

## POLICY RECOMMENDATIONS

Study Group Regional Stability in South East Europe (RSSEE SG)

### “The Demographic Challenge in the Western Balkans and Its Impact on Regional Consolidation”

**49<sup>th</sup> SG Workshop of the PfP Consortium  
„Regional Stability in South East Europe“  
18 – 21 September 2025  
Belgrade, Serbia**

PfP Consortium of Defense  
Academies and Security  
Studies Institutes



#### Executive Summary of Recommendations

- **EU/Western Balkan (WB) governments:** Recognize demographic decline as a strategic priority. Treat population decline, aging, and emigration as core challenges for economic development, EU integration, and long-term regional stability.
- **WB governments:** Strengthen democratic and economic reforms to reduce emigration pressure. Improving governance, rule of law, and economic opportunities, especially for youth, is essential to retaining skilled workers and restoring public trust.
- **EU Commission:** Coordinate EU and Member State labour recruitment policies. Recruitment of workers from the Western Balkans should be managed in ways that do not accelerate brain drain or intensify local labour shortages.
- **EU Commission/WB governments:** Establish an EU–Western Balkans task force on demographic resilience. This body should harmonize data collection, analyze trends, and assess the socio-economic implications of demographic change for enlargement.
- **Regional Cooperation Council (RCC)/WB governments:** Develop a Joint Regional Strategy on Demographic Policy. Regional cooperation, facilitated by the RCC and supported by the EU, OSCE and Council of Europe, should address shared issues such as emigration, ageing, skills development, and rural depopulation.
- **EU/WB governments:** Improve statistical capacity and data independence. Eurostat and national statistical offices should work together to ensure high-quality, impartial demographic and labour-market data for evidence-based policymaking.
- **WB governments:** Expand labour force participation and invest in human capital. Activate underutilized labour (especially women and older workers), modernize vocational training, and provide retraining, upskilling and lifelong learning.
- **WB governments:** Adopt comprehensive, inclusive migration and integration policies. Develop frameworks to attract, retain, and integrate foreign and returning workers in sectors experiencing shortages.
- **WB governments:** Build broad political support for family policy. Sustainable, cross-party consensus on childcare, parental leave, child benefits, and fertility support is necessary to stabilize birth rates and slow down and maybe even revert the demographic decline.
- **WB governments:** Shift toward high-value, innovation-driven economies. Promote productivity growth, targeted Foreign Direct Investment (FDI), technological upgrading, and incentives for academic diaspora return, enabling the region to avoid “getting old before getting rich”.



UNSER HEER



## Situation Analysis

The WB is undergoing a structural and long-term demographic decline. Over the past decade, all of the countries in the region, apart from Kosovo, have experienced population loss, ranging from around 5 percent in Albania to nearly 15 percent in Serbia. This trend is not only expected to continue, but to accelerate in the coming decades in the entire region.

Several factors are driving this demographic decline. First, all WB countries have persistently low fertility rates, far below the replacement level of 2.1 children per woman, ranging from around 1.56 in Kosovo to 1.35 in Bosnia and Herzegovina. Second, emigration, particularly among the young and skilled, has played a major role. While outmigration intensified with the dissolution of Yugoslavia it continues until this day. As a result, the WB has one of the highest diaspora-to-population ratios in the world, with approximately one fifth of its citizens living abroad. Moreover, a significant share of the population is considering emigrating in the future, ranging from 14 percent in Serbia to 28 percent in North Macedonia. Internal migration toward major urban centres further contributes to the depopulation of rural areas.

Capital cities attract most people and investment, while peripheral regions experience rapid aging, depopulation and economic stagnation or decline.

This demographic decline generates serious economic, political, and potentially also security challenges. Economically, rising median ages and old-age dependency ratios strain public finances, particularly pension and healthcare systems. In most countries of the region, the share of people aged 65 and over now exceeds 20 percent, while the proportion of children and youth continues to fall. The departure of highly educated workers produces a persistent “brain drain,” eroding the very human capital required for modernization and potential convergence with European economies needed for successful integration into the EU. Many WB countries already face labour shortages in key sectors such as construction, healthcare, and agriculture. While these countries already started opening their labour markets for migrants from abroad, they still have limited capacity to integrate new-comers, especially those from different cultural backgrounds. Depopulation of rural areas creates social inequalities between the centre and the periphery and fuels political discontent that can be politically weaponized by populists and extremists from different ends of the political spectrum.



Politically, the dramatic brain drain caused by continuing high migration, above all to northern European countries, weakens post-conflict reconstructing, important reforms, necessary innovations, and, last but not least, the transformation of the six societies towards the EU Acquis. Furthermore, aging populations and reliance on immigration as a response to labour shortages may reinforce uninspired policies, nationalist anxieties, and anti-migrant sentiment, rather than enabling innovative and reform-oriented

policymaking in the region. Finally, demographic decline may contribute to state fragility, weaken the rule of law, and threaten regional stability. Changes in ethnic composition may also unsettle fragile peace arrangements in multi-ethnic states, particularly in Bosnia and Herzegovina and North Macedonia.

In sum, the WB region risks entering a vicious cycle in which demographic decline undermines fiscal stability and economic development, and underdevelopment further accelerates outmigration and demographic decline. While demographic challenges are present in many other parts of Europe, the countries of the WB are additionally vulnerable as they may “get old before getting rich”. If left unaddressed, this negative feedback loop undermines the chances of the region to economically and politically converge with the EU and in the long run threatens the overall stability of the region. In this context, demographic resilience must be understood as a central element of regional security. Reversing these processes demands coordinated, evidence-based, and long-term policy action.

## Recommendations

### Primarily for the EU and other European and regional organizations

- The demographic shifts in the WB6 should be treated as a strategic priority for the EU and its Member States, given their implications for enlargement, economic development, and regional stability.
  - The EU should maintain a conditions-based accession approach, ensuring that democratic and economic reforms are substantive and sustainable. Strengthened rule of law, transparent governance, and resilient institutions may reduce emigration pressures, particularly among young people.
  - EU Member States should design recruitment policies carefully, ensuring that labour recruitment from the WB6 does not exacerbate skill shortages or demographic decline in the region.
  - The EU Commission should establish a dedicated task force to analyse demographic trends in the WB6, collect harmonized data, and assess their political, economic, and social implications for future enlargement.
  - The EU should consider domestic demographic resilience and migration governance as part of the accession dialogue.
- 
- The EU and its Member States should encourage and support WB6 cooperation in addressing demographic challenges, including the development of a Joint Regional Strategy on Demographic Policy facilitated by the Regional Cooperation Council (RCC).
  - Eurostat should strengthen cooperation with national statistical agencies in the WB6 to improve data quality, comparability, and professional independence. Reliable demographic planning requires statistics that are impartial, professionally autonomous, and free from political interference.
  - The demographic implications for the region should be integrated into the Berlin Process agenda.
  - The EU should invite the OSCE and the Council of Europe to contribute with programmes aimed at mitigating adverse demographic impacts, especially those linked to integration.
  - The Regional Cooperation Council (RCC) should take a more proactive role in addressing demographic decline, including facilitating regional data-sharing, policy coordination, and joint programming. The RCC
- 



should also strengthen links with the EU, including through the Berlin Process.

- The RCC, OSCE, and Council of Europe should coordinate initiatives supporting social inclusion, youth retention, education modernization, and labour mobility management in the region.

## For WB States

- Rising immigration highlights the need for comprehensive migrant integration strategies that balance security with humanitarian, demographic, and economic considerations.
- Addressing labour shortages and skills gaps requires:
  - Activation of underutilized groups in the labour market (women, older workers, long-term unemployed).
  - Improved human capital development, including vocational training, retraining, up-skilling and lifelong learning.
  - Active labour market and social protection policies that reduce job insecurity and support family planning.
  - Encouraging return migration and thoughtfully expanding immigration pathways.
- Governments should foster cross-party consensus on family policies, including childcare, parental leave, child benefits, and fertility, recognizing their role in fertility stabilization, poverty reduction, and gender equality.
- Increased efforts are needed to attract and integrate foreign workers across skill levels, particularly in sectors with acute labour shortages.
- Pension system sustainability requires gradual retirement age adjustments, aligned with increasing life expectancy, ensuring equitable post-retirement life years relative to EU standards.
- Governments should invest in technological upgrading, including AI and automation, while acknowledging capacity limits and prioritizing strategic sectors.
- The region should transition away from low-cost, competitiveness models and toward high-value production, innovation, and productivity growth.
- Education systems should be aligned with labour-market needs through systematic university-business cooperation, and supporting internships and practical training as part of higher education curricula.
- Governments in the region should promote brain gain by introducing legal and financial incentives for members of the academic diaspora to return and contribute to the development of the higher education system in the WB6 and its integration into the European Higher Education Area.
- Foreign Direct Investment strategies should prioritize investments that increase productivity, innovation, and wages, not only capital inflows.
- Demographic challenges require a multidisciplinary approach, linking policies in demography, labour markets, education, social protection, and regional development.



These policy recommendations reflect the findings of the 49<sup>th</sup> RSSEE workshop on “The Demographic Challenge in the Western Balkans and Its Impact on Regional Consolidation”, convened by the PFP Consortium Study Group “Regional Stability in South East Europe” in Belgrade/Serbia, 18 – 21 September 2025. They were prepared by Filip Ejodus (University of Belgrade) on the basis of the proposals submitted by the participants.