

STABILISATION AND ASSOCIATION
BETWEEN
THE EUROPEAN UNION
AND SERBIA

The Stabilisation and Association Council

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COVER NOTE

Subject: Fourth meeting of the EU-Serbia Stabilisation and Association Council
(Brussels, 16 November 2017)

Delegations will find attached the position paper of European Union tabled on the occasion of the 4th meeting of the Stabilisation and Association Council between the European Union and Serbia.

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

Common Position of the European Union

The European Union welcomes the holding of the fourth meeting of the EU–Serbia Stabilisation and Association (SA) Council. The EU considers that this meeting provides a timely opportunity to review Serbia's progress in the preparations for membership, following the SA Sub-committees and Committee 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 the Western Balkans, which remains crucial for maintaining the momentum of reforms, and for which public support should be enhanced through improved and calibrated communication about the benefits and obligations of enlargement.

The EU looks forward to working with the new government towards Serbia's strategic goal of EU membership.

The European Union notes positively the level of preparedness and professionalism of the Serbian administration and negotiating team demonstrated so far. At the same time it underlines that Serbia will need to allocate sufficient human and financial resources to meet its ambitious objectives on negotiations.

The EU welcomes the opening of a number of negotiating Chapters since the last SA Council, bringing the total number of Chapters opened to 10, two of which have been provisionally closed.

The EU welcomes Serbia's reiterated commitment to its strategic objective of EU membership and to regional cooperation, the steps taken to implement its Action Plans for the rule of law chapters 23 and 24 and progress in the EU facilitated Dialogue between Belgrade and Pristina.

The EU encourages Serbia to intensify reform efforts and to focus on effective implementation and monitoring of reforms in the areas of rule of law, fundamental rights, independence of democratic institutions, public administration, as well as in developing a functioning market economy and improving the business environment. The EU also encourages Serbian authorities to take their responsibility in promoting European values in the Serbian public debate and in education, including readiness for reconciliation. The EU underlines that more emphasis needs to be put on domestic communication on the EU, which remains by far Serbia's first economic and political partner.

The EU urges Serbia to continuously remain engaged in the EU-facilitated Dialogue between Pristina and Belgrade. The EU underlines the need for Serbia to work together with Pristina on a new phase of the EU facilitated Dialogue between Belgrade and Pristina on comprehensive normalisation of relations. All Dialogue agreements agreed already need to be fully implemented without any further delay, in particular the 2015 agreements on energy and on the Association/Community of Serb majority municipalities. The EU underlines the need for the justice integration to happen without delay. The EU welcomes the appointment of the judicial personnel into the Kosovo* judicial system on 24 October, despite an original slight delay. The EU encourages Serbia to remain committed to the EU-facilitated Dialogue and engage in reaching further agreements in new subjects/areas, furthering the normalisation in good faith, with a view to lead to the comprehensive normalisation of relations between Serbia and Kosovo. The EU takes positive note of the recently initiated internal dialogue on Kosovo and expects that it will lead to progress in the normalisation process. The EU recalls that progress in the Dialogue and thus in the normalisation of relations between Kosovo and Serbia ensures progress on their respective European paths, while avoiding that either can block the other in these efforts. The EU also recalls that this issue is monitored, in the framework of Serbia's EU accession negotiations, under Chapter 35 – Other issues/normalisation.

* 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 looks forward to the next steps in negotiations and recalls that Serbia's progress under rule of law chapters 23 and 24 and in the process of normalisation of relations with Kosovo under chapter 35 remains essential for the overall pace of the negotiating process, in line with the Negotiating Framework.

The EU takes note of the European Commission's intention to present a forward-looking strategy in February 2018.

Political criteria

The European Union notes that Serbia has continued to sufficiently meet the political criteria.

The EU takes note of the holding of the Presidential election in Serbia on 2 April 2017. It takes note of the assessment of OSCE's Office for Democratic Institutions and Human Rights (OSCE/ODHIR) that the election provided voters with a genuine choice of candidates, who were able to campaign freely, and that the legal framework is conducive to the conduct of democratic elections. However, the EU expects Serbia to address all the recommendations of the OSCE/ODHIR, in particular those related to unbalanced media coverage, undue advantage for incumbents and blurring of the distinction between campaign and official activities, misuse of administrative resources, together with ineffective use of Regulatory and oversight mechanisms to safeguard the fairness of competition. EU support is available for this endeavour, including through an ODIHR-implemented regional project, which can contribute to support the implementation of these recommendations. The EU also urges Serbian authorities to properly investigate credible allegations of pressure on voters and employees of state-affiliated structures reported by the OSCE/ODHIR, and bring those responsible to justice.

The EU encourages Serbia to further strengthen the inclusiveness and transparency of the reform process, in particular on EU accession-related issues. It reiterates its call on Serbia to limit recourse to urgent legislative procedure only to cases where it is strictly necessary, so that informed debates take place in the parliament, and encourages further follow-up on public participation and consultations of all relevant stakeholders in the decision-making process. The EU also reiterates its call on Serbia to fully acknowledge and support the role of independent regulatory bodies and promote the implementation of their recommendations.

It recalls that constitutional reforms will be needed for alignment with European standards in some areas to reflect fully the recommendations of the Venice Commission, which focus on parliament's role in judicial appointments, the political parties' control of parliamentary office, the independence of key institutions and the protection of fundamental rights, including data protection.

The EU welcomes the steps taken to implement Serbia's Action Plans for chapters 23 (Judiciary and fundamental rights) and 24 (Justice, freedom and security). These Action Plans provide clear guidance for reforms and for developing a solid track-record in these areas in the light of the interim benchmarks set for the negotiations under these chapters. The EU will continue to assess the implementation of these plans on the basis of the Commission's bi-annual Rule of Law reports. At the same time, the EU reiterates the importance for Serbia to meet in a timely manner the commitments taken in those Action Plans and to allocate appropriate resources, to ensure delivery and provide for an efficient monitoring mechanism throughout their implementation. The EU welcomes Serbia's efforts to put in place an inclusive process for consultation with civil society organisations and other stakeholders in monitoring the implementation of these strategic documents. It encourages Serbia to continue building trust and fostering constructive working relations among all stakeholders, and thus fully recognise and take advantage of civil society expertise.

The EU encourages Serbia to continue and strengthen efforts towards addressing the significant challenges in the judiciary and effectively implement reforms in this area including on constitutional amendments. The EU takes note of the measures to prevent members of the parliament and of the government commenting on ongoing judicial proceedings, and looks forward to their effective implementation. It takes note of some progress towards reducing the backlog of pending cases and encourages Serbia to further reform the judicial academy. It reiterates its call to adopt key pieces of legislation, such as the law on free legal aid.

The EU encourages Serbia to further intensify its efforts in order to achieve tangible results in the fight against corruption, which remains prevalent in many areas and a serious problem. It calls upon Serbia to develop a credible track record of investigations, prosecutions, indictments and final convictions, including into high-level corruption cases. The EU takes note of the legislative changes aimed at providing alternatives to the excessive recourse to incriminations under the offence of abuse of position in the private sector. The EU takes note of the appointments in the Anti-corruption Agency and Council. Their recommendations need to be followed up consistently. The EU notes with concern the delay in the adoption of the new law on the Anti-Corruption Agency.

The EU notes with satisfaction Serbia's continued active participation in regional law enforcement cooperation and with Europol, including the posting of a Serbian liaison officer therein. It encourages Serbia to implement in practice the strategic threat assessment on organised crime, adopted in 2015. It also takes note of the adoption of measures aiming at a merit-based human resources management within the Ministry of the Interior.

The EU welcomes Serbia's determination to fight terrorism and radicalisation, and underlines the importance of cooperation at regional and at EU level, including within the framework of the Western Balkans Counter-Terrorism Initiative. It encourages Serbia to further foster its legal framework to fight against money laundering and terrorism financing, to prevent and fight terrorism and prosecute as appropriate the organisation of and participation in war or armed conflicts in a foreign country.

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, notably in the areas of education, use of minority languages, access to media and religious services in minority languages, and adequate representation in public administration bodies, and for the effective application of Serbia's domestic and international obligations. The EU calls for the comprehensive, timely, inclusive and transparent implementation and monitoring of Serbia's dedicated Action Plan on the protection of national minorities throughout Serbia, as part of Serbia's Action Plan on Chapter 23, in its entirety, with the constructive engagement of all sides.

The EU strongly underlines the importance of freedom of expression, of media pluralism and of the legal and practical safeguarding of journalistic and editorial independence. It urges Serbia to address shortcomings in this area as a matter of high priority. The EU expresses concern over delays in completing the privatisation of the State-owned media and in adopting a new multiannual Strategy on Public Information through an inclusive consultation process. The EU reiterates that following privatisation, broadcasting in minority languages needs to be made sustainable. It notes that the continuous political and economic pressure on independent journalists and media, together with threats and violence against journalists remain issues of concern. The EU expects all stakeholders in Serbia to establish an environment conducive to ensuring journalistic pluralism and to upholding professional standards. The EU recalls that the Serbian authorities hold a crucial responsibility in actively contributing to the unimpeded exercise of freedom of expression, including by showing appropriate support to independent bodies, human rights defenders and independent journalists, and by promptly reacting to and publicly condemning hate speech and threats.

The EU encourages Serbia to continue and strengthen efforts in the area of public administration reform (PAR). It takes note of the second Annual Report on the implementation of the Action Plan of the Public Administration Reform Strategy (2015-2017), and welcomes progress with its implementation, including the adoption of key laws, such as the ones on general administrative procedures, public salaries and civil servants at provincial and local government levels. The EU encourages Serbia to remain committed and meet its reform targets. The EU underlines the need to align Serbia's National Plan for the Adoption of Acquis with its financial and human resources planning and to promote better regulation based on impact assessments and timely inter-institutional and public consultations. Strengthened coordination, monitoring mechanisms and adequate resource allocation remain essential to professionalise and depoliticise the Serbian administration and make recruitment and dismissal procedures more transparent, especially for senior management positions. The EU reiterates that Serbia's legislative framework needs to fully guarantee the neutrality and continuity of the public administration, in view of the development of a permanent, competent and independent public administration, able to cope with the challenges of EU accession.

The EU underlines the importance of Public Financial Management (PFM) for economic governance and of a good coordination between the PAR and PFM reform programmes.

The EU recalls that good neighbourly relations and regional cooperation are essential elements of the Enlargement and Stabilisation and Association Processes, and contribute to stability, reconciliation and a climate conducive to addressing open bilateral issues and the legacies of the past. The EU encourages Serbia to address open issues related to missing persons and refugees and notes that the Commissioner for Human Rights of the Council of Europe in July 2015 stressed the importance in this context of regional co-operation including information sharing, i.a. via archives. The EU notes with satisfaction Serbia's constructive engagement in a number of regional cooperation initiatives in South-East Europe. It welcomes the appointment of a country coordinator for the Regional Economic Area. It encourages Serbia to implement the connectivity reform measures associated with the EU's connectivity agenda. The EU also notes Serbia's constructive commitment to good neighbourly relations, demonstrated by the Serbian President's visit to Sarajevo and expressed support to political stability in Bosnia and Herzegovina, in line with the Dayton Agreement. The EU encourages Serbia to continue sustained efforts to strengthen good neighbourly relations. It also underlines that continued efforts are needed to ensure that outstanding bilateral disputes do not have a detrimental effect on the accession process. Outstanding disputes and issues, including border disputes, should be solved in line with international law and established principles, including through implementation of legally binding agreements, inter alia the Agreement on Succession Issues.

The EU calls on the relevant Serbian authorities to address issues identified by the EU Election Observation Mission in Kosovo, as the campaign environment in Serb majority municipalities was marred by intimidations and pressures targetting particularly non-Srpska Lista candidates.

In the field of foreign, security and defence policy, the EU takes good note of Serbia's increased participation in the European Defence Agency's projects and activities and calls on Serbia to maintain its involvement in the Agency's work. It also welcomes Serbia's participation in CSDP missions and operations, and in the roster of the EU Battle Groups. The EU again strongly underlines the growing importance of further deepening cooperation on foreign policy issues and of progressive alignment with the EU's foreign policy positions, notably on issues where major common interests are at stake, such as on restrictive measures. In this respect, the EU calls on Serbia to effectively implement its Law on restrictive measures, noting various positions taken by Serbia to that end. The EU reiterates its call on Serbia to progressively align its policies towards third countries and its positions within international organisations with the policies and positions adopted by the Union and its Member States, in the period up to accession. The EU looks forward to regular CFSP/CSDP dialogues with Serbia. The EU also reiterates its call on Serbia to bring to a successful conclusion the review of its 2009 National Security and Defence Strategies as a matter of priority, to move towards a policy based on the EU's guiding principles for international action, in line with Serbia's strategic goal of EU membership.

Economic criteria

The EU notes that Serbia has made further good progress towards establishing a functioning market economy. It welcomes the good performance of the Serbian economy in terms of GDP growth, reduced unemployment, stable prices and improved fiscal situation. Regarding financial stability, the EU notes that the strategy on non-performing loan resolution has started to show positive results.

The EU notes that some progress has been made in terms of structural reforms.

The EU recalls that continuous efforts are needed to maintain the growth momentum and sustain good fiscal results. In this respect, the EU looks forward to further progress in public administration reform, in particular in the Tax administration, the continuous restructuring of SOEs and large public utilities, improved control of State aid and the introduction of a credible and binding system of fiscal rules.

The EU welcomes the simplification of the issuance of construction permits as a positive step towards improving the business environment and stimulating private investment. The EU also stresses that further efforts are needed, in particular when it comes to the rule of law, in order to further improve the business environment and investment climate. The system of para-fiscal charges should be made less burdensome. The EU encourages Serbia to step up its efforts to fight the grey economy. It underlines that the current good fiscal results provide room for increased public investment, in particular in the energy and transport sectors.

While the labour market has improved, with a decrease of the unemployment rate and an increase in job creation, the EU underlines that more needs to be done to properly fund active labour market policies and reduce skills mismatch.

The EU welcomes the adoption by Serbia of its third Economic Reform Programme in February 2017. The EU stresses the importance for Serbia to ensure close and timely follow up to the joint policy recommendations that were adopted by the ECOFIN Council in May 2017.

Acquis

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

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

In the area of free movement of goods, the EU welcomes Serbia's full membership of the European Committee for Standardisation and for Electrotechnical Standardisation. It encourages Serbia to continue with the alignment of its horizontal legislation. The EU recalls that stronger emphasis needs to be put on implementation and administrative capacity and that better coordination is needed among various quality infrastructure and market surveillance authorities.

As regards public procurement, the EU welcomes Serbia's progress in legislative alignment with the *acquis*. It reiterates that the administrative capacity of the Public Procurement Office needs to be reinforced. The EU also reiterates concerns about the exemption of certain projects from the application of the Law on Public Procurement under bilateral agreements with third countries. It emphasises the importance of a fair and transparent public procurement system, which provides value for money, competition, and strong safeguards against corruption.

In the field of intellectual property rights, the EU welcomes the on-going efforts to further improve the already advanced level of alignment achieved and encourages Serbia to adopt and implement its new multi-annual Intellectual Property Strategy.

The EU reiterates the need for further alignment in the area of competition, in particular in the area of State aid policy, where significant shortcomings have been identified. The exemption from state aid rules for companies in the process of privatisation needs to be removed. The operational independence of the Commission for State aid Control needs to be ensured and its enforcement record must be strengthened. The existing aid schemes must be aligned with the *acquis*.

As regards information society and media, the EU notes that Serbia continued with legislative alignment with the *acquis* in the area of digital single market, and that further alignment with the EU telecom package is necessary. The EU encourages Serbia to continue the work towards the establishment of the 112 emergency service in line with the *acquis*. The EU notes that the independence, transparency and efficiency of the Regulatory Agency for Electronic Communications, and of the Regulatory Body for Electronic Media, need to be fully ensured.

The EU notes the progress made in the area of agriculture and rural development, including the adoption of a Law on Agriculture and Rural Development, but points out that, overall, alignment with the *acquis* remains at an early stage. The EU looks forward to Serbia's fulfilling all conditions for the entrustment of its national authorities so that the implementation of the Instrument for Pre-accession Assistance for Rural Development can start.

The EU notes that limited progress has been made in the area of food safety, veterinary and phyto-sanitary policy. Overall, alignment with the *acquis* needs to continue. The EU notes again the weak management of animal by-products. It encourages again Serbia to adopt and implement a national strategy for management of animal by-products. The EU notes that the maximum level of aflatoxin in milk is still not aligned with EU standards. It encourages Serbia to significantly step-up its efforts to establish a fully-functioning national reference laboratory for milk testing and to adopt a programme for upgrading agri-food establishments. It also encourages Serbia to align its GMO legislation with the *acquis*.

In the field of fisheries, the EU notes Serbia's efforts in adopting the legal framework for a national catch certification scheme and encourages Serbia further to establish a system for collection of market data.

In the transport sector, the EU encourages Serbia to continue making steady progress in aligning with the *acquis*, notably on road safety, railway reforms and air transport. More specifically, in the area of air transport, the EU welcomes progress achieved so far in the implementation of the European Common Aviation Agreement and encourages Serbia to make further progress towards solving the issue of restrictions on overflight rights. The EU welcomes Serbia's progress on transport connectivity reform measures to boost regional connectivity. It welcomes the signature of the Transport Community Treaty and supports Serbia's efforts for its quick ratification.

As regards energy, the EU notes that the restructuring of Serbia's public enterprises has not progressed further. The EU encourages Serbia to proceed towards full unbundling of Srbijagas without further delay. It calls upon Serbia to finalise its participation in the regional Co-ordination Auction Office and implement the bilateral Agreements with neighbouring transmission system operators in fulfilment of its obligations under the Energy Community Treaty and of the connectivity reform measures. The EU stresses the need to develop Serbia's gas and electricity interconnections with its neighbours. It welcomes the progress made in developing the Romania-Serbia electricity interconnector. It calls upon Serbia to continue towards the construction of the Bulgaria-Serbia gas interconnector in line with the joint implementation plan with Bulgaria. Following the Paris Climate Agreement, the EU encourages Serbia to move towards cost-reflective electricity tariffs, increased investments in the renewable energy sector and a sustainable financing system for energy efficiency.

As regards customs and taxation, the EU takes note of the high level of alignment of Serbia's legislation with the *acquis*. The EU welcomes the successful implementation of the Common Transit Convention. It encourages Serbia to step up its efforts concerning IT interoperability with the EU, to strengthen administrative and operational capacity, in particular of the tax administration, and to further simplify tax procedures. The EU reiterates its call upon Serbia to bring the application of excise duties on imported grain-based spirits and coffee in line with its obligations under the SAA.

In the area of statistics, the EU takes note of progress achieved on sectoral and macroeconomic statistics. It takes note of Serbia's submission of a regional statistical classification. The EU encourages further progress in annual national accounts, short-term business statistics and international trade in goods statistics, in particular with respect to full ESA 2010 implementation, as well as to compilation of government finance statistics, deficit and debt statistics.

In the area of social policy and employment, the EU encourages Serbia to increase labour market participation and reduce the high non-wage labour cost of jobs at the lower sections of the wage distribution in a fiscally neutral way. At the same time, Serbia needs to target active labour market measures to vulnerable groups and develop dual learning in vocational education and training in close cooperation with social partners, in order to address high rates of youth unemployment. Advancing with *acquis* transposition and strengthening social dialogue are areas where further progress is needed. The EU encourages Serbia to proceed with the implementation of its employment and social reform programme. The EU takes note of Serbia's efforts to improve the social inclusion of Roma, people with disabilities and other vulnerable groups. The EU underlines that the effective implementation of the legal framework on anti-discrimination and equality between men and women in employment and social policy remains a major challenge.

As regards enterprise and industrial policy, the EU welcomes Serbia's new initiatives to promote entrepreneurship. The EU invites Serbia to ensure more transparent implementation of its industrial and SME support measures.

The EU strongly invites Serbia to maintain the reform momentum in the area of the judiciary and fundamental rights, as well as in the area of justice, freedom and security.

The EU welcomes Serbia's efforts to increase the efficiency of the court system through the backlog reduction programmes and mediation, and calls upon Serbia to maintain its efforts and to continue addressing the uneven workload in courts. It calls for the further reinforcement of the High Judicial and State Prosecutorial Councils in order to allow them to assume their role fully and achieve a coherent and efficient judicial administration, including with regard to the judicial budget. The EU reiterates its call upon Serbia to address the significant challenges that remain regarding independence, in particular as regards undue political interference, impartiality, accountability, efficiency and professionalism of the judiciary, including through the introduction of a comprehensive and centralised case management system, and access to justice.

The EU recalls that full cooperation with the International Criminal Tribunal for the former Yugoslavia constitutes an essential element of the SAA. The European Union notes with concern the latest reports of the ICTY President and Prosecutor that "*Serbia has continued to refuse to cooperate with the Tribunal throughout the reporting period and again failed to execute arrest warrants for the indictees, which were issued in January 2015*", and that it "*returned to a practice of non-cooperation with the ICTY*". The EU recalls that full cooperation with ICTY remains essential. It urges Serbia to fully and unequivocally accept and implement ICTY's rulings and decisions. Serbia needs to show preparedness to face its recent past and to do all it can to establish an atmosphere conducive to dealing with all war crimes issues. The EU underlines the need for meaningful regional cooperation and good neighbourly relations in the handling of war crimes, including the aim to avoid conflicts of jurisdiction. All outstanding issues in this regard must be fully resolved. War crimes must be prosecuted without any discrimination. The EU calls for full political support and commitment to cooperation with war crimes prosecution offices in the region. The EU welcomes the appointment of a new War Crime Prosecutor and reiterates its call for the adoption of the prosecutorial strategy for investigation and prosecution of war crimes, in line with generally accepted international standards and principles and rules of international law. The EU looks forward to the further strengthening of Serbia's legal framework and operational capacities to ensure the credibility, sustainability and efficiency of the Office of the War Crimes Prosecutor.

With regard to the fight against corruption, organised crime and terrorism, the EU reiterates the importance of a solid track record of investigations, prosecutions, final convictions, seizures and confiscations and underlines that Serbia needs to further increase its efforts in this regard. The EU welcomes the adoption of new laws on organised crime, terrorism and corruption, as well as on asset seizure and confiscation and reiterates its call for further implementation of the law on whistle blowers. It recalls the importance for Serbia to enhance and fully enforce its framework on the fight against corruption including through reinforcing capacities of the oversight bodies and following up consistently their recommendations. The EU welcomes Serbia's continued active participation in regional law enforcement cooperation in fighting against organised crime. It takes note of Serbia's further measures to reform the police and encourages Serbia to continue improving the legal, but also institutional and policy frameworks, as well as the cooperation of the judicial and law enforcement authorities. Special attention should be devoted to increasing the capacities of the police and relevant institutions, including for financial investigations, to fight complex forms of crime such as money laundering and economic crimes, trafficking in human beings, terrorism financing and cybercrime, including through the adoption of a long-term strategy.

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 invites Serbia to align its legislation on procedural rights and victims' rights, including victims of war crimes without discrimination, with the *acquis*. The EU reiterates its call upon Serbia to further improve cooperation with Serbia's relevant Independent bodies while improving their resources and ensuring better respect of their independence and follow-up of their recommendations. The EU encourages Serbia to more effectively protect human rights and fight against discrimination in terms of proceedings and sanctioning mechanisms, both at the level of law enforcement and judicial authorities, including by ensuring adequate prosecution of hate crimes.

The EU reiterates that planned amendments to the "*Law on the rights and freedoms of national minorities*" and the "*Law on National Minority Councils*" should be completed through an inclusive process and that all related sectorial laws are aligned with the new legislation. The EU welcomes the adoption of the Action Plan for the implementation of the National Strategy for the social inclusion of the Roma and calls on Serbia to implement it, notably in the areas of health, education, housing and employment. The EU also notes that further sustained efforts are needed to improve the situation of refugees and internally displaced persons.

The EU welcomes the holding of the Pride Parade in Belgrade without incident for the third consecutive year. It encourages Serbia to further promote a culture of respect and to tackle discrimination on the basis of sexual orientation or gender identity.

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 prevention of torture and abuses in all social institutions.

Concerning freedom of thought, conscience and religion, 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 welcomes the introduction of the EU Index of Gender Equality, and the introduction of gender equality considerations in the budgetary system, and, while noting that women remain particularly exposed to discrimination on the labour market, looks forward to the effective implementation of Serbia's Strategy and Action Plan for improving the status of women and promoting gender equality. The EU reiterates that further sustained efforts are needed to promote gender equality and prevent and combat domestic violence. In the area of children's rights, the EU encourages Serbia to further step up efforts to improve the situation of Roma children and children with disabilities. The EU invites Serbia to enhance the social inclusion of persons with disabilities, especially as regards employment, education and availability of community-based services. The EU reiterates its call upon Serbia to adopt swiftly amendments to the Law on Anti-Discrimination and a new law on Gender Equality, as well as a data protection law, in line with the *acquis*.

The EU commends Serbia for its efforts in addressing the migration and refugee crisis and encourages it to continuously monitor the adequacy of Serbia's response particularly in view of the transition from an emergency situation to a longer term one. It reiterates its call for increased cooperation between the EU and the region, as well as within the region. It welcomes the adoption of Serbia's Integrated Border Management Strategy and related action plan, Serbia's improved border management cooperation with neighbours and efforts towards detecting and fighting smuggling of migrants. It encourages Serbia to complete a comprehensive multi-annual strategy to counter irregular migration. The EU also takes note of Serbia's further efforts to strengthen its return capacity and arrangements for all persons with no right to remain in Serbia, including the use of voluntary return programmes. The EU welcomes Serbia's efforts to conclude bilateral readmission agreements with several countries, including Afghanistan. It invites Serbia, where applicable, to fully implement all existing readmission agreements, notably the one with the EU.

The EU reiterates its call upon Serbia to swiftly adopt and implement, with the support of appropriate staff, a new asylum law in line with the EU *acquis*. It recalls that Serbia needs to continue upgrading the overall accommodation capacities and providing adequate services to asylum seekers, beneficiaries of international protection and irregular migrants.

The EU urges Serbia to progress towards legislative alignment in the field of judicial cooperation in civil and criminal matters. The EU invites Serbia to ensure the same level of cooperation in criminal matters with all neighbours, including Kosovo.

The EU recalls that efforts should continue to implement all the obligations arising from the visa free regime for Serbian citizens and its relevant roadmap, including in terms of better integration of vulnerable groups and Roma. The EU encourages Serbia, following the entry into force in January 2014 of the visa-waiver suspension mechanism, to actively continue its efforts to tackle the phenomenon of unfounded asylum applications lodged by Serbia's nationals in the EU and Schengen Associated Member States. The Commission will continue to monitor, through the post-visa liberalisation monitoring mechanism as well as in the framework of the SAA sub-committee on Justice, Freedom and Security, the effectiveness of the measures taken.

The EU recalls the importance of continuing to prioritise investment in research and development, both by the public and private sector.

The EU encourages Serbia to make continued efforts to reform the education sector. The mismatch between skills available and needs of the labour market needs to be monitored and further addressed, in particular through further progress in the reform of vocational education training system and the National Qualifications Framework.

Regarding environment and climate change, the EU welcomes the recent establishment of a Ministry of Environmental Protection. The EU underlines the importance of further aligning with the EU *acquis* and enforcing legislation, including on consultations with neighbours on projects with potential trans-boundary environmental impact, together with strengthening administrative capacity, improving inter-institutional coordination and increasing financial resources in this field. The EU invites Serbia to make swift progress on the operationalisation of the Green Fund as a sustainable financing system for environmental investments and services. Environmental charges should support the financing of environment and climate change actions. The EU encourages Serbia to further increase effectiveness of public consultations in environmental decision-making. The EU encourages Serbia to address issues related to air quality, nature protection, landfills together with waste separation and recycling systems, as well as to make progress towards strategic noise maps.

As regards climate change, the EU welcomes Serbia's ratification of the Paris Climate Agreement and encourages Serbia to progress with the implementation of its Intended Nationally Determined Contribution. The EU urges Serbia to proceed swiftly with the work on a comprehensive climate change strategy and Action Plan, consistent with the EU 2030 framework on climate and energy policies and well integrated in all relevant sectors, as this will greatly contribute to the Paris Agreement implementation. The EU reiterates the importance of considerably strengthening administrative capacities, raising awareness and promoting close cooperation between stakeholders.

The EU notes that, overall, Serbia has achieved some progress in the area of consumer and health protection, notably with legislative developments. The EU invites Serbia to progress further with legislative alignment and strengthen the overall administrative capacity and financial sustainability of the public health system.

The EU welcomes the continued efforts in the area of public internal financial control (PIFC) and the adoption of Serbia's PIFC strategy. However, the EU reiterates that practical implementation of the legal framework for PIFC could be stepped up. The EU encourages Serbia to further strengthen the managerial accountability arrangements and control systems, including in the context of PAR.

Pre-accession Assistance

The EU welcomes the good cooperation with the national authorities in programming and implementation of EU funds in Serbia, on the basis of the sector approach, which allows a better prioritisation and sequencing of the projects within and between sectors, and for a closer link between the financial assistance and the negotiation process. In this respect, the EU welcomes the signature of the Financing agreement between Serbia and the Commission on the sector budget support on education.

The EU reiterates the need to continue addressing the audit findings of the indirect management in Serbia in the context of the management of EU funds by Serbia. In this context, the EU welcomes the high contracting rate of the implementation of the decentralised part of the IPA 2013 National Programme for Serbia (85%). The EU calls upon Serbia to dedicate adequate resources to implementing the IPA 2013 National Programme and ensuring timely contracting of the decentralised part of the IPA 2014 Action Programme for Serbia.

The EU underlines that the National Investment Council and single investment project pipeline, bringing together national authorities, donors and international financial institutions to coordinate Serbian investment policy in key sectors, should continue to play a central role in the prioritisation of investment projects. The EU invites Serbia to improve the public investment management in Serbia and believes that such efforts should be integrated with the single project pipeline and the existing National Investment Council.

Serbia has been actively participating in EU programmes, including Horizon 2020, COSME, Customs and Fiscalis 2020, Erasmus+ and Creative Europe, Employment and Social Innovation. IPA funds are regularly used to co-finance part of the costs for the participation in these programmes. The EU encourages Serbia's further participation in the EU programmes and agencies, including the Fundamental Rights Agency.

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 acknowledges that Serbia has an overall positive track record in implementing its obligations under the SAA. It takes note of the removal of safeguard measures on imports of dairy and pig meat products from the EU, which were not justified and thus incompatible with the SAA. However, the EU reiterates that there are a number of areas where Serbia is not complying with the SAA, in particular longstanding ones related to state aid and fiscal discrimination on certain goods. The EU invites Serbia to address these. It also underlines the importance for Serbia to secure full capital market liberalisation, including liberalisation of agriculture land.

The EU underlines Serbia's obligation under the SAA to adopt bilateral conventions on regional cooperation. In application of Article 15 of the SAA, Serbia has two years to negotiate and put into force agreements with other countries with an SAA in force.

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.
