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Strengthening EU Engagement in the Western Balkans: Pathways to Security, Investment, and Integration

Benton Aslan

Abstract

This paper examines the geopolitical, security, and developmental relevance of the Western Balkans (WB) for the European Union's cohesion and economic convergence initiatives. It analyses how deeper EU engagement and integration pathways influence regional stability, economic modernization, and strategic resilience. Particular attention is paid to resource allocation and potential, foreign-investment opportunities, and EU-aligned CFSP and CSDP. This analysis evaluates available EU policy instruments and proposes practical engagement approaches focused on governance capacity, economic development, and risk reduction.

Key Takeaways

- The Western Balkans (WB) region - Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia - despite experiencing historical institutional instability, regional economic uncertainty, and political inefficiency - represents a host of geopolitical or convergence-based investment incentives for EU actors.
- Macroeconomic conditions and competitive labor costs in the Western Balkans indicate the region's strategic salience regarding European economic cooperation.
- To promote regional security alignment, cooperation, and European credibility, EU policy instruments which promote informational accountability and resilience against foreign manipulation should be prioritized.
- Occupying territory with largely untapped primary natural resource endowments, which if invested in efficiently, have the opportunity to aid the EU in its stated goal of natural resource self-sufficiency.

Introduction

The Western Balkans, being composed of six states - Albania, Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia, and Kosovo - poses a unique opportunity for the European Union to promote continental cohesion in the economic, social, and security sectors.

The collapse of Yugoslavia in 1991 left many Balkan nations in the midst of political and social instability. The Yugoslav wars, which were composed of various national or sub-national conflicts, contributed to three main outcomes: 1) mass migration of Balkan populations to the EU, 2) the exacerbation of polarizing, identity-based politics in the region, and 3) widespread damage to infrastructure.

In the 2003 EU-Western Balkans Summit in Thessaloniki, the EU solidified its position as a strategic ally for WB nations. The declaration signed at the summit affirmed the two regions' commitment to bilateral cooperation and democracy - stating that the future of the Western Balkans is within the European Union (European Commission, 2003). However, while all six Balkan nations remain EU candidate or EU potential candidate status, no Balkan nation has attained EU membership since Croatia's accession in 2013.

Macroeconomic Opportunity: Sectoral Investment

The Western Balkans has experienced significant economic growth, with overall performance increasing by 79% between 2002 and 2022, compared to the EU average of 27% during the same period (OECD, 2023). However, this growth has not translated into convergence with Western European economies. Instead, the region continues to lag in GDP per capita in terms of purchasing power parity (PPP) (European Parliament, 2024).

The regional macroeconomic environment is characterized by service-oriented, open, middle to upper income systems, with services accounting for approximately 50% of GDP (European Parliament, 2024). This sectoral concentration on services indicates reduced market competitiveness in industry and manufacturing, creating opportunities for targeted EU investment in underdeveloped sectors such as energy, natural resources, and manufacturing.

Over the past decade, manufacturing in the Balkans has gained relevance in European markets - compared to Asian competitors. Specifically, there are three factors which are incentivizing European corporations to promote labor nearshoring in the Western Balkans:

- supply-chain volatility in Asian markets, exposed during the COVID-19 pandemic.
- geopolitical concerns - most notably the Russia-Ukraine and US-Israel-Iran conflicts - causing rising raw-material and energy costs, as well as shortages of critical components, in central and east Asia.
- labor costs in Asian nations - most notably China - have increased in previous decades, European corporations are in need of near-shore manufacturing hubs that can offer competitive labor costs (FIW, 2025).

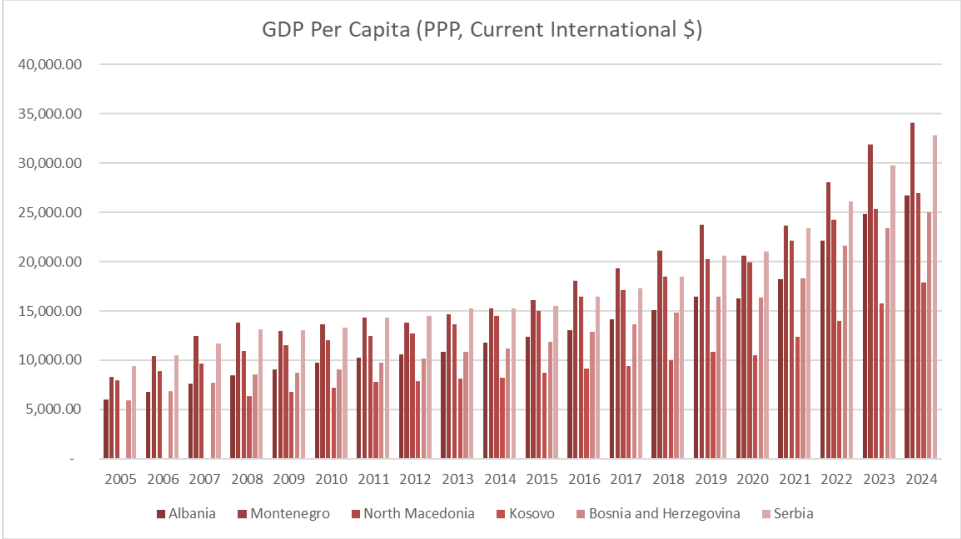
However, despite these factors, many European corporations remain hesitant to commit to Balkan labor nearshoring because of institutional volatility and historical measures of perceived risk.

Despite these persistent risk perceptions, financial stability in the region has exponentially improved. Exemplifying this, non-performing loans have declined from 13% to 4.2% over the past decade, indicating strengthened banking resilience (OECD, 2025). Simultaneously, EU-led policy instruments are working to reduce investment risk and accelerate economic convergence with EU member states.

Although GDP per capita in terms of PPP remains marginally lower than the EU average, it has seen an almost threefold increase between 2005 and 2024. This exponential growth indicates

that the region has the capacity for full economic convergence in the future - if economic-policy and foreign direct investment (FDI) are implemented strategically.

Graph 1: GDP Per Capita of Western Balkan Nations in terms of Purchasing Power Parity (Current International Dollar).



Source: OECD 2025

The Growth Plan for the Western Balkans, being adopted in 2023 by the European Commission, institutes a comprehensive strategic plan to promote economic convergence and social cohesion prior to full EU integration. The European Commission projects that the plan could double the region’s economic output within the next decade (European Commission, 2026). Strategic EU investment combined with institutional reforms is projected to play a central role in facilitating long-term growth and integration.

As the Western Balkans continues to assimilate into the EU single market prior to full integration, EU actors should prioritize investment in other critical market sectors, like natural resource acquisition and refinement. Increased investment in this sector would promote priorities for both the EU and the Balkans, in which the EU would progress towards European resource self-sufficiency while the Western Balkans would gain market diversification and increased economic credibility.

Naturally Occurring Minerals within the WB Region

The Western Balkans exhibit a varying endowment of primary mineral deposits which is documented in the West Balkan Mineral Register of Primary Raw Materials, developed under the EU RESEERVE Project. The register provides a harmonized dataset of 473 mapped locations of mineral deposits across the region, including active, inactive, and prospective sites, and is accessible through the European Geological Data Infrastructure (EGDI) for analytical and planning purposes (RESEERVE, 2021).

The register aggregates data on metals and industrial minerals with potential extraction interest, with special focus paid to critical raw materials (CRMs). It includes deposits reported across all WB-6 nations with categories that allow querying by location, reserve type (e.g., proved, probable), commodity and deposit attributes. Secondary analyses of the register data further indicate the presence of materials relevant for industrial and energy sectors. For example, the dataset indicates the presence of minerals relevant for electric vehicle batteries (excluding graphite), such as lithium-bearing borates and other battery metals, which are identifiable within the aggregated records and in the broader harmonized Mineral Knowledge Data Platform.

The information provided in the register is salient to informing EU policy instruments on investment strategies and strategic goal setting. In 2008, the European Commission issued the Raw Materials Initiative (RMI) which aimed to construct the “framework conditions to establish an integrated strategy to face the challenges related to access to non-energy and non-agricultural raw materials (IMA-Europe).” Aligning with the RMI, the EU signed an MoU with Serbia in 2024 dedicated to launching a strategic partnership pertaining to sustainable raw materials used in lithium-battery and electric car manufacturing (European Commission, 2024). This partnership provides a promising precedent for future EU-WB cooperation and engagement. With continued, responsible investment in the region’s under-developed industries - like mineral acquisition and refinement - European convergence initiatives will progress.

Combating Disinformation: Security and Propaganda

The Western Balkans is strategically important for EU security cooperation; however, it remains particularly vulnerable to foreign information manipulation due to institutional fragility and limited media freedom. According to systematic analysis on the region’s informational landscape, foreign actors actively operate in regional information spaces to undermine EU norms and erode public support for integration (EUISS, 2023). However, we also cannot ignore the skepticism of Western EU states, such as Germany or the Netherlands, regarding the approach of other countries from Southeastern Europe. That is, the factors that influence acceptance are broad and certainly not just misinformation. While the proliferation of disinformation in the region is not the leading cause of skepticism regarding EU accession - it continues to undermine support for initiatives that prepare the region for accession requirements.

Russia and China are among the most prominent external actors driving Foreign Information Manipulation and Interference (FIMI) in the region (EEAS, 2026). These campaigns typically aim to amplify polarizing narratives to exacerbate distrust, weaken social cohesion, and delegitimize EU institutions. By targeting public perception of the EU and delegitimizing western institutions, such efforts aim to slow or disrupt the EU accession process.

A key challenge in addressing FIMI in the Western Balkans is the blurred boundary between domestic and foreign information channels. Shared languages and ethnic ties across national borders lead to cross-border media consumption, which facilitates the rapid diffusion of narratives across national boundaries. This limits the effectiveness of traditional attribution models and complicates targeted policy responses (EUISS, 2023).

The European Union has increasingly recognized disinformation as a structural threat to democratic governance. The 2023 Defence of Democracy Package identifies disinformation as a driver of institutional destabilization, emphasizing the need for greater accountability among online platforms (European Commission, 2023). To build on these efforts, expanding EU investment in counter-disinformation capabilities, particularly in potential accession regions, is critical.

Measurable indicators of success in countering FIMI campaigns can be derived from existing EU monitoring frameworks, particularly those developed by the EEAS and the EUvsDisinfo initiative. These frameworks evaluate effectiveness not solely by reductions in disinformation volume, but by improvements in detection, attribution, and disruption capacity. Key indicators include the number of identified and publicly exposed disinformation cases, the scale and coordination of malign information networks, and the audience reach and engagement levels of manipulative content. Additionally, shortened response times between detection and mitigation, as well as increased accuracy in attributing campaigns to state-linked actors, serve as critical benchmarks. Collectively, these metrics provide a structured basis for assessing the resilience of information environments and the effectiveness of EU-supported counter-disinformation efforts in the Western Balkans.

Strengthening media accountability and resilience against foreign manipulation in the Western Balkans should remain a core priority for EU institutions - using the EEAS as a conduit for the initiative. Targeted efforts to counter FIMI can reinforce public trust, support democratic consolidation, and facilitate progress toward EU accession. Therefore, a more stable information environment enhances the credibility of EU institutions and creates more favorable conditions for political and economic engagement.

Conclusion

The Western Balkans represent a host of politically and economically relevant investment opportunities for EU actors. These incentives are primarily exhibited in two ways. First, EU actors can promote continental economic convergence and social cohesion by strategically investing in underdeveloped market sectors. Increased EU engagement with manufacturing and natural resource sectors, specifically, would progress the EU's strategic goals of resource self-sufficiency and decreased reliance on inter-continental labor outsourcing.

Secondly, EU actors have the opportunity to promote security alignment and the advancement of democratic consolidation in the Western Balkans by combating disinformation and foreign manipulation. Utilizing policy instruments at the disposal of institutions like the EEAS, the EU can garner increased public confidence and credibility in the region. However, while promoting informational accountability and combating disinformation pathways can promote credibility, it is not the only barrier hindering regional EU accession. Rather, other factors more saliently influence accession negotiations - like Western nations' skepticism towards the Balkans and the EU's limited institutional capacity, for example.

As reinforced in the 2003 EU-WB summit in Thessaloniki, the future of the Western Balkans is in the European Union. As such, the utilization of EU policy instruments to promote regional success sooner - rather than later - can bring significant bilateral benefits.

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Author



BENTON ASLAN

Benton Aslan is an International Relations scholar at the University of Rochester in New York. Currently, he is studying with CIEE's Central European Studies program in Prague. In the United States, he has worked with Nashville's Economic Development office, where he authored a memorandum advocating for fiscally responsible legislative solutions to food insecurity. Additionally, he serves as an Associate Justice on the University of Rochester's Board of Academic Honesty (BAH) – upholding integrity in the University's community. Beyond his professional and academic work, Benton works to address his community's inequities via youth education in rural Tennessee or advocating for legislative equity.

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Martinská 2, 110 00 Praha 1



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