



Mining in the Western Balkans:

How to counter authoritarian extractivism?

Policy Paper | Vedran Džihic and Marko Kmezić



Graz/Vienna/Brussels/Berlin | March 2026





CONTENTS

1. Introduction	9
2. The EU’s role in mining in the Western Balkans – Objectives & shortcomings of the Critical Raw Materials Act	12
3. The Western Balkans, mining and the CRMA: Governance of mining under scrutiny	14
Serbia	15
Bosnia and Herzegovina	18
Montenegro	20
North Macedonia	22
4. Financial and economic aspects of mining	24
5. Civic mobilization against mining projects	27
6. Policy recommendations	30

MINING IN THE WESTERN BALKANS: HOW TO COUNTER AUTHORITARIAN EXTRACTIVISM?

Vedran Džihic and Marko Kmezić

With contributions by Frauke Seebass and Marina Vulović

This policy paper is a collaborative effort based on background policy studies prepared by Florian Bieber, Tara Tepavac, Jovan Rajić, Darjana Macanović, Mirko Popović, Jovana Cvijetinić, Ivana Milićević, Hristina Vojvodić, Ljubica Vukčević, Biljana Jovanović, Kristijan Fidanovski, Branimir Jovanović, Jelena Vasiljević, Alem Hamzić and Amna Tuzović



ABSTRACT¹

Critical Raw Materials (CRMs) and Rare Earth Elements (REEs) are in short supply in the EU but vital for its green and digital transitions, as well as the military industry. In an attempt to diversify supply chains and reduce dependencies, the European Commission (EC) in 2024 launched the Critical Raw Materials Act (CRMA) which aims at exploiting new and existing mines inside and outside the EU, developing capacities to profit from secondary raw materials, and create resilient value chains benefiting both local communities and EU companies.

When lithium deposits in Jadar Valley in Western Serbia gained the spotlight and the EU concluded a partnership agreement with the country's government on "Sustainable Raw Materials, Battery Value Chains and Electric Vehicles", the Union became the subject of severe criticism from local (civil) society who had long protested the plans and accused the EU of double standards.

In the aftermath, several studies pointed to potentially mutual benefits in sustainable development for the EU and the countries of the Western Balkans, all of which hold relevant mineral reserves (lithium, copper, etc.). These studies also highlighted the significant political and social contestation in already weak Western Balkans democracies, pointing to issues of environmental degradation, weak regulatory enforcement, limited transparency in concession agreements, and insufficient public participation in decision-making. In the current form, mining often clashes with the reforms foreseen in the EU accession process which the countries have been part of since 2003. At the same time, the pursuit of European mineral autonomy offers new opportunities for a more inclusive approach to both mining and EU accession.

Building on these observations, this work adopts a comparative approach to better understand how institutional structures, political economies, and societal responses shape mining outcomes across different national contexts. It situates mining in the Western Balkans within broader geopolitical and economic dynamics, particularly the EU's Critical Raw Materials Strategy, and examines whether EU enlargement drives regulatory convergence and stronger environmental standards or reinforces existing governance challenges. By comparing cases (Bosnia and Herzegovina, North Macedonia, Montenegro and Serbia) the study also sheds light on why similar mining projects generate varying levels of social conflict, environmental concern, and public resistance.

¹ The findings presented in this policy analysis are based on a comprehensive study on mining and critical raw materials in the Western Balkan generously funded and supported by the Stiftung Mercator. The study was implemented by the team of the Balkans in Europe Policy Advisory Group (BiEPAG) of the European Fund for the Balkans.

The brief concludes that:

- 1** While mining in the Western Balkans can be framed as a strategic opportunity for the EU's green transition, it is unfolding in weak, fragmented, and often authoritarian systems unable to ensure environmental protection, rule of law, or democratic accountability. Mining thus tests governance capacity: **without democracy and rule of law reform, mining expansion risks deeper environmental harm and democratic backsliding**. A stronger and more inclusive EU approach is needed to offset these risks.
- 2** Mining in the Western Balkans has limited overall economic impact but produces high, concentrated profits, yet mostly for foreign private firms, rather than workers, communities, or the state. Cases such as Rupice, Bor, Jadar, and Lopare show a capital-intensive enclave model tied to global commodity chains, with weak domestic spillovers and little structural transformation. Given that environmental and social costs are excluded from financial calculations, **mining regulations and value distribution need reassessment through domestic policy tied to EU conditionality** and reform in favour of stronger rule of law.
- 3** Anti-mining mobilisation in the Western Balkans reflects a wider civic shift: environmental protests have become a platform for democratic renewal and a challenge to entrenched political and economic power. Environmental issues thus serve as entry points to broader challenges to authoritarian rule – **the ultimate struggle is about governance, not just mining**. Rather than downplaying local resistance, the EU needs to stand firmly with local agents of change and use conditionality to push for the reforms needed to make the CRMA a success in terms of both extraction and governance reform in line with the EU acquis.

To conclude, this policy brief argues that mining governance in the Western Balkans constitutes a critical test of enlargement credibility. If extractive projects proceed without robust safeguards, they may reinforce perceptions of unequal integration and externalized environmental risk. Conversely, strengthening environmental enforcement, transparency, and participatory mechanisms could position mining governance as a model for rule of law consolidation and sustainable development under EU accession. In other words, if the EU prioritizes securing raw materials without **firmly linking CRM policy to enlargement conditionality and rule of law reforms**, it risks undermining its own democratic standards in the region and allowing for an authoritarian extraction pattern. For this reason, we elaborate on four sets of policy recommendations:

- 1. Link EU enlargement policies and the Critical Raw Materials Act**
- 2. Address governance gaps and state capacity limitation in the process**
- 3. Institutionalize public participation**
- 4. Ensure equitable and sustainable resource governance**

If aligned with these policy recommendations, the Critical Raw Materials Act could serve to renew the EU's credibility in the Western Balkans.

1. INTRODUCTION

Amid a broader global geopolitical and geo-economic reshuffling accelerated by Russia's war of aggression against Ukraine, the EU finds itself at a crossroads. As a result, several long-term strategic objectives have gained new urgency. This includes EU enlargement, driven largely by geopolitical and security concerns around Ukraine but also giving new momentum to the six (potential) candidates in the Western Balkans.

At the same time, the green and digital transitions, combined with heightened global power competition, have made access to critical raw materials (CRMs) a strategic priority. Lithium, cobalt, rare earth elements (REEs), nickel, and other essential inputs for car batteries, renewable energy systems, military gear, and digital technologies have become central to Europe's future competitiveness and security. For many of these materials, EU-based companies rely heavily on Chinese suppliers whose low prices and processing capacities often make new mining projects unprofitable while leaving the industry vulnerable to supply disruptions if Beijing decides to withhold supply. The EU's 2024 Critical Raw Materials Act (CRMA) marks a major structural shift from market-driven resource acquisition towards strategic industrial policy and supply chain securitization. The Act sets benchmarks for domestic extraction, processing, and recycling capacities while explicitly promoting "strategic partnerships" with third countries.

As EU candidate countries, the Western Balkans occupy a particularly sensitive position in this emerging resource landscape. The region possesses significant mineral potential, including lithium deposits in Serbia and Bosnia and Herzegovina, bauxite and other minerals in Bosnia and Herzegovina and Montenegro, nickel and cobalt in Albania and Kosovo, aluminium in Montenegro and North Macedonia, and other strategic minerals. These deposits have attracted growing interest from multinational corporations and European policymakers alike. In combination with their ongoing integration into EU structures and acquis-related reforms, they appear to be ideal partners for the CRMA's goals. However, experts and local activists have raised warnings and organized resistance.

This evolving dynamic raises fundamental questions about the nature of EU enlargement and the balance between EU values and strategic and economic interests. Traditionally its most successful foreign-policy instrument, enlargement has served the EU's normative power aspirations by fostering democracy, the rule of law, and good governance in candidate countries through conditionality. Although the process has been slow and cumbersome in recent years, EU accession is still seen as an anchor for stability, democracy and peace in the Western Balkans. However, its credibility has waned after more than two decades of delay, further fuelled by growing tensions between official norms and principles on the one hand and geopolitical and geo-economic imperatives on the other. In some candidate countries, most notably Serbia, concerns over democratic backsliding, media capture, and shrinking civic spaces have long been subordinated to strategic considerations of EU countries, including energy diversification, migration management, and increasingly access to critical raw materials. This dynamic

has strengthened the influence of the very governments that dismantle democratic norms, consolidate state capture, and profit from EU legitimation and economic assistance.

While new extraction projects are just one part of the CRMA, the prospect raised the alarm in communities across Europe, including the Western Balkans. In a region with widespread and well-documented state capture, corruption and weak state institutions, mining plans raise fears among the population regarding negative externalities such as the contribution to climate change, deforestation and habitat destruction, water pollution, soil erosion, and the loss of biodiversity. In addition, there is a serious concern that large-scale mining projects might lead to more corruption and clientelism, and a further centralization of political and economic decision-making, ultimately deepening state capture and increasing authoritarian tendencies.² This is where we place our argument about the growing threat of authoritarian extractivism in the Western Balkans.

The case of Serbia's Jadar lithium project – the first and so far only in the region to have gained the status of 'strategic priority' under the CRMA – illustrates these contradictions vividly. The planned extraction of lithium by the multinational corporation Rio Tinto in Jadar Valley sparked significant public protests and environmental mobilisations in recent years, prompting the Serbian government to stop the project in January 2022 (shortly before parliamentary elections). However, the decision was conveniently overturned in 2024 ahead of the signing of a strategic partnership on minerals and value chains with the EU, sparking renewed outrage including outrage directed at Brussels. The project has since become a symbol of broader concerns, from environmental degradation to limited transparency, perceived elite capture, and fears that EU industrial interests are being prioritized over democratization, effectively handing autocratic elites a political lifeline and undermining the EU's most powerful tool for change in the region. Although Rio Tinto transitioned the project into "care and maintenance" in November 2025, effectively putting it on hold, it remains emblematic of the need for a broader strategic alignment between EU industrial policy and candidate-country resource development, but also of the danger of authoritarian extractivism.

The term authoritarian extractivism, frequently linked in the literature to the Global South and postcolonialism, is introduced here to describe a general pattern in which ruling elites centralize power, weaken democratic checks and shrink civic space, while promoting highly visible resource extraction (mining) projects, justified by ruling parties as key to economic development, yet primarily benefiting ruling networks and foreign investors rather than local communities. The enduring problems of authoritarian governance in the Western Balkans are well-documented, including in the latest Freedom House's Freedom in the World (2025) report which observes the erosion of the rule of law and the expansion of patronage networks and clientelism threatening democratic institutions across the region.

² Compare here existing literature: Prelec T. (2020). The vicious circle of corrosive capital, authoritarian tendencies and state capture in the Western Balkans, *Journal of Regional Security*, vol. 15/2, P. 167-198 and PSSI. (n.d.). Eco-monsters, eco-fighters: China's investments in Serbia's heavy manufacturing industry as seen through an environmental lens. Retrieved from <https://www.pssi.cz/publications/39-eco-monsters-eco-fighters-china-s-investments-in-serbia-s-heavy-manufacturing-industry-as-seen-through-an-environmental-lens>

In this policy brief, we argue that due to intense demand for CRMs to drive Europe's green and digital transition, EU actors risk prioritizing supply security while neglecting or downplaying democratic deficits in the Western Balkans. Currently, dynamics of authoritarianism and demand-driven extractivism reinforce each other: extraction demand provides revenues and political leverage for Balkan authoritarians, and in turn they suppress civic resistance and independent oversight, increasing profits for investors. Ultimately, as we demonstrate in this brief, such an approach leads to weakened environmental standards, unequal distribution of benefits, further erosion of the rule of law, reduced civic space, and increased corruption risk. Rather than contributing to these dynamics, the EU is in a unique position to leverage the enlargement conditionality in concert with the CRMA's principles and break the cycle of authoritarian extractivism.

2. THE EU'S ROLE IN MINING IN THE WESTERN BALKANS – OBJECTIVES & SHORTCOMINGS OF THE CRITICAL RAW MATERIALS ACT

Mineral raw materials are essential for the EU and global economies, with reliable access becoming ever more urgent. To address this, the European Commission maintains a regularly updated list of critical raw materials (CRMs) that are economically vital and subject to supply risk. Global demand, driven by decarbonization, has prompted the EU to adopt a Critical Raw Materials Act in April 2024 to strengthen all stages of the CRM value chain, including partnerships with third countries. The CRMA marks a strategic shift to tackle supply risks across the EU, setting long-term objectives towards resilient and sustainable value chains. These include diversifying investments, production and trade with reliable partners, and concluding mutually beneficial partnerships with non-EU countries while ensuring high social and environmental protection. The CRMA also links to connectivity and infrastructure projects under the EU's Global Gateway initiative, and to improving circularity within value chains by developing new recycling capacities for secondary raw materials, including from extractive waste.³

In practice, investors ('project promoters') can apply for their CRM mining and/or processing plans to be designated as 'strategic projects' under the CRMA. The European Commission (EC) designates projects based on a non-public expert review and other considerations, with selected projects benefiting from support for access to finance and shorter permitting timeframes. Project promoters must regularly inform the EC about developments but no further independent assessment is required. In case of severe breaches of the CRMA principles, the EC can decide to withdraw the designation but assumes no liability.

While the regulation formally requires compliance with environmental standards, human rights, and local participation, the criteria for selection are broadly framed and decision-making procedures lack robust transparency. Civil society actors have limited possibilities to meaningfully influence the process. The discrepancy between declarative commitments to high environmental standards and the domestic reality of limited administrative capacity and partial EU acquis harmonization raises concerns about external legitimization of projects within fragile regulatory systems.

In 2025, the EU identified 47 strategic projects within the EU and 13 abroad, including Rio Tinto's lithium project in Serbia, which, if operational, is estimated to produce 58,000 tons of lithium carbonate annually, alongside significant boric acid and sodium sulphate outputs. A second call for applications was concluded on 15 January 2026.

³ European Commission (2024). Critical Raw Materials Act, retrieved from: https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/critical-raw-materials/critical-raw-materials-act_en

In February 2026, the European Court of Auditors (ECA) published a special report on the CRMA's implementation that found severe gaps between its goals and interim results.⁴ Apart from missing key targets for diversification and domestic production, the report highlights low governance scores in many non-EU partnership countries, including Serbia. While these are often addressed as part of the agreements, substantial risks remain.

Another key criticism is the focus on primary CRMs, with efforts to improve recycling operations not given enough importance. As announced during the 2025 EU Raw Materials Week, the EU Circular Economy Act expected in late 2026 will establish clear targets and objectives for this endeavour that is currently often hampered by high costs, low standardization and market demands, and inconsistent quality. This makes recycling operations unlikely to become profitable without significant investments and regulatory efforts by the EU and member states.

⁴ ECA (2026). Special report 04/2026: Critical raw materials for the energy transition – Not a rock-solid policy. Retrieved from: <https://www.eca.europa.eu/en/publications/SR-2026-04>

3. THE WESTERN BALKANS, MINING AND THE CRMA: GOVERNANCE OF MINING UNDER SCRUTINY

The Western Balkans is a resource-rich European region with a strong mining tradition and some level of integration into EU trade and transport networks, making it conveniently placed to support the EU’s critical raw materials diversification goals. The region also holds significant secondary raw materials including copper, lead, zinc, nickel, lithium from legacy industrial sites and mine tailings, which, if sustainably recovered, could provide substantial mutual benefits.

Country	CRM(s) from EU 2023 List	Known/reported deposits or potential	Known/reported secondary deposits	Relevance to EU supply
Serbia	Lithium (SRM), boron, copper	Jadar deposit (lithium & borates, unique jadarite mineral); Bor mining basin (major copper production).	Antimony, ardennite, cobalt, scandium, REEs	Highly strategic for EU battery supply chains; significant copper supplier.
Albania	Nickel (SRM), bauxite/aluminium	Nickel laterite deposits (Dibër, Pogradec); Bauxite in Tropojë; Chromium mines (Bulqizë).	Gallium, magnesium, REEs	Could diversify EU nickel sources; an alternative to Guinean bauxite imports; chromium remains strategic for stainless steel.
Bosnia and Herzegovina	Bauxite/aluminium, magnesite	Lithium deposits in Lopare; bauxite deposits in Mostar & Jajce; magnesite in Srebrenica & Vareš.	Antimony, ardennite, gallium	Potential to reduce EU reliance on imports for bauxite and magnesite.
North Macedonia	Copper, nickel, chromium, Rare Earth Elements (REEs)	Borov Dol (copper); Ržanovo (nickel, chromium); exploration of REEs in Mariovo alkaline complexes.	Antimony, ardennite, REEs	Could provide regional nickel and copper; REEs remain early-stage but strategically valuable.
Montenegro	Bauxite/aluminium, copper	Bauxite deposits in Nikšić; smaller copper deposits at Šuplja Stijena and Brskovo.	REEs, scandium, titanium, vanadium	Potential for revival of aluminium production; supplementary copper supply.
Kosovo	Nickel, chromium, bauxite	Deposits in Drenica and Gjakova regions.	Antimony, cobalt, boron, bismuth	Resource base aligns with EU CRM needs.

Table 1: Overview of CRM potential in the Western Balkans

This policy brief provides an overview of the most relevant cases in the Western Balkans, where the majority of critical raw material mining projects are either ongoing or planned (Serbia, Bosnia and Herzegovina, Montenegro, and North Macedonia), highlighting the link between mining activities and deficiencies in the rule of law, regulatory framework and democratic governance.

Examining the regulatory and environmental governance frameworks in Serbia and Bosnia and Herzegovina, a clear pattern emerges: extractive development is advancing within institutional contexts marked by incomplete strategic planning, weak preventive environmental mechanisms, discretionary concession regimes, and broader rule-of-law deficits. While mining, and lithium and other critical raw materials mining in particular, is increasingly framed as a strategic economic opportunity in the context of the European Green Deal and the EU Critical Raw Materials Act, the domestic regulatory frameworks designed to safeguard environmental protection, public participation, and human rights remain structurally fragile, partly politicized, and inconsistently enforced.

SERBIA

Serbia so far is the only country in the region with a partnership under the CRMA and several ongoing large-scale mining operations, highlighting both its significant economic potential and profound governance challenges. While recent discoveries of lithium, copper, gold, silver, and zinc have confirmed the country's mineral wealth, worth an estimated 200 billion USD, the sector's expansion exposes structural deficiencies in regulatory oversight, environmental protection, and rule-of-law enforcement.

The implementation of the Jadar project in Serbia illustrates how the 'rules of the game' have been adapted across all branches of government and levels of governance.⁵

Decisions, including amendments to spatial plans and approval of the environmental impact assessment scope, were made without meaningful consultation with experts or civil society, illustrating how state capture was instrumentalized to push the project through at the expense of democratic processes. In May 2022, over 38,000 citizens submitted an initiative to ban lithium and boron exploitation in Serbia, but the National Assembly failed to debate it despite the constitutional obligation, claiming the documents were lost.⁶ No one was held accountable, highlighting a serious breach of legal and democratic principles.

⁵ Morill, J. (2025). A Sacrifice Zone in the Push for Copper: Experiences from Bor, Serbia. Retrieved from: <https://earthworks.org/blog/a-sacrifice-zone-in-the-push-for-copper-experiences-from-bor-serbia/#:~:text=The%20city%20of%20Bor%2C%20Serbia,operations%20significantly%20in%20recent%20years.>

⁶ Nova.rs (2023). Gde je nestalo 38.000 potpisa za zabranu iskopavanja litijuma: Ne davimo Beograd traži posebnu sednicu Skupštine [in Serbian]. Retrieved from: [https://nova.rs/vesti/politika/gde-je-nestalo-38-000-potpisa-za-zabranu-iskopavanja-litijuma-ne-davimo-beograd-trazi-posebnu-sednicu-skupstine/.](https://nova.rs/vesti/politika/gde-je-nestalo-38-000-potpisa-za-zabranu-iskopavanja-litijuma-ne-davimo-beograd-trazi-posebnu-sednicu-skupstine/)

In Serbia, the central legislative instrument is the Law on Mining and Geological Explorations, adopted in 2015 and amended in 2018 and 2021. The Constitution establishes natural resources as state property, yet the law allows private actors to acquire exploitation rights. Lithium and boron are explicitly classified as raw materials of “strategic importance,” although the law provides no definition of this designation. At the same time, Serbia has not established a methodology for defining its own CRMs, even as it positions itself as a future stable long-term supplier to the European Union’s green transition. These tensions reflect a broader pattern: strategic economic ambition is not matched by governance capacity and administrative and legal ability.

The Draft Strategy for Managing Mineral and Other Geological Resources (2025–2040) illustrates this imbalance. It envisages an “accelerated development” scenario, including annual lithium carbonate production of up to 58,000 tons and an increase in mining’s share of GDP from the current 2.7 percent to potentially between 5 and 8 percent. Yet these projections are advanced in the absence of a valid national Development Plan, a finalized Mineral Resources Strategy, a fully adopted Spatial Plan of the Republic, or harmonized environmental legislation. Serbia introduced environmental impact assessment (EIA), strategic environmental assessment, and integrated pollution prevention mechanisms in 2004 as part of its EU integration process. However, more than two decades later, a functional and coherent preventive system has not been established. The Law on Environmental Impact Assessment remains insufficiently aligned with EU Directive 2011/92/EU, and impact assessments are not required at the earliest stages of exploration. Even when laws are technically aligned, they are often not or only partially implemented in practice. Project fragmentation, sometimes referred to as “salami slicing”, has become a usual practice, whereby investors divide an integrated project into smaller components in order to downplay the scope of environmental impact and avoid comprehensive assessment. The result is a policy landscape in which extractivism becomes a de facto development paradigm before a comprehensive social and environmental framework has been established.

A major concern is not only the lack of effective environmental governance but also the lack of enforcement. Large-scale operations by China’s Zijin Mining Group in the eastern Serbian Bor region, home to one of Europe’s largest copper deposits, illustrate systemic regulatory weaknesses. In the wake of multi-billion-euro investments and the expansion of copper and gold mining, local residents experience severe environmental degradation, including contaminated air, destroyed forests, and disrupted rivers. Public health studies link industrial pollution directly to increased mortality risks, yet government institutions have failed to implement adequate protective measures, such as resettlement programs or mitigation strategies.⁷ This reflects not only insufficient enforcement of environmental law but also a broader institutional inability to balance economic development with citizens’ rights and ecological protection.

⁷ Study: industrially contaminated sites throughout Serbia threaten human health, Balkan Green Energy News (2021). <https://balkangreenenergynews.com/study-industrially-contaminated-sites-throughout-serbia-threaten-human-health/>

The weaknesses of institutions responsible for enforcing regulations and environmental standards in mining are highlighted by the alarming fact that, in Serbia, no operator holds a permit for the collection, transport, treatment, or disposal of mining waste.⁸

Regulatory uncertainty and permitting delays also hinder responsible mining development. The Jadar lithium and boron project, led by Rio Tinto, remains in care-and-maintenance status due to unresolved permitting issues, regulatory ambiguities, and political controversy. The ongoing disputes underscore the risk of political interference, particularly as Serbia's government has strongly promoted lithium extraction projects, fuelling public distrust and social unrest. Moreover, institutional failures to safeguard human rights represent a fundamental concern. In July and August 2024, anti-lithium mining protests occurred across 48 Serbian cities. Authorities arrested 14 people, including three activists imprisoned under a law that normally imposes fines for individuals but allows prison sentences for groups, representing a judicial precedent and potential misuse of group classification. In addition, the Bor case is described by observers as a breach of collective human rights, as it demonstrates how governance failures in the mining sector can produce both environmental, health and social harm. Studies conducted in Bor indicate significantly elevated mortality risks from malignant tumours and a decline in life expectancy of more than two years in the 2018-2022 period. Despite these alarming trends, authorities have delayed comprehensive epidemiological studies and failed to implement announced toxicological testing programs. Such patterns reflect not only regulatory weakness but also a troubling absence of precautionary governance.

Aware of the shortcomings and sensitive nature of mining in Serbia but determined to benefit from one of the largest lithium deposits in Europe, the EU concluded a Memorandum of Understanding (MoU) with the Serbian government to address governance and environmental concerns. The MoU includes provisions requiring Belgrade to update key legislation and is framed within the bilateral Stabilisation and Association Agreement (SAA) concluded in 2013 as a framework for Serbia's EU accession process.⁹ However, as both local experts and the ECA pointed out, the MoU is insufficient to overcome the deep-seated state capture, lack of regulations and capacities to enforce them, and wide-spread distrust of citizens.¹⁰

⁸ State Audit Institution, Report on Performance Audit: Hazardous Waste Management [in Serbian], Belgrade, December 2022, p. 3.

⁹ European Commission (2024). Memorandum of Understanding between the European Union and the Republic of Serbia on a Strategic Partnership on Sustainable Raw Materials, Battery Value Chains and Electric Vehicles. Retrieved from: https://single-market-economy.ec.europa.eu/document/download/6fe0e605-9299-45c3-b846-2efb85585251_en?file-name=EU-RS%20Memorandum%20of%20Understanding_final_no_signatures.pdf

¹⁰ Popović et al (2025). There and Back Again: Extractive Diplomacy, Rule of Law Deterioration and Lithium Rush in Serbia. Retrieved from: <https://reri.org.rs/wp-content/uploads/2025/09/There-and-Back-Again-Extractive-Diplomacy-Rule-of-Law-Deterioration-and-Lithium-Rush-in-Serbia.pdf>

For the EU, this poses a double credibility dilemma. On the one hand, its normative power in the enlargement process has long been undermined by the protraction of the process and autocratisation of the institutions to which it has at least indirectly contributed.¹¹ With citizens across the region perceiving the EU as becoming yet another transactional player, it loses even more leverage in pushing for democratic reform. On the other hand, the objectives of the CRMA are severely threatened if the EU cannot establish itself as a credible partner among fierce global competition led by China, Russia, and the US. While the CRMA rightly plays by the EU's strength – reliable partnerships, local benefits instead of mere extractivism, high environmental and social standards, as well as an inclusion and participation of local communities in decision-making processes regarding mining in general and CRMA in particular – it must make sure to keep these promises or risk losing trust that currently constitutes its key competitive advantage.¹²

BOSNIA AND HERZEGOVINA

Apart from Serbia, Bosnia and Herzegovina (BiH) stands out as another significant case, particularly due to its reserves of base metals and EU-sought CRMs. However, despite its resource potential there are severe constraints on mining development, related not to geological or technical factors but to institutions and governance. A core challenge concerns regulatory uncertainty and the absence of a coherent national mining strategy. Neither the Federation of Bosnia and Herzegovina nor Republika Srpska have adopted a comprehensive mineral resource management strategy. Spatial planning frameworks are outdated, and in some cases decades-old. This absence of higher-level planning documents enables mining projects to advance through ad hoc spatial plans tailored to individual projects, often privileging immediate investment interests over long-term environmental sustainability and coherent territorial development. The lack of a comprehensive, state-level framework for mineral resource governance deepens existing fragmentation in decision-making within Bosnia and Herzegovina's complex multi-ethnic and highly decentralized political system. Mining and geological exploration activities in Bosnia and Herzegovina can only be carried out on the basis of concessions. However, the legal framework governing concessions has significant shortcomings, particularly regarding the awarding procedure and the broad contractual discretion allowed in concession agreements.

Although the laws in both entities of Bosnia and Herzegovina (the Federation of BiH and Republika Srpska) provide that concessions based on unsolicited proposals should be granted

¹¹ BiEPAG (2021). Beyond stabilityocracy: Unveiling the rise of autocracy in the Western Balkans. Retrieved from: <https://www.biepag.eu/publication/beyond-stabilityocracy-unveiling-the-rise-of-autocracy-in-the-western-balkans> & Bieber, F. (2019). The rise of authoritarianism in the Western Balkans, Palgrave MacMillan, 2019. Compare also Democratization Policy Council (2021). Sell out, tune out, get out, or freak out? Retrieved from: <http://www.democratizationpolicy.org/sell-out-tune-out-get-out-or-freak-out/>

¹² Müller, M. et al. (2025). The EU's Raw Materials Diplomacy: Serbia as a Test Case. Retrieved from: https://www.swp-berlin.org/publications/products/comments/2025C10_EURawMaterialsDiplomacy_Serbia.pdf

only exceptionally,¹³ in practice this model has become predominant. In the Federation of BiH, all concession contracts to date have been awarded through unsolicited proposals, and this approach is also dominant in Republika Srpska.¹⁴ Expropriation in mining projects severely affects citizens' property and livelihoods, with long-lasting social and economic impacts. Loopholes in the Federation of BiH's legislation allow private investors to benefit under the guise of public interest, risking the subordination of citizens' rights to private gain.

Supervision of mining companies is hindered by limited capacity of environmental inspectors, resulting in failures to detect illegal activities and inconsistent enforcement of regulations. This legal ambiguity undermines effective oversight, weakens legal certainty, and creates opportunities for abuse.

Transparency deficits represent another systemic weakness. Reports of limited public access to information regarding mining concessions, exploration permits, and environmental assessments indicate shortcomings in procedural openness.¹⁵ Recent amendments to the Law on Geological Explorations of Republika Srpska expand exploration rights for investors, even when the required work has not been completed, and classify protests as "force majeure."¹⁶ This effectively frames fundamental civil liberties as obstacles to investment.

The plans for the exploitation of nickel, zinc and lead have been developed on Ozren mountain northeast of Sarajevo by the Australian company Lykos Balkan Metals, while the Swiss Arcore company plans exploration of lithium in Lopare.¹⁷ In both cases, local authorities have been criticized for pursuing mining partnerships in a non-transparent and non-inclusive manner, thereby weakening public participation rights.¹⁸ This procedural opacity erodes trust in administrative processes and contradicts principles of accountable governance.

Corruption risks further exacerbate governance concerns. Allegations of non-transparent dealings between authorities and mining companies raise questions about the integrity of concession-granting processes and the impartial application of regulatory standards, compounded by weak enforcement capacity.¹⁹ Environmental concerns, recently most visible in the case of the British company Adriatic Metals' Vareš silver project, point to deficiencies in

¹³ Article 28 of the Law on Concessions of FBiH [in Bosnian] and Article 26 of the Law on Concessions of RS [in Serbian].

¹⁴ Information on concluded contracts is available in the reports on the work of the Concessions Commission of RS [in Serbian], <https://koncesije-rs.org/category/izvjestaji/>.

¹⁵ Lippman, P. (2024). Environmental Resistance to Corporate Raiding: Is Bosnia-Herzegovina Becoming One Big European mine? Retrieved from: <https://lefteast.org/environmental-resistance-corporate-raiding-bosnia-part-ii/>.

¹⁶ Article 38, paragraph 1 of the Law on Geological Explorations of RS [in Serbian].

¹⁷ Lithium under Majevisa: Will mining begin in Republika Srpska? Vreme (16.12.2023). <https://vreme.com/en/drustvo/litijum-ispod-majevice-hoce-li-kopanje-poceti-u-republici-srpskoj/>.

¹⁸ Interview with civic activist, Tuzla, May 2025.

¹⁹ Veselinović, Gojko. (2024). Dirty Air, Shady Practices? Bosnian NGO Challenges Company Mining Coal Without A Permit. Radio Free Europe. <https://www.rferl.org/a/bosnia-coal-environment-ngo-prijedor/33098279.html>.

inspection mechanisms and compliance monitoring.²⁰ The fatal landslide in Donja Jablanica in 2024, reportedly linked to illegal quarrying activities, highlights the consequences of inadequate regulatory enforcement and the failure to prevent unauthorized extraction.²¹

Public mistrust has emerged as both a consequence and a driver of governance weakness. Local resistance to lithium, nickel, and other critical raw material projects in regions of Ozren and Majevisa reflects widespread scepticism regarding institutional impartiality and environmental safeguards.²² Where authorities are perceived as acting without transparency or meaningful public consultation,²³ social license to operate becomes difficult to secure. Strong local opposition has therefore stalled or delayed multiple projects, reinforcing a cycle in which governance deficits impede both economic development and regulatory legitimacy. Activists demand a stop to any new mining project until meaningful reforms are implemented and call on the EU to push for the implementation of nature conservation laws as land and water is threatened by pollution, deforestation and (illegal) extraction.²⁴

MONTENEGRO

Montenegro's mining sector is undergoing a strategic transition, shifting from a traditional dependence on coal and bauxite toward modernization, foreign investment in critical minerals, and closer alignment with EU environmental standards as the country progresses towards accession. However, this transformation has exposed structural regulatory deficiencies and rule-of-law gaps that shape both investor confidence and public trust.

A central issue concerns the stability and predictability of concession governance. The award of long-term concessions, such as the 30-year bauxite concession in the Nikšić municipality granted to local company Novi Boksiti in 2024 and the earlier 25-year lease to Swiss company Tara Resources for the Brskovo lead and zinc complex reflects a legal framework designed to attract foreign capital. Yet subsequent developments, including the government's cancellation of the Brskovo concession following a change of government and disputes over the feasibility study's compliance with domestic law, reveal tensions between contractual stability and regulatory oversight.²⁵ While the termination was justified on the grounds of legal incon-

²⁰ Mladjenović Stević, S. (2025). In Bosnia, a mine is devastating forests and dividing the country. Osservatorio Balcani e Caucaso. <https://voxeurop.eu/en/bosnia-mine-devastating-forests-dividing-country/>.

²¹ Bosnian Village Burries 19 People Killed in Floods, Landslides. Radio Free Europe (15.10.2024). <https://www.rferl.org/a/bosnia-flooding-storm-burials-funerals-jablanica/33159773.html>.

²² Bosnia and Herzegovina: Municipality & environmentalists oppose opening of lithium mine, complain about lack of transparency & consultations with local communities. (2024). Business and Human Rights Centre. <https://www.business-humanrights.org/en/latest-news/bosnia-and-herzegovina-municipality-environmentalists-oppose-opening-of-lithium-mine-complain-about-lack-of-transparency-consultations-with-local-communities/>.

²³ Focus group with civil society representatives, Tuzla, May 2025.

²⁴ Ibrakovic, M. (2025). Critical raw materials: dispatch from Bosnia and Herzegovina. Retrieved from: <https://collections.fes.de/publikationen/content/titleinfo/1945160>

²⁵ Jajcanin, Dj. Montenegro's Uniprom ceases aluminium production at KAP, SEEnews (2023).

sistency, the ongoing international arbitration initiated by the investor underscores the risks associated with regulatory reversals and the importance of legal certainty in concession management.

Concerns over transparency and public participation further complicate governance dynamics. Local communities in the northern Montenegrin town of Mojkovac, represented by civic initiatives such as “Ne damo Mojkovac” (We won’t give up Mojkovac) have criticized the re-opening of mining operations for alleged environmental degradation and insufficient local benefits.²⁶ Protests and demands for concession termination indicate perceptions of inadequate consultation and limited inclusion of affected communities in decision-making processes. Where public participation mechanisms are perceived as weak or procedural safeguards insufficient, the social legitimacy of mining projects diminishes, increasing the likelihood of conflict and project suspension.

The cancellation of the Brskovo concession also highlights challenges related to regulatory coherence and legal compliance. Government claims that the feasibility study conflicted with national legislation suggest potential deficiencies either in initial project approval procedures or in the consistency of regulatory standards applied over time. Such inconsistencies raise questions about administrative diligence, inter-institutional coordination, and the robustness of pre-concession due diligence processes.

More broadly, Montenegro’s ambition to align its mining governance with EU sustainability standards places additional pressure on domestic regulatory institutions. Effective alignment requires not only formal legislative harmonization but also strengthened enforcement capacity, transparent concession procedures, and credible environmental oversight. In the absence of these elements, modernization efforts risk being undermined by governance disputes, arbitration proceedings, and local resistance.

In sum, Montenegro’s mining sector reflects a governance landscape characterized by tensions between investment promotion and regulatory stability, contested concession management, community opposition linked to perceived procedural shortcomings, and evolving compliance requirements under EU-oriented reforms. The long-term viability of the sector will depend less on geological endowment and more on the consolidation of rule-of-law principles, particularly legal certainty, transparent decision-making, consistent enforcement, and meaningful public participation.

²⁶ Milicevic, Lj. Mojkovac residents block roads demanding from govt. termination of Brskovo mine concession. Vijesti. (9.10.2024)

NORTH MACEDONIA

The evolution of North Macedonia's mining sector reveals significant regulatory and rule-of-law deficiencies that raise concerns regarding environmental governance, institutional integrity, and democratic accountability.²⁷ Although the sector has benefited from increased foreign direct investment, facilitated in part by the relaxation of regulations governing permits and concessions, this regulatory liberalization appears to have weakened oversight mechanisms and reduced procedural safeguards. The prioritization of investment facilitation over regulatory rigor suggests an imbalance between economic development objectives and environmental protection standards.

A central structural weakness lies in the enforcement of environmental and mining legislation. Evidence of delayed institutional responses to contamination incidents caused by waste disposal indicates shortcomings in administrative efficiency and compliance monitoring.²⁸ This has caused persistent water and soil contamination, negatively impacting both biodiversity and public health in surrounding communities, and leading to widespread civic opposition against new mines.²⁹

The reported insufficiency of environmental inspections further reflects limited regulatory capacity, while inconsistencies in water toxicity data undermine the reliability of environmental assessments and the evidentiary basis for enforcement actions. Together, these deficiencies compromise the effectiveness of the legal framework and diminish the state's ability to ensure adherence to statutory obligations.

Beyond administrative inefficiencies, the sector is characterized by concerns related to institutional independence and integrity. Allegations of regulatory capture point to the undue influence of private mining interests over public regulatory authorities. Claims of political interference in concession allocation and oversight processes further weaken the principle of good governance. In particular, reports of close ties between concessionaires and senior political actors raise questions regarding conflicts of interest, transparency in public contracting, and equality before the law. For instance, the concessionaire of the Toranica mine in northeast North Macedonia, Bulgarian company Bulmak, is reported to have close connections with senior political figures and a controversial corporate history associated with organized crime networks.³⁰

²⁷ Interview with civic activist, Skopje, May 2025.

²⁸ Đorđević, T. (2025). Balancing between environmental pollution and unutilized resource potential: mine wastes of North Macedonia, University of Vienna.

²⁹ Samardžiev, A. (2023). North Macedonia, citizens oppose the opening of mines. Osservatorio Balkani e Caucaso. Retrieved from: https://www.balcanicaucaso.org/en/cp_article/north-macedonia-citizens-oppose-the-opening-of-mines/#:~:text=Civil%20society%20organizations%20in%20North%20Macedonia%20have,for%20its%20fertile%20soil%20and%20quality%20agricultural.

³⁰ Gjorgjioska, M. (2025). The Toranica Mine Spill: Environmental Degradation, Corruption Networks, and Political Influence. China-SEE Institute, Volume 4, No 1.

Transparency and public accountability mechanisms also appear limited. The reported lack of consistent state media coverage and insufficient public dissemination of information regarding environmental contamination incidents constrain civic oversight. Restricted access to reliable information impedes meaningful public participation and weakens the ability of civil society to monitor regulatory compliance. These transparency deficits reinforce perceptions of opacity and selective enforcement, thereby eroding public trust in state institutions.

These challenges indicate systemic weaknesses in the rule-of-law framework governing the mining sector. In the broader context of North Macedonia's European integration ambitions, addressing these rule-of-law deficits is not merely a sectoral necessity but a fundamental governance requirement.

4. FINANCIAL AND ECONOMIC ASPECTS OF MINING³¹

When looking at the economic and financial assessment of the mining sector in the Western Balkans, the following fundamental questions emerge: what is the real economic weight of mining in the region, who ultimately captures the value it generates – and who bears the actual costs? By combining macroeconomic data, financial statements, and detailed case studies of major mining projects, our analysis challenges the narrative, widely promoted by Western Balkan governments, that extractive expansion automatically represents a transformative development opportunity. Instead, it shows that mining has a limited macroeconomic footprint while generating highly concentrated profits that accrue primarily to private and very often foreign owners.

At the macroeconomic level, the sector remains small across all six economies. Mining and quarrying account for roughly 1–3% of GDP in most Western Balkan countries. In Albania, Bosnia and Herzegovina, Montenegro, and North Macedonia, the share hovers around 1%; in Kosovo it is about 1.5%; and only in Serbia does it reach approximately 3%. Even in Serbia, where Chinese investment revitalized the copper complex in Bor after 2018, mining continues to represent a modest portion of total output. In most countries, the sector's share of value added has declined over the past decade, reflecting structural shifts toward services and manufacturing, as well as depleted reserves and volatile commodity prices.

Employment patterns reinforce this pattern of limited structural importance. Mining typically accounts for around one percent of total employment, with Bosnia and Herzegovina representing a partial exception due to its large, state-owned coal mines. In absolute numbers, employment in the sector remains low: approximately 2,000 workers in Montenegro, 4,000 in Kosovo, 6,000 in North Macedonia, 9,000 in Albania, 21,000 in Bosnia and Herzegovina, and 38,000 in Serbia. Even in Serbia, employment growth following the expansion of Chinese-owned copper mining has been modest compared to the increase in value added, indicating high capital intensity and limited job creation. The discrepancy between a three percent GDP share and roughly 1.3 percent employment share in Serbia illustrates the sector's strong productivity per worker but weak capacity for broad-based employment generation.

Wages in mining are generally above national averages, with a premium ranging from 5% in Kosovo to nearly 70% in Albania, and around 20 to 30% in most other countries. This premium reflects the hazardous and physically demanding nature of the work. However, given the small number of workers employed, even relatively high wages translate into a modest

³¹ The data used are taken from the Annual Database of the Vienna Institute for International Economic Studies (wiiw Annual Database), <https://data.wiiw.ac.at/annual-database.html>

The firm-level data on medium and large companies are used from the BvD Orbis database, which provides harmonised balance-sheet and profit-and-loss information for companies across countries.

aggregate wage bill at the national level. The sector's investment profile further underscores its limited macroeconomic relevance. In most Western Balkan countries, mining-related gross fixed investment amounts to around 2% of total investment and roughly 0.5% of GDP. Serbia again stands out as an exception, with mining accounting for around 7% of total investment and 1.2% of GDP in 2024, largely driven by Zijin Mining's estimated €2.3 billion cumulative investment since 2018.

The picture is somewhat different when examining foreign direct investment. In 2024, Serbia recorded as much as 28% of total FDI inflows in mining and quarrying, again reflecting Chinese investment in copper and gold operations. Albania also saw a notable mining FDI share of 13.5%, largely tied to chromium production which is mainly exported to China. In other countries, mining-related FDI remains modest, typically below 7%. Even so, the macroeconomic data make clear that mining is not and can hardly become a dominant pillar of Western Balkan economies. Rather, it represents a narrow, capital-intensive enclave sector whose aggregate contribution to GDP, employment, and investment remains limited.

Looking at the company-level analysis of medium and large mining firms in Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia, we observe a similar pattern. Drawing on financial statements for 2022, the findings reveal a striking distributional imbalance. Across the four countries analysed, mining companies paid approximately 521 million USD in wages and 65 million USD in taxes, while generating nearly 982 million USD in net profits after tax. In other words, profits were almost twice as high as total labour costs and roughly fifteen times higher than taxes paid to the state.

Country-level patterns vary but point in the same direction. In Bosnia and Herzegovina, the sector recorded an aggregate loss due to chronically unprofitable state-owned coal mines supplying electricity at regulated prices. Excluding these coal mines, the remaining mining companies generated approximately 20 million USD in net profits, compared with 44 million USD in wage costs and just 1.4 million USD in tax payments. In Montenegro, 30 million USD in wages and 4.4 million USD in taxes were matched by 17 million USD in profits. In North Macedonia, the imbalance is more pronounced: 53 million USD in wages and 10 million USD in taxes contrast with 86 million USD in net profits. Serbia presents the most extreme case. In 2022, mining companies paid 285 million USD in wages and 49 million USD in taxes, but generated an extraordinary 907 million USD in net profits. The largest Chinese-owned mines reported Earning Before Interest and Taxes (EBIT) margins of 42% and 74%, indicating exceptionally high operating profitability.

The case studies of four major projects, including Rupice (Bosnia and Herzegovina), Bor (Serbia), Jadar (Serbia), and Lopare (Bosnia and Herzegovina) reinforce these findings. The Rupice silver-gold-zinc mine, operated by UK Adriatic Metals (now acquired by Canadian Dundee Precious Metals), is expected to generate post-tax earnings of approximately 1.06 billion USD over its lifespan, compared to total projected government revenues of around 200 million USD and substantially smaller cumulative wage payments. The breakeven period was estimated at less than one year, highlighting the project's extraordinary profitability. Similarly, the Bor and

Čukaru Peki copper–gold operations generated around 953 million USD in operating profits in 2022, compared with roughly 115 million USD in total wages and around 41.5 million USD in tax payments.

Projected figures for the planned Jadar lithium mine suggest annual profits after tax of around 535 million USD, compared with approximately 31 million EUR in annual wages and around 200 million USD in government revenues. The Lopare lithium project, although still awaiting permits, is estimated to generate annual profits in the range of 200 to 300 million USD, dwarfing projected wage bills of around 23 million EUR and royalties of approximately 7 million USD. Across all cases, profits substantially exceed both wages and public revenues.

Taken together, the evidence supports our central argument: mining in the Western Balkans resembles a highly capital-intensive enclave sector with – contrary to the argumentation provided by the governments – limited macroeconomic impact but very high private returns, which ultimately also increases opportunities for corruption and clientelism linked to political structures in power. Workers benefit through moderately higher wages, and municipalities may experience short-term fiscal inflows or localized development effects. However, the dominant share of value accrues to company owners, frequently foreign corporations. Tax contributions and royalty payments remain modest relative to profitability, and breakeven periods are often short. This pattern resembles a neo-colonial model of resource extraction, in which natural resources generate substantial profits for external investors while contributing relatively little to long-term structural development. Importantly, the quantitative analysis does not incorporate environmental degradation, social displacement, or long-term ecological costs, all factors that would likely further diminish the net public benefit of mining projects.

Yet, we do not advocate for a categorical rejection of mining. In certain peripheral regions, it remains one of the few sources of formal employment, and global demand for critical raw materials is rising rapidly. The key issue, therefore, is not whether mining should take place, but how it is organized, prepared, regulated, and executed, which is an issue of governance, and how the value it generates is distributed.

5. CIVIC MOBILIZATION AGAINST MINING PROJECTS

The resistance to extractive projects has become one of the most dynamic and consequential forms of civic engagement in the Western Balkans, reshaping civil society and the broader political landscape. Environmental mobilization around mining has developed into a broader struggle over democracy, institutional accountability, and models of economic development.

Against the backdrop of various forms of environmental protests and activism over the course of the last two decades, lithium mining recently emerged as a new focal point of contention. Anti-lithium mobilization, particularly around the Jadar project in Serbia and the Majeвица/Lopare project in Bosnia and Herzegovina, built upon organizational experience, networks, and tactical repertoires developed during earlier environmental campaigns. We argue that these mobilisations are not isolated local protests but interconnected nodes in a broader civic reconfiguration in the region and beyond, which point to substantial problems in the governance of mining.

The national case studies illustrate how local dynamics interact with institutional and political contexts. In Montenegro, opposition to the Brskovo mining concession in Mojkovac demonstrates a relatively responsive institutional pathway. Citizens raised concerns through public debates rather than mass protests, highlighting inaccuracies and environmental risks in project documentation. An interdepartmental commission eventually rescinded the concession in 2023 due to irregularities, although the company initiated arbitration proceedings. This case suggests that, where institutional channels function with some degree of independence, civic engagement can influence outcomes.

North Macedonia presents a more ambiguous trajectory. The Strumica valley, targeted for gold and copper extraction by Euromax Resources, has witnessed prolonged legal and political contestation. Despite repeated breaches of concession deadlines, governmental decisions oscillated between approval and revocation, often in tension with public promises made during election campaigns. In response, public opposition has grown so strongly that multiple environmental organizations have emerged in different parts of the country, including 'Zdrava Kotlina' (Healthy Valley) and the grassroots movement 'Save the Strumica Valley – Stop the Mine of Death' in Strumica and 'Eko Dolina' in Novo Selo.³² After years of struggle which included an 18-day road blockade, a series of protests, local media appearances and even a local referendum, these organizations succeeded in halting the British-Canadian company Euromax Resources' Ilovica-Štuka gold and copper project. Although mass protests prompted reversals of government decisions, legal uncertainty and potential corporate litigation persist. Here, mobilisation reveals both the potential and limits of civic pressure in contexts marked by regulatory inconsistency and political compromise.

³² Interview with civic activist, Skopje, May 2025.

In Bosnia-Herzegovina and Serbia, anti-mining activism unfolds within even more polarised and geopolitically entangled settings. In Lopare (Republika Srpska), local citizens discovered lithium exploration plans indirectly, fostering distrust and prompting the formation of grassroots groups such as Čuvari Majevice (Guardians of Majevice). Municipal leaders publicly opposed mining under civic pressure, yet Bosnia and Herzegovina's multi-layered governance structure limits local autonomy. In Serbia, resistance intensified around the Rio Tinto Jadar project. Anti-mining activism in Serbia is marked by exceptional repression: activists report surveillance, detentions, smear campaigns, and labelling as “eco-terrorists.”

Based on the results of qualitative focus group research with activists in Tuzla and Loznica conducted in June 2025, we identified structurally similar sociological and organizational features of anti-mining initiatives. Many organizations emerged spontaneously, often led by older residents who felt rooted responsibility toward their communities. War veterans, youth activists, scientists, and local farmers form heterogeneous coalitions united by environmental and anti-corruption concerns. A shared narrative emphasises lack of information, opaque decision-making, and exclusion from consultations as primary triggers for mobilisation. Activists perceive themselves as substitutes for captured institutions and compromised media, assuming roles in public information, monitoring, and advocacy.

Cross-ethnic and cross-regional cooperation stands out as defining characteristics, particularly in Bosnia and Herzegovina, where environmental mobilisation cuts across entrenched ethno-political divides. Activists explicitly frame their struggle as one beyond ethnic identity: protecting land and water for all. Regional and transnational alliances further reinforce this orientation. Initiatives such as ZBOR (United Balkan Resistance and Work) and the “Jadar Declaration” connect Western Balkan activists with counterparts in Germany, Portugal, Chile, and Spain, and situate local resistance within global debates about extractivism and the green transition.

Across all regional mining cases, corruption stands as a unifying theme. Activists consistently identify state-investor collusion and institutional capture – rather than foreign companies per se – as the core problem, pointing to failures of national and local governance. Mining conflicts thus become proxies for broader grievances regarding elite impunity, corruption and clientelism, authoritarian governance, and systemic lack of accountability. Environmental mobilisation merges with anti-corruption activism, positioning civic initiatives as defenders of democratic norms. In Serbia especially, anti-mining activism has become intertwined with student and citizen protest waves challenging the political regime.

At the same time, activists face significant obstacles: intimidation, SLAPPs, media harassment, and economic retaliation against families. Institutional mistrust is pervasive, and disappointment with the European Union is notable, particularly where EU-backed projects appear to contradict local environmental concerns. Nevertheless, activists span a wide ideological spectrum and defy simplistic labelling as anti-Western. Rather than geopolitical alignment, their critique targets perceived double standards and democratic deficits, effectively echoing EU accession requirements, especially under the Fundamentals Cluster.

Experiences from the mining sector elsewhere show that the so-called social license to operate – broadly understood as community acceptance of and support for a project’s operations – is crucial for the successful implementation of mining projects.³³ Given that the demands of civil society in the Western Balkans align with the requirements under the Fundamentals Cluster of the EU accession process, the EU needs to take local grievances seriously.



³³ Komnitsas 2020. Social License to Operate in Mining: Present Views and Future Trends: <https://www.mdpi.com/2079-9276/9/6/79>



6. POLICY RECOMMENDATIONS

Following the analysis in the previous chapters, we conclude that there is a significant danger of authoritarian extractivism in the Western Balkans. Based on the results, we define authoritarian extractivism as a structural governance pattern with four distinctive features: a) political centralization leading to strategic projects being negotiated at executive level and often framed as matters of national interest; b) regulatory discretion, manifested in unsolicited concessions and flexible fee regimes (BiH) or strategic project classification without defined and widely debated criteria (Serbia); c) procedural environmentalism, where environmental compliance is formally applied but rarely enforced; d) delegitimization of dissent, with environmental activists framed as “foreign agents” or “eco-terrorists”.

As the case of Jadar demonstrates, a strategic partnership on CRMs that turns a blind eye to undemocratic governance in general and mining governance in particular severely threatens not only the goals of the CRMA but also of the enlargement process. If CRMA partnerships in the Western Balkans are not explicitly bound to enlargement conditionality – especially the Fundamentals – the pursuit of EU strategic resource autonomy may unintentionally consolidate illiberal governance and reinforce the pattern of authoritarian extractivism.

For this reason, the policy brief argues that mining governance constitutes a critical test of enlargement but also the EU’s credibility as a norms- and values-based actor. It also offers an important lesson from the CRMA’s initial implementation. If extractive projects proceed without robust safeguards, they may reinforce perceptions of unequal integration and externalized environmental risk. Conversely, strengthening environmental enforcement, transparency, and participatory mechanisms could position mining governance as a model for rule of law consolidation, democratic, transparent and accountable governance, and sustainable development under EU accession. In other words, if the EU prioritizes securing raw materials without firmly linking CRM policy to enlargement conditionality and rule of law reforms, it risks undermining its own democratic standards in the region.

CRM mining in the Western Balkans is therefore not peripheral but lies at the heart of the current and future political legitimacy of the enlargement process. If refined according to the following set of **policy recommendations**, critical raw materials mining, processing, and recycling could serve as both a practical and symbolic anchor for the fading legitimacy of the EU enlargement project:

Link EU enlargement policies and the Critical Raw Materials Act.

- 1. Align EU enlargement policy with the CRMA by explicitly integrating the environmental and rule-of-law acquis into the framework governing strategic projects.**

This necessitates direct channels of communication and joint action by EC Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW), Directorate-General for Trade (DG TRADE), Directorate-General for Environment (DG ENV), and Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR). The implementation of the Critical Raw Materials Act should be formally coordinated with the EU enlargement process to ensure that strategic raw materials projects in accession countries comply with the EU's environmental and rule-of-law acquis. This alignment would generate institutional synergies between enlargement policy and the CRMA, preventing regulatory inconsistencies in which strategic imperatives could otherwise undermine accession standards. Embedding acquis compliance – particularly related to negotiating Chapters 8, 20 and 27 – from the outset would enhance legal certainty, reduce political risk, and strengthen the long-term sustainability and legitimacy of critical raw materials projects in candidate countries.

2. Introduce robust governance safeguards, environmental conditionality, and mandatory public consultation requirements for CRMA-designated strategic projects.

All strategic Critical Raw Materials projects, particularly those located in accession countries, should be subject to clear governance benchmarks, strict environmental conditionality, and transparent public consultation procedures. While the application of higher standards may initially extend project timelines, it would ultimately reduce political leverage exercised by individual governments, reinforce EU oversight, and prevent strategic projects from distorting or bypassing accession requirements. Such safeguards would protect the integrity of the enlargement process while ensuring that strategic autonomy objectives remain consistent with EU values and regulatory principles. Only if the EU can convincingly assure citizens in partner countries that the environmental and social principles of the CRMA are genuinely upheld will such projects be accepted and deliver mutual benefits.

Address governance gaps and state capacity limitations.

3. Establish institutional safeguards and independent monitoring mechanisms to ensure compliance with the EU environmental and rule-of-law acquis.

In the context of state capture and autocratization in several countries of the Western Balkans, monitoring mechanisms and other safeguards are needed as governments are unable and/or unwilling to monitor the extraction of CRMs. Under these conditions, reliance solely on national authorities is insufficient to safeguard EU standards. Inclusive and robust monitoring regimes are the only way to secure citizen support.

4. Strengthen and enforce EU environmental and participation standards beyond formal alignment.

EU bodies should move beyond a box-ticking approach to acquis alignment and ensure that Aarhus Convention principles (access to information, public participation, access to justice) are substantively applied in practice, including during early exploration phases.

5. Environmental protection must be substantially strengthened.

Without strict standards, independent monitoring, and credible enforcement, mining risks causing irreversible harm that far outweighs its limited economic benefits.

6. A multi-level governance framework.

Involve end users of critical raw materials like automakers and battery manufacturers in a shared responsibility framework—EU institutions, national governments, local communities, and industry all have aligned incentives to ensure environmental and social standards are met.

7. Public-Private Partnerships (PPP).

The EU must commit significant additional financial resources to support citizens and communities if and where critical raw materials are extracted. These regions bear the environmental, social, and economic costs of supplying resources essential to Europe's green transition. Targeted funding for local development, environmental restoration, and capacity-building is not charity; it is a strategic investment in resilient, sustainable, and responsible supply chains. EU institutions can facilitate co-financing of independent monitoring programs where industry shares costs in exchange for verified sustainable sourcing. By ensuring that communities benefit fairly, the EU can uphold its climate goals while securing long-term stability and cooperation with partner countries.

8. Provide targeted support to start-ups working on the recovery of **secondary raw materials** and develop an EU-wide classification framework to facilitate their use.

Institutionalize public participation.

9. The EU should strengthen trust and accountability in its engagement with Western Balkan societies by institutionalizing **formal consultation mechanisms with local communities, grassroots initiatives, and civil society organizations**. Rather than relying primarily on dialogue with central governments and investors, EU institutions should recognize affected communities as legitimate stakeholders and involve them directly in discussions related to EU-supported projects and investments. Such engagement should also create room for **addressing concerns about perceived EU double standards**, including criticism that Western-backed companies benefit from regulatory leniency or political protection. By openly engaging with these concerns and incorporating local perspectives into decision-making processes, the EU can enhance transparency, rebuild public trust, and strengthen support for EU integration in the region.

10. All contracts, approvals, independent monitoring results, EIAs, and pollution assessments must be publicly available in accessible formats. **Full transparency** should be ensured in the implementation of MoUs in the field of CRMs, including publication of the roadmap and

outcomes from institutional mechanisms and working bodies implementing the Memorandum. Transparency of implementation must become the standard, not the exception, especially in the context of projects with high risks for society and the environment.

Ensure equitable and sustainable resource governance.

11. Firstly, the prevailing model of granting access to natural resources almost exclusively to private – often foreign – companies must be fundamentally reconsidered. **Governments should pursue more active involvement in mining**, including direct public investment, rather than allowing the bulk of profits to accrue to private owners. Where full public ownership is unrealistic or infeasible, public–private partnerships should be considered, with the state retaining a substantial stake and meaningful decision-making power. Supporting domestic companies to participate in and co-invest in mining projects should also be a policy priority. Special attention must be paid to recycling, particularly the recovery of materials from mining waste, which would also contribute to environmental recovery.

12. Secondly, the **fiscal regime governing mining needs to be rebalanced**. Royalty rates should be higher and designed to increase automatically when commodity prices and profitability rise. In addition, governments should consider introducing more progressive taxation, particularly mechanisms that capture windfall profits in periods of exceptionally high returns.

13. Thirdly, models **of employee and community ownership should be considered** alongside these options. Such arrangements could ensure a fairer distribution of income and help build broader social support for mining projects, especially in areas most directly affected, while offering new employment and training opportunities.

14. Fourthly, where people are displaced or otherwise adversely affected as in the case of mining in Bor in Serbia, **adequate and enforceable compensation must be guaranteed**. This includes not only one-off payments, but also long-term mechanisms that reflect the permanent loss of land, livelihoods, and environmental quality.

ABOUT THE AUTHORS

Vedran Džihić is a Senior Researcher at the Austrian Institute for International Affairs, Co-Director of the Center for Advanced Studies Southeast Europe at the University of Rijeka, a Lecturer at the University of Vienna, and a Balkans in Europe Policy Advisory Group (BiEPAG) member.

Marko Kmezić is a Lecturer and Senior Researcher at the Centre for Southeast European Studies at the University of Graz and a BiEPAG coordinator.

ACKNOWLEDGMENTS

The authors thank the many policymakers, experts, and civil society actors across Europe who shared their insights on mining and critical raw materials (CRM) in the context of the Western Balkans. They are particularly grateful to Frauke Seebass and Marina Vulović for their valuable contribution on the draft of this study. This study is a collaborative effort involving numerous contributors who produced background studies on topics feeding into this research: Florian Bieber (geopolitics), Tara Tepavac (Serbia country study), Jovan Rajić, Darjana Macanović, Mirko Popović, Jovana Cvijetinović, Ivana Milićević, Hristina Vojvodić, and Ljubica Vukčević (legal aspects of mining in the Western Balkans), Biljana Jovanović, Kristijan Fidanovski, and Branimir Jovanović (economic aspects of mining in the Western Balkans), Jelena Vasiljević (civil society actors), and Alem Hamzić and Amna Tuzović (Bosnia and Herzegovina case study).

The authors also thank the European Fund for the Balkans (EFB) team for its support and assistance, especially Veton Zekolli, Samir Beharić, and Sonja Arnautović. They extend their sincere appreciation to Aleksandra Tomanić, former Director of the EFB, for her foresight and invaluable support in the early phases of the project.

This policy paper is part of the project “EU interest in mining projects across the Western Balkans”, which aims to provide a comprehensive mapping of selected mining projects in the Western Balkans. By gathering evidence on legal, institutional, environmental and social standards, the project sheds light on societal implications and stimulates discussion on the EU’s approach to mining in the region.

The project is conducted by the BiEPAG network of the European Fund for the Western Balkans. It is funded by Stiftung Mercator, but does not necessarily reflect its views.

ABOUT US

The Balkans in Europe Policy Advisory Group (BiEPAG) is a group of policy analysts, scholars, and researchers established as a joint initiative of the European Fund for the Balkans and the Centre for Southeast European Studies at the University of Graz. It works to advance the European integration of the Western Balkans and to support the development of democratic, open, and resilient societies across the region. BiEPAG brings together leading experts from the Western Balkans and across Europe, recognised for their expertise and in-depth understanding of the region and the political, economic, and social processes shaping its future.

BiEPAG members are: Bojan Baća, Odeta Barbullushi, Dimitar Bechev, Florian Bieber (BiEPAG Coordinator), Nikola Burazer, Milica Delević, Nikola Dimitrov, Vedran Džihic, Donika Emini, Giorgio Fruscione, Richard Grieveson, Damir Kapidžić, Marko Kmezić (BiEPAG Assistant Coordinator), Jovana Marović, Lura Pollozhani, Tena Prelec, Frauke M. Seebass, Corina Stratulat, Marta Szpala, Nikolaos Tzifakis, Marina Vulović, Jelena Vasiljević, Gjergji Vurmo.

 www.biepag.eu

 Contact: **SAMIR BEHARIĆ**, Programme Manager

 samir.beharic@balkanfund.org

The European Fund for the Balkans (EFB) is a joint initiative of the Erste Foundation, Robert Bosch Foundation, and King Baudouin Foundation, dedicated to strengthening democracy, advancing European integration, and reinforcing the role of the Western Balkans in addressing Europe's shared challenges. Its strategy focuses on three core areas: fostering democratisation, enhancing regional cooperation, and supporting the EU integration process.

EFB works to strengthen the credibility and effectiveness of EU enlargement policy across the Western Balkans, while promoting cooperation among civil society actors through solidarity and demand-driven dialogue. It provides platforms and opportunities for informed and empowered citizens to advocate for accountable institutions and democratic governance, with a strong emphasis on supporting continuous reforms in policies and practices as countries

 www.balkanfund.org

 Contact: **VETON ZEKOLLI**, Executive Director

 veton.zekolli@balkanfund.org

The Centre for Southeast European Studies was established in November 2008, following the designation of Southeast Europe as a strategic priority at the University of Graz in 2000. It is an interdisciplinary, cross-faculty institution dedicated to research and education, providing a platform for the university's diverse teaching and research activities on Southeast Europe, while fostering interdisciplinary collaboration.

The Centre also serves as a hub for information and documentation, and as a point of contact for the media and the wider public interested in political, legal, economic, and cultural developments in Southeast Europe. Its interdisciplinary team, comprising legal scholars, historians, and political scientists, contributes to the field through articles, monographs, and other publications. The Centre regularly organizes international conferences and workshops to advance cutting-edge research on Southeast Europe.

 www.suedosteuropa.uni-graz.at/en/

 Contact: **UNIV.PROF. DR. FLORIAN BIEBER**, Professor of Southeast European History and Politics

 florian.bieber@uni-graz.at



Design by: [Media Route](#)

European Fund for the Balkans 2026. All rights reserved. The views expressed in this publication are those of the author(s) alone and do not necessarily represent the positions or views of the European Fund for the Balkans.

