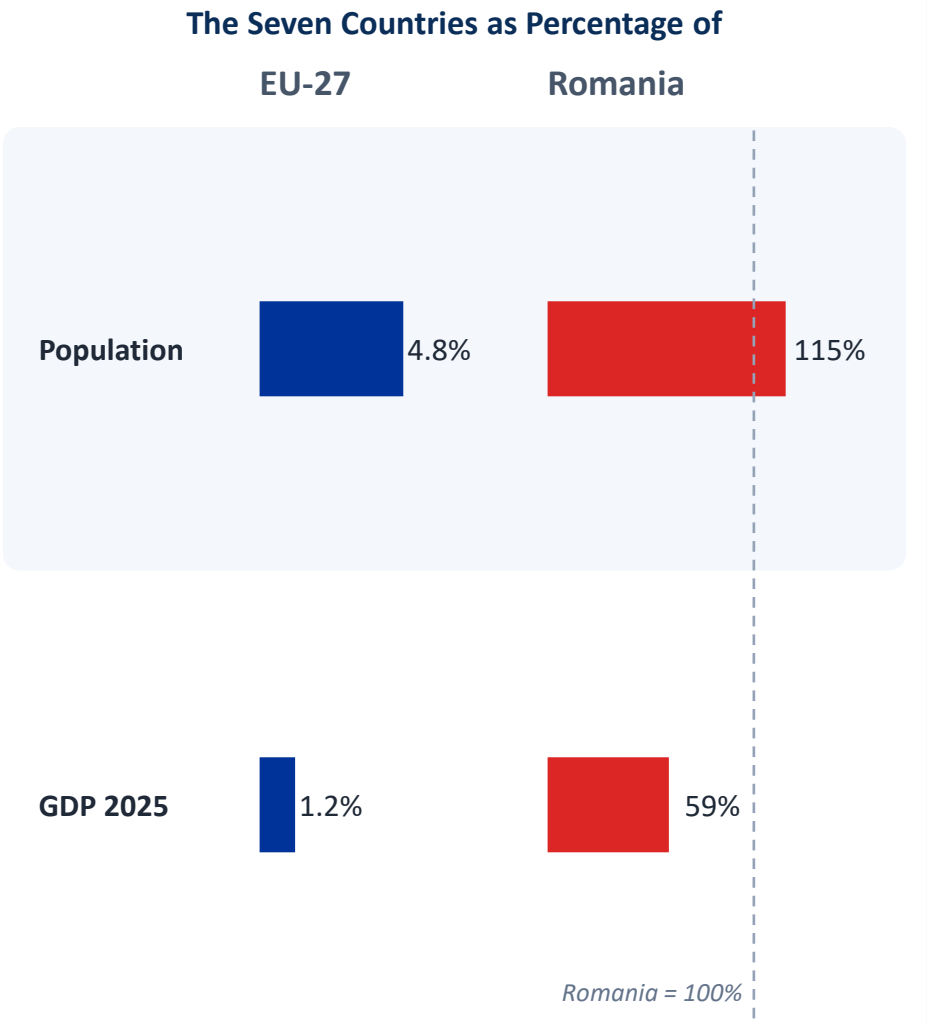
The Economics Is Smaller Than Politics

Seven candidates: Western Balkans, Moldova and Georgia (excluding Turkey and Ukraine)

	Population (m)	GDP 2025 (EUR bn)
Serbia	6.6	89
Georgia	3.8	34
Bosnia & Herzegovina	3.1	30
Albania	2.8	27
Moldova	3.0	18
North Macedonia	1.8	18
Montenegro	0.6	8



Source: Population 2026 (UN/World Population Review); GDP 2025 from national statistics offices; EU-27 and Romania GDP 2025 are estimates

Laurian Lungu

Consilium Policy Advisors Group

Enlargement Today: What's Different, What Are the Potential Risks

What's Different

Enlarging toward war: front lines, occupied territory, hybrid pressure

Single Market as security: grids, defence supply chains, gradual integration

Politics over economics: a small economic weight, a large strategic one

Select Risks

Unanimity: one capital can say *"later"* (France 2027, referendum rule)

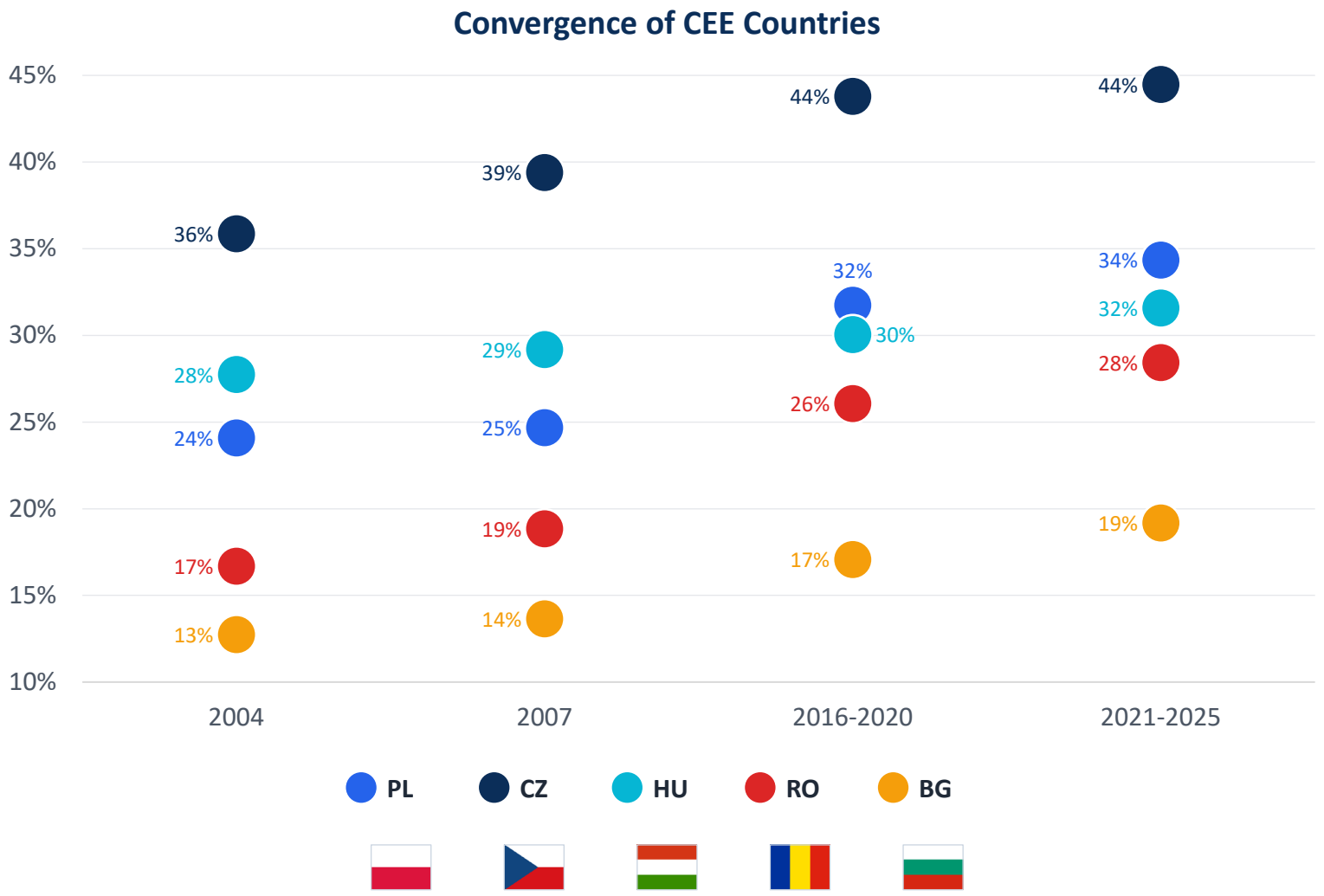
Timing: rushed reforms vs. a credibility gap in the Balkans

Capacity: wider without deeper is sprawl, not strength

> ***Concordia parvae res crescunt, discordia maximae dilabuntur.*** (Sallust)

Catching Up: Productivity Convergence towards the EU Frontier

% of EU frontier productivity (GVA per person employed, 2019 prices)



- Accelerated catching up +11pp RO, +10pp PL, countries farthest from EU frontier in 2004
- Medium speed catching up +6pp BG, +8pp CZ, BG the farthest and CZ the closest to EU frontier in 2004
- Slow speed catching up +4pp HU having the second best starting point in 2004
- When the productivity gap is about half the closure stalls (CZ)

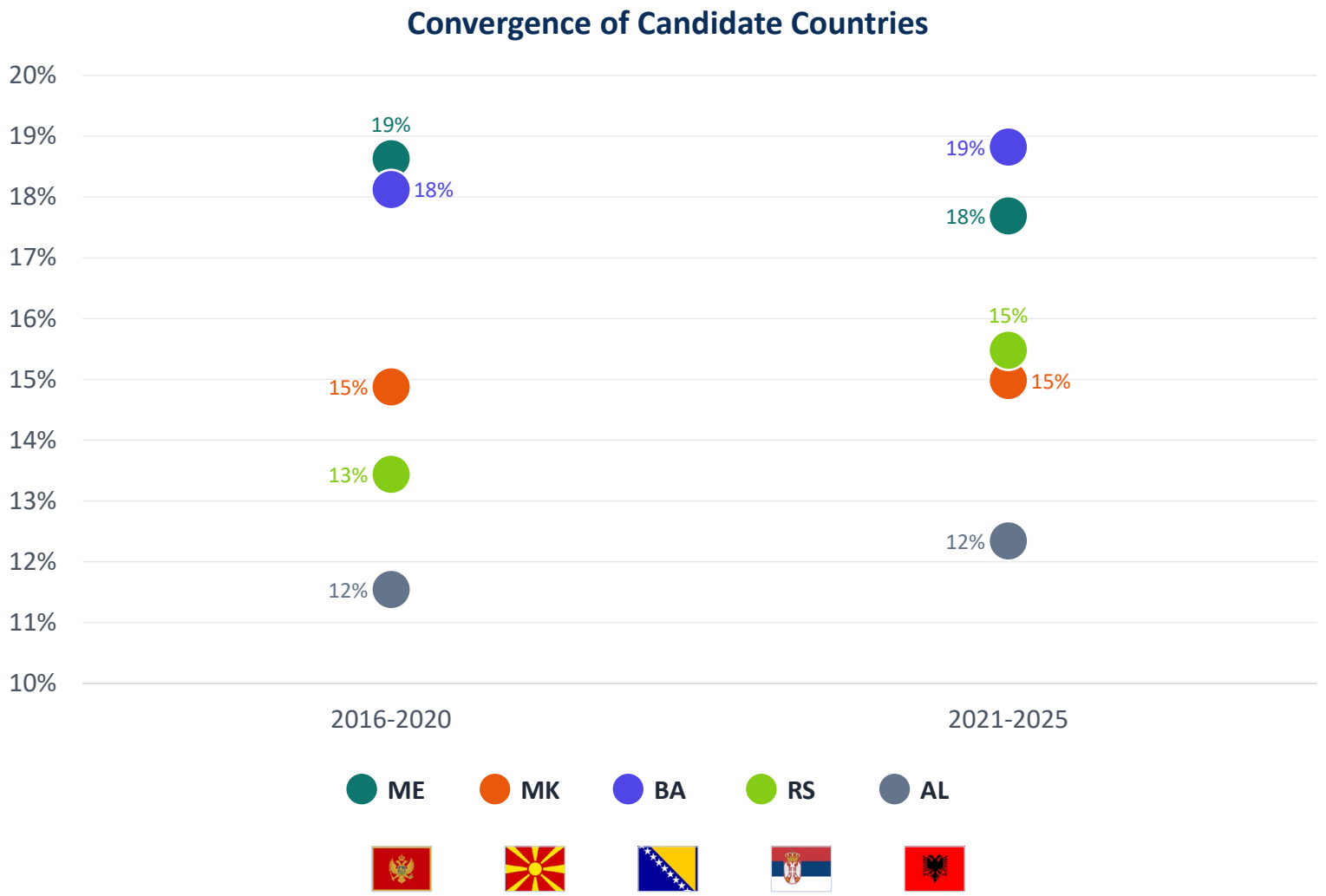
Source: own computation based on Eurostat

Ella Kállai

Consilium Policy Advisors Group

Catching Up: Productivity Convergence towards the EU Frontier

% of EU frontier productivity (GVA per person employed, 2019 prices)



- The productivity gap is about the level of RO and BG in 2007
- Except RS and AL, no independent monetary policy in ME euro since 2002, MK pegged exchange rate to German mark since 1995 and euro since 2002, BA currency board since 1997
- The lesson from the convergence of CEE and Baltic States is that the accession in EU might bring accelerated catching up

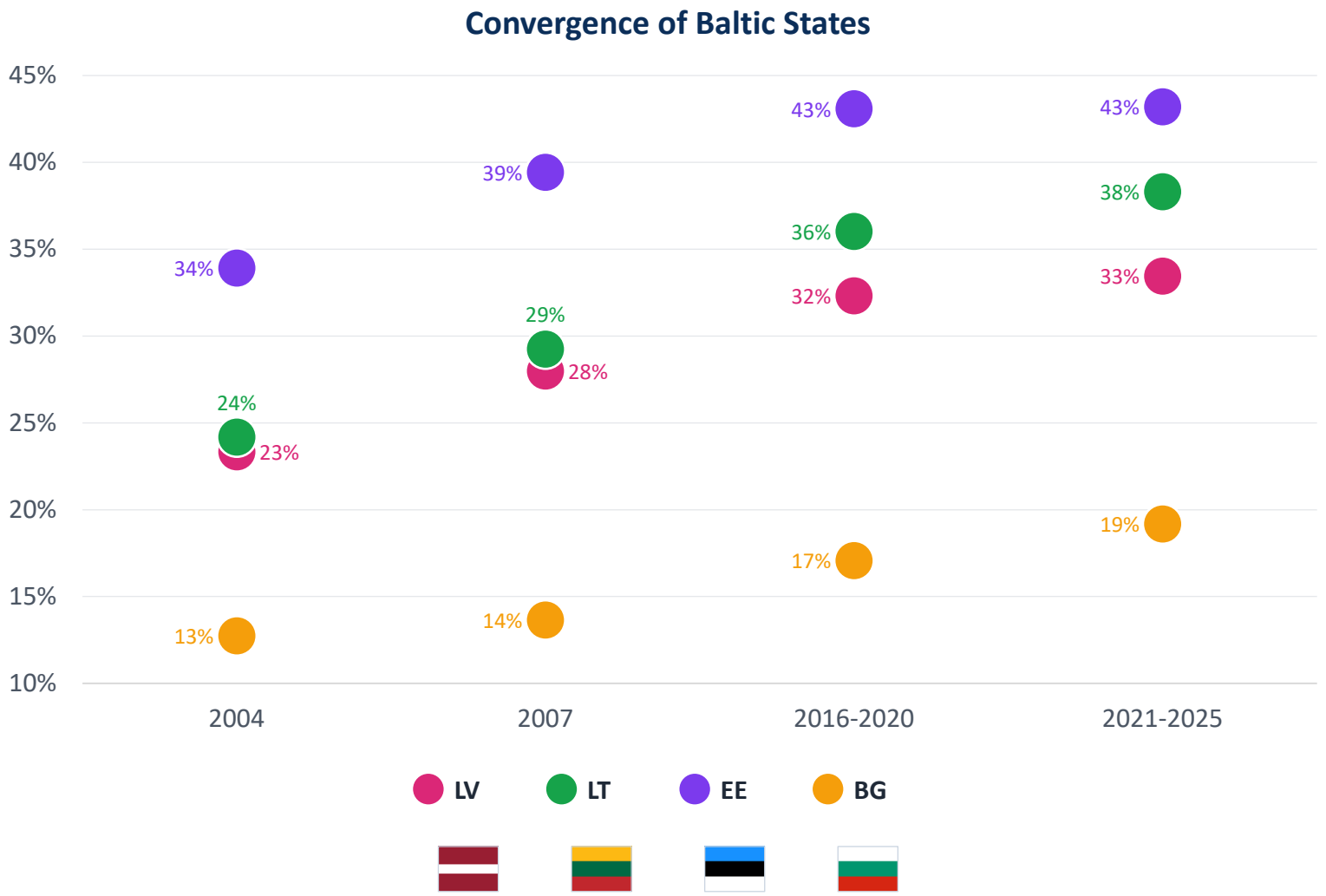
Source: own computation based on Eurostat

Ella Kállai

Consilium Policy Advisors Group

Catching Up: Productivity Convergence towards the EU Frontier

% of EU frontier productivity (GVA per person employed, 2019 prices)



- Currency board in EE since 1992, in LT since 1994, in BG since 1997, fixed exchange rate in LV since 1994, entered in euro zone in 2011 EE, 2014 LV, 2015 LT, 2026 BG
- Accelerated catching up +9pp EE, +14pp LT, +10pp LV
- When the productivity gap is about half the closure stalls (EE)

Source: own computation based on Eurostat

Ella Kállai

Consilium Policy Advisors Group