

THE ISSUE OF SUSTAINABILITY OF SMALL STATES IN THE ERA OF ADJUSTMENT OF INTERNATIONAL RELATIONS

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Abstract:

This article is aimed at understanding the foreign policy actions of small states in contemporary international relations in the context of internal political, economic and institutional circumstances. The aim is to answer the research question: To what extent do internal political circumstances, economic strength and institutional functionality influence the effective foreign policy actions of small states. The intermediate goal is to establish the sustainability of small states in current international relations through the analysis of foreign policy effectiveness and internal functionality, placing them at the level of variables, and then to provide guidelines and recommendations for creating substantial sustainability for this group of countries. The case study will be conducted on the examples of Serbia and North Macedonia, as compatible countries for comparison, taking into account their similarities and differences. In a theoretical sense, based on neoclassical realism, the paper will present the overlap of dependent, independent and mediating variables in understanding the functioning of small states.

Keywords: *small states, international relations, sustainability, foreign policy, internal functionality, economics, institutions, Serbia, North Macedonia.*

1. Introduction

Understanding international relations in the traditional sense has been largely analyzed from the perspective of great powers, powerful states, and empires. Today, in contemporary international relations, the starting points have not shifted too much, bearing in mind that the so-called great powers, primarily referring to militarily, politically, economically, and diplomatically strong countries, are considered the main "drivers" of trends in the so-called international community. On the other hand, when it comes to small states, with limited economic, political, military and diplomatic capacities, the science of international relations has also not moved much in understanding their positioning at the foreign policy level. Small and micro states are mostly interpreted from the position of their inability to independently make foreign policy decisions, to have independent foreign policy maneuvering space and as such to independently influence the course of international relations. In fact, the science of international relations has largely retained its "traditional" understandings of the positioning and maneuver space of great powers and small states, and for the most part, contemporary authors have worked to further confirm the theses already established.

But, if we analyze the capabilities, efficiency and effectiveness of the foreign policy actions of small states in contemporary international relations, we will find that the "traditionally" stated theses are to a significant extent questionable. Because in the existing empirical examples, we witness numerous examples of small states, with extremely limited economic, political, military and diplomatic

resources, that manage to effectively position themselves on the foreign policy front, and thus to effectively contribute to the realization of defined state foreign policy goals.

Namely, through the analysis of the foreign policy effectiveness of small states in contemporary international relations, the authors of this paper will establish which variables contribute to, or condition, the realization of the foreign policy goals of small states, to what extent they are externally dependent, and to what extent at the internal level. In this way, the authors will indirectly establish the sustainability of small states in contemporary international relations, and answer the question of to what extent their sustainability is conditioned by the interests of great powers, and to what extent their sustainability depends on internal circumstances, such as institutional efficiency and effectiveness, or systemic functionality.

In the given circumstances of international relations, it is essential to have an understanding of the models of sustainability of small states, bearing in mind the fact of the phenomenon of inconsistency that is increasingly pervasive in international relations, both at the level of relations between rivals and allies. In such unpredictable and difficult to empirically verify international circumstances, it is necessary for small states to develop multi-sectoral foreign policy analyses that would answer the question of how to create sustainability, and thus how to create a foreign policy strategy that will contribute to the realization of foreign policy goals defined on the basis of national interests, of which sustainability is an imperative.

The existing framework of international relations, in light of the Ukrainian war, the new leadership of the US administration and the uncoordinated actions of allied international organizations, such as NATO, as well as the regional and internal frameworks in the Western Balkans, in light of regional disputes, open issues and, to a significant extent, the dysfunctionality of state systems in the countries of the Western Balkans, represent a very suitable basis for providing an empirical explanation of the foreign policy positioning of small states, such as Serbia and North Macedonia, but also of the capacities and opportunities available to them for the purpose of foreign policy effectiveness and creating sustainability. Using foreign policy effectiveness as a determinant, the authors will attempt to answer the research question of the sustainability of small states in contemporary international relations and what determines it and at what level.

2. A blurred vision of a sustainable foreign policy

Since the collapse of the Socialist Federal Republic of Yugoslavia, Serbia and North Macedonia pursued a foreign policy with confused and vague priorities that have changed with the changes of political parties and coalitions in power. Although the elements of the foreign policy strategy exist, they are mutually unrelated, inconsistent and do not commit the government to a certain direction of foreign policy (Trošić, 2018: 29). In the numerous official statements European integration and regional cooperation stand out as priorities of Serbia's and Macedonia's foreign policy.

On the other hand, achieving sustainable development is not spontaneous but the process must be guided by international organizations, by national states and local governments, all the way down to companies and individuals (Jelisavac Trošić, Tošović-Stevanović & Benhida, 2023). For small states, like Republic of Serbia and Republic of North Macedonia, this can be especially challenging.

For instance, the system of green corridors during the pandemic has proven to be an effective tool for accelerating trade exchanges within the CEFTA region, which includes both countries. In this way, the trade exchange has increased and the uncertainty regarding the supply of food and medical equipment has been reduced (Jelisavac Trošić, Mladenović, & Đorđević, 2021). It is a positive example of how regional cooperation in the Western Balkans can bring benefits to all participating countries. Given that this policy, which was created during the crisis caused by the Corona virus, continues today, and not only continues, but also increases its scope, we see that it is becoming sustainable and has its own future.

The advantages of bilateral negotiations outweigh the disadvantages for an economy - the reduction or elimination of tariffs, import quotas, export restrictions and other trade barriers encourage trade, investment, and economic development (Jelisavac Trošić, Tošović-Stevanović & Ristanović, 2021: 294). Small countries such as Serbia and North Macedonia should go in this direction, because it will bring improvement for both their economies and their citizens.

Achieving global sustainability and climate change goals relies on their inclusion in policymaking at the level of nation states. In this context, governments around the world have created various specialized sustainability institutions - councils, committees, ombudsmen, among others - to promote these agendas and their implementation (Mathis, Rose, Newig, & Bauer, 2023). Both observed countries have accepted and supported the goals of sustainable development, but unfortunately little has been done to realize them.

Any functioning society can be described as comprising four dimensions: economic, social, ecological and institutional. Each of these is a complex, dynamic, self-organizing and evolving entity in its own right, making the interconnected system extremely complex. For this system to be sustainable, each of the four subsystems must maintain its ability to survive and evolve, while the interconnections of the subsystems must allow for constant coevolution. Finding the appropriate level of complexity for descriptions and models is a necessary prerequisite for adequate analysis and avoiding erroneous predictions. Since this level of complexity is beyond the analytical capacity of current economic theories, the perspective of systems analysis is presented as a framework for discussing the coevolution of the economy, society and nature (Spangenberg, 2005). For the overall progress of society, all four subsystems need to function and complement each other. But, when a crisis occurs, that is the right time to assess whether the national institutions in the country are really functioning and in such a way that they are beneficial to that society.

3. Ukrainian War in the context of foreign policy positioning of Serbia and North Macedonia

Although most researchers, journalists, and representatives of the political and academic community believe that the beginning of the Russian aggression against Ukraine is actually the beginning of a new chapter in international relations, in which the United Nations system is losing its importance in an absolute sense, the real truth is somewhere in the middle. Because we have witnessed numerous armed aggressions and interventions during the first, second, and third decades of the 21st century that were not in line with the normative order of the United Nations. Putting the thesis through this angle, it seems that international relations are not entering any new chapter when it comes to violating international law and the United Nations Charter, but rather that the focus of violations of international law has shifted, and now the accusations are against official Moscow, instead of against Washington, as we had examples of in the cases of the bombing of the Federal Republic of Yugoslavia, as well as armed interventions in Afghanistan, Iraq, and Libya. Namely, international relations remain in the same chapter, but with a kind of "decentralization" of power that has once again contributed to the fact that great powers interpret international law exclusively from their own perspective, while small and micro states with limited capacities are faced with the reality of choosing "sides", adjusting their foreign policy goals, but also trying to stay "outside" of hot spots, which is almost impossible, given the multi-layered intertwining of political and security movements at the regional and international levels. In such circumstances, small states are faced not only with choosing "sides", but also with redefining the concept of sustainability, which is no easy task for small and micro states, given their political, economic, security and diplomatic constraints. Sustainability is actually a key issue for small states in the midst of the "recompositing" of international relations because predictability of events has become a major challenge, which de facto, given the limited capacity of small states, further complicates the processes of creating sustainability in the aforementioned subjects of international law.

We will explain this thesis using the examples of Serbia and North Macedonia, as these are empirically high-quality examples precisely because of the similarities in the challenges, risks, and threats faced by these two countries, on the one hand, and, on the other, because of their relatively different positioning in relation to the Ukrainian War.

But, before we explain the positioning of Belgrade and Skopje in relation to the Ukrainian war, we will list the key challenges that both countries face:

- relatively weak and ineffective institutional infrastructure
- threat to the realization of the strategic foreign policy goal of EU membership
- dependence on the EU market

- medium-term dependence on Russian energy resources
- support from Moscow on open issues that directly relate to the preservation of national interests

- uncertainty of developments on the European and international scene

From the perspective of institutional weakness and ineffectiveness, it is important to use this variable, namely the positioning of Serbia and North Macedonia towards the Ukrainian War and the impact on the sustainability of the empirical countries, because we are witnessing that decisions on the aforementioned positioning were adopted very quickly and simply. A day after the beginning of the conflict, after two consecutive sessions of the National Security Council of the Republic of Serbia, Serbia has adopted a 15-point conclusion, which was summarized by the President of Serbia, Aleksandar Vučić (Gjurovski, Arnaudov & Hadžić, 2023: 17). From the other side, official Skopje, on the day when the armed aggression by Russian Federation was started against Ukraine, at the government session the Ministry of Foreign Affairs was tasked with informing the EU that North Macedonia is joining the new package of restrictive measures of the Council of the EU against Russia and all previous restrictive measures regarding Ukraine (Politika, 2022).

Both decisions, adopted by Belgrade and Skopje, are reflecting the relative weakness and ineffectiveness of state institutions from two reasons:

First, state representatives missed the opportunity to just to condemn military aggression against territorial integrity of independent state, but they already have decided about the state positioning related to the EU sanctions (Gjurovski, Arnaudov & Hadžić, 2023: 19 & 20), (Politika, 2022), (Vlada Republike Severne Makedonija, 2022);

Second, state representatives have abused the institutional framework of the Serbia and North Macedonia, thus not allowing adoption on institutional level decisions about the challenges, risks and threats which Ukrainian war brings from economic, security, energetic, as well as foreign policy positioning perspective.

There are no doubts that both high-level decisions adopted in Belgrade and Skopje has empirically shown the fact of the institutional marginalization in the process of boosting political (out of the institutional frame) and personal decision-making process. In fact, it is impossible to conclude, based on the decisions adopted by Serbia on Security Council level and adopted by North Macedonia on governmental level, that both decisions are precisely and detailed coordinated with the national interests of the state, including the concept of multisectoral sustainability.

From the perspective of the realization of the strategic foreign policy goal of EU membership, the decision adopted within National Security Council of the Republic of Serbia related to the Russian aggression against Ukraine did not deals at all with the strategic foreign policy goals of the state in the newly established context. One sided view, the refusal of adoption of restrictive economic measures was based on the very weak explanations, because the economic sanctions which Serbian society has faced during nineties could not be reversible at this moment. From the other perspective, bearing in mind the dependence of Belgrade of Russian resources could be appropriate understanding for such decision, in medium term. But, bearing in mind the strategic foreign policy interest of Serbia, membership of European Union, on a long-term basis, we could question such decision. In fact, such decision has a direct consequence to the Serbian path to EU, which is clearly stated in the European Commission Annual Report for 2024: "it still does not to align with any restrictive measures against the Russian Federation and has not aligned with most of the High Representative statements on this matter. It has maintained high-level relations with the Russian Federation and intensified its relations with China, raising questions about Serbia's strategic direction. Under the EU-Serbia negotiating framework, Serbia is expected to progressively align its policies towards third countries with the policies and positions adopted by the EU, including restrictive measure" (European Commission/Commission Staff Working Document/Serbia 2024 Report, 2024: 3).

In the case of North Macedonia, although official Skopje has cordially followed the EU foreign and security positioning in the context of Ukrainian war, including the economic sanctions packages against Russian Federation (European Commission/Commission Staff Working Document/North Macedonia 2024 Report, 2024: 3), as an pressure mechanism, which could be understood as strict adjustment with EU (Arnaudov, 2023: 103) in accordance with the potential membership as a strategic

goal of the state, authorities has missed the opportunity strategically to create platform and provide answers to the questions: Does such adjustment fasters EU path of the state?; Does comprehensive sanctions against Russian Federation have effects to Macedonian economy and market, what kind and in to what extend?; and, overall, How Ukrainian War influences to the foreign policy positioning of the state, bearing in mind the membership of NATO, the EU path as a strategic interest, including regional issues, as those are bilateral disputes with Sofija, as well as the differentiation on the regional level on the Kosovo and Metohija issue.

From the perspective of the dependence of the EU market, trade exchange between Serbia and the EU in 2023 amounted to 39,07 euros and it is quite balanced bearing in mind the fact that on the side of Serbian exports amounted to 18,08 billion euros (EU in Serbia, 2023). On the other side, trade exchange between Serbia and Russian Federation in the same period was amounted to 2,70 billion euros, while Serbian export to Russian market took only 1,10 billion euros (EU in Serbia, 2023). Such statistic data lead us to summarization that EU market in a essential manner, unlike to Russian, determines the economic capabilities and development of Serbia.

In the case of Skopje, total trade exchange between EU and North Macedonia in 2023 was amounted to 11,754 billion euros, from which on the Macedonian export side to the EU market was amounted to 6,432 billion euros (European Commission/Directorate-General for Trade, 2024: 8). From the other side, total exchange between North Macedonia and Russian Federation i 2023 was amounted to 290 million euros, from which on the Macedonian export side was amounted to only 45 million euros (European Commission/Directorate-General for Trade, 2024: 8).

Statistical data refers that the economies of both states in a huge range depend on European market, which is also not taken into account in their "quick" and comprehensive positioning toward Russian aggression and Ukrainian War because both, the decisions adopted in the framework of National Security Council of Serbia and the Government of North Macedonia do not provide measures, steps and explanations to the following unknowns:

- what will happen with the exports to the EU market if it will lose the pre-sanctions reached capacities?
- what will happen with the export to the EU market if it will suffer of the lack of the Russian resources, as those are gas and oil?
- what are options for quick replacement of the Russian resources if the available routes would be closed or politically frozen?
- how national governments will balance the EU membership path as a strategic goal and medium-term dependence of Russian resources?
- what are the options of national governments in the ongoing circumstances when the foreign policy goal is marginalized due to the marginalization of the EU enlargement policy?

In fact, the positioning of Serbia and North Macedonia toward the Ukrainian War provides an explanation about the foreign policy positioning cause-and-effect relationship to the national/statehood sustainability of small and micro states, as a whole, while, from the other side it represents an empirical example about the marginalization of the national institutional framework, adopting decisions with the political "signature" and thus bringing into question the capacities for sustainability of such states if their systems are inefficient and ineffective, as it was presented on the cases of Serbia and North Macedonia.

At the political and media level, a huge and comprehensive debate would be opened on whether the initial and subsequent decisions on the positioning of Serbia and North Macedonia in relation to Russian aggression and the Ukrainian War were right or wrong, i.e. aligned with national interests, in the medium or short term, but the fact is, analyzed from an academic perspective, but also from the concept of sustainability, that these are primarily politically elaborated, defined and adopted decisions within a timeframe that in itself suggests a lack of tactical and strategic analyses and opinions. From today's perspective, these decisions can be relatively assessed as successful, but the essence was missing, because sustainability was not ensured in the medium and long term because neither Belgrade nor Skopje have answers to the questions of how to overcome the stalemate in European integration, as a strategic goal of the country, how to ensure economically justified and sustainable resource capacities,

how to position themselves in the event of potential exclusivity, bearing in mind current international relations in which unpredictability is one of the key characteristics.

4. Serbia and North Macedonia - between theory and "juggling"

Using theoretical "tools", we will try to explain the connection between theory and practice in the case of the foreign policy actions of Serbia and North Macedonia. Classical realists, when it comes to Serbia and North Macedonia, would say that there is not much "space" for interpreting the foreign policy actions of these states, bearing in mind that these are small states that are primarily dependent in their foreign policy actions on the interests of the so-called great powers. On the other hand, Diana Panke and Baldur Thorhalsson go a step further than classical realists, and offer three different "options", or approaches, that are available to small states in their foreign policy positioning: Shelter-seeking approach (Small states not only have less capacity to become leading actors in the international system, they are also in need of shelter provided by larger states, as well as by regional and international organizations, in order to cope with domestic weaknesses associated with their size); Hedging approach of small states (small states can opt use of a hedging strategy in an attempt to maximize benefits and limit costs when dealing with larger states) and Neutrality approach of small states (neutrality is a strategy common to small states that allows them to be drawn into conflicts that they otherwise cannot easily navigate successfully) (Panke & Thorhalsson, 2024: 504). Considering Panke's and Thorhalsson's approaches to the foreign policy actions or positioning of Serbia and North Macedonia, we could simply summarize that one country strategically placed itself in a position of neutrality, while the other opted for a strategy of hedging. However, this conclusion leads us to the fact that at the same time the state leadership of this country did not take into account its national interests, because the policy of neutrality in the case of Serbia, in the ongoing international circumstances, which are essentially exclusive, brings into question two existential issues of the state: the realization of strategic foreign policy goals and energy and economic sustainability. Empirically, on the one hand, the future of European integration, and on the other hand, favorable Russian energy resources. When it comes to North Macedonia and the policy of adaptation, the existential moment was also missed in the strategic definition of the position, because at the expense of the strategic foreign policy goal, the momentum of energy sustainability was omitted in both the social and economic contexts. Empirically, on the one hand, the uncertainty of European integration due to thirty years of experience, and on the other hand, absolute dependence on Russian energy resources. In fact, the way of making decisions, more specifically on the empirical example of the Ukrainian war and Russian aggression, testifies that the leaders of Serbia and North Macedonia opted for the approaches that are explained in theoretical terms by Panke and Thorhalsson, but they made the decisions in the manner presented by neoclassical realists: leaders are very often faced with the challenge of not having enough time or information in the process of making and implementing foreign policy decisions, and decisions are made on the basis of prior knowledge, understanding, ideas, but also ideology (Mintas, 2020: 26). Analyzed from a theoretical perspective, taking into account the time variable of decision-making on the foreign policy positioning of Serbia and North Macedonia in relation to the Ukrainian War and Russian aggression, as well as the comprehensiveness of the strategy, which also included the positioning of the mentioned state in relation to the policy of sanctions, it is more certain that state leaders, starting from the standpoint of neoclassical realism, reacted to external signals, to signals of international relations, in a way of "using" their personal experiences, assessments and knowledge, with a formal institutional framing of decisions, but without the essential inclusion of institutional capacities, as evidenced by the shortcomings of the decisions themselves, in which answers to questions about models of preserving national interests, in the political, economic and security context, are lacking in the medium and long term. There is a commitment to preserving national interests, in a verbal sense, but essential elements about the mechanisms that will work in that direction are missing.

5. The importance of economic policy for Serbia and North Macedonia

Economic policy, through price and exchange rate policy, has a significant impact on foreign trade contracts in circulation through the positioning, competitiveness, growth and development of the

Republic of Serbia and the Republic of North Macedonia, both on the domestic and international markets, where the so-called the principle of the victory of the stronger. The degree of exploitation of domestic natural resources and the privatization (sale) of profitable enterprises largely depends on the strategy of conducting economic policy. The natural resources available to the Republic of Serbia and North Macedonia are of the greatest importance and their efficient exploitation provides significant comparative advantages on the domestic and world markets. As modern business conditions, which carry a whole series and speed of changes in all spheres of socio-economic and legal relations, the strengthening and dominance of international, especially international monetary institutions, changes in regulations and ways of doing business, entering the world market, etc., as well as the general macroeconomic environment and economic policy of the national economy, have crucial importance for the competitiveness of the economy on the international market, the policy of the real exchange rate, as one of the factors of economic policy, which has significant implications for competitiveness, the balance of payments and the indebtedness of the country, should create conditions that will stimulating trade exchange and improving both the domestic and international position and level of development of Serbia and North Macedonia (Pavlović, 2021:156).

The analysis of macroeconomic indicators is an important way of measuring the economic performance of a country. When it comes to indicators that show the level and growth of a country's standard of living, such as the growth of real GDP and the unemployment rate, in the past decade the countries of the Western Balkans generally did not achieve results that would bring them significantly closer to the standard of living of the European Union. When it comes to real GDP growth, these economies grew at an average annual rate of only 1.6%, while the average unemployment rate was around 20%. In the Western Balkans, for example, in 2020, the average GDP per capita including purchasing power (PPP) is only 38% of the European Union average. The situation is somewhat better when it comes to foreign direct investments, especially when it comes to Serbia. However, the development model of an economy cannot be based exclusively on foreign direct investments if the level of domestic private investments as well as public investments is insufficient or incorrectly channeled. Macroeconomic and financial stability, a better investment and business environment, as well as the implementation of infrastructure projects, are factors that can contribute to the growth of investments. Employment of the working age population is one of the key issues for every country and its financial system. In addition to the level of gross domestic product, this is certainly the most reliable indicator of the efficiency of an economy, and society as a whole (Marjanović, Ivanović, 2021:24).

GDP per capita is a better indicator of citizens' living standards than total GDP. When the average real GDP per capita in the EU, which was according to Eurostat data 33,530 euros in 2024, is compared with the GDP per capita of Serbia, which was 8,900 euros, or North Macedonia, 6,510 in 2023, the difference in wealth, in other words, the poverty of these two countries becomes clear. The real GDP per capita in Serbia and North Macedonia is not even 30 percent of the average real GDP per capita in the EU, which proves the weaker purchasing power of the residents of these two countries. We come to the conclusion that an EU resident is on average almost four times richer than a citizen of Serbia or North Macedonia.

A negative example of misguided economic policy can be seen in the example of the Republic of Serbia, when its economic policy appreciated its currency, which had a negative impact on its economy. Due to the appreciation of the dinar, imports have become more profitable, because foreign products have become cheaper. However, domestic production was suffocated in this way, real purchasing power fell due to wage cuts, layoffs, etc. because the domestic capacities are unused due to the influx of more competitive foreign products (Pavlović, Veselinović, 2022: 13).

The level of economic development of a country is certainly the main determinant of social well-being. In the era of globalization, economic conditions at the national level are certainly conditioned by the quality of relations with other countries. Therefore, adequate foreign policy activities also contribute to national economic development. However, the circumstances at the national level also largely determine the foreign policy of a country. The aspiration to membership in certain international organizations is also conditioned by the same circumstances. It seems that the foreign policy of the Republic of Serbia, as well as that of North Macedonia, is primarily determined by economic conditions, although political heritage also has a great influence in shaping it. (Kostić, 2018).

Ups and downs in the development of the world economy have been present for decades. In a highly developed market economy, a country can achieve economic expansion and prosperity in a certain period, accompanied by accelerated growth of gross domestic product, real income, investments, and employment. This trend is usually followed by certain measures of fiscal and monetary policy, whose mistakes in management often cause the welfare of the countries to enter into a crisis characterized by the growth of unemployment, the fall of the gross domestic product, the fall in profit, etc. The negative balance in most macroeconomic indicators reaches the bottom after a certain period, after which the economic recovery begins, which can last for a shorter or longer time (Vukša, Andjelić, & Kolarski, 2015). Therefore, national authorities and institutions that regulate and monitor the movement of the national economy have a great influence on it. The set of measures must be adapted to the current state of the national economy, while they should also promote its future growth and prosperity.

Therefore, if certain goals of sustainable development are to be achieved, it is necessary to modify economic policy measures to influence the national economy to move in that given direction. Merely proclaiming the goals of sustainable development will not have a greater impact, but the binding measures of the national authorities, which will be implemented through institutions from the highest to the lowest local level and the level of companies and individuals, will begin to bring results. In this way, with these measures, the way the economy functions will gradually be modified, as well as the way entrepreneurs think. Therefore, a strong institutional system in the national economy, above all a strong and functional institutional system in small economies, such as Serbia and North Macedonia, will have a decisive influence on the economic success of the national economy and all individual entrepreneurs.

The redefinition of economic and social policies must be the result of today's reality and the needs of each nation-state, especially small and open economies. The institutional framework adopted today in most countries brings significant advantages, but also a large number of limitations in many countries, which visibly affects small and open economies in the context of new geopolitical trends. The real economic policy of each country must provide conditions for the development of the real sector, reduce consumption to realistic limits and create realistic conditions for greater savings that will increase the accumulation of small economies in the future. Only this transformation of the economy in the future, which will have great opportunities for export in the context of new technological changes, will increase the efficiency of small countries' exit from the crisis with a realistic concept of development in accordance with available resources and capacities (Adžić, 2017).

Conclusions

It is very important to understand the foreign policy actions of small states in contemporary international relations in the context of domestic political, economic and institutional circumstances. The issue of the sustainability of small states in the era of adjustment of international relations is of essential importance for the improvement of national institutions. It is important to determine to what extent internal political circumstances, economic strength and institutional functionality affect the effective foreign policy actions of small states. We are witnessing numerous examples of small states, with extremely limited economic, political, military and diplomatic resources, which manage to effectively position themselves on the foreign policy front, and therefore to effectively contribute to the realization of the defined foreign policy goals of the state. As compatible countries, Serbia and North Macedonia, in the regional and internal frameworks of the Western Balkans, could follow these positive examples.

In the dysfunctional state systems in the Western Balkan countries, it is very difficult to conduct foreign policy. Sustainability is actually a key issue for small states in the midst of constant changes in international relations, because the predictability of events has become a major challenge, which *de facto*, given the limited capacities of small states, further complicates the processes of creating sustainability in them. In fact, the positioning of Serbia and North Macedonia towards the Ukrainian war provides an explanation of the cause-and-effect relationship between foreign policy positioning and the national or state sustainability of small and micro states as a whole, while, on the other hand, it represents an empirical example of the marginalization of the national institutional framework,

decision-making with a political “signature” and thus questioning the capacity for sustainability of such states if their systems are inefficient, as shown in the cases of Serbia and North Macedonia.

Adequate foreign policy activities also contribute to national economic development. The set of measures must be adapted to the current state of the national economy, and at the same time should promote its future growth and prosperity. The proclamation of sustainable development goals alone will not have a major impact, but binding measures by national authorities, implemented through institutions from the highest to the lowest local level and the level of companies and individuals, will begin to bring results. In this way, these measures will gradually change the way the economy functions, as well as the way entrepreneurs think. Therefore, a strong institutional system in the national economy, above all a strong and functional institutional system in small economies, such as Serbia and North Macedonia, will have a decisive impact on the economic success of the national economy and all individual entrepreneurs. The ability of both countries to act as resilient rather than vulnerable, and to act as active rather than passive members of the international community, while also learning from each other's positive practices, is something these two states should strive for in the future.

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