

STABILISATION AND ASSOCIATION  
BETWEEN  
THE EUROPEAN UNION  
AND SERBIA

The Stabilisation and Association Council

Brussels, 25 January 2022  
(OR. en)

UE-RS 3802/22

**COVER NOTE**

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Subject: Sixth meeting of the EU-Serbia Stabilisation and Association Council  
(Brussels, 25 January 2022)

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Delegations will find attached the position paper of European Union tabled on the occasion of the 6th meeting of the Stabilisation and Association Council between the European Union and Serbia.

**SIXTH MEETING OF THE EU-SERBIA  
STABILISATION AND ASSOCIATION COUNCIL**

**25 January 2022**

**EU Position**

The European Union welcomes the holding of the meeting of the EU–Serbia Stabilisation and Association (SA) Council. This meeting provides a timely opportunity to review Serbia’s progress in the preparations for membership, following the SA Sub-committees held since the last SA Council.

**Relations under the Stabilisation and Association Process**

**Accession strategy**

The EU reiterates its unequivocal commitment to the European perspective of Serbia. It welcomes the overall progress made in the accession negotiations so far, with 22 out of 35 negotiating chapters opened, including all chapters in cluster 1 on the fundamentals, and 2 chapters provisionally closed, as well as Serbia’s acceptance of the enhanced enlargement methodology which was endorsed by the EU Council on 6 May 2021. Following the holding of a first political inter-governmental conference with Serbia in June 2021 the EU welcomes the holding of the thirteenth inter-governmental conference with Serbia on 14 December 2021 and the opening of negotiations under cluster 4 on the green agenda and sustainable connectivity. The EU welcomes Serbia’s ambition to open new accession clusters, on the basis of continuing reform progress and in line with the revised methodology.

The EU recalls that, in accordance with the enhanced enlargement methodology, Serbia should focus on the fundamental reforms. The EU continues to underscore that progress on the rule of law and fundamental rights chapters, as well as on the normalisation of Serbia's relations with Kosovo\*, as set out in the Negotiating Framework, continues to be essential and will determine the pace of accession negotiations overall.

The revised enlargement methodology with its even stronger focus on fundamental reforms, aims to reinvigorate the accession process by making it more predictable, more credible, and more dynamic, and subject to stronger political steering, based on objective criteria and rigorous positive and negative conditionality, and reversibility. In this context, the EU also recalls possibilities for accelerated integration measures subject to further and sufficient progress by the candidates on reform priorities.

Depending on progress made in the reform process and in line with Serbia's strategic goal of EU membership, the EU looks forward to further progress in the accession negotiations. The EU welcomes that the EU integration remains a priority for the government and that Serbia remains committed to the normalisation of relations with Kosovo. The EU calls on Serbia to demonstrate continuous political will in implementing EU-related reforms, especially in the area of rule of law, as outlined in the revised methodology, and constructively engaging in the resumed EU-facilitated Belgrade-Pristina Dialogue.

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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

The EU notes the progress made by Serbia in some rule of law areas, but also the overall limited progress and continued delays in a number of other areas. The EU welcomes the relaunch of the constitutional reform in the area of the judiciary aimed at strengthening judicial independence. Serbia needs to further accelerate and deepen reforms in particular in the key areas of judiciary, the fight against corruption and organised crime, media freedom, and the domestic handling of war crimes. The proper functioning of democratic institutions, particularly the Parliament, and strengthening the overall confidence in electoral processes, is essential for democracy and the rule of law. Welcoming recent steps taken by the Government, the EU expects Serbia to accelerate its reform efforts in order to deliver concrete and tangible results in this as well as in other fundamental areas, such as public administration and reforms in relation to the economic criteria.

The EU calls on Serbian authorities to firmly commit to European values and communicate proactively, objectively and unambiguously on the EU, and to stronger public acknowledgement of support provided by the EU, which is Serbia's main political and economic partner.

The EU also underlines the need for Serbia to allocate sufficient human and financial resources across the administration to meet its objectives on negotiations.

On the normalisation of relations with Kosovo, the EU expects Serbia to engage constructively in the EU-facilitated Dialogue in good faith and in the spirit of compromise to achieve a comprehensive legally binding agreement in accordance with international law and EU *acquis*. This agreement should address all key outstanding issues and contribute to regional stability. This is crucial so that Serbia and Kosovo can advance on their respective European paths. The EU reiterates its strong expectation that all past agreements are respected and implemented.

## *COVID-19 pandemic and EU assistance*

The COVID-19 crisis continues to have a severe impact on our societies and economies. The EU, together with its Member States, has stood by the Western Balkans throughout the pandemic, with health and socio-economic support for the region totalling an unprecedented EUR 3,3 billion so far. The EU will continue supporting the Western Balkans resolutely, particularly as regards the supply of vaccines to help reach similar vaccination rates to the EU average.

The EU's Economic and Investment Plan for the Western Balkans is set to provide a major stimulus to the region with EUR 9 billion in grants and guarantees that are set to leverage investments of up to EUR 20 billion in the next decade. The plan can spur the region's long-term, green socio-economic recovery and competitiveness, support its green and digital transition, foster sustainable transport and connectivity, regional integration and trade, thereby also strengthening cooperation and convergence with the EU, including with the EU's climate-related goals. Maximising the potential impact of the Plan requires the Western Balkans partners to decisively undertake economic and social reforms as well as to strengthen the rule of law. Following the adoption of the legal framework for Instrument for Pre-accession Assistance (IPA) III, which is the main funding source, the EU invites Serbia to accelerate the preparation of mature and sustainable projects.

## *Political criteria*

The EU stresses the need to ensure the proper functioning of democratic institutions. The EU notes that Serbia started addressing long-standing Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights (OSCE/ODIHR) recommendations and that the government reinstated the relevant working group on elections in December 2020. The EU notes the measures identified in September 2021 by the co-facilitators of the inter-party dialogue led by the European Parliament and aimed to increase trust and confidence in the electoral process. The EU underlines that, in order to strengthen the overall confidence in electoral processes, it is crucial that Serbia implements ahead of the next elections the identified measures and OSCE/ODIHR recommendations in an inclusive and transparent manner, based on wider political consensus.

The EU encourages the parliamentary and political forces to continue engaging in the inter-party dialogue led by the European Parliament, with a view to forging broad cross-party and societal consensus on EU-related reforms. The EU regrets the polarised political climate and calls upon the government to address actively the use of inflammatory language against political opponents and representatives of other institutions expressing diverging political views, as well as verbal attacks against civil society organisations and media representatives during parliamentary debates. The EU calls on the Serbian authorities and all politicians to effectively address hate speech and contribute to a political dialogue on EU-related reforms in particular on the fundamentals of democracy and rule of law.

The EU calls on Serbian institutions to improve cooperation with civil society and treat it as an essential partner in reforms and as guarantor of effective checks and balances.

The EU stresses the need to establish an enabling environment where civil society organisations and human rights defenders can continue to play a key role in raising awareness about civil and political rights. The EU notes with concern that activities of the civil society are taking place in Serbia in an increasingly polarised environment. In this respect, the EU urges Serbia to ensure systemic and transparent cooperation with civil society, and recalls the positive practice of consulting the National Convention on the EU on accession negotiations matters.

The EU notes the limited progress made by Serbia under chapters 23 (Judiciary and fundamental rights) and 24 (Justice, freedom and security) since the last SA Council. Serbia should aim at meeting the interim benchmarks for chapters 23 and 24, including through a result-oriented implementation of the revised action plans for these chapters. The EU also calls on Serbia to continue, accelerate and deepen reforms on the independence of the judiciary, the fight against corruption, media freedom, the domestic handling of war crimes and the fight against organised crime.

The EU encourages Serbia to continue and strengthen efforts towards addressing the significant challenges in the judiciary and effectively implement reforms in this area. Serbia should in particular finalise the constitutional reform process in the area of judiciary as soon as possible, including pertinent constitutional amendments, bearing in mind the Venice Commission recommendations, in line with European standards and based on a wide and inclusive consultation process. The EU takes note of the preliminary results of the referendum on the constitutional amendments and welcomes the completion of this important step in the constitutional reform with a view to strengthening the independence of the judiciary, in line with Serbia's strategic choice to accede to the European Union. The EU reiterates in this respect that the revision of a number of implementing laws is an integral part of the reform and that these will need to be prepared as a matter of priority through a holistic reform of the relevant laws, and in line with European standards. The EU welcomes the Serbian Government's intention to continue involving the Venice Commission in the next steps. The EU notes with concern that pressure on the judiciary remains high as government officials, as well as members of parliament, continue to comment publicly on ongoing investigations, court proceedings, and on individual judges and prosecutors. The EU underlines the need that, following the constitutional reform, the laws for the High Judicial Council and the State Prosecutorial Council are amended, so that they are empowered to fully assume their role to proactively defend judicial independence and prosecutorial autonomy in practice in line with European standards. The EU reiterates the need for the adoption and implementation of a comprehensive human resources strategy for the entire justice sector together with establishing a uniform and centralised case management system, necessary for a measurable improvement in efficiency and effectiveness of the justice system. The EU takes note of continued efforts to reduce old enforcement cases and harmonising court practice. It reiterates its call upon Serbia to address the significant challenges that remain regarding independence, in particular as regards impartiality, accountability, efficiency and professionalism of the judiciary, access to justice and high-quality training to members of the judiciary and their support staff.

The EU recalls that full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) constitutes an essential element of the Stabilisation and Association Agreement (SAA). The EU underlines that Serbia must fully cooperate with the International Residual Mechanism for Criminal Tribunals (IRMCT) and accept and implement its rulings without delay, including the outstanding warrants against the two indicted individuals referred to in the IRMCT report to the UN Security Council. The EU also underlines the need for meaningful regional cooperation and good neighbourly relations in the handling of war crimes, including by avoiding conflicts of jurisdictions and by ensuring that war crimes are prosecuted without any discrimination.

The EU calls for further efforts to overcome legacies of the past and to constructively foster mutual trust, dialogue and tolerance in the region, avoiding actions and statements that go against this goal. This should also imply honouring the victims of the past conflicts. There is no place for genocide denial, inflammatory rhetoric or glorification of war criminals. The EU regrets the slow pace of implementation of the 2016 National Strategy for the Prosecution of War Crimes that expired at the end of 2020, and takes note of the adoption of a new National Strategy for the Prosecution of war crimes for the period 2021-2026. The EU expects Serbia to decisively realise commitments in the fight against impunity and reconciliation, notably to increase investigations and indictments in high-level cases and strengthen regional co-operation. The EU reminds Serbia that the implementation of the Prosecutorial strategy should ensure the efficiency and effectiveness of the war crimes prosecution and deliver justice to victims of war crimes. The EU expects Serbia to show a genuine commitment for investigating and adjudicating war crimes cases giving priority to complex cases and those involving senior ranking officials as regards command responsibility.



The EU encourages Serbia to further intensify its efforts in order to achieve tangible results in the fight against corruption. The EU calls upon Serbia to improve its track record on investigations, indictments and final convictions and asset confiscations, notably concerning high-level corruption. It stresses that the legal framework for protection of whistle-blowers needs to be aligned with the EU *acquis*. The EU urges Serbia to adopt a new anti-corruption strategy accompanied by an action plan and to establish an effective coordination mechanism to operationalise prevention or repression policy goals and effectively address corruption. The EU takes note of the steps taken by Serbia to address GRECO's recommendation as regards strengthening of the role of the Agency for the prevention of corruption by adopting the new law on corruption prevention and further amending it in September 2021 aiming at further addressing the GRECO recommendations. The EU urges Serbia to ensure implementation of the new Law on prevention of corruption as well as the recently adopted legislative amendments. The EU also welcomes the adoption of a revised version of the code of conduct for members of parliament as regards the avoidance and resolution of conflict of interest, with the aim to follow-up on the GRECO recommendations. The EU urges Serbia to continue to make progress in implementing the GRECO recommendations in relation to corruption prevention.

The EU takes note of Serbia's efforts to further align its legal and institutional framework on fundamental rights with EU and international standards. In particular, the EU underlines the importance of aligning the legislation on procedural rights and victims' rights, including victims of war crimes without discrimination, with the EU *acquis*. It stresses that it will continue to closely follow the impact of the law on free legal aid on beneficiaries and persons in vulnerable situations. It will also continue to closely follow the implementation of the law on personal data protection. The EU urges the Serbian authorities to allocate the necessary human and financial resources to independent bodies and to follow up on their decisions and recommendations. The EU welcomes the adoption of a new Law on the Ombudsman and of amendments to the law on access to information of public importance.

With regard to prevention of torture and ill-treatment, the EU reiterates its call upon Serbia to strengthen the administrative capacity of the Ombudsman's office, acting as the national preventive mechanism against torture, and to adopt proper legal safeguards for the prevention of torture and abuses in all social institutions.

Concerning freedom of thought, conscience and religion or belief, the EU reiterates that Serbia needs to ensure transparency and consistency in the registration process of religious organisations, which continues to be one of the main obstacles preventing persons belonging to some religious groups from exercising their rights.

The EU encourages the Serbian authorities to deliver concrete results in adopting and implementing a new anti-discrimination strategy and action plan for the promotion of equality and for the integration of persons belonging to minorities and persons in vulnerable situations, such as the Roma, persons with disabilities, lesbian, gay, bisexual, transgender and intersex (LGBTI) persons. The EU stresses the importance to continue adopting laws and/or strategies related to discrimination, gender equality, disabilities and juvenile offenders. The EU underlines the need for Serbia to actively pursue investigations and convictions for hate-motivated crimes.

The EU welcomes the adoption of a new law on gender equality and of amendments to the law prohibiting discrimination. It also welcomes the adoption of a new National Strategy for Prevention and Elimination of Violence against Women. The EU underlines the importance to further increase efforts to promote gender equality and the rights of women and girls in all areas. The EU invites Serbia to step up the implementation of the Istanbul Convention on preventing and combating violence against women and domestic violence, including by adopting implementing legislation and providing for effective multi-disciplinary cooperation and adequate victims support. The EU also stresses the need to guarantee the respect of the rights of children in the framework of the legal proceedings which affect them.

The EU remains committed to the promotion, protection and fulfilment of all human rights and to the full and effective implementation of the Beijing Platform for Action and the Programme of Action of the International Conference on Population and Development (ICPD) and the outcomes of their review conferences and remains committed to sexual and reproductive health and rights (SRHR), in this context. Having that in mind, the EU reaffirms its commitment to the promotion, protection and fulfilment of the right of every individual to have full control over, and decide freely and responsibly on matters related to their sexuality and sexual and reproductive health, free from discrimination, coercion and violence. The EU further stresses the need for universal access to quality and affordable comprehensive sexual and reproductive health information, education, including comprehensive sexuality education and health-care services.

The EU welcomes the fact that Serbia adopted an action plan related to the media strategy and started to implement measures under it. The EU calls on Serbia to effectively implement the action plan without delays, in a transparent and inclusive manner, respecting the letter and spirit of the objectives of the strategy, and as a matter of priority. At the same time, the EU expresses concern as regards the cases of threats, intimidation and violence against journalists and other media workers and strongly underlines the importance of freedom of expression, of media pluralism and of the legal and practical safeguarding of journalistic and editorial independence. The EU calls for the creation of an enabling environment in Serbia, in which freedom of expression can be exercised without hindrance, including by showing support to independent bodies, human rights defenders, independent journalists, and media workers. It expresses concern over the fact that hate speech and discriminatory terminology is often tolerated in the media and in political fora and is not tackled systematically by regulatory and/or judicial authorities. The EU welcomes the establishment of a new Working Group for the Safety of Journalists, which was tasked with improving the state capacity and efficiency in addressing the cases of threats or attacks on media representatives. It notes, however, that most media associations withdrew from this Working Group in March 2021, citing hate speech and smear campaigns against journalists and civil society representatives. It also notes that President Vučić publicly called for the attacks to stop and to let the media do their work, that the same appeal was subsequently made by the Ministry of Culture and Information and that the Prime Minister appealed to the media representatives to re-join the working group. The EU recalls that Serbia needs to demonstrate an initial track record in the work of the Commission tasked with looking into unresolved cases of murdered journalists. The EU reiterates that, following privatisation, public broadcasting in minority languages needs to be made sustainable. The EU underlines the importance of political and economic independence of the media and urges Serbia to ensure transparent and equitable co-funding for media content serving the public interest as well as increased transparency in media ownership and advertising.

The EU reiterates the importance of respect for and protection of minorities, in line with the Copenhagen criteria. The EU notes the legal and institutional framework regarding national minorities in Serbia and reiterates its call for its consistent and effective implementation across the country, in particular in the areas of education, the use of minority languages, access to media and religious services in minority languages and adequate representation in the public administration and judiciary. The EU recalls that the publication of textbooks in some minority languages for use in secondary schools remains limited. Public broadcasting services in minority languages are still not sufficient, except for some local broadcasters in Vojvodina. The EU calls on Serbia to further develop the overall environment leading to a tangible improvement in the effective exercise of the rights of persons belonging to minorities throughout the territory of the country in line with Serbia's domestic and international obligations. The EU encourages Serbia to continue to deliver concrete results in implementing its existing legal framework. The “Action Plan for the Realisation of the Rights of National Minorities” need to be implemented in its entirety, with a view to the effective and equal implementation throughout its territory of the recommendations of the Advisory Committee of the Council of Europe Framework Convention for the Protection of National Minorities. The EU recalls that the proper functioning of National Minority Councils remains important. The EU also urges the Serbian authorities to adopt a new strategy and action plan on Roma inclusion and to deliver concrete results in this area.

With regard to the fight against organised crime, the EU calls upon Serbia to increase the track record of investigations, prosecutions and final convictions, including cases of money laundering, based on systematic tracking of money flows and on the efficient use of special investigative measures to collect relevant evidence. The EU calls on Serbia to systematically increase the freezing and confiscation of criminal assets. The EU urges Serbia to adapt its approach from one based on cases to a broader strategy against organisations, and from focusing on cases of low or medium importance to high profile cases aiming at dismantling big and internationally spread organisations and depriving them from their assets.

The EU reiterates the importance of preventing and fighting all forms of radicalisation and violent extremism, irrespective of their political, religious or ethno-national root causes. The EU underlines, in this regard, the importance of the review of Serbia's national strategy for the prevention and fight against terrorism and related action plan. The EU urges Serbia to continue to make progress on the implementation of the Joint Action Plan on Counter Terrorism for the Western Balkans.

The EU underlines the importance of improving Serbia's track record of investigations and prosecutions for trafficking in human beings, in particular for the purpose of labour exploitation.

The EU welcomes Serbia's commitment to stepping up the fight against firearms trafficking and the proliferation of small arms and light weapons while noting continuing challenges on awareness raising and risks related to their misuse, illicit possession, and trafficking.

In the area of migration, the EU welcomes Serbia's active and constructive role and cooperation with its neighbours and EU Member States. The EU also notes the satisfactory implementation of the EU-Serbia readmission agreement and welcomes the fact that Serbia has considerably improved its implementation of the third country national provision since 2018 and welcomes that Serbia continued to effectively carry out border control and surveillance, and efforts in detecting and preventing smuggling of migrants.

While acknowledging the practical difficulties with concluding bilateral readmission agreements with third countries, the EU underlines that the absence of such agreements is a serious obstacle for Serbia to manage returns effectively. It thus encourages Serbia to continue its efforts in negotiating readmission agreements, where feasible, and to effectively implement existing agreements, especially with countries with borders where most illegal movements occur.

The EU welcomes that Serbia's capacity for handling asylum cases continues to improve. The EU takes note that Serbia continues to provide reception conditions services to asylum seekers, and offers to the beneficiaries of international protection the possibility to exert their rights. The EU takes note that the low number of applications for asylum indicates that Serbia is still a transit country. At the same time, the EU underlines the need to improve access to the asylum procedure and the provision of information to the migrants regarding the asylum procedure, as well as access to information and legal counselling for asylum seekers at Belgrade International Airport, where the asylum border procedures, envisaged by the law on asylum, are not yet being implemented.

The EU recalls that efforts should be strengthened to properly implement all obligations arising from the visa free regime for Serbian citizens and its relevant roadmap. The EU stresses that concerns remain regarding visa-free travel to Serbia of citizens of several countries that are on the EU's negative list. The EU reiterates the need for Serbia to fulfill its commitment to align with the EU common visa policy and to take concrete steps to fully align with it and will continue to closely monitors this area under rule of law chapter 24.

The EU encourages Serbia to continue and strengthen efforts in the area of public administration reform (PAR). It welcomes the adoption of a new PAR strategy and action plan, and of a new Public Financial Management (PFM) reform programme. The EU underlines the need to continue improving policy development and coordination by ensuring a strong quality control role for the Public Policy Secretariat, allowing for the effective implementation of the law on the planning system. The EU regrets the lack of progress in phasing out the excessive number of acting senior manager posts, noting that decisions on such posts have not been taken in line with the relevant legal provisions. It reiterates the need to guarantee the neutrality and continuity of the public administration and to ensure a merit based human resources management. It also recalls the need to develop a single mechanism for prioritising all investments regardless of the type and source of financing.

The EU recalls that good neighbourly relations and regional cooperation are essential elements of the enlargement process. It encourages Serbia to contribute to stability, reconciliation and a climate conducive to addressing open bilateral issues and the legacies of the past. Overcoming the legacy of the past and addressing disputes arising from the conflicts of the 1990s is crucial. The EU further encourages Serbia to implement its commitment to resolving open issues related to missing persons and refugees, including through swift information sharing, *inter alia* via archives.

Outstanding bilateral disputes, including border disputes, and still open succession issues, must be solved as a matter of urgency, in line with international law and established principles, including through implementation of legally binding agreements, *inter alia* the Agreement on Succession Issues.

The EU commends Serbia's commitment to regional cooperation and recalls the importance of effectively including all Western Balkan partners in regional initiatives. The EU also supports the Common Regional Market that was launched by the leaders of the Western Balkans at the Sofia Summit in November 2020 and recalls that fully inclusive regional cooperation as identified in the Common Regional Market action plan will remain crucial for taking full advantage of the potential of the region and of the Economic and Investment Plan. The EU invites the Serbian political leaders to give the necessary political impulse for its implementation.

The EU acknowledges Serbia's support to other enlargement countries and neighbouring EU Member States in the context of the COVID-19 pandemic through donation of vaccines and vaccination of nationals from the region.

On the Dialogue with Pristina, the EU recalls that facilitation efforts will continue to be led by the European Union with the objective to reach a comprehensive, legally binding normalisation agreement between Kosovo and Serbia.



In the field of foreign, security and defence policy, the EU welcomes Serbia's active participation and important contribution to EU crisis management missions and operations under the Common Security and Defence Policy (CSDP) and its preparations to contribute to civilian ones. It also welcomes Serbia's participation in the roster of the EU Battle Groups. The EU acknowledges that Serbia's alignment rate with relevant High Representative declarations on behalf of the EU and Council decisions has increased from 56% in 2020 to 64% in 2021. The EU regrets, however, that the overall alignment rate remains low for a negotiating country and a number of Serbia's actions went contrary to EU positions on foreign policy. The EU reiterates the need for Serbia to fulfil its commitment and step up its efforts in progressively aligning with the EU Common Foreign and Security Policy (CFSP), in line with the Negotiating Framework, and to continue to improve its current record as a matter of priority in a sustainable and tangible way. . The EU welcomes regular CFSP/CSDP dialogues with Serbia. The EU encourages Serbia to implement its national security and defence strategies and the related action plans, in a manner fully reflecting Serbia's EU orientation in these areas.

#### *Economic criteria*

The EU notes the continuous progress made towards establishing a functioning market economy. It commends the strong pre-crisis momentum with fiscal space created prior to the COVID-19 crisis and the sizeable and timely fiscal and monetary support measures taken by the Government and the National Bank of Serbia to mitigate the impact of the crisis. In combination with the sectoral structure of the economy and the relatively short period of strict containment measures, only a mild contraction of the economy took place in 2020. A strong rebound has been noted in the first half of 2021.

The EU commends that the current account deficit continue to be fully covered by Foreign Direct Investment inflows and that banking sector stability has been preserved throughout the crisis. The EU welcomes that there has been progress with tax administration reforms and the privatisation of state-owned banks.

The EU looks forward to further progress in public administration reform, increased transparency and finalisation of the restructuring of state-owned enterprises, reduction of the grey economy and increased VAT collection through improvements of the tax control process, improvements in the public sector wage system and strengthened fiscal rules to anchor fiscal policy.

The EU welcomes that the business environment continues to improve. The EU underlines that further efforts are needed. In particular, the institutional and regulatory environment is still challenging. Business-related legislation is still being adopted without giving businesses sufficient time for consultation or adaption to changes. Despite a solid legal framework on public procurement and on state aid control, implementation of these policies remains weak. Moreover, the business environment remains hampered by red tape, political interference and limited public administration efficiency.

The EU welcomes Serbia's adoption of its Economic Reform Programme in January 2021 and is looking forward to the new programme in January 2022. The EU stresses the importance for Serbia to ensure full and timely implementation of the joint policy recommendations that were adopted at the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey in July 2021. The EU furthermore compliments Serbia on the transparent public consultation process with all relevant stakeholders on the country's Economic Reform Programme (ERP), in particular on the structural reforms. The EU notes Serbia's infrastructure development efforts to provide improved connectivity between the Western Balkans and the EU.

## EU *Acquis*

The EU welcomes the progress made by Serbia in aligning its legislation with the EU *acquis*.

The EU notes that Serbia continued to make progress related to the internal market.

In the area of free movement of goods, the EU notes Serbia's efforts in finalising an action plan to ensure compliance with Articles 34-36 of the Treaty on the Functioning of the EU (TFEU) and the strategy and action plan for the alignment with the EU *acquis* in this chapter. The EU notes Serbia's efforts to remove 'transitional provisions' related to the Serbian conformity mark. The EU underlines that such 'transitional provisions' with regard to the Serbian conformity mark and the requirement for affixing Serbian certificates of conformity after accession to the EU are not compliant with the EU *acquis* and need to be removed from all legislation procedures and standards in Serbia; they should not be re-introduced.

In the area of free movement of capital, the EU notes that Serbia retains a number of capital restrictions on grounds of public policy and macro-fiscal stability. The EU underlines that these restrictions must be justified, targeted and proportional. The EU calls on Serbia to abolish the discrimination between EU and Serbian citizens as regards the acquisition of agricultural land, which does not comply with the SAA. The EU notes that Serbia remains subject to MONEYVAL's enhanced follow-up procedure with regard to preventing money laundering and terrorism financing following the removal from the Financial Action Task Force (FATF) list of countries with strategic deficiencies in this area in June 2019. The EU encourages Serbia to continue making progress in this area and to demonstrate, through a track record, the effectiveness of the system.

As regards public procurement, the EU welcomes the strengthening of administrative capacities of the public procurement office. The EU however reiterates its concern about the law on special procedures for linear infrastructure projects, as it has the potential to seriously undermine the effective implementation of the law on public procurement which largely aligned Serbia's legislation in this field with the EU *acquis*. It could also increase the risk for corruption. The EU emphasises the importance to ensure a fair and transparent public procurement system, which provides value for money, competition, and strong safeguards against corruption and the need for Serbia to ensure that projects financed from public funds are subject to public procurement procedures in line with national legislation and the EU *acquis*.

In the field of intellectual property rights, the EU welcomes the adoption of the law on trade secrets in May 2021 and encourages Serbia to continue alignment and to focus on property rights enforcement.

As regards competition and state aid policy, the EU notes that no progress took place on the preparation of the new law on protection of competition. The capacity and specialisation of the judiciary to deal with complex state aid and competition cases still needs to be reinforced. The EU reiterates the importance of aligning the existing aid schemes, in particular the fiscal schemes, with the EU *acquis* and Serbia's obligations under the SAA. The EU furthermore invites Serbia to finalise the regional aid map, as provided for under the SAA, as well as an inventory of existing state aid schemes. The EU stresses the importance of aligning the law on multilateral interchange fees and special operating rules for card-based payment transactions with the *acquis* and SAA obligations. Finally, the EU urges Serbia to strengthen the implementation of the law on state aid and recalls that the Commission for State Aid Control should closely monitor the implementation of state aid rules in intergovernmental agreements.

As regards information society and media, the EU notes the steps Serbia took concerning digitalisation in the area of e-government and the alignment with the EU digital single market objective, along with initiatives on the development of ultra-fast broadband infrastructure in rural areas and support to digitalisation of schools. The EU encourages Serbia to ensure full financial and operational independence of the regulators for electronic communication and postal services (RATEL) and for electronic media (REM) in full alignment with the EU *acquis* and boost their capacity to work proactively. The EU encourages Serbia to align its electronic communications legislation with the updated EU regulatory framework, including the new European Electronic Communications Code such that Serbia complies with the SAA.

On agriculture and rural development, the EU notes that Serbia is now implementing four measures under the IPARD II Programme (Instrument for Pre-accession Assistance for Rural Development). The EU stresses the importance of speeding up the processing of applications received for the measures already entrusted under the IPARD II programme to avoid loss of EU funds and recognises that a new Action Plan for the improvement of absorption of IPARD funds is being followed to this effect. The EU acknowledges that Serbia has submitted its IPARD III Programme for the period 2021-2027. The EU encourages Serbia to progress with the implementation of the Action Plan for EU *acquis* alignment in agriculture and rural development.

In the area of food safety, veterinary and phytosanitary policy, the EU takes note of Serbia's preparatory work for the development of the strategy for alignment with the EU *acquis* in this policy area. The EU encourages Serbia to finalise this strategy and the necessary framework legislation to meet the opening benchmarks in this chapter. In this respect, the EU stresses the importance of aligning Serbian legislation on GMO (Genetically Modified Organisms) with the EU *acquis*.

In the field of fisheries, the EU notes Serbia's efforts in finalising an action plan that will ensure full compliance with the requirements of the EU *acquis* by the date of accession, in particular regarding organisation of the markets, aquaculture, data collection and control measures against illegal, unreported and unregulated fishing.

In the transport sector, the EU encourages Serbia to continue making progress in aligning with the EU *acquis*. The EU welcomes Serbia's further alignment on road safety and railway reform. The EU welcomes Serbia's active participation in the Transport Community. It encourages Serbia to accelerate work on its strategic framework for the transport sector and on improving cross border procedures, rail and road maintenance as well as the deployment of Intelligent Transport Systems. The EU encourages Serbia to continue aligning its legislation with EU inland waterway transport *acquis* including on interoperability and safety and technical standards. Public investments in transport infrastructure should be prioritised in line with the EU's sustainable and smart mobility strategy. The EU urges Serbia to base investment decisions on feasibility studies conducted in accordance with EU best practises and to apply transparent procurement procedures.

As regards energy, the EU welcomes steps undertaken by Serbia towards a green energy transition, including by introducing an auction-based system for renewable energy and adopting a new law on energy efficiency. The EU underlines the importance of an effective institutional set-up to manage investments into energy efficiency. The EU takes note of Serbia's work on an integrated national energy and climate plan and encourages Serbia to set ambitious targets for reducing CO2 emissions and increasing the share of renewables and energy savings. As regards the internal energy market, the EU welcomes the adoption of an action plan for full unbundling in the gas sector and first steps to implement it. The EU urges Serbia to fully implement its plan according to schedule, and finalise unbundling and enable third party access to its gas network infrastructure. The EU commends Serbia's progress on the preparation for the Bulgaria-Serbia gas interconnector and stresses the need to develop further Serbia's gas and electricity interconnections with all its neighbours including to ensure seamless European North-South electricity transmission. As regards nuclear energy, the EU encourages Serbia to continue efforts to align with the *acquis* in the areas of nuclear safety, radioactive waste management and radiation protection.

As regards customs and taxation, the EU commends the progress made with the amendment of the law on excise duties removing a long-standing discrimination in the taxation of imported alcohol, and in the implementation of the programme of transformation of the Tax Administration. It encourages Serbia to continue its efforts concerning IT interoperability with EU customs IT system, with the implementation of the tax administration reform programme to further simplify tax procedures and combat the informal economy, to make progress towards legislative alignment in the area of VAT, excise duties and direct taxation, and to ensure sufficient human and IT resources to this end.

In the area of statistics, the EU commends the progress made in preparing the methodology and the technical specifications for the next population and housing census, as well as the continued improvements in the submission of statistical data to Eurostat and the compilation of macroeconomic statistics in line with the European System of Accounts (ESA) 2010. The EU encourages Serbia to carry out the population and housing census in 2022, continue preparations for the agricultural census, and to adopt the new statistical law to increase the institutional independence of the statistical office.

Regarding trade, the EU welcomes the progress made on implementing the Central European Free Trade Agreement (CEFTA) Additional Protocols 5 and 6. The EU encourages Serbia to conclude the implementation of these and to implement other actions within CEFTA and the Common Regional Market. The EU recalls the importance of finalising the law on trade of GMOs and subsequently complete the World Trade Organisation (WTO) accession process. Finally, the EU stresses the need to further strengthen the administrative capacity in the Ministry of Trade, Tourism and Telecommunications.

In the area of social policy and employment, the EU recalls the need to ensure adequate financial and institutional resources for employment and social policies to more systematically target the young, women and long-term unemployed and to improve the adequacy of social benefits for people below the poverty threshold. The EU welcomes the commitment by Serbia to establish a Youth Guarantee scheme and encourages Serbia to prepare a Youth Guarantee Implementation Plan by June 2022. The EU encourages Serbia to ensure timely and broad consultation of stakeholders on proposals of legislation and strategies, in line with the country's legislation. The consultation process with the social partners needs to be further strengthened in order to ensure a functioning tripartite dialogue. The EU acknowledges Serbia's commitment to the Economic Reform Programme, which includes an important area of employment and social policies, and stresses the importance of implementing the joint policy guidance adopted in July 2021.

As regards enterprise and industrial policy, the EU welcomes Serbia's adoption of the action plan for the strategy for industrial development 2021-2030 and is looking forward to its implementation. The EU invites Serbia to ensure more predictable and transparent implementation of its industrial and small and medium enterprises (SME) support measures and to adopt a new SME and entrepreneurship policy strategy.

The EU recalls the importance of continuing to prioritise investment in research and innovation, by both the public and private sector, and encourages Serbia to transpose the European research infrastructure consortium (ERIC) Regulation into national law.

The EU encourages Serbia to make continued efforts to reform the education sector, in particular by stepping up the teacher training.



Regarding environment and climate change, the EU encourages Serbia to continue making progress in aligning with the EU *acquis* and welcomes Serbia's substantial increase in investments into environmental protection. This needs to go hand in hand with the full operationalisation of the Green Fund as a sustainable financing and implementing mechanism and the further improving of strategic investment planning and management including transparency of procedures. The EU calls on Serbia to fully apply the 'polluter pays' principle. The EU encourages Serbia to increase administrative and financial capacity across the board, in particular in the environmental protection agency and environmental inspectorates, and to strengthen inter-institutional coordination. The EU expresses the need for Serbia to improve the quality of public consultations on environmental issues, including on large-scale investment projects. The EU underlines the importance of close consultations and cooperation with neighbours on projects with potential trans-boundary environmental impact.

While the EU notes gradual improvement of Serbia's air quality monitoring networks, it strongly encourages Serbia to take all necessary measures to prevent further air pollution. The EU recommends to Serbia to adopt the EU air quality index as soon as possible. The EU underlines the importance for Serbia to step up efforts on waste reduction, separation and recycling, together with the closing of non-compliant landfills, and to considerably advance work on river basin management, biodiversity and nature protection, including preparations for Natura 2000. The EU underlines the importance of compliance with water quality standards and the need for Serbia to step up its efforts on alignment, implementation and enforcement of EU water *acquis*.

As regards climate change, the EU welcomes the adoption of a new climate law. The EU looks forward to Serbia developing an ambitious national energy and climate plan, which is consistent with the EU's climate neutrality target and the Green Agenda for the Western Balkans. The EU encourages Serbia to set a coal phase out date as an efficient means to reach climate neutrality. In view of Serbia's future low carbon development, the EU also encourages Serbia to do more to integrate climate action in other sectorial policies and to increase administrative capacity.

As regards consumer protection, the EU encourages Serbia to adopt the amended law on consumer protection aiming at further alignment with the EU *acquis*. The EU encourages Serbia to strengthen the administrative capacity for consumer protection, market surveillance and sanitary inspection.

As regards health protection, the EU encourages Serbia to make progress in the alignment of its legislation with the EU *acquis*, notably on tobacco control, substances of human origin and medicinal products, cross-border healthcare and communicable diseases. The EU invites Serbia to strengthen the overall administrative capacity and financial sustainability of the public health system. On COVID-19, the EU commends Serbia for its continued cooperation with the EU through its observer status membership of the EU Health Security Committee. The EU recalls its continued support to help Serbia tackle the pandemic, notably, the allocation of EUR 78.4 million to Serbia for socioeconomic recovery and EUR 15 million for immediate needs such as medical equipment, support to vulnerable groups in society, and exceptionally, the hiring of 200 extra medical workers to alleviate the pressure on medical personnel. In addition, almost EUR 12 million has been allocated to Serbia as part of the EU Solidarity Fund. The EU provided a grant of over EUR 27 million to Serbia so it could purchase vaccines from EU Member States, as well as equipment related to the ongoing vaccination campaign. Serbia can also benefit from a EUR 7 million regional EU project implemented by the World Health Organization, to support safe and effective vaccination in the Western Balkans. The EU recalls its support for Serbia also via the European Centre for Disease Prevention and Control (ECDC) that shares all its COVID-19 related guidance and assessments with Serbia. Serbia also joined the European COVID-19 Surveillance Network, reporting COVID-19 data to the European Surveillance System (TESSy). The EU notes that it also allowed Serbia to join the EU joint procurement agreement to procure medical countermeasures. The EU takes note that Serbia has become a regional vaccination hub and has donated around 600 000 vaccines to other countries in the Western Balkans and that it has also vaccinated thousands of foreign nationals, mainly from within this same region. The EU welcomes Serbia's interest and successful work to join the EU Digital COVID Certificate system facilitating safe travel between Serbia and the EU during this pandemic crisis.

The EU welcomes the fact that public internal financial control (PIFC) is now comprehensively covered as a separate pillar embedded in the PFM reform programme, and that relevant guidelines were updated. It underlines that additional efforts are needed to embed managerial accountability in the administrative culture, and that high-level political support remains critical for the required shift to performance management and implementation of PIFC reforms in the entire public sector.

#### *Pre-accession Assistance*

The EU calls for an even closer cooperation with the national authorities in programming and implementation of EU funds in Serbia in particular in the area of fundamentals such as rule of law while making use of all available implementation modalities, including sector budget support. The EU underlines that assistance will be provided to meet the strategic priorities set out in the IPA III Programming Framework and Economic Investment Plan, in line with the objectives of the enlargement policy.

The EU calls on Serbia to accelerate the implementation of all EU funds, in particular the programmes entrusted to Serbia under indirect management. Relevant measures should include addressing the staffing gaps in the concerned operating structures, reducing staff turn-over in the indirect management system, as well as enhancing the monitoring and control system. The EU highlights that under IPA III, implementation of EU funds under indirect management with the beneficiary country will be used mainly as a tool to prepare for efficient management structural funds upon accession. In view of speeding up implementation of IPA III, the EU recalls the need for Serbia to establish relevant and mature pipeline of IPA III project, in particular those addressing the priorities of the Economic and Investment Plan. Twinning and cooperation with the EU Member States remains an important technical assistance tool for strengthening the administrative and judicial capacity to adopt and implement EU legislation.

As regards investment planning, the EU recalls that the decree on capital projects management needs to be applied to all capital investments regardless of the type of investment or the source of financing, including those under intergovernmental agreements, ensuring the efficient use of public resources.

The EU stresses the importance of Serbia fully participating in all relevant IPA funded regional programmes, in particular in the area of rule of law to give a clear signal of its commitment to fundamental reforms.

Serbia should continue to actively participate in relevant EU programmes. IPA III funds will continue to be used to co-finance part of the costs for the participation in these programmes.

### **Bilateral relations under the Stabilisation and Association Agreement**

The European Union reiterates that the SAA, under the framework of the Stabilisation and Association Process, remains at the core of the relationship between the EU and Serbia.

The EU commends that Serbia has an overall positive track record in implementing its obligations under the SAA. The EU however notes that there are a number of areas where Serbia still needs to ensure compliance with the SAA, in particular related to state aid. It also underlines the importance for Serbia to secure full capital market liberalisation, including liberalisation of agricultural land. The EU invites Serbia to address these issues prior to accession.

### **Exchange of views on developments in the Western Balkans**

The European Union and Serbia will proceed to an exchange of views regarding developments in the Western Balkans.