Artificial Intelligence in the Western Balkans: Economic Impact, Ethical Challenges, and Regulatory Frameworks

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Abstract:

This paper, based on a comprehensive literature review, explores the impact of artificial intelligence (AI) applications in the Western Balkans, as reflected in the research contributions of other scholars, and provides an overview of the influence of AI on these economies over the past five years. To foster trust in the implementation of AI, Western Balkan economies—comprising Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, Serbia, and Kosovo—are prioritizing the adoption of advanced information technologies, particularly in the public sector.

This literature review begins by introducing the concept of regulation and the challenges posed by AI. It highlights AI's potential to exacerbate economic inequality, particularly among low-educated workers who may be displaced by job automation, thereby widening income disparities. Next, we identify key stakeholders and examine the development of ethical frameworks in the AI domain.

The ICT sector in the Western Balkans emerges as a promising industry with significant potential to drive economic growth, foster employment opportunities for young entrepreneurs, and boost regional export levels. The article further compares the existing regulatory frameworks in Western Balkan economies concerning data protection and information security, alongside their progress in implementing AI technologies.

Finally, by presenting key principles from the EU's approach to AI regulation and analyzing economic data before and after AI implementation, we propose targeted recommendations to support the sustainable development of AI in the Western Balkans.

Keywords:

artificial intelligence, Western Balkans, economy, Albania, impact.