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The EU's Critical Raw Materials Dilemma in Serbia and Bosnia-Herzegovina

Taking stock and finding ways forward

Key recommendations:

- As the EU is late to the party on Critical Raw Materials, it relies on trust and local benefits as its unique selling points. It must not compromise these for short-term gains.
- To counter the risk of local unrest and anti-EU mobilisation in response to new mining projects, the Critical Raw Materials Act must go beyond technical agreements and seek dialogue with key stakeholders. For this, additional resources will likely be needed under the next EU multi-annual financial framework.
- In candidate countries, close coordination of the CRMA with the accession methodology is crucial, and long-term local investments can serve as a lever for reforms.
- A whole-of-society approach — including national and local governments, home-grown and EU businesses, academia, civil society and local communities —

enhances trust, alignment of supply and demand including value chains, and long-term strategic autonomy.

Introduction

Critical raw materials (CRMs) are vital to the EU's economy but face significant supply risks due to increasing global demand. To reduce reliance on imports and boost strategic autonomy, industrial resilience and competitiveness, the European Parliament and the Council in 2024 adopted the Critical Raw Materials Act (CRMA). In view of fierce global competition, in which the EU is yet to assert itself, the CRMA builds on the strengths of the single market and aims at creating mutually beneficial partnerships, reliable value chains, and diversification of investments.

The Western Balkan states have emerged as seemingly ideal partners in this endeavour, based on their geographic location, and their already ongoing integration and alignment with EU legislation as part of the accession

process. In addition, all six countries hold deposits of key minerals sought by the EU, and have a long mining tradition. Strategic partnerships under the CRMA could boost the necessary modernisation of skills and technologies, improve public oversight of the sector, and ease brain drain.

However, these plans are being met with broad local

resistance even at their early stages, highlighting the problematic nature of mining in general and specific risks in individual countries. Based on in-depth research from key experts from Serbia and Bosnia and Herzegovina, this paper therefore takes a closer look at their cases, unpacking imminent environmental, (geo-)political, societal, and economic risks and providing recommendations for the way forward.¹

Mining in Serbia and Bosnia-Herzegovina

According to the EU-funded Mineral Register (RESEERVE), Bosnia-Herzegovina and Serbia show the greatest potential for resource development in the region. Both have ongoing and planned projects for the extraction of critical raw materials, including lithium, which is in high demand in the European automotive sector. A Memorandum of Understanding (MoU) on a “Strategic Partnership on Sustainable Raw Materials, Battery Value Chains and Electric Vehicles” was signed by the EU and Serbia in July 2024. While Bosnia-Herzegovina is not yet in the spotlight, both countries are increasingly becoming arenas for global geopolitical competition over CRM, as well as organised resistance from the local to the national level.

Serbia

Jadarite, a mineral rich in lithium and boron, was discovered in 2004 in the Jadar river valley in Western Serbia, making the area home to one of the largest lithium deposits in Europe. The German Mineral Resources Agency (DERA) estimates that the planned production volume could cover between 10 and 15 per cent of Europe’s lithium demand by 2030.

Operated by British-Australian company Rio Tinto, the project has drawn local protests since its early planning phases. As a result, it was stopped by the Serbian government in 2022 ahead of parliamentary elections. However, in July 2024, the Constitutional Court concluded that the government had exceeded its authority when annulling the special purpose spatial plan for the project. The same month saw the signing of a memorandum of understanding between the EU and Serbia, joined by the then German chancellor Olaf Scholz.

In June 2025, the European Commission approved Rio Tinto’s Jadar lithium and boron project in Serbia as a “Strategic Project” under the CRMA. The decision is highly contested by many local experts, academia and civic activists, citing insurmountable environmental, health, and socio-economic risks, fuelled by precedents of foreign

mining in the country and a track record of poor governance by the national and local authorities.

Meanwhile, the protests against the project have merged into the ongoing nationwide demonstrations that have, since the railway station canopy collapse in Novi Sad on 1 November 2024, brought hundreds of thousands of people onto the streets to demand an end to state despotism under president Aleksandar Vučić.

Locally, activists have increasingly joined forces with their counterparts in neighbouring Bosnia-Herzegovina, as the Jadar river serves as a border between the countries.

Serbia has been a candidate for EU membership since 2012, but since then both the European Commission and international watchdogs have registered stagnation in the reform process and backsliding in the fundamental areas of rule of law, democracy and media freedom. The recent EU Rule of Law Report registered serious shortcomings in judicial independence and the fight against corruption in Serbia, as well as limited space for independent media and civil society. Close ties to Russia and China, including on energy, critical infrastructure and security have caused concerns and calls for sanctions, including from EU Member States and civil society.

Bosnia-Herzegovina

Out of the 34 metals identified on the EU’s CRM list, ten have been confirmed as deposits in Bosnia-Herzegovina, including aluminium/bauxite, lithium, copper and boron. In addition, reserves of lead, zinc, precious metals, and certain rare earth elements (REEs) have been recorded, although publicly available data is limited. Preliminary geological surveys for lithium and related critical minerals are currently underway in several areas.

The country’s mining sector operates within a highly decentralized governance system, split between the Federation, Republika Srpska, and the Brčko District.

¹ The paper is based on the following FES publications: Mirko Popović, Hristina Vojvodić & Ivana Miličević (2025). There and Back Again: Extractive Diplomacy, Rule of Law Deterioration and Lithium Rush in Serbia; Majda Ibrahimović (2025), Critical Raw Materials: Dispatch from Bosnia and Herzegovina.

Oversight is primarily at the entity level, with each maintaining authorities responsible for mining management, policy, and environmental protection. The multi-layered system complicates permits and approvals and regularly results in inconsistent standards, favouritism and corruption.

Bosnia-Herzegovina was granted EU candidate status in 2024, and negotiations are poised to begin pending the fulfilment of the required reforms. Apart from the rule of law, a key concern is the close alignment of the government in the Republika Srpska entity with Moscow, coupled with secessionist moves by the party of recently ousted president Milorad Dodik.

Potential pitfalls and threats

In the face of political crises and lack of reforms in both Serbia and Bosnia-Herzegovina, two main narratives have emerged on the role of the CRMA. Proponents in the EU have praised the strategic partnership on CRM as an important means of enhancing integration, “reaffirming Serbia’s EU path”. But critics argue that a “gold rush” narrative, paired with the need for the EU to prove itself as an autonomous actor, reinforces a peripheral view of the region, benefitting transactional relations over reform pressure and increasing dependence on autocratic elites.

Environment and health

Mining in Serbia and Bosnia-Herzegovina poses significant environmental risks due to weak regulatory oversight, a legacy of pollution by mining and operations in ecologically sensitive areas. Moreover, these regions – including the Jadar Valley – serve as key sources for drinking water and agricultural irrigation. Combined with limited civic space and community engagement, as well as a focus on short-term economic gains over environmental safeguards, these factors make mining a major source of ecological and health concerns.

A case in point is the Chinese-run copper and gold mine near Bor in eastern Serbia, which has continuously breached legal requirements on pollution and waste water managements with few or no consequences for the operator, and has led to detrimental effects for the local population. The same is true for Bosnia-Herzegovina, where British-registered mining companies have faced allegations of misconduct condoned by various levels of government. The country’s vulnerability to climate disasters is being amplified by corruption and intensive extractivism. Flash floods in October 2024, worsened by illegal deforestation and quarries, killed 19 people, yet no one has been held accountable. This has provided a tangible example of the risks of unregulated mining and boosted local resistance.

A track record of poor governance

Serbia is classified as an electoral autocracy by leading democracy indices and has experienced significant rule of law deterioration under the ruling ‘Serbian Progressive

Party’ (SNS), where power is centralised in the president, despite his largely ceremonial role according to the constitution. Blatant election fraud, interference in the judiciary, smear campaigns against civil society and journalists, as well as harsh anti-EU rhetoric and Russian propaganda have characterized his governance.

Public concerns are intensifying over growing corruption in both Serbia and Bosnia-Herzegovina, as the authorities selectively apply laws to favour foreign investors, purportedly in the ‘public interest’. Rio Tinto did not present an independent comprehensive environmental impact assessment in line with international standards and national laws for the Jadar project, yet it was approved without queries. Moreover, the lack of skills and capacity on all levels of government prevents adequate oversight. Civil society groups have continuously been denied their legal rights to engage in the approval process for the project, culminating in the authorities “losing” a citizens’ initiative signed by more than 38,000 people.

Bosnia-Herzegovina lacks a national mining strategy, its mining laws are outdated, and its raw materials list is not aligned with EU standards. Moreover, the country’s complex governance leads to fragmented spatial planning and weak law enforcement and inspections, with insufficient training and accountability for environmental violations. In response to strong public resistance, authorities have sought to amend legislation to strip local communities of their right to decide on mining projects within their territories, shifting decision-making power to the entity level.

Local economy and labour

In both Serbia and Bosnia-Herzegovina, authorities regularly seek to fast-track concession agreements for mining projects which promise minor economic benefits for the host country, and de facto transfer control of mineral resources to foreign companies. Concession fees slightly above 3% provide limited economic benefit for the countries, especially compared to investors’ profits, while the broader social and environmental costs, including infrastructure damage, population displacement, and long-term ecological harm, remain largely unaddressed.

According to the Serbian government, up to 20,000 new jobs will be created through the Jadar project and corresponding value chains. However, these numbers have no factual basis, nor do they take into account the loss of jobs and livelihoods, especially in the farming sector. The government has also failed to indicate how many of these jobs will be done by local workers.

Social risks and potential for unrest

Loss of land and the relocation of cemeteries or other cultural heritage sites directly affects the livelihoods and identities of local communities, further increasing the potential for instability and unrest in a volatile post-conflict region. Growing repression and the curtailing of civic space in both countries further fuels this potential, as the protests in Serbia demonstrate.

In Serbia, activists and organisations opposing the Jadar project have been targeted not only in the media, but also through arbitrary police investigations and unlawful surveillance, raising further concerns about the rule of law and protection of human rights and civil liberties. In Bosnia-Herzegovina, new mining projects are often planned near the entity boundaries, targeting depopulated areas rich in natural and historical significance. Several of these areas were decimated during the Bosnian War and now face fresh socio-ecological threats rather than protection.

EU accession and reform

While CRMs are key for the green transition, emissions from mining would – even in the best-case scenario – augment the already high pollution in the region, in contradiction of EU law. Similarly, the EU is risking its geopolitical goal of enlargement by endorsing autocratic regimes in candidate countries. Yet it is also competing against China and others who do not share these scruples, and whose growing influence is another factor potentially hampering accession reforms.

These dilemmas are also reflected in the EU's contradictory communication. By supporting the Jadar project and downplaying legitimate concerns, EU and Member State officials are ignoring Serbia's democratic decline and framing the government as a reliable partner. The EU-Serbia MoU praises "significant progress" despite non-alignment with numerous EU directives, while the timing of the Jadar project's revival suggests judicial compromise, to which the EU is thus complicit. Failure to enforce environmental legislation has been highlighted regularly in the European Commission's annual enlargement reports for Serbia, but the 2024 one ominously omits it, indicating conflicting interests within the EU.

Based on this example, residents of Bosnia-Herzegovina now wonder whether recently cleared landmines, some with German assistance, may have been removed not for their safety but to enable German companies to exploit lithium for the automotive industry. People's well-founded lack of trust towards local governments and mining companies is thus being extended towards the EU as it fails to ensure tangible benefits from the CRMA. The EU is running a major risk of alienating key allies and changemakers in the region and jeopardizing its key geopolitical goals.

Recommendations and the way forward

The dominant perception in Serbia and Bosnia-Herzegovina is that international companies are using weak governance structures to avoid scrutiny in mining. As the EU is joining the global competition for CRM late compared to other players, it must boost its competitive advantages. Yet, due to the CRMA's largely administrative approach and lack of transparent oversight, the EU risks being perceived as another transactional power that overlooks local interests.

As a first step to regaining credibility as a normative actor and trust among key stakeholders, the EU Commission should make the process of designating strategic projects under the CRMA transparent, including publishing the corresponding assessments. Locally, even where legal safeguards are in place in theory, more direct involvement and oversight is needed to foster trust and reduce risks. This can also pre-empt potential legal action which would be devastating for the CRMA's reputation, including among potential future partners. Crucially, the CRMA must go beyond technical agreements and seek dialogue with key stakeholders.

In the medium term, the Commission should do more to harmonize its various policies and communication in the partner countries based on existing agreements and long-term objectives. Expanding EU (financial) support and helping the region strengthen its critical materials governance and economic diversification should be prioritised. This likely requires an update of the CRMA and additional resources under the next MFF. In accession countries, this means enforcing conditionality principles including through sanctions such as withholding funds when governments breach key values and legislation they have committed to under the Stabilisation and Association Agreements and other treaties and conventions.

Given their unmatched influence in the region, EU actors have many tools at their disposal to assert their interests against China and others without relying on autocrats and untransparent business practices. Additionally, for countries aspiring to membership, alignment with the EU Common Foreign and Security Policy (CFSP) should be a *sine qua non*, including to receive funds, and political actors enabling Russian-backed destabilisation must be duly sanctioned.

In Serbia, the political and social crisis, along with the deterioration of rule of law, rising repression, and insufficient environmental safeguards, suggests that the project cannot be implemented in line with EU principles at this time. Relevant EU and Member State actors should engage in a fact-based dialogue with independent civil society and experts to determine the way forward, including considering revoking the project's 'strategic' status. Crucially, they must call out government repression and support civil society both with funds and in public communication. As a majority of the protest supporters prefer EU alignment, it has a unique opportunity to engage.

In Bosnia-Herzegovina, the Jadar case offers valuable lessons for future CRM projects. This includes engaging with local communities early on, respecting their right to oppose mining, as well as the designation of new protected areas. Modernized technologies, inter-European cooperation and training, and firm conditionality on pollution and climate targets can bring tangible benefits to communities and increase public pressure on authorities to implement relevant reforms in line with the EU acquis.

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"This report is largely based on the reports "Critical Raw Materials: Dispatch from Bosnia and Herzegovina" and "Extractive diplomacy, rule of law deterioration and lithium rush in Serbia", and provides targeted recommendations for an EU audience. For full references on sources, please refer to the original reports."

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