water pollution were ignored for years, while activists and journalists documenting abuses face harassment and intimidation. The newly created Office for the Protection of Sovereignty has since targeted NGOs critical of the battery industry, portraying them as foreign agents (Bodnár & Bodoky, 2024).

Hungary's rapid battery rollout thus exemplifies the CIZ. Exemption logic is visible in company-specific exemptions, SEZ designations, and regulatory loopholes that insulated investors; sacrifice logic in the concentrated burdens of toxic solvents, illegal waste, and hazardous labor conditions borne by local communities; and coercion in the repression of protest, hollowing out of participation, and harassment of watchdogs. Nonetheless, the intensity of both the ecological damage and the protest (and repression) is lower than in the Jadar case, suggesting differentiated dynamics higher up the value chain and within the EU.

4.4. Entangled Interests in Hungary's Battery Projects

The Hungarian case also shows how the CIZ is embedded in the EU's political economy. As of 2024, Hungary hosts 78 GWh of operational battery manufacturing capacity, second only to Poland's 86 GWh, despite Poland

being a significantly larger economy. Based on the project pipeline, Hungary is projected to become the EU's largest battery producer by 2030, with a planned nominal capacity of 233 GWh/year—outpacing Germany (229 GWh), France (193 GWh), and Spain (182 GWh) as seen in Figure 1. This would account for 21% of the EU's projected total capacity of 1,114 GWh, positioning Hungary as a central pillar in Europe's battery value chain and green industrial strategy (Polyák, in press). European Commission Vice President Maroš Šefčovič praised Hungary as the sector's "pioneer" and "a European battery champion" helping "achiev[e] strategic autonomy in this critical sector" (Šefčovič, 2022).

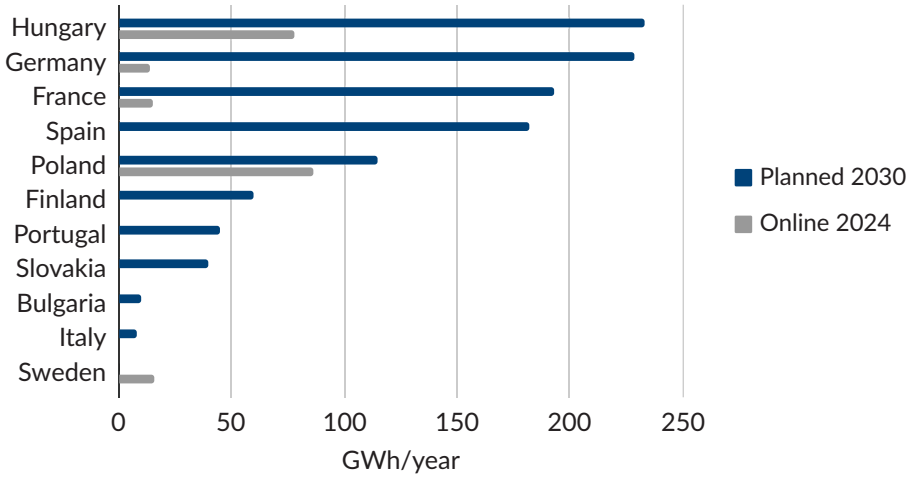

Figure 1. Planned and operational battery manufacturing capacities in the EU. Source: Polyák (2026).

While Hungary's rollout has not been proactively supported by the EU, EU governance has provided permissive conditions. On the environmental side, a telling example is the treatment of NMP pollution, mentioned above. EU law sets strict limits on the toxic solvent's use and emissions, yet Hungary (as well as Poland) adopted national regulations that violated these standards (N. Meunier & Ponsa Sala, 2025). In principle, such violations should trigger infringement procedures. In practice, the European Commission remained passive, reflecting a broader pattern identified by Kelemen and Pavone (2023): the EU's growing reluctance to enforce its own laws.

Such "low-road" strategies of clean-tech rollout are incentivized by the lack of credibly enforced mechanisms to reward cleaner production. Hungarian factories that rely heavily on Russian gas and exceed EU solvent thresholds compete on equal footing with firms in member states with cleaner grids and tighter oversight. The new Battery Regulation (2023/1542) could alter this balance, with its mandate to disclose the lifecycle carbon footprint of batteries and a binding threshold from 2028. Yet its enforcement details remain vague, and the Commission is unlikely to set ambitious limits that would undercut EU industry. Numerical carbon targets also fail to capture other ecological damages—such as water stress or toxic emissions.

Even in the one area where the Commission has hard power—state aid control—its approach has been narrow. The rollout period has coincided with the bloc-wide relaxation of state aid rules (Bulfone, 2026; Di Carlo et al., 2024). The Commission did open investigations into Hungary's subsidy packages for Samsung and SK, but ultimately approved them as compatible with competition rules. No consideration was given to the use of environmental or social dumping as unfair competition practices.

CIZs mirror Hungary's wider pattern of democratic backsliding: hollowing out local government, curtailing public participation, and repressing dissent. Scholarship on the EU's autocracy crisis (Kelemen, 2020, 2023; Pech & Kochenov, 2019; Pech & Scheppele, 2017) shows that the EU has not only failed to halt autocratization but often enabled it. Kelemen's notion of the "autocracy trap" captures the structural dilemma: The EU enforces fiscal rules with vigor but treats democracy and rights as domestic matters, shielded by norms of non-interference and by partisan protection. For a decade, Fidesz was sheltered within the European People's Party, which was reluctant to expel Orbán despite mounting evidence of authoritarian transgressions, in part to safeguard Hungary's close ties with German industry (Panyi, 2020). EU funds, meanwhile, continued to flow, stabilizing the regime and allowing fiscal leeway for sizable subsidies to the battery industry. December 2022 saw a shift in this stance, as the Commission froze over €26 billion worth of transfers—sanctioning democratic backsliding in a historic first. However, a year later, this credibility took a large hit as Brussels un-froze a €10 billion tranche (European Parliament, 2024)—timed just before a Council summit where Orbán threatened to veto Ukraine's accession talks. The episode reinforced the perception that the Commission remains too weak to halt the autocracy crisis.

Europe's automotive sector is cross-pressured by the triple shocks of decarbonization, China's technological dominance in EVs, and rising protectionism. Meanwhile, the rollout of an EU battery industry (a strategic priority) has been strained by setbacks throughout the bloc, with the collapse of Northvolt, Europe's flagship battery project, and scale-backs in plans by Volkswagen's PowerCo or Stellantis' ACC (Polyák, in press). Hungary's rollout shows a dramatically different path: In an industry where multi-year delays are the norm, Hungary's SK plants were the only ones starting production ahead of schedule. This risks a growing reliance of German carmakers on Hungary's battery production, opening the door for the Orbán regime to weaponize the value chain (Polyák, 2024). These dynamics entrench Europe's entanglement in coercive zonal governance as a constitutive feature of the green transition.

5. Conclusion: Green Transitions, Grey Zones

This article has shown that the EU's EV transition is unfolding through CIZs—territorialized spaces where democratic, environmental, and labor protections are suspended to de-risk strategic investments. The Serbian and Hungarian cases demonstrate that the emergence of such zones cannot be explained by a clear domestic developmental strategy or cronyism. Instead, CIZs arise from a transnational interest constellation in which EU green transition imperatives, transnational firms' preference for regulatory forbearance, and autocratic regimes' geopolitical strategies temporarily align.

The insights contribute to emerging critical debates on green industrial policy and global political economy by offering a systematic theorization of CIZs as infrastructures of decarbonization. Existing literatures often treat zones as discrete industrial policy instruments; this article reframes them as a broader governance logic that concentrates costs and suspends rights to accelerate industrial rollout. It also brings the study of EU industrial policy into direct dialogue with democratic backsliding, showing how the EU's decarbonization strategy tolerates—and at times requires—the erosion of local accountability.

Two broader takeaways emerge from the analysis. First, zonal governance fragments sovereignty in order to mobilize it as geopolitical currency—delivering benefits for autocrats, but also creating new vulnerabilities. By carving out spaces where ordinary legal and regulatory authority no longer applies, regimes make

themselves available to transnational capital and insert themselves into geopolitically charged clean-tech value chains. Sovereignty is disassembled and selectively redeployed: Regulatory discretion, enforcement capacity, and political control are traded for supply-chain centrality and external leverage. Autocratic governments become indispensable precisely by facilitating circulation—acting as corridors, hosts, and guarantors of uninterrupted production. In a context of multipolar rivalry and supply-chain insecurity, this middleman position generates leverage vis-à-vis larger powers. Yet this is a precarious wager. The same fragmentation of authority that produces relevance also weakens the state's capacity to govern its territory in the public interest, exposing local communities to concentrated environmental and political risks. What emerges is not connectivity but a patchwork of exceptional territories, held together by the fragile transactional logic that produced them.

Second, the EU has become structurally entangled in this form of zonal governance to advance its green industrial objectives. Through strategic raw materials partnerships, and permissive non-enforcement of common standards, the EU's decarbonization strategy has come to depend on authoritarian intermediaries to deliver speed and scale. Political and ecological costs are displaced to the periphery, while industrial and strategic benefits accrue to the core. CIZs thus operate as political logics that shape how the burdens and gains of the green transition are distributed. As climate urgency intensifies and geopolitical competition deepens, the appeal of accelerating through exception will grow. But a transition built on democratic erosion and territorial sacrifice is both unjust and unstable, exposing the EU's green project to new forms of geopolitical risk.

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