



# Strategic Partners at Europe's Edge: Harnessing the Western Balkans for EU Defence Readiness

## Europe's push for strategic autonomy and defence readiness

The European Union has progressively framed security and defence as core to its ability to act strategically. The 2016 EU Global Strategy introduced the aim of achieving “an appropriate level of strategic autonomy,” and the 2022 Strategic Compass translated that aspiration into concrete goals. In shorthand, the Compass asks the Union to: (i) act rapidly and robustly in crises, alone if necessary, with allies if possible; (ii) anticipate threats and secure access to key domains; (iii) invest more and better in capabilities and innovation while reducing dependencies; and (iv) deepen cooperation with partners. This agenda reflects a recognition that Europe's security environment has deteriorated and that the EU must be able to shoulder more responsibility for its own defence.

Yet the EU's defence posture continues to be constrained by long-standing structural issues. Fragmented national markets limit scale and coordination; industrial capacity remains insufficient relative to demand; supply chains are vulnerable; interoperability and rapid deployment are uneven; and intelligence sharing lacks the cohesion required for joint decision-making.

### Strategic Compass: Key Actions for the EU

1. **Act rapidly and robustly in crises**, alone if necessary, with allies if possible.
2. **Anticipate threats** and secure access to key domains.
3. **Invest more and better** in capabilities and innovation, while reducing dependencies.
4. **Deepen cooperation** with partners.

A potential US retrenchment would further affect the credibility of extended deterrence. Europeans therefore face a near-term imperative to deliver concrete capability gains and to harden logistics and sustainment. These constraints reduce the Union's agility just as the war in Ukraine and broader geopolitical turbulence raise the bar for readiness.

In response, the EU has embarked on a new generation of industrial and capability instruments. The 2024 European Defence Industrial Strategy (EDIS) sets a long-term course to reinforce the European Defence Technological and Industrial Base (EDTIB) and spur cross-border cooperation. Building on EDIS, the Commission proposed the European Defence Industry Programme (EDIP) and other measures designed to accelerate availability and delivery of defence products—complemented by joint procurement incentives such as EDIRPA and additional industrial stimulus via the SAFE Regulation. Together, these initiatives are intended to shift Europe from fragmented purchasing toward coordinated demand and scaled production.

## From ‘security consumers’ to ‘security contributors’

Within this picture, the Western Balkans—long treated primarily as a stability risk—become practical contributors to European defence readiness that the EU has yet to fully leverage. The region’s reputation has shifted markedly since the 1990s. Albania, Montenegro and North Macedonia are now NATO allies, and five of the six Western Balkan partners are at various stages of EU accession (Kosovo being a potential candidate). Symbolically, the appointment of a former North Macedonian defence minister as NATO Deputy Secretary-General and the decision to host a NATO Summit in Tirana in 2027 underline a higher profile in Euro-Atlantic defence circles.

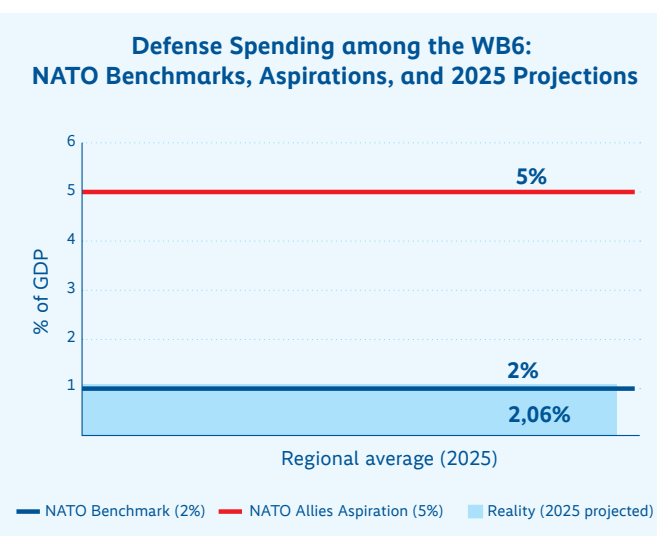
Against that backdrop, the Western Balkan countries can support EU strategic autonomy on two mutually reinforcing levels. First, they can help strengthen the EDTIB by procuring European equipment and by producing critical goods, components and raw materials—including ammunition—at scale and at competitive cost. Second, they can deepen operational cooperation by pooling and aligning capabilities in areas such as logistics, military mobility, training and participation in CSDP missions. We further detail where and how these contributions already exist and how the EU could systematize them.



## Where the region already contributes: five practical avenues

### 1. Defence spending and acquisitions

Defence outlays have climbed steadily across the region. With the partial exception of Bosnia and Herzegovina, Western Balkan countries are projected to meet or exceed the 2%-of-GDP benchmark by 2025, with a regional average of about 2.06% and an even higher average among the three NATO allies that have also committed to also meet the 5% target. Several allocate 20–30% of their budgets to equipment and modernisation—an indicator that resources are flowing into tangible capability development rather than personnel costs alone.



The chart compares NATO’s defense spending benchmark (2% of GDP) with the projected 2025 regional average of 2.06% of GDP.



### Defense Budget Allocation

Equipment & Modernisation  
20%-30%

Procurement patterns show a growing tilt toward European suppliers alongside purchases from the United States and Turkey. Examples include Albanian investments in helicopters and armoured vehicles sourced from Germany and Italy; Montenegro’s acquisition of armoured platforms from Austria and Germany; North Macedonia’s orders of Italian helicopters and French short-range air defence; and Serbia’s diversified modernisation programme, from transport aircraft and air defence to radar and rotary-wing fleets, capped by a controversial decision to buy French Rafale fighters with downgraded capabilities given Belgrade’s ties with Moscow. These purchases enhance interoperability with EU forces and can unlock follow-on cooperation in training, maintenance and industrial offsets.

As relatively small buyers, Western Balkan countries stand to benefit disproportionately from EU joint procurement mechanisms that improve price and delivery terms through economies of scale. Technical arrangements with the European Defence Agency (EDA) can also offer access to cooperative projects and expertise; Serbia already has such an arrangement, and others could explore similar frameworks to align capability planning and innovation with EU priorities.

## 2. Support to Ukraine

The region's overall political stance has been to condemn Russia's 2022 invasion and to back Ukraine's sovereignty. In practical terms, several Western Balkan countries have provided meaningful support—military, humanitarian, financial and diplomatic. Because of domestic sensitivities, not all assistance has been publicised in real time.

### Military Support to Ukraine (Western Balkans)

| Country                       | Contribution                                                                                                                                                                                                         |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>North Macedonia</b>        | Transferred legacy Soviet-origin equipment usable immediately by Ukrainian forces: T-72 tanks, Mi-24 helicopters, Su-25 aircraft, plus associated munitions and spares.                                              |
| <b>Albania</b>                | Donated MRAP vehicles, small arms, and mortar ammunition of various calibres (documented in theatre); total aid estimated in the tens of millions of euros.                                                          |
| <b>Montenegro</b>             | Contributed naval and artillery munitions.                                                                                                                                                                           |
| <b>Kosovo</b>                 | Supplied vehicles and ammunition packages and hosted training, despite the absence of formal bilateral recognition by Ukraine.                                                                                       |
| <b>Serbia</b>                 | Officially avoided direct military aid but provided budgetary and humanitarian support; widely reported to have supplied large quantities of ammunition via third parties, amounting to EUR 800 million by end-2024. |
| <b>Bosnia and Herzegovina</b> | Its defense industry appears to have channelled significant volumes of ammunition to Ukraine through intermediaries.                                                                                                 |

North Macedonia transferred legacy Soviet-origin equipment that Ukrainian forces could immediately field—T-72 tanks, Mi-24 helicopters and Su-25 aircraft, along with associated munitions and spares.

Albania donated MRAP vehicles and various calibres of small arms and mortar ammunition that have been documented in theatre, with total military aid estimated in the tens of millions of euros. Montenegro contributed naval and artillery munitions, while Kosovo supplied vehicles and ammunition packages and hosted training, even without formal bilateral recognition by Ukraine. Serbia, while publicly avoiding direct military aid, provided budgetary and humanitarian support and is widely reported to have supplied large quantities of ammunition via third parties, amounting to 800 million EUR at the end of 2024. Bosnia and Herzegovina's industry likewise appears to have channelled significant volumes to Ukraine through intermediaries.

The bottom line: the Western Balkans have delivered niche but non-trivial support streams to Kyiv—especially valuable during the early phase of the war when Soviet-standard systems and ammunition were at a premium—and have contributed to training efforts as well.

## 3. Participation in CSDP, NATO and UN operations

Despite country size and small force structures, Western Balkan contributors routinely field targeted deployments to EU missions—trainers, medics, staff officers and observers. Albania and Montenegro supported EU training efforts in Mali; Bosnia and Herzegovina, North Macedonia and Serbia contributed to missions in the Central African Republic; Montenegro and Serbia added staff and naval personnel to Operation Atalanta; and Albania and North Macedonia are steady supporters of EUFOR Althea in Bosnia and Herzegovina.

NATO commitments include historical participation in ISAF and Resolute Support in Afghanistan, the KFOR mission in Kosovo, and present-day deployments to Enhanced Forward Presence and Enhanced Vigilance Activities on the Alliance's eastern flank. Bosnia and Herzegovina has NATO-graded units earmarked for multinational operations, although internal political blockages have at times hindered decision-making on deployments.

Under the UN flag, the region's footprint is notable relative to size. Serbia, in particular, ranks among Europe's most active contributors with personnel in UNIFIL and other missions, while Albania, Bosnia and Herzegovina, Montenegro and North Macedonia have provided observers, police and medical units across multiple theatres.

## 4. Defence-industrial base and production potential

A legacy of self-reliance dating back to Yugoslav times has left the region with an unusually broad industrial spectrum for its size.

Around 200 companies in the Western Balkans produce defence goods, with Serbia and Bosnia and Herzegovina accounting for the bulk of output and exports.

Capabilities range from small arms and large-calibre ammunition to artillery systems, armoured vehicles and increasingly unmanned systems. Crucially, producers can manufacture to both NATO and Soviet standards—a differentiator for Ukraine-related demand.

Serbia combines established state-owned enterprises (e.g., Jugoimport-SDPR, Zastava Arms, Krušik) with dynamic private firms, exporting a wide portfolio from howitzers

and rocket launchers to armoured vehicles and missile technologies. Bosnia and Herzegovina employs thousands across more than twenty companies, with firms such as BNT, Pretis and Binas scaling up 155mm shell production and other high-demand lines; BNT alone cites the capacity to produce on the order of hundreds of thousands of artillery rounds annually (up to half a million). Elsewhere, Albania is implementing a strategy to revive domestic production—starting with explosives, SALW, ammunition and drones, as well as armoured vehicles in a joint venture with the UK. Kosovo and North Macedonia are partnering with Turkish companies to build ammunition and propellant capacity and to seed a drone ecosystem respectively.

Cost competitiveness and proximity are the two headline advantages: output can be priced below many Western equivalents and delivered quickly to European end-users. With predictable demand signals and limited EU investment, these plants could expand further and plug specific bottlenecks in the Union's supply chains.

### Defence Industry Snapshot — Western Balkans

| Country                       | Industry overview                                                                                      | Key firms / partnerships                                                                                           | Production capacity / notes                                                                             |
|-------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>Serbia</b>                 | Combines established state-owned enterprises with dynamic private firms, exporting a wide portfolio.   | Jugoimport-SDPR, Zastava Arms, Krušik (state-owned) + private exporters.                                           | Exports howitzers, rocket launchers, armoured vehicles, missile technologies.                           |
| <b>Bosnia and Herzegovina</b> | Large industrial workforce across dozens of companies; scaling up ammunition and artillery production. | BNT, Pretis, Binas and others.                                                                                     | BNT cites capacity on the order of hundreds of thousands of artillery rounds annually (up to ~500,000). |
| <b>Albania</b>                | Implementing a revival strategy for domestic defence production.                                       | Joint ventures (e.g., with the UK) for armoured vehicles; local projects for explosives, SALW, ammunition, drones. | Early stage—focus on rebuilding capacity across multiple product lines.                                 |
| <b>Kosovo</b>                 | Building indigenous capacity through international partnerships.                                       | Partnerships with Turkish firms for ammunition and propellant production.                                          | Capacity-building and technology transfer aimed at regional supply.                                     |
| North Macedonia               | Seeding a local drone ecosystem and ammo capability through partnerships.                              | Cooperation with Turkish companies to develop ammunition/propellant and drone projects.                            | Emphasis on drones and munitions as emerging sectors.                                                   |

## 5. Strategic enablers: mobility, training, medical and cyber

Geography makes the Western Balkans a land bridge tying the EU core to both Ukraine and the Eastern Mediterranean. For that reason, military mobility—and the dual-use infrastructure that underpins it—features prominently in the regions development plans. The 2024 revision of the TEN-T Regulation extends the core network to the Western Balkans, but significant segments still require construction or upgrades to military standards, and procedural frictions at borders persist. EU funding for military mobility in 2021–27 has thus far failed to include South-East Europe, despite clear strategic logic for a southern corridor toward Ukraine.

Countries in the region are moving nonetheless. Albania is financing a dual-use port at Porto Romano and has inaugurated NATO's first regional air base at Kuçovë; plans to revitalise the submarine base at Porto Palermo are under discussion. Corridor 8, linking Durrës on the Adriatic to Varna on the Black Sea via North Macedonia, is a flagship dual-use endeavour with obvious value for supply-chain resilience.

On training, North Macedonia's Krivolak range hosts large multinational exercises and offers a platform for rapid readiness activities; Serbia's Pasuljanske Livade and Bosnia and Herzegovina's Manjača provide additional training capacity through the PfP framework. Kosovo, backed by the US and UK, has established a cybersecurity training centre for defence institutions intended as a regional hub. Medical support is anchored by the Balkan Medical Task Force in Skopje, a role-2 multinational unit designed for crises and disaster relief, aligned with NATO standards.

### Fit with the EU's Readiness 2030 priorities

The 2025 White Paper on European Defence (Readiness 2030) translates the industrial and capability push into specific priority tracks. Four of these map directly onto Western Balkan strengths. First, Europe's objective to produce at least 2 million large-calibre artillery rounds annually underscores the need to mobilise every credible source of capacity; regional plants that already mass-produce 155mm shells and compatible Soviet-calibre ammunition can help close the gap. Second, artillery systems themselves—where several Western Balkan manufacturers have proven designs and agile production lines—offer scope for cooperative investment and licensing to lift output quickly. Third, drones and counter-drone systems: while high-end combat Unmanned Aircraft Systems (UAS) will remain the province of larger Original Equipment Manufacturers (OEMs), the region is well placed to scale affordable Intelligence, Surveillance,

Reconnaissance (ISR) and loitering munitions—areas where rapid iteration and cost control matter. Fourth, mobility and logistics: building a resilient southern supply artery to Ukraine through Balkan corridors would diversify risk, relieve pressure on hubs further north, and demonstrate European responsibility for sustainment.

On the demand side, fiscal rules have been temporarily eased under the RearmEurope initiative, enabling member states to increase defence outlays. With fourteen governments signalling use of this flexibility, European industry will be stretched. Structured partnerships with Balkan suppliers—particularly SMEs and mid-caps—can augment capacity and integrate them into EU supply chains, provided procurement and certification pathways are opened and predictable multi-year contracts are available.

Politically, the new Security and Defence Partnerships that the EU has signed with Albania and North Macedonia since late 2024 create a general framework for closer involvement, including potential contributions to the Rapid Deployment Capacity. To matter operationally, these frameworks require translation into concrete projects, slots in missions and exercises, and access to funding windows. Given the likely long duration of any post-war peace support effort in Ukraine, even modest troop contingents from each Western Balkan partner could be meaningful in enabling rotations and sustaining tempo.

### Bridging enlargement and defence policy

Defence and enlargement have too often proceeded on parallel tracks. If the EU wants to harness the region's defence value, gradual integration into specific security and defence instruments should start now, tied to clear benchmarks on rule of law, public procurement integrity and CFSP alignment. In practice, the Commission can open pathways in industrial, procurement and funding domains where qualified-majority voting applies, while member states retain unanimity on operational deployments and can pilot deeper bilateral or mini-lateral cooperation, including through the EDA.

A helpful template is the Single Market conversation that needs to expand to security and defence. The Letta report highlights an "integration deficit" in this area; as the EU builds a common market for defence goods and services, inviting the Western Balkans into the ground floor would both expand the supplier base and give candidate countries tangible economic stakes in alignment. Early participation in standards, certification and joint procurement would accelerate acquis adoption and reduce border frictions that currently slow military mobility and defence trade.

Two risks require explicit management. First, rapid increases in defence spending can magnify corruption and mismanagement risks where governance is weak. Stronger rule-of-law and transparency requirements around defence budgets and tenders should be treated as non-negotiable conditions for deeper integration. Second, investment patterns matter: in the absence of EU engagement, non-EU players—Turkey most notably—are moving quickly to fill industrial gaps. While cooperation with a NATO ally is not inherently problematic, the EU should ensure that regional capacity growth is broadly interoperable with EU standards and embedded in European supply chains.

Not less important, sustained CFSP alignment and political solidarity are as important as material contributions, as it is a precondition to foster trust – a crucial pre-condition for any discussion on industrial development cooperation, as well as operational deployments.

## Conclusions

The Western Balkans have moved from the periphery of Europe's security conversation toward a position where they can make steady, concrete contributions to EU defence readiness. Defence budgets are rising; procurement is aligning; industries can supply cost-effective munitions and systems at scale; and geography offers a logistics bridge that Europe will need in any prolonged competition or contingency. The EU, meanwhile, has launched an ambitious industrial and capability agenda but still struggles to convert policy into near-term capacity. Bridging these trends requires a more integrated approach that treats the region as part of the solution and rewards progress with access to programmes, projects and markets.

Priorities flow directly from this logic: integrate Western Balkan firms into EU supply chains and joint procurement; co-fund dual-use infrastructure and mobility corridors; open EDA and other cooperation frameworks more widely; translate political partnerships into practical cooperation on projects, missions and training; and tie all of the above to rigorous governance and CFSP alignment. Done well, this will not only raise European readiness but also give the enlargement process practical momentum by making the benefits of alignment visible early on. This policy synergy could accelerate the full integration of the Western Balkans into the EU — the only viable path to firmly anchoring the region within the Union and completing the loop of European strategic autonomy as the continent's way forward.

## Policy recommendations

- **Institutional integration:** Create formal pathways for Western Balkan participation in the EU's existing and emerging defence initiatives, including the European Defence Industry Programme, European Defence Agency, and European Defence Fund.
- **Policy exchange:** Include the Western Balkan countries in CFSP, CSDP and other defence-related policy discussions whenever possible (even as observers) to ensure continuous alignment, explore further integration avenues and help them prepare for membership.
- **Joint training:** Encourage joint military training between national armies of EU member states and the Western Balkan countries to foster trust, build bonds and ensure interoperability.
- **Infrastructure funding:** Prioritize funding of dual-use infrastructure in the region to support military mobility and logistical resilience.
- **Transparency and governance:** Strengthen rule-of-law and anti-corruption mechanisms in defence procurement to ensure responsible use of increasing defence budgets and EU instruments.
- **Industrial investment:** Provide targeted EU investment to the region's defence and dual-use industries to enhance production capacity, supply chain resilience, and boost the smaller markets in the region through EU-wide economies of scale.
- **Private sector partnerships:** Foster long-term partnerships between Western Balkan defence companies and EU firms to integrate regional producers into European supply chains and innovation ecosystems.
- **Common defence and security market:** As the Western Balkans gradually join the EU Single Market, involve them in the building of the common security and defence market by further dismantling trade and investment barriers, promoting joint ventures and procurement, and harmonizing standards in dual-use and defence technologies.
- **Link to enlargement:** Integrate participation in defence-related policy forums and instruments, as well as the necessary reforms for that to happen, into the gradual accession framework to ensure that some benefits of the defence integration are felt early on and incentivize enlargement.

- **Path to overcome enlargement fatigue:** Amidst geopolitical uncertainty and heightened security tensions, communicate the Western Balkan's contribution to European defence readiness towards and within EU member states to push enlargement forward and overcome reluctance.

### Imprint

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