ECIPE | EUROPEAN CENTRE FOR INTERNATIONAL POLITICAL ECONOMY

OPEN SOCIETY FOUNDATIONS WESTERN BALKANS

BiEPAG

ECIPE Policy Brief – No. 12/2026

From Periphery to Power:

The Geoeconomic Case for Southeast Europe

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The authors wish to thank Klodiana Beshku, Danijela Jaćimović, Djordje Krivokapić, Ana Krstinovska, Heimo Oberwinkler, Branimir Jovanović, Tena Prelec, Elena Sisto and Nina Vujanović, as well as the anonymous officials from the EU Commission and the private sector for their invaluable contributions to this Policy Brief. Unfortunately, representatives from DG Grow were not available for comment.

This policy paper is produced by the European Centre for International Political Economy (ECIPE) and the Balkans in Europe Policy Advisory Group (BiEPAG) and funded by the Open Society Foundations – Western Balkans. Views and opinions expressed are those of the authors only and do not necessarily reflect those of the Open Society Foundations – Western Balkans.

EXECUTIVE SUMMARY

This Policy Brief analyses the effects of geoeconomic competition in the (potential) candidate countries in Southeast Europe on the EU accession process. We find that while enlargement is once again a strategic objective of the EU and its member states, the effects of a stalled process and a transformed geopolitical landscape demand a revised and substantially upgraded EU strategy that aims at deeper integration and cooperation in key areas to safeguard the single market and EU cohesion against geoeconomic and geopolitical challengers. Beyond reviewing investment frameworks such as the Global Gateway Initiative and the Industrial Accelerator Act, current debates on sectoral integration should be used to upgrade bilateral partnerships towards EU accession, not least to make regulatory processes more accessible and inclusive. Strengthening democratic institutions, civic engagement, and sustainable development will reinforce trust, the central building block to defend and strengthen the EU's global position and security, while improving transparency, governance and regulatory standards irrespective of the origin of investment will help attract quality FDI and promote economic cohesion.

The shifting global order demands more than symbolic gestures and limited initiatives like Growth Plans. It needs a credible, member-state-backed political offer with a clear path to deeper integration and eventual membership, starting with the outdated Stabilization and Association Agreements. With growing momentum for sectoral integration, the EU should propose a bold, comprehensive upgrade to bilateral partnerships, offering clear roadmaps, timelines, and tangible benefits to secure member state commitment and visibility. Ultimately, such a new approach will strengthen the EU's geopolitical position, ensure more effective enlargement, counter adverse influence of strategic competitors, and support democratic governance and societal resilience in the neighbourhood, not least for increased autonomy of the bloc post-accession. While a comprehensive map to addressing geoeconomic challenges to the EU in Southeast Europe would go beyond the scope of this study, it provides in-depth analyses and a set of targeted recommendations to inform a broader discussion.

Our research makes use of data collected for the Geoeconomic Interconnectivity Index (GEOII) developed by wiiw, ECIPE and Bertelsmann Stiftung, which brings together a wide range of indicators across trade, investment, and economic policy. Covering the years 2010 to 2023, it provides a clear picture of evolving patterns of economic engagement. In addition, the brief draws on publicly available data including open-source databases; secondary sources such as scholarly analyses, reports and media articles; official statements and websites; as well as original data collected through 8 semi-structured interviews and a closed-door roundtable in Brussels in June 2026.

1. INTRODUCTION

Amid a changing global order, awareness is growing among the EU and its member states that dependencies on geopolitical competitors need to be reduced, although the results have been mixed. Despite far-reaching sanctions, Russia continues to make profits in the EU, and a unified approach to China remains elusive. Simultaneously, China, Russia and others – notably Türkiye and the Gulf states – expand their footprints across countries close to the EU's borders, often through infrastructure projects and business deals under terms that may differ from EU expectations and thus interact strategically with EU objectives, as first acknowledged in the 2019 EU Strategic Outlook.[1]

EU actors are increasingly aware of the geopolitical and geoeconomic competition – through trade, supply chains, loans, investments, and policy alignment – they face in the non-EU countries in Southeast Europe (Southeast European Six, SEE6; also "Western Balkans"), but have yet to come up with clear strategic answers. Nor is a reversal of this trend a simple matter of re-engagement, as investors from China and elsewhere now dominate in areas such as infrastructure. This can be explained by a lack of incentives for EU investors especially in the absence of a credible accession perspective, but also by the fact that China, Türkiye and others concluded strategic investment in areas that are not immediately profitable, especially when applying EU standards.[2]

As geoeconomic competition is more prevalent than ever in the current enlargement context, the lack of a clear strategy vis-à-vis third actors in the region is a serious obstacle to EU interests. Actors as well as type and intensity of their influence differ widely from country to country and are often based on long-standing bilateral and inter-societal connections. Nor are foreign direct investments (FDIs), loans, grants, and other (economic) relations with non-EU actors per se 'malign' or at odds with EU interests. But the importance of geoeconomic competition to the EU's global positioning and security is growing. It is thus key to involve these considerations strategically into the process.

At the same time, the role of local enablers and facilitators is often overlooked, even though this is where the EU leverage is likely to be most effective. The results are often mutually beneficial transactions between local elites and foreign firms, and governments have used the alternatives provided to hedge against EU conditionality and increase their leverage in the negotiations, while third actors benefit from the already existing integration between EU markets and the region, using it as a door opener to Europe.[3] Due to weaker governance and a lack of access to EU mechanisms and oversight, institutions are more vulnerable, with societies often paying the price – be it irregular construction, pollution and environmental degradation, or poor labour conditions.

Economic preparedness has been an EU accession requirement since the 1993 Copenhagen Criteria and remains central to the 2020 methodology. However, EU enlargement policy alone

1 See: https://commission.europa.eu/system/files/2019-03/communication-eu-china-a-strategic-outlook.pdf
2 Interview with Dr. Ana Krstinovska, April 2026.
3 See: https://geo-power.eu/wp-content/uploads/2025/12/Foreign-Influence-Deliverable-_-GEO-POWER-EU-2.pdf

struggles to counter competing influence, especially in countries with distant accession prospects. To safeguard its interests, the EU uses tools like the Global Gateway and regional strategies, while regional investment fora have seen limited success in attracting European FDI. The lack of regional integration and cooperation despite EU and member states support, notably through the Berlin Process hinders progress, as a unified market could attract investments and serve as a bridge to the EU Single Market.[4] New initiatives like the Growth Plan and "gradual integration" aim to align candidates closer to the EU, but results are limited as political commitment by the member states remains reserved and financial incentives often outweighed by reform costs for illiberal leaders. Tangible benefits, such as access to SEPA or free roaming, are harder to forego, while projects under the Western Balkans Investment Framework (WBIF) offer public gains but lack visibility and face major delays and oversight issues. [5] Yet, gradual concepts remain underexplored, with much potential for deeper integration depending on member states' political will and unity. Similarly, too little attention is given to adverse effects of EU decisions on its neighbourhood, such as the Entry Exit System (EES),[6] as well as to potentially negative regional effects of unequal integration.

2. GEOECONOMIC INTERCONNECTIVITY: CHINA IS GAINING GROUND

Southeast Europe has become a geopolitical arena where external actors – notably China, Russia, Türkiye, and the Gulf states – are expanding their influence through economic, political, and cultural means, often using weak governance and local enablers in the region. While the EU remains the dominant economic and political player, its diminishing focus, lack of strategic engagement and slow enlargement process have created openings for these actors to gain footholds, fragment reforms, and undermine EU alignment. Internal weaknesses include incomplete economic transformation, brain drain, and governance deficits and are amplified by external pressures, notably energy dependencies, "corrosive" capital – i.e., opaque deals bypassing public scrutiny – and information manipulation, with local elites often using external backing to bolster their positions. At the same time, the deep integration with the EU also exposes the region to the effects of internal economic shocks without access to joint recovery funds, leading countries to seek geoeconomic diversification.[7]

The SEE6 remain overwhelmingly oriented toward the EU in both trade and policy connections, with the EU's trade interconnectivity score at 83 in 2023 – down from 89 in 2010 – while China is the only power gaining trade ground, rising from 10 to 17 points. The EU remains the dominant export destination, absorbing 65 to 76 per cent of exports from Albania, Bosnia-Herzegovina, North Macedonia, and Serbia, though Kosovo (34 per cent) and Montenegro (31 per cent) are outliers as they export predominantly to neighbouring countries. The EU is also the largest import supplier (43 to 58 per cent of total imports), with China supplying 11 to 16 per cent of imports, highest in Serbia, and Russia's trade presence collapsing since 2022. On policy interconnectivity, including factors like bilateral tariffs and agreements, the picture is more nuanced: the EU's overall score improved by 7 index points to 79, but this aggregate conceals sharp country-level divergence (see annex).

[4] See: https://enlargement.ec.europa.eu/enlargement-policy/policy-highlights/common-regional-market_en

[5] Interview with a Senior EU Commission official, June 2026/ See: https://www.eca.europa.eu/en/publications/SR-2026-16

[6] See: https://newunionpost.eu/2026/02/06/western-balkans-eu-border-rules-risks/

[7] See: https://api.pks.rs/storage/assets/Macroeconomic%20Overview,%202025.pdf

FIGURE 1: FINANCIAL INTERCONNECTIVITY OF THE WESTERN BALKANS WITH THE FOUR POWERS, 2023 (GEOII)

Source: Bertelsmann Stiftung et al. (2025). Note: Values represent index scores on a 0-100 scale. The chart shows the sub-regional aggregate across Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

Across all seven indicators of the GEOII financial sub-index – Foreign Direct Investment (FDI); mergers and acquisitions (M&A); greenfield investments; infrastructure investments (projects/pledged capital); external debt – the EU maintains a decisive lead over China, Russia and the US (see Figure 1). It is the primary source of accumulated foreign direct investment (FDI) in the SEE6, a dominance built over decades through geographic proximity and EU accession. Although EU FDI stock has seen modest declines in some countries since 2013, it continues to dwarf contributions from other powers. The EU also holds a dominant creditor role in the region, with neighbouring countries owing substantial external debt to EU member states and affiliated financial institutions, granting the EU structural financial leverage unmatched by China or the US. Meanwhile, Russia, and the US remain marginal, and China's influence, though growing, is concentrated primarily in Serbia and, to a lesser extent, Montenegro.

Albania stands out with a 100 index point surge in EU M&A activity, signalling a major increase in EU corporate acquisitions, while Serbia saw a 30-point decline, reflecting a shift toward Chinese and non-EU greenfield investments. While Montenegro gained 26 points from the EU, Serbia led with a 61-point rise in Chinese greenfield capital, driven by high-profile investments like industrial parks and iron and steel plants. Conversely, Serbia's EU greenfield score fell by 34 points, suggesting partial substitution by Chinese capital. New investments in the defence sector were concluded by Türkiye, the US, and the UK, as well as controversial US energy investments in Bosnia-Herzegovina and elsewhere.[8]

The EU maintains dominance in goods exports, but Bosnia-Herzegovina saw the steepest overall trade decline (–18 points). China's goods imports gained 7 to 10 points across the region. Beijing's share of environmental goods imports rose by 14 points, reflecting its global leadership in green technology and growing integration of the SEE6 into these supply chains. Albania's high-tech imports also shifted decisively from the EU (–63 points) to China (+55 points), raising some concern given its impact in Serbia on data security and the potential for state-enabled digital surveillance.[9]

The most dramatic trade shift is Serbia's reorientation in critical raw materials (CRM) exports: the EU's share plummeted from 99.64 to 16 points, while China's surged from zero to 61 linked to BRI investments, cementing its leadership on mining and CRM exports in the region. Despite increasingly urgent pledges to decrease CRM dependencies, the EU has evidently failed to integrate the mineral-rich SEE6 in its supply chains, instead closing new agreements with geographically distant South American countries and Australia. Rather than bridging this gap, the attempt to secure Serbian lithium turned into a fiasco for the EU as it became complicit in breaches to democratic principles, rather than defending them.[10] On the other hand, Europe is the main export destination for goods produced by Chinese firms in Serbia, as well as for minerals from the region after they are processed in China. Evidently, Beijing – but also Washington and Ankara – are increasingly dominant in critical sectors touching upon key EU interests like security, energy, (digital) connectivity and CRM, with potential risks increasing the urgency of deeper integration into EU frameworks and value chains.

In FDI inflows (2024–2025 data[11]), the EU dominates capital inflows (30–76 per cent across the region), with Serbia seeing a sharp reversal as Chinese FDI fell from 32 per cent in 2024 to near zero, while the EU's share rose to over 72 per cent in a single year. Likely reasons include market saturation following years of heavy state-backed infrastructure projects, but also increasing US pressure and local resistance due to environmental and governance concerns.[12] Energy trade shows a broad decoupling from Russia, with Bosnia-Herzegovina and others increasing EU-sourced energy imports, though Serbia remains an exception. In knowledge-intensive trade, the US is the fastest-growing destination for ICT services exports, while the EU remains dominant in services exports overall. Policy-wise, the EU's influence grew, especially in Serbia (+34 points), while Russia's collapsed, and China's policy connectivity rose modestly, especially in Serbia. Arms transfers reveal a NATO-driven shift toward US suppliers in Albania, Montenegro, and North Macedonia, while Serbia deepened EU arms ties, including major French defence contracts – a

[8] See: https://www.eliamep.gr/en/the-western-balkans-and-europe%CA%BCs-defence-readiness-an-industrial-perspective/ & https://www.rferl.org/a/eu-bosnia-gas-pipeline-us-investor-aid/33741747.html

[9] See: https://cepa.org/article/a-disturbing-marriage-serbia-and-china-team-up-on-digital-surveillance/ & https://www.gmfus.org/news/deep-down-stack-chinas-entrenchment-serbias-technology-landscape

[10] See: https://www.eliamep.gr/wp-content/uploads/2026/05/CRM-policy-brief-think-nea-Ana-Krstinovska.pdf

[11] See: https://geo-power.eu/research-output/database/ & Interview with Dr. Branimir Jovanović, June 2026

[12] See: https://www.blue-europe.eu/analysis-en/full-reports/the-belt-and-road-initiative-and-its-impact-on-serbia-a-delicate-balance/ / Interview with Dr. Branimir Jovanović, June 2026

deal French President Macron explicitly framed as part of Serbia's "European path" despite the fact that capabilities were downgraded over security concerns, not least as Serbia is the only country in the region with significant military ties with China.[13]

3. THIRD ACTORS: STRATEGIC PRESENCE, ECONOMIC LEVERAGE AND CHALLENGES TO THE EU

The types, depths, and motives of geoeconomic and geopolitical connections differ widely between the foreign powers covered in the analysis; nor do numbers alone explain them. The following section therefore takes a closer look at these and at the factors determining their presence, including the growing role of Türkiye and the Gulf states as foreign actors in the region

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China: Complex Interdependencies, Growing Competition

Although its impact is hard to assess, China's engagement emerges as the most complex challenge to the EU's long-term goals of deeper integration and increased autonomy.[14] This is not only due to the growing presence of Chinese investments and companies in the region, but also relates to the EU's own multi-layered relations with Beijing,[15] further complicated by China's role in Russia's war against Ukraine and an intensified rivalry with the US. There is no joint EU China policy and only a few member states have spelled out their lines. The common mantra has been "de-risking" rather than de-coupling, while fears of retaliation have so far prevented coercive measures. China is investing increasingly in cultural diplomacy and targeted information campaigns to boost its global image.[16]

China's influence has deepened through the Belt and Road Initiative (BRI), the Digital Silk Road (DSR), and the 14+1 format, focusing on major infrastructure and investment projects. Between 2013 and 2023, China's financial interconnectivity with the Western Balkans, though still limited in absolute terms, has risen unambiguously – driven by targeted infrastructure financing and selective FDI, particularly in Serbia, where greenfield and infrastructure capital pledges surged. Beijing's gains are highly concentrated in Serbia and, to a lesser extent, Montenegro, while Albania, Bosnia-Herzegovina, North Macedonia and Kosovo show no meaningful change. China's FDI presence remains minimal across most of the sub-region, with Serbia as a notable exception, including in greenfield investments which have so far been dominated by EU actors.[17]

Whereas investments help address key infrastructure deficits and China does not offer alternatives to EU accession, the seemingly less conditional and often untransparent approach creates competition for European firms and appeals to local actors frustrated with the EU's slow

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13 See: https://militarywatchmagazine.com/article/serbia-downgraded-rafale-no-missiles & https://chinaobservers.eu/a-quiet-signal-serbia-deepens-military-ties-with-china-amid-global-distractions/

14 See: https://gppi.net/assets/Niklas-Balbon_Julia-Friedrich_REUNIR-OCCASIONAL-PAPER_.docx_compressed.pdf

15 See: https://www.zei.uni-bonn.de/de/publikationen/medien/zei-dp/zei-dp-263-2021.pdf

16 See: https://2021-2025.state.gov/gec-special-report-how-the-peoples-republic-of-china-seeks-to-reshape-the-global-information-environment/

17 See: https://www.eliamep.gr/wp-content/uploads/2023/06/Policy-paper-138-Chinese-direct-investment-Balkans-.pdf / Interview with Dr. Ana Krstinovska, April 2026.

and demanding accession process. Initially welcomed for economic benefits, concerns have grown over unsustainable lending, poor labour and social standards, and a lack of rule of law and environmental protection. European companies are increasingly outbid by Chinese firms due to lower environmental and labour standards and especially financial subsidies which significantly disrupt the competitive balance in the face of increasing globalisation.[18] Studies highlight that Chinese investments – often blending economic, political, and strategic interests – can undermine EU normative alignment and enable governance deficits, as well as posing long-term risks for post-accession alignment. [19]

Russia: Economic Decline, Consistent Spoiler Potential

As the GEOII data and subsequent studies[20] show, Russia's footprint in Southeast Europe has drastically declined in the past decade, especially since its full-scale invasion of Ukraine and subsequent alignment of most of the region with EU CSFP and sanctions.[21] Its (dormant) influence is rooted in historical, cultural and geopolitical ties, particularly with orthodox communities. Moscow leverages soft power, political alliances, economic links and media to shape public opinion, often through hybrid tactics tailored to local contexts. Its strategy relies on aligned elites, such as nominally pro-Russian parties in Serbia, Montenegro and Republika Srpska, who use Russian backing to advance domestic agendas. Economically, Russia's role is limited to declining energy relationships and selective investments.[22]

Despite the limited economic benefits for Russia, it nurtures its influence in order to project its great power politics in opposition to Euro-Atlantic goals and geopolitical strategies, including a continued politicisation of NATO's intervention in Kosovo to boost its narratives across Europe, especially among voters of far-right and far-left parties.[23] Serbia stands out as a multiplier of Russian influence across the region as the leadership leverages ties and pro-Russian narratives to retain power. Contributing to its declining role are Moscow's increasing dependency on trade with Beijing and US sanctions on energy imports threatening its last economic leverage. Experts foresee a further drop in influence amid increasing EU and US alignment of the region, especially if Serb leaders' amplification of Russian propaganda should fade.[24]

Türkiye: Strategic Partner or Illiberal Rival?

Türkiye, member of NATO and officially still EU candidate, has increased its presence significantly, with its economic policy broadly seen as compatible with EU goals.[25] Ankara supports stability and EU accession of all SEE6 countries and expects to benefit from it. Unlike Chinese investments with often little public profit and high public costs, Turkish trade and investments – predominantly

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[18] Interview with representatives of STRABAG, June 2026.

[19] See, e.g.: https://estima.mk/static/c2.2a1.15_xgjv9t3kenqsccsdmit8/s1/files/CmsDocuments/68_navigating multipolarity_za web.pdf

[20] See: https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/774735/EPRS_BRI(2026)774735_EN.pdf

[21] See: https://balkaninsight.com/2026/05/27/eu-sanctions-slash-russian-investments-in-montenegro/bi/

[22] See: https://bezbednost.org/en/publication/surviving-the-war-russia-western-balkan-ties-after-the-war-in-ukraine/

[23] See: https://www.clingendael.org/pub/2023/little-substance-considerable-impact/

[24] See: https://tol.org/client/article/serbias-energy-trap-between-washington-and-moscow.html

[25] Interview with senior EU Commission official, June 2026.

by small and medium-sized enterprises (SMEs) – contribute to economic growth, diversification, and development. Turkish banks are present across the region but do not create significant sovereign debt dependency. Yet some experts warn that growing dependencies combined with democratic decline under President Recep Tayyip Erdoğan threatens the region's liberal-democratic consolidation.[26] Regionally, Ankara faces increasing economic competition with China.

Türkiye grants visa free travel to and has free trade agreements with all SEE6 states, utilising the region to establish itself as a legitimate regional power including vis-à-vis the EU, but its leadership has neither the means nor the will to project itself as an alternative. While Türkiye under Erdoğan first pursued a "neo-Ottoman approach", using historic ties combined with soft-power instruments from academic cooperation to soap operas promoting conservative family values, the cultural Islam Türkiye is promoting – in contrast to Saudi-backed fundamentalism – has so far not challenged the secular character of the Muslim-majority states in the region and even declined after local backlash.[27]

United States: An Increasingly Unpredictable Partnership

Overall, the US has a modest but strategically important economic presence in the region, primarily through sectors like energy, ICT, and defence. While the US investment volume is smaller than that of EU countries, it has often involved strategically significant areas contributing to modernisation and institutional capacity, complementing EU efforts in preparation for accession. Notable exceptions include untransparent infrastructure investments in Kosovo and North Macedonia by US-Turkish consortium Bechtel-Enka, facilitated by then-US ambassador Christopher Dell, and recent proposals for deals in Albania, Bosnia-Herzegovina, and Serbia linked to the Trump family involving undemocratic practices and leaders, making his administration increasingly transactional and unpredictable.[28]

Washington has long been a key donor for security, democracy, and good governance, although sharp cuts under the second Trump administration downsized its role and threatens backsliding. However, in both the State Department and US Congress, (bipartisan) support continues for the region's democratisation and Euro-Atlantic future.[29] Economically, the rising role of China in the region suggests direct consequences of a deepening rivalry between the two powers.[30]

Gulf States and Other Emerging Middle Powers: Economic Development or Corrosive Capital?

Gulf states, particularly the UAE, Saudi Arabia, and Qatar, are expanding their strategic influence in the SEE6 through targeted investments and cultural engagement. The UAE stand out with large-scale real estate investments in Albania, Montenegro and Serbia. As these were largely exempt

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[26] Alpan, B.Z., and Öztürk, A.E. (Eds.). (2022). Turkey and the Balkans: Between Europeanisation and De-Europeanization (1st ed.). Routledge. https://doi.org/10.4324/9781003347552

[27] Mahmutaj, N. and Seebass, F. (2026). Neo-Ottomanism or Pan-European Partnership? Shifting EU Perceptions of Turkey's Influence in the Western Balkans. In New Dynamics of Contestation in EU-Western Balkan Relations. Adapting to Protracted Accession amid Geopolitical Rivalries. London, Palgrave MacMillan.

[28] Interview with a senior EU Commission official, June 2026.

[29] See: https://www.congress.gov/bill/119th-congress/house-bill/5274/text

[30] Interview with Dr. Branimir Jovanović, June 2026

from public scrutiny, the UAE are often characterised as a key contributor of "corrosive capital" in the region, although local elites availing themselves to the opportunities of large FDI inflows play a much more important role.[31] Saudi Arabia's influence, while economically limited, raises concerns due to its investments in religious and cultural institutions, which risk deepening fundamentalist influences in traditionally moderate Muslim communities.[32] Qatar's presence, primarily through tourism, real estate and media (such as recently discontinued Al Jazeera Balkans), is broadly seen as complementary to EU interests. Overall, Gulf states' economic footprint in the region is still under-researched, but their influence poses both opportunities and challenges. Israel's growing presence, particularly in tech and defence cooperation, is facilitated by both EU and US support, though concerns have arisen over the use of surveillance tools against civil society.[33]

4. A CREDIBLE ENLARGEMENT POLICY REMAINS THE EU'S STRONGEST CURRENCY

Clearly, most actors are neither per se 'malign' or beneficial, including the EU and its member states. As prior studies have shown – and this research confirms – the single most important factor determining the effect of foreign influence is the attitude of local elites. However, elite-facilitated investments bypassing public scrutiny face increasing local backlash and are not sustainable. At the same time, in comparison, EU states and societies are much less vulnerable to malign practices due to stronger democratic institutions, the rule of law, and the EU's conditionality and support mechanisms, even in countries where the rule of law is undermined.[34] The following section therefore takes a closer look at the individual countries and how geoeconomic relations are negotiated there.

Montenegro: Pre-Accession Pressures and Vulnerabilities

Montenegro leads the bid for EU accession, having closed half of the negotiation chapters under the updated methodology and aiming to join by 2028. Using the new momentum for EU enlargement following Russia's full-scale invasion of Ukraine, as well as broad internal agreement, the elites in 2023 firmly committed to the reform process. However, a legacy of vulnerabilities such as low administrative capacity, rule of law deficits, clientelism, and organised crime – amplified by its unilateral euroisation and mutually reinforcing dynamics of EU disengagement and autocratisation during the global financial and euro crises – continue to hinder progress.[35] As the country moves forward, the need for FDI to ensure economic competitiveness grows, as does its attractiveness for investments. Türkiye has emerged as Montenegro's largest single investor in 2025, and over 12,500 Turkish SMEs operate in the country.[36] In accordance with the EU acquis, Montenegro amended its

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[31] See: https://carnegieendowment.org/research/2025/12/rules-or-deals-the-eus-challenge-in-regulating-corrosive-capital-in-the-western-balkans

[32] Stanković, V., and Milosavljevic, Z. (2025). Wahhabism and Islamic Geopolitics in the Western Balkans. Security Science Journal, 6(1), 162-178.

[33] See: https://europeanjournalists.org/blog/2025/03/28/serbia-spyware-attacks-on-birn-journalists-further-deepen-press-freedom-crisis/

[34] See: https://reunir-horizon.eu/d5-3-policy-brief-building-robust-and-inclusive-democracies-eu-policy-options-for-countering-political-threats-in-the-western-balkans-and-eastern-neighbourhood/

[35] Interview with Prof. Danijela Jaćimović, April 2026 / Razmi, A. (2022). Unilateral currency union with a high-income area: the case of Montenegro. The European Journal of Comparative Economics (EJCE), 19(1), 31-61.

[36] See: https://monte.business/over-12500-turkish-companies-reshape-montenegros-economic-landscape-2/

law on foreigners and ended visa-free travel with Türkiye, severely impacting Turkish citizens and businesses, as well as the local communities they served.[37] Rising anti-Turkish sentiment has further complicated relations.

A planned highway project connecting the cities of Bar and Boljare, originally agreed with Croatia and then a Greek-Israeli consortium, both of whom later withdrew, prompted the government to enter an agreement with a Chinese contractor based on a Chinese loan in 2014. When the debt to GDP ratio surged in tourism-dependent Montenegro during the COVID19 pandemic, US and European banks hedged the loan against currency risks.[38] In 2025, an EBRD loan and EU investment grant were agreed to complete the highway. However, despite the clear preference for a European company, none of them entered the competition. Austrian firm STRABAG which has a strong presence in the region and would have been uniquely suited decided against participating in the cost-intensive bidding process as it was clear from the outset that its offer could not compete with the low prices of Chinese and other third country bidders enabled by financial subsidies and lower labour and environmental standards.[39]

A recently proposed UAE investment in Ulcin/Ulqin which bypassed public tender regulations and safeguards sparked civic backlash and legal scrutiny, ultimately leading to the investor's (momentary) withdrawal.[40] Similarly, opaque bilateral deals with Hungarian and French companies were flagged as potentially corrosive, revealing gaps in EU conditionality even as Montenegro advances in its accession process.[41] Meanwhile, Russian influence, though diminished since Montenegro's NATO membership and alignment with EU sanctions, persists through local elites, particularly among ethnic Serbs tied to Belgrade and the Serbian Orthodox Church, with fears that a future pro-Russian government could undermine Montenegro's Euro-Atlantic integration even post-accession.

Montenegro's case proves the direct correlation between a credible enlargement perspective and external influence, warranting a balancing act between attracting positive investments and aligning with EU regulations. The highway project exposes the growing competition from China and the need for stricter conditionality on EU-funded tenders, while the case of Turkish SMEs also highlights the costs of enlargement for candidates. A successful EU integration of the country will likely diminish the role of malign influences, while failure is set to severely impact the region and the EU's global power.[42]

Albania: Personalised Investment Politics and Local Backlash

A NATO member since 2009 and second frontrunner for EU accession, with public support at its highest in the region, Albania has long chosen Euro-Atlantic integration. However, its accession

[37] Interview with Prof. Danijela Jaćimović, April 2026.

[38] See: https://ecipe.org/insights/chinas-expanding-influence-in-the-western-balkans-the-case-of-montenegro/

[39] Interview with Heimo Oberwinkler, STRABAG Belgrade, June 2026.

[40] See: https://europeanwesternbalkans.com/2025/05/09/european-commission-raises-concern-over-montenegro-uae-agreement/

[41] See: https://www.vijesti.me/vijesti/ekonomija/779726/cin-cg-bilateralni-investicioni-ugovori-stite-investitore-umjesto-drzavu

[42] Interview with Prof. Djordje Krivokapić, April 2026.

is complicated by persistent internal challenges, including incomplete economic transformation, weak institutions, brain drain, and a large shadow economy.[43] China's limited economic footprint focuses on extractive industries, with trade declining in relative terms. Albania's minimal debt to China and the absence of large-scale FDI suggest primarily transactional relations, with little strategic depth or cultural influence.[44] While a Chinese investment bank acquired 100 per cent of the shares for Tirana Airport in 2017, it was since taken over by Albanian Kastrati Group. UAE proposals raised fears of a "Belgrade Waterfront" style investment, but no concrete project has materialised yet.

Türkiye has emerged as Albania's largest single foreign investor since 2024, with significant stakes in banking, energy, and mining. While Turkish investments contribute to economic growth, they are increasingly scrutinised for their lack of transparency, corruption potential, and environmental threats contrary to Albania's alignment with EU standards. Ankara's cultural and religious outreach, including the construction of Ottoman-style mosques and attempts to revise Albanian textbooks, has sparked public backlash, as many Albanians prioritise ethnic identity over religious ties.[45]

Prime Minister Rama's eccentric public performances are emblematic for a personalisation of foreign policy in Albania.[46] He personally facilitated several problematic agreements, including the Lezha detention centres for migrants with Italy, a strategic partnership with Turkish President Erdoğan, and plans for a luxury resort in the Vjosa-Narta Protected Area by US-President Trump's daughter and son-in-law, sparking nationwide protests which target wide-spread corruption and clientelism of Albanian politics.[47]

Similar to Montenegro's case, EU actors contribute both to the problem and the solution in Albania. Opaque deals encouraged by EU member states – notably Italy's detention centres – sends mixed messages to the population with regards to democratic demands. The personalised policy also extends to Albania's EU relations and is often embraced by EU leaders. At the same time, citizens clearly draw encouragement from the renewed enlargement perspective in their demands to the leadership. Here, the EU's inclination toward closed-door diplomacy whilst issuing general statements, owned to the complexity of aligning 27 member states, risks alienating key actors of change.

Serbia: Gatekeeping Regional Effects of Geoeconomic Competition

As the largest economy among the SEE6 by far, Serbia is the most attractive and most open to foreign investments, which Belgrade uses to balance its foreign (economic) policy among global powers. This practice is widely accepted among the population. Several analysts argue that Serbia itself has become a (malign) third actor or at least a regional hedging actor, serving

[43] See: https://ecipe.org/insights/albania-accession-to-the-eu/
[44] See: https://ecfr.eu/special/china-balkans/albania/
[45] See: https://mei.edu/publication/competing-over-islam-turkey-saudi-arabia-and-iran-balkans/
[46] Interview with Prof. Klodiana Beshku, May 2026.
[47] See: https://www.biepag.eu/blog/the-flamingo-revolution-how-albanias-civic-protest-exposes-lack-of-transparency-and-media-capture

as gatekeeper and leveraging its position to maximise benefits from both the EU/USA and non-Western powers.[48]

In response to subdued demand from the EU, Serbia found key alternative trade markets in China and Türkiye.[49] Serbia is China's key partner and often serves as a regional hub for Chinese strategic interests. A Strategic Partnership was extended to include a free trade agreement (FTA) in 2024, which is incompatible with EU membership. Key Chinese investments include infrastructure, heavy industry, mining, technology and energy projects, many financed through concessional loans from Chinese state banks.[50] Politically, Belgrade uses Beijing's presence as leverage in the negotiations with the EU, but also to maintain international support for its claim over Kosovo.[51] Apart from untransparent and unfavourable business practice, China's dominance has drawn large-scale public criticism, ranging from issues such as pollution and exploitation in its mines and factories to concerns over Huawei cameras with facial recognition technology in Belgrade. Unlike in smaller SEE6 countries, China has clearly become a systemic rival to the EU in Serbia, gradually replacing the partnership with Russia.[52]

TABLE 1: THE EU IS LOSING SERBIA TO CHINA IN TERMS OF FINANCIAL INFLUENCE (2013-2023)

Area of financial engagement	EU	China
FDI inward stock from powers	-18	+15
Mergers and acquisitions	**-30**	0
Greenfield investment projects from powers	-11	+14
Greenfield investment capital from powers	-34	**+61**
Greenfield infrastructure investment projects from powers	-18	+14
Greenfield infrastructure investment from powers (capital pledged)	**-50**	**+45**
External debt owed to powers	**-36**	+20

Source: Bertelsmann Stiftung et al. (2025). Values represent change in index points (scale 0-100). Bold values indicate changes of ≥30 points. Shading: red = decrease, blue = increase.

Serbia and Russia have formalised partnerships across a wide range of sectors, from trade, defence, foreign policy, energy, to visa-free travel.[53] Belgrade has actively facilitated Russian influence through state-controlled media, amplifying pro-Russian narratives and fostering public support

48 Tzifakis N. and Vasdoka E. (2025). Great Powers and Gatekeepers in the Western Balkans: Serbia's Strategic Hedging. Studia Europejskie – Studies in European Affairs, 1/2025, 287-309. / https://bezbednost.org/wp-content/uploads/2025/11/Serbian-Malignant-Influence-in-WB.pdf

49 See: https://serbia-business.eu/serbias-trade-relations-with-china-and-europe-growth-and-challenges/

50 See: https://wiiw.ac.at/what-s-driving-chinese-fdi-in-the-western-balkans--and-what-should-be-done-about-it-n-685.html

51 Interview with Prof. Djordje Krivokapić, April 2026

52 See: https://ieu-monitoring.com/editorial/the-sino-serbian-strategic-corridor-geopolitical-realignment-security-integration-and-transatlantic-sanctions-evasion-risks/1242212

53 See: https://www.clingendael.org/pub/2023/little-substance-considerable-impact/russian-sources-of-influence-in-serbia-montenegro-and-bosnia-and-herzegovina/

for Moscow's policies. Russia remains Serbia's key ally in opposing Kosovo's independence and promotes a "Serbian world" narrative, mirroring its own "Russian world" concept, which undermines regional reconciliation and stability.[54] While economic dependencies have declined since 2025 due to US and EU pressure, increased costs and energy diversification, Russia continues to work against Serbia's Euro-Atlantic integration, which makes it a key adversary to the EU. Military and intelligence cooperation like the controversial Serbian-Russian Humanitarian Centre in Niš further complicates Serbia's EU alignment.

Serbia's economic cooperation with Türkiye and the UAE has also deepened, with Belgrade serving as a key trading partner and logistic hub for Turkish-EU trade. While Turkish investments in construction, banking and tourism are seen as partially beneficial for European integration, elite-facilitated bilateral deals often lack transparency and compliance with governance standards. UAE investments for the Belgrade Waterfront project have been criticised as "corrosive capital," bypassing legal scrutiny and causing environmental degradation and social unrest.

Serbia's EU accession has been stalled since 2021 due to concerns over democratic backsliding, although EU member states often disagree on this assessment and some of them echo Serbian narratives. Close ties between Hungary's former Prime Minister Orbán and Serbia's Vučić, combined with EU unanimity have weakened the bloc's ability to counter Serbia's multi-vector foreign policy. Meanwhile, the 2024 EU-Serbia agreement on Critical Raw Materials further frustrated critics of Brussels' perceived leniency toward democratic decline as member states were perceived as contributing to the undermining of legal provisions.[55] While the recent withholding of pre-accession funds and stronger rhetoric were praised by pro-democracy voices, a more decisive policy shift is needed to limit Serbia's disruptive regional influence.

North Macedonia: The Thwarted Frontrunner in Geoeconomic Limbo

Originally ahead of Croatia in its EU association, North Macedonia has yet to open a single negotiation chapter. Its EU accession process has been repeatedly blocked over bilateral issues, leaving the country in a prolonged state of political limbo which fuelled frustration and eroded public support for EU integration. Amid this vacuum, the country has become a prime example of how EU disengagement creates space for competing actors to shape the region's trajectory. Key among these are Hungary and Serbia, both of which have actively undermined EU goals in North Macedonia.[56] Hungary's influence is exemplified by a controversial 2024 loan – allegedly sourced from China – that primarily benefited political allies of the VMRO-DPMNE party ahead of local elections, alongside some media outlets controlled through Orbán-linked firms. Serbia's growing sway has further emboldened illiberal tendencies, with many Macedonians viewing Belgrade's multi-vector policy as a more effective strategy than EU alignment. While ties with Serbia are neither new nor per se negative, they can be instrumentalised to oppose EU alignment.

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[54] See: https://bezbednost.org/en/publication/serbian-malignant-influence-in-the-western-balkans/

[55] See: https://balkaninsight.com/2026/06/25/lithium-before-democracy-a-serbian-strongman-and-his-german-shadow/bi/

[56] See: https://cadmus.eui.eu/server/api/core/bitstreams/9e95089a-2257-5f58-b749-9c7d08b7c657/content

Russia's direct influence in North Macedonia has waned since the 2018 Prespa Agreement and the country's alignment with EU sanctions, yet its spoiler potential remains significant. Pro-Russian narratives and foreign information manipulation (FIMI) are amplified through Serbian media channels, exploiting linguistic and cultural ties, as well as grievances over delayed EU accession. Skopje has diversified its energy supplies with EU support, and today only the small party "Levica" (The Left) continues to advocate for closer ties with Moscow. China's engagement, though limited compared to Serbia, focuses on economic cooperation, including a prominent infrastructure deal which has faced serious delays.[57]

Türkiye stands out as long-time supporter of Skopje's Euro-Atlantic integration, driven in part by its own tensions with Greece. As one of the largest investors and donors, Ankara's presence spans critical sectors, including airports, banking, and cultural projects targeting Muslim communities. While Türkiye's role has helped in diversifying from Russia, it also contributes to the promotion of illiberal alliances already reinforced by Serbia and Hungary. Tensions between the EU and US, historically a key backer of North Macedonia's EU alignment, leaves the current government in Skopje increasingly conflicted, given its close alignment with Washington despite limited economic ties.[58]

Finding itself at a crossroads with part of the region advancing and others staying behind, Skopje faces limited political pressure to fulfil Bulgaria's demands, with the EU's role in the process making it a ready scapegoat. With bilateral and inter-societal ties at its lowest point between Skopje and Sofia, EU actors should take an active role, including reviving the currently abandoned societal track of the talks, not least to ensure broad acceptance of any deal struck to finally overcome unfair bilateral blockages. What is more, the reshuffling of regional power balances in light of Montenegro's and Albania's EU accession is likely to deeply affect North Macedonia, finding itself in harder competition over FDI and trade which might increase pressure to accept Chinese loans and investments, as well as increased potential for societal tensions given the large Albanian minority.[59]

Bosnia-Herzegovina: Exploiting Divisions

Bosnia-Herzegovina (BiH) remains deeply scarred by the violence of the 1990s and under the firm grip of political elites instrumentalising grievances and the complex post-war constitutional order. This setup provides ready entry points for actors benefitting from weak governance and decentralised structures. In Republika Srpska, Russia and Serbia play a dominant role, with Moscow leveraging its relationship with long-time leader Milorad Dodik to block BiH's alignment with EU and NATO policies, despite Russia's modest economic footprint.[60] Hungary's Orbán has long shielded Dodik at the EU level, reinforcing illiberal tendencies, a role recently taken over by

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[57] See: https://www.kas.de/en/web/nordmazedonien/single-title/-/content/the-place-of-north-macedonia-in-china-s-strategy-for-the-western-balkans-1

[58] See: https://mia.mk/en/story/mucunski-incoming-us-administration-an-important-event-for-us-deserved-attention-must-be-earned

[59] Interview with Ana Krstinovska, April 2026.

[60] See: https://ecfr.eu/publication/the-past-and-the-furious-how-russias-revisionism-threatens-bosnia/

US-president Trump in combination with controversial energy investments linked directly to him.[61] In addition, US firms are increasingly investing in ammunition production capacities and mining of critical minerals.[62]

China is present predominantly through development loans in the energy and infrastructure sectors, but projects have yet to materialise.[63] In the meantime, the focus is on cultural exchanges and small contracts, with public perception in favour. Türkiye has expanded its influence across sectors, from trade and construction investments to cultural and educational projects, often filling gaps left by EU and US disengagement. However, Erdoğan's coordination with Vučić and Dodik raises concerns about the spread of illiberal policies, deepening internal divisions. The Federation maintains strong ties with Muslim-majority countries, particularly Türkiye. While Saudi Arabia's influence is rooted in wartime aid and Islamic institutions, raising concerns about radicalisation,[64] the UAE focuses on tourism and non-ideological investments. The US, traditionally a stabilizer, faces uncertainty under Trump's second presidency, with Dodik's secessionist rhetoric and backroom deals testing Western resolve.

Overall, external actors with the help of local elites exploit internal fragmentation, undermining efforts to foster stability, democracy, and reconciliation. Sarajevo has yet to appoint a chief negotiator and open EU accession negotiations, a perspective given since 2023. The country's failure to secure funds under the EU's Reform and Growth Facility points to underlying issues that cannot be resolved with funding alone. Similarly, the EU's often reactive role and hesitancy in its approach on Dodik have put the Union in a tight spot vis à vis the US and President Trump's personal interests, with Brussels finding itself struggling to retain regional stability. With little room to manoeuvre, debates over the overhaul of the Office of the High Representative (OHR) are a crucial test for EU credibility, with much more commitment needed on the ground to regain trust, which is further declining amid fears of transactional deals on critical minerals following the Serbian example.[65]

Kosovo: Alignment Unrewarded

Kosovo, with its small economy and limited international recognition, is more often object than subject of foreign powers. Russia wields ideological influence by leveraging the 1999 NATO intervention to justify its own military actions and position itself as a protector of ethnic Serbs. This narrative resonates with far-right and far-left EU parties, amplifying the EU's complicated stance due to its five non-recognisers. Despite this, Kosovo aligns fully with EU Common Foreign and Security Policy (CFSP) and sanctions. China, also non-recognising, maintains pragmatic ties, with growing trade and infrastructure bids, though Kosovo remains wary due to China's primary focus on Serbia.[66] Türkiye, Kosovo's top export market and investor fosters political, economic, and

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[61] See: https://www.theguardian.com/world/2026/may/30/why-1bn-in-balkans-energy-contracts-are-going-to-an-obscure-company-connected-to-donald-trump

[62] See: https://www.dfc.gov/media/press-releases/dfc-backs-revival-key-antimony-project-bolster-industrial-supply-chains-us-and & https://regulusglobal.com/de/25m-investment-in-pretis-bosnia-and-herzegovina/

[63] See: https://respublica.edu.mk/blog-en/politics/chinas-tacit-entry-into-bosnia-and-herzegovina-2/?lang=en

[64] Metodieva, A. (2023). The Radical Milieu and Radical Influencers of Bosnian Foreign Fighters. Studies in Conflict and Terrorism, 46(9), 1725–1744. https://doi.org/10.1080/1057610X.2020.1868097

[65] See: https://www.biepag.eu/publication/mining-in-the-western-balkans-how-to-counter-authoritarian-extractivism

[66] See: https://ecfr.eu/special/china-balkans/kosovo/

cultural ties, reinforced by strong inter-societal connections, while religious influence is sensitive in Kosovo's secular society. In turn, Ankara's support strengthens Kosovo's sovereignty, regional leverage, and Euro-Atlantic integration.[67]

Kosovo also increasingly relies on Gulf states to foster its international presence and recognition, having signed bilateral trade and development agreements with Qatar, Saudi Arabia, and the UAE, although actual impact is limited. The US remains Kosovo's preferred partner as key donor and promoter of independence despite limited trade and investment, but tensions between the governments lead to the cancellation of a strategic dialogue.[68] While Kosovo lacks alternatives to EU accession, disappointment over its protracted membership bid has considerably reduced leverage. Leaving Kosovo exposed and underdeveloped directly contradicts EU interests in the region at large, while benefitting Russian and Serbian malign strategies. Providing clear incentives and opportunities for closer integration is key to trigger concessions on key demands – notably establishing an association of Serb-majority municipalities – while economic growth plays a key-role for inter-societal cooperation.

5. CONCLUSIONS & RECOMMENDATIONS: IT IS TIME FOR A STRATEGIC UPGRADE!

The EU is still in a position of power in its Southeast neighbourhood, but amid a rapidly changing world order, business as usual or symbolic initiatives like Growth Plans are evidently no longer working. At the same time, close alignment remains the EU's strongest lever to deter adverse influence and generate mutual benefits. A credible political offer with firm backing by the member states needs to be put on the table, providing a clear roadmap to deeper integration and eventual membership, and committing all sides to assume responsibility for a shared economic and political space facing the unprecedented challenges of an unwinding international order.

This is an opportune moment: several ideas recently emerged from capitals to accelerate sectoral integration, notably into the Single Market.[69] The Commission must use this political momentum to propose a bold and comprehensive upgrade to the bilateral partnerships, rather than the current piecemeal approach to gradual integration, and clear messaging in preparation for the October Council Summit. Comprehensive roadmaps and timelines for joining programmes and institutions – initially as observers – and tangible economic and societal benefits from alignment are key, not least to mitigate potential negative effects of unequal integration across the region.

Recommendations to the European Commission and EU Member States

Upgrade the Stabilization and Association Agreements (SAAs) which form the legal basis for the bilateral relations between the EU and (potential) candidates, as well as for the accession process. An update should be seen as a strategic choice and necessity for the EU. Building on established

[67] Hoti, A., Bashota, B., and Sejdiu, B. (2022). Relations between Turkey and Kosovo: factors and dynamics. Southeast European and Black Sea Studies, 22(1), 145-163.

[68] See: https://xk.usembassy.gov/st_9122025/

[69] See: https://www.euronews.com/my-europe/2026/07/06/exclusive-commission-prepares-enlargement-reform-proposals-to-regain-the-initiative

frameworks and processes and addressing individual as well as joint challenges, such an upgrade could be implemented immediately. As all member states must ratify such agreements, their clear commitment will increase visibility across candidate and EU countries. These include:

Upgrades to the Economic Partnership

1. Beyond roaming, offer clear pathways for sectoral integration into the Single Market and include key stakeholders (business representations, trade unions, chambers of commerce etc.) to secure deeper integration of candidates in European value chains while maintaining strict conditions. Facilitate gradual integration into the new EU FDI screening regulations by providing targeted training and support through information exchange and cooperation mechanisms.
2. Use the Global Gateway and other investment frameworks to mobilise funding faster, particularly in critical sectors like security, energy, (digital) connectivity and CRM, also to identify investment opportunities and regulatory gaps for targeted support, increasing resilience and alignment with strategic priorities. Prioritise smaller project volumes for public tenders, including by subdividing large-scale projects to increase accessibility for European companies and predictability, and curb corruption. In countries with low governance scores, increase engagement on sub-national levels.
3. Use the upcoming revision of the Public Procurement Directives and the Industrial Accelerator Act (IAA) to strengthen a values-based approach benefitting European firms – including in the neighbourhood – e.g., by codifying labour and environmental regulations, not least to gain trust through direct societal benefits and to create appetite among European companies to invest.

Upgrades to the Political Partnership

1. Raise the costs for local elites instrumentalising "multi-vector policies" to hedge against reforms and provide new incentives for closer alignment through financial conditionality in par with the upcoming Multiannual Financial Framework (MFF), increasing credibility and predictability.
2. Systematically include representatives from (potential) candidate countries in deliberations about new regulations to mitigate negative effects and foster socialization. Deepen cooperation with key institutions/initiatives, such as the DSA/DMA, EPPO, ACAAs, and ENISA. Use new instruments like the Democracy Shield and Civil Society Strategy to engage in structured dialogue and increase monitoring/early warning mechanisms for foreign malign influence.
3. The leadership change in Hungary has dealt a blow to local strongmen who relied on Orbán's protection in Brussels. This opportunity should be used to foster a "fundamentals first" approach across EU policies and deter potential illiberal successors harming EU interests in the region.

Upgrades to the Regional Partnership

1. Trust is the cornerstone for better partnerships and joint European security. Increase the level of diplomatic representation and attention in the candidate countries and raise awareness of malign tactics of geopolitical adversaries and their local enablers. Also improve public communication beyond diplomatic channels to raise public pressure on elites and close security gaps.
2. Invest more political capital in solving bilateral disagreements between EU member states and candidates, notably Bulgaria and North Macedonia. This instrumentalisation of minority rights sets a dangerous precedent, not only for Ukraine, and creates additional space for malign actors. Update the Berlin Process to become an instrument for broader regional integration beyond the SEE6, focusing on developing border areas and inter-societal cooperation.
3. Montenegro emerges as a test case for a new era of enlargement, facing significant internal challenges directly linked to malign external and internal forces. If the EU manages to keep them on board – notably beyond the 2027 national elections – this will be a game changer for the region.

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ANNEX

TABLE 1A: CHANGE IN FINANCIAL ENGAGEMENT BETWEEN THE EU AND SELECTED WESTERN BALKANS COUNTRIES, 2013-2023

Indicator	Albania	Montenegro	Serbia	Kosovo
FDI inward stock	-7	-27	-18	+12
Mergers and acquisitions	**+100**	–	**-30**	–
Greenfield investment projects	-8	-3	-11	+71
Greenfield investment capital	-9	+26	**-34**	**+49**
Greenfield infrastructure investment projects	**-43**	**-33**	-18	**+33**
Greenfield infrastructure investment (capital pledged)	-14	**-32**	**-50**	+4
External debt owed	-14	**-33**	**-36**	**+30**

Source: Bertelsmann Stiftung et al. (2025). Values represent change in index points (scale 0-100). Bold values indicate changes of ≥30 points. Shading: red = decrease, blue = increase. – indicates data not available for some of the reference years. Data not available for Bosnia-Herzegovina and North Macedonia.

TABLE 2A: CHANGE IN TRADE ENGAGEMENT BETWEEN THE EU AND THE WESTERN BALKANS, 2010-2023

Indicator	Albania	Bosnia & Herz.	N. Macedonia	Montenegro	Serbia	Kosovo
Goods exports to EU	-2	+2	-2	**-31**	+2	-20
Goods imports from EU	-1	–	+1	+8	+1	+6
Energy exports to EU	–	-6	**+37**	-10	**+30**	+23
Energy imports from EU	–	+29	**+49**	+18	+4	+15
High-tech exports to EU	–	**-38**	+10	**+30**	**+37**	-4
High-tech imports from EU	**-63**	-20	-12	-15	-12	**-39**
Critical raw materials exports to EU	–	-11	-18	–	**-76**	-27
Critical raw materials imports from EU	–	-7	+2	**-43**	-19	+9

Source: Bertelsmann Stiftung et al. (2025). Values represent change in index points (2010-2023). A positive value indicates increased interconnectivity with the EU; a negative value indicates decreased interconnectivity. – indicates data not available for some of the reference years.

TABLE 3A: CHANGE IN TRADE ENGAGEMENT BETWEEN CHINA AND THE WESTERN BALKANS, 2010-2023

Indicator	Albania	Bosnia & Herz.	N. Macedonia	Montenegro	Serbia	Kosovo
Goods exports to China	-5	+0.1	-2	+0.5	+5	-7
Goods imports from China	+8	+9	+7	+10	+9	+8
Energy exports to China	–	–	–	–	–	–
Energy imports from China	0	+1	–	–	–	–
High-tech exports to China	–	–	-1	+13	+0.5	+1
High-tech imports from China	**+59**	+26	+25	+20	+2	+10
Critical raw materials exports to China	–	–	+5	–	**+61**	-7
Critical raw materials imports from China	–	+2	–	+4	-3	+1

Source: Bertelsmann Stiftung et al. (2025). Values represent change in index points (2010-2023). A positive value indicates increased interconnectivity with the power; a negative value indicates decreased interconnectivity. – indicates data not available for some of the reference years.

TABLE 4A: CHANGE IN POLICY ENGAGEMENT BETWEEN THE EU AND THE WESTERN BALKANS, 2010-2023

Indicator	Albania	Bosnia & Herz.	N. Macedonia	Montenegro	Serbia	Kosovo
Depth of trade agreements	-2	-3	-1	-1	-1	–
Import tariffs of EU neighbours	+21	+26	+2	+22	-6	–
Import tariffs of powers	-1	-2	-2	-1	+29	–
NTM regulatory divergence	+7	–	+7	+3	-10	+17
Trade restrictions	**-58**	-17	**+31**	**-43**	**+37**	–
Synchronicity of monetary policy	+25	–	**+81**	+29	**+42**	-1
Synchronicity of fiscal policy	+23	+3	+6	**-36**	+25	+11
Arms transfer	–	–	–	–	**+96**	–

Source: Bertelsmann Stiftung et al. (2025). Values represent change in index points (2010-2023). A positive value indicates increased interconnectivity with the power; a negative value indicates decreased interconnectivity. – indicates data not available for some of the reference years.

TABLE 5A: CHANGE IN POLICY ENGAGEMENT BETWEEN RUSSIA AND THE WESTERN BALKANS, 2010-2023

Indicator	Albania	Bosnia & Herz.	N. Mace-donia	Monte-negro	Serbia	Kosovo
Depth of trade agreements	–	–	–	–	+12	–
Import tariffs of EU neighbours	+7	+3	+2	–	-1	–
Import tariffs of powers	+4	+4	+4	**-78**	–	–
NTM regulatory divergence	-29	-26	-29	+10	-29	-15
Trade restrictions	+5	+4	+12	+3	+10	–
Synchronicity of monetary policy	+19	+22	-9	-8	-13	-5
Synchronicity of fiscal policy	-15	-11	-15	-17	-11	+19
Arms transfer	–	–	–	–	–	–

Source: Bertelsmann Stiftung et al. (2025). Values represent change in index points (2010-2023). A positive value indicates increased interconnectivity with the power; a negative value indicates decreased interconnectivity. – indicates data not available for some of the reference years.