

**STABILISATION AND ASSOCIATION  
BETWEEN  
THE EUROPEAN UNION  
AND SERBIA**

The Stabilisation and Association Council

**Brussels, 19 December 2018  
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**COVER NOTE**

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Subject: Fifth meeting of the EU-Serbia Stabilisation and Association Council  
(Brussels, 18 December 2018)

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Delegations will find attached the position paper of European Union tabled on the occasion of the 5th meeting of the Stabilisation and Association Council between the European Union and Serbia.

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

**18 December 2018**

**Draft Common Position of the European Union**

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

**Relations under the Stabilisation and Association Process**

**Accession strategy**

The EU reiterates its unequivocal commitment to the European perspective of the Western Balkans, which remains crucial for maintaining the momentum of reforms. It welcomes the overall progress made in Serbia's EU accession negotiations.

The EU looks forward to further progress in the accession negotiations, in line with the Serbian government's strategic goal of EU membership. It recalls that progress on the rule of law and fundamental rights chapters, as well as on the normalisation of Serbia's relations with Kosovo\* as set out in the Negotiating Framework, is essential and will continue to determine the pace of accession negotiations overall.

In this respect, the EU urges Serbia to intensify reform efforts and to deliver convincing results, including a sustainable track record, in particular on democratic governance and the rule of law, such as the judiciary including war crimes, freedom of expression and of the media, and the fight against corruption and organised crime.

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

The EU underlines the need for Serbia to allocate sufficient human and financial resources in line Ministries and the Ministry of European Integration to meet its objectives on negotiations. The EU also encourages Serbian authorities to firmly promote European values in the Serbian public debate and in education, including readiness for reconciliation. The EU underlines that more emphasis needs to be put on domestic communication on the EU, which remains by far Serbia's first economic and political partner. It is now crucial that this strategic choice be more actively and unambiguously communicated in the public debate.

The EU urges Serbia to continuously remain engaged in the EU-facilitated Dialogue between Pristina and Belgrade. The EU underlines the need for Serbia to remain committed to the EU-facilitated Dialogue, accelerating and intensifying work in good faith on a legally-binding agreement on comprehensive normalisation between Kosovo and Serbia. All Dialogue agreements agreed already need to be fully implemented without any further delay, in particular the 2015 agreement on energy. The EU deeply regrets the announcement on 27 November of the resignation of the mayors of the four Serb majority municipalities in northern Kosovo and the declarations by the four Municipal Assemblies that they are ceasing their cooperation and communication with Pristina, which would be contrary to the First Agreement. The EU recalls that progress in the Dialogue and thus in the normalisation of relations between Kosovo and Serbia ensures progress on their respective European paths, while avoiding that either can block the other in these efforts. Both sides should refrain from words, actions and measures that are contrary to the spirit of normalisation. The EU also recalls that this issue is monitored, in the framework of Serbia's EU accession negotiations, under chapter 35 – Other issues/normalisation.

## *Political criteria*

The European Union notes that Serbia has continued to sufficiently meet the political criteria, while being concerned regarding the lack of progress in some of them.

Following the Presidential elections, a new government was formed in 2017. The political scene remains polarised and marked by a lack of political dialogue and consensus, notably in the parliament. In this respect, the EU recalls that the legislative process in the parliament and its oversight over the work of the executive need to be improved as a matter of priority. The EU expects Serbia to limit recourse to urgent parliamentary procedure to an absolute minimum and to avoid other actions counter to legislative scrutiny and debate. Quality, transparency and inclusiveness of law making need to be enhanced. Support for independent bodies has to be guaranteed and their recommendations need to receive adequate follow-up. The EU regrets that the parliament has not discussed any annual reports by independent bodies in plenary sessions since 2014, and urges the Serbian authorities to do so. The EU reiterates its call on Serbia to fully acknowledge and guarantee the role of independent regulatory bodies and to promote the implementation of their recommendations.

Belgrade city elections were held on 4 March 2018. While domestic observers reported irregularities, they assessed that these did not fundamentally affect the results. The EU expects Serbia to address all the recommendations of the OSCE/ODIHR in an inclusive and transparent manner – and as a matter of priority ahead of the next election cycle. EU assistance is available, including through an ODIHR-implemented regional project, to support the implementation of these recommendations. In particular, the EU stresses the need for a review of the legal framework on elections to address gaps and loopholes. Persistent shortcomings should be addressed, in particular related to the lack of transparency of party and campaign financing, unbalanced media coverage, and the blurred distinction between party and state activities. Independent regulatory bodies need to exercise their monitoring and oversight role proactively and effectively. The EU also urges Serbian authorities to properly investigate credible allegations of pressure on voters and employees of state-affiliated structures reported by ODIHR, and bring those responsible to justice.

The EU recalls that an empowered, resilient and diverse civil society is a crucial component of any democratic system and should be recognised and treated as such by the Serbian institutions. In this respect, the EU calls on Serbia to protect and expand civil society space, to strengthen the inclusiveness and transparency of the reform process and to foster transparent cooperation with civil society. It encourages public participation and consultations of all relevant stakeholders in the decision-making process, noting with concern that the adoption of laws using the urgent procedure limits democratic debate.

The EU welcomes the steps taken to implement Serbia's Action Plans for chapters 23 (Judiciary and fundamental rights) and 24 (Justice, freedom and security) but regrets that further delays occurred in the implementation. The Action Plans provide clear guidance for reforms and for developing a solid track record in these areas in the light of the interim benchmarks set for the negotiations under these chapters. The EU will continue to assess the implementation of these plans on the basis of the Commission's bi-annual reports. At the same time, the EU reiterates the importance for Serbia, now that more than two years have passed since their adoption, to revise the Action Plans in a qualitative manner, taking into account the obligations stemming from the interim benchmarks that have been subsequently adopted, while continuing to address all outstanding issues, including commitments taken in the Action Plans. It also calls on Serbia to allocate appropriate resources, to ensure effective implementation and provide for an efficient monitoring mechanism throughout their implementation. The EU invites Serbia to continue its efforts in putting in place an inclusive, meaningful and systematic process for consultation with civil society organisations and other stakeholders in monitoring the implementation of these strategic documents, and expects the same for their revision. It encourages Serbia to continue building trust and fostering constructive working relations among all stakeholders, and thus to fully recognise and take advantage of civil society expertise.

The EU recalls that the ongoing constitutional reform, aimed at strengthening the independence and accountability of the judiciary in line with the Venice Commission recommendations and with European standards, will need to be effectively consolidated through parliamentary adoption and through a timely revision of relevant implementing legislation, following consultations of the Venice Commission. It emphasises that this should be based on a wide and inclusive consultation process.

The EU encourages Serbia to continue and strengthen efforts towards addressing the significant challenges in the judiciary and effectively implement reforms in this area. The EU takes note of the continuous positive results in reducing the backlog of cases in courts and of measures implemented to prepare the roll-out of a comprehensive IT-based case management system in order to increase the efficiency of the judiciary. It encourages further efforts to broaden the application of alternative dispute resolution mechanisms.

The EU encourages Serbia to further intensify its efforts in order to achieve tangible results in the fight against corruption, which remains prevalent in many areas and a serious problem. It calls upon Serbia to develop a more robust track record of efficient and effective investigations, prosecutions, indictments and final convictions, including into high-level corruption cases. It encourages Serbia to fully implement the recommendations from the GRECO evaluation reports. The EU takes note of the appointments in the Anti-Corruption Agency. The recommendations of this agency and the Anti-Corruption Council need to be followed up consistently. The EU notes with concern the serious delay in the adoption of the new Law on the Prevention of Corruption which should be in line with GRECO recommendations, amendments to the Law on Free Access to Information of Public Importance as well as to the Law on Political Activities Financing.

The EU notes Serbia's continued active participation in regional law enforcement cooperation and with Europol. It encourages Serbia to effectively address the remaining issues in the Financial Action Task Force action plan ahead of January 2019. It also encourages Serbia to implement in practice the strategic threat assessment on organised crime, adopted in 2015, and consider adopting a new one. It also takes note of the adoption of further measures aimed at reforming the human resources management within the Ministry of the Interior.

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

The EU reiterates the importance of respect for and protection of minorities, in line with the Copenhagen criteria. The EU notes the legal and institutional framework regarding national minorities in Serbia and reiterates its call for its consistent and effective implementation across the country, in particular in the areas of education, the use of minority languages, access to media and religious services in minority languages and adequate representation in the public administration and judiciary. The EU calls on Serbia to further the overall environment leading to a tangible improvement in the effective exercise of these rights throughout the territory of the country in line with Serbia's domestic and international obligations. The EU reiterates its call for the comprehensive, timely, inclusive and transparent implementation and monitoring of Serbia's dedicated "Action Plan on the protection of national minorities" throughout Serbia, as part of Serbia's Action Plan on chapter 23, in its entirety, with the constructive engagement of all sides. The EU takes note of the elections of the National Minority Councils, which took place on 4 November 2018. The EU commends Serbia for maintaining such mechanisms and structures. The EU takes note of signals on the election of certain national minority councils, including on undue political interference and issues related to voters' registration, and calls on the Commission to follow the issues closely in close cooperation with the authorities.

The EU strongly underlines the importance of freedom of expression, of media pluralism and of the legal and practical safeguarding of journalistic and editorial independence. It expresses concern over the lack of progress in this area and urges Serbia to address shortcomings as a matter of high priority. The EU calls for the creation of an enabling environment in Serbia, in which freedom of expression can be exercised without hindrance. The EU recalls that the Serbian authorities hold a crucial responsibility in actively contributing to the unimpeded exercise of freedom of expression, including by showing appropriate support to independent bodies, human rights defenders, independent journalists, media workers, and by promptly reacting to and publicly condemning hate speech and threats. The EU expresses its concern over cases of threats, intimidation and violence against journalists, while investigations and final convictions remain rare. It recalls that Serbia needs to provide an initial track record in the work of the Commission tasked with looking into unresolved cases of murdered journalists. The EU acknowledges the initiative of the President and Prime Minister in April 2018 to establish a joint working group with the aim to redraft the strategy for the development of a public information system in a transparent and inclusive manner. The EU reiterates that following privatisation, broadcasting in minority languages needs to be made sustainable. It notes that the continuous political and economic pressure on independent journalists and media remains an issue of concern and that there have been repeated claims that fiscal inspections have been used disproportionately to exert economic pressure on media outlets. It urges Serbia to ensure that adequate funding of public broadcasting services, and transparent and equitable co-funding for media content serving the public interest, are provided.



The EU encourages Serbia to continue and strengthen efforts in the area of public administration reform (PAR). It welcomes the adoption of the new action plan of the PAR strategy and some progress in the area of service delivery, in particular with the adoption of the Law on e-Government, and new legislation on public service salaries and employment relations, local government salaries, the national training academy, the planning system, as well as on improved public consultations. The EU encourages Serbia to remain committed and meet its reform targets. The EU underlines the need to synchronise Serbia's National Plan for the Adoption of the *Acquis* and the government annual work programme and its financial and human resources planning, as well as to promote better regulation based on impact assessments and timely inter-institutional and public consultations. Strengthened coordination, monitoring mechanisms and adequate resource allocation remain essential to professionalise and depoliticise the Serbian administration and make recruitment and dismissal procedures more transparent, especially for senior management positions. The EU expresses concern on the continuously excessive number of senior managers in acting positions and reiterates the need to amend the civil service law to fully guarantee the neutrality and continuity of the public administration, in view of the development of a permanent, competent and independent public administration, able to cope with the challenges of EU accession.

The EU underlines the importance of public financial management (PFM) for economic governance and of a good coordination between the PAR and PFM reform programmes. The ongoing revision of the PFM programme is an opportunity to put more emphasis on key reforms based on improved planning and costing, sequencing and indicators.

The EU recalls that good neighbourly relations and regional cooperation are essential elements of the enlargement and stabilisation and association processes, and contribute to stability, reconciliation and a climate conducive to addressing open bilateral issues and the legacies of the past. The EU expresses concern over cases of hate speech, intimidation and attacks, including recent ones and recalls that such cases should be addressed promptly and firmly. The EU encourages Serbia to address open issues related to missing persons and refugees noting that the Commissioner for Human Rights of the Council of Europe in 2015 had stressed the importance in this context of regional co-operation including information sharing, *inter alia* via archives. The EU notes Serbia's constructive engagement in a number of regional cooperation initiatives in South-East Europe. It calls upon Serbia to implement the remaining reform measures associated with the EU's connectivity agenda. In the context of recent measures taken by the Kosovo authorities, any impediments to trade should be resolved within the appropriate fora and mechanisms, with the constructive participation of all sides concerned. The EU also encourages Serbia to continue to support political stability in Bosnia and Herzegovina, in line with the Dayton Agreement. The EU encourages Serbia to continue efforts to strengthen good neighbourly relations. Outstanding bilateral disputes, including border disputes, must be solved as a matter of urgency, in line with international law and established principles, including through implementation of legally binding agreements, *inter alia* the Agreement on Succession Issues.

In the field of foreign, security and defence policy, the EU welcomes Serbia's participation in CSDP military missions and operations and its preparations to contribute to civilian ones. It also welcomes Serbia's participation in the roster of the EU Battle Groups and its efforts to identify opportunities for cooperation with the European Defence Agency projects and activities. The EU again strongly underlines the growing importance of further deepening cooperation on foreign policy issues and of progressive alignment with the EU's foreign policy positions, notably on issues where major common interests are at stake, such as on restrictive measures. The EU reiterates its call on Serbia to progressively align its policies towards third countries and its positions within international organisations with the policies and positions adopted by the Union and its Member States, in the period up to accession. The current declining trend needs to be reversed as a matter of priority. The EU welcomes regular CFSP/CSDP dialogues with Serbia. The EU also reiterates its call on Serbia to bring to a successful conclusion the review of its 2009 National Security and Defence Strategies, to move towards a policy based on the EU's guiding principles for international action, in line with Serbia's strategic goal of EU membership.

#### *Economic criteria*

The EU notes that Serbia has made further good progress towards establishing a functioning market economy. It welcomes the positive developments in the Serbian economy in terms of higher economic growth, reduced unemployment, stable prices and good budgetary performance.

The EU notes that past reforms have been paying off. However, it recalls that continuous efforts are needed to maintain the growth momentum, complete some key structural reforms and sustain good fiscal results. In this respect, the EU looks forward to further progress in public administration reform, in particular in the tax administration, the finalisation of the restructuring of state-owned enterprises and large public utilities, increased transparency and control of state aid and the introduction of a credible and binding system of fiscal rules.

The EU welcomes that the business environment has improved, contributing to higher private investment. The EU also stresses that further efforts are needed, in particular when it comes to the rule of law, in order to further improve the business environment and investment climate. The system of para-fiscal charges should be made more predictable and less burdensome. The EU encourages Serbia to step up its efforts to fight the grey economy. It underlines that the current good fiscal results provide room for increased public investment, in particular in energy, transport and environment.

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

The EU welcomes the adoption by Serbia of its fourth Economic Reform Programme in January 2018 and is looking forward to the new programme in January 2019. The EU stresses the importance for Serbia to ensure full and timely implementation of the joint policy recommendations that were adopted at the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey in May 2018.

### *Acquis*

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

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

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

In the area of free movement of capital, the EU welcomes efforts to remove restrictions on short-term financial loans to non-resident borrowers. The EU encourages Serbia to demonstrate increasing effectiveness in the prevention of money laundering and to complete the implementation of the action plan agreed in February 2018 with the Financial Action Task Force, as well as to continue efforts in *acquis* alignment.

As regards public procurement, the EU notes that Serbia continued legislative alignment with the preparation of a new law on public procurement. The EU recalls the need to further strengthen the administrative capacity of the public procurement office. The EU reiterates concerns about the exemption of certain projects from the application of public procurement rules under inter-governmental agreements with third countries. It emphasises the importance to ensure a fair and transparent public procurement system, which provides value for money, competition, and strong safeguards against corruption.

In the field of intellectual property rights, the EU encourages Serbia to accelerate the adoption of long-awaited legislation and to focus on property rights enforcement.

As regards competition, the EU welcomes efforts in the area of anti-trust to further align the legislation with the *acquis*, with the preparation of a new law on competition. The EU welcomes also the satisfactory level of administrative capacity achieved by the competition authority. The EU invites Serbia to remove any preferable treatment given to the national payment card operator compared to all other operators, including foreigners. In the area of state aid, the EU reiterates the need for further legislative alignment with the aim in particular to remove from the law the exemption from state aid rules for companies in the process of privatisation. The existing aid schemes must also be aligned with the *acquis*. Finally, the operational independence of the Commission for State Aid Control needs to be ensured and its enforcement record strengthened.

As regards information society and media, Serbia continued with legislative alignment with the *acquis* in the area of digital single market but further alignment with the EU telecom package is necessary. The EU encourages Serbia to continue the work towards the establishment of the 112 emergency service in line with the *acquis*. The EU notes that the independence, transparency and efficiency of the Regulatory Agency for Electronic Communications, and of the Regulatory Body for Electronic Media, need to be fully ensured. The EU underlines Serbia's key role in concluding a new regional roaming agreement that includes all Western Balkan end-users with the aim to sign it during the digital summit in Belgrade in April 2019.

The EU welcomes the progress made in the area of agriculture and rural development, with entrustment achieved for the first two measures of the Instrument for Pre-accession Assistance for Rural Development (IPARD) programme and the action plan for *acquis* alignment adopted by the government. Overall, alignment with the *acquis* remains at an early stage. The EU strongly encourages Serbia to fulfil all conditions for the entrustment of its national authorities for all measures under the IPARD so that the implementation can achieve the targets set. The EU urges Serbia to continue implementing its alignment strategy in accordance with the recently adopted action plan.

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

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

In the transport sector, the EU encourages Serbia to continue making good progress in aligning with the *acquis*, notably on road transport, railway reforms and air transport. More specifically, in the area of rail, the EU welcomes the adoption of a comprehensive railway legislation package. On aviation, the EU encourages Serbia to step up its commitment towards solving the issue of restrictions on overflight rights. The EU welcomes Serbia's progress on transport connectivity reform measures to boost regional connectivity according to the Transport Community Treaty. The EU emphasises that public investments in transport infrastructure need to ensure interoperability and comply with the SAA provisions regarding public procurement and environment protection.

As regards energy, the EU takes note of Serbia's efforts to close some of the ongoing Energy Community infringement cases, the number of which, however, is still high. The EU emphasises Serbia's need to step up efforts to restructure its public enterprises. The EU calls upon Serbia to proceed towards full unbundling of *Srbijagas*, participate in the regional Co-ordination Auction Office and implement the bilateral agreements with neighbouring transmission system operators in fulfilment of its obligations under the Energy Community Treaty and connectivity reform measures. The EU stresses the need to further develop Serbia's gas and electricity interconnections with its neighbours, emphasising the necessity to continue and accelerate preparations for the Bulgaria-Serbia gas interconnector in line with the joint implementation plan with Bulgaria. The EU welcomes increased investments in the renewable energy sector and calls for more progress on energy efficiency, including on cost-reflective electricity tariffs, and a sustainable financing system for energy efficiency with predictable and stable levels of funding.

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

In the area of statistics, the EU takes note of progress achieved on sectoral and macroeconomic statistics. The EU encourages further progress in annual national accounts, short-term business statistics and international trade in goods statistics, in particular with respect to full European System of Accounts 2010 implementation, as well as to continue to transmit data to Eurostat and, where needed, to complete and improve the quality of data sets that are already being sent. The EU encourages Serbia to improve the legal framework to further ensure the institutional independence of the statistical office.

In the area of social policy and employment, the EU encourages Serbia to increase labour market participation and reduce the high non-wage labour cost of jobs at the lower sections of the wage distribution. At the same time, Serbia needs to target active labour market measures to vulnerable groups and develop dual learning in vocational education and training in close cooperation with social partners, in order to address high rates of youth unemployment. Advancing with *acquis* transposition and strengthening social dialogue are areas where further progress is needed. The EU encourages Serbia to proceed with the implementation of its employment and social reform programme, as well as to submit the action plan for chapter 19 without further delay. The EU acknowledges Serbia's commitment to the Economic Reform Programme and recalls the importance of implementing the joint policy guidance adopted in May 2018. The EU takes note of Serbia's efforts to improve the social inclusion of Roma, people with disabilities and other vulnerable groups. The EU underlines that the effective implementation of the legal framework on anti-discrimination and equality between men and women in employment and social policy remains a major challenge.

As regards enterprise and industrial policy, the EU welcomes Serbia's new initiatives to promote entrepreneurship and improved access to finance. The EU invites Serbia to ensure more predictable and transparent implementation of its industrial and SME support measures. In this context, a new industrial strategy should clearly communicate to businesses how public support will be delivered and focus on the structural modernisations needed by the industry to compete in the Single Market.



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

The EU calls upon Serbia to conclude the ongoing constitutional reform process on the judiciary by parliamentary adoption and by amending related legislation, including on the organisation and jurisdiction of courts and prosecution offices, or on the High Judicial Council and the State Prosecutorial Council. It emphasises that this should be based on a wide and inclusive consultation process. The EU welcomes Serbia's efforts to increase the efficiency of the court system through the backlog reduction programmes and mediation, and calls upon Serbia to maintain its efforts and to continue addressing the uneven workload in courts. It urges Serbia to further reinforce the High Judicial and State Prosecutorial Councils in order to allow them to assume their role fully and achieve a coherent and efficient judicial administration, including with regard to the judicial budget. The EU reiterates its call upon Serbia to address the significant challenges that remain regarding independence, in particular as regards undue political interference, impartiality, accountability, efficiency and professionalism of the judiciary, including through the introduction of a comprehensive and centralised case management system, and access to justice.

The EU recalls that full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) constitutes an essential element of the SAA. The EU underlines that Serbia needs to fully cooperate with the International Residual Mechanism for Criminal Tribunals (MICT) and implement all rulings issued by it, such as on the contempt of court case. The EU calls for further efforts to overcome legacies of the past and to constructively foster mutual trust, dialogue and tolerance in the region, avoiding actions and statements that go against this goal. This should also imply honouring the victims of the past conflicts. There is no place in the EU for inflammatory rhetoric, let alone for any actions that support glorification of war criminals. The EU also underlines the need for meaningful regional cooperation and good neighbourly relations in the handling of war crimes, including by avoiding conflicts of jurisdictions and by ensuring that war crimes are prosecuted without any discrimination. All outstanding issues in this regard must be fully resolved. The EU takes note of the adoption of the prosecutorial strategy for investigation and prosecution of war crimes and points out its expectation for Serbia to demonstrate concrete results by its pro-active implementation through effective investigations and prosecutions with a focus on high-level cases as well as cases transferred from ICTY to Serbia. It also calls on Serbia to further strengthen its legal framework and operational capacities to ensure the credibility, sustainability and efficiency of the Office of the War Crimes Prosecutor.

With regard to the fight against corruption, organised crime and terrorism, the EU reiterates the importance of a sustainable track record of investigations, prosecutions, final convictions, asset seizures and confiscations and underlines that Serbia needs to further increase its efforts in this regard. The EU welcomes the adoption of legislation on the prevention of money laundering, terrorist financing and freezing of assets with the aim of terrorism prevention. It underlines the need for the effective implementation of legislation on asset seizure and confiscation and reiterates its call for further implementation of the law on whistle blowers. It recalls the importance for Serbia to enhance and fully enforce its framework on the fight against corruption including through effective coordination and monitoring and reinforcing capacities of the oversight bodies and following up consistently their recommendations.

The EU highlights the importance of international and regional cooperation in the fight against corruption and organised crime. It welcomes Serbia's continued active participation in regional law enforcement cooperation in fighting against organised crime, and the adoption of a long-term strategy on cybercrime. It takes note of Serbia's measures to reform the police and encourages Serbia to continue improving the legal, but also institutional and policy frameworks, as well as the cooperation of the judicial and law enforcement authorities. Special attention should be devoted to increasing the capacities of the police and relevant institutions, including for financial investigations, to fight complex forms of crime such as money laundering and economic crimes, drugs trafficking, trafficking in human beings, terrorism financing and cybercrime.

The EU takes note of Serbia's efforts to further align its legal and institutional framework on fundamental rights with EU and international standards. In particular, the EU underlines the importance of aligning the legislation on procedural rights and victims' rights, including victims of war crimes without discrimination, with the *acquis*. It takes note of the adoption of the law on free legal aid and underlines the necessity to prepare for its sound enforcement and that it will closely follow its impact on beneficiaries and vulnerable groups. It also takes note of the adoption of the law on personal data protection, including the critical opinion expressed by the Commissioner on Personal Data Protection, and stresses that it will closely follow future implementation. The EU urges Serbia to further improve cooperation with Serbia's relevant independent bodies while improving their resources and ensuring better respect of their independence and follow-up of their recommendations. The EU welcomes Serbia's observer status in the EU Fundamental Rights Agency. The EU encourages Serbia to more effectively protect human rights and fight against discrimination in terms of proceedings and sanctioning mechanisms, both at the level of law enforcement and judicial authorities, including by ensuring adequate prosecution of hate crimes. The EU urges Serbia to adopt amendments to the Law on the Ombudsman without further delay.

The EU acknowledges the adoption of the "Law on the rights and freedoms of national minorities" and the "Law on National Minority Councils". The EU urges Serbia to deliver concrete results in implementing the Action Plan for the implementation of the national strategy for the social inclusion of the Roma, notably in the areas of health, education, housing and employment, and to prepare the new Action Plan. The EU also notes that further sustained efforts are needed to improve the situation of refugees and internally displaced persons.

The EU welcomes the holding of the Pride Parade in Belgrade without incident for the fourth consecutive year. It encourages Serbia to further promote a culture of respect and to tackle discrimination on the basis of sexual orientation or gender identity. It notes with concern that investigation, prosecution and penalties for hate speech, threats and attacks against members of the LGBTI community are often inadequate.

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

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

The EU notes that women remain particularly exposed to discrimination on the labour market, and encourages Serbia to implement effectively the Strategy and Action Plan for improving the status of women and promoting gender equality. The EU reiterates that further sustained efforts are needed to promote gender equality and prevent and combat domestic violence. In the area of children's rights, the EU encourages Serbia to further step up efforts to improve the situation of Roma children and children with disabilities. The EU invites Serbia to enhance the social inclusion of persons with disabilities, especially as regards employment, education and availability of community-based services. The EU urges Serbia to adopt delayed laws and/or strategies related to discrimination, gender, disabilities and children without further delay.

The EU commends Serbia for its overall efforts in addressing the mixed migration flows towards the EU. It reiterates its call for increased cooperation between the EU and the region, as well as within the region. It welcomes Serbia's improved border management cooperation with neighbours and efforts towards detecting and fighting smuggling of migrants, recalling in this respect the finalisation of the cooperation agreement with the European Border and Coast Guard Agency that, once in force, will allow to deploy guest officers with executive power and carry out operations on the territory of Serbia. It encourages Serbia to adopt a comprehensive multi-annual strategy to counter irregular migration. The EU also takes note of Serbia's further efforts to strengthen its return capacity and arrangements for all persons with no right to remain in Serbia, including the use of voluntary return programmes. The EU welcomes Serbia's efforts to conclude bilateral re-admission agreements with several countries, including Afghanistan. It invites Serbia, where applicable, to fully implement all existing readmission agreements, notably the one with the EU, including with respect to third country nationals.

The EU welcomes the adoption of a new asylum law in line with the EU *acquis*, and calls upon Serbia to effectively implement it in line with European standards, including with the support of appropriate staff. The EU takes note that Serbia continues to upgrade the overall accommodation capacities and also takes note that it is providing adequate services to asylum seekers, beneficiaries of international protection and irregular migrants.

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

The EU recalls that efforts should continue to implement all the obligations arising from the visa free regime for Serbian citizens and its relevant roadmap, including in terms of better integration of vulnerable groups and Roma. The EU encourages Serbia, following the entry into force in January 2014 of the visa-waiver suspension mechanism, to actively continue its efforts to tackle the phenomenon of unfounded asylum applications lodged by Serbia's nationals in the EU and Schengen Associated Member States. The EU notes with concern Serbia's visa-free travel regime for citizens of countries that are on the EU's negative list and underlines that Serbia is expected to progressively align with the EU's visa policy. The EU closely monitors this area under rule of law chapter 24. The Commission will continue to monitor, through the post-visa liberalisation monitoring mechanism as well as in the framework of the SAA sub-committee on Justice, Freedom and Security, the effectiveness of the measures taken.

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

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

Regarding environment and climate change, the EU welcomes Serbia's intensive preparations for accession negotiations led by the Ministry of Environmental Protection. The EU takes positive note of the gradual improvement of the quality of public consultations on environmental issues and improving cooperation with civil society. The EU underlines the importance of further aligning with the EU *acquis* and enforcing legislation, including on consultations with neighbours on projects with potential trans-boundary environmental impact, together with strengthening administrative and financial capacity and improving inter-institutional coordination. The EU invites Serbia to accelerate operationalisation of the Green Fund as a sustainable financing and implementing mechanism for Serbia's environmental investments needed for the country's EU accession process. The EU calls upon Serbia to implement the 'polluter pays' principle, fully utilising environmental charges to finance environment and climate change actions. The EU encourages Serbia to step up efforts on air quality, nature protection (Birds and Habitats directives), integrated waste management and water treatment systems and strategic noise maps.

As regards climate change, the EU commends Serbia on the ratification of the Paris Climate Agreement and is looking forward to its fast operationalisation. The EU welcomes the consultation process on the climate law and encourages its adoption as soon as possible, also to provide the necessary certainty for investors. The EU encourages Serbia to develop an ambitious climate change strategy, revise its nationally determined contribution as previously pledged, ensure mainstreaming climate change in other sectorial policies and pursue sustainable staffing solutions.

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

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

### *Pre-accession Assistance*

The EU welcomes the good cooperation with the national authorities in programming and implementation of EU funds in Serbia, on the basis of the sector approach, which allows a better prioritisation and sequencing of the projects within and between sectors, and for a closer link between the financial assistance and the negotiation process.

The EU reiterates the need to ensure adequate capacities in the indirect management structures including by guaranteeing that the key positions are filled on a permanent basis, in order to ensure the smooth implementation of projects important for the EU integration. The EU encourages the Serbian authorities to speed up the implementation of the IPA 2015-2017 programmes and to avoid last minute contracting.

The EU underlines the need for Serbia to establish a single system for investment planning, linked to the budget, to effectively prioritise and plan capital investments regardless of the source of funding: this should encompass national funds, EU funds and donor funds, which should be screened according to the same methodology.

Serbia has been actively participating in EU programmes, including Horizon 2020, COSME, Customs and Fiscalis 2020, Erasmus+ and Creative Europe, Employment and Social Innovation. IPA funds are regularly used to co-finance part of the costs for the participation in these programmes. The EU welcomes the participation of the Republic of Serbia to the Rights, Equality and Citizenship Programme, and its participation to the Fundamental Rights Agency as observer as of 2018.



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

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

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

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

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

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

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