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At a Crossroads: Serbia's Prospects and Future in the EU Enlargement

Challenges, reforms, and domestic tensions on the road to EU accession

Serbia's EU accession process is currently at a critical juncture. Since the collapse of the canopy of the Novi Sad train station, which led to the death of 16 people, citizens have engaged in country-wide anti-corruption protests. On a foreign policy level, Serbia continues to pursue its multi-vector foreign policy, balancing its historic ties with Russia while vowing its commitment to EU membership. Meanwhile, Serbia's alignment with the EU *acquis* remains difficult, especially in environmental and energy policies. Amidst these challenges, the European Policy Centre (CEP – Belgrade) and its partners (Institute for the Danube Region and Central Europe – IDM, Association for International Affairs – AMO, Hungarian Institute of International Affairs – HIAA, Institute of Public Affairs – IVO, Ukrainian Institute for International Politics – UIIP) organised a roundtable titled "Serbia: Challenges of EU Enlargement". The event gathered 18 experts from civil society, academia, and the non-profit sector who contributed their views and opinions on the challenges facing Serbia. The discussion was divided into three panels: 1) Serbia's foreign policy, 2) Serbia's domestic situation (state of democracy, role of civil society, and EU accession), and 3) Serbia's energy transition and the controversial lithium mining projects. This paper provides a summary of the discussions and their important insights while adhering to the Chatham House rule and protecting participants' names and affiliations.

I Foreign Policy – Balancing Commitments and Constraints

I.1 Serbia's Domestic Challenges and Geographic Positioning

Serbia has long pursued a multi-vector foreign policy, balancing relations with Russia, China, the EU, and the US, a strategy driven by its geographic positioning. This foreign policy approach reflects strategic pragmatism alongside Serbia's internal political dynamics, currently characterised by an ongoing political crisis since November 2024. Accordingly, the contemporary domestic situation yields two potential outcomes: (1) Vučić's government remains in power, requiring significant resources to sustain governance, or (2) an expert transitional government emerges, including diverse political stakeholders. A commonality across both government configurations is the stakeholders' divergent views on foreign policy affairs – e.g. how to continue with Pristina talks, how to manage Russia and China relations and so forth – which minimise the likelihood of drastic foreign policy changes. Thus, regardless of which outcome prevails, meaningful debate or concrete shifts in Serbia's foreign policy are unlikely before the elections in 2026-2027.

Moreover, even if there is a government transition, the multi-vector foreign policy will be sustained, and relations with Russia and China will generally persist. However, challenges such as the war in Ukraine have placed Serbia's approach under strain, due to Serbia's sympathies with the Russian point of view. Russia's popularity in Serbia stems from its historical opposition to the 1999 NATO bombings and its firm rejection of Kosovo's independence. However, the Russo-Ukrainian war has strained Serbia's economy, with rising inflation, soaring housing prices, and the growing presence of isolated Russian communities in Belgrade. The Serbian government is seeking solutions to the conflict, aiming to mitigate the persistent inquiries regarding its stance on Russia. Going forward, Serbia's relations with Beijing may pose greater challenges than those with Russia or Kosovo, particularly as the Sino-American trade war intensifies. Serbia will likely navigate this by engaging China largely for its diplomatic support for Kosovo and economic and infrastructure projects. Simultaneously, Serbia will continue to collaborate with the US on strategic priorities, including 5G technologies, defence systems, and lithium.

Overall, two scenarios could emerge from structural shifts on the international stage. Firstly, if there is stronger EU-US alignment and joint criticism of Russia, Serbia would be pressured to 'pick a side', risking traditional economic ties or potential political isolation from the EU-US. Alternatively, strained EU-US relations and diverging views on Russia would force Serbia into a delicate balancing act. Weakened NATO influence and Western discord could ease Serbian alignment with Russia (for energy and defence) or China (for economic and infrastructure). Additionally, strained EU-US relations might shift the EU's focus inward, slowing Enlargement and hindering Serbia's EU integration path.

I.2 Serbia and the EU: A Mix of Hope and Disillusionment

The EU's minimal response to the political crisis exhibits its declining leverage and motivates Serbia to strengthen ties with Washington and Moscow without fearing consequences. From Serbia's perspective, the EU is a 'butchered institution', due to the 2008 Kosovo independence, its 'backburner' treatment of the region, declining leverage, and support for Vučić's illiberal actions despite the EU's liberal rhetoric. Foremost, Serbia's recognition of Kosovo as a condition for EU membership has long strained EU-Serbia relations. Secondly, Serbia and the Western Balkans' slowed accession, 'limbo state', has disillusioned the Serbian state and public. Thirdly, aside from minimised trust within the accession process, outcomes for other candidates, like the minimal 'reward' for North Macedonia's name change, have further eroded EU credibility. Finally, from

an external view, the EU's support for Vučić has been seen as contradictory, given the EU's common stance of liberal values that underscore proper democratic functioning, whilst Vučić has been leading increasingly populist rhetoric. Effectively, these factors explain the absence of EU flags at student protests.

For the EU to regain its strong presence within the Western Balkans, it must recognise the current realities in Serbia. Student protests have now grown into nationwide anti-corruption movements, with rule of law challenges currently stalling Serbia's EU path. Effectively, this presents an opportunity for the EU to provide more pronounced and sustained support for these democratic movements. However, EU criticism is a double-edged sword, as excessive EU critique of Serbia could deepen public disillusionment with the EU and push the country further toward alliances with Eastern powers like Russia and China. Additionally, the EU's support for Vučić's stabilitocracy, while criticizing autocrats like Orban, undermines trust in its liberal values. EU partners, such as NGOs, civil society, and independent media, can bolster EU influence, engage Serbian youth with EU values, and rebuild trust in the accession process by fostering pro-EU sentiments. To achieve this, the EU should support improved electoral conditions to minimise meddling, promote media literacy, and collaborate with youth, universities, and students. Although immediate changes in levels of pro-EU sentiments are unlikely, backing democratic student movements is crucial to attract Serbian youth.

Despite global challenges, regional stability in the Western Balkans remains a top EU concern, with Serbia's role central to this stability. However, until a *modus vivendi* is achieved, lasting stability in the Balkans will remain elusive. The EU's approach to Serbia has been inconsistent – while von der Leyen has emphasised the EU's democratic progress, she has notably avoided addressing the state of democracy in Serbia. The European Parliament's resolution on the 2023 Serbian elections deemed them fraudulent, citing unfair conditions and calling for investigations – a resolution proposed by German parties like the Greens. Yet, just months later, Olaf Scholz visited Belgrade to discuss lithium mining, making no mention of the election irregularities, highlighting the EU's conflicting priorities.

Serbia's relationships with other Western Balkan states are shaped by historical ties, bilateralism, and Serbian communities in the region. While neighbourly ties will likely remain constant, broader geopolitical shifts are influencing the EU's stance. Within the EU and among its member states, there is a growing demand for deeper discussions and concrete actions in the realm of security and defence. Soft security issues such as migration and energy remain on the agenda, yet they are fundamentally tied to this broader security push. This renewed emphasis carries significant implications for the Balkans, potentially fostering stronger regional alliances. Evidence of this can be seen in agreements such as the Croatia-Kosovo-Albania security memorandum and the newly signed Serbia-Hungary security memorandum.

I.3 Serbia's Transatlantic Relations

This election cycle, Serbia offered support for both candidates to appear more balanced, despite Trump's win being much more preferable for Serbia. Vučić's close ties to Trump's inner circle, including Jared Kushner (Trump's son-in-law) and Rich-

ard Grenell (Special Presidential Envoy for Special Missions), played a significant role in maintaining strong Belgrade-Washington relations. Grenell played a key role in agreements like the Washington Agreement during Trump's presidency. Moreover, a Trump administration would likely bring a shift in US foreign policy, favouring a more conservative ideology that aligns with Serbia's governance style. Additionally, a new US administration under Trump might adopt a more flexible stance on Kosovo, potentially supporting the implementation of Serbian-majority municipalities as part of a broader agreement. Ultimately, the Serbian government will likely utilise the

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new Trump administration as a way to strengthen its power domestically and advance private interests instead of broader national or citizen interests.

Furthermore, the recent signing of the strategic dialogue agreement between the US and Serbia has been a signal for improved communication and cooperation. This dialogue served as a tool to strengthen ties and counter baseless claims that the Biden administration financed a 'colour revolution' in Serbia. During mass protests in Belgrade, Christopher Hill, the US ambassador to Serbia, appeared alongside President Vučić at a highway event, seemingly as a countermeasure to distract from the protests. Conspiracies also emerged, alleging USAID's involvement in financing organizations like CRTA and other civil society groups. Interestingly, USAID was alleged to finance the very office investigating CRTA. Nonetheless, the warm reception of the USAID ambassador by Vučić highlighted the strong ties between the Serbian government and the US.

High-ranking US representatives, such as James O'Brien, visited Serbia in January 2025, reinforcing the strategic dialogue. These US visits centered on Vučić, largely overlooking the grassroots student protests. Interviews with individuals like Marion Lawfell further emphasized the ongoing narrative battle. In response, Vučić hosted Trump Jr., aiming to showcase connections with the former US administration and present them as overwhelming support. While the Serbian government maintains strong ties with the US, it strategically uses these relationships to shape public perception and counter dissenting narratives, even if the true degree of these relationships remains moderate.

II Domestic Policy - EU Accession Process at a Time of Crisis

II.1 Serbia's Democratic Backsliding

Despite the EU's strong emphasis on democracy and the rule of law as cornerstones of the accession process, Serbia

has experienced consistent democratic backsliding. This decline is corroborated by several major democracy indices. Serbia's score in Freedom House's Freedom in the World dropped from 88 in 2014 to 56 in 2025. The Nations in Transit (NIT) Democracy Index has also shown a steady decline, classifying Serbia as a "hybrid regime" since 2018. Similarly, the Transparency International Corruption Perceptions Index (CPI) has worsened each year since 2017, with the most recent score at 35/100 and a global rank of 105 out of 180.

These trends contrast with the European Commission's annual Country Reports, which assess Serbia's EU accession progress. The functioning of democratic institutions is part of Cluster 1, the fundamentals of the accession process. Yet, the reports lack a clear methodology for evaluating the state of democracy in candidate countries, often avoiding the use of indices or grades. Where evaluations are provided, they tend to indicate either progress or, at worst, stagnation. As a result, the EU's response to Serbia's democratic backsliding is widely seen as inadequate, acknowledging only surface-level improvements while failing to address deeper systemic issues.

This has contributed to growing public scepticism toward the EU, fuelled by inconsistent messaging and the absence of clear support for pro-democracy protests.

The EU has the potential to place democratic reform at the very centre of the accession process, making it the most important criterion for membership. Its capacity to exert political pressure has been demonstrated by its insistence on Serbia to impose sanctions on Russia. A similar level of pressure could be applied to encourage genuine democratic reforms. Instead, Serbian citizens are told by the EU that progress is being made in this area, even as democratic indicators continue to decline. This disconnect further deepens public disillusionment and reinforces criticism of the EU's approach.

Another testament to the critical state of democracy in Serbia is the police raids on the offices of four Civil Society Organisations (CSOs) in Belgrade on 25 February. In addition, on 15 March, six activists from opposition groups were arrested on charges of planning an "attack on the constitutional order," following the broadcast of a surveillance video of their private meeting. These individuals are widely regarded as the first political prisoners in Serbia since 2000 and have received significant public support. Through these tactics, the government is trying to divide the forces which could potentially create a united front against it and prevent it from keeping power. For this reason, pressure on civil society organisations and the opposition is expected to worsen in the following months. Corruption, state capture, and governance challenges continue to remain the main obstacles to the EU accession process. The Reform Agenda is another missed opportunity for progress, as its preparation and adoption lacked transparency and excluded civil society from the early stages. CSOs were only allowed to comment on a nearly finalised document, effectively limiting their ability to influence the substance of the proposed measures. In addition, despite the rule of law being the central pillar of the Reform Agenda, there are no mechanisms in place for the EU to effectively monitor progress in this area. To engage more effectively in supporting Serbia's Reform Agenda while responding to the current crisis and civic unrest, there should be greater attention and support from other EU actors outside of the Commission to translate these measures into real changes for citizens.

Another challenge is the failure of electoral reforms. Electoral integrity has been repeatedly undermined in recent elections, especially concerning the voter registry. CRTA has provided evidence of persons being registered in multiple

polling stations and cases of organised voter migration by the ruling party. Election results were validated by the international community but the government agreed to the establishment of a commission guided by OSCE/ODIHR to verify the accuracy of the voter registry by the end of the year. However, this process ultimately failed to deliver meaningful results. The commission functioned more as a symbolic gesture of cooperation rather than a genuine mechanism for reform. In the end, the government rejected proposals put forward by civil society and introduced its own amendments, which the OSCE assessed as only "partly in line" with their recommendations.

In the past, such partial compliance might have been sufficient for the EU to move forward with accession talks, but the political context has changed. There is now a growing demand for the creation of a permanent and independent commission to address systemic issues in the voter registry. This reflects a broader awareness of a recurring trap in accession negotiations: when speed is prioritised over substance, quality suffers. The shift in the EU's approach is also reflected in recent meetings between President Vučić and EU officials, which were notably less positive than the Serbian leadership initially portrayed. This is quite clear if one is familiar with the language used by EU officials in their statements and can read between the lines. Rather than expressing support for Vučić, these meetings and subsequent statements were more focused on outlining the next steps the government needs to take. In the next few months, the government is expected to provide evidence of its commitment to deliver on the reforms to improve electoral conditions, media freedom, and the fight against corruption.

II.2 The Disconnect Between the Protests and the EU

Unlike previous waves of civic unrest, the current protest movement in Serbia is marked by its scale, consistency, and geographic reach. Demonstrations are taking place daily, not only in major cities but also in smaller towns and municipalities, amounting to roughly 400 protests per week throughout the country. This decentralised and persistent form of resistance is unprecedented in Serbia's recent history. While it remains unclear how this momentum will translate into political outcomes, its significance is undeniable. According to a CRTA public opinion poll conducted in February, around one-third of the population had already participated in the protests, while more recent estimates suggest that number may now be approaching half.

One striking feature of the current protests is the absence of EU flags, although the core demands, such as the rule of law, accountability, and freedom of expression, are rooted in European values. This disconnect reflects a deeper frustration with the EU's perceived failure to support those values in the accession process. According to the EU, Serbia is making steady progress, particularly in terms of technical harmonisation with the EU acquis. However, this technical success has not translated into meaningful change for citizens. The absence of transparency and accountability is highlighted by the fact that basic facts related to high-profile cases, such as the name of the chief prosecutor involved in the investigation of the Novi Sad canopy collapse, are unknown to the public. This growing disillusionment explains the protesters' distance from the EU, despite their demands aligning with its foundational principles.

II.3 Civil Society on the Sidelines of the Accession Process

Civil society has long been sidelined in the accession process: only 15–20% of civil society recommendations have been adopted by the Serbian government over the past decade, reflecting the limited influence and growing marginalisation of these actors in the accession process. The key reason behind this is the lack of political will of the government to involve the whole of civil society in the accession process, only using it to legitimise its actions. In recent months, the government attempted to exclude these actors entirely, an effort rejected by the European Commission, which has reaffirmed that civil society must be involved in the accession process and increased funds to support it. On their part, the National Convention on the EU (NCEU) stopped communication with political actors. On the one hand, it acknowledges the need to address the geopolitical reality and move the region towards the EU. On the other hand, it does not want to legitimise the EU's approach, where stability is more important than democracy.

III Environment & Energy Policy – EU's Pursuit of Critical Raw Materials

III.1 EU Environmental Standards and Policy Alignment

Serbia has prepared 1,500 pages of documentation on incorporating EU environmental standards, but since its initial agreement in 2019, the process has become more complex due to numerous new EU legislative requirements, including those from the European Green Deal, "Fit for 55" and the Emissions Trading System (ETS) which further introduce the Carbon Border Adjustment Mechanism (CBAM). Serbia's Chamber of Commerce is exploring alignment with decarbonisation goals, though implementation remains in early stages. Certain EU directives are key to Serbia's climate transition, such as the Green Claims Directive, the Due Diligence Directive, the Cooperative Sustainability Reporting Directives and the Critical Raw Materials Act (CRM Act). Despite enthusiasm for these directives, greater transparency and public participation remain necessary. Additionally, the key challenge for Serbia's EU accession is translating these directives into national law and developing robust enforcement mechanisms. Despite Serbia's commitment to decarbonisation and GHG reduction, it has yet to pledge climate neutrality by 2050 – an EU accession requirement. Serbia's Integrated National Energy and Climate Plan lacks serious dedication to rapid decarbonisation, which is essential not just for EU integration but also for energy security, necessitating a diversified energy mix.

III.2 Energy Dependence and Sustainability Challenges

Serbia's energy system struggles with inefficiency due to low productivity, high-polluting lignite mines. Consequently, the country relies heavily on imports, with coal imports increasing by 91.6% in 2023, and its annual consumption of 3 billion cubic meters of natural gas resulting in 94% Russian gas imports (as of 2023). However, since the Ukraine war, Serbia has cautiously pursued energy diversification, such as the gas interconnector Niš-Dimitrovgrad-Bulgaria (completed in December 2023), which allows Serbia to receive gas from Greece and Azerbaijan. Moreover, Serbia suffers a 15% electricity grid

loss, higher than the EU average (6-7%), adding to existing energy inefficiencies.

Furthermore, Serbia's power generation infrastructure is insufficient, with 68% of its electricity coming from outdated, failure-prone coal plants, which are 12x less efficient than European counterparts, making Serbia uncompetitive in the European energy market. Additionally, the commissioning of the Kostolac 3 coal plant further indicates that coal still plays a central role in Serbia's power supply, despite international pressure to shift away from fossil fuels. Overall, Serbia's energy transition faces the difficult balance between climate commitments and economic realities.

III.3 Lithium Dilemma & the Ambitious Energy Transition

While the Serbian government welcomed the Critical Raw Materials Act, lithium mining is a necessary component of the agreement, an element opposed by the public. Specifically, the proposed mining in the Jadar Valley has met strong public opposition due to biodiversity loss, local citizen displacement and a decline in local agricultural activities. Despite environmental concerns, the Serbian government has maintained that lithium would provide Serbia with an economic advantage, placing Serbia in a dominant position within the global supply chain for electric vehicles and batteries, alongside the possibility of technology transfer and investments. However, past experiences raise doubts about such scenarios. For instance, the anticipated boost to Serbia's automobile industry from the Fiat car plant in Kragujevac, expected to come from knowledge transfer, never materialised because local producers were not involved in the process. Moreover, lacking a strong institutional structure, including the rule of law, property rights, and enforcement, such investments will hardly lead to long-term benefits. Cancellation of the Rio-Tinto project would trigger an international arbitration with a conservative cost of €1 billion, though favorable legal precedents, as seen in the Romania-Gabriel Resources case, may mitigate potential financial risks.

In parallel, in November 2024, Serbia adopted the Energy Sector Development Strategy till 2040, and Projections till 2050, which aims to end the use of coal and oil derivatives in heat production. The plan envisions almost €50 billion of investment in the next 15 years (4% of GDP annually), on top of the current 7% of GDP dedicated to infrastructure. Such financial requirements raise concerns of feasibility, implementation and overall increased public debt. Moreover, transitioning to renewable energy could raise energy prices, lead to higher inequality and decreased competitiveness of the economy. However, despite these challenges, the benefits away from a coal-dominated energy mix towards a renewable one would ease Serbia's high air pollution levels, which currently result in an estimated 15,000 premature deaths annually.

III.4 Broader Economic Pressures and Institutional Reforms

Despite Serbia being less energy dependent than the EU27, it is not immune to supply crises, with a major vulnerability being in the management of its energy companies. Specifically, NIS, Serbia's largest producer of oil and oil derivatives, controls nearly 80% of the market but is widely perceived as prone to political interference, resulting in inefficiency and low productivity. Moreover, with NIS risking US sanctions (already postponed twice), Serbia may need to find alternative suppliers such as Hungary or Greece, while lacking infrastructure and oil pipelines to support it. Interruptions to NIS's operations could lead to fuel shortages and severe consequences for the banking sector, as foreign banks operating in Serbia (mostly German and Italian) heavily rely on energy firms as lenders.

US tariffs could pose serious challenges to Serbia's economy through a double implicit effect. Foremost, sanctions will have a direct impact on European car manufacturers, especially German and Italian, whose subsidiaries are an integral part of Serbia's automobile production, thus reducing demand and leading to production cuts and layoffs. Furthermore, before US tariffs, the wider European car industry had faced disruption of supply chains due to the war in Ukraine and growing competition from Chinese companies. Thus, it is difficult to discern the costs associated with each of these challenges and assess the real impact of US tariffs.

Aside from US tariffs, Serbia's difficulties are further compounded by evolving global supply chain strategies. For instance, the EU's Critical Raw Materials Act is part of a wider strategy that emerged after COVID-19 exposed vulnerabilities in global supply chains. Initially aimed to reduce dependency on unreliable international partners such as China, the strategy has now expanded to address reliance on the US, especially following aggressive trade policies from the Trump administration. With China's rapid advancements in the electric and hybrid vehicle industry, the EU now aims to secure its access to critical raw materials and R&D investments and technology transfer, to 'catch up' with the new Chinese competitive advantage.

Serbia is on the point of transition to a middle-income economy, losing its transitional advantages such as low wages due to high unemployment levels. To further grow its economy, it must shift to high-value industries, with such a shift requiring strong institutions, including the rule of law, property rights, and fair competition, which Serbia lacks. However, strong economic institutions are not enough to ensure economic growth, as they must be underpinned by strong democratic institutions, the rule of law, and political accountability. For a long time, Serbia's international partners (such as the EU) have mostly focused on the country's economic advantages, largely ignoring the political problems. This approach is no longer sustainable, as political reforms must go hand in hand with economic development to have real, sustained socio-economic growth.

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About European Policy Centre - CEP

European Policy Centre - CEP - is a non-governmental, non-profit, independent think tank, based in Belgrade. It was founded by a group of professionals in the areas of EU law, EU affairs, economics and public administration reform, with a shared vision of changing the policy making environment in Serbia for the better – by rendering it more evidence based, more open and inclusive and more substantially EU accession driven. Profound understanding of EU policies and the accession process, the workings of the Serbian administration, as well as strong social capital combine to create a think-tank capable of not only producing high quality research products but also penetrating the decision making arena to create tangible impact. Today, CEP organises its work into four programme areas:

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