



Report to Congress on United States Policy to Promote Regional Stability and Prosperity in the Western Balkans

Section 7019(e) of the National Security, Department of State, and Related Programs Appropriations Act, 2026 (Div. F, P.L. 119-75) and the Joint Explanatory Statement

Promoting stability and advancing U.S. economic interests in the Western Balkans makes the United States safer, stronger, and more prosperous. The Administration is pursuing a forward-looking policy in the region that is focused on expanding partnerships, countering threats that affect the United States and regional stability, and increasing economic and commercial cooperation. Malign actors can exploit regional instability to the detriment of U.S. interests. U.S. investment in the Western Balkans over the last several decades has produced tangible results, including robust and positive relationships with all six countries: Albania, Bosnia and Herzegovina (BiH), Kosovo, Montenegro, North Macedonia, and Serbia.

The stability U.S. efforts have fostered helped establish a foundation that supports a different kind of U.S. engagement. The U.S.-led nation-building era has passed. U.S. policy in the Western Balkans is not about rescue or reconstruction, but stability and mutually beneficial partnerships. The Administration is focused on empowering local actors to resolve their own challenges, rather than perpetuating

an overreliance on international intervention or supervision. The United States is ready to support where our involvement is wanted and advances U.S interests.

Maintaining Stability

The primary pillar of the Administration's policy is maintaining stability in the region as a prerequisite for achieving other objectives. The United States is focused on developing positive relationships with all actors in the region. Since January, senior Department of State ("State") and U.S. government officials have maintained a robust tempo of meetings with leaders from all six countries. The Administration plans to hold 2026 dialogues with North Macedonia and Serbia.

Unresolved disputes and lingering divides undermine regional stability. In BiH, the United States remains committed to the Dayton Peace Agreement and the country's sovereignty and territorial integrity. In 2025, decisive U.S. diplomacy helped end BiH's most acute crisis since the 1992-1995 conflict, while preserving the country's legal cohesion and constitutional order. The Administration seeks to consolidate this stability and will continue to encourage actors in BiH to avoid destabilizing and divisive actions, which would undermine opportunities to advance our shared economic agenda. The United States continues to encourage Serbia and Kosovo to make progress on normalizing relations, with the goal of reaching a negotiated, durable agreement acceptable to both parties.

The United States will leverage security cooperation activities, including joint exercises, training, and advisory programs, to advance burden-sharing with European partners and Allies. Albania, Montenegro, and North Macedonia's NATO integration has made the Alliance stronger. The Administration will continue to encourage countries to modernize their militaries and meet NATO capability targets, including the 5 percent GDP defense spending commitment

agreed on at the Hague Summit. The Administration will engage multilateral platforms, like the U.S.-Adriatic Charter (A5), to encourage regional cooperation and locally driven solutions to regional security challenges.

U.S. Armed Forces continue to participate in NATO's Kosovo Force, which is a key component to ensuring a safe and secure environment and freedom of movement in Kosovo. The Administration continues to support the transition of the multi-ethnic Kosovo Security Force into a professional territorial defense force and to encourage BiH to increase its defense budget to contribute to regional and global security. Kosovo and Albania are founding members of the Board of Peace and will join BiH as contributors to the International Stabilization Force for Gaza, highlighting the region's transition from security consumer to provider. The Administration will continue to expand security and defense cooperation with Serbia in ways that further U.S. interests.

Economic and Commercial Cooperation

The second pillar of the Administration's Western Balkans policy is competing for U.S. commercial interests in a region that presents economic opportunities. With a population of 18 million, the region sits at major transport corridors, possesses natural resources, a growing technology sector, and a skilled workforce. In concert with governments, the United States will encourage local efforts to improve the business environment, reduce regulatory friction, strengthen contract enforcement, and ensure transparent procurement processes that favor U.S. companies. The Administration prioritizes working with partners to strengthen investment screening mechanisms that protect critical infrastructure from predatory foreign acquisition. To advance these goals, State will partner with the Department of Commerce, the International Development Finance Corporation, the Export-Import Bank, the Trade and Development Agency, and other agencies

to identify, develop, and advance deals that benefit U.S. companies and regional economies alike.

Market access is foundational. The Administration is focused on ensuring fair, reciprocal trade and eliminating barriers for U.S. companies. The Office of the U.S. Trade Representative is negotiating agreements on reciprocal trade with North Macedonia and Serbia. The February framework agreement with North Macedonia will provide U.S. exporters unprecedented access to that market.

The region suffers from an infrastructure deficit. Physical transport networks lag European standards, raising costs for businesses and limiting market integration. Digital infrastructure presents a challenge with uneven high speed broadband coverage and insufficient cybersecurity capacity to protect the region's expanding digital networks. Energy infrastructure is aging, inefficient, and sometimes overly reliant on Russian imports. The United States will pursue infrastructure investment in partnership with U.S. companies.

The Administration will work to ensure U.S. firms can make substantial contributions to strategic infrastructure corridors, including the Adriatic-Ionian Corridor and Corridor VIII from the Adriatic to the Black Sea. The United States will support regional fora such as the Three Seas Initiative and work to expand bilateral agreements, building on the 2024 U.S.-Serbia intergovernmental agreement on energy infrastructure. Intergovernmental agreements enable U.S. companies to compete more effectively for strategic projects in transportation, information and communication technology, and the defense industry against adversarial and low-standard competitors.

Energy dependence on Russia remains a strategic vulnerability in the region. Diversifying energy supplies, including with abundant U.S. energy sources,

enhances regional stability and prosperity. U.S. liquefied natural gas, nuclear technology (including small modular reactors), and renewable energy offer commercially attractive, geopolitically sound alternatives. All these countries participated in the February Transatlantic Gas Security Summit. Serbia and BiH signed on to a joint statement to make investments that can increase secure and reliable energy supplies to Europe.

The Department will engage actively to translate regional interest into commercial deals. Priority projects include the Southern Interconnection gas pipeline between Croatia and BiH; a proposed Serbia-North Macedonia gas interconnector; hydropower development in Albania, BiH, North Macedonia, and Serbia; upgrades to Kosovo's coal power plants and coal gasification projects; and additional transmission cables tying Western Balkan grids to European markets. U.S. private sector engagement in these projects advances the Administration goal of eliminating insecure Russian gas in the region and bolsters U.S. market access.

Weak governance deters investments, distorts competition, and is a vector for transnational organized crime. The United States has a commercial and strategic interest in supporting reforms that generate the predictable, transparent, rule-bound business environments in which U.S. companies thrive. The Commercial Law Development Program continues to build partner capacity to improve commercial courts, develop investment screening laws, and ensure procurement rules provide a level playing field for U.S. companies. The Bureau of International Narcotics and Law Enforcement (INL) collaborates with law enforcement and prosecutors in the region to promote good governance and dismantle transnational criminal organizations with ties to illicit activity in the United States, including by improving the efficiency and effectiveness of criminal investigations and prosecutions.

Countering Threats to the U.S. and Western Balkans

Malign Interference: China and Russia actively seek to exploit instability, corruption, and weak governance in the region. Maintaining stability and expanding commercial cooperation are powerful tools for countering malign influence in the Western Balkans. Moscow fuels ethnic grievances, finances destabilizing actors, and leverages hydrocarbon supplies to pressure politicians and weaken public confidence in Western institutions. China is expanding its soft power, and Beijing deploys trade, state-backed loans, bribes, propaganda, and elite-level partnerships to increase its influence, focusing on areas with low transparency and weak governance. Chinese companies often underbid on procurements, only to later reveal cost overruns and project delays that greatly increase true costs. The Administration's focus on regional stability and commercial engagement is the most durable defense against both forms of interference. Countries with growing economies and transparent institutions are far less susceptible to manipulation.

Western Balkans organized crime groups pose a direct threat to U.S. national security and the U.S. homeland. Western Balkan criminal networks have established connections that strengthen and enrich Western Hemisphere-based foreign terrorist organization-designated drug cartels, which in turn traffic illegal narcotics and have facilitated illegal immigration to the United States. This Administration will disrupt and dismantle these networks wherever they operate, as demonstrated in 2025 by the designation of multiple Western Balkan nationals connected to foreign terrorist organization-designated cartels operating in the Western Hemisphere. INL programs prioritize partnering with local actors to dismantle transnational criminal organizations, disrupt U.S.-bound illicit drug flows, and counter associated money-laundering and illicit financial flows.

Strategy For the Use of Funds

The Administration is directing resources toward activities that produce clear, demonstrable benefits for American interests, prioritizing near-term, measurable results over open-ended institution building. Commercial engagement programs will emphasize deal facilitation, market access, and investment climate reforms – activities with direct return for U.S. companies. Law enforcement programs prioritize operations against organized crime groups, cybercrime, money laundering, and border security. Public diplomacy resources support people-to-people ties, educational exchanges, and communication of the U.S. commercial value proposition to regional audiences, business communities, and governments. The Administration continues to engage in programs promoting arms control and reinforcing the burden shifting imperative that underpins U.S. security engagement across the region, including weapons reduction and abatement, demining, international military education and training, and peacekeeping operations.