



Council of the  
European Union

Brussels, 19 April 2018  
(OR. en)

8076/18

ELARG 17  
COWEB 43

#### COVER NOTE

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	18 April 2018
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

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No. Cion doc.:	COM(2018) 450 final
Subject:	COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS 2018 Communication on EU Enlargement Policy

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Delegations will find attached document COM(2018) 450 final.

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Encl.: COM(2018) 450 final



Strasbourg, 17.4.2018  
COM(2018) 450 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**2018 Communication on EU Enlargement Policy**

{SWD(2018) 150 final} - {SWD(2018) 151 final} - {SWD(2018) 152 final} -  
{SWD(2018) 153 final} - {SWD(2018) 154 final} - {SWD(2018) 155 final} -  
{SWD(2018) 156 final}

## I. INTRODUCTION

In November 2015, the European Commission set out a **medium-term strategy for EU enlargement policy**, which remains valid. This Communication takes stock of progress in the implementation of enlargement policy by the end of January 2018, and encourages the countries concerned to keep up their modernisation through political and economic reforms, in line with the accession criteria.

The enlargement process continues to be built on **established criteria and fair and rigorous conditionality**. Each country is assessed on the basis of its **own merits**. The assessment of progress achieved and the identification of shortcomings aim to provide incentives and guidance to the countries to pursue the necessary far-reaching reforms. For the prospect of enlargement to become a reality, a firm commitment to the principle of "fundamentals first" remains essential. Structural shortcomings persist, notably in the key areas of the rule of law and the economy. Accession candidates must deliver on the rule of law, justice reform, fight against corruption and organised crime, security, fundamental rights, democratic institutions and public administration reform, as well as on economic development and competitiveness. Given the complex nature of the necessary reforms, it is a long-term process.

It is important to recognise that accession negotiations are not - and never have been - an end in themselves. They are part of a **wider process of modernisation and reforms**. The governments of the enlargement countries need to embrace the necessary reforms more actively and truly make them part and parcel of their political agenda – not because the EU is asking for it, but because it is in the best interests of their citizens. Embracing core European values such as the rule of law is central to the generational choice of aspiring to EU membership. Public support for future enlargements will depend on the degree of preparedness of candidate countries. Reforms conducted through the EU accession process should contribute to increasing the confidence of citizens of EU Member States and of the candidate countries alike.

In February 2018, the European Commission reaffirmed the firm, merit-based prospect of EU membership for the **Western Balkans** in its Communication *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*<sup>1</sup>. This is a strong message of encouragement for the whole Western Balkans and a sign of the EU's commitment to their European future. Leaders in the region must leave no doubt as to their strategic orientation and commitment. Regional cooperation and good neighbourly relations are essential for progress on the respective European paths. The European Commission also stated that our Union must be stronger and more solid, before it can eventually be bigger. This is why, in line with its Roadmap for a More United, Stronger and more Democratic Union<sup>2</sup>, the Commission will throughout this year put forward a number of initiatives aimed at improving the democratic, institutional and policy framework for the Union of 2025, based on the current Treaties.

**Turkey** is a key partner for the EU and a candidate country, with which dialogue at high-level and cooperation in areas of joint interest have continued, including support to Syrian refugees. The Commission recognised Turkey's legitimate need to take swift and proportionate action in the face of the failed coup attempt of July 2016. However, Turkey has been significantly

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<sup>1</sup> [COM\(2018\) 65 final](#)

<sup>2</sup> [https://ec.europa.eu/commission/sites/beta-political/files/roadmap-factsheet-tallinn\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/roadmap-factsheet-tallinn_en.pdf)

moving away from the European Union, in particular in the areas of the rule of law and fundamental rights and through the weakening of effective checks and balances in the political system. The European Commission has repeatedly called on Turkey to reverse this negative trend as a matter of priority.

## II. IMPLEMENTATION OF THE 2015 ENLARGEMENT STRATEGY

Addressing reforms in the area of the **rule of law, fundamental rights and good governance** remains the most pressing issue for the enlargement countries. It is also the key benchmark against which their prospects will be judged by the EU. They must embrace these fundamental EU values much more strongly and credibly. Failure to uphold them is also a deterrent to investment and trade. Strengthening the rule of law is not only an institutional issue. It requires societal transformation.

### a) Rule of law

Despite the growing focus on rule of law reforms, progress remained uneven in enlargement countries. In the former Yugoslav Republic of Macedonia the strong commitment of the new government to implementing "Urgent Reform Priorities" has had a positive impact on the rule of law. In the aftermath of the coup attempt of July 2016, the rule of law situation in Turkey continued to deteriorate.

Successfully reforming a **judicial system** is a long-term process that requires sustained political will across the political spectrum and much work lies ahead in the enlargement countries. In Albania, the ongoing unprecedented process of re-evaluation of judges and prosecutors is expected to give a boost to the judicial system in terms of its professionalism, independence and integrity. In Turkey, the mass dismissals of judges and prosecutors as well as constitutional changes have further undermined the efficiency and independence of the judiciary.

The countries must root out **corruption** without compromise, and eliminate any element of state capture. Corruption remains widespread, despite continuous efforts to bring legal and institutional frameworks in line with the EU *acquis* and European standards. Strong and independent institutions are crucial to prevent and tackle corruption, in particular at high level, and to conduct more effective investigations and prosecutions, leading to final court rulings that are enforced and that include dissuasive sanctions. More transparency is needed in the management of public funds especially at all stages in public procurement, an area particularly prone to corruption.

Specialised bodies are in place in but cases of inexplicable wealth among politically exposed persons are rarely investigated. The limited progress shows a lack of genuine political will in combination with still limited administrative capacity. More transparency and accountability, the separation of powers and stronger independent oversight bodies remain essential. Efforts launched at Trieste in 2017 to agree a regional instrument on data exchange in asset disclosure and conflicts of interest could contribute to improving the countries' track record of dealing with corruption cases in the Western Balkans region.

**Organised crime's** foothold on the enlargement countries remains strong. Powerful criminal groups continue to operate in and from the Western Balkans region and Turkey. The region remains an important entry route for the trafficking of illicit goods, in particular drugs and arms, and people on their way to the EU. Enlargement countries are increasingly cooperating

with EU law enforcement agencies such as Europol and Eurojust and gradually improving their capacity to deal with specific types of organised crime, including drug trafficking. In Albania, large scale law enforcement operations led to successful seizures of large quantities of cannabis and, recently, also cocaine from Latin America. Nevertheless, staffing levels and respect for the operational independence of law enforcement bodies remain problematic in the region. There continues to be a gap between an analysis of organised crime threats and operational priorities set, reducing the success rate in effectively dismantling criminal groups. The authorities also need to start using financial investigations-in line with the Financial Action Task Force methodology-and improve results on confiscating the proceeds of crime. The establishment and reinforcement of centralised agencies in charge of the identification and tracing of criminal assets (Asset Recovery Offices) in enlargement countries could make their national asset recovery systems more effective and facilitate operational cooperation with the Asset Recovery Offices in the EU Member States. On anti-money laundering/countering terrorist financing, the enlargement countries should as a priority align their legislation and practices with the recommendations of the Financial Action Task Force. A concrete and sustained track record of tackling corruption, money laundering and organised crime should be established as a matter of urgency.

To tackle **terrorism**, violent extremism, radicalisation and, in particular, the phenomenon of (returning) foreign terrorist fighters, the EU has stepped up operational cooperation with each of the enlargement countries. There have been continued good efforts in all countries to align legislation and practices in the field of anti-terrorism and the fight against radicalisation with EU standards and practices. There remains nevertheless scope for more effective structures at national and regional levels to ensure concrete results, in particular as regards the prevention of violent extremism, arms trafficking, terrorism financing, anti-money laundering, information sharing and anti-radicalisation policies. The EU Radicalisation Awareness Network has been supporting much of this work. The fight against terrorism should be further stepped up with each Western Balkan partner and Turkey. Personal data protection standards should be brought into line with EU standards to allow for cooperation agreements with Eurojust to be concluded. Inspired by earlier joint work on anti-terrorism, the EU and Western Balkan partners agreed in 2017 on the Western Balkans Integrated Internal Security Governance as a new approach to security governance capacity-building and reforms in the region.

## **b) Fundamental rights**

**Fundamental rights** are largely enshrined in the legislation in the Western Balkans but serious efforts are needed to ensure they are fully implemented in practice. Turkey has seen a continued strong deterioration in key human rights areas over the reporting period.

Particular focus is needed to safeguard **freedom of expression** and the independence of the media as a pillar of democracy across the region. There has been an important deterioration in this area in some countries, including serious backsliding in Turkey, where over 150 journalists remain in prison. Elsewhere, there has been limited progress at best. Attacks and threats against journalists have continued, while investigations and prosecutions remain slow. Efforts to influence the independence of public service broadcasters and non-transparent public funding of the media remain prevalent in all enlargement countries. These abuses undermine not just the basic right to freedom of expression, but also democracy in the region. Governments need to take urgent and concrete steps to implement the existing legal frameworks on freedom of expression, and to improve the overall climate for media freedom.

The EU strongly supports local civil society organisations, human rights defenders, journalists and independent media outlets, often at the receiving end of intimidation. Their contribution is vital to ensuring government accountability on freedom of expression, as well as on all other fundamental rights.

Increased efforts are needed across enlargement countries to effectively address **child rights** abuses which remain prevalent. Governments also need to address discrimination against **persons with disabilities, minorities** and other vulnerable groups as a matter of priority. More must be done to advance **gender equality** and to prevent and address violence against women. While progress has been made in the Western Balkans on the rights of lesbian, gay, bisexual, transgender and intersex persons, additional efforts are needed to end discrimination, threats and violence. The precarious situation of **Roma** also needs to be prioritised as they continue to face social exclusion, marginalisation and discrimination. **Prison conditions** need to improve and procedural rights of suspects and accused persons and victims' rights should be aligned with the EU *acquis*. In Turkey, decrees adopted under the State of Emergency curtailed key procedural rights including the rights of defence.

### c) Functioning of democratic institutions and public administration reform

The proper functioning of **democratic institutions** remains a key challenge in a number of countries. This includes ensuring constructive dialogue across the political spectrum, notably within the **parliaments**. Despite some progress, several fundamental aspects in the conduct of democratic elections still pose challenges. The recommendations of election observation missions should be properly implemented. Parliamentary accountability, as an essential element of a well-functioning democracy, needs to be embedded in the political culture.

In Turkey, while recognising Turkey's legitimate need to take swift and proportionate action in the face of the failed coup attempt, there are serious concerns as to the proportionality of measures under the state of emergency which still remains in force and which curtailed Parliament's key legislative function whilst the space for dialogue among political parties further narrowed. Far-reaching constitutional changes assessed by the Council of Europe as lacking sufficient checks and balances and endangering the separation of powers were approved in a referendum organised under the state of emergency.

In the Western Balkans, the capacity of the national parliaments to exercise core legislative and oversight function is undermined by the lack of political dialogue, the excessive use of urgent parliamentary procedures and the absence of constructive engagement by all parties. A divisive political culture remains, although some boycotts have been overcome. In Albania, the May 2017 cross-party political agreement allowed resumption of parliamentary work ahead of the electoral recess. In the former Yugoslav Republic of Macedonia, the new Parliament made efforts to restore its oversight capacities over the executive. However, in Montenegro, the opposition has boycotted legislative activity since the convening of parliament in November 2016. In Serbia, parliamentary effectiveness and the quality of legislation suffer from the lack of proper parliamentary scrutiny on draft legislation. In Kosovo\*, both under the previous and the current ruling coalitions, the work of the Assembly was marked by political polarisation and paralysis, though the Assembly recently ratified the Border Demarcation Agreement with Montenegro. In Bosnia and Herzegovina, the adoption

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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

of legislation stemming from the Reform Agenda was negatively affected by tensions between ruling coalition parties, leading to a slowdown of the reform process. While the conduct of elections as such in the region broadly happens without major incidents, important shortcomings, including the politicisation of electoral bodies, the abuse of state resources and the lack of transparency in political party and electoral campaign financing, have an impact on the level of citizens' trust in the electoral processes.

**Public administration reform** is paramount to strengthening governance at all levels. This includes improving the quality and accountability of administration, increasing professionalism, de-politicisation and transparency, also in recruitment and dismissals, more transparent management of public finances, and better services for citizens. An appropriate balance between central, regional and local government also needs to be found. While there has been moderate progress in the Western Balkans in some areas, Turkey has been seriously backsliding as regards public service and human resources management and accountability.

Comprehensive public administration and public financial management **reform strategies** are now in place, except in Bosnia and Herzegovina and Turkey. Delays in implementation and the financial sustainability of reforms remain a concern. Budget transparency has in many cases improved. The quality of central government **strategic planning** and links to sector planning need to be substantially improved in the Western Balkans. Policies, legislation and public investments are still often prepared without systematic impact assessments and consultations. A key problem in most countries is the extensive use of urgent legislative procedures. **Professionalisation of the civil service** still needs to be ensured in all countries. Despite modern civil service legislation, exceptions are regularly used, especially for appointments and dismissals of senior civil servants.

In all enlargement countries, the **structure of the state administration** needs to be further rationalised. In the Western Balkans, similar administrative bodies have different statuses, many of them reporting directly to the government or the parliament rather than to their natural parent ministries. There is insufficient accountability and reporting between sub-ordinated agencies and their parent institutions. To improve **service delivery**, most enlargement countries have focused on introducing e-government services but initiatives often lack strategic steering and coordination. Most countries have also made progress with adopting modern laws on general administrative procedures, but in many countries a substantial amount of sector legislation still needs to be amended to reduce the special administrative procedures to a minimum.

#### **d) Migration**

Challenges related to the refugee crisis and to irregular **migration** have been central to the EU's work with enlargement countries. Progress was made through the joint work along the Eastern Mediterranean/Western Balkans migratory routes. Smuggling of migrants and human trafficking remain of concern. More efforts are needed to ensure that countries are better equipped to face migration challenges, including with regard to reducing irregular migration, activities on return and protecting the borders and preventing irregular migration, capacity building on asylum, social inclusion and integration, in line with EU *acquis*.

In an outstanding effort, Turkey currently provides shelter to more than 3.5 million registered Syrian refugees and the EU remains committed to assist Turkey in addressing this challenge. Cooperation under the EU-Turkey Statement continued to deliver concrete results. The trend of significantly reducing irregular and dangerous crossings and loss of lives in the Aegean Sea has been consolidated. 42 319 migrants arrived via the Eastern Mediterranean route in 2017,

compared to 182 277 in 2016, representing a drop of almost 77 %. The Turkish Coast Guard remained committed to active patrolling and the prevention of irregular crossing and the opening of new routes. The EU Facility for Refugees in Turkey continues to support the needs of refugees and support host communities. Its first tranche of EUR 3 billion has been fully contracted. Disbursements have reached EUR 1.9 billion to date. The mobilisation of the second tranche of the Facility has started, in line with the EU-Turkey statement. The Facility has proven to be one of the swiftest and most effective of EU support mechanisms, providing almost 1.2 million of the most vulnerable refugees with monthly cash transfers under the Emergency Social Safety Net. More than 312 000 children have received Turkish language training and the distribution of stationery and course books has started for 500 000 students. Refugees have benefitted from more than 763 000 primary health care consultations and more than 217 000 Syrian refugee infants were fully vaccinated.

EU-coordinated response measures supporting national efforts resulted in 2017 in a 91 % reduction in irregular migratory flows transiting the Western Balkans region and an overall stabilisation of the situation along the borders. The former Yugoslav Republic of Macedonia and Serbia in particular proved reliable partners of the EU in this area. Nevertheless, they remained affected and their capacity to deal with crisis situations has been continuously tested. Administrative capacity and infrastructure require further strengthening throughout the region. The EU is committed to supporting the efforts of Western Balkan partners. The Commission has been negotiating status agreements between the European Border and Coast Guard Agency and the Western Balkans. These will allow the deployment of the European Border and Coast Guard Agency teams with executive powers in the zones bordering the EU external border in support of national border authorities.

#### e) **Economy**

The Western Balkans and Turkey have significant **economic potential**. Increasing growth rates in the last few years have translated into job creation across the board. Despite some progress, all governments face major structural economic and social challenges, with high unemployment rates, in particular among youth, large skills mismatches, persistently high levels of informal economy, weak business environments with limited access to finance and low levels of innovation and of regional connectivity. In the Western Balkans, the investment climate continues to be hampered by signs of state capture, in particular as regards the lack of independent and efficient court systems and the uneven enforcement of competition rules. State influence in the economy is strong in the region, exacerbating the risk of corruption through weak public financial management and frequent changes in permits and taxes. Corporate governance frameworks need to be strengthened and the privatisation process finalised. Infrastructure and education systems need to be improved. Infrastructure investments in the region should be consistent with the priorities agreed with the EU, in particular in the context of the extension of the Trans-European Networks-Transport networks to the Western Balkans. In Turkey economic growth rebounded strongly, but the business environment continued to deteriorate and the economy remains vulnerable to financial uncertainty, changes in global investors' confidence and continued political risks.

The EU is supporting improved policy formulation and economic governance through the Economic Reform Programme exercise, which is an integral part of the preparation process. This exercise has become the key tool for formulating and implementing macroeconomic and structural reforms. It thereby helps to strengthen long-term sustainable growth and convergence, facilitates policy planning, and delivers progress towards the Copenhagen



economic criteria. All governments are invited to submit annual Economic Reform Programmes. Now a strong political push and ownership from the governments concerned is needed to implement the reforms identified. The EU is also supporting the improvement of the investment climate in the Western Balkans through the deepening of a Regional Economic Area that aims to remove obstacles to trade, mobility and investment across the region. In December 2016, the Commission adopted a recommendation to open negotiations with a view to the potential extension and modernisation of the EU-Turkey Customs Union, which has since been under consideration in the Council.

#### f) **Regional cooperation and good neighbourly relations**

Regional cooperation is key to ensuring political stabilisation and economic opportunities. The EU's connectivity agenda in particular has given Western Balkans' regional cooperation an added momentum. In 2017, in Trieste, leaders of the region endorsed an action plan for the Regional Economic Area and signed the Transport Community Treaty. The South East European Cooperation Process and other regional initiatives have also continued to foster stabilisation and cooperation. The Regional Youth Cooperation Office has been set up and it has launched the first call for proposals to continue enhancing people-to-people cooperation. The Erasmus+ programme has continued to foster inter-cultural dialogue in higher education and amongst young people, and has supported actions to encourage the internationalisation and modernisation of higher education institutions and systems. There has been some progress in delivering connectivity projects on the ground. The EU Strategy for the Adriatic and Ionian Regional Action Plan has contributed to foster development of joint projects, promoting further alignment with the *acquis* in the participating countries. However, far too many obligations from regional agreements and commitments have not yet been met. If citizens are to see real benefits from regional cooperation, more efforts are needed to make these agreements and commitments operational, including as regards the implementation of the connectivity reform measures agreed in 2015.

Good neighbourly relations and regional cooperation are essential elements of the Stabilisation and Association and enlargement processes. While there have been ongoing and regular government-to-government contacts and cooperation at bilateral and regional level, there is a need for more efforts in the most sensitive areas such as war crimes, missing persons, organised crime and judicial and police cooperation. One exception concerns the return of refugees from the Balkan wars; here, the Regional Housing Programme is showing positive results. Statements which negatively impact on good neighbourly relations should be avoided. Promoting stability and the creation of an environment conducive to overcoming the legacy of the past and to reconciliation require both responsible political leadership and further substantive efforts. The Friendship Treaty between Bulgaria and the former Yugoslav Republic of Macedonia is a positive example in this regard.

The EU's enlargement policy must continue to export stability. Therefore the EU cannot and will not import **bilateral disputes**. They must be solved as a matter of urgency by the responsible parties. Results in this regard have been limited. Further efforts are required across the Western Balkans region. Urgent progress is needed in the EU-facilitated Dialogue towards the full normalisation of relations between Serbia and Kosovo, which should result in concluding and implementing a comprehensive, legally binding normalisation agreement. As regards the former Yugoslav Republic of Macedonia, the positive progress made towards finding a negotiated and mutually acceptable solution to the name issue under UN auspices

should be built on, along with the progress made on good neighbourly relations. Albania has also taken steps to resolve long-standing bilateral disputes.

Although renewed efforts made in the United Nations-led settlement talks on Cyprus failed to deliver an agreement, it is important to preserve the progress made so far and to pursue preparations for a fair, comprehensive and viable settlement, including in its external aspects. Turkey's continued commitment and contribution in concrete terms to the negotiations on a fair, comprehensive and viable settlement of the Cyprus issue within the UN framework will be of paramount importance. Turkey needs to urgently fulfil its obligation of fully implementing the Additional Protocol and make progress towards normalisation of relations with the Republic of Cyprus. The Commission urges the avoidance of any kind of threat, source of friction or action that damages good neighbourly relations and the peaceful settlement of disputes. The Commission stresses all the sovereign rights of EU Member States. This includes, inter alia, the right to enter into bilateral agreements and to explore and exploit natural resources in accordance with the EU *acquis* and international law, including the UN Convention on the Law of the Sea. Turkey's actions and statements against several EU Member States have also created tensions that are affecting negatively its relations with the EU. Solving these bilateral issues is a matter of priority.

### III. CONCLUSIONS AND RECOMMENDATIONS

Based on the above analysis and the assessments in the country summaries in annex, the Commission puts forward the following **conclusions** and **recommendations**:

#### I

1. The **EU's enlargement policy** is an investment in **peace, security, prosperity and therefore stability** in Europe. It provides increased economic and trade opportunities to the mutual benefit of the EU and the aspiring Member States. The firm prospect of EU membership, as continuously reaffirmed by the EU and its Member States, continues to drive transformation and anchor stability and security in the countries of Southeast Europe.
2. The enlargement process continues to be built on **established criteria and fair and rigorous conditionality**. Each country is assessed on the basis of its **own merits** so as to provide incentives to pursue far-reaching reforms. For the enlargement perspective to become a reality, a firm commitment to the principle of "fundamentals first" remains essential.
3. The Commission's **Western Balkans** strategy, adopted in February 2018, provides a **historic window of opportunity** to firmly and unequivocally bind the region's future to the European Union. The countries in the region now need to act with determination to decisively and irreversibly move forward their transformation process and address the existing shortcomings, in particular concerning the fundamentals of rule of law, fundamental rights, democratic institutions and public administration reform, as well as the economy.

## II

4. **Turkey** is a key partner for the European Union. The EU, which immediately and strongly condemned the July 2016 attempted coup, reiterated its full support to the democratic institutions of the country, and recognised Turkey's legitimate need to take swift and proportionate action in the face of such a serious threat. However, the broad scale and collective nature of measures taken since the coup attempt, such as the widespread group dismissals, arrests, and detentions, continue to raise serious concerns as to the proportionality of measures under the state of emergency which still remains in force. The Turkish government reiterated its commitment to EU accession but this has not been matched by corresponding measures and reforms. On the contrary, Turkey has been significantly moving away from the European Union. Under the currently prevailing circumstances, no new chapters are considered for opening. Turkey needs to reverse the current negative trend in the rule of law and fundamental rights as a matter of priority starting with the lifting of the state of emergency and addressing the weakening of effective checks and balances in the political system, including through reinforced cooperation with the Council of Europe.

There was serious backsliding in the key areas of judiciary, public administration reform, fundamental rights and freedom of expression, and further backsliding in a growing number of other areas. The full respect of the rule of law and fundamental rights and freedoms is an essential obligation of the accession process. Since the introduction of the state of emergency, over 150 000 people were taken into custody and 78 000 were arrested. Over 150 journalists remain in prison, together with scores of writers, human rights defenders, lawyers and elected representatives. Many Turkish citizens were detained for expressing their political views on social media. The 31 decrees taken under the state of emergency, which have been exempt from judicial review and effective scrutiny by parliament, have curtailed key civil and political rights substantially, including the freedom of expression, freedom of assembly and defence rights. A State of Emergency Commission became formally operational but still needs to develop into an effective, credible remedy, in a context where the capacity of Turkey to ensure an effective domestic legal remedy in the sense of the European Court of Human Rights has been further undermined by a number of problematic court rulings.

In a referendum organised during the state of emergency, far-reaching constitutional amendments introducing a presidential system were approved by a close margin. These were assessed by the Council of Europe as lacking sufficient checks and balances as well as endangering the separation of powers between the executive and the judiciary. The Parliament's key function as legislator was curtailed, the space for dialogue among political parties was further narrowed down in Parliament, whilst more HDP Members of parliament were arrested and ten of them stripped of their seats. The appointment of trustees to replace elected representatives led to an important weakening of local democracy. Civil society came under increasing pressure in the face of a large number of arrests of activists, including human rights defenders, leading to a rapid shrinking space for fundamental rights and freedoms. The situation in the south-east remains one of the most critical challenges for Turkey's own stability. There were no developments on the resumption of a credible political process which is needed to achieve a peaceful and sustainable solution.

While growth rebounded strongly in 2017, it remains vulnerable unless Turkey addresses macroeconomic imbalances, conducts further structural reforms and improves the business environment. Political uncertainty, increased state control in the economic sphere and attacks on the independence of the judiciary led to a less predictable investment climate, a fall in the national currency and a significant decline in European direct investment.

The EU and Turkey continued their dialogue and cooperation in the areas of joint interest including with a number of high-level visits and Leaders' meetings in May 2017 and March 2018. High level dialogues continued on foreign and security policy, including counter-terrorism, on transport and on the economy. The European Commission underlines the importance of its proposals to the Council for an extension and modernisation of the EU-Turkey Customs Union which would be mutually beneficial.

Turkey continued to make outstanding efforts to provide shelter to over 3.5 million refugees from Syria and some 365 000 refugees from other countries. The cooperation with the EU on migration continued to deliver concrete and remarkable results in reducing irregular and dangerous crossings and in saving lives in the Aegean Sea. The EU Facility for Refugees in Turkey continues to support the needs of refugees and support host communities. As regards the implementation of the Visa Liberalisation Roadmap, at the beginning of February, Turkey submitted to the European Commission a work plan outlining how Turkey plans to fulfill the seven outstanding visa liberalisation benchmarks. The Commission is assessing Turkey's proposals and further consultation with the Turkish counterparts will follow.

Turkey launched a military operation in northern Syria. While Turkey has a right to take action to prevent terrorist attacks against it, the operation raised immediate humanitarian concerns while adding concerns about a new escalation of violence.

In line with the repeated Council and Commission positions from previous years, it is urgent that Turkey fulfils its obligation of fully implementing the Additional Protocol and makes progress towards normalisation of relations with the Republic of Cyprus. Although the Conference convened on Cyprus was closed without an agreement in July 2017, it is important to preserve progress made and to pursue preparations for a fair, comprehensive and viable settlement, including in its external aspects. Turkey's continued commitment and contribution in concrete terms to such a fair, comprehensive and viable settlement will be of paramount importance.

Cooperation with Greece and Bulgaria on migration further intensified. However, tensions in the Aegean Sea and Eastern Mediterranean were not conducive to good neighbourly relations and undermined regional stability and security. Bilateral relations with several EU Member States deteriorated, including at times offensive and unacceptable rhetoric. The EU called on Turkey to avoid any kind of threat or action directed against a Member State, or any source of friction or action that would damage good neighbourly relations and the peaceful settlement of disputes. Moreover, in March 2018 the European Council strongly condemned Turkey's continued illegal actions in the Eastern Mediterranean and the Aegean Sea and recalled Turkey's obligation to respect international law and good neighbourly relations and to normalise relations with all EU Member States.

5. **Montenegro** held presidential elections in April 2018. Initial steps were taken to address the Organisation for Security and Cooperation in Europe's Office for Democratic Institutions and Human Rights Election Observation Mission's recommendations following the 2016 parliamentary elections. However, the judicial follow-up to the irregularities reported has been very limited. Further work is required to consolidate trust in the electoral framework. Returning the political debate to the parliament is the responsibility of all parties.

EU accession negotiations have further progressed, with 30 chapters opened, three of which provisionally closed. In the area of rule of law, Montenegro continued to make progress in particular on the legal and institutional framework, while the practical impact of the reforms is not yet sufficiently visible and no progress has been made in the area of freedom of expression. The entire rule of law system, in particular the judiciary, now needs to deliver more results. Progress on the rule of law chapters, demonstrated by tangible results, in particular to strengthen freedom of expression and of the media and the track record in fighting corruption and organised crime, money laundering and trafficking in human beings, will continue to determine the pace of accession negotiations overall.

Good progress has been made on legislation aimed at implementing merit-based recruitment across the public service which now needs to be implemented. Montenegro progressed in strengthening macroeconomic and fiscal stability with the start of the implementation of a medium-term fiscal consolidation strategy. The level of public debt is high and continues to increase. Present efforts to improve the infrastructure and the education system need to be complemented by labour market reform, a reduction of disincentives to work, and the development of a competitive export-oriented industry.

6. **Serbia** held presidential elections in April 2017. Following the resignation of the Prime Minister after his election as President, the new government took office in June 2017. The new government remained committed to EU integration.

EU accession negotiations have progressed, with 12 chapters opened, two of which provisionally closed. The overall pace of negotiations will continue to depend on Serbia's progress in reforms and in particular on a more intense pace of reforms on rule of law and in the normalisation of its relations with Kosovo. While some progress has been made on the rule of law, Serbia now needs to strengthen its efforts and deliver more results, in particular in terms of creating an enabling environment for freedom of expression, in strengthening the independence and overall efficiency of the judicial system, and in making sustainable progress in the fight against corruption and organised crime, including on money laundering. Economic reforms continue to produce results, especially in terms of macroeconomic stabilisation. However, public and private investment levels remain low and the business environment for small and medium enterprises needs to improve further. Major structural reforms of the public administration, the tax authority, and state-owned enterprises remain incomplete. In the context of its accession negotiations, it is essential for Serbia to develop and maintain increased administrative capacity to deal with EU issues.

Serbia needs to substantially deepen its engagement in the Dialogue with Kosovo, including the implementation of all agreements and in particular the agreement on Energy, Mitrovica Bridge, IBM and Diploma Recognition. The President's initiative to

launch an internal dialogue on Kosovo is welcome. Serbia should continue to play a positive role in the region in improving regional ties and preserving stability.

7. The **former Yugoslav Republic of Macedonia**, has, following a difficult period, finally overcome its deep political crisis, with EU and international support. The political will to move forward is once again clearly present and a positive change in the political mind-set has been seen across society, the lack of which had been a major impediment to reforms in recent years. Implementation of these necessary structural reforms is a long term process.

The Commission is satisfied that the Pržino Agreement has been largely implemented, even in a difficult political context.

Considerable work has been done to address the Urgent Reform Priorities since summer 2017, through a genuine desire to reform, followed by the preparation of overdue strategies and legislation, and consultation of all stakeholders, including the opposition, in an inclusive and transparent manner. A number of strategies and laws were adopted, notably in the area of rule of law, between November 2017 and February 2018. Many others are being prepared for adoption in the coming months. However, structural challenges remain notably in the area of the judiciary.

In light of the progress achieved, the Commission recommends that the Council decides that accession negotiations be opened with the former Yugoslav Republic of Macedonia, maintaining and deepening the current reform momentum on the urgent reform priorities, decisive for the country's further progress. To support this, the Commission would apply the reinforced approach for the negotiating chapters on judiciary and fundamental rights and justice, freedom and security to the country.

8. **Albania** has continued to make steady progress in the implementation of the five key priorities for the opening of accession negotiations. Reform of the public administration was consolidated, with a view to enhancing its professionalism and de-politicisation. Further actions were taken to reinforce the independence, efficiency and accountability of judicial institutions, particularly through advancing in the implementation of a comprehensive justice reform. This includes first tangible results in the re-evaluation of all judges and prosecutors (vetting), with the resignation of 15 high ranking judges and prosecutors, and the first hearings resulting in the dismissal of a Constitutional Court judge and the confirmation in duty of a Constitutional Court judge.

Further determined efforts were undertaken in the fight against corruption and organised crime, including in the fight against drug trafficking and cultivation, contributing towards establishing a solid track record of proactive investigations, prosecutions and convictions. Additional measures were adopted to reinforce the effective protection of human rights, including of persons belonging to minorities and of Roma, and anti-discrimination policies, as well as implementing property rights.

In light of the progress achieved, the Commission recommends that the Council decides that accession negotiations be opened with Albania, maintaining and deepening the current reform momentum in the key field of the rule of law, in particular across all five key priorities, and continuing to deliver the concrete and tangible results in the re-evaluation of judges and prosecutors (vetting). To support

this, the Commission would apply the reinforced approach for the negotiating chapters on judiciary and fundamental rights and justice, freedom and security to the country.

9. **Bosnia and Herzegovina** delivered at a slow pace throughout 2017 on the priorities stemming from its reform process, particularly as regards the Reform Agenda. The EU oriented reform efforts need to step up in order to address the deeply rooted structural problems that have been holding back the development of the country. The electoral framework remains to be urgently amended with a view to ensuring the proper organisation of the October 2018 elections and the smooth implementation of the results. In this regard all political leaders need to assume their responsibility and to find a solution with regard to the Federation House of peoples so as not to undermine the EU perspective of the country and of its citizens. Further socio-economic reforms, the strengthening the rule of law and public administration in line with European standards at all levels of government, as well as further improving cooperation between all levels continue to remain a priority. The coordination mechanism on EU matters has been effective in delivering a set of coordinated answers needed for the ongoing preparation of the Commission's Opinion on Bosnia and Herzegovina's EU membership application. The proper functioning of the mechanism will continue to remain essential in order to enable the country to face the increasing challenges of the EU integration process such as the adoption of further country-wide strategies as well as a strategic programme for the country's legal approximation with the EU *acquis*. Economic development remains slow, suffering from a weak rule of law, a still poor business environment, an inefficient and fragmented public administration and major labour market imbalances, an unsupportive investment climate.
10. In **Kosovo**, EU-related reforms slowed due to a lengthy electoral period in 2017 and a challenging domestic political context which affected parliamentary work. Political actors need to re-engage in a constructive dialogue, with the Assembly as the key forum for political debate. The new government and Assembly should bring forward reforms as a matter of priority and build consensus on key strategic issues for Kosovo. Implementation of the Stabilisation and Association Agreement and the accompanying European Reform Agenda should be accelerated. There has been progress regarding the economy, particularly on improving the business environment. However, measures should be taken against the widespread informal economy and high unemployment. The situation in the north of Kosovo remains particularly challenging. The recent ratification of the border/boundary demarcation agreement with Montenegro constitutes an important achievement in the spirit of good neighbourly relations and is a crucial step towards visa liberalisation. The Commission is assessing Kosovo's track record on the fight against organised crime and corruption.

The attempt by 43 members of the Kosovo Assembly in December 2017 to abrogate the Law on Specialist Chambers and Specialist Prosecutor's Office have raised serious concerns. It will be essential for Kosovo to fully comply with its international obligations regarding the Specialist Chambers and Specialist Prosecutor's Office, which were established to address certain allegations of international crimes committed in the context of the Kosovo conflict.

Kosovo needs to substantially deepen its engagement in the Dialogue with Serbia, including the implementation of all agreements and in particular the agreement on the Association/Community of Serb-majority municipalities. The work of the

Management Team, launched on 4 April, needs to intensify, in full compliance with the Brussels 2013 and 2015 Agreements.



## **IV. ANNEXES**

### **1. Summaries of the findings of the reports<sup>3</sup>**

### **2. Statistical annexes**

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<sup>3</sup> Reference to numbers of staff working documents.