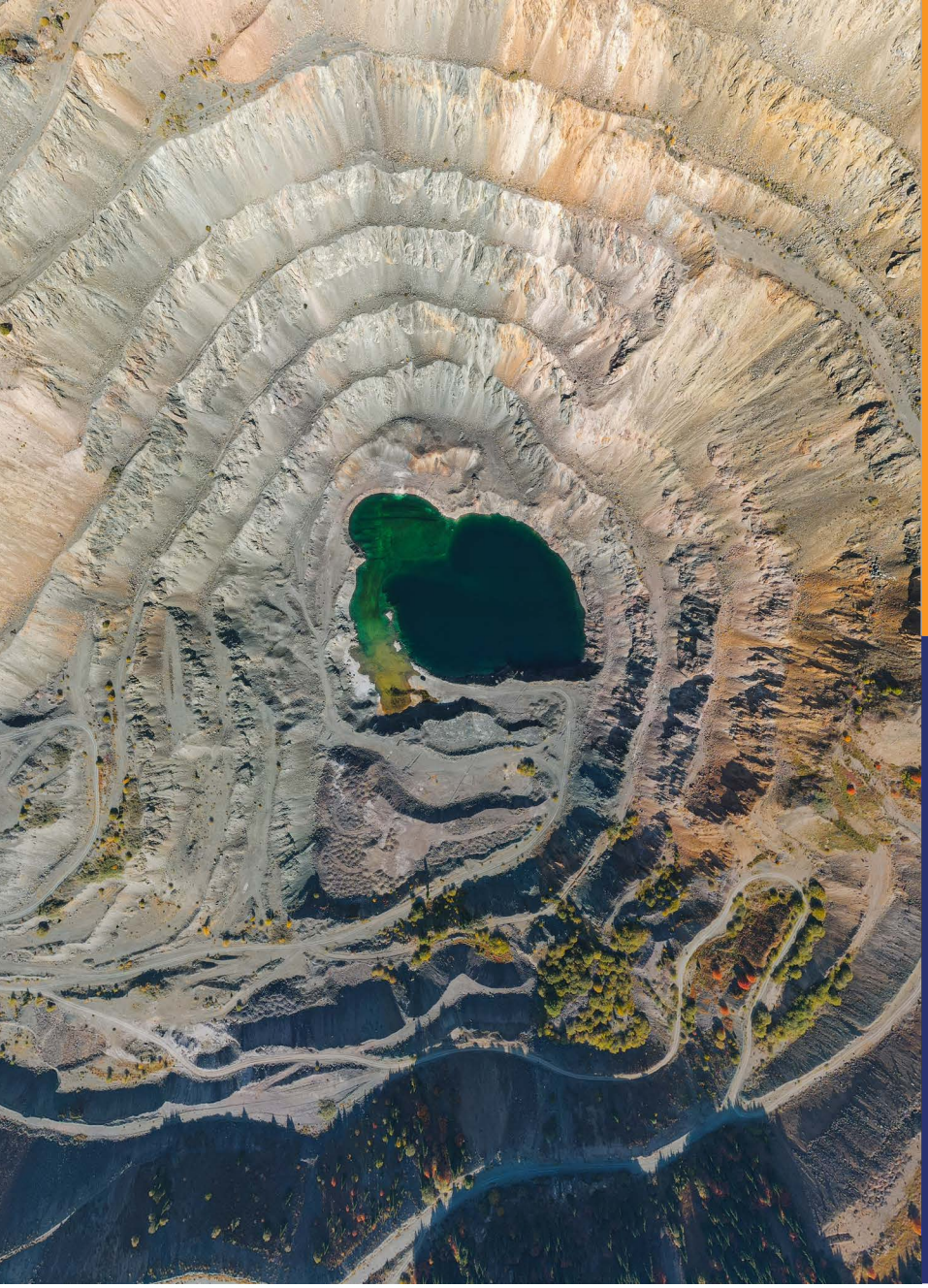


Policy Paper |
Barbara Frey and
Tena Prelec

Ending Green Stabilitocracy in Serbia:

Germany's Role in Moving from Extractive to Transformative Integration in the Western Balkans

BiEPAG

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Abstract

Europe's demand for critical raw materials presents a choice between two models of integration within the broader framework of EU enlargement. We argue that *extractive integration* incorporates the Western Balkans into European supply chains while reinforcing existing economic hierarchies and governance vulnerabilities, effectively treating the region as a resource frontier rather than a future member state. *Transformative integration*, on the other hand, aligns the EU enlargement process with the strategic demand to advance the green transition, economic upgrading, and democratic accountability. Germany's choices – as Europe's largest economy amid growing industry demands – will help determine which model prevails. While phased economic integration before full EU membership is already happening, its potential to further the enlargement agenda depends on the political and institutional conditions under which it unfolds. For economic integration to genuinely advance enlargement, the extractive model must make space to a transformative one. Democratic changes in Serbia – a country prominently characterised by 'green stabilitocracy' in recent years – provide an ideal opening to make that shift.

Authors

Barbara Frey is Marie Skłodowska-Curie Postdoctoral Fellow at the Centre for Peace and Conflict Studies, University of Rijeka.

barbara.frey@uniri.hr

Tena Prelec is Assistant Professor in Politics and International Relations at the Centre for Peace and Conflict Studies, University of Rijeka, and a member of BiEPAG.

tena.prelec@uniri.hr

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Introduction

Europe's search for critical raw materials is giving the Western Balkans new strategic importance. Lithium, copper and other minerals are essential to the green transition, as well as European industrial competitiveness and economic security. Germany, the continent's largest industrial economy, has been an important driver of this shift. The material challenge is real: the International Energy Agency projects that global demand for lithium will more than triple by 2040, while Europe remains heavily dependent on concentrated global supply chains, particularly for processing critical raw materials.

Yet Brussels – and Berlin's – growing enthusiasm for raw materials cooperation in the Western Balkans, reinforced by the EU's 2024 Critical Raw Materials Act (CRMA),[1] exposes a tension at the heart of its enlargement policy. While enlargement is formally premised on the adoption of European standards, including democratic governance, environmental protection and the rule of law, the CRMA increasingly frames the region as a strategic partner in securing Europe's access to critical raw materials. The designation of Serbia's Jadar lithium project as a Strategic Project under the Act, despite substantial environmental opposition and accusations that Germany had pushed for its inclusion, illustrate the potential tensions between these objectives. The European Court of Auditors has also raised concerns about governance shortcomings in the EU's strategic raw materials partnerships with third countries. At the same time, the Commission's ResourceEU Action Plan identifies better integration of critical raw materials value chains with the Western Balkans and Ukraine as a strategic objective. The more important the region's resources become, the greater the risk that supply security will take precedence over the democratic and environmental standards Germany and the EU promote through enlargement.

The EU cannot and should not resolve the material constraints of its green transition by shifting environmental burdens to its semi-periphery. Beyond significant environmental and social troubles (alongside the documented repression of scientific communities researching these issues) for the territories and livelihoods affected by mining projects, this carries risks for the EU, too. As recent research has shown, perceived double standards can alienate citizens who see European integration as a vehicle for democratic change and undermine the EU's credibility as a promoter of democratic reform. This paper proposes a way to make decisions over this contentious sector a test of transformative enlargement, rather than an example of extractive relations between the EU and its semi-periphery – and argues that the moment to make this shift is now.

[1] On 20 October 2026, the European Parliament backed proposed CRMA amendments to further accelerate critical raw materials extraction, processing and recycling, including a €2 billion fund to support strategic supply chains. The amendments remain under negotiation.

The Victory of the Student List and the Legacy of Green Stabilitocracy

EU enlargement in the Western Balkans has long been presented as a geopolitical and normative project. Germany has, in many ways, spearheaded this policy: Berlin has supported the region's integration into European markets, institutions and regulatory frameworks, including through the Berlin Process. More recently, the EU has moved towards a model in which economic integration can advance even before full membership through its Growth Plan for the Western Balkans. Introduced in 2023, the Growth Plan aims to bring the region closer to parts of the EU market, increase funding before accession, advance reforms and accelerate economic convergence. The European Commission's October 2026 pre-enlargement policy reviews give this approach renewed momentum, envisaging a process of gradual integration before membership, with participation in strategic sectors tied to reform progress and institutional preparedness.

However, economic integration cannot be expected to strengthen democratic institutions if the process itself bypasses or undermines them. For years, Germany and other influential European actors privileged stability, geopolitical predictability and economic cooperation over democratic accountability, accommodating former Serbian president Aleksandar Vučić's increasingly authoritarian rule despite mounting evidence of democratic backsliding, state capture and the erosion of institutional checks and balances – including its penchant for facilitating corrosive capital. The European People's Party (EPP), the political family of Germany's CDU/CSU and European Commission President Ursula von der Leyen, maintained the Serbian Progressive Party (SNS) as an associated member even as concerns about its authoritarian practices mounted. Although the EPP launched an internal review of the relationship in 2025, it remains unresolved even after the October 2026 elections.

This longstanding bargain, often described as *stabilitocracy*, acquired a distinctly green dimension as European demand for critical raw materials increased. Germany's pursuit of lithium and other resources for its industrial and energy transition became increasingly entangled with its accommodation of Serbia's captured political system. The political significance of these extractivist ambitions was already evident in the widespread protests against Rio Tinto's Jadar lithium project in 2021, 2022, and 2024, which mobilised an unusually broad cross-section of Serbian society, cutting across ideological, political and social divides. The subsequent mass mobilisation following the collapse of the railway station canopy in Novi Sad in 2024, which killed 16 people and became a powerful symbol of systemic corruption and institutional failure, further exposed the depth of public discontent. Over the following two years, relentless public outcry, mass protests and civic mobilisation across Serbia challenged the political system, yet Germany's implicit accommodation of Belgrade persisted. Taken together, these developments underscore both the domestic political sensitivity of extractivist projects and the extent to which European strategic interests have remained intertwined with Serbia's political status quo.

The most egregious manifestation of this policy was the role played by Jörg Heeskens, Vučić's long-standing German economic and investment advisor, who exemplified how transnational intermediaries could enable and reinforce personalised structures of power in autocratising countries. Having worked alongside Vučić since 2013, and within the Serbian presidency since 2017, Heeskens acted as a direct conduit for German economic interests. Through an "institutional partnership" funded by Berlin from 2020 onwards, he helped channel industrial and mining-related cooperation circumventing established institutional responsibilities. These revelations compromised Germany's normative credibility, signalling to Serbian citizens that Berlin was willing to finance a personalised channel of influence to advance its economic and strategic interests in a country whose government was actively undermining democratic procedures. And all while Serbian civil society tried to turn to German authorities in search of support in calling out autocratic backsliding, showing the trust Berlin enjoyed in the region which was severely damaged by these revelations.

This compromise of standards is equally evident in Berlin's domestic legislative backtracking, particularly regarding the German Supply Chain Due Diligence Act. Though initially designed to legally bind large German companies to human rights and environmental sustainability standards across their entire supply networks, the law has been systematically hollowed out. Under a government amendment moving through the legislative process into early 2026, Germany has retroactively abolished the mandatory annual public reporting obligations for these companies and relaxed sanction guidelines so that fines apply only to severe violations. Framed as a measure to reduce bureaucratic friction, this rollback aligns with a wider European trend of diluting corporate accountability, directly undermining the leverage that German ministries, such as the Ministry for Economic Affairs and Energy (BMWE), and the German Federal Ministry for the Environment (BMUV), theoretically possess to enforce corporate sustainability in partner states like Serbia.

All these developments unfolded against the backdrop of Germany's growing strategic interest in Serbia's mineral resources, particularly lithium. In July 2024, Chancellor Olaf Scholz travelled to Belgrade for the signing of the EU–Serbia Strategic Partnership on raw materials, lending high-level political support to the controversial Jadar lithium project. Scholz endorsed the project with the promise of the highest environmental standards. This endorsement came just three days after the Serbian government reinstated the project's spatial plan, which it had revoked in 2022 following mass environmental protests. The episode deepened an existing legitimacy crisis. For many Serbian citizens, it sent a cynical message: while full EU membership remains subject to demanding democratic conditionality, strategic economic integration can advance rapidly when European industrial interests are at stake. This approach reinforced centre–periphery and neoliberal/hegemonic narratives, further undermining the EU's credibility as a promoter of democratic values.

The political landscape has fundamentally shifted now that the Student List (SL) won the parliamentary elections in Serbia, bringing an end to the era dominated by Aleksandar Vučić and his SNS. This political rupture also calls for a reckoning with the contradictions of European and German policy towards Serbia. The Student List's campaign was anchored on ex-

plicit promises of radical institutional transparency, the total eradication of informal executive overreach, and a complete overhaul of resource governance to ensure binding public scrutiny. Having pledged to dismantle opaque arrangements and restore accountability, putting an end to undemocratic backchannels – regardless of their origin – will be a key test for the incoming government.

This presents a unique opportunity precisely because the SL is a grassroots movement born outside the traditional clientelist party system; they lack the compromise-heavy obligations of the old political elite and have explicitly pledged to dismantle the personalized networks, such as the presidency's shadow diplomatic liaisons, that previously bypassed state ministries. By shifting all bilateral negotiations back into formal, legally accountable frameworks, the SL's incoming administration is uniquely positioned to insulate domestic policy from coercive external pressures. This is, admittedly, a tall order, and dismantling entrenched practices cannot be expected to happen overnight. Nevertheless, transparency and institutional accountability must remain guiding principles from the outset, even as broader reforms take time.

Furthermore, because the Student List has no traditional European party affiliation, the decades-long protection shield offered by the EPP to SNS autocracy will most likely significantly weaken, opening a window for a genuine reset. Strategic cooperation on critical raw materials must now be completely reimagined: European demand can no longer be used to sustain a captured state, but must instead be leveraged to promote economic upgrading, institutional independence, and authentic democratic accountability under Serbia's new leadership. This is the only path to turning gradual integration into transformative integration and economic convergence, rather than reinforcing core-periphery dependencies.

The Problem with "European Standards"

Serbia's domestic institutional reset fundamentally challenges how "European standards" are defined and applied in candidate countries. If the incoming Student List administration delivers on its promises of transparency and rigorous institutional processes, the European Union can no longer reduce its normative values to a narrow, technical exercise in legal compliance. The EU's partnership with Serbia promised environmental protection and community engagement, yet in the case of Jadar, the sequence was effectively inverted: Berlin and Brussels lent political support to strategic resource cooperation before comprehensive environmental scrutiny had been completed. This risked turning environmental safeguards into instruments for legitimising a course already chosen. By demanding meaningful public scrutiny before major economic decisions become politically irreversible, the new political reality in Belgrade forces a critical reassessment: "European standards" must cease to be a bureaucratic rubber stamp for extractive projects and instead become a framework that genuinely respects domestic democratic oversight and meaningful participation by affected communities.

This crisis of standards exposes a deep structural flaw in how enlargement economic policy operates. It risks reinforcing a perception that enlargement offers the Western Balkans a deeply asymmetric form of integration: access to European markets and investment in exchange for raw resources, while the most valuable economic activities remain concentrated within the EU core. A model in which extraction and its localized environmental costs remain in the Western Balkans while processing, technology, knowledge, and high-value manufacturing accrue primarily within the EU risks reproducing a classic core–periphery division of production and labor.

These problems are by no means confined to European or Western practices: for instance, Chinese-operated mines around Bor have been associated with serious environmental and social harms, compounded by weak regulatory oversight. Remarkably, Serbia's central bank purchased 4.3 tonnes of domestically produced gold from the majority Chinese-owned Zijin in 2025 alone, at international reference prices. Yet the record of competing investors should not provide justification for European double standards; rather, it should underscore the need for Brussels and Berlin to demonstrate a genuinely different approach.

Germany itself argued that countries where resources are extracted should benefit from local value creation, as was to be seen in the highly contested Memorandum of Understanding, signed by the Vučić government and the EU, for a strategic partnership in sustainable raw materials, battery value chains, and electric vehicles. The local value creation however remained just a written word – the Strategic Project in Jadar was planned only for extraction, not processing - a clear indicator that these were empty words, at least in Serbia. Therefore, while the economic principle of local value creation is sound, it must be extended to the political and environmental dimensions of resource development: local communities and democratic institutions cannot be treated as passive stakeholders to be managed after the strategic importance of a project has already been predetermined in European capitals. While this paper focuses on Serbia, the dynamics of green stabilitocracy extend beyond it, as shown for instance by the Adriatic Metals mining project in Bosnia and Herzegovina, where Western-backed investment reproduced extractive patterns through its entanglement with domestic political elites.

Mining as a Test of Extractive and Transformative Integration

Taking into account all the controversy surrounding the Jadar project, mining has thus become one of the clearest manifestations of *green stabilitocracy* – a Faustian bargain where western powers have willingly blinded themselves to the region's fading democracy, trading fundamental freedoms for the minerals needed to power Europe's strategic autonomy and clean energy dreams. It can now become a decisive test of a new paradigm of European integration. The distinction between extractive and transformative integration captures what is at stake: the reproduction of existing economic and political hierarchies, or a genuine op-

portunity for economic upgrading, democratic accountability and convergence, subject to a transparent and democratic assessment of environmental trade-offs.

The Western Balkans are increasingly being incorporated into European economic networks through sectoral cooperation ahead of membership. Partnerships on critical raw materials could support processing, manufacturing, supplier networks, research, skills and technological development. The EU–Serbia partnership explicitly refers to such possibilities, including battery production and innovation.

Enlargement offers a way to move beyond a zero-sum choice between Europe's resource security and the interests of candidate countries. Cooperation on critical raw materials could become a demonstration case for a renewed approach to enlargement: candidate countries progressively share in the economic benefits of integration before membership, while convergence with democratic, environmental and governance standards remains a condition of that integration. The goal is transformative integration: greater resilience for European supply chains alongside higher value economic activity, stronger institutions and a more tangible stake in European integration for the Western Balkans.

Beyond the mere economic calculus, the distinction between extractive and transformative integration concerns the broader terms on which integration takes place: whose interests shape investment priorities, how decisions are made, and whether cooperation strengthens the institutions and societies of future EU member states. The table below captures these two contrasting trajectories across five key dimensions.

Table 1: Extractive versus transformative integration: two trajectories for the Western Balkans

Dimension	Extractive integration	Transformative integration
Economic role	Supply of minerals for European industry	Participation in processing, skills, supplier networks and higher value activities
Investment priorities	Supply security and commercial returns dominate	Supply security supports economic upgrading and convergence
Governance	Discretionary decisions and weak accountability can facilitate projects	Transparent decisions, independent oversight and enforceable standards
Communities and environment	Affected communities have limited influence over costs and risks	Meaningful participation and scrutiny shape whether and how projects proceed
Enlargement effect	Existing economic hierarchies and governance vulnerabilities persist	Integration strengthens domestic capabilities and institutions

What Should Brussels, Berlin and Belgrade Do?

We argue that the EU's – and Germany's in particular – strategic interest in critical raw materials is an understandable national interest in the ongoing geopolitical conundrum, but pursuing it at the expense of democratic accountability and without adequate environmental safeguards, is strategically self-defeating. If EU leaders want the Western Balkans to believe that EU enlargement rests on shared principles, they need to demonstrate that those principles still apply when European economic interests are substantial. Following the electoral victory of the Student List, four structural changes are urgently needed to reconcile resource security with the commitments underpinning enlargement:

- **To the European Commission (DG ENV & DG NEAR), German Federal Ministry for Economic Affairs and Energy (BMWE), and the German Federal Ministry for the Environment (BMUV): Enforce Strict Conditionality.** Condition all political and financial backing on independent environmental assessments, total transparency, public participation, and guaranteed access to judicial review. Prevent candidate countries from facing lower standards during resource extraction.

- **To the European Investment Bank (EIB), EBRD, and the German Federal Ministry for Economic Affairs (BMWK): Mandate Local Value Creation.** Require all resource partnerships to explicitly include processing, refining, research, and manufacturing within the host country. Direct public investment toward developing local suppliers and industrial capabilities to foster economic convergence.

- **To the European Commission (DG NEAR) and the German Federal Foreign Office (AA): Align Investment with Accession Progress.** Link European investment support and sectoral integration directly to measurable progress in the rule of law, anti-corruption, and environmental governance. Ensure economic partnerships actively strengthen the democratic institutions required for full EU membership, respecting the sovereign anti-corruption mandate of the newly elected Student List government.

- **To the European External Action Service (EEAS) and German Diplomatic Missions: Formally Partner with Civil Society.** Recognize local environmental activists and civic organizations demanding accountability as key stakeholders in the integration process. Integrate civic consultation into strategic investment planning to reinforce EU credibility and support bottom-up democratic mobilization.

Rebuilding trust, however, is a two-way process. Serbia's incoming government also has a crucial role to play in laying the foundations for a new relationship with its European partners:

- **To Serbia's Incoming Government: Make Resource Governance a Test of Democratic Renewal.** Deliver on the Student List's commitments to transparency, independent over-

sight and the protection of land, water and public health. Undertake a comprehensive, legally robust review of existing mining agreements, starting with Jadar, and ensure that future decisions rest on independent assessments and meaningful participation by affected communities. Use this opportunity to redefine cooperation with Germany and other European partners on more equal, transparent and institutionally accountable terms, with Serbia's democratic institutions playing a central role in shaping the country's development priorities. Resist pressures, whether from foreign partners or domestic political interests, to predetermine outcomes. Decisions on whether and under what conditions extraction proceeds must be grounded in evidence, the public interest and democratic accountability.

The objective is to change the terms of cooperation on critical raw materials, not to abandon it. If Berlin and Brussels want resource partnerships to strengthen European integration, they must deliver local value, credible environmental protection and meaningful participation. Serbia's incoming government, in turn, has an opportunity to redefine this cooperation on more equal and democratically accountable terms. Otherwise, Europe risks perpetuating a transactional form of enlargement in which the Western Balkans provide resources while others define the terms of integration. Jadar is therefore more than a mining controversy; it is a test of whether Europe's emerging resource strategy can reinforce the transformative promise of enlargement, free from the compromised state-to-person backchannels of the past.

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, Nikola Dimitrov, Vedran Džihić, 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.

www.biepag.eu

Contact: **SAMIR BEHARIĆ,** Programme Manager for Research, Policy, and Advocacy

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 progress toward EU accession.

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

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