

STABILISATION AND ASSOCIATION  
BETWEEN  
THE EUROPEAN UNION  
AND SERBIA

The Stabilisation and Association Council

Brussels, 19 December 2018  
(OR. en)

UE-RS 3808/18

**COVER NOTE**

---

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

---

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

**Fifth 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, December 2018

## **I Introduction**

1. Membership in the European Union 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 recognises 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 the internal reform and development agenda, having in mind that the Republic of Serbia is implementing reforms since the process is in our interest.
2. The Republic of Serbia welcomes 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 in the first line to acquire membership. It also welcomes the fact that a specific timeframe has been given for the next enlargement of the EU and the accession of countries ready for the membership. The Enlargement Strategy is a very important document and is an impetus for our country to pursue and accelerate the implementation of activities aimed at acquiring full membership in the EU.
3. The aspirations for EU membership are based on the efforts of the Republic of Serbia to build 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 to strengthen democratic institutions, as a guarantor of preserving the aforementioned values. Owing to the SAA, the Republic of Serbia is already partially integrated into the European economic processes, and therefore it 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 position 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. The Government of the Republic of Serbia continues to implement the necessary reforms and confirms that the EU membership is a strategic goal of the RS. The Ministry of European Integration continues to coordinate and monitor the implementation of the SAA and, within its competence, has prepared the third revision of the National Programme for the Adoption of the Acquis (NPAA), adopted by the Government on 1 March 2018. This document represents a detailed plan for the alignment 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*.
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 timeframe, to assume the obligations arising from the EU membership in order to become a Member State.
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 a dialogue between Belgrade and Pristina. At the Third Intergovernmental Conference held 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 5 – Public procurement 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 – Enterprise and industrial policy 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. At the Seventh Intergovernmental Ministerial Conference on Serbia's accession to the European Union, held in Brussels on 11 December 2017, Chapter 6 – Company law and Chapter 30 – External relations were officially opened. At the Eighth Intergovernmental Ministerial Conference on Serbia's accession to the European Union, held in Luxembourg on 25 June 2018, Chapter 13 – Fisheries and Chapter 33 – Financial and budgetary provisions were officially opened. At the Ninth Intergovernmental Conference,

held on 10 December 2018 in Brussels, Chapter 17 – Economic and monetary policy and Chapter 18 – Statistics were opened.

8. On 16 October 2017, the Republic of Serbia submitted the negotiating position to the President of the EU Council for Chapter 9 – Financial services, and on 23 July 2018 it submitted the negotiating position for Chapter 2 – Freedom of movement for workers, on 24 September 2018 it submitted the Negotiating Paper for Chapter 4 – Free movement of capital, on 29 October 2018 it submitted the negotiating position for Chapter 14 - Transport policy and the negotiating position for Chapter 21 – Trans-European networks. Serbia's progress in the EU accession negotiation process is both the confirmation of success of the EU enlargement project and the demonstration 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 Information society and media (10) Environment (27) and Consumer and health protection (28). The Republic of Serbia is continuously working on fulfilling the opening benchmarks for chapters in the area of Free movement of goods (1), Competition policy (8), Food safety, veterinary and phytosanitary policy (12), Energy (15), Taxation (16) and Social policy (19). The Republic of Serbia fulfilled the opening benchmarks for the chapter in the area of the Right of establishment and freedom to provide services (3). Within the negotiating Chapter 11 – Agriculture and rural Development, the second opening benchmark for negotiations was fulfilled by submitting the Action Plan for Harmonisation to the European Commission at the beginning of November (the first benchmark was fulfilled in December 2015 by submitting a request for the entrustment of budget implementation tasks and the implementation of obligations under IPARD II).
10. Within preparations for 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 May 2019, 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 achieved progress 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 the area of the rule of law, judicial reform, fight against corruption and organized crime and fundamental rights. The Republic of Serbia has put serious efforts in the implementation of activities aimed at fulfilling its obligations under the Action Plans for Chapters 23 and 24, as well as fulfilling the interim benchmarks. The Action Plans define measures, competent institutions, resources and timeframes for the implementation of a wide range of activities aimed at the improvement of this area. Preparation of the revision of Action Plans for Chapters 23 and 24 is in progress, and the adoption of this revision will establish a comprehensive and realistic plan for the alignment of the national legal framework with the EU *acquis* in these areas. Technical mechanisms for monitoring and reporting on the fulfilment of interim benchmarks for assessing the progress in Chapters 23 and 24 were agreed with the European Commission. In accordance with the set timetable, the European Commission has been provided with the complete material with updated information on the progress achieved under the Chapters 23 and 24, which is necessary for drafting of the new EC's Report on the Rule of Law (non-paper). The Annual Report communicated by the European Commission to the Republic of Serbia in early April 2018 included information on the current state of play in the area of the rule of law in the Republic of Serbia. The report is objective, acknowledging all that has been implemented so far and showing more closely Serbia's progress in the implementation of Action Plans for Chapters 23 and 24. The Republic of Serbia has carefully reviewed the recommendations and will work to improve the state of play in this area. On 27 April 2016, the Government adopted the Action Plans for Chapters 23 and 24. At the beginning of 2018, the work on the revision of the action plans for these chapters started, in line with the interim benchmarks and the revised NPAA. The plan is to consult civil society organizations during the revision, as was done during the drafting of the Action Plans. On 18 June 2018, a meeting was held with representatives of the European Commission in order to harmonise views on the manner and content of the revision of the action plans. The Report on the implementation of the Action Plan for Chapter 23, until the second quarter of 2018, inclusive, was released in July 2018, and the Report on the implementation of the Action Plan for Chapter 24 for the period January-June 2018 was released in August 2018.

12. One of the most important activities in the area 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 Judicial Council and the State Prosecutorial Council. Upon the completion of the consultation process, the draft text of the Constitution was prepared and sent to the Venice Commission. At the 115th Plenary Session held on 22 and 23 June 2018, the Venice Commission adopted the Opinion on the draft amendments to the Constitutional provisions on the judiciary. In its Opinion, the Venice Commission welcomed the proposal for the amendment of the text of the Constitution and acknowledged the efforts of the Serbian Government in pursuit of its goal to develop the state as a modern democracy to the benefit of all Serbian citizens, and the need to meet the highest level of compliance with best international practice and the rule of law. On 12 October 2018, the assessment of the compliance of the draft amendments to the Constitution with its Opinion was submitted to the Venice Commission. At its session held on 19 and 20 October 2018, the Venice Commission was briefed on monitoring the Opinion on the draft amendments to the Constitutional provisions on the judiciary in Serbia and, in addition to the stated opinion, it took into consideration the Secretariat Memorandum on the compliance of the revised draft amendments with the constitutional provisions on the judiciary. The Venice Commission Secretariat's Memorandum concluded that the recommendations formulated by the Venice Commission were followed. On 29 November 2018, the Serbian Government adopted amendments to the Constitution and as of 30 November 2018 they are in the parliamentary procedure. 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 area is essential for the overall 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 and 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 the adoption of the new Law on Prevention of Corruption. The Draft Law on Prevention of Corruption was submitted to the European Commission for its opinion and the EC proposed further consultations with *GRECO*. Expert opinion on the draft law was obtained and forwarded to the EC. The draft law is at a public debate, for the purpose of obtaining and considering all proposals and suggestions.
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, the issues of protecting 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 of 2018 dated 23 September 2018, the level of fully, nearly or partially completed activities in this period is 88%. Amendments to the Law on National Councils of National Minorities, as well as the Law on the Protection of Rights and Freedoms of National Minorities were adopted on 20 June 2018. Elections for national councils of national minorities were held on 4 November 2018. We would like to note that in addition to experts, 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. This is one of the indicators of Serbia’s commitment to fulfilling its obligations towards 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 10 to 16 September 2018. 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 2018, 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 RS for the period 2016-2025 is aligned with the Europe 2020 Strategy. 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. On 21 June 2018, the Serbian Government formed a new working group for drafting the Media Strategy with the Action Plan for the implementation of the Strategy. The first meeting of the working group was held on 25 June 2018. The first Draft Media Strategy is expected by the end of 2018. At the same Government's session, the Coordination Group for Cooperation with the Media was established with the aim of working with the Dialogue Team, comprising of media and journalists' associations in order to improve relations with the media and address open issues related to the media in our country. Drafting of the Strategy will also include all journalists' associations, which were timely invited and whose active participation is expected. In this regard, the Government of the Republic of Serbia has positively responded to the request of the invited media associations and adopted a decision on fees for their participation in the working group. The Memorandum on cooperation and the measures for improving the security 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. The new Law on Asylum and Temporary Protection and the Law on Foreigners were adopted on 22 March 2018. On the same date, amendments to the Law on Police, Law on Border Control, Law on Records and Data Processing in the field of Internal Affairs and the Law on the National DNA Registry were adopted. On 14 September 2018, the Strategy for Combating High-Tech Crime was adopted along with the accompanying Action Plan. On 8 October 2018, the Serbian Government issued a Decision repealing the Decision on the abolition of visas for entry into Serbia for the nationals of the Islamic Republic of Iran.
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, approximately 3,600 migrants are placed in the centres on our territory. The vast majority of migrants is placed in centres and provided an assistance including temporary accommodation, health care, food and medication aid, as well as information on the asylum procedure, while children are entitled to free education in elementary and secondary schools, as well as an enrolment 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 in solving the migrant crisis in cooperation with all the countries in the region and the European Union.
21. In the previous period, the Republic of Serbia has indisputably demonstrated that it is fully committed to the dialogue on the normalization of relations with the Provisional Institutions of Self-Government (PISG) in Pristina, with the mediation of the European Union. The Republic of Serbia insists on full implementation of all agreements reached in the previous period, particularly on the establishment of the Community of Serb Municipalities, where the deadline was 4 August that has expired, whereby not only has Pristina failed to fulfil this obligation but there has also been significant and crucial regression of the entire dialogue process.

22. The Republic of Serbia is using this opportunity to appeal to all relevant international actors to condemn aggressive activities and rhetoric coming from Pristina, as well as Albania, which undoubtedly pushes the region of the Western Balkans into new conflicts and divisions.
23. Therefore, the Republic of Serbia urges unconditional compliance with European values and standards and urgent restoration of the fundamental EU values in the region, which have been seriously derided by unilateral moves made by Pristina that, by imposing additional 100% taxes on goods from Serbia and Bosnia and Herzegovina, violated the fundamental spirit and provisions of the Stabilisation and Association Agreement and the CEFTA Agreement. This has led to complete and essential violation of fundamental European principles of free movement of goods and free trade. Serbia insists on peaceful and responsible resolution of this crisis caused by Pristina's unilateral measures, through dialogue and existing international mechanisms. With these measures, Pristina has undermined and derogated the principle of regional cooperation, particularly the agreement on regional economic area that has stemmed from the Berlin Process of regional cooperation. The Republic of Serbia invites the EU to undertake concrete actions aimed at urgent abolition of Pristina's unilateral measures, and to consider taking appropriate measures against Pristina in accordance with the Stabilisation and Association Agreement.
24. Belgrade retains a constructive but principled approach, taking into account the wider context and indisputable need to preserve regional stability and enhance cooperation in order to accelerate economic development and the continuation of the process of European integration.
25. Despite constant efforts of the Government of the Republic of Serbia to preserve regional stability and reject tensions caused by irresponsible and provoking activities, such as the announcement of the formation of the Army of so-called "Kosovo", aggressive rhetoric continues, promoting the creation of so-called "Great Albania", i.e. aspirations towards territorial expansion in the region.

26. With increasing concern, the Republic of Serbia warns that public discourse, calling for violence in the conditions of an interrupted, but vital to stability, dialogue between Belgrade and Pristina on the normalization of relations, combined with deep ethnic divisions and political and security instabilities, represent serious and uncontrolled threat to peace in Southeast Europe.
27. 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 in order for them to be fully implemented. 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.
28. 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, since no deadline was observed provided for by the agreements reached with the mediation of the EU.
29. In addition, the Republic of Serbia expects the European Union and the European External Action Service to ensure the continuation of the dialogue and the implementation of obligations by PISG in Pristina so as to provide appropriate living conditions for Serbs in Kosovo and Metohija, without discrimination and in line with the European and international standards
30. Since the public administration reform is one of the three main pillars in the enlargement process, as emphasized in the Enlargement Strategy, 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 from 2018 - 2020, which is being operationalized and on the basis of which the objectives set out in the Strategy are achieved. At the Fifth meeting of the Public Administration Reform Special Group, held on 28 and 29 May 2018 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 the cited reform.

31. The Republic of Serbia is grateful to the EU for 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. In addition, in the framework of the IPA 2016 Programme, the European Union also provided support to this reform through assistance in aligning our statistical system with the requirements of EUROSTAT, as well as by supporting the strengthening of the system of the Republic of Serbia for the indirect management of EU funds, while in the framework of the IPA 2017 Programme the EU supported the implementation of reform measures related to the modernization of human resources management on the local level, but also ensured continued support in the process of alignment with the EU *acquis*. The total amount of support under the IPA 2016 Programme is EUR 4.9 million, while the budget for support to public administration reform provided under the IPA 2017 Programme amounts to EUR 6.6 million.
32. 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 strategy papers in the process of European integration. The National Convention on the European Union, established by 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 Convention on the European Union is institutionally regulated since the Government and the National Assembly regulations clearly define its role in the consultation process in terms of drafting negotiating 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.

33. 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 in various forms and it includes a wide range of activities in this field, with one part being reflected in supporting 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.
34. In calendar year 2017, Serbia supported 24 out of 48 proposed declarations (50%). Between January and the end of November 2018, the percentage of joining is 51.47% (joined 35 out of 68 invitations by the EU). The Republic of Serbia joined 260 EU statements at meetings of international organizations (UN, OSCE and CE), out of a total of 463 invitations (56.1%).
35. The Republic of Serbia is achieving a high degree of cooperation with the EU Member States and the EU institutions regarding the EU Common Security and Defence Policy - CSDP. It is actively taking part in almost all its areas. In this way, the Republic of Serbia demonstrates its strategic commitment to 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.
36. 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 Operation. 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.



37. 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. The first biannual Individual Partnership Action Plan - IPAP was adopted in January 2015, as the ultimate mechanism of cooperation with a partner state with no aspirations for NATO membership. The Report on the implementation of the first cycle of IPAP of the Republic of Serbia and NATO, adopted in late September 2016, recognized exceptional progress achieved over the last two years in developing partner relations between the Republic of Serbia and NATO. Military cooperation is an important part and it is an area within the IPAP area where the highest percentage of objectives has been achieved. Participation in exercises and similar activities is vital for achieving interoperability and attaining the standards required for more extensive participation in the UN and EU missions and operations. The validity of the initial IPAP is extended to 2017, and the consolidation of the text of the new IPAP for the period 2018-2020 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 the visit of President of the Republic of Serbia Aleksandar Vučić to the NATO Headquarters (15 November 2017), as well as by the visit of NATO Secretary General Jens Stoltenberg to the Republic of Serbia, on the occasion of the opening of an international field exercise in emergency response "Serbia 2018" (6-8 October 2018), providing additional impetus to further development of cooperation between Serbia and NATO.
38. The Republic of Serbia currently is participating in four peacekeeping operations of the EU with total 22 members of the Serbian Armed Forces: EUTM Somalia (6); EUNAVFOR ATALANTA Somalia (6); EUTM Mali (3); EUTM RCA (7). As regards UN missions, the Republic of Serbia is currently participating in 5 missions with 257 members: Congo – MONUSCO (2), Cyprus – UNFICYP (2), Lebanon – UNIFIL (177), Middle East – UNTSO (1) and Central African Republic – MINUSCA (75). In addition to the aforementioned participation of the Serbian Armed Forces, two members of the Ministry of Interior are currently engaged in the UNFICYP mission in Cyprus.



39. In all of the aforementioned EU and UN missions, a total of 279 members are engaged, 34 of whom are women (12.8%).
40. In 2017, a total of 658 members of the Serbian Armed Forces participated in peacekeeping missions and operations worldwide. At the United Nations list (participation and the number of representatives in UN missions), the Republic of Serbia is at the 46th place among 124 states, which currently makes it the 10th contributor of peacekeeping missions 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. The annual plan of deployment of the Serbian Armed Forces and other defence forces envisages the engagement of a total of 650 representatives from the RS in multinational operations in 2018.
41. 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 Serbia in multinational operations. The Ministry of Foreign Affairs, in cooperation with the Subgroup and other competent ministries and representatives of the civil society, developed the Action Plan for creating the capacities for the deployment of civilians in multinational operations for the period 2018-2021, adopted by the Government of the Republic of Serbia on 28 June 2018.

42. Having analysed the defence aspects of the participation of the Ministry of Defence and the Serbian Armed Forces 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 of Serbian Armed Forces 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. It was agreed that the RS participate with the following capacities: military police force, civil-military cooperation team, up to 5 command officers and a national support element (NSE).
43. The Republic of Serbia has harmonised its legislation in the field of the control of export of arms, military equipment and dual-use goods, given that 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 that the Arms Trade Treaty (ATT) has been ratified.
44. On 4 February 2016, the Republic of Serbia adopted the Law on International Restrictive Measures.
45. On 30 April 2013, Serbia became a full member of the Nuclear Suppliers Group (NSG). In March 2017, the Republic of Serbia submitted an official request to regulate the status in the Australian Group, a forum of a group of states seeking to prevent the spread of chemical and biological weapons. The request was officially considered at the annual meeting of the Group, held in Paris in June 2018. The Decision on the membership of the R. Serbia in the Wassenaar Arrangement (WA), the international control regime in the field of the transfer of conventional weapons and dual-use products and technologies has not yet been adopted (request for membership submitted in 2009).

46. On 31 January 2018, the Republic of Serbia adopted a new National Action Plan for the implementation of the UN Security Council Resolution Aimed at Preventing Mass Destruction Weapon Proliferation and the means for their transfer (for the period 2018-2022), and a Working Group was established to monitor its implementation, chaired by a representative of the Ministry of Foreign Affairs.
47. On 24 July 2018, the National Assembly of the Republic of Serbia ratified the Additional Protocol to the Agreement on the Application of Safeguards with the International Atomic Energy Agency, which entered into force on 16 September 2018.
48. Review, i.e. the modernization of the strategic documents of the Republic of Serbia in the field of security and defence stems from the necessity of their adaptation to the constantly changing security environment, as well as 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).
49. To this 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 were consolidated upon the adoption of the comments and suggestions of all line institutions and aligned with the Global Strategy for Foreign and Security Policy of the EU. Public debate on these documents has been completed and it is expected that they will be referred to the legal procedure for adoption.
50. In order to further strengthen cooperation and achieve more efficient communication in the domain of CSDP, at the proposal of the EU Military Staff, the Republic of Serbia sent a liaison officer to the EU MS. The notification of the national liaison officer was done on 7 November 2017 in Brussels.

51. The Republic of Serbia is fully committed to developing bilateral relations and neighbourly cooperation with all the countries in its immediate surroundings, as well as in the entire SEE. Special attention is given to the improvement of political dialogue and economic cooperation aimed at further strengthening of peace and stability, mutual trust and reconciliation in the region, as well as the level of protection of human and minority rights, and the growth of living standards of all 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 established 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, as well as reaching mutually acceptable solutions through bilateral mechanisms.
52. The quality of bilateral cooperation in the region is significantly affected by the issues related to:
53. Unequal treatment in the exercise of fundamental human rights of minorities in countries of the region where, in addition to some positive examples, there have been examples of serious ethnically motivated incidents and physical assaults against the members of the Serbian community over a longer period of time, as well as expressions of intolerance and hate speech in the public arena, which is insufficiently or selectively sanctioned;
54. Disproportion in the normative framework concerning minority rights protection, which results in the fact that certain countries insist on advanced forms of protection of the rights of their minority in Serbia, while either refusing to recognize a Serbian minority in their own country or not allowing it to enjoy fundamental minority rights. There are also examples of a relatively developed normative framework which, in practice, is insufficiently or selectively implemented, and even obstructed, especially in terms of the right to the use of language and script, education, proportional representation in the state administration and so forth;

55. 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;
56. Delineation and succession among the states formed at the territory of former Yugoslavia;
57. Ignoring the existing bilateral mechanisms for resolving specific outstanding issues by some neighbours - EU members, and their attempts to impose bilateral "solutions" through conditionalities in the context of political relations between the Republic of Serbia and EU and accession negotiations.
58. Implementation of the regional housing programme addressing 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.
59. The Seventh session of Intergovernmental Joint Commission of the Republic of Serbia and Republic of Croatia on National Minorities was held on 29-30 January 2018, renewing the work of this intergovernmental working body after a three-year break. Regarding the Intergovernmental Joint Commission of the Republic of Serbia and Romania on National Minorities, a meeting of the two IJC co-chairs was held in Belgrade on 18 September 2018, when it was agreed to accelerate the activities for the preparation of the next, third meeting of this Intergovernmental Joint Commission, to be held in Romania. In the foreseeable future, the next, fifth meeting of the Intergovernmental Joint Commission of the Republic of Serbia and Hungary on National Minorities should also be held.

60. The Republic of Serbia has continued dynamic cooperation with practically all the countries of 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 have been held. In addition to bilateral visits at the highest and high level with a large number of neighbouring countries (including the visit of President A. Vučić to Croatia, his visit to Romania, mutual visits at the highest level with Bulgaria, visit by the President of Cyprus), joint sessions of governments (with Slovenia, in February 2018 - fourth in a row), Hungary (in February 2018 - fourth in a row), Cyprus (in November 2018 - second in a row), Republika Srpska, the meeting of the High Level Cooperation Council with Greece (in July 2017) and Turkey (in May 2018) have also contributed to the improvement of the level of bilateral cooperation. Quadrilateral Summits Serbia - Greece - Bulgaria - Romania (five meetings in the period October 2017 - November 2018), trilateral meetings at the presidential level (Serbia - Croatia - B&H; Serbia - Turkey - B&H) and at the level of foreign affair ministers (Serbia - Croatia - B&H; Serbia - Albania - Italy) have been held. Also, a number of bilateral visits have been held at the level of foreign affair ministers.
61. 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 this sense, it has contributed significantly to the results of the Western Balkans Summit held in London on 10 July 2018 following the summits held in Berlin (2014), Vienna (2015), Paris (2016) and Trieste (2017). At the Summit, 14 BP participants, at the prime minister level, signed three declarations (on regional cooperation, missing persons and war crimes), which is also the first case for EU member states to sign declarations together with WB participants in the BP format. As a result of strengthening security cooperation in the WB, the WB6 ministers of interior signed the Joint Declaration on the Principles of Information-Exchange in the Field of Law Enforcement, the first of its kind in the BP.

62. One of the key moments at the London Summit for the Republic of Serbia was the initialling of the Agreement on the seat of the Transport Community in Belgrade, between the representatives of the Republic of Serbia and the European Commission.
63. The Republic of Serbia was represented at the highest level (President of the Republic of Serbia) during the Brdo-Brijuni Summit (Skopje, 27 April 2018), where the leaders once again confirmed their commitment to European integration processes and progress.
64. The Republic of Serbia actively participates in macro-regional strategies of the EU on an equal footing with the Member States (Danube and Adriatic-Ionian Strategy), which opens it the path to EU financial instruments and mechanisms, contributing to the preparation of our public administration and all segments of our society for future EU membership.
65. 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 work of their institutions, which are submitted to the UNSC.
66. In the Report on the work of the President of the International Residual Mechanism for Criminal Tribunals, submitted to the UN Security Council for the period from 16 May to 15 November 2018, regarding the remaining judicial activities, the finalisation of appeal procedures in the cases against Radovan Karadžić and Ratko Mladić is underway, as well as the repetition of the proceedings in the "Stanišić and Simatović" case. The case of "Radeta and Jojić", referring to the contempt of court, was transferred to the jurisdiction of the Serbian judiciary, but the decision is pending per *amicus curiae* Prosecutor's motion.
67. The Report on the work of the Prosecutor of the International Residual Mechanism for Criminal Tribunals for the same period emphasizes the need for regional cooperation and estimates that this cooperation has been at its lowest level in the past few years and faced with numerous challenges. The lack of progress in judicial cooperation between Serbia and the so-called Kosovo authorities on war crime has been emphasized, while the cooperation between Serbia and Bosnia and Herzegovina has been positively assessed.

68. Among positive tendencies, particularly in the context of the implementation of the ICT completion strategy for former Yugoslavia, attempts of the President of Serbia to overcome the legacy of the recent past were cited, and the decision to employ additional staff for the needs of the Serbian Office of the War Crimes Prosecutor was welcomed, while the continuation and strengthening of cooperation aimed at supporting the implementation of the National Strategy for the Prosecution of War Crimes and the implementation of the Action Plan for Chapter 23 were agreed.

### **III Economic Criteria and Implementation of the SAA**

69. The implementation of the SAA, which entered into force on 1 September 2013, is of great importance for Serbian economy and society. The implementation of the SAA is unhindered, to the mutual benefit of 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 according to the agreed plan and timetable.
70. The European Union is the most important economic partner of the Republic of Serbia, constituting 63.7 % of its total external trade. For comparison, the share of trade with the EU in the total external 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 2017 was EUR 22.061 billion compared to EUR 3.8 billion in 2001, when the Republic of Serbia entered the Stabilisation and Association Process.
71. 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 envisaged 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.



72. Owing to the implementation of the Interim Trade Agreement, i.e. 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 external 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 for 2017, the coverage ratio was at 82.1 %. In the first nine months of 2018, the external trade coverage ratio was 83.5%.
73. With regard to **export**, the main external trade partners of the Republic of Serbia in the first nine months of 2018, in terms of individual EU Member States, were: Italy (EUR 1,540 million), Germany (EUR 1,474 million), Romania (EUR 702 million) and Hungary (EUR 476 million).
74. With regard to **import**, the main external trade partners of the Republic of Serbia in the first eight months of 2017, in terms of individual EU Member States, were: Germany (EUR 2,166 million), Italy (EUR 1,520 million), Hungary (EUR 782 million) and Poland (EUR 582 million).
75. Owing to the Government measures and external circumstances, Serbia successfully implemented fiscal consolidation - from the fiscal deficit, which in 2014 amounted to EUR 2.2 billion, a surplus was reached in 2017 and 2018, and the public debt was reduced from over 70% to below 60% of GDP. GDP growth in the first half of 2018 was 4.9%.
76. In the first half of 2018, very favourable fiscal results were achieved, a fiscal surplus of 1.5% of GDP was recorded at the general state level, and the primary fiscal surplus was 4.4% of GDP.
77. In the first half of 2018, the inflow of FDI of approximately EUR 1.3 billion was realized, which is 8.6% more than in the same period in the previous year.

78. Inflation in the Republic of Serbia has been low and stable for five years. As a result of low inflationary pressures, inflation remains low and continues to move within the National Bank of Serbia's target band in 2018. Having reached the minimum in April, the interannual inflation expectedly returned to the target limit of  $3.0 \pm 1.5\%$  in May, while it amounted to 2.3% in June. Inflationary pressures on the basis of most factors are still low, confirmed by base inflation at the minimum of 0.8%, as well as inflation expectations anchored around the central target value of 3%. The unemployment rate in the 2nd quarter of 2018 was 11.9%.
79. In accordance with the provisions of the Law on Budget System, the Government of the Republic of Serbia adopted the Fiscal Strategy for 2018 with projections for 2019 and 2020, setting out the macro-economic and fiscal framework for pursuing the economic and fiscal policy in the following three years. In January 2018, the Economic Reform Programme 2018-2020 was adopted. 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.
80. 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.

81. The Republic of Serbia is fulfilling the obligations it has undertaken pursuant to Article 76 of the SAA regarding the harmonisation of regulations relating to public procurement. From 1 September 2018, in accordance with the provisions of the SAA, any advantage for bidders from the Republic of Serbia in the procedures of public procurement of services and works, i.e. any advantage for bidders offering goods of domestic origin in public procurement procedures for goods, in relation to bidders and goods from the EU Member States, is no longer applicable, i.e. this provision of the SAA is directly applicable in this case. Advantage given to domestic bidders in public procurement procedures for works and services, i.e. bidders offering goods of domestic origin in public procurement procedures for goods in relation to bidders and goods from non-EU countries, continues to be exercised in accordance with the provisions of Article 86 paragraph 1-4 of the Law on Public Procurement, whereas this advantage is not applied even in relation to the CEFTA countries. In August 2017, the Law on amendments and supplements to the Law on Agricultural Land was adopted whereby alignment 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.
82. In April 2018, the Law on Amendments to the Law on Foreign Exchange Operations was adopted, whereby alignment with Article 63 of the SAA is achieved.
83. 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 Representatives about the benchmark for opening of the chapter: Serbia is to review its legislation pertaining to excise tax for alcohol and coffee so as to ensure full alignment with Article 37 of the SAA. The efforts aimed at fulfilling 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 market participants starting from 1 January 2018.

84. Based on Article 73.7(b) of the SAA, within Chapter 18 – Statistics, opened at the ninth Intergovernmental Conference held on 10 December 2018 in Brussels, the European Commission and EUROSTAT were officially notified by a letter from the Director of the Statistical Office of the Republic of Serbia dated 5 October 2017 about the classification of statistical regions in the Republic of Serbia. The Negotiating Position was adopted by the Government on 14 February 2018 and it was submitted to the EU Presidency shortly after the adoption.
85. 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**

86. Recognizing the actual trends in the process of accession of the Republic of Serbia to the European Union, the Government started the organization of the 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 membership in all negotiation chapters. The planned period for the application of the third revised NPAA ceases with the expiry of 2021. Considering all steps implied by the procedure for the EU accession, this deadline is in line with the perspective of membership presented in the letter of intent describing the intended activities that the President of the European Commission presented for the period until the end of his mandate.

87. The third revision of the NPAA is organized in the conditions following the opening and provisional 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 continuous consultations with the European Commission with regard to status and plans for the transposition of the EU *acquis* through different forums and procedures. The endeavours of the Republic of Serbia in the accession negotiations are aimed at achieving membership in the European Union under most favourable terms in a realistic timeframe. Taking into consideration the aforementioned, this revision accentuates the realistic planning of measures and activities for the fulfilling of obligations stemming from the EU membership.
88. As mentioned, at the Government session held on 6 October this year, a Conclusion was adopted on accepting the plan for the preparation of the third revision of the National Programme for the Adoption of the Acquis. The NPAA represents a plan for the achievement of full internal alignment of domestic legislation with the EU *acquis*, while respecting the requirements and the dynamics of the negotiations on the EU accession. The NPAA comprises an overview and dynamics of alignment of national legislation with the EU *acquis*, an overview of the necessary additional administrative capacities and the assessment of additional financial cost for the application of the regulations.
89. 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. The work on meeting the benchmarks is underway. Having consulted the EC regarding the first draft action plans for the harmonised and non-harmonised fields and Draft Strategy for the improvement of quality infrastructure (April 2017), and upon receipt of the guidelines (in April and July 2018), the Republic of Serbia continued the work on fulfilment of benchmarks and informal harmonisation with the EC.
90. In the area of freedom of movement for workers, the Republic of Serbia adopted the Negotiating Position at the Government session held on 17 July 2018, and submitted it on 23 July 2018 to the Council of the EU.

91. 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 Council of the EU on 17 June 2015 containing a benchmark for opening of negotiations, which involves the preparation of a comprehensive and detailed strategy for alignment with the *acquis* in the field of professional qualifications. On 1 November 2018, the Government of the Republic of Serbia adopted the Programme for Harmonisation, Transposition and Implementation of the *acquis* in the field of Mutual Recognition of Professional Qualifications in the Republic of Serbia. The report on the fulfilment of opening benchmark for this chapter was presented to the EU member states on 20 March 2018. The report estimates that the Republic of Serbia has fulfilled the opening benchmark for this chapter.
92. In the area of freedom of movement of capital, the Republic of Serbia adopted the Negotiating Position on 20 September 2018 and submitted it on 24 September 2018 to the Council of the EU.
93. 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, where closing benchmarks for Chapter 5 were explained. In the course of aligning regulations, special attention will be directed at aligning of special exemptions which are not in line with the EU *acquis*, such as exemptions from the application of the PPL which are implemented in accordance with the international agreements and which are permitted only exceptionally. By the time of EU accession the international agreements will be harmonised, revised, and amended as necessary.
94. In the area of company law, the negotiations within Chapter 6 were opened at the seventh meeting of the Intergovernmental Conference on the accession of the Republic of Serbia to the EU, held on 11 December 2017 in Brussels. A video conference between the representatives of the Republic of Serbia and the European Commission about the closing benchmarks for this chapter was held on 15 March 2018.

95. 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. A video conference explaining the closing benchmarks for this chapter was held on 27 September 2017 with the representatives of the European Commission, after which the European Commission provided the forms of tables of concordance. The tables are used as an element of reporting to the European Commission, for subcommittee meetings and as contributions for annual progress reports.
96. At its session of 11 October 2018, the Government of the Republic of Serbia adopted the Strategy of the intellectual property development for the period 2018-2022.
97. 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.
98. 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 opening benchmarks were not established. The first Draft Negotiating Position was submitted to the EC for informal consultations on 18 July 2018.
99. In the area of agriculture and rural development, the Republic of Serbia fulfilled both opening benchmarks for this chapter - in December 2015 a request was made the purpose of entrusting the affairs of the budget implementation of the Instruments for Pre-accession Assistance in Rural Development (IPARD II), and at the beginning of November this year the Action Plan for assumption, adoption and implementation of the EU *acquis* in the field of agriculture and rural development was also submitted.
100. In the field of food safety, veterinary and phytosanitary policy, three opening benchmarks are determined. For the purpose of further alignment with the EU *acquis*, the proposals for the amendments of the following laws are in the parliamentary procedure: Food Safety Law, the Law on Plant Health and the Law on Plant Protection Products.

101. In the area of fisheries, negotiations were opened within this chapter at the eighth Intergovernmental Conference in June 2018.
102. In the area of transport policy and Trans-European networks, on 25 October 2018 the Government of the Republic of Serbia adopted the negotiating positions for these chapters, and on 29 October 2018 they were submitted to the Council of the EU.
103. In the field of energy, the Republic of Serbia is working on fulfilment of two opening benchmarks for 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. The latest revised Draft Action Plan was submitted to the EC in July 2018. As regards the second benchmark pertaining to the division in the sector of oil in line with the provisions of the Third Energy Package of the EU, the revision of the Draft Action plan is underway in accordance with the comments received from the European Commission and the Energy Community Secretariat. The second Draft Action Plan for restructuring the public enterprise Srbijagas is underway.
104. In the field of taxation, on 25 November 2016 the Republic of Serbia received a letter from the Council of the EU containing an opening benchmark for Chapter 16. The activities aimed at fulfilling of the required benchmark are underway. By amendments of the Excise Law of 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 have been equalized, hence equal conditions for all market participants have been created starting from 1 January 2018.
105. In the field of economic and monetary policy, the adoption of the Fiscal Strategy and Economic Reforms Programme is of importance, and Chapter 17 was opened at the ninth Intergovernmental Conference held on 10 December 2018 in Brussels.



106. In the field of statistics, Chapter 18 was opened at the ninth Intergovernmental Conference held on 10 December 2018 in Brussels.
107. With regard to the field of social policy and employment, the Republic of Serbia is addressing the opening benchmarks for Chapter 19. The development of the final version of the Action Plan for gradual transposition of the *acquis* (where necessary) is underway, as is the building of necessary capacities for the implementation and enforcement of the *acquis* on the basis of comments received from the European Commission on the second Draft Action Plan. The final version of the Action Plan is to be completed by the end of 2018.
108. In the field of enterprise and industrial policy, the Republic of Serbia officially opened Chapter 20 on 27 February 2017. The closing benchmark established for this Chapter was that the Republic of Serbia should adopt and start the implementation of a comprehensive industrial strategy, which is supported by a system of indicators for evaluation and benchmarks proposed as based on the EU policies relevant for industry.
109. In the area of science and research, on 13 December 2016 this chapter was officially opened and provisionally closed. Also, in the field of education and culture, on 27 February 2017 that chapter was officially opened and provisionally closed.
110. In the area of environmental protection, the Screening Report was adopted, and a letter was sent by the EU Council President on 19 December 2016 with an invitation to submit the Negotiating Position. As no opening benchmark for Chapter 27 is foreseen for the Republic of Serbia, the first draft of the Negotiating Position was submitted to the European Commission in June 2018 for informal consultations. After receiving the Commission's comments, the preparation of the second draft of the Negotiating Position is currently underway.
111. In the area of health and consumer protection, on 25 November 2016 the EU Council President addressed a letter to the Republic of Serbia inviting it to submit its Negotiating Position for Chapter 28. The draft Negotiating Position was first submitted to the European Commission for consultations on 25 September 2017. Following the received guidelines from the EC, the Republic of Serbia continued its work on the Negotiating Position and the new Draft Position was sent to the EC on 26 February 2018. Following further alignment with the EC guidelines, the last, third draft Negotiating Position was sent to the EC on 20 November 2018.

112. In the area of customs union, legislation in Serbia is largely aligned 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. In October 2017, a video conference was held with the representatives of the European Commission, explaining the closing benchmarks in Chapter 29.
113. In the field of foreign economic relations, the Republic of Serbia achieved a good measure of alignment with the EU *acquis* within this Chapter, and it has largely aligned its trade policy with the EU and WTO rules. At the meeting of the seventh Intergovernmental Conference at the ministerial level on the accession of the Republic of Serbia to the European Union, held in Brussels on 11 December 2017, this Chapter was officially opened. In March 2018, a video conference was held with the representatives of the European Commission, explaining the closing benchmarks in Chapter 30.
114. 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 for amendment of the National Security Strategy and Defence Strategy was formed in the Republic of Serbia and completed its work on 21 September 2017. The public debate on these documents has been completed and they are expected to enter the legislative procedure for adoption.
115. 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 and organized crime, in accordance with Article 10 of the Stabilisation and Association Agreement, political consultations with the European External Action Service have continued both at the bilateral level and in WB6 format. First bilateral political consultations between EEAS and MFA were held on 26 October 2017 in Belgrade, while the second consultations were held on 22 October in Brussels. The first EEAS-WB consultations were held on 26 January 2017 in Brussels, followed by the second round on 11 January 2018 in Skopje and the third round on 2 October 2018 in Brussels.

116. The work on drafting of the Law on Foreign Affairs is in final phase and it is expected to be sent to further procedure.
117. In the area of financial control, on 11 May 2017, the Republic of Serbia adopted the Strategy for the Development of Internal Financial Control in Public Sector in the Republic of Serbia for the period 2017-2020, which contributes to the fulfilment of one of the closing benchmarks for this chapter. In addition, the National Bank of Serbia adopted a Decision on Handling Suspected Counterfeit Money, whereby the domestic legislation was aligned with the EU regulations on the euro-coin authentication and handling of coins unfit for circulation and on the euro-banknotes authentication. One part of the requirements from the closing benchmarks for the chapter is fulfilled by the adoption of this Decision. Monitoring table within reporting on progress in Chapter 32 Financial supervision, which is updated as on 22 October 2018, was sent to the European Commission on 29 October 2018. From 28 to 30 November 2018, the representatives of the European Commission conducted a monitoring mission for this chapter to monitor the work on fulfilment of the closing benchmarks.
118. In the area of financial and budgetary issues, negotiations were opened within this chapter at the eight Intergovernmental Conference in June 2018.

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

119. 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 EU programmes.
120. 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. The largest support was provided in the fields of public 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 for their selfless support that has contributed to the reform of the Serbian society and to the improvement of the life of citizen.

121. In its efforts to ensure a 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, demonstrated by good results in contracting IPA 2013 programmes (rate of contracting IPA funds is 94%); it also defined 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.
122. With the aim to define the scope and direction of international development funds to the implementation of the reform priorities of the Government of Serbia, the Ministry of European Integration coordinates the process of preparation of the National priorities for co-financing from development assistance for the period 2019-2025. In this context, with this document we strive to define the priorities and measures to be proposed for financing in the following nine sectors: public administration reform, justice, internal affairs, transport, environment, energy, competitiveness, human resource development and social development, agriculture and rural development. Identification of key resources and priorities enables the Government to allocate international development funds for the implementation of comprehensive socio-economic reforms as well as to strengthen administrative and institutional capacity. Gradual implementation of these reforms and priorities will ensure the fulfilment of benchmarks for Serbia's EU membership and the achievement of more attractive environment that will initiate faster economic development and social cohesion, both at the national and local level. Indirectly, the process of drafting of the Document and its results will contribute to strengthening capacities for multiannual planning in the context of preparation for Cohesion Policy (Negotiating Chapter 22 - Regional policy and coordination of structural instruments).

123. 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 plan 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.
124. The Ministry of European Integration successfully coordinates the programming process of IPA II funds, which is reflected in the fact that five programming cycles have been successfully completed so far, including the program for 2018, while the programming process of IPA 2019 and 2020 is underway. Including the programme for 2018, the EU support approved so far is somewhat higher than EUR 1 billion. Within the performance reward mechanism, first introduced in IPA II, the decision was made to allocate additional funds to the Republic of Serbia in the total amount of EUR 34 million. These funds have become an integral part of the EU contribution to the IPA 2018 programme, which in total instead of EUR 145.1 million amounts to EUR 179.1 million.
125. Serbia expects the EU and its Member States to continue providing financial and technical support through various financial instruments, including the Western Balkan 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 socio-economic development of this part of Europe.
-