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GEO-POWER-EU

Paving over Procedure: Corrosive Capital in Transport Infrastructure

GEO-POWER-EU: Empowering the Geopolitical EU in the Eastern Neighbourhood and the Western Balkans

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List of Abbreviations

BIRN	Balkan Investigative Reporting Network
BTK	Baku–Tbilisi–Kars (Railway)
CC BY 4.0	Creative Commons Attribution 4.0 International
CEPA	Center for European Policy Analysis
CN	China (country code, Table 1)
CRBC	China Road and Bridge Corporation
CRIC–CCCC	China Railway International Co. – China Communications Construction Company
DKSK	State Commission for the Prevention of Corruption (Macedonian acronym)
DPC	Democratization Policy Council
DUI	Democratic Union for Integration
DW	Deutsche Welle
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ENC	European Neighbourhood Council
EPI	European Policy Institute
EU	European Union
GE	Georgia (country code, Table 1)
GEO-POWER-EU	Empowering the Geopolitical EU in the Eastern Neighbourhood and the Western Balkans
GFSIS	Georgian Foundation for Strategic and International Studies
IDIS VIITORUL	Institutul Pentru Dezvoltare Si Initiative Sociale Viitorul
IDSCS	Institut za Demokratija Societas Civilis Skopje
IMF	International Monetary Fund
IPA (III)	Instrument of Pre-accession Assistance
IRD (Engineering)	company name (not formally expanded in the text)

IRL	Investigative Reporting Lab
ME	Montenegro (country code, Table 1)
MK	North Macedonia (country code, Table 1)
ONU	Odeskiy Nacionalniy Universitet Imeni I.I. Mechnikova
PESR	Public Enterprise for State Roads
REA	European Research Executive Agency
RS	Serbia (country code, Table 1)
SDSM	Social Democratic Union of Macedonia
SEERC	South-East European Research Centre of the University of York
TEN-T	Trans-European Transport Network
UA	Ukraine (country code, Table 1)
UCMC	Ukraine Crisis Media Center
UII	Utrikespolitiska Institutet Informationsavd
UNIBO	Alma Mater Studiorum – Università di Bologna
UNIRI	Sveučilište u Rijeci
US-TR	United States–Turkey (investor code, Table 1)
VE Insight	Vienneast Consulting GmbH
VMRO–DPMNE	Internal Macedonian Revolutionary Organisation – Democratic Party for Macedonian National Unity
WP	Work Package
XK	Kosovo (country code, Table 1)

About GEO-POWER-EU Project

GEO-POWER-EU aims to empower the EU to manage security threats in its Eastern Neighbourhood and the Western Balkans amidst a deteriorating geopolitical environment. The project's primary ambition is to surpass current standards and develop a comprehensive EU strategy for these regions, utilizing new and reformed policy instruments while considering the strategic ambitions of other geopolitical actors.

To achieve this, GEO-POWER-EU's work plan is built on six specific objectives: (1) proposing adaptations to the EU Enlargement policy to reflect new realities; (2) examining the relevance of the Eastern Partnership (EaP) and providing policy recommendations for its reform; (3) assessing the influence of other geopolitical actors, including the United States, Russia, China, and Turkey, in these regions; (4) offering strategic foresight on the prospects of geopolitical competition in these areas; (5) exploring ways to enhance the EU's ability to contain military threats from beyond its borders; and (6) proposing a comprehensive, multidimensional EU strategy to guide relations with Western Balkan and Eastern Partnership countries.

The project's research aims to advance beyond the current state of the art by developing a new conceptual and policy framework using both quantitative and qualitative methods. Methodologically, GEO-POWER-EU leverages cutting-edge expertise from various disciplines, implementing a multi-stage plan grounded in a participatory and inclusive approach. This approach involves systematic engagement of researchers from third institutions, decision-makers, stakeholders, and citizens—including those from the regions under analysis—throughout the project cycle. More about the project: https://geo-power.eu

List of Partner Beneficiaries involved

- European Neighbourhood Council (ENC), Belgium
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- Utrikespolitiska Institutet Informationsavd (UII), Sweden

Executive Summary

This case study examines the €1.3 billion motorway contract, awarded by the Government of North Macedonia in March 2023 to the American-Turkish Bechtel–Enka consortium for the construction of four sections of Corridors VIII and X-d. Applying the GEO-POWER-EU corrosive capital framework, the analysis traces how a formally legal investment produced significant governance distortion across the three arenas of rule-making, rule-implementation, and accountability suppression.

Agency in this case is tri-layered. Foreign agency was not exercised through direct financing. It came instead through sustained American and Turkish diplomatic backing for Bechtel and Enka respectively. A comparatively opaque layer of transnational enablers, supervisory and legal firms among them, structured the deal's implementation. Domestic gate-openers, principally the Ministry of Transport and the Public Enterprise for State Roads, operationalised the deal. Its political legitimacy rested on cross-party framing by the then-ruling Social Democratic Union of Macedonia (SDSM) and the Democratic Union for Integration (DUI) leadership, respectively the senior ethnic-Macedonian and ethnic-Albanian coalition partners under the post-2001 power-sharing arrangement, whose joint endorsement helped present the project as a unifying, interethnic flagship of modernisation. Internationally, it was presented as proof of alignment with the EU's own connectivity agenda. That dual framing pre-empted scrutiny by binding the deal's legitimacy to national cohesion and European integration at once, even as the deal itself departed procedurally from EU-aligned standards.

These arrangements crystallised through a set of recurring mechanisms deployed across the three arenas identified in the framework[1]. In rule-making, the governing mechanisms were the 2021 lex specialis and the 2023 amendments to the laws on labour relations, expropriation, urban planning, and environmental protection. Both were adopted under an expedited "European flag" procedure, formally suspending general regulatory standards in favour of project-specific exceptions. The key mechanisms for negotiation were captured bargaining and asymmetric dispute resolution. The contract was awarded through direct negotiation rather than competitive tender, concentrating contracting and permitting authority in the executive; disputes were assigned to arbitration under Anglo-Saxon law seated in London, marginalising domestic legal recourse. In accountability the mechanism at work was less repression than narrowed effect. Parliamentary and judicial scrutiny persisted in form: the Constitutional Court reviewed the labour amendments, and the State Commission for the Prevention of Corruption issued procedural findings. Neither altered the project's trajectory and oversight remained formally intact while losing practical effect. The cumulative impact is best understood not as a single

[1] This tripartite division follows David-Barrett's (2023) model of state capture, adapted in the GEO-POWER-EU framework (Prelec et al. 2025: 27–28) as: rule-making, through exceptional legislation and elite bargaining; rule-implementation, through informal control of institutions; and accountability suppression, through the weakening of oversight and civic resistance.

contested decision but as a durable governance template: executive-centred contracting, legally sanctioned departures from procurement and environmental standards, and oversight mechanisms confined to a monitoring rather than a corrective role. This template is now available for future strategic investments regardless of which partner is involved.

The regional comparison shows that this is a template that travels with particular investors across borders. Bechtel–Enka itself recurs. The same US–Turkish consortium built Kosovo's Highway of the Nation on comparable terms: direct award, no competitive tender, and a governance architecture shaped as much by Washington's and Ankara's diplomatic backing as by the contract's technical merits. A parallel pattern holds for Chinese-financed projects. Serbia's Belgrade–Subotica Railway and Montenegro's Bar–Boljare Highway were both awarded to Chinese state-linked contractors under bilateral agreements that similarly exempted them from standard procurement and environmental review, embedding long-term debt exposure alongside the same legal exceptionalism seen in North Macedonia. Georgia's Baku–Tbilisi–Kars Railway follows a related logic under Azerbaijani and Turkish sponsorship. Ukraine's railway sector, financed through a more heterogeneous mix of domestic, Western, and Chinese sources, shows that procurement weaknesses persist even without a single dominant foreign patron. Read together, these cases suggest three things. The country of origin of the investor shapes which geopolitical actor gains regional leverage, but not whether governance is compromised. The recurrence of the same consortia across multiple states suggests that construction diplomacy functions as a deliberate, repeatable instrument of foreign policy. And the resulting governance mechanisms form a structural feature of the region's infrastructure market, rather than an incidental by-product of any single bilateral relationship.

The EU's engagement across these cases follows an ambivalent logic. As both financier and rule-setter under the Western Balkans Investment Framework, IPA III, and the wider Connectivity Agenda, Brussels has inconsistently documented governance concerns, as in North Macedonia's 2023 Country Report, while offering limited conditionality. Only in Montenegro did it follow concern with significant follow-on financing. This dual role risks undermining the EU's credibility as the region's principal alternative to non-EU-financed infrastructure: the absence of enforceable consequences allows exceptional procedures to coexist indefinitely with formal EU-alignment rhetoric. The study concludes that unless connectivity financing is more tightly bound to procurement and governance conditionality, the EU's own agenda will continue to be invoked as legitimation for the practices it is meant to discourage.

1. Introduction

Across Southeast and Eastern Europe, large-scale infrastructure projects have increasingly become arenas where strategic investment, political incentives, and external geopolitical interests intersect. From Serbia's Belgrade-Subotica Railway and Montenegro's Bar-Boljare Highway to Kosovo's Patriotic Highway, Georgia's Baku-Tbilisi-Kars Railway, and Ukraine's railway modernisation efforts, governments have often relied on exceptional procedures, accelerated contracting, and tailor-made legislative frameworks to advance nationally significant projects. While these approaches are frequently justified by developmental needs and connectivity ambitions, they have also raised questions about long-term fiscal exposure, institutional safeguards, and the balance of influence among competing international actors. Within the GEO-POWER-EU typology, this case belongs to the pattern "Infrastructure Concessions and Debt-Driven Connectivity", shared with Montenegro's Bar–Boljare Highway, Serbia's Belgrade–Subotica Railway, and Georgia's Baku–Tbilisi–Kars line (Prelec et al. 2025:21–22). As in those cases, the defining feature here is not the identity of the foreign partner but the recurring use of exceptional legal and procedural instruments to move a project outside ordinary oversight.

It is within this broader regional pattern that the Four Motorway Sections on Corridors VIII and X in North Macedonia should be understood. The project, awarded to the Bechtel-Enka joint venture and valued at over €1.3 billion, represents one of the most consequential infrastructure undertakings in the Western Balkans in the past decade. Negotiated directly and supported by a dedicated legal framework, the project has been presented domestically as a transformative investment intended to modernise transport corridors, stimulate growth, and reinforce the country's European trajectory. At the same time, it has prompted debate regarding the extent to which accelerated procedures, exceptional legal provisions, and external diplomatic involvement shape institutional practices around strategic infrastructure.

North Macedonia's experience with strategic road construction predates this project. Earlier motorway investments, including the Kičevo-Ohrid and Miladinovci-Štip sections constructed by China's Sinohydro Corporation, also involved exceptional arrangements and ultimately faced challenges related to costs, timelines, and oversight (Nechev and Nikolovski, 2020). These precedents illustrate that the structural pressures surrounding major infrastructure (e.g. tight deadlines, political expectations, and complex international partnerships) are not unique to any single government or foreign actor, but rather form part of a broader regional environment in which countries navigate competing priorities and limited administrative capacities.

The Bechtel–Enka project attracted heightened scrutiny for several reasons: its scale, its reliance on a lex specialis law and subsequent amendments, and its timing amid intensified geopolitical competition in the Western Balkans. While the project aligns with regional connectivity goals and complements EU priorities in areas such as the Trans-European Transport Network (TEN-T), it also reflects the complex interplay between domestic political agendas, international partnerships, and evolving governance standards.

Seen from a regional vantage point, the North Macedonia case highlights patterns that echo elsewhere in the Western Balkans and beyond: the tendency to use exceptional legal pathways for strategic infrastructure; the prominence of foreign state-backed or diplomatically supported companies; the challenges of maintaining robust institutional oversight under political and financial pressure; and the dual framing of such projects as both economic accelerators and symbols of geopolitical alignment. These dynamics underscore why examining the Corridors VIII and X project is not only relevant for understanding North Macedonia's governance environment but also instructive for analysing infrastructure politics across the wider region.

Examined through the analytical lens of corrosive capital (Prelec et al, 2025), the Bechtel–Enka project illustrates how formally legal investment arrangements can exploit governance gaps, concentrate decision-making authority in the executive, and weaken institutional safeguards, not through direct illegality but through the systematic deployment of exceptional procedures. The sections that follow trace this deployment across the five stages identified in the framework 1) project preparation, 2) formal negotiation, 3) implementation, 4) expansion, and 5) dispute resolution (Prelec et al. 2025:27–28), before situating the case within the broader regional pattern.

2. Political and Governance Context of Corrosive Capital in North Macedonia

North Macedonia's political landscape is shaped by a combination of institutional arrangements, coalition practices, and evolving democratic competition. These dynamics help explain how major infrastructure decisions are negotiated and understood. Firstly, the ethnic composition and power-sharing logic plays a big role in bringing projects to the country. Following the 2001 Ohrid Framework Agreement, the political system gradually developed into a power-sharing model designed to ensure inclusivity and stability in a multiethnic society. Ethnic Macedonians represent a majority of the population, while ethnic Albanians are the largest minority community, with a significant political role. This configuration encourages governments to build cross-ethnic coalitions, which has generally contributed to political stability and representation. Coalition-building often requires compromise, and on large strategic projects, political leaders tend to highlight national unity, economic development, and inter-ethnic cooperation as shared priorities. Infrastructure initiatives such as motorways, energy investments, and major construction projects are therefore frequently framed as developmental efforts that benefit all communities, which can help them gain broad public and political backing. While this narrative can reduce political polarization, it can also unintentionally limit the space for deeper public debate about transparency and governance design.

The decade prior to 2017 under the Internal Macedonian Revolutionary Organisation - Democratic Party for Macedonian National Unity (VMRO–DPMNE) was characterized by a high degree of executive centralization and a set of governance concerns that drew attention from domestic institutions, civil society, and international partners. These included questions about media independence, the functioning of oversight bodies, and the conduct of public procurement. The change of government in 2017 introduced a renewed emphasis on EU-related reforms, transparency, and institutional strengthening by the coalition led by Social Democratic Union of Macedonia (SDSM) and the Democratic Union for Integration (DUI), respectively the senior ethnic-Macedonian and ethnic-Albanian coalition partners under the post-2001 power-sharing arrangement. The institutional system continued to face pressures related to political competition, capacity constraints, and the legacy of past controversies in procurement and public investment. To address some of these challenges, a new Public Procurement Law was adopted in 2019, designed to bring national rules closer to EU directives, enhance transparency, and introduce stricter controls (Business & Human Rights Resource Centre,2021). While this strengthened the regulatory framework, subsequent strategic investments increasingly relied on exceptional procedures that operated outside of the standard procurement model. By 2025, public debate reflects a more nuanced picture. Citizens and experts acknowledge meaningful progress in several governance areas, while also increasingly discussing whether improvements have been fully consolidated—particularly in the context of high-value strategic projects where political considerations, international partnerships, and accelerated legislative procedures often converge. It was in this policy environment that, in 2021, the Assembly adopted the Law on Determining the Public Interest and Nominating a Strategic Partner for the Implementation of Corridors VIII and X-d, marking the beginning of the process that would later lead to the Bechtel–Enka agreement (Business & Human Rights Resource Centre, 2021). These governance trends, a strengthened but selectively applied procurement framework, form the immediate backdrop against which the Bechtel–Enka deal was negotiated. Section 3 turns to that deal in detail.

3. The Deal: Bechtel-Enka Corridor VIII and X-d project

The emergence of the Bechtel–Enka motorway project must be understood in the broader context of North Macedonia's development agenda, its coalition politics, and the country's long-standing ambition to improve regional connectivity. By the early 2020s, the government had increasingly prioritized major capital investments as instruments for economic growth, regional connectivity, and strategic positioning within pan-European transport networks. These priorities formed the backdrop for the adoption of the 2021 Law on Determining the Public Interest and Nominating a Strategic Partner for the Implementation of Infrastructure Corridor VIII (European Western Balkans, 2023), which created the legal basis for engaging an international contractor for the project. Corridors VIII and X-d have long been viewed as strategic infrastructure for improving internal mobility, strengthening regional integration, and supporting the country's alignment with the EU's Trans-European Transport Network (TEN-T). Successive governments have framed these corridors as essential for economic competitiveness and as symbols of North Macedonia's commitment to its European path.

The 2021 law reflected this priority by designating the project as one of national importance and enabling the government to negotiate with a potential strategic partner. As the analysis below shows, the deal's departures from ordinary governance unfolded across the three arenas identified in the corrosive capital framework — rule-making, rule-implementation, and accountability suppression (Prelec et al. 2025: 27–28) — with a distinct set of mechanisms operating in each. In political discourse, the project was presented as a means to accelerate growth, attract complementary investments, and signal stability to international partners. The narrative emphasised both the developmental benefits and the project's alignment with regional and EU connectivity agendas.Signed on 8 March 2023, the €1.3 billion contract was awarded through direct negotiations to the Bechtel-Enka joint venture, bypassing public tender. This is an instance of ***captured bargaining*** in the GeoPower analytical framework's terms (Prelec et al. 2025:27). The agreement stipulates that disputes will be resolved under Anglo-Saxon legislation — a significant departure from domestic legal norms (Nova Makedonija, 2023). The contract included a dispute resolution clause stipulating arbitration seated in London. This corresponds to ***asymmetric dispute resolution*****,** where jurisdiction clauses are structured to favour the foreign investor and marginalise domestic legal recourse (Prelec et al. 2025:28). This arrangement, unusual for public infrastructure deals in the region, provided a legal environment perceived as more investor-friendly and reduced the host state's leverage in the event of contractual disputes. Critics argued that this choice of applicable law and arbitration venue was emblematic of the governance asymmetries embedded in the deal. Together, Captured Bargaining and Asymmetric Dispute Resolution mark the **rule-implementation** arena of this case: authority over how the contract was concluded and how future disputes would be resolved was concentrated in the executive and displaced from domestic courts, rather than exercised through ordinary legislative or judicial channels.

To operationalise the project, in 2023 the Parliament adopted several legislative amendments including amendments on the Law on Labour Relations**,** which was the most controversial changes, allowing Bechtel-Enka to employ workers for shifts exceeding the standard 40 hours, permitting up to 60 hours per week and allowing work on Sundays, provided the employee gives written consent. Then on Law on Expropriation, Law on Agricultural Land, Law on Urban Planning, Law on Forests, Law on Construction, Law on Mineral Resources, Law on Cultural Heritage and on the specific Law on Determining Public Interest and Nominating a Strategic Partner that established the strategic partnership with Bechtel and Enka. All of the amendments were adopted in 'short' procedure, using 'European flag' intended for laws related to EU harmonization. Taken together, the 2021 lex specialis and the 2023 legislative amendments constitute the **rule-making** arena of this case: both suspended general regulatory standards on labour, expropriation, urban planning, and environmental protection in favour of project-specific exceptions, using the 'European flag' procedure to fast-track adoption. This corresponds to two further mechanisms from the GeoPower framework on corrosive capital: ***legislative fast-tracking***, through the use of expedited procedure, and ***top-down regulatory override***, through the concentration of implementation authority in the executive (Prelec et al. 2025:27-28).

Through these legislative changes, decision-making authority was effectively concentrated within the executive branch, enabling the swift advancement of the project while reducing the scope for parliamentary scrutiny and judicial oversight. This narrowing effect, rather than outright repression, is the signature of the third arena, **accountability suppression**: as Section 3.4 details, both the Constitutional Court and the State Commission for the Prevention of Corruption (DKSK) reviewed aspects of the deal and issued findings, yet neither body's involvement altered the project's trajectory, leaving oversight formally intact but practically without corrective force. This raised broader governance concerns about the long-term institutional implications of relying on exceptional procedures for strategic investments.

Read together, these three arenas show a consistent pattern: exceptional legal instruments displaced ordinary rule-making, direct negotiation and foreign-seated arbitration displaced ordinary rule-implementation, and formally preserved but practically ineffective oversight displaced accountability. It is this combination that constitutes the deal's corrosive character.

The following analysis maps agency across three layers identified in the corrosive capital framework (Prelec et al. 2025:30–32): 1) domestic political and institutional actors who enabled the project, 2) the foreign consortium and its state backers who provided resources and leverage, and 3) the transnational intermediaries who operationalised the deal's architecture. As in the framework's co-production model (Prelec et al. 2025:28–29), the Bechtel–Enka deal was not imposed from outside but assembled through the convergence of domestic gate-openers, foreign diplomatic sponsors, and transnational enablers.

3.1 Domestic Agency

The successful advancement of the project was made possible by a coalition of domestic institutional and political actors who actively facilitated its implementation. The Government of North Macedonia, led primarily by the Ministry of Transport and Communications and the Public Enterprise for State Roads (PESR), served as the project's gate openers, overseeing contract negotiations, regulatory adjustments, and project execution. At the local level, municipal governments in Tetovo, Gostivar, Kičevo, Prilep, and Bitola were engaged to manage land expropriation processes and permitting procedures. These local authorities frequently operated under tight deadlines and political pressure to accelerate approvals, often bypassing proper consultations with affected communities and civil society stakeholders.

In the framework's typology, SDSM and DUI leaders function as **promoters and legitimisers** (Prelec et al. 2025:31), supplying the narrative of modernisation and interethnic partnership that shielded the deal from scrutiny. Political leaders from both the ruling SDSM party and the ethnic Albanian DUI party were the project's main domestic champions, framing it as a unifying national flagship initiative symbolizing modernization and interethnic partnership (Kanal 5, 2020; DW, 2025). This framing served concurrent electoral and developmental purposes, insulating the project from critical scrutiny and reinforcing both parties' governing narratives. . No single patron dominates, agency is in this case more diffuse, distributed across coalition partners.

3.2 Foreign Agency

The consortium of Bechtel and Enka strategically leveraged its longstanding presence in the Balkans by securing institutional and diplomatic backing from both American and Turkish authorities (Balkan Insight, 2024). Under the consortium of Bechtel and Enka, following infrastructural projects were funded in the Western Balkans:A1 Motorway in Albania, Route 7 Motorway and Route 6 Motorway in Kosovo, Morava Corridor Motorway in Serbia and the latest Corridor VIII and X-d in North Macedonia. Regional observers noted that the consortium benefited from the broader diplomatic and commercial engagement traditionally exercised by the United States and Turkey in support of their flagship companies. In this context, Bechtel's participation aligned with the standard promotion of U.S. business interests through commercial diplomacy, while ENKA's involvement reflected Turkey's established practice of backing its major international contractors. The visibility of this external supportstrengthened the consortium's position during negotiations and shaped how the project was presented and debated within North Macedonia's domestic political arena.

Beyond financial interests, the project also served broader geopolitical objectives for both the United States and Turkey. For Turkey in particular, the motorway contract aligns with its long-standing strategy of expanding influence in the Western Balkans through "construction diplomacy”, using major infrastructure investments coupled with cultural, religious, and diplomatic initiatives to deepen bilateral ties and regional leverage. Turkish-backed infrastructure projects in Kosovo, Albania, and now North Macedonia form part of this coordinated effort to strengthen Ankara’s economic footprint and political relationships in a region where influence is increasingly contested by the EU, China, and Russia. Their geopolitical rationale includes maintaining influence in a strategic corridor competing with Chinese Belt and Road projects and Russian-backed ventures.

3.3 Transnational Enablers

A network of intermediaries and contracts was instrumental in operationalizing the project. These intermediaries facilitated regulatory approvals, financial structuring, and public relations management. (Prizma, 2023).

Some intermediaries raised governance concerns due to their past records and the circumstances of their selection. IRD Engineering served as the lead supervisory engineer, while Eptisa, a company that had previously faced procurement-related restrictions over compliance issues, was controversially re-admitted to project oversight role through a formal government decision. This reinstatement raised questions among observers about transparency and consistency of the qualification process, given the company's prior disqualification. Additionally, investigative reports raised questions about the conditions under which Electra Solutions was licensed for oversight roles (360 Stepeni, 2023b).

A range of legal and consultancy services, provided by a combination of foreign and domestic firms whose identities remain undisclosed, further facilitated the project's regulatory and administrative processes. This network of intermediaries exemplified the governance vulnerabilities typically associated with high-stakes infrastructure project finances under limited transparency frameworks.

3.4 Public Response

In the GeoPower corrosive capital's framework's typology of agency, the actors described below function primarily as Resistance Actors, contesting the deal from within formal institutions (DKSK, the Constitutional Court), civil society, and the media, rather than through street mobilisation (Prelec et al. 2025:32–33). By contrast, the Government of North Macedonia and the Public Enterprise for State Roads operate as gate-openers, the formal decision-takers who translate elite intent into administrative and legal action (Prelec et al. 2025:30). Public reaction to the motorway project unfolded across multiple layers of North Macedonia’s institutional and civic landscape. Rather than mass protest, contestation primarily took the form of institutional checks, investigative journalism, civil society scrutiny, and political debate. Key resistance actors have been:

The State Commission for the Prevention of Corruption (DKSK)[2], acting here in the Validator role identified in the GeoPower corrosive capital framework, was among the first institutions to review aspects of the deal. It highlighted potential procedural inconsistencies and risks of conflict of interest, contributing to early public awareness. While its findings did not alter the project's legal framework, the Commission's involvement signalled the operational role of oversight bodies in monitoring high-value investments.

Civil society organisations—including IDSCS, the Center for Civil Communications, and the European Policy Institute (EPI)—played a similarly important role. Through policy reports, public statements, and legal analyses, they examined the implications of the lex specialis, the scope of legislative exemptions, and the project's potential fiscal risks. Their assessments encouraged a more informed debate and framed the motorway within broader governance challenges related to transparency, procurement integrity, and the rule of law (EPI, 2023).

An additional layer of institutional contestation emerged when the Constitutional Court opened a case to review the constitutionality of the amendments to the Law on Labour Relations adopted in May 2023 to facilitate the motorway project. These amendments, central to enabling extended working hours for construction workers on projects of "strategic national importance", had been challenged by the Helsinki Committee for Human Rights. The petition argued that the contested provisions lowered the level of labour protection guaranteed by existing domestic legislation and international conventions, creating a mechanism for circumventing established safeguards. It further highlighted risks of unequal treatment and potential discrimination, as the amendments granted the Minister of Finance, in coordination with the Minister of Labour and Social Policy, broad discretionary authority to determine the manner and place of payment for workers engaged on such strategic projects. The initiative also raised concerns about legal uncertainty due to the removal of upper limits on overtime, which could allow overly flexible interpretations and expose workers to excessive working hours without clear statutory boundaries.

Investigative media outlets such as IRL, 360 Stepeni, BIRN, and Telma further shaped public discourse by uncovering irregularities in supervisory appointments, questions regarding subcontractor licensing, and ambiguities in the project's cost-benefit rationale. These reports broadened public understanding and introduced an evidence-based dimension to debates that might otherwise have remained highly political. Political contestation was led by the VMRO-DPMNE opposition, which questioned the timing, financial structure, and transparency of the project. Opposition actors portrayed the deal as a politically motivated initiative linked to the electoral cycle and emphasised the risks associated with direct negotiations and exceptional legal provisions. This added a partisan layer to the wider governance debate and contributed to a more polarised media environment.

Importantly, resistance was generally focused on domestic decision-making rather than on the foreign contractor or the governments of the United States and Turkey. The core concerns

[2] DKSK derives from the Macedonian name - Drzavna komisija za sprecuvanje na korupcijata.

centred on institutional practices, how decisions were made, the balance of powers, and the sustainability of long-term commitments. The government's response relied mainly on public communication rather than coercive measures. Officials emphasised the project's developmental and strategic value, arguing that accelerated procedures were necessary to meet technical requirements and deadlines. While critics were occasionally portrayed as politically motivated, there were no signs of repression, targeted legal action, or systematic attempts to silence dissent.

Overall, the public response illustrated the pluralistic nature of contemporary governance in North Macedonia: active institutions, assertive civil society, a competitive media sector, and vibrant political debate. Although these actors did not alter the project's trajectory, they meaningfully influenced public understanding and highlighted institutional vulnerabilities in managing strategic investments.

3.5 Impact

The project's impact on North Macedonia's governance framework was profound. It significantly weakened public procurement integrity by centralizing decision-making authority within the executive branch, bypassing standard procedures and curtailing both legislative and judicial oversight. This concentration of power undermined institutional checks and balances, creating a precedent for future infrastructure projects to follow similarly opaque and politically driven processes, including the selective use of lex specialis laws to override general procurement and regulatory standards.

As such, the case has contributed to **the normalization of discretionary legal exemptions for large-scale infrastructure investments**, weakening the broader rule-of-law environment. These dynamics risk eroding institutional autonomy over time, as politically motivated decisions increasingly supersede technical, legal, and public interest considerations in strategic sectors such as transport, energy, and construction. In terms of the rule of law, the project triggered a series of legislative amendments that systematically eroded key environmental and labor protections. These legal changes not only facilitated the fast-tracking of the motorway deal but also set dangerous precedents for diminishing regulatory safeguards in pursuit of political or commercial objectives (IDSCS, 2023).

On the foreign policy front, the project notably deepened U.S. and Turkish influence within North Macedonia's strategic infrastructure sector and its broader regional connectivity agenda. Diplomatic and commercial advocacy strengthened the perception that the project was politically strategic, which encouraged the government to rely on exceptional procedures, weaken institutional scrutiny, and legitimise departures from EU-aligned procurement and governance standards. At the same time, it signaled a shift in external influence dynamics, with U.S.–Turkey-backed investments consolidating their position in the Western Balkans, while Chinese-led infrastructure projects, previously dominant in North Macedonia, faced increased scrutiny (Nechev & Nikolovski, 2020).. This dual influence dynamic further entrenched geopolitical competition in the region, as infrastructure financing and procurement processes increasingly reflect strategic alignments rather than neutral market principles. This places smaller states like North Macedonia in the position of navigating competing foreign agendas at the expense of institutional autonomy and EU-conforming governance standards.

These findings are consistent with the cross-case mechanism mapping in Table 2 of the synthesis report, which places North Macedonia alongside Serbia and Moldova as cases exhibiting Top-Down Regulatory Override at the negotiation stage (Prelec et al. 2025:27).

4. Regional Comparison

To understand the political and financial architecture behind the Bechtel-Enka motorway deal in North Macedonia, it is crucial to situate it within a broader regional pattern of foreign-funded infrastructure projects marked by elite capture, legal exceptionalism, and geopolitical competition. Similar dynamics emerge across Southeast and Eastern Europe, including Serbia’s Belgrade–Subotica Railway, Montenegro’s Bar–Boljare Highway, Kosovo’s Patriotic Highway, Georgia’s Baku–Tbilisi–Kars Railway, and Ukraine’s modernization of its state railway Ukrzaliznytsia. Despite differences in design and scale, these cases reveal a common developmental logic: large-scale infrastructure ventures enabled through exceptional legal measures, governed by politically negotiated contracts, and serving the dual purpose of state-led modernization and foreign strategic interest.

A key feature across these cases is the frequent use of lex specialis laws and intergovernmental agreements that circumvent national procurement and environmental regulations. In Serbia, the Belgrade–Subotica Railway, financed by Chinese loans, was awarded through a bilateral agreement that exempted it from standard procurement laws, allowing for preferential treatment of Chinese contractors (BIRN, 2025). The Bar–Boljare loan alone once accounted for more than a third of Montenegro's state budget. When the first repayment came due in 2021, Podgorica had to appeal to the EU for emergency assistance, prompting warnings that the country faced a genuine risk of financial takeover by Beijing before four Western banks stepped in to restructure the debt. The China Road and Bridge Corporation delivered only the first 41 of the planned 163 kilometres, leaving Montenegro to pursue contractual penalties over years of delay on a highway it is still paying for (RFE/RL 2023; García-Herrero 2025)

Serbia's Belgrade–Budapest railway modernisation, of which the Novi Sad–Subotica section forms part, had a further layer of complexity. While the Chinese consortium China Railway International Co. and China Communications Construction Company (CRIC–CCCC) held the prime contract, execution was delegated to Serbian subcontractors. Most prominent within the construction was the firm Starting, which has repeatedly won politically significant government contracts and has been publicly linked by opposition figures to protection from the ruling Serbian Progressive Party. The November 2024 collapse of the station's canopy, which killed sixteen people, exposed this subcontracting chain to public scrutiny for the first time. It also revealed that the segment of the project's early feasibility and design work (The Novi Sad-Subotica and Stara Pazova-Novi Sad railway sections), valued at approximately €3.95 million, had been financed in part through EU-linked funding channelled via the European Investment Bank (Beta, 2025). This financing whose use is now the subject of an active European Public Prosecutor's Office investigation into possible misuse of EU funds (Bajic, 2025). The case thus illustrates that legal exceptionalism can implicate EU financing instruments even where the principal contractor is a non-EU actor, complicating any account of corrosive capital that treats EU and non-EU financing as cleanly separable.

The Hungarian segment of the same Belgrade–Budapest line shows that this governance template is not confined to accession states. The European Commission opened an infringement procedure against Hungary in 2016 over non-compliant procurement on the project. In 2020 the Hungarian parliament, legislating under the emergency powers Prime Minister Viktor Orbán had assumed via the country's COVID-19 decree law, voted to classify the terms of the railway agreement as a state secret for a period of years. The Hungarian construction contract was awarded, alongside two Chinese firms, to a businessman with close personal ties to Orbán. 85 percent of the project's financing came from China's Exim Bank under loan terms that were likewise withheld from public disclosure (CEPA/Inotai 2020). As one former Hungarian EU Commissioner observed at the time, financing outside the EU framework removed the project from the transparency obligations that would otherwise apply.

Analysts have since characterised Hungary's position as a potential entry point, or "Trojan horse," for Chinese influence inside the Union itself, with Beijing's simultaneous cultivation of Western Balkan governments serving as a hedge against any future shift in Budapest's political alignment (García-Herrero 2025). The comparison is instructive precisely because Western Balkan states owe the bulk of their public debt to the EU rather than to China. This means the corrosive potential of these deals lies less in debt exposure than in the same mechanisms of legal exceptionalism, arbitration seated in the foreign partner's jurisdiction, and executive secrecy found in North Macedonia. The Hungarian case demonstrates that these mechanisms are not solely a feature of the EU's external governance gap toward accession states. Corrosive capital can be deployed by a sitting member state to insulate a project from the Union's own procurement and transparency acquis, with commentators explicitly warning that Western Balkan governments risk following Hungary's example rather than the EU standards (García-Herrero 2025).

Montenegro's Bar–Boljare Highway was similarly constructed under bespoke legal arrangements that excluded environmental safeguards, ultimately leading to debt distress and governance challenges (Radio Free Europe, 2023; CEPA, 2022). In North Macedonia, the Bechtel-Enka deal was facilitated by a lex specialis adopted in 2021 and legislative amendments in 2023, which overrode labor, environmental, and spatial planning regulations, allowing the government to bypass public consultation and fast-track the €1.3 billion contract (IDSCS, 2023).

This legislative approach mirrors the wider trend of rule-of-law backsliding where strategic investment is framed as a justification for weakening oversight.

These legal flexibilities are typically employed to attract foreign actors whose involvement aligns with geopolitical aspirations. In Georgia, the BTK Railway was advanced through a trilateral agreement with Azerbaijan and Turkey, combining capital from Azerbaijan's state budget and legal exemptions to accelerate project execution. Notably, the agreement included dispute resolution under Turkish jurisdiction and significant labor and environmental waivers (Bittner and Ibrahimli, 2018). According to monitoring by the Ukrainian Crisis Media Centre (UCMC, 2017), a significant share of railway's procurement tenders showed weaknesses: almost half of all tenders had procedural violations (almost half) and limited competitive participation (over 70%) pointing to systemic transparency deficits in Ukraine's state-led railway projects at that time (UCMC, 2017).

Actors like China, Turkey, and the United States increasingly use infrastructure to expand their regional footprint. In the Western Balkans, China has positioned itself as a major financier of rail and road projects, embedding long-term financial dependence and political alignment into bilateral arrangements. Conversely, the Bechtel-Enka partnership—blending U.S. and Turkish capital—has become a preferred vehicle for U.S.-backed infrastructure in Kosovo and North Macedonia. While the United States does not directly finance these projects, regional observers and analysts have noted that U.S. diplomacy has supported the presence of American contractors in the Western Balkans, with the effect, if not the stated purpose, of counterbalancing Chinese and Russian infrastructure engagement in the region. Bechtel's recurring involvement has attracted scrutiny. In Kosovo, a 2020 parliamentary inquiry into the Patriotic Highway revealed serious cost overruns and a lack of transparency, governance concerns, including non-transparent procurement processes and questioned public benefit (Balkan Insight, 2024).

The symbolic and **political functions of these megaprojects** are also evident. In Kosovo, the Patriotic Highway was celebrated as a unifying national investment but later exposed as a financial burden. In Montenegro, the Bar–Boljare Highway became a symbol of Sino-Montenegrin relations, though its fiscal repercussions forced the government to seek EU and IMF assistance. In North Macedonia, Prime Minister Kovačevski described the Bechtel-Enka project as emblematic of modernization and interethnic cooperation, suggesting that geopolitical symbolism and domestic cohesion narratives often accompany these developments (Telegrafi, 2023).

Behind the official narratives, however, lies a governance structure marked by opacity and elite capture. In many of the examined cases, the lack of competitive procurement has been paired with the involvement of politically connected intermediaries and subcontracting chains. Civil society actors and independent media have attempted to expose these practices. In North Macedonia, the Investigative Reporting Lab (IRL) and 360 Stepeni raised concerns over the lack of cost-benefit analysis and procedural irregularities, including rushed legislative changes that prioritized investor interests over labor and environmental protections (IRL, 2023; 360 Stepeni, 2023a). In Montenegro, watchdogs warned that the Bar–Boljare Highway lacked a proper environmental assessment, while in Georgia, civil society critiques of the BTK Railway's ecological impacts were muted by state pressure and limited media freedom.

What unites these cases is a shared logic of **elite-driven development, enabled by legal exceptions and framed within strategic bilateralism.** Whether tied to China's Belt and Road Initiative, Turkey's regional transport ambitions, or U.S. interest in securing market share for domestic firms, infrastructure investments have become tools of **geopolitical signalling.** Governments position themselves as capable intermediaries able to attract foreign capital without EU conditionalities, thereby showcasing autonomy from Brussels while aligning with alternative centers of power.

These discrepancies underscore a broader trend: as foreign-backed megaprojects proliferate across the region, institutional standards are selectively applied, allowing political elites to consolidate power and **leverage external alignments for domestic legitimacy**. While geopolitical alignment may vary—from China's infrastructural diplomacy to U.S.–Turkey joint ventures—the governance blueprint remains consistent: legal derogation, executive concentration, and weakened accountability. This emerging development paradigm is less about long-term economic transformation and more about **short-term political utility, symbolic capital, and elite-centric growth.**

In this sense, regional infrastructure investments do not merely reflect economic priorities but serve as **strategic platforms for geopolitical alignmen**t, elite reproduction, and state restructuring. By comparing the cases of Serbia, Montenegro, Kosovo, Georgia, Ukraine, and North Macedonia, a transnational pattern becomes clear: infrastructure has become the preferred mode of geopolitical engagement in Southeast and Eastern Europe—one that increasingly bypasses democratic procedures in favor of executive-led deals cloaked in the language of progress.

Table 1: Comparative Table of Corrosive Deals in Transport

Parameter	**Four Motorways (MK)**	**Belgrade–Subotica (RS)**	**Bar–Boljare (ME)**	**Patriotic Hwy (XK)**	**BTK Railway (GE)**	**Ukrzaliznytsia (UA)**
Investor	Bechtel–Enka (US-TR)	CRRC (CN)	CRBC (CN)	Bechtel–Enka (US-TR)	Azerbaijan–Turkey	Multiple contractors
Award Process	Direct negotiation, via 2021 lex specialis	Bilateral agreement with China	Direct award under special	Direct award, without competitive tendering	Agreement ratified at state level	Government decrees, wartime ugency

Parameter	**Four Motorways (MK)**	**Belgrade–Subotica (RS)**	**Bar–Boljare (ME)**	**Patriotic Hwy (XK)**	**BTK Railway (GE)**	**Ukrzaliznytsia (UA)**
			parliamentary law			
Legal/ Procurement Exemptions	*Ad hoc* legal exemptions (lex specialis)	Procurement law ignored due to interstate agreements	Law on Bar–Boljare highway granted exemption from standard procurement/environmental standards	No public procurement applied	Env. and labor safeguards waived under state framework	Procurement exemptions
Public Tender for Main Contractor	No	No	No	No	No	Partial
Geopolitical Alignment	US–Turkey	China	China	US–Turkey	Turkey–Azerbaijan	Mixed – domestic Ukrainian firms, some bilateral cooperation with Western donors and China
Impact						
Debt Dependency	High	High	High	High	High	Mixed donors
Environmental Concerns	Notable	Limited reporting	Major	Minor	Major	Moderate

5. EU's Role

The European Union has maintained a primarily **supervisory role** regarding large-scale infrastructure projects in the Western Balkans, particularly those financed or constructed through non-EU partnerships. Its engagement has generally focused on monitoring governance standards, procurement transparency, and financial sustainability rather than intervening directly in national investment decisions. This pattern is visible across all cases analyzed, with the EU adopting a combination of soft oversight and institutional reporting mechanisms.

The EU's enlargement and neighbourhood policies place significant emphasis on sustainable connectivity, prioritizing transparent procurement and rule-of-law-based infrastructure development as part of the wider Connectivity Agenda. Although the EU—through the EBRD, EIB, and the Western Balkans Investment Framework—finances substantial transport and energy projects in the region, including some implemented by non-EU contractors, governance gaps in nationally negotiated deals risk undermining the coherence of this European model.

In the case of **North Macedonia**, the European Commission's 2023 Country Report acknowledged increasing concerns regarding legal exemptions in public infrastructure investments. The report mentions the Bechtel–Enka contract signed in March 2023; it notes that *"a special law that replaces standard public procurement rules for this project has been adopted and enacted by Parliament."* The Commission further remarked that *"in May 2023, the Government submitted for adoption to the Parliament legal amendments that are necessary for the implementation of the project. These laws were labelled with the EU flag to fast-track the procedure although this was not an appropriate use of the procedure."* (European Commission, 2023). The inclusion of these developments in the Country Report signals EU awareness of the procedural concerns and reflects a degree of unease about the project's compatibility with EU procurement standards and institutional practices.

At the same time, the EU's response to the Bechtel and Enka project specifically, has been fragmented. While Brussels continues to rhetorically emphasize the rule of law, conditionality, and procurement standards, its capacity to discipline deviations has proven limited. The European Court of Auditors (2022) has criticized the EU's inconsistent approach to governance reforms in the Western Balkans, particularly regarding public procurement and anti-corruption safeguards. While the EU has raised concerns about North Macedonia's Bechtel-Enka motorway deal, given its exemption from competitive procurement procedures, no formal action or public conditionality has followed.

In the case of **Serbia**, the European Union's response to the Belgrade–Budapest railway project has reflected a nuanced approach that blends **institutional caution with strategic engagement**. Investigate Europe (2021) reports that EU "*got involved in Serbia, protesting against Chinese involvement*" before ultimately accepting the project's continuation under the

Belt and Road framework. The European Commission, however, clarified its position, stating that "*China was not being singled out*," and that Chinese companies may participate in EU-funded projects provided they "*respect the rules and do not use state aid to distort competition*." At the same time, the EU sought to assert its **strategic influence** through financial support for other sections of the regional railway corridor. In 2021, the Serbian government announced that the Belgrade–Niš segment would be partly financed by the EU, with a third of the €1.2 billion cost consisting of non-refundable EU funds. President Vučić praised the agreement, stating, "*We got an incredible price.*" This financial commitment from Brussels signals a soft balancing approach—whereby the EU aims to reinforce its own connectivity agenda and norms in the Western Balkans without direct confrontation over Chinese-led projects.

The EU's approach to the Bar–Boljare highway project in **Montenegro** demonstrates a shift from **cautious distance to active engagement,** distinguishing between Chinese-financed and EU-aligned segments of the corridor. Initially, when the Montenegrin government sought help in refinancing a $1 billion loan obtained from China's Exim Bank for the construction of the Smokovac–Mateševo section, the European Commission declined the request, stating that *"the EU does not repay loans from third parties"* and reaffirming that member states and candidates are free to make sovereign investment choices (CEPA, 2021). However, by 2025, the EU and EBRD committed over €350 million for the Mateševo–Andrijevica section, highlighting it as a strategic TEN-T corridor and a priority for economic development in northern Montenegro (EBRD, 2025). The support is framed not merely in financial terms but as a strategic gesture towards Montenegro's EU accession process. Ambassador Johann Sattler described the €150 million grant as *"a clear message of support to economic development, connectivity, and road safety"* as well as to *"Montenegro's efforts on its path of EU integration"*. Likewise, Prime Minister Milojko Spajić characterized the project as symbolic of *"joint work with the European Union"* and a tangible expression of trust in Montenegro's European future (EBRD, 2025). Overall EU transport assistance to the country has reached nearly €1 billion, contrasting with earlier Chinese financing criticized for lack of transparency and long-term sustainability. This dual-track approach underscores the EU's role in offering a **credible, rules-based alternative to geopolitical competitors**, rooted in transparency, environmental safeguards, and alignment with enlargement goals.

The EU's response to **Kosovo**'s €1.13 billion "Patriotic Highway" project was one of early concern and subsequent institutional distance. While the project aimed to boost regional connectivity between Kosovo and Albania, it became subject to scrutiny over its cost overruns, lack of transparency, and financial sustainability. Senior EU officials, including Pieter Feith, the EU's former International Civilian Representative in Kosovo, voiced unease at the process, describing it as lacking transparency and fiscal rationale: *"Information was withheld, and all of a sudden we were presented with a fait accompli of this contract being concluded and being a liability on the budget"* (The Guardian, 2014). Feith warned against the strain such a costly project could place on Kosovo's limited public finances, arguing that alternative investments in employment or social development would have yielded greater impact in a country where unemployment exceeded 40%. The highway's cost ballooned from an initial estimate of €400 million for 102 km to €820 million for just 77 km, raising further alarm. Although the European Union did not officially block the project, EU diplomats expressed concern over its economic implications and the opaque conditions under which the contract was awarded. These concerns were echoed by Andrea Capussela, former head of Feith's economic unit, who stated: *"This contract was irrational for Kosovo, and caused considerable damage to it."* (The Guardian, 2014) While the EU did not block the project, its reserved stance and subsequent legal scrutiny highlight broader challenges in aligning large-scale infrastructure investments with EU standards on transparency, fiscal prudence, and democratic oversight.

Taken together, these country-specific developments reflect a pattern of **soft EU engagement through monitoring and financial support, rather than direct intervention in infrastructure procurement decisions** made by Western Balkan governments. While the tone of critique varies by country, the consistent inclusion of these issues in EU reporting frameworks signals an institutional awareness and concern for rule of law and procurement standards across the region.

To address these trends, the EU could further enhance its role by providing technical assistance for infrastructure planning, promoting adherence to public procurement rules even for strategic projects, and supporting civil society oversight. Strengthening the integration between **connectivity planning and governance conditionality** would reinforce the objectives of the EU's Economic and Investment Plan and support a more coherent approach to strategic infrastructure development in accession countries.

6. Conclusion

The Four Motorway Sections project shows that even a formally legal, competitively uncontested infrastructure contract can produce governance distortion across all three arenas identified in the GEO-POWER-EU corrosive capital framework — rule-making, rule-implementation, and accountability suppression (Prelec et al. 2025: 27–28). The case is best read not as a single contested decision but as the consolidation of a **durable governance template**: **executive-centred contracting, legally sanctioned departures from procurement and environmental standards, and oversight confined to a monitoring rather than a corrective role**. That template remains available for future strategic investments in North Macedonia regardless of which foreign partner is involved.

This template rests on **the tri-layer co-production of agency** traced in Section 3: domestic gate-openers (the Ministry of Transport and Communications and the Public Enterprise for State Roads) who operationalised the deal; foreign sponsors (the United States and Turkey) who supplied diplomatic rather than financial backing; and transnational enablers (supervisory and legal firms) whose largely undisclosed role structured implementation. Its political durability owed less to coercion than to legitimation: **the dual narrative of modernisation and**

interethnic partnership at home, and European connectivity abroad, pre-empted scrutiny precisely by binding the deal's legitimacy to two audiences that neither side wished to contest.

The regional comparison in Section 4 shows this is not a peculiarity of North Macedonia. Three findings recur across Kosovo, Serbia, Montenegro, Georgia, and Ukraine. First, **the investor's country of origin shapes which external actor gains regional leverage, but not whether governance is compromised** — Chinese, Turkish, and American-backed deals alike rely on lex specialis laws, direct negotiation, and foreign-seated arbitration. Second, **the recurrence of the same consortia across borders** — Bechtel–Enka in both Kosovo and North Macedonia, Chinese state-linked contractors in Serbia and Montenegro — indicates that construction diplomacy functions as a deliberate, repeatable instrument of foreign policy rather than a series of unconnected commercial decisions. Third, **these mechanisms are a structural feature of the region's infrastructure market rather than an incidental by-product of any one bilateral relationship** — a point underscored by the Belgrade–Budapest railway's Hungarian segment,illustrates that comparable legal exceptionalism and executive secrecy can emerge within an EU member state as well, indicating that the pattern is not confined to the accession context.

This has implications for the EU's own conduct, not only for its recommendations to others. As both financier and rule-setter under the Western Balkans Investment Framework, IPA III, and the wider Connectivity Agenda, the EU has documented governance concerns, as in North Macedonia's 2023 Country Report, without attaching enforceable conditionality; only in Montenegro did concern translate into expanded EU financing. **Unless connectivity financing is more tightly bound to procurement and governance conditionality, the EU's own agenda will continue to be invoked, as it was here, to legitimise the very practices it is meant to discourage.**

Lessons for reducing this vulnerability follow from each of the three arenas in which the governance template operates:

- **In rule-making:** treat the frequency and duration of lex specialis or "fast-track" legislation applied to strategic infrastructure as a monitored accession indicator, so exceptional procedure cannot become default procedure.
- **In rule-implementation:** require mandatory public disclosure of infrastructure contracts and of arbitration/jurisdiction clauses, reducing the information asymmetries that let executive-centred contracting displace competitive tender.
- **In accountability suppression:** strengthen the *practical*, not only formal, powers of oversight bodies. This case shows that institutions can remain formally intact — the Constitutional Court reviewed the labour amendments, DKSK issued procedural

findings — while losing all corrective effect, because neither body's findings carried binding consequences for the project's trajectory.

- **Regional coordination** on harmonised procurement standards, shared limits on legal exemptions, and early-warning mechanisms across the Western Balkans and Eastern Partnership would help ensure that the template identified here does not simply migrate to the next flagship project, under the next consortium, regardless of which geopolitical actor is involved. Left unaddressed, corrosive capital of this kind risks consolidating elite patronage systems, stalling EU integration, and eroding the very institutions the EU's own connectivity and enlargement agendas are meant to strengthen.

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Annex 1: Timeline of the Deal

Date	Event
2019	Adoption of a new Law on Public Procurement
2021	The Assembly of North Macedonia adopts a special Law on Determining the Public Interest and Nominating a Strategic Partner for Corridors VIII and X-d
March 2023	The Government signed the €1.3 billion contract with the Bechtel-Enka consortium
April 2023	Media, civil society organisations and analysts highlighted procedural irregularities, lack of transparency and exclusion of procurement laws.
August 2024	The State Roads director announced that land expropriation and utility relocation were nearly complete, aiming to start visible construction before the end of the year

June 2025	Continued construction activity
December 2027	Contractual completion date for construction.