

STABILISATION AND ASSOCIATION
BETWEEN
THE EUROPEAN UNION
AND SERBIA

The Stabilisation and Association Council

Brussels, 28 November 2017
(OR. en)

UE-RS 3804/17

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 Serbia tabled on the occasion of the 4th meeting of the Stabilisation and Association Council between the European Union and Serbia.

Fourth meeting of the Stabilisation and Association Council between
the Republic of Serbia and the European Union

Position paper of the Republic of Serbia on the process of stabilisation and association

Brussels, November 2017

I Introduction

1. EU membership is a strategic goal of the Republic of Serbia and it stems from a strong commitment to the fundamental ideas, achievements and values of the European Union. The Republic of Serbia perceives the Stabilisation and Association Process, as well as the EU accession negotiation process, as a strong impetus for the continuation of political and economic reforms. At the same time, the EU integration process is an important part of our internal reform and development agenda, having in mind that the Republic of Serbia implements reforms because that process is in our national interest.
2. The Republic of Serbia welcomes both the announcement by European Commission President Jean-Claude Juncker regarding the Enlargement Strategy 2025 and the position that the RS is recognized as a country to first acquire membership. What is also welcome is the fact that, for the first time, a specific timeframe was provided for the next enlargement of the EU and accession of the countries ready for the membership. The Enlargement Strategy is a very important document and it gives an impetus for our country to continue and accelerate the implementation of the activities with a view acquiring full membership of the EU. The Republic of Serbia expects that the Enlargement Strategy Paper, whose publishing is announced for spring 2018, will discuss in more detail the elements of the speech of President Juncker on the state of the Union and of the Letter of Intent, as well as plans of the European Commission in the period until the end of the current mandate.
3. Serbia's EU membership aspirations are based on the efforts aimed at building a society in which the key values are pluralism, tolerance, solidarity, the fight against discrimination, corruption and organized crime, the respect of human rights and freedoms, especially minority rights, as well as strengthening of democratic institutions, as a guarantor of stated values. Owing to the SAA, the Republic of Serbia is already partly integrated into the European economic processes, and therefore wishes to take its place in the EU, respecting the rules of market economy, social justice and striving to further improve its own capacities in order to be ready to fully meet the obligations of the EU membership on the date of accession.

4. The Republic of Serbia fully shares the view of the EU, its institutions and Member States, that the progress of candidate countries in the process of accession to the EU is to be based on the results achieved in the implementation of necessary reforms.
5. At the scheduled Presidential elections held in April this year, the citizens unambiguously supported the policy of reforms, which are *inter alia* implemented with a view to having a successful and efficient process of EU integration of Serbia, leading it towards a society of regulated European states. The Government of the Republic of Serbia, formed on 29 June 2017, has continued in the footsteps of the previous Government in the implementation of the necessary reforms, confirming that the EU membership is the strategic goal of the RS. With a view to further strengthening the capacities and achieving a more efficient coordination of the negotiation process with the EU, the Ministry of European Integration was formed. According to the Law on Ministries, the Ministry of European Integration carries out state administration affairs and related expert tasks regarding, *inter alia*, coordination, monitoring, and reporting on the process of association and accession to the European Union and directing the work of the Negotiating Team for Accession of the Republic of Serbia to the EU. The Ministry of European Integration coordinates and monitors the implementation of the SAA and is responsible for the preparation, coordination, and reporting on the implementation of the NPAA. The Ministry is also responsible for the planning, programming, monitoring, and reporting on the use of the Instrument for Pre-Accession Assistance (IPA) funds, and the communication of the European integration process to the general public.
6. The Republic of Serbia reiterates its strategic goal set forth at the First **Intergovernmental Conference** and that is to be fully prepared, within a realistic deadline, to assume the obligations arising from the EU membership in order to become a Member State. In that sense, at the Government session held on 6 October this year, a Conclusion was adopted to accept the plan for the preparation of the third revision of the National Programme for the Adoption of the Acquis (NPAA), aimed at achieving overall reforms. This document represents a detailed plan for the harmonisation of the legislative and institutional framework with the EU acquis and an overview of measures and activities for achieving full compliance with all rights and obligations arising from the EU acquis.

7. The Republic of Serbia started accession negotiations with the European Union at the First Intergovernmental Conference held in Brussels on 21 January 2014. At the Second Intergovernmental Conference held in Brussels on 14 December 2015, the first negotiation chapters were opened, namely: 32 Financial Control and 35 Other Issues, dedicated to monitoring of the implementation of the agreements reached within the dialogue between Belgrade and Pristina. At the Third Intergovernmental Conference that took place on 18 July 2016 in Brussels, the following chapters were opened: 23 Judiciary and Fundamental Rights and 24 Justice, Freedom and Security. At the Fourth Intergovernmental Conference held on 13 December 2016 in Brussels, Chapter – Public Procurement 5 was opened, while Chapter 25 – Science and Research was opened and provisionally closed. At the Fifth Intergovernmental Conference held on 27 February 2017 in Brussels, Chapter 20 – Industrial Policy and Entrepreneurship was opened, while Chapter 26 – Education and Culture was opened and provisionally closed. At the Sixth Intergovernmental Conference held on 20 June 2017 in Luxembourg, two chapters were opened, namely Chapter 29 – Customs Union, and Chapter 7 – Intellectual Property Rights.
8. On 5 May 2017, the Republic of Serbia submitted the Negotiating Position for Chapter 30 – External Relations to the Presidency of the EU, and on 21 June 2017 Serbia submitted the Negotiating Position for Chapter 6 – Company Law and the Negotiating Position for Chapter 33 – Financial and Budgetary Provisions, while on 16 October 2017 Serbia submitted the Negotiating Position for Chapter 9 – Financial Services. The Government adopted the Negotiating Position for Chapter 13 – Fisheries and sent it to the EU Council. Serbia's progress in the EU accession negotiation process is both the confirmation of success of the EU enlargement project and the reflection of the commitment of the EU to continue this process, at the same time ensuring its credibility and conditions for fulfilling the assumed obligations of both parties in negotiations.

9. In accordance with the received invitations for the submission of negotiating positions, the Republic of Serbia is working intensively on the preparation of negotiating positions in the area of Free Movement of Workers (2), Free Movement of Capital (4), Information Society and Media (10), Transport Policy (14), Economic and Monetary Policy (17), Statistics (18), Trans-European Networks (21), Environment (27), and Consumer and Health Protection (28). The Republic of Serbia is continuously working on fulfilling the opening benchmarks for chapters related Free Movement of Goods (1), Right of Establishment and Freedom to Provide Services (3), Competition Policy (8), Agriculture and Rural Development (11), Food Safety, Veterinary and Phytosanitary Policy (12), Energy (15), Taxation (16), and Social Policy (19).
10. Within preparations for the regular reporting by the European Commission on the state of play in the reform process in the Republic of Serbia, envisaged to take place in April 2018 according to the new reporting calendar, the European Commission requested Serbia to submit its contribution to the Annual Progress Report, covering the period since the previous report. The Republic of Serbia submitted the requested contributions with a view to presenting the progress achieved and the activities implemented in the EU accession process.

II Political Criteria

11. The Republic of Serbia is paying special attention to the reforms in areas of the rule of law, judicial reform and fight against corruption and organized crime. The Republic of Serbia has put serious effort in the implementation of activities with a view to fulfilling its obligations from the Action Plan for Chapter 23, as well as fulfilling the interim benchmarks. The Action Plan that clearly defines measures, competent institutions, resources and deadlines for the implementation of a wide range of activities has been developed with a view to improving this area. At the same time, the Republic of Serbia continues to fulfil its obligations and is already implementing the measures set out in the aforementioned Action Plan, and with a view to fulfilling its obligations within realistic deadlines, it plans to revise the action plans for Chapters 23 and 24 in the following period. According to the Report on the implementation of the Action Plan for Chapter 23, the status of fully completed and nearly completed activities for the first two quarters of 2017 was at a level of 78%. Technical mechanisms for monitoring and reporting on the fulfilment of interim benchmarks for assessing the progress in Chapter 23 were agreed with the European Commission. In accordance with the set timetable, on 24 April 2017 the Report on Implemented Activities from the Action Plan for Chapter 23 for the first quarter of 2017 was submitted to the European Commission, as well as a document regarding the latest information on the progress made pertaining to Chapters 23 and 24, which is necessary for further drafting of the European Commission Non-paper on the Rule of Law. The first semi-annual report on the current state of play in the field of the rule of law in the Republic of Serbia was delivered by the European Commission to the Republic of Serbia at the beginning of June 2017. The report is objective, acknowledging all that had been implemented thus far. It provides a close look into Serbia's progress in the implementation of Action Plans for Chapters 23 and 24. The report is envisaged to be prepared twice a year. The Republic of Serbia has considered the recommendations carefully and will endeavour to improve the state in this area. As regards the second non-paper on the rule of law by the European Commission reporting on the progress in the implementation of the Action Plans for Chapters 23 and 24, which will be published in November, Serbia has submitted its contributions to the European Commission.

12. One of the most important activities in the field of the rule of law pertains to the amendment of the highest legal act of our country, in the part referring to the independence of judiciary, i.e. to the election of Court Presidents, Judges, and Members of the High Court Council and the Prosecutors' State Council. Upon the completion of the process of consultations, which is underway, the preparation of the proposed draft of the Constitution will begin and the proposal will be submitted to the Venice Commission. The Republic of Serbia continues to implement the set objectives from the Judicial Reform Strategy 2013–2018, whose main aim is to create independent, efficient, professional, responsible and impartial judiciary. The Republic of Serbia believes that the success of the reforms in this field has fundamental significance for the general success of the continuation of the EU accession process.
13. The Republic of Serbia is taking significant measures in the fight against corruption. The “zero tolerance” approach has been applied with regard to corruption, while the implementation of the Anti-Corruption Strategy has continued. The Action Plan for Chapter 23 provides for the extension of the scope of competences of the Anti-Corruption Agency, through amendments and supplements to the Law on Anti-Corruption Agency. At its extraordinary session held on 20 July 2017, the National Assembly elected 4 Anti-Corruption Agency Board Members, and the Board unanimously elected the Agency Director on a session held on 6 September 2017. The adopted Public Procurement Development Strategy for the period 2014–2018 and the Action Plan for its implementation define the activities aimed at preventing irregularities in the public procurement procedure. The new Law on Police, adopted on 26 January 2016, provides for measures to eradicate corruption among employees in the MoI. The Republic of Serbia believes that the opening of Negotiation Chapter 5 - Public Procurement will further improve the efficiency of this process.
14. The Government of the Republic of Serbia pays special attention to the respect of human rights, protection of minorities and socially vulnerable groups (especially Roma inclusion and protection of LGBT rights, protection of minority and/or ethnic groups).

15. The Republic of Serbia, in accordance with the adopted Action Plan for the realization of the rights of national minorities within Negotiation Chapter 23, which was supported and positively assessed by the European Commission and the EU Member States, monitors and improves the position of national minorities. According to the latest report on the implementation of this Action Plan for the second quarter 2017 dated 13 September 2017, the level of fully completed and nearly completed activities in this period is 78%. The Action Plan envisages the adoption of amendments to the Law on National Councils of National Minorities in 2017, and the Law on Protection of Rights and Freedoms of National Minorities. All conditions for the allocation of funds and further support to national minority councils were fulfilled by the adoption of the Decree on the Procedure for Allocating Funds from the Budget Fund for National Minorities. Please note that the representatives of the National Councils of National Minorities and numerous civil society organizations were involved in the drafting of the Action Plan, and also that international organizations dealing with the issues of protection of national minorities were consulted. The Annexes to the Memorandum on cooperation in the field of publishing textbooks in the languages and scripts of national minorities were signed with 7 national minorities on 23 December 2016. This is one of the indicators of Serbia's dedication to fulfilling its responsibilities to its citizens belonging to national minorities.
16. 'Pride Week', which showed films, held performances and included discussions and round tables regarding the rights of LGBT persons, was held in Belgrade in the period from 11 to 17 September 2017. State institutions, in cooperation with LGBT associations, ensured that all legal preconditions for the smooth organisation of all public events are respected. The presence of the Prime Minister and several ministers of the Government of the Republic of Serbia on the 'Pride Parade' in 2017, continues to send a clear political message of understanding and valuation of rights of this minority group. The Government of the Republic of Serbia will continue the dialogue with the representatives of LGBT organizations in order to find the best response for the problems of this community.

17. The Strategy for Social Inclusion of Roma Men and Women in the Republic of Serbia for the period 2016-2025 is aligned with the Europe 2020 Strategy. The Action Plan for the implementation of the Strategy for Social Inclusion of Roma Men and Women in the Republic of Serbia was adopted at the Government Session held on 7 June 2017. The baseline for the new strategy was prepared within a broader consultation process with the representatives of the local self-governments throughout the Republic of Serbia, state authorities and institutions, independent institutions and civil society organizations.
18. The Republic of Serbia continues to implement a set of the media laws that are aligned with the EU regulations in the field of audiovisual policy and media. The implementation of these laws enabled the state withdrawal from media ownership, improvement of the transparency of media ownership structure through the Media Register established in 2015, transition to the system of programme co-financing of projects in the public information sector and protection of media pluralism. The activities related to raising of public awareness of the national minority rights and respect for cultural and linguistic diversity were successfully carried out through co-financing of projects in the field of public information in the languages of the national minorities and through co-financing of projects in the field of culture. The Ministry of Information and Culture formed a working group on 14 July 2017 tasked with preparing Draft Strategy for the Development of the Public Information System in the Republic of Serbia by 2023 with the Action Plan for the implementation of the Strategy. All duly invited journalists associations will be included in the preparation of the draft, and their active participation is expected. The new Strategy is to be prepared by the end of the year when the Government is supposed to adopt it. The Memorandum on cooperation and the measures for improving the safety of journalists was signed on 26 December 2016 between the Republic Public Prosecutor's Office, Ministry of Interior, and Journalists Association, aimed at enhancing the cooperation between the aforementioned institutions, establishing the institutional framework for regular meetings and information sharing, including the establishment of the Registry of Criminal Activities Against Journalists, as well as putting joint efforts in training, in the sense of enhancing the capacities of all signatory parties.

19. The Republic of Serbia will continue to implement the planned activities in the field of migration, asylum, visas, external borders, police cooperation, fight against terrorism and drugs, all of which are covered in Chapter 24. Harmonisation with the EU regulations in the field of asylum is envisaged to be accomplished through the adoption of a new Law on Asylum, the draft of which has already been made and entered into the Assembly procedure for the purpose of its adoption, while the preparation of amendments to the Law on Foreigners is still in progress. Technical mechanisms for monitoring interim benchmarks for the evaluation of progress in Chapter 24 have been agreed with the European Commission. At the Government Session held on 21 March 2017, the Code of Police Ethics was adopted, whose adoption is laid down in the provisions of the Law on Police. Upon the establishment of the ministerial internal commission and procedure for the selection of candidates, a liaison officer was appointed between Serbia and EUROPOL, who took up their duties in The Hague on 20 March 2017. This means the fulfilment of one of the activities envisaged in Chapter 24, which is in accordance with the Agreement on Operational and Strategic Cooperation signed between Serbia and EUROPOL. The Action Plan for the implementation of the Strategy for Integrated Border Management was adopted on 13 April 2017. On 1 September 2017 the working arrangement with the European Union Agency for Law Enforcement Training (CEPOL) was signed, which means Serbia has fulfilled one of the most important activities envisaged by the Action Plan for Chapter 24.
20. As for the migration crisis, the Republic of Serbia has shown that it is a reliable partner prepared to assume its share of responsibility within a common solution to this complex issue. The Republic of Serbia established capacities for the reception of 6,000 migrants in accordance with the international standards. At the moment, there are about 4,000 migrants on our territory. All migrants are placed in centres, assistance including temporary accommodation and medical attention is made available to them, as well as food and medication aid, information on the asylum procedure, while children are enrolled for free in elementary and secondary schools, as well as in university educational institutions. The Republic of Serbia believes that the issue of this magnitude can be resolved only through joint and coordinated efforts of the EU, its member states and all countries. In this sense, Serbia remains committed to a constructive approach to solving the migrant crisis in cooperation with all the countries in the region and of the European Union.

21. The Republic of Serbia remains fully committed to the dialogue with the Provisional Institutions of Self-Government (PISG) in Pristina, with the mediation of the European Union, and full implementation of all agreements reached in the previous period. The Republic of Serbia anticipates that the Member States will, based on the latest reports of EEAS on the progress in the dialogue, positively evaluate the current implementation of the interim benchmarks under Chapter 35 and allow the continuation of further negotiations on accession of the Republic of Serbia to the EU.
22. At the same time, the Government of the Republic of Serbia is trying to actively contribute to the preservation of stability in Kosovo and Metohija, encouraging active participation of the representatives of the Serbian people in the work and decisions of the PISG in Pristina, especially in the Government and the Assembly. Belgrade maintains its constructive approach, observing a broader context and undeniable need to preserve regional stability and enhance cooperation in order to accelerate the economic development and continue the process of European integration.
23. As regards the implementation of provisions and obligations arising from the First Agreement of Principles Governing the Normalization of Relations and related agreements, the Republic of Serbia has done everything to fulfil them in their entirety. An important step in this direction was made through four agreements reached on 25 August 2015. Also, it is important to highlight the successful implementation of all provisions of the Agreement on Telecommunications and Agreement on the Judiciary, meaning that practically all obligations of the Serbian side arising from the First Agreement have been fulfilled.
24. The Republic of Serbia expects the establishment of the Community of Serb Municipalities (CSM), despite the evident obstruction of Pristina in the process of implementation of the agreed. Belgrade insists on immediate specification of the mandate of the Management Team for the establishment of the Community and on starting to draft the CSM Statute.

25. The Republic of Serbia extends its appreciation to Ms Federica Mogherini, High Representative for Foreign Affairs and Security Policy, as well as to her team, for managing and directing the dialogue, and it also expresses readiness to continue the dialogue with Pristina.
26. The Republic of Serbia also expresses its hope that PISG in Pristina will have the capacity to actively participate in the continued dialogue, and that they will contribute to the continuation of the process of normalization of the relations and ensure adequate living conditions for the Serbs in Kosovo and Metohija, in line with the European and international standards.
27. Since the public administration reform is one of the three main pillars in the enlargement process, as emphasized in the EU's Enlargement Strategy 2015, the Government will continue to address the issues related to public administration reform in the forthcoming period. The adopted Public Administration Strategy constitutes the reform basis for this process and the grounds for drafting the new Action Plan for its implementation in the period 2018–2020, which is underway and should operationalize and achieve the objectives set out in the Strategy. At the Fourth meeting of the Public Administration Reform Special Group, held on 5 and 6 March 2017 between the representatives of the Republic of Serbia and the European Union, it was ascertained that certain progress had been made in terms of the implementation of this reform.
28. The Republic of Serbia is grateful to the EU and the sector budget support which should sustain the implementation of reform measures in the field of public administration. This is the 80 million euro support from the IPA 2015 package, which is being implemented in the Republic of Serbia for the first time. This support represents a significant confirmation of the achievements made in the public administration reform so far, as well as an incentive for its continuation with a view to improving the efficiency of the system of providing services to the citizens of Serbia.

29. Cooperation with civil society organizations has been improved and their representatives actively participate in various working groups and advisory bodies. Civil society participation is particularly strong in the field of drafting legislation and writing strategic documents in the process of European integration. The National Convent on the European Union, established by the civil society organizations for the purpose of monitoring the accession negotiations with the European Union, is recognized as an important partner in negotiations. Cooperation with the National Convent on the European Union is institutionally regulated since the provisions of the Government and the National Assembly clearly define its role in the consultation process in terms of drafting negotiation positions of the Republic of Serbia. The Government of the Republic of Serbia actively cooperates with all other associations of civil society organizations established for the purpose of monitoring the process of Serbia's accession to the European Union. The inclusion of the civil society in the stages of monitoring and reporting is also being developed, especially in the field of the rule of law, Chapters 23 and 24, as a new value of the development of society and its role in the process of the Republic of Serbia's EU accession negotiations.
30. The Republic of Serbia is committed to intensive cooperation with the EU in the field of foreign and security policy. This cooperation is carried out through different forms and it includes a wide range of activities in this field. A part of this cooperation is reflected in the support to declarations and other international acts of the EU. In the period before the accession and in accordance with the obligations set out in Article 10 of the SAA, the Republic of Serbia will continue to progressively align its foreign policy with the EU positions.

31. Between the last meeting of the Stabilization and Association Council (December 2016) and the end of November 2017, the Republic of Serbia received 35 requests to access to the declarations and statements of the EU, and it acceded to 19 thereof, which makes 54.3%.
Between the last meeting of the Stabilization and Association Council held in December 2016 and October 2017, on the one hand the Republic of Serbia acceded to 232 EU statements at meetings of international organizations (UN, OSCE and CE), and on the other hand it did not accede to 168 (58%).
32. In the calendar year 2016, Serbia supported 27 out of 42 proposed declarations (64%).
Between January and the end of October 2017 the percent of accession is 57.6% (acceded to 19 out of 33 requests by the EU).
33. The Republic of Serbia is achieving a high degree of cooperation with the EU Member States and the European institutions in the field of the EU's Common Security and Defence Policy (CSDP). It actively takes part in almost all its fields. In this way, the Republic of Serbia demonstrates its strategic commitment to its EU membership and shows that it is a reliable and loyal partner, wishing to contribute to peace and security precisely through its cooperation with the EU. At the same time, participation in the CSDP enhances the operational capacities of the RS and helps to strengthen interoperability with the EU Member States.
34. The basis for cooperation and active participation of the Republic of Serbia in the CSDP was laid down in 2011, by signing important agreements with the EU in this area – Agreement between the European Union and the Republic of Serbia on Security Procedures for Exchanging and Protecting Classified Information and the Agreement between the Republic of Serbia and the European Union on Establishing a Framework for the Participation of the Republic of Serbia in European Union Crisis Management Operations. The signing of these agreements created a legal basis and built the necessary confidence for the inclusion of the Republic of Serbia in various fields of action within CSDP: participation in the EU crisis management operations, participation in battle groups, and cooperation with the European Defence Agency.

35. The Republic of Serbia, as a military neutral country with no aspirations for NATO membership, wants to improve the political dialogue and partner cooperation within the available mechanisms of the NATO Partnership for Peace Programme, based on the common values, reciprocity, mutual understanding and mutual benefit, in order to jointly contribute to the preservation of peace and stability in the region. Following the adoption of the first biannual Individual Partnership Action Plan - IPAP in January 2015, as the ultimate mechanism of cooperation with a partner state with no aspirations for NATO membership, we initiated its implementation and the stated objectives, outlined as priority lines in the process of Serbia's accession to the EU, have largely been met by now. The Report on implementation of the first cycle of IPAP of the Republic of Serbia and NATO, adopted at the end of September 2016, recognized exceptional progress achieved over the last two years in developing partner relations between the Republic of Serbia and NATO. Military cooperation, which is the IPAP area where the objectives have been mostly achieved, is an important part. Participation in exercises and similar activities is critical to achieving interoperability and attaining the standards required for extensive participation in the UN and EU missions and operations. The validity of the initial IPAP is extended to 2017, and the preparation of the new IPAP for 2018-2019 is underway. In the preceding period, the political dialogue was significantly improved and raised to the highest level, while cooperation in practical matters intensified. This trend of developing relations between Serbia and NATO is confirmed by pending visit of President of the Republic of Serbia Aleksandar Vučić to the NATO Headquarters (planned for 15 November 2017), which will provide additional impetus to the future cooperation between Serbia and NATO.
36. At this moment, the Republic of Serbia is participating in three peacekeeping operations of the EU with total 35 members of the SA: EUTM Somalia (6); EUNAVFOR Somalia Operation ATALANTA (19); EUTM Mali (3); EUTM RCA (7). The Republic of Serbia plans to start its engagement in the EU operation EUNAVFOR MED as soon as it receives the request by the EU for the participation in this mission. As regards the UN missions, the Republic of Serbia currently participates in 6 missions with its 309 members: Congo – MONUSCO (8), Liberia – UNMIL (1), Cyprus – UNFICYP (47), Lebanon – UNIFIL (177), Middle East – UNTSO (1) and Central African Republic – MINUSCA (75). Beside the aforementioned participation of the Serbian Armed Forces, two members of the Ministry of Interior are currently engaged in the mission UNFICYP in Cyprus.

In all of the aforementioned EU and UN missions, a total of 344 members are engaged, 43 of whom are women (12.5%).

In 2016, a total of 643 members of the Serbian Armed Forces participated in peacekeeping missions and operations in the world. At the United Nations list (participation and the number of the representatives in the UN missions), the Republic of Serbia is at the 48th place among 126 states, according to which it is currently the 9th contributor of the peacekeeping mission in Europe, and, based on the percentage of participation compared to the number of inhabitants, the Republic of Serbia is the 3rd contributor in Europe. According to the annual plan of the deployment of the Serbian Armed Forces and other defence forces, it is envisaged to engage a total of 650 members from the RS in the multinational operations this year.

37. The Republic of Serbia is committed to participation of civil structures in peacekeeping missions and operations. A Subgroup tasked to provide the legal framework and strengthen the institutional capacities for participation of the Republic of Serbia in EU civil missions was established within the Negotiating Group for Chapter 31 on 16 March 2016, and is led by the Ministry of Defence. In May 2017, the Government of the Republic of Serbia passed a conclusion on adopting the Report on the need for establishing the national legislative framework and institutional capacities for the participation of the civil structures from the R. Serbia in multinational operations. The Ministry of Foreign Affairs, in cooperation with the Subgroup and other competent ministries and representatives of the civil society, finalized the draft triannual Action Plan for creating the capacities for the deployment of civilians in multinational operations. It is expected that the Government of the Republic of Serbia will adopt the Action Plan by the end of 2017.

38. Having analysed the defence aspects of the participation of the Ministry of Defence and the Armed Forces of Serbia in the EU Battlegroup Concept, the Government of the Republic of Serbia adopted a Conclusion on the accession to the EU Battlegroup Concept on 10 July 2015. Serbia expressed its intention to offer participation of the Serbian Armed Forces in HELBROC Battle Group, under the leadership of the Hellenic Republic, starting from 2020, and received a positive response from all Member States of the Group. As a result, on 8 November 2016 in Brussels, the Chief of the General Staff of the Armed Forces of Serbia and the Chief of the Hellenic National Defence General Staff signed a document on accession of the Republic of Serbia to the technical agreement on establishing EU HELBROC Battle Group. In the forthcoming period, expert talks are to be held with the aim to define the level of participation of the members of the Serbian Armed Forces.
39. The Republic of Serbia has harmonised its legislation in the field of the control of export of arms, military equipment and dual-use goods, as the Law on Export and Import of Dual-use Goods and Law on Export and Import of Arms and Military Equipment have been adopted and implemented and the Arms Trade Treaty (ATT) has been ratified.
40. On 4 February 2016, the Republic of Serbia adopted the Law on International Restrictive Measures.
41. The Republic of Serbia has initiated activities aimed at updating its strategic documents in the field of security and defence, as it is necessary to have them adjusted to the ever-changing security environment and to the EU documents adopted in this field. At the same time, this is one of the obligations that we need to fulfil within the RS's EU accession negotiations (within Chapter 31).

To that effect, the competent line institutions in the Republic of Serbia have undertaken the necessary steps aimed at passing the new National Security Strategy, National Defence Strategy, and the Defence White Paper. The Ministry of Defence coordinated the interagency consultations, through the work of a special working group tasked with drafting strategic documents. Draft versions of these documents are harmonised upon the adoption of the comments and suggestions of all line institutions and harmonised with the Global Strategy for External and Security Policy of the EU. The special working group concluded its activities on 21 September 2017. In the following period it is expected to have public consultation on these documents after which they will be sent for adoption through the legislative procedure.

42. The Republic of Serbia is fully committed to the development of bilateral relations and neighbourly cooperation with all the countries in its immediate surroundings, as well as in SEE in its entirety. Special attention is given to the improvement of the political dialogue and economic cooperation for the purpose of further strengthening of the peace and stability, mutual trust and reconciliation in the region, as well as the level of protection of their human and minority rights, and the growth of living standards of all the citizens. The Republic of Serbia maintains intense bilateral communication with all neighbouring countries, and cooperates meaningfully with most of its neighbours through numerous regional initiatives. In addition, in cooperation with its neighbours, the Republic of Serbia has exercised highly beneficial trilateral forms of cooperation, it has adopted a constructive approach to resolving the migrant crisis and overcoming outstanding issues through a "good-faith" approach, and it has made best efforts to reach mutually acceptable solutions through bilateral mechanisms
43. The quality of bilateral cooperation in the region is significantly affected by the issues related to:
 - Unequal treatment in the exercise of fundamental human rights of minorities in countries of the region where, in addition to some positive examples, for a long time, there have been examples of serious ethnically motivated incidents and physical assaults against the members of the Serbian community, as well as expressions of intolerance and hate speech in the public arena, which is insufficiently or selectively sanctioned;

- Disproportion in the normative framework concerning minority rights protection, which results in the fact that certain countries insist on advanced forms of protection of their minority rights in Serbia, while at the same time, they either refuse to recognize a Serbian minority in their own country or do not allow it to enjoy fundamental minority rights. There are also examples of relatively developed normative framework which is, in practice, insufficiently or selectively implemented, and even obstructed, especially when it comes to the right to the use of language and script, education, proportional representation in the state administration and so forth;
- Unsatisfactory level of respect of the rights of refugees, especially the right to return to one's country of origin, and the right to exercise the corpus of economic and social rights significant for the quality and sustainability of return;
- Delineation and succession among states of former Yugoslavia;
- Ignoring the existing bilateral mechanisms for resolving specific outstanding issues by some neighbours - EU members, and attempts made to impose bilateral "solutions" through conditionality in the context of political relations between the Republic of Serbia and EU and accession negotiations.
- Implementation of the regional housing programme, resolving the issue of permanent accommodation of the refugees from the former SFRY, which is in the phase of full implementation, and which is generally an example of good practice. Therefore, we believe that it is very important for all participating countries to fully implement both the Programme and the Sarajevo process, especially in the part pertaining to acquired rights.

44. The Fifth Session of the Intergovernmental Joint Commission of the Republic of Serbia and Hungary on National Minorities was held on 4 April 2016, and the preparation of the next, Sixth Session is underway. The Third Session of the Intergovernmental Joint Commission of the Republic of Serbia and Romania on National Minorities is to be expected soon. The Seventh Session of the Intergovernmental Joint Commission of the Republic of Serbia and Republic of Croatia on National Minorities is also expected to be held in due course.
45. The Republic of Serbia continued dynamic cooperation with many countries of the Southeast Europe. In the previous period, numerous high- and working-level bilateral meetings with Albania, Bulgaria, Bosnia and Herzegovina, FYR of Macedonia, Hungary, Slovenia, Turkey, Italy, Romania, Greece, Montenegro, and Croatia were held (bilateral and trilateral joint sessions of governments and ministers of foreign affairs, sessions of many mixed commissions, bilateral visits).
46. The Draft Agreement on Cooperation between the Government of the Republic of Serbia and the Government of the Republic of Albania within the EU accession process was submitted to Albania in April 2015, but Albania has not yet provided its response thereto. In October 2017, the Republic of Serbia revived the issue of the conclusion of this agreement and resent the Draft Agreement to Albania. The Republic of Serbia initiated negotiations on the conclusion of the Agreement on Cooperation between the Government of the Republic of Serbia and the Council of Ministers of Bosnia and Herzegovina within the EU accession process in February 2016. The text of the Agreement has been agreed and its signing is imminent.

Under the Agreement on Cooperation in the context of EU accession between the Government of the Republic of Serbia and the Government of Montenegro, signed in 2013, two meetings of the Joint Committee on the implementation of the Agreement have been held so far. The first meeting was held in July 2015 in Podgorica, and the second one in November 2016 in Belgrade. The third one is planned for December 2017.

Under the Agreement on Cooperation in the context of EU accession with FYR of Macedonia, plans have been made to hold a meeting of the Joint Committee in Skopje, in the first quarter of 2017, following the elections, but the meeting has not yet been held.

47. In the context of regional cooperation, the Republic of Serbia has continued to actively implement the agreements reached within the Berlin Process and the meetings held in the informal format of the Western Balkans 6. In that sense, it contributed significantly to the results of the Western Balkans Summit held in Trieste on 12 July 2017 following the summits held in Berlin (2014), Vienna (2015) and Paris (2016). The Republic of Serbia accepted the Declaration of the Chair with which the Summit was concluded and its Annex: ‘Multi-annual Action Plan for a Regional Economic Area in the Western Balkans’ having in mind that both documents reiterate the European perspective of all participants from WB. At the same time, the Agreement on Establishing Transport Community between the EU and five participants from the WB (N.B. – In September this year B&H also signed it, and there was a consensual agreement that its Secretariat will be in Belgrade). The Secretariat of the Chamber Investment Forum has been formally opened, the programme of the Regional Youth Cooperation Office (RYCO) of the Western Balkans has been presented, and the process of establishing of the Western Balkans Research Foundation has started.
48. By being represented at the highest level (President of the Republic of Serbia), Serbia contributed substantively to the results of the Presidential Summit Brdo-Brijuni Process, held in Brdo pri Kranju on 3 June 2017, thus continuing with an active and constructive approach to this process. Following the March meeting of the European Council in 2017, where the EU leaders expressed their political will and confirmed unambiguous support to the European perspective of the Western Balkans, the aforementioned Brdo pri Kranju Summit was an opportunity to consider the possibilities of accelerating the European integration processes in the region. Fundamental messages in that sense were comprised in common Conclusions resulting from the gathering.

49. According to the assessments of all participants and the representative of the Regional Centre MARRI, Serbia successfully concluded its one-year term as the Chair of MARRI (Migration, Asylum, Refugees Regional Initiative) during which the operational priorities of our term were managing migration and fight against human trafficking, while our strategic priorities were: increasing the efficiency and profile of MARRI and strengthening the initiative itself – for the benefit of which several projects were implemented and several thematic conferences and seminars were organized. The closing meeting of the chairmanship – MARRI Forum was held in Belgrade on 27 June 2017, resulting in Belgrade Declaration that contains the summary of the annual activities of MARRI and an extension of recognition to the Republic of Serbia for their implementation, owing to successful chairmanship. The chairmanship over this regional initiative was taken over by R. Albania.
50. Having signed the founding documents of the Western Balkans Fund and ratified the Founding Agreement with Statute, on the margins of the Bled Strategic Forum held on 05 September 2017, the Republic of Serbia actively participated in the first conference of WBF MIP – supreme managing body of this Fund, which marked the official launch of the WBF. In accordance with the prerogatives of the WBF MIP Conference, a number of decisions were adopted on the internal structure of the WBF and its future work. In addition, the Republic of Serbia contributed significantly to the results of the meeting of the Višegrad Group and Western Balkans MFAs held in Budapest on 11 October 2017. At the meeting, the European perspective of the participants from the Western Balkans was reiterated, stressing that the Hungarian presidency of the Višegrad Group and Western Balkans puts an emphasis on active support to Western Balkans in the EU accession process.
51. The cooperation between the Republic of Serbia and ICTY, as well as the cooperation of other countries involved in the conflicts in the former SFRY, is subject to monitoring by the international community, in such manner that the President and Chief Prosecutor of the Hague tribunal assess the cooperation in their regular semi-annual reports on the operations of their institutions, which is submitted to the UNSC. Up to and including 2016, the cooperation of the Republic of Serbia regarding requests had been evaluated positively, with an emphasis on the obligations that remain until the completion of the mandate of the Tribunal.

52. In 2017, the cooperation with the Hague tribunal has continued in all aspects. The completion of the National Strategy for the Prosecution of War Crimes of the Government of the Republic of Serbia has been welcomed, and special emphasis has been placed on the initiative to hold a regional conference with a view to reaching an international agreement between Serbia, Bosnia and Herzegovina, Croatia and Montenegro on outstanding issues, including the issue of establishing the rules for assigning competences for actions in war crime cases. Serbia remains firmly committed to cooperation with the ICTY, while the domestic judiciary continues to prosecute those responsible for the most serious crimes against international humanitarian law and build judicial capacities, as part of the ICTY's exit strategy, given the imminent completion of the mandate of this Tribunal. However, the latest reports of the President and the Prosecutor of the Tribunal for 2017 express criticism of the lack of cooperation of Serbia in the handling of arrest warrants regarding the indictment for contempt of court in the case of “Jojić and others” which is the reason this issue was put before the Security Council on 18 October 2017, where the annual reports of the ICTY and Residual Mechanism were presented. Serbia's position presented in the debate is that this issue is not regulated in the ICTY Statute, but only in the rules of procedure; therefore, Serbia's current readiness to fulfil its international obligations in this field should not be brought into question because of this case.
53. On 29 May 2017, the National Assembly of the Republic of Serbia adopted the Law on Validating the Agreement on the Status and Functions of the International Commission on Missing Persons, which entered into force on 20/08/2017.

III Economic Criteria and Implementation of the SAA

54. The implementation of the SAA, which entered into force on 1 September 2013, is of great importance for Serbian economy and society. The SAA is being implemented in an unhindered manner, to the mutual benefit of the both parties to the Agreement. In order to ensure an uninterrupted implementation of the SAA, the Republic of Serbia and the EU have formed joint bodies for monitoring the implementation of the Agreement. All meetings of the Committee, line-subcommittees and special working groups were held in accordance with the agreed plan and timetable.

55. The European Union is the most important economic partner of the Republic of Serbia, and it constitutes 64.8 % of its total foreign economic trade. For comparison, the share of trade with the EU in the total foreign trade of the Republic of Serbia in 2009, at the beginning of the application of the Interim Trade Agreement, was 56% even though the EU was the most important economic partner of the Republic of Serbia at that time as well. Trade in 2016 was EUR 19.8 billion compared to EUR 3.8 billion in 2001, when the Republic of Serbia entered the Stabilisation and Association Process.
56. Within the implementation of the Interim Trade Agreement, at the time of the greatest economic crisis on the continent since the Second World War, the Republic of Serbia liberalised the import of goods from the EU. Gradual liberalisation of trade established in the Agreement was completed on 1 January 2014. Average customs protection for import of goods from the EU will be 0.99% from 2014 until the accession to the EU, while 95.1% of customs lines have been fully liberalised. To sum it up, the Republic of Serbia has completely fulfilled all the trade obligations it has undertaken
57. Owing to the implementation of the Interim Trade Agreement, and subsequently the SAA, the Republic of Serbia has seen constant growth of its export to the EU market and reduction in the deficit in the trade with the EU. The foreign trade coverage ratio with the EU in 2008, the year when the SAA was signed, was at 44.4%, while, according to the latest data, the share for the first eight months of 2017, was 84.4 %.
58. With regard to **export**, the main foreign trade partners of the Republic of Serbia in the first nine months of 2017, in terms of individual EU Member States, were: Italy (EUR 1343,9 million), Germany (EUR 1262,1 million), Romania (EUR 504.6 million) and Bulgaria (EUR 376,6 million).
59. With regard to **import**, the main foreign trade partners of the Republic of Serbia in the first eight months of 2017, in terms of individual EU Member States, were: Germany (EUR 11591.1 million), Italy (EUR 1161,3 million), Hungary (EUR 518 million) and Poland (EUR 496 million).

60. In 2016, the implementation of the program of fiscal consolidation within the implementation of the arrangement with the MMF was continued successfully. Following a very successful 2015, when structural fiscal adjustment was achieved of 2.6% GDP, additional 1.3% was achieved in 2016, leaving it up to 2017 to achieve mere 0.1% of structural adjustment. Current economic trends had a positive impact on the growth rate of the GDP in 2017 (in the first quarter 2017 the economic growth rate is 1.2%). In the preceding period the macroeconomic activity was characterised by the growth of investments and export, significant growth of the processing industry and production of electric power and coal exploitation, as well as the decrease of inflation.
61. In 2016, very favourable fiscal results are achieved, while deficit of the general state at the end of 2016 amounted up to 2% GDP.
62. In the eight months of 2017, net earnings of SFI amounted to EUR 1,504.4 million (+15.9% mg). SDI are still predominantly directed at the of exchangeable goods sectors.
63. Since the beginning of the year the inflation is fluctuating inside the boundaries of the new, lower target ($3.0 \pm 1.5\%$), with interannual inflation at the level of 3.2% in September 2017. Unemployment rate in the II quarter of 2017 was 11.8.
64. The Republic of Serbia is in the group of 10 countries who progressed the most according to this year's *Doing business report*. The position of the country in the global ranking was improved, moving from the 47th place last year to 43rd place this year. The greatest progress on *Doing business* list was achieved in the field of issuing construction permits where Serbia holds the 10th place, while last year it was in the 36th place.
65. In accordance with provisions of the Law on the Budget System, the Government of the Republic of Serbia adopted the Fiscal Strategy for 2017 with projections for 2018 and 2019, which establishes the macro-economic and fiscal framework for pursuing the economic and fiscal policy in the following three years. In March 2017 the Economic Reforms Programme 2017-2019 was adopted. The documents are harmonised with the Pre-caution Arrangement with the IMF. The measures provided will enable gradual economic growth in the medium term.

66. The Republic of Serbia is aware of the obligations it has undertaken pursuant to Article 73 of the SAA, regarding the application of rules on competition with a view to ensuring the equality of all economic entities on the market. In this respect, methods for the fulfilment of six (6) benchmarks for opening Chapter 8 – Competition Policy will also be considered in the forthcoming period.
67. The Republic of Serbia is fulfilling the obligations it has undertaken pursuant to Article 76 of the SAA regarding the harmonization of regulations relating to public procurement. The amendments to the Law on Public Procurement (LPP) in early 2015 reduced the advantage given to domestic enterprises to 5% before the deadline for liberalisation in accordance with the SAA, (possibility of greater protection by 1 September 2018).
68. In August 2017, the Law on amendments and supplements of the Law on Agricultural Land was adopted whereby harmonisation with Article 63. of the SAA is achieved and which makes it possible for the citizens of the EU Member States to acquire ownership rights on agricultural land.
69. The Republic of Serbia is aware of the obligations it has undertaken pursuant to Article 37 of the SAA regarding the prohibition of fiscal discrimination. On 25 November 2016, the Republic of Serbia was informed via letter by the Chair of the Committee of Permanent Council Representatives about the benchmark for opening of the chapter: Serbia is to examine its legislation pertaining to excise tax policy for alcohol and coffee so it may achieve full harmonisation with Article 37 of the SAA. The efforts aimed at meeting the benchmark are underway. By amending the Law on Excise on 28 December 2016, in the field of excise tax of coffee the positions of importers and producers of coffee in the RS are equalized, creating equal conditions for all participants in the market starting from 01 January 2018.

70. Taking into consideration Article 73.7(b) of the SAA, within Chapter 18 – Statistics, the European Commission and EUROSTAT were informed 5 October 2017, in a formal letter by Republic Statistical Office Director, of the classification of the statistical regions in the Republic of Serbia. The invitation to submit the Negotiating Position was sent to the Republic of Serbia on 23 February 2017, and the first draft of the Negotiating Position was sent to the European Commission on 8 May 2017 for comments. Nevertheless, were received the comment of the European Commission regarding Draft Negotiating Position on 19 October. The efforts put in the finalization of the Negotiating Position are underway.
71. In the pre-accession period, the Republic of Serbia will continue to implement comprehensive structural reforms with a view to attracting investments, supporting growth and economic balance in the EU integration process. With a view to improving the business environment in the Republic of Serbia, raising the competitiveness level and general improvement of economic activity, the Law on Investments and Law on Public Enterprises were adopted in the previous period

IV Harmonisation of legislation with the EU acquis

72. Recognizing the actual trends in the process of accession of the Republic of Serbia to the EU, the Government started the organization of a third revision of the NPAA with a view to defining real and sustainable plans for the achievement of full compliance with the EU acquis, taking into consideration entire obligations in all negotiating chapters. The aim of the revision is to determine real plans for the fulfilment of the obligations stemming from the membership in all negotiation chapters. The planned period for the application of the third revised NPAA ceases with the expiry of 2021. This deadline, taking all steps implied by the procedure for the EU accession, is in line with the perspective of membership presented in the letter of intent describing contemplated activities that the President of the European Commission presented for the period all the way to the end of his mandate.

The third revision of the NPAA is organized in the conditions following the opening and temporary closing of a certain number of chapters, during intensive preparation of documents from the negotiating process with a view to achieving further progress in negotiations and in the process of continued consultations with the European Commission with regard to status and plans for the transfer of the EU acquis through different forums and procedures. The endeavours of the Republic of Serbia in negotiations of the accession are aimed at achieving membership in the European Union under most favourable terms in real timeframe. Taking into consideration the aforementioned, this revision accentuates the real planning of measures and activities for the fulfilling of obligations stemming from the EU membership.

As mentioned, at the Government Meeting held on 06 October this year, a Conclusion is adopted on accepting the plan for the preparation of the third revision of the National Programme for adoption of the EU acquis. The NPAA represents a plan for the achievement of full internal harmonisation of domestic legislation with the EU acquis, while respecting the requirements and the timetable of the negotiations on the EU accession. The NPAA comprises an overview and timetable of adjusting the national legislation to the EU acquis, an overview of the necessary additional administrative capacities and the assessment of additional financial cost for the application of the regulations.

73. In the area of free movement of goods, the Republic of Serbia was sent a letter on 29 June 2015 containing two benchmarks for opening of negotiations. Work on meeting the benchmarks is underway. After drafting the action plans for the harmonised and non-harmonised field and Draft Strategy for the improvement of the infrastructure of quality , the Republic of Serbia submitted such documents to the European Commission , and upon receipt of the guidelines (in April 2017), it continued the work on meeting the benchmarks.

74. In the area of freedom of movement for workers, the Draft Law on financial support of the families having children is in the procedure of adopting. The Republic of Serbia was invited on 11 December 2015 to submit the negotiating positions. On 14 March 2017, the Republic of Serbia submitted to the European Commission the first Draft of the negotiating position for Chapter 2. The European Commission sent comments on the first draft of the negotiating position on 21 June 2017. The work on the second draft is underway in line with the comments of the European Commission.
75. In the field of the right of establishment and freedom to provide services, the Republic of Serbia was sent a letter by the President of the European Commission on 17 June 2015 containing a benchmark for opening of negotiations, which involves the preparation of a comprehensive and detailed strategy for harmonisation with the *acquis* in the field of professional qualifications. The Draft Strategy, which is a condition for the opening of negotiating chapters, is in the final stages of preparation.
76. In the area of freedom of movement of capital, the Republic of Serbia was invited on 13 April 2016 to submit its negotiating position. On 26 April 2017, the Republic of Serbia sent to the European Commission the Draft negotiating position for Chapter 4, and after receiving comments (on 16 June 2017) the consultations are underway on draft position for this Chapter.
77. In the area of public procurement, the negotiations within Chapter 5 were opened at the fourth meeting of the Intergovernmental Conference on the accession of the Republic of Serbia to the EU, held on 13 December 2016 in Brussels. In January 2017, a video conference was held with the representatives of the European Commission in which the benchmarks for the closing in Chapter 5 were explained. In the course of harmonising regulations, special attention will be directed at harmonising of special exemptions which are not in line with the EU *acquis*, such as exemption from the application of the PPL which are implemented in accordance with the international agreements, which are permitted only exceptionally. By the time of EU accession the international agreements will be adjusted, revised, and amended as necessary.

78. In the area of company law, the Republic of Serbia submitted its negotiating position on 21 June 2017 to the EU Council President.
79. In the field of intellectual property rights, at the meeting of the Sixth Intergovernmental Conference at the ministerial level on the accession of the Republic of Serbia to the EU, held in Luxemburg on 20 June 2017, the negotiations in this chapter have formally opened.
80. In the field of financial services, the Republic of Serbia submitted to the President of the EU Council its negotiating position on 16 October 2017.
81. In the area of information society and media, the Republic of Serbia received invitation on 29 June 2017 to submit the negotiating position, having in mind that the benchmarks for the opening are not established. The preparation of the negotiating position is underway.
82. In the area of agriculture and rural development, the Republic of Serbia is in the final stage of developing an Action Plan for assumption, adoption and implementation of the EU acquis. The Action Plan represents one of the two benchmarks the Republic of Serbia was notified of on 17 June 2015 by the EU. As regards the meeting of the second benchmark for the opening of the chapter, an application for accreditation was submitted for the purpose of entrusting the affairs of the budget implementation of the Instruments of the Pre-accession Assistance in the field of rural development (*IPARD II*).
83. In the field of food safety, veterinary and phytosanitary policy, the Screening Report is adopted and three benchmarks for the opening of the chapter are determined. The Negotiating Group for Chapter 12 held preparatory meetings and training, including the meeting held on 10 March 2017 with the representatives of the European Commission so it can start to draft all documents presented as benchmarks for the opening of this negotiation chapter. The expert council for risk assessment in the field of food safety so-called Food Safety Council was established on 28 April 2017. The worked aimed at meting the benchmarks for the opening of Chapter 12 is underway.
84. In the area of fisheries, the Government of the Republic of Serbia adopted the Negotiating Position for Chapter 13 and sent it to the EU Council.

85. In the area of transport policy and Trans-European networks, the preparation of the negotiating positions is underway.
86. In the field of energy, the Republic of Serbia is working on meeting the two benchmarks for the opening of the Chapter 15. As regards the first benchmark pertaining to the adoption of the action plan on minimum supplies of crude oil and/or oil derivatives the consultations with the European Commission are completed. As regards the second benchmark pertaining to the separating in the sector of oil in line with the provisions of the Third Energy Parcel of the EU, the revision of the Action <plan is underway in compliance with the comments received by the European Commission and the Energy Community Secretariat.
87. In the field of taxation, the Republic of Serbia on 25 November 2016 received the letter from EU President with one benchmark stated for the opening of negotiation in Chapter 16. The activities aimed at fulfilling of the required benchmark are underway. The amendments of the Excise Law on 28 December 2016, in the field of excise taxation of coffee, the position of the importer and the manufacturer of coffee in the Republic of Serbia are equalized, hence equal conditions for all participants on the market are created starting from 1 January 2018.
88. In the field of economic and monetary policy, the adoption of the Fiscal Strategy and Economic Reforms Programme is of importance. On 4 May 2016, the Republic of Serbia received an invitation to submit its negotiating position for Chapter 17, after which the first draft of that negotiating position was prepared (and submitted to the European Commission on 22 May 2017), regarding which the European Commission sent comments on 20 June 2017. The harmonisation of the draft negotiating position with the comments of the European Commission is underway.
89. In the field of statistics, the Republic of Serbia received the invitation on 23. February 2017 to submit the negotiating position, and the first Draft negotiating position was sent to the European Commission for informal consultations on 8 May the same year. Regarding this, the comments of the European Commission to draft position were sent to the Republic of Serbia on 19 October 2017. The work on finalising the negotiating position is underway.

90. In the area of social policy and employment, the Republic of Serbia is dedicated to meeting the benchmarks for the opening of the Negotiation Chapter 19, which it was informed about on 28 April 2016, hence the Republic of Serbia prepared draft action plan for gradual transferring of the acquis (where necessary) and building of the necessary capacities for the implementation and application of the acquis. The reviewing of the European Commission's comments on the draft action plan by the members of the Negotiation Group 19 is underway, with a view to further work on drafting the action plan.
91. In the field of industrial policy and entrepreneurship, the Republic of Serbia officially opened Chapter 20 on 27 February 2017. It is determined that the benchmark for the closing of the negotiations on this chapter is that the Republic of Serbia should adopt and start the implementation of an overall industrial strategy, which is supported by a system of indicators for evaluation and benchmarks proposed as based on the EU policies relevant for industry.
92. In the area of science and research, on 13 December 2016 this chapter was officially opened and temporarily closed. Also, in the field of education and culture, on 27 February 2017 that chapter was officially opened and temporarily closed. .
93. In the area of environmental protection, the Screening Report was adopted, and a letter was sent by the European Council President on 19 December 2016 with an invitation to submit the Negotiating Position. The drafting of the Negotiating Position is underway.
94. In the area of health and consumer protection, EU Council President in its letter from 25 November 2016 invited Serbia to submit its negotiation positions for Chapter 28. Draft negotiation position was sent to the European Commission for consultation.
95. In the area of customs union, legislation in Serbia is largely harmonised with the EU acquis. At the meeting of the Sixth Intergovernmental Conference at the ministerial level on the accession of the Republic of Serbia to European Union, held in Luxembourg on 20 June 2017, this Chapter was officially opened.

96. In the field of foreign economic relations, the Republic of Serbia achieved a good measure of harmonisation with the EU acquis within this Chapter, and it harmonized to a large degree its trading policy with the rules of the EU and WTO. The negotiation position of the Republic of Serbia for the **Intergovernmental Conference** on Serbia's accession to the EU was adopted at the Government meeting on 4 May 2017, and on 5 May 2017 it was submitted to the EU Council.
97. The Republic of Serbia expects the Screening Report for Chapter 31 – Foreign, Security and Defence Policy. After the EU Global Strategy on Foreign and Security Policy had been presented to the EU members, the Working Group to amend the National Security Strategy and Defence Strategy was formed in the Republic of Serbia which completed its work on 21 September 2017. In the following period it is expected to have a public consultation on these documents and their forwarding to the legislative procedure for adoption.

Bearing in mind the intensive cooperation between Serbia and the EU in numerous areas, such as the migrant crisis, fight against terrorism, radicalism, all forms of extremism, organized crime, in accordance with Article 10 of the Stabilisation and Association Agreement, on 26 January 2017,

political consultations of the WB6 and European Foreign Policy Service were held. Bilateral political consultations of the Ministry of Foreign Affairs, Ministry of European Integration, and the Negotiation Team and EEAC were held on 26 October 2017 in Belgrade. The work on developing the Law on Foreign Affairs is in final phase and it is expected to be sent to further procedure,

98. In the area of financial control, on 11 May 2017, the Republic of Serbia has adopted the Development Strategy of the Internal Financial Control in Public Sector in the Republic of Serbia in the period 2017-2020, which contributes to meeting one of the benchmarks for the closing of the chapter. The Strategy is aimed at improving the strategic framework and the enhancing of the regulations pertaining to the application of the concept of Internal Financial Control in public sector. Monitoring of the tables within reporting on progress for Chapter 32 Financial Supervision, which is updated and dated 01 September 2017 was sent to the European Commission on 30 September 2017.

99. In the area of financial and budgetary issues, an invitation for submission of the negotiating position for this chapter was addressed to the Republic of Serbia on 24 March 2016. The Republic of Serbia adopted the Negotiating position At the Government Session on 19 June 2017, and on 21 June it was submitted to the EU Council President.

V EU Instrument for Pre-Accession Assistance (IPA) and bilateral assistance of EU Member States

100. Implementation of the overall political, economic, legal and institutional reforms that are a precondition for accession to the European Union implies significant further financial investments. In this respect, the most important source of funding for the said reforms are the funds secured by the EU through a number of different instruments of assistance, e.g. the Instrument for Pre-Accession Assistance (IPA) and various EU programmes.
101. Since 2000, approximately EUR 9 billion of international development assistance from EU institutions and its Member States has been realised, of which around EUR 4 billion are grants in the fields of state administration reform, rule of law, infrastructure development and socio-economic development. The Republic of Serbia and its citizens are grateful to their partners from the EU on their selfless support that has contributed to the implementation of the reforms in the Serbian society and to the overall improvement of the life of its citizen.
102. In its efforts to ensure the planned, efficient and effective use of the said funds, the Republic of Serbia has established a clear strategic and institutional framework for the planning and programming of international development assistance, i.e. an efficient system for independent management of IPA funds within the Ministry of European Integration, reflected in the good results in contracting IPA 2013 programmes (rate of contracting IPA funds is 94%), defining the single project pipeline in the fields such as transport, energy, environmental protection and business infrastructure which are subject to discussion within regular meetings of the National Investment Board.

103. Within the new financial perspective for 2014–2020 (IPA II), IPA funds programming is based on the sector approach, implying a precise definition of sector goals and reform plans on a three-year basis, and the complementarity of IPA funds with other forms of development assistance, national funds and loans from international financial institutions.
104. The Ministry of European Integration successfully coordinates the programming process of IPA II funds, which is reflected in the fact that the action IPA programmes are prepared for 2014, 2015 and 2016, while Action IPA Programme for 2017, which will mostly be directed at activities in the field of environmental protection, energy and rule of law, is soon to be adopted by the EC. We have initiated the process of programming IPA 2018 while awaiting the decision of the European Commission on the distribution of additional *performance reward* funds, based on the progress achieved in the process of European integration and efficient implementation of IPA funds.
105. Serbia expects the EU and its Member States to continue providing financial and technical support through various financial instruments, including the *Western Balkans Investment Framework* and the *Connecting Europe Facility*, which will primarily ensure stronger infrastructural inter-connection between the Western Balkan region and the European Union, as a precondition for the socio-economic development of this part of Europe.
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