

# The Western Balkans - US Influence, Hungarian Interests, and the Future of the Region's EU- Integration

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May 2025

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## Introduction

The full integration of the Western Balkan region into the European Union (EU) bloc and transatlantic institutions can be seen as a shared strategic goal for both Hungary and the US. For Hungary, the region's EU integration evidently represents both regional security and economic opportunity. For the US, the region's full EU integration promotes transatlantic unity, while countering the threat of competing powers such as China and Russia. This paper aims to outline the evolving dynamics of the Western Balkans' integration into the EU and transatlantic institutions, while focusing on the interplay between Hungary's "national interests" and US foreign policies — with emphasis on the US Trump administration. Methodologically, this paper utilizes a qualitative, multi-source analysis of policy documents and macroeconomic data, while drawing on the US tariff policies and the US Trump administration's bilateral diplomacy, to assess their impact on the region's political and economic landscape.

## The Western Balkans: a vital strategic bridge

It is evident that both Hungary and the US have recognised the strategic value in bringing the Western Balkans into the fold of Western European and transatlantic organizations since the end of the Yugoslav breakup wars in 2001. For Hungary, as a neighbouring EU member state to the Western Balkans, having a stable direct neighborhood is vital for its security, economic growth, and political clout. The benefits of integrating the Western Balkans into the EU are clear cut: the region's integration will stabilise the region politically, while also strengthening rule of law and making the region more resilient to external economic shocks and open to additional investments. Owing to Hungary's strong historical, cultural, and economic ties with Western Balkan countries (such as Serbia), it is also in the country's national interest for a swift inclusion of Western Balkan countries into the EU.

From a security-policy point of view, Hungary noticed that unresolved political and ethnic tensions in the region— e.g. over border disputes — pose substantial risks not only to the Western Balkans, but to the EU in general, also in view of the violent dissolution of Yugoslavia in the 1990s. Political instability, ethnic division and economic uncertainties are in turn drivers for migratory pressures, organized crime and general radicalisation. As a country directly neighbouring the region, confronted with migratory pressure through the "Balkan Route" into the EU, Hungary traditionally regards the EU integration of the Western Balkans as a sustainable measure to tackle migratory challenges collectively through stronger

regional cooperation. With its role as EU enlargement advocator, Hungary is also passively countering Western European scepticism and pushing back against perceived “enlargement fatigue” within the EU.

The Western Balkan region established itself as a politically multifaceted and a culturally intriguing area since the dissolution of Yugoslavia - consisting of politically and culturally multi-polar nations - Albania, Bosnia and Herzegovina (BiH), Kosovo, Montenegro, North Macedonia, and Serbia. The EU itself has always regarded the region as a strategically important region, owing to its special geography. The entire region acts as a bridgehead between the Orient and Occident on the European continent. Due to this culturally - and geostrategically - vital position, the Western Balkans has been also a strategic location of interest for other global powers, particularly for Russia and China. The US, also recognising the region’s strategic importance, significantly contributed to shaping and molding the political and economic fate of the post-Yugoslav Western Balkan region. With the conclusion of the Yugoslav Wars, the US can be regarded among the most significant nations in the world in the region, promoting stability, democracy, and integration into Euro-Atlantic institutions.

The US is particularly vital for the Western Balkans since it tries to combine its political weight and diplomatic leverage as global power, with a clear vision for “western” integration that complements the EU’s integration efforts. While the EU, as a direct neighbour to the Western Balkans, has more economic tools at its disposal. In trade terms, the EU dominates the Western Balkans as a leading trade partner. EU trade accounted for some 62% of the Western Balkans total trade in 2024 - total trade in goods between the EU and the Western Balkans increased by 28.6% from 2021 to 2024, standing at €83.6 billion in 2024<sup>1</sup>. The US involvement in the region is also vital, since it often managed to unwind political deadlocks and facilitate reforms, establishing itself as a facilitator of sustainable peace in the region—most notably through its role in the Dayton Peace Agreement, which ended the Bosnian War in 1995. In 2016, under the US Obama administration, US leverage can be characterized best with an assertive focus on democratic changes and pushing back against Russian influence. There was an increased diplomatic engagement and economic support with a focus on institution building and regional coordination. The US administration in 2016 also played a crucial role in countering challenges such as corruption, ethnic intolerance, and extremist violence, which are still common in the region<sup>2</sup>.

The US Trump administration itself, however, has had a quite different foreign policy objective towards the Western Balkans. While a continuation of certain policies of the previous administration in the early years of Trump's presidency,

there was, above all, a shift in priorities. His administration's so-called "America First" policy resulted in a decrease in foreign aid and, on balance, a more transactional foreign policy. Even with such developments, NATO expansion and the US security presence in the area remained. However, the emphasis now was upon bilateral arrangements and increasing US leverage to balance Russian and Chinese policies in the region. The focus turned towards economic partnerships and energy security, with the US seeking to foster projects which would demote Russian sources of energy supplies in Central Europe<sup>3</sup>.

Particularly in recent years, the political development in the Western Balkans region has been influenced by larger geopolitical dynamics. Those dynamics further gained traction with the Ukraine conflict and the changing US-Russia dynamics which in turn had a tremendous influence on the region. The US has been attempting to solidify its alignments and ensure the Western Balkans are re-aligned with the West. This has included efforts at diplomatic solution of long-standing conflicts, particularly the Kosovo-Serbia conflict. The US also backed initiatives with the aim of fostering regional stability. The Trump administration's policy in particular has been defined by reconciling strategic engagement with pragmatic diplomacy, an attempt to balance power dynamics and ensure that the region does not become a center of geopolitical competition<sup>4</sup>.

The Western Balkans have also undergone a remarkable transition from 2016 to the current Trump administration. Though the core goals of advancing stability, democracy, and integration into Euro-Atlantic communities remained on the agenda, the approach and priorities changed<sup>5</sup>. This is why the track record of the US Trump administration policies in the Western Balkans can be regarded as uneven. On the one hand, US sustained support for NATO and attempts to hold back Russian expansion have helped reinforce regional stability. On the other hand, cutting foreign assistance and making US diplomacy more transactional have also put into question the long-term viability of democratic reforms and economic development. As the Western Balkans tries to come to terms with issues of global geopolitics, the US role will be pivotal in determining the region's fate. The transformation of the Western Balkans into prosperity and stability will rest on the long-term commitment and support of the US and its allies.

### **Hungary's Strategic Interests in the Western Balkans: Historical Memory, the Treaty of Trianon, and the Vojvodina Connection**

The entire Western Balkan region has always been of particular interest to Hungary, since the region had been utilised by Hungary as a point of reference throughout its history, shaping its geopolitical intentions and policies. This past linkage has developed into a contemporary partnership based on common interests in political stability, economic growth, and Euro-Atlantic integration.

The Hungarians of northern Serbia's Vojvodina are among the most historically profound and politically noteworthy Western Balkan minority communities. Their existence stretches as far back as the Middle Ages; yet it was the Austro-Hungarian Empire (1867-1918) that provided an impetus for Hungarians to assert a role of influence in the region<sup>6</sup>. Following World War I and the Treaty of Trianon in 1920, the Vojvodina region however ceased to be a part of Hungary and became part of territory of the "Kingdom of Serbs, Croats, and Slovenes" (and later Yugoslavia). Hungary's current complex relationship with the Western Balkans can be also traced directly to the Treaty of Trianon, moreover to the geographic and demographic losses suffered first as an emerging nation state. The treaty resulted in a major loss of territory for Hungary in both area and population<sup>7</sup>. Trianon reduced Hungary's territory from 325,000 to 93,000 square kilometres, while leaving some 3.5 million ethnic Hungarians outside Hungary's new borders<sup>8</sup>.

Hungary's territorial losses stemming from the treaty can be also considered as one of Hungary's key collective national traumas. Successive governments have continued to emphasize the country's national identity and its foreign policy at least in the sense of upholding close ties with the Hungarian diaspora. The significance of these considerations has led to the Hungarian government adopting a firm strategy of cultural and political service to engage with ethnic Hungarians living beyond its borders - this strategy also involves offering dual citizenships<sup>9</sup>. Such policies can also be regarded as part of a wider strategy to preserve Hungarian identity and legitimacy in the territories that were formerly part of the greater historic territory of Hungary.

Throughout the 20th century, the ethnic Hungarians in the Vojvodina region changed their status in conjunction with the province's politics. During the Yugoslavian socialist era - under the leadership of Josip Broz "Tito" - the Vojvodina region also became more autonomous, with ethnic minorities, including Hungarians, enjoying specific cultural and linguistic rights. During this time, educational institutions, media, and cultural associations in the Hungarian language were encouraged and promoted<sup>10</sup>. In the 1990s, nationalism marked the collapse of Yugoslavia and the escalation of interethnic relations in the Western

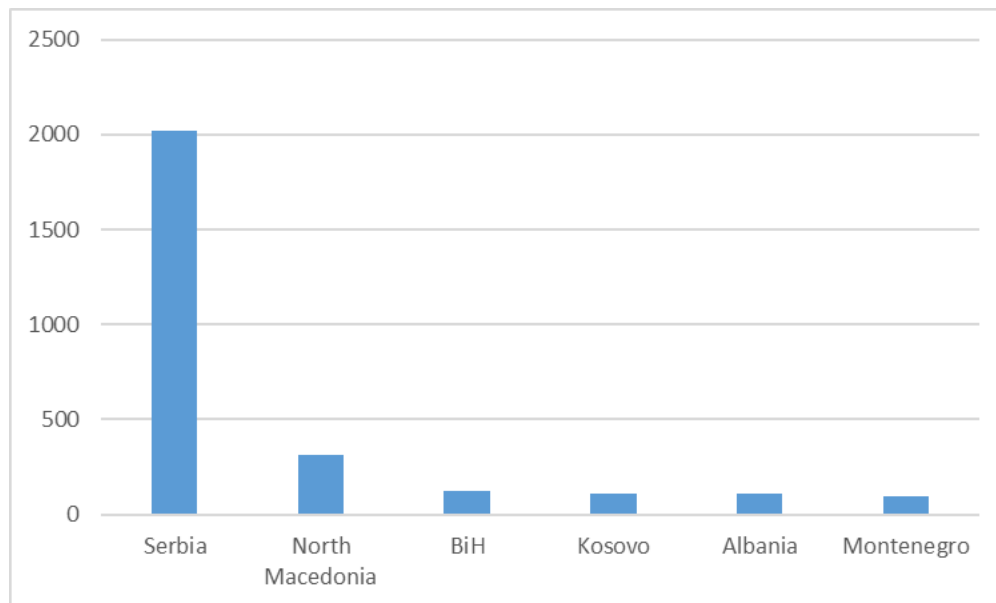


Balkan region. Even though the Hungarian minority in Vojvodina is not large, it remains an important political actor in the region. This is why Hungary maintains close relations with the Alliance of Vojvodina Hungarians (VMSZ), which serves as the political party representing the community, advocating for its minorities, and pushing for inter-regional cooperation<sup>11</sup>.

Demographic decline through emigration and sub-average fertility is the biggest threat to the future of the Hungarian community in the Vojvodina region - according to the Serbian 2022 census, the number of ethnic Hungarians in the Vojvodina declined from 253,889 to 184,442 people since the last census in 2011 - a decline of almost 30%<sup>12</sup>. Nevertheless, the Hungarian minority has gained a certain level of political influence on internal and Serbian national policy and is frequently employed as a liaison link between Hungary and Serbia. The two nations' relations also improved in part because Hungary has been actively supporting Serbia's EU accession process. Geopolitically, this membership has led to rising investment into Hungarian education and culture centers within Vojvodina on the Hungarian state's behalf<sup>13</sup>. It can be argued the long-term survival of the Hungarian minority in the region rests on sustained political will and cross-border relations<sup>14</sup>. The EU has insisted on increasing regional cooperation as well as commitments towards minority rights in the process of enlargement, and Hungary managed to position itself explicitly as a bridge between the EU and the Western Balkans. Additionally, because Hungary supports Hungarian communities in the Western Balkans to preserve its foreign policy interests, it has also cemented its strategic role as a supportive ally for the region's EU integration, by promoting political, economical, and cultural stability, particularly amid the geopolitical complexities of the region.

### **Hungary's Economic Ties with the Western Balkans**

Upon the dissolution of Yugoslavia, Hungary started expanding its economic presence southward into today's Western Balkan area. With its more developed economy, geographic proximity, and historic linkage, Hungary secured its place in the region. Hungary's economic footprint within the region is rising, with exports increasing by almost 150% between 2015-2022, surging over the €4.5 billion mark<sup>15</sup>. Serbia is Hungary's biggest regional economic partner primarily because of its size, geography, and having a Hungarian minority. Hungary was in the top five of Serbia's trading partners by 2022, and their two-way trade surpassed €3.5 billion. In trading terms, Serbia is followed by North Macedonia, Bosnia and Herzegovina, Albania, Montenegro, and lastly Kosovo.

**Chart 1 / Hungary's Trade in Goods with Western Balkan Economies (in mn EUR)<sup>16</sup>**

Economically, the Western Balkans are seen by Hungary as a region of untapped potential<sup>17</sup>. Hungarian companies have been increasingly investing in the region, with special focus on the energy, infrastructure, and telecommunications sectors. Cooperation with the region on the energy field has also been encouraged by the government because Balkan gas and oil pipelines hold strategic value in European energy security. From an economic point of view, such cooperation traditionally provides a two-way benefit, resulting in development and growth in both Hungary and the Western Balkan region<sup>18</sup>.

Hungary's approach in the Western Balkans is part historical memory, part cultural diplomacy and part strategic economic calculation. Regarding that first element, Hungary's foreign policy towards ethnic Hungarians abroad continues to labour under the legacy of the Treaty of Trianon. For the foreseeable future, Hungary's foreign policy in the Western Balkans will be shaped not only through its regional non-EU partners but also regarding the eventual enlargement and integration of the Western Balkans to the EU. This is why Hungary has actively promoted Western Balkan integration not only into the EU in recent years, but also into NATO. The country's stance with those policy objectives is also rooted in the perception that EU and NATO membership, with attendant political, security, and economic gains, is aligned with Hungary's national interests. Hungary's focus on the region's integration is also backed by its active participation in EU and NATO activities in the region, since it has taken active part in the NATO-led KFOR peacekeeping and EUFOR Althea missions to support regional security and stability<sup>19</sup>.



### The “Kosovo Question”, Serbia, and the US

Following the Obama administration in 2017, the US remained an influential actor in the Western Balkans by actively promoting regional peace and stability. In order to facilitate stability in the region, the US has been also involved in supporting the independence of Kosovo<sup>20</sup> while maintaining economic cooperation with Serbia to prevent the strengthening of a pro-Russian momentum in the country. In light of Russia’s military invasion of Ukraine in 2022, the US has been also increasingly engaged in promoting the membership of Western Balkan countries in the EU, by encouraging economic partnerships and energy security in the region, which includes limiting the Western Balkans' reliance on Russian energy imports. These are part of a broader strategic approach, also geared towards countering Russian influence in the Western Balkan region.

Reviewing the US influence over the Western Balkans, it is also important to examine Serbia’s rather complicated relationship with the US, in view of “Operation Allied Force” - the 1999 NATO bombing campaign against Yugoslavia. “Operation Allied Force”, a 78-day bombing campaign, aimed at forcing Serbian President Milosevic to end his Kosovo military campaign against the “Kosovo Liberation Army”, following reports of ethnic cleansing and killings of Kosovo Albanian civilians<sup>21</sup>. A major issue of this bombing campaign stems from the fact that it had been launched without the support of the UN Security Council - a fact that is also regularly stressed by Serbia’s President Vucic<sup>22</sup>. Next to government and military facilities, the bombing left civilian areas and residential blocks, including the Radio Television of Serbia headquarters (with 16 journalists killed inside) devastated. The bombing additionally damaged the Chinese embassy building in Belgrade - collateral damage and a tragic mistake according to NATO. The impact of the 1999 NATO bombing boosted the narrative of Serbia’s victimhood and resilience. The campaign additionally fueled a surge of Serbia’s general distrust to the West and transatlantic institutions, while simultaneously shaping Serbia’s national identity by seeking close relations with Russia - Serbia’s traditional ally<sup>23</sup>.

As an influential NATO member, the US managed to establish a significant military presence in the Western Balkans, also owing to peacekeeping and military missions, most notably in Kosovo through the NATO-led KFOR peacekeeping mission. Traditionally, the US has always had close relations with both Albania and Kosovo due to their strategic locations in the region and to a shared history of military cooperation<sup>24</sup>.

However, despite those traditional close relations with Kosovo, the US Trump administration clearly recognises Serbia as the key actor in the region. President

Trump's reappointment of Richard Grenell as the US Special Envoy for Special Missions can be regarded as a sign that the US is supporting Serbia in the so called "Belgrade-Pristina Dialogue" - Grenell already was the special envoy for negotiations between Serbia and Kosovo during President Trump's first term in office between 2019 and 2021. The "Belgrade-Pristina Dialogue", initiated in 2011 with the facilitation by the EU, aims to normalise relations between Kosovo and Serbia, owing to the Serbian government's refusal to recognise Kosovo's independence from Serbia since the country's independence referendum in 2008. However, both countries formally aspire to become EU member states<sup>25</sup>. In view of this dialogue, Grenell supported a "territory-swap" solution in 2018 to resolve the Kosovo-Serbia dispute in Kosovo - a partition deal under which Serbia could inherit the largely Serb-populated north of Kosovo<sup>26</sup>. The planned Kosovo-Serbia territory-swap agreement failed however because it was resisted domestically in both Kosovo and Serbia. Institutional and political instability within Kosovo, combined with a loss of momentum in negotiations, further derailed the proposal. The deal was ultimately seen as too controversial and risky to pursue. Even though the territory-swap solution failed, Serbian President Vucic awarded Grenell the Order of the Serbian Flag, First Class, for his contributions in strengthening "friendly relations" between Serbia and the US in 2023<sup>27</sup>.

It was also Grenell who brokered an \$500 million deal between the Trump family and Serbia for the construction of a Trump luxury hotel in Belgrade on the site of the Yugoslav Ministry of Defence Building, which was heavily damaged during the 1999 NATO bombing of Yugoslavia. The Serbian government should receive 22% of the project's profits, however, the deal is regarded with controversy in Serbia<sup>28</sup>. Serbian opposition movements, including student movements, and citizen organisations, collectively reject the "hotel deal" between US President Trump and the Serbian government while calling on Serbian authorities to preserve the modernist structure of the building owing to its historical and cultural significance<sup>29</sup>.

The US Trump administration intended to further support the "Belgrade-Pristina Dialogue" by focusing on the economic normalization between Serbia and Kosovo, in view of the "Washington Agreement" in 2020, which sought to establish trust between both parties and to lay a foundation for economic cooperation and political compromises<sup>30</sup>. The "Washington Agreement" can be also regarded as a sign that the US administration attempted to facilitate a shift from identity-based and territorial disputes to shared economic interests, to support the normalisation of Kosovo-Serbian relations.

In view of the stalled “Belgrade-Pristina Dialogue”, Hungary has potential leverage as an influential EU member state in the region. The US Trump administration could even leverage Hungary’s regional influence and its solid relations with both Serbia and the US, in a bid to promote the dialogue. Hungary’s support for EU enlargement and its strong ties to ethnic Hungarians in northern Serbia is also giving it a unique stake in regional stability. By coordinating with Hungary, the US could even amplify its diplomatic efforts and align goals related to regional security, minority protection, and economic development. While EU institutions involved in the normalisation of Kosovo-Serbian relations are traditionally cautious about “land swaps” or political recognition without comprehensive reforms, Hungary could act as a mediator between the US Trump administration’s pragmatic approach and the EU’s legalistic one. This would help the US to present its initiatives as part of a broader Western strategy, rather than an isolated effort. The US and Hungary could also collaborate on cross-border development initiatives in the northern Kosovo region and southern Serbia. Such cooperation would not only address economic disparities but also reduce the appeal of ethnic-based political solutions. By involving Hungary in these projects, the US could ensure to further encourage Serbia and Kosovo to stay committed to a dialogue, over ethnic and territory based confrontations.

### **The US Trump Administration and Bosnia’s “Incomplete” Dayton Constitutional Framework**

The US Trump administration’s turn from traditional liberal interventionism to a more realistic and transactional direction allows a re-examination of decades-old global commitments, such as the so-called “Dayton Agreement”. This complex agreement was successful ending the Bosnian War in 1995, nevertheless, it also left BiH with a highly divided and dysfunctional political order<sup>31</sup>. While the agreement was a war-ending and peace-keeping instrument, it has not been a successful model for enabling genuine post-war peace-building efforts and political reconstruction of BiH. In nearly every way, the Dayton Agreement, in which the constitution of Bosnia and Herzegovina is also enshrined, had the role of providing the new state with a set of principles, rules and institutions. However, by basing the legitimacy of ethno-national parties within legislative and executive institutions, the Dayton Agreement supplemented political space for the fulfillment of ethnic ideals that initially brought about the war. The agreement left BiH in a fractured state - Bosnia and Herzegovina is divided into two entities: the ethnic Serb “Republika Srpska” entity and the joint Croat-Muslim “Federation of Bosnia and Herzegovina”. The agreement’s multi-level system of governance also

facilitated the growth of an overwhelming abundance of 141 local governments at the municipal level and 10 cantons at the intermediary level<sup>32</sup>, which actively inhibits policy making.

Different from past governments, the US Trump administration indicated it was willing to negotiate with all three constituent people in BiH, namely the Croats, Bosniaks, and Serbs, on an equal footing, to facilitate a much needed reform of the Dayton Agreement<sup>33</sup>. One might see this in US Deputy Secretary of State Christopher Landau's speech at the 30th anniversary of Dayton Peace Accords, where he emphasized flexibility and respect for all<sup>34</sup>. By eschewing obvious partisanship, the US Trump administration could establish a more even-handed diplomatic context and induce Serb and Croat leaders to become more engaged in negotiations aimed at reforming BiH's constitutional framework which is based on the Dayton Agreement.

Solving BiH's constitutional crisis could also potentially be facilitated by the US administration under US President Trump, in view of a pragmatic diplomacy, based on economic opportunity. BiH has rich deposits of lithium and other critical raw materials - similar conditions that had attracted President Trump's attention in Ukraine and the EU's attention in Serbia<sup>35</sup>. The Swiss company Arcore AG conducted a geological and mining survey in the BiH Republika Srpska entity in 2024, and discovered a deposit of an estimated 1.5 million tonnes of lithium carbonate<sup>36</sup>. In view of those deposits, the US administration could pursue a "US-BiH" profit-sharing mineral agreement, inspired by the Ukraine model, while actively promoting a much-needed reform of the Dayton Agreement. So far, Bosnian parties have resisted US financial and political pressures to facilitate such a reform<sup>37</sup>.

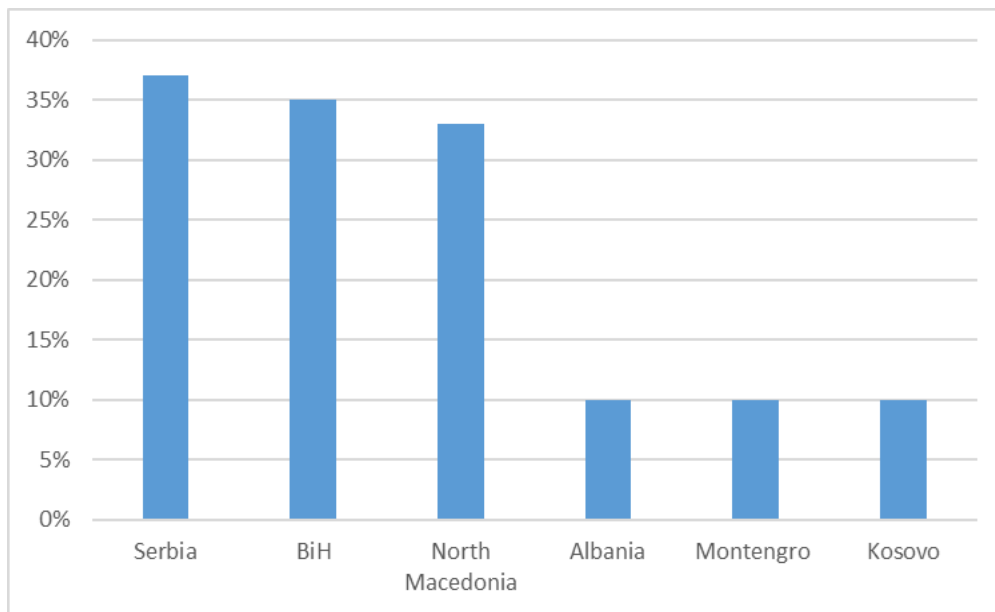
Of course, the ecological consequences of such a deal could be severe, since vast amounts of water are required to facilitate the extraction of lithium. This elevates the risk of groundwater pollution - the lithium deposits lie near the Gnjica River watershed, which feeds into the Danube, and the Janja River, flowing into the Drina. The threat of groundwater pollution already caused resistance, with local residents launching a petition to prevent the approval of the lithium mining concessions<sup>38</sup>.

While the US Trump administration's first term did not resolve the Dayton based constitutional crisis in BiH, the administration's approach laid the theoretical groundwork for a more realistic and locally attuned US foreign policy in the Western Balkans - also by acknowledging the failures of past interventions and promoting a pragmatic diplomacy to open new channels for dialogue<sup>39</sup>. Whether

this approach yields long-term benefits depends on how subsequent administrations build upon it. Nonetheless, the US Trump era introduced a potential recalibration of US engagement in BiH, prioritizing pragmatism, sovereignty, and balanced diplomacy.

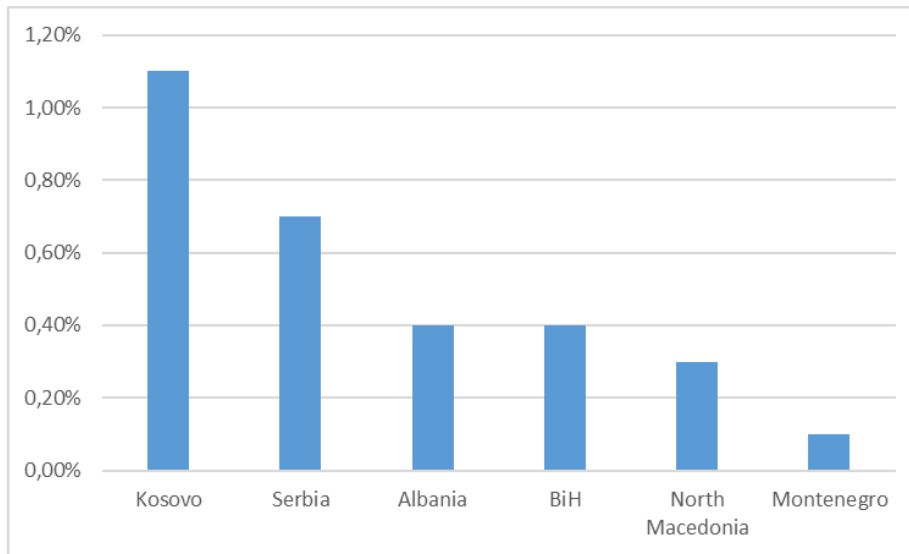
### **The Influence of US President Trump's Tariff Policy on the Western Balkan Economies.**

The “America First” policy under the US Trump administration bases its foreign policy on pragmatism and economic prosperity. Regarding trade terms however, US President Trump pursues a protectionist policy, aimed at safeguarding US markets and to rebalance the US trade deficit. In April 2024, President Trump announced a series of tariffs, arguing that this measure was to boost US manufacturing and protect jobs. In also applying tariffs to Western Balkan countries, the region will likely suffer indirect negative economic consequences, not because of its direct exposure in exports to the US, but owing to the region's close ties to the EU as a trading partner. The US runs a goods trade deficit with Serbia, BiH, and North Macedonia, which is why the US imposed high tariffs on these countries. Serbia had been taxed with 37%, BiH with 35%, North Macedonia with 33%. Albania, Montenegro, and Kosovo had been all taxed with 10%, since US imports in Albania, Montenegro, and Kosovo are higher than US exports, according to US data. This explains why those countries received a reduced tariff rate<sup>40</sup>. Nevertheless, according to the national statistical offices of Serbia, North Macedonia, and BiH, all three countries also imported more goods from the US than they exported to the US. Which is why these countries should also have received a “reduced” rate of 10% (similar to Albania, Montenegro and Kosovo) - according to the US Trump administration tariff calculations<sup>41</sup>.

**Chart 2 / US Tariffs Rates to Western Balkan Economies (in %)<sup>42</sup>**

Serbia, which had been hit with the highest tariffs in the Western Balkan region, has limited exports to the US, in comparison to the country's overall trade<sup>43</sup>. The majority of Serbia's exports flows to neighbouring countries in South Eastern Europe and the EU. It is important to stress that the direct trade flows between Western Balkan countries and the US are generally low and driven by the EU. For most countries in the region, US exports amounted to less than 1% of GDP in 2023 - with the exception of Kosovo, which has the single highest share of exports to the US - and even in the case of Kosovo, the share stood only at 1.1% of GDP<sup>44</sup>. As such, the direct economic impact of the US tariff regime on the entire region will be rather limited.



**Chart 3 / Goods Exports of Western Balkan Economies to the US in % of GDP (2023)<sup>45</sup>**

Nevertheless, the Western Balkan region will experience indirect repercussions from US tariffs imposed on the EU, since the region's trade is also intertwined with the EU's economy. The current recession in Germany's manufacturing industry will likely further deteriorate owing to the US tariff policy - this will affect Western Balkan countries such as North Macedonia, which is an important supplier for the German, Romanian, Hungarian and Slovenian automotive industry. That the automotive industry is a strong factor for North Macedonia's economy was seen in 2022 - that year, 46% of North Macedonia's total exports were made by companies in the automotive industry<sup>46</sup>. It is evident that with the heightened EU-Western Balkans economic interdependence, any factor contributing to a decrease of the EU economy will resonate throughout the Western Balkan region<sup>47</sup>. Even the "low" 10% tariff rate imposed on Albania could lead to an increased cost of imports, in turn contributing to inflation, which also negatively contributes to already elevated rates of emigration and unemployment<sup>48</sup>. These protectionist trade policies have also the direct effect of additionally creating hurdles to foreign investment in the Western Balkans. Last but not least, they also jeopardise the general diplomatic relations between Western Balkans countries and the US, particularly for countries such as Serbia, BiH and North Macedonia. At this point, it is vital to evaluate whether the loss of general trust in the US, as an influential geopolitical actor, which had been gained gradually in the region since the collapse of Yugoslavia, could be more severe than the potential economic benefits of this tariff regime envisioned by the US Trump administration.

## Conclusion

Whilst the manner in which Hungary engages with the Western Balkan region is often characterised in terms of cultural diplomacy and historical memory (particularly in the aftermath of the Treaty of Trianon), the actions of the Hungarian state as an external actor are becoming increasingly strategic and transactional in nature, as seen with the Hungarian minority in Vojvodina, which has been the beneficiary of support measures including dual citizenship and cultural investment. These measures are not only intended to preserve the identity of the Hungarian minority but also to build political leverage in both Serbia and the EU accession process. Hungary's economic expansion into the Western Balkans – particularly its trade dominance in Serbia – suggests that it is positioning itself as a regional economic hub. This is not merely a matter of bilateral trade; it is also about influencing EU enlargement from within by acting as a gatekeeper between Brussels and Belgrade. Hungary's involvement in EUFOR in Bosnia-Herzegovina and KFOR in Kosovo serves to further substantiate this dual identity, as both a cultural kin-state and a geopolitical actor.

The US, under the leadership of President Trump, traditionally sought a business-like approach to the Western Balkans. The current administration's focus on bilateral deals and energy security could bring progress to the Western Balkan region, in view of a political deadlock in BiH (regarding the reform of the country's Dayton constitutional framework) or in the normalisation of relations between Kosovo and Serbia (within the Belgrade–Pristina Dialogue). Nevertheless, it is also important to stress that the introduction of protectionist policies, with the current US administration's tariff regime, also sparked uncertainty in the Western Balkans - those tariffs are expected to have a negative impact on the region's trade and economic development. In this case, Hungary, as "soft power", could reinforce its prominent role as an advocate for the economic development and EU integration of the Western Balkans vis-à-vis the US, in view of the country's favourable relationship with the US Trump administration. This advocacy can also strengthen Hungary's case for the region's EU membership - by supporting Western Balkan countries in navigating regional challenges posed by external economic pressures and geopolitical uncertainties.

It is also evident that the EU's slow, rule-bound approach to the integration of the Western Balkans has left the region open to countries such as Russia and China which are eager to fill this current "geopolitical gap", either as a creditor or as a political influencer. Both Hungary and the US Trump administration have demonstrated that economic policies, including trade and investment and energy infrastructure, have become more meaningful than traditional diplomacy or

normative pressure. The active engagement of Hungary creates an interesting juxtaposition with the EU's generally passive response that has allowed the country to establish its own narrative of integration, in alignment with its own national interests. The Western Balkan region's EU integration after all is not just a matter of European policy but essential for Hungary's national interest. It is vital to stress that Hungary's position as a strong advocate for the Western Balkan region's EU integration should be further supported within EU institutions, since the region's EU accession becomes even more crucial in light of geopolitical uncertainties, the growing economic and political presence of Russia and China in Southeastern Europe, and also in view of US President Trump's tariff policies.



## Endnotes

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