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Delegations will find attached document COM(2020) 660 final.

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

**2020 Communication on EU enlargement policy**

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## 2020 Communication on EU enlargement policy

### I. INTRODUCTION

Since the new Commission took office in late 2019, **major developments** have taken place on the EU enlargement agenda. In February 2020, the Commission adopted proposals to **enhance the accession process**, and in March the members of the European Council endorsed the General Affairs Council's decision to **open accession negotiations** with the Republic of Albania and with the Republic of North Macedonia. At the EU-Western Balkans Summit on 6 May 2020, the EU leaders reaffirmed the Union's determination to intensify further its engagement with the region and welcomed the pledge of the Western Balkan partners to carry out necessary reforms thoroughly and vigorously.

2020 continues to be marked by the devastating impact of the **COVID-19 pandemic**. The EU, while being seriously affected itself by this crisis, has provided extensive support to the efforts of the governments in particular in the Western Balkans to address those challenges. The EU has also started to reallocate EU financial assistance in view of the urgencies faced by the region due to the crisis, both in terms of health and socio-economic needs

The EU has mobilised **a package of over EUR 3.3 billion** to the benefit of Western Balkans **citizens and businesses**<sup>1</sup>. This includes reallocations from the **Instrument for Pre-accession Assistance of EUR 38 million** of immediate support for the health sector, in particular through delivering essential supplies to save lives such as personal protective equipment, tests and ventilators, **EUR 389 million** to address **social and economic recovery needs**, a further **EUR 455 million economic reactivation package** for the region in close cooperation with the International Financial Institutions, and **EUR 8 million** from the Instrument contributing to Stability and Peace to support COVID-19 response measures for migrants, refugees and asylum seekers in the Western Balkans, as well as a proposal<sup>2</sup> for **EUR 750 million of Macro-Financial Assistance** and a **EUR 1.7 billion package** of assistance from the **European Investment Bank**.

The ongoing pandemic has clearly demonstrated how the EU and the Western Balkans are **tackling common challenges together**. This includes **joint procurement of medical equipment**, associating the region with the work of EU Health Security Committee, exempting them from the EU's export authorisation scheme for personal protective equipment<sup>3</sup> and the supply by the EU of testing material developed by the European Commission's Joint Research Centre to ensure the correct functioning of COVID-19 tests in the Western Balkans. The EU-Western Balkans cooperation and support from the EU **goes far beyond what any other partner has provided to the Western Balkans** reflecting the region's strategic anchoring.

These and other measures were set out in the Commission **Communication "Support to the Western Balkans in tackling COVID-19 and the post-pandemic recovery"**<sup>4</sup> adopted on 29 April. That Communication outlined the immediate EU support to the Western Balkans in tackling COVID-19. Very soon after, EU and Western Balkans leaders met via videoconference on 6 May at the Zagreb Summit, reiterating the EU's strong solidarity with the Western Balkans and reaffirming the European perspective for the region.

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<sup>1</sup> Funding allocated within the existing Multi-annual Indicative Program 2014-2020

<sup>2</sup> 2020/0065 (COD) Proposal for a Decision of the European Parliament and of the Council on providing Macro-Financial Assistance to enlargement and neighborhood partners in the context of the COVID-19 pandemic crisis. 22 April 2020.

<sup>3</sup> Commission Implementing Regulation (EU) 2020/568 of 23 April 2020 making the exportation of certain products subject to the production of an export authorisation (OJ L129, 24.4.20)

<sup>4</sup> [COM\(2020\) 315 final](#)

The April communication also set the scene for the **Economic and Investment Plan**<sup>5</sup> for the region adopted in parallel with this communication. The Economic and Investment Plan aims **to spur the long-term recovery**, boost economic growth and support reforms required to move forward on the EU path, **including bringing the Western Balkans closer to the EU Single Market**. It aims to **unleash the untapped economic potential** of the region and the **significant scope for increased intra-regional economic cooperation and trade**.

In relation to **Turkey**, the EU has so far redirected EUR 83 million to support the fight against COVID-19 and support those most affected. In the context of the Facility for Refugees in Turkey, the Commission immediately launched awareness raising activities for the refugee population, who are among the most vulnerable people. An agreement was reached with the Turkish government to mobilise savings and contingencies under the Facility to support the national COVID-19 response. This support will continue. Turkey pledged EUR 75 million as its contribution to support the search for a vaccine in the COVID-19 Global Response Summit held on 4 May.

### Overview of key developments

On 5 February, the European Commission adopted the **Communication “Enhancing the accession process - A credible EU perspective for the Western Balkans”**<sup>6</sup>. The Communication, endorsed by the Council in March, sets out concrete proposals for strengthening the accession process, by making it more predictable, more credible, more dynamic and subject to stronger political steering. It emphasises that the accession process is based on objective and clear criteria and rigorous conditionality and strengthens reversibility, allowing the EU to more effectively and proportionally sanction any serious stagnation or backsliding in reform implementation. The Commission’s proposals underline the importance of a merit-based accession process built on trust, mutual confidence and clear commitments by the European Union and the Western Balkans, with an even stronger focus on fundamental reforms. On 2 March, the Commission presented updates on the implementation of reforms in Albania<sup>7</sup> and in North Macedonia<sup>8</sup>. The updates showed that both countries had increased efforts and delivered further tangible and sustainable results in the key areas identified in the Council Conclusions of June 2018.

Subsequently, the **General Affairs Council** of March 2020 **endorsed the Commission Communication**, decided to **open accession negotiations** with **Albania** and **North Macedonia**, and invited the Commission to submit proposals for **negotiating frameworks** with the two countries.

The Commission presented its **proposals for the negotiating frameworks in July 2020**. These proposals integrate and further develop the enhanced approach to the accession process. The Commission also reported on further implementation of reforms in Albania and in North Macedonia. The Commission looks forward to the first intergovernmental conferences to be convened as soon as possible after the adoption of the negotiating frameworks by the Council.

For Albania, the Council listed a number of conditions to be met prior to its first intergovernmental conference<sup>9</sup>. The country has already made decisive progress in meeting the conditions set by the Council in view of the first intergovernmental conference.

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<sup>5</sup> COM(2020) 641/2

<sup>6</sup> [COM\(2020\) 57 final](#)

<sup>7</sup> [SWD\(2020\) 46 final](#)

<sup>8</sup> [SWD\(2020\) 47 final](#)

<sup>9</sup> Prior to the first intergovernmental conference, Albania should adopt the electoral reform fully in accordance with OSCE/ODIHR recommendations, ensuring transparent financing of political parties and electoral campaigns, ensure the continued implementation of the judicial reform, including ensuring the functioning of the Constitutional Court and the High Court, taking into account relevant international expertise including applicable opinions of the Venice Commission, and finalising the establishment of the anti-corruption and organised crime specialised structures. Albania should also further strengthen the fight against corruption and organised crime, including through cooperation with EU Member States and through the action plan to address the Financial Action Task Force (FATF) recommendations. Tackling the

**Reporting in this year's enlargement package** also reflects the proposals of the **enhanced approach** to the accession process. The assessments and recommendations for the countries, especially the forward-looking guidance on specific reform priorities, are even clearer and more precise. The reports provide greater transparency, including on the state of play of the accession negotiations and the extent to which fundamental reforms are being implemented. Comparative overviews of performance on the fundamentals are provided, as well as external indices to complement the Commission's assessments. Stronger contributions were solicited from Member States, who were consulted during the process and provided input and expertise, including through their Embassies on the ground. The reports also include assessments of the public political commitment of authorities to the strategic goal of EU accession.

For the first time, the Commission assesses the overall balance in the accession negotiations with both **Montenegro** and **Serbia** and proposes the way ahead. This should allow the intergovernmental conferences, which should take place after publication of the Commission's annual package, to provide the fora for political dialogue on reforms, take stock of the overall accession process, and set out the planning for the year ahead, including opening and closing of chapters and possible corrective measures.

Since the last enlargement package, the Council has also adopted conclusions<sup>10</sup> endorsing the 14 key priorities from the Commission's Opinion on **Bosnia and Herzegovina's** application for membership of the European Union<sup>11</sup>. The Commission's Opinion, issued in May 2019, provides a comprehensive roadmap for reforms to guide and support the country on its path towards EU integration. As regards **Kosovo\***, limited progress was made on EU-related reforms, notably due to a prolonged electoral period and two changes of government. It will be important that Kosovo authorities redouble their efforts to advance on the European path, including through the implementation of the Stabilisation and Association Agreement.

Over the past year, the implementation of the **action plan attached to the 2018 Western Balkans Strategy** has continued. The Strategy focused on areas where further reforms and efforts are needed from the Western Balkans partners, and on the EU's enhanced support to the region. A significant proportion of these actions were subsequently endorsed by EU Member States and the Western Balkan partners through the Sofia Priority Agenda, adopted at the summit in Sofia in May 2018. An update of progress in the implementation of the various actions is included in annex to this communication.

**Turkey** is a key partner for the EU and a candidate country. Dialogue and cooperation with Turkey have continued, in particular on addressing challenges related to migration, despite concerns over the events at the Greek-Turkish border in March 2020. Turkey sustained its commendable efforts to host around 4 million refugees from Syria and other countries, in what is the largest refugee community in the world. The EU continued to provide significant support to refugees and host communities in Turkey, a concrete testimony of EU solidarity. The Facility for Refugees in Turkey has mobilised EUR 6 billion. A total of EUR 5.1 billion has been contracted, out of which EUR 3.8 billion has been disbursed. In July 2020, the EU agreed to mobilise an additional EUR 485 million to ensure the continuation of key Facility humanitarian support until the end of 2021. Disbursements under the Facility reached an average of EUR 60 million a month during the reference period, indicating faster implementation. There are seven contracts remaining to be signed out of a total of some 115. Assisting refugees affected by the Syrian crisis and their hosting countries will continue to be needed, and the

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phenomenon of unfounded asylum applications and ensuring repatriations and amending the media law in line with the recommendations of the Venice Commission remain important priorities.

<sup>10</sup> In its conclusions, the Council welcomes the Commission's Opinion and urges executive and legislative bodies at all levels of government to start addressing the key priorities identified in the Opinion, in line with the legitimate aspirations of the citizens of Bosnia and Herzegovina to advance towards the European Union.

<sup>11</sup> [COM\(2019\) 261 final](#)

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

recent Communication on a new Pact on Asylum and Migration noted that continued and sustained EU funding in some form will be essential.<sup>12</sup>

However, Turkey has continued to move further away from the European Union with serious backsliding in the areas of democracy, rule of law, fundamental rights and the independence of the judiciary. The continued arrest and pre-trial detention under broad anti-terrorist legislation of opposition leaders, human rights activists, journalists, civil society and academics is deeply worrying. In June 2019, the Council recalling its conclusions of 26 June 2018 noted that Turkey's accession negotiations have therefore effectively come to a standstill and no further chapters can be considered for opening or closing. Turkey's foreign policy increasingly collided with the EU priorities under the Common Foreign and Security Policy, notably due to Turkey's military operations in north-east Syria and the two Memoranda of Understanding signed with the National Accord Government of Libya, one of them on security cooperation that led to greater Turkish interference in the Libyan conflict, and the other one on the delimitation of maritime jurisdiction, which ignores the sovereign rights of Greece's islands. In light of the unauthorised drilling activities of Turkey in the Eastern Mediterranean, in July 2019 the EU decided a number of measures, including not to hold for the time being the EU-Turkey Association Council as well as further meetings of the EU-Turkey high-level dialogues. The EU further adopted a framework for targeted measures against Turkey in November 2019 and decided in February 2020 to add two individuals to the list of designations under this sanctions framework.

On 1 October 2020, the European Council stated that the EU has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Turkey. Provided constructive efforts to stop illegal activities vis-à-vis Greece and Cyprus are sustained, the European Council agreed to launch a positive political EU-Turkey agenda with a specific emphasis on the modernisation of the Customs Union and trade facilitation, people to people contacts, High level dialogues, continued cooperation on migration issues, in line with the 2016 EU-Turkey Statement. The European Council also stressed that in case of renewed unilateral actions or provocations in breach of international law, the EU will use all the instruments and the options at its disposal, including in accordance with Article 29 TEU and Article 215 TFEU, in order to defend its interests and those of its Member States.

In order to ensure cooperation and solidarity on the COVID-19 pandemic, the first response measures financed by the EU were launched immediately after the outbreak. Some EUR 83 million of EU support have been redirected, out of which EUR 52 million from the Facility for Refugees in Turkey were swiftly mobilised for the most vulnerable refugees. The Union Civil Protection Mechanism was activated at the end of May 2020 to support Turkey in the repatriation of Turkish citizens stranded in Peru and Colombia.

## II. THE FUNDAMENTALS FOR EU MEMBERSHIP

Preparing the candidate countries and potential candidates to meet the requirements of membership requires a strong focus on the fundamental reforms in the rule of law, the economy and functioning of democratic institutions and public administration. Efforts in these areas are indivisible and mutually reinforcing and must be pursued more forcefully and with clearer political commitment. There will be an even stronger focus on these reforms following the Council's endorsement of the Commission's proposals for enhancing the accession process.

The **rule of law** is a crucial aspect of democratic transformation and the key benchmark against which the enlargement countries' progress towards membership is assessed by the EU. Progress has varied considerably over the last year. One positive element has been that the Western Balkans' operational cooperation with EU Member States and EU agencies has continued to improve and intensify in the fight against terrorism and radicalisation leading to violent extremism, as well as migration and border

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<sup>12</sup> COM(2020) 609 final on a New Pact on Migration and Asylum



management. However, credible progress in the rule of law area remains a significant challenge, which often correlates with a lack of political will, continuing existence of certain elements of state capture, limited progress on judicial independence, institutional resistance and an increasingly difficult environment for civil society. The European Commission recommended that emergency measures taken in the context of the COVID-19 pandemic respect fundamental principles and values, are proportionate, restricted to what is necessary, limited in time, implemented in a non-discriminatory way, subject to judicial and democratic oversight, and overall in line with European Standards.

### **Judiciary and fundamental rights**

An independent and efficient **judiciary**, where decisions are effectively implemented, is of crucial importance for the rule of law. A slow pace of change in judicial culture continues throughout the Western Balkans region without sufficient commitment to the principle of judicial independence and respect for court decisions. In particular, public authorities should refrain from any interference in ongoing cases and from issuing public comments, which risk undermining court decisions.

Albania continues to make good progress in its reform of the judicial system through the continuous implementation of the comprehensive justice reform and the tangible results delivered by the vetting process. There have been more than 286 decisions taken overall and all priority cases finalised in the first instance, leading to 62% of the assessed judges being dismissed or leaving voluntarily. The new independent judicial bodies have been established and are fully operational.

North Macedonia made good progress, including with the entry into force of the law on the Public Prosecutor's Office, which is a key milestone and ensures *inter alia* a sustainable solution for the cases of the Special Prosecutor's Office. Following the so called 'racket case' concerning alleged extortion and abuse of office in relation to a case of the Special Prosecutor's Office, the former Chief Special Prosecutor was sentenced for accepting bribes and misuse of office.

Bosnia and Herzegovina made no progress in the area of judiciary. Obstructions to justice reform from political actors and from within the judiciary, and the poor functioning of the judicial system continued to undermine citizens' enjoyment of rights and the fight against corruption and organised crime.

Kosovo made some progress. A new code of ethics and reinforced disciplinary procedures are in place.

In Montenegro, limited progress was made and challenges remain with regard to the independence, professionalism, efficiency and accountability of the judiciary.

In Serbia there was no progress during the reporting period as it did not implement the recommendations from the previous Commission report. Constitutional amendments aimed at aligning the constitution with European standards have been put on hold until after the parliamentary elections. This delay has repercussions on the adoption of related judicial legislation that is needed to increase safeguards for judicial independence.

In Turkey, the serious backsliding observed since the 2016 coup attempt continued. Political pressure and transfers of a large number of judges and prosecutors against their will continued, further undermining the independence of the Turkish judiciary, and serious concerns remained, in particular over the systemic lack of independence of the judiciary, including the appointment of a parallel system of peace judges. There were concerns that these procedures caused self-censorship and intimidation within the judiciary. The adoption of the Judicial Reform Strategy was a missed opportunity to tackle many of the fundamental reforms required.

The Western Balkans and Turkey continue to show widespread **corruption**. Robust results in the fight against corruption are needed to mitigate the real threats to democratic structures and for a stable and transparent business environment. Progress in successfully fighting high and medium level corruption varies across the region although the overall pace has slowed down and the track record in most countries is far from meeting the requirements for membership. High level and political corruption needs to be tackled in a clearer and more consistent way. One positive sign of engagement is the agreement of Albania, Bosnia and Herzegovina, Kosovo, Montenegro and North Macedonia to

participate in the Sofia priority action on monitoring of trials in high-level corruption and organised crime cases; further discussion in this regard is needed with Serbia. Public procurement remains particularly prone to widespread corruption. The control mechanisms throughout the procurement process need to be strengthened and transparency significantly increased through robust and ambitious measures.

Albania has made good progress in the fight against corruption. The vetting progress is having an impact and there have been some convictions of high-level officials.

North Macedonia has made good progress in the fight against corruption. There is a consolidation of the track record on investigating, prosecuting and trying high level corruption cases and the State Commission for Prevention of Corruption is increasingly active.

In Bosnia and Herzegovina no progress has been made. The lack of harmonisation of legislation across the country and weak institutional cooperation and coordination continued to hamper the fight against corruption.

In Kosovo limited progress has been observed. Asset confiscation continues to be seen only as an auxiliary aspect of criminal proceedings with little focus and few resources put into it.

In Montenegro there has been limited progress. The track record on the confiscation of assets still needs to be improved. Despite some positive developments, challenges with regard to independence, credibility and priority setting of the Agency for Prevention of Corruption remain largely unaddressed.

In Serbia there has been limited progress. The independence of the Anti-Corruption Agency was strengthened via operational steps, but tangible improvement is needed in relation to the transparency and corruption risk assessments and mitigation in sectors particularly vulnerable to corruption in these fields.

In Turkey there has been no progress. The legal framework and institutional architecture still need to be improved to avoid any undue political influence in the investigation and prosecution phases of corruption cases.

**Fundamental rights** are largely enshrined in the legislation in the Western Balkans and some progress was made in the past year, but implementation remains a challenge in practice in a number of fields across the region. In Turkey, human rights violations continued unabated and those seeking to uphold human rights in Turkey were often arrested and detained.

**Freedom of expression**, as well as media freedom and pluralism, are pillars of democracy as they are essential components of open and free debate. While basic provisions are in place, urgent efforts are necessary to ensure freedom of expression and the independence of the media across the entire region. This is the area where there has been least progress in the last year. Threats, intimidation and violence against journalists are still a source of serious concern and investigations into and prosecutions of such attacks are slow across the region. More efforts are necessary to guarantee the independence of public service broadcasters, to promote transparency in public and private funding of the media and to tackle the distorted advertisement market in all countries in the region.

In Albania there has been no progress. Albanian authorities have committed to reconsider amendments to legislation on the media and take further action in line with the recommendations of the Venice Commission before parliamentary adoption.

In North Macedonia there has been limited progress over the reporting period. The overall situation and climate, in which media operate, are generally conducive to the promotion of media freedom, freedom of expression and critical media reporting.

Bosnia and Herzegovina has seen no progress. Authorities only react weakly to concerns over political pressure, intimidation and threats against journalists.

In Kosovo there has been limited progress. While there continued to be a lively media and pluralism of views, media struggle to sustain themselves financially through commercial means and the public



broadcaster remains vulnerable to political pressure and influence. The lack of financial self-sustainability leaves media vulnerable towards political and business interests.

In Montenegro there has been no progress overall. Although there has been progress due to the revised media legislation, this has been overshadowed by arrests and proceedings against editors of on-line portals and citizens for content they posted or shared on-line in the course of 2020. Measures taken to limit the effects of disinformation and on-line harassment or hate speech should not limit disproportionately freedom of expression and of the media.

In Serbia a new media strategy was drafted in a transparent and inclusive manner and identifying the main challenges. However, the implementation of the new strategy has not yet started and no progress has been made on the ground to improve the overall environment for freedom of expression. Cases of threats, intimidation and violence against journalists are still a source of serious concern in the country.

Despite the lifting of the state of emergency, serious backsliding continued in Turkey, where the exercise of the freedom of expression and dissemination of opposition voices remain considerably limited by the disproportionate implementation of the restrictive measures. Heavy pressure on freedom of expression and intimidation of the media continued as in previous years, with arrests, detentions, prosecutions, convictions and dismissals of media staff leading to censorship and self-censorship among media professionals. Turkey needs to adopt its human rights action plan, which will replace the one on the prevention of the European Court of Human Rights violations, with a view to ensuring full respect for human rights.

Greater efforts are required to ensure **gender equality** and to prevent and address discrimination, harassment and gender-based violence. Reports of domestic violence cases have increased across the region during the COVID-19 confinement period. Women remain underrepresented in decision-making processes and in the labour market.

More efforts are necessary to promote and protect the **rights of the child** in enlargement countries, where urgent steps are needed to strengthen child protection and child care systems. There is also an urgent need to improve protective and counselling services for children, in particular as they interact with the justice system, and when it comes to issues of juvenile detention, including a too limited recourse to restorative justice

Governments also need to further promote and protect the **rights of persons with disabilities** in line with the UN Convention on the Rights of Persons with disabilities and address discrimination against **minorities**. Limited progress has been achieved in improving the socio-economic situation of vulnerable Roma<sup>13</sup>. Existing structural problems resulted on vulnerable Roma being disproportionately negatively affected by COVID-19 crisis and the related restrictive measures. At the Western Balkans Summit, in Poznań in July 2019, Western Balkans Leaders committed to fulfilling concrete objectives on Roma integration by the time of accession, in the fields of education, employment, health, housing, civil documentation and fight against anti-gypsism.

Governments in the region should also further ensure adequate **prison conditions** and prevention of ill-treatment, in line with international human rights standards.

### **Justice, freedom and security**

**Organised crime** continues to be a very serious issue in the Western Balkans and Turkey. Powerful criminal networks with an international reach continue to operate from and via these countries and important smuggling routes run through them. The Balkan route is still the key corridor for heroin and illegal fire arms entry into the EU. The countries have addressed certain aspects of this phenomenon and there have again been important arrests and seizures of drugs reported throughout 2019 and 2020.

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<sup>13</sup> In line with the terminology of European institutions the umbrella term ‘Roma’ is used here to refer to a number of different groups without denying the specificities of these groups.

Increasingly intensive operational cooperation, including with EU agencies is taking place, with visible results on the ground. However, overall, **track records of final convictions** in organised crime cases often remain weak. Some countries can only demonstrate a handful if any final convictions for organised crime or standalone money laundering in recent years, often the result of plea bargaining and with lenient sentences. Such poor results show the ineffectiveness of criminal procedures, give strong signals of impunity, and contribute to the risk of criminal infiltration of the political and economic systems. Countries need to tackle criminal groups more forcefully, ensure no links between crime and politics are tolerated and increase significantly the **seizure and confiscation of assets** in both organised crime and corruption cases.

In Albania there has been good progress in the fight against organised crime. Operational co-operation, notably with EU Member States and agencies has been intensified.

North Macedonia has made some progress, including by establishing an asset recovery office in line with the EU *acquis*.

In Bosnia and Herzegovina there has been no progress. The authorities and the judiciary have not taken appropriate action to address the key priorities of the Commission opinion and the findings of the Expert Report on Rule of Law (“Priebe report”).

Kosovo has seen limited progress. Overall results achieved by prosecution and courts remain limited and final confiscations of assets remain low.

In Montenegro there has been some progress. Montenegro made good progress in the fight against trafficking in human beings. The capacity and professionalism of the police has been strengthened and there are an increased number of on-going proceedings on asset confiscation.

In Serbia there has been limited progress. There has been limited success in dismantling criminal networks and in establishing a track record of proactive investigations, prosecutions and convictions.

Turkey has seen limited progress. The legal framework regulating the fight against money laundering and terrorist financing needs strengthening.

The Western Balkans continue to take important measures to modernise the legal and institutional framework regarding the **fight against terrorism and violent extremism**. Operational cooperation with EU Member States and EU agencies has further improved and intensified. In 2018, a Joint Action Plan on Counter-Terrorism was adopted and all Western Balkans partners have signed respective bilateral implementing arrangements with the Commission in 2019. The Western Balkans need to continue their efforts to prevent radicalisation leading to violent extremism including in prisons and address the issue of returning foreign fighters. Exchange of information, monitoring and response capacities need to be enhanced. The Western Balkans need to step up efforts on the ground to fight money laundering, terrorism financing and undue external influence as well as illegal financing contributing to the spread of violent extremism.

Turkey needs to revise its anti-terror legislation. While Turkey still faces threats from terrorist groups, Turkish efforts to tackle terrorism resulted in an improved security climate. Turkey continued its efforts to fight against home-grown and foreign terrorist fighter cells. Cooperation continued with EU Member States on detecting and repatriating foreign terrorist fighters, which is one of the key areas of joint interest. In its threat perception, Turkey has prioritised the fight against the Kurdistan Workers’ Party (PKK), which remains on the EU list of terrorist organisations, and the dismantling of the Gülen movement. While Turkey has a legitimate right to fight against terrorism, it is responsible for ensuring this is done in accordance with the rule of law, human rights and fundamental freedoms. This is currently not the case. Anti-terror measures need to be proportionate and undertaken in accordance with the rule of law, human rights and fundamental freedoms.

So called hybrid activities originating in particular from third-state actors, including **disinformation** around COVID-19, have become increasingly prevalent in the Western Balkans and Turkey. Such incidents expose the vulnerability of societies and infrastructure **to cyber-attacks, cybercrime and**

**hybrid threats.** As stated in the Zagreb Declaration, cooperation should be reinforced to address disinformation and other hybrid activities. Closer collaboration is needed in resilience-building, cyber security and strategic communication.

Managing the **refugee crisis** as well as addressing **irregular migration** have been key challenges for the EU, the Western Balkans and in particular Turkey, which is hosting the largest number of refugees in the world.

Cooperation continued through the joint work along the Eastern Mediterranean/Western Balkans migratory routes. Smuggling of migrants, unaccompanied minors and human trafficking, especially affecting women and children, remain of concern. There has been a marked increase in the number of migrants crossing through the region in 2019, with over 15 000 irregular arrivals to EU Member States detected on the Western Balkans route, which was a 159% increase compared to 2018. Bosnia and Herzegovina in particular saw the irregular entry of more than 29 000 refugees and migrants in 2019. While the current situation is not comparable to the number of irregular migrants at the peak of the crisis (750 000 in 2015 alone), more EU support, coordinated with Member States and EU agencies, is needed to strengthen the partners' capacity in managing migration. There is a need for further support to step up voluntary returns and cooperation on readmission with countries of origin. The EU and its Member States should continue to encourage and support regional information exchange.

The recently proposed New European Pact on Migration and Asylum stresses that in comprehensive partnerships, migration should be built in as a core issue, based on an assessment of the interests of the EU and its partner countries. The Western Balkans require a tailor-made approach, both due to their geographical location and to their future as an integral part of the EU: coordination can help to ensure they are well equipped as future Member States to respond constructively to shared challenges, developing their capacities and border procedures to bring them closer to the EU given their enlargement perspective. On Turkey, the Pact notes the contribution of the Facility for Refugees in Turkey and that continued and sustained EU funding in some form will be essential.

In the Western Balkans, EU supported the creation of new or more robust institutions, laws and procedures in the areas of asylum, protection and border management, as well as the transposition of complex and demanding EU *acquis* in each Western Balkans partner. Western Balkan partners should also assume responsibility and ownership for all aspects of migration.

Negotiations have also been completed on status agreements with five countries of the region allowing for the deployment of European Border and Coast Guard (Frontex) teams with executive powers in the zones bordering the EU external border in support of national border authorities. In order to strengthen border management and border protection, the entry into force and effective implementation of all European Border and Coast Guard Status agreements is a key priority. The agreement with Albania has already entered into force, and first border guards have been deployed. The agreement with Montenegro has also come into force on 1 July.

Partner countries should take further steps to ensure full alignment with the EU visa policy.

The EU and Turkey have been committed to implement the **EU-Turkey Statement**<sup>14</sup> of March 2016. Since then, Turkey played a key role in ensuring effective management of migratory flows along the Eastern Mediterranean route. Irregular migration from Turkey to the EU increased in 2019, although the figures continue to be substantially below those recorded prior to the Statement. This is also a partial reflection of the increase in irregular migration towards Turkey in 2019 as compared to previous years. Early in March 2020, Turkey however actively encouraged migrants and refugees to take the land route to Europe through Greece. While the EU acknowledged the increased migratory burden and risks Turkey had been facing on its territory and the substantial efforts it was making in hosting refugees, it strongly rejected Turkey's use of migratory pressure for political purposes. Later in

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<sup>14</sup> <https://www.consilium.europa.eu/en/press/press-releases/2016/03/18/eu-turkey-statement/>

March, the Turkish authorities organised transports for migrants and refugees away from the border area with Greece and closed the borders with Greece and Bulgaria except for commercial traffic, because of the outbreak of the COVID-19 pandemic. Significant increases of migratory flows from Turkey to Cyprus were also recorded during this period. Turkey has continued to make remarkable efforts in **hosting 3.6 million registered refugees from Syria** and around 370 000 refugees from other countries. The EU continued to support the country in assisting refugees. The full operational budget of the EUR 6 billion **EU Facility for Refugees in Turkey**<sup>15</sup> was allocated at the end of 2019, out of which EUR 5.1 billion had been contracted, out of which EUR 3.8 billion have been disbursed so far. Disbursements continue to follow progress in contracting and in project implementation and reached an average of EUR 60 million a month during the reporting period. Over 100 projects have been signed so far, with the largest projects to run until mid-2025 at the latest. The Facility continues to address the humanitarian and development needs of refugees and host communities in Turkey, with tangible and visible results<sup>16</sup>. The Facility continues to be a flagship coordination mechanism allowing for the swift, efficient and effective delivery of EU assistance.

In addition to the EUR 6 billion already mobilised under the Facility for Refugees in Turkey, in July 2020 the EU ensured continued assistance to the most vulnerable refugees, through a package of EUR 485 million for the continuation of two EU flagship humanitarian projects until the end of 2021.<sup>17</sup>

### **Functioning of democratic institutions**

Strengthening democratic institutions and ensuring inclusive democratic processes remain key priorities for the enlargement countries. The proper functioning of parliaments, including in overseeing the executive and effective law making, is a key condition for EU accession.

Democratic systems in the Western Balkans are still not functioning properly due to strong political polarisation, in some cases limited space for the oppositions' democratic control function, and opposition boycotts of elections and parliamentary work.

Free and fair elections are pivotal for a country's democratic governance. The recommendations of election observation missions must be properly implemented and structural weaknesses need to be addressed.

In Albania, political parties reached an agreement on electoral reform that should give Albania an electoral process with higher integrity and transparency standards, based on recommendations of OSCE/ODIHR. Elections in the country suffered from boycotts by opposition groups.

In Bosnia and Herzegovina, legislative amendments adopted in July 2020 should allow holding local elections in Mostar in December, for the first time since 2008. Political leaders also reached an agreement on further electoral reform.

In Kosovo, the parliamentary elections in October 2019 were for the most part competitive, but also underlined the importance of addressing recurrent shortcomings in line with EU election observation mission recommendations.

In North Macedonia and Serbia, the elections, initially scheduled in April 2020, were postponed due to the outbreak of the COVID-19 pandemic. Parliamentary elections took place in Serbia on 21 June, in North Macedonia on 15 July and in Montenegro on 30 August.

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<sup>15</sup> [Commission Decision C\(2015\) 9500](#) of 24.11.2015 on the coordination of the actions of the Union and of the Member States through a coordination mechanism - the Refugee Facility for Turkey, as amended by Commission Decision C(2016)855 of 10.2.2016.

<sup>16</sup> Almost 1.7 million refugees continue to benefit from monthly cash transfers, 9 million primary health care consultations have been delivered, and the families of more than 600,000 children attending school having received financial support. Implementation of some 100 Facility projects is under way.

<sup>17</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_20\\_1324](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1324)



In North Macedonia, the OSCE/ODIHR assessed that the July 2020 elections were well run, despite the pandemic. Some of their previous recommendations were addressed but the legal stability was undermined by substantial revisions of the electoral code and by subsequent *ad hoc* regulations enacted during the state of emergency.

In Montenegro, tensions and mistrust among political actors were high in the run up to the elections. The temporary Parliamentary committee was not able to complete its work, due to lack of quorum, and therefore the general elections on 30 August 2020 were conducted under a largely unchanged electoral framework. No political party boycotted the elections. According to the preliminary assessment of OSCE/ODIHR, the elections in Montenegro were competitive and took place in an environment highly polarized over issues of church, and national identity. The campaign was peaceful despite the frequent confrontational tone. Contestants were able to convey their messages, but the ruling party gained an undue advantage through misuse of office and state resources and dominant media coverage.

A number of opposition parties in Serbia continued their parliamentary boycott, despite the European Parliament-led inter-party dialogue between the ruling majority and some parliamentary and extra-parliamentary opposition in 2019. Several opposition parties also boycotted the parliamentary elections in June 2020. The new Serbian parliament is marked by the overwhelming majority of the ruling coalition and the absence of a viable opposition party. While contestants in Serbia's parliamentary elections on 21 June were able to campaign and fundamental freedoms were respected, voter choice was limited by the governing party's overwhelming advantage and the promotion of government policies by most major media outlets, according to international observers from the Office for Democratic Institutions and Human Rights at the Organisation for Security and Cooperation in Europe (OSCE/ODIHR). A number of opposition parties boycotted the elections.

The rules for the **public and private financing of political parties** require further reforms. In Serbia, the government adopted decisions aiming to regulate the use of public resources for electoral purposes. Shortcomings in the legal framework regulating political parties and their funding persist in Montenegro, even after the adoption of new legislation in December 2019, and its subsequent amendments on April 2020. Bringing more transparency and accountability in political party and electoral campaign financing throughout the region still require substantial efforts.

In **Turkey**, the presidential system continued to excessively centralise powers at the level of the Presidency without ensuring an effective checks and balances mechanism. The Parliament's legislative and oversight functions continued to be significantly curtailed. Many Members of Parliament of the opposition pro-Kurdish People's Democratic Party (HDP) remain in detention. Three Members of Parliament were stripped off of their membership in Parliament in June 2020. The March 2019 local elections and the mayoral election in Istanbul that was re-run in June 2019 suffered from a lack of media plurality and did not provide conditions that were objectively fair to all political parties and candidates in all respects. Turkey needs to improve the broader environment for elections and protect the integrity of the election process. Forceful dismissals of elected mayors in the south-east and their replacement by government-appointed trustees as well as arrests of local representatives continued and remain a source of great concern as they undermine local democracy.

Governments need to ensure that the opposition has adequate conditions to perform its democratic control function. At the same time, the opposition needs to engage in the democratic processes. The excessive use of shortened parliamentary procedures hampers this role of the opposition and affects the checks and balances that characterise a well-functioning democracy. The use of urgent procedures varied among the countries but in general remains excessive and open to abuse.

Even in the context of **emergency measures taken during the COVID-19 crisis**, Parliaments should continue to have the power to control executive action and should play a role in overseeing the state of emergency, including the decision if the state of emergency should be extended. The dissolution or suspension of parliament may adversely impact on this power.



In **Albania**, the government has issued a number of decrees extending until June 2020 the state of emergency, in place after the November 2019 earthquake. Parliamentary committees have continued their activities through teleworking, while weekly plenary sessions resumed on 16 April. The Parliament adopted amendments to the criminal code related to the spreading of infectious diseases. All court cases, bar urgent ones, were suspended. By the end of May, court hearings resumed.

In **Bosnia and Herzegovina**, the State-level Parliament did not hold sessions between mid-March and mid-May 2020. The assembly of the *Republika Srpska* entity introduced a state of emergency from 3 April to 20 May, vesting full legislative powers in the entity president; the Federation entity introduced online parliamentary sessions.

The **Kosovo** government declared a public health emergency in March 2020. Measures were put in place to protect citizens, including temporary restrictions to non-essential movements, quarantining of areas, bans on gatherings, freezing of most air traffic and closing of borders. Measures have also been taken to address immediate needs and to mitigate the socio-economic consequences of the crisis. The Assembly has continued to function during the crisis.

No state of emergency was declared in **Montenegro**. Measures to fight the pandemic, protect citizens and mitigate the socio-economic consequences of the crisis were taken by the authorities, with restrictions on freedom of assembly and freedom of movement of citizens. The parliament's legislative process was suspended for nearly 50 days and the role of the parliament in overseeing the government response to the pandemic was limited. The authorities are expected to ensure the right balance between protection of health and respecting confidentiality of personal health data and the right to private life of its citizens.

The President of **North Macedonia** declared the state of emergency in March, which was extended several times until June 2020. The political leaders decided by consensus to postpone the early elections, initially scheduled on 12 April, to 15 July 2020. During this period, the Parliament remained dissolved and the technical government, with the participation of the main opposition party, issued decrees. The authorities have taken unprecedented measures to protect citizens such as the limitation of non-essential movements and gatherings, imposed self-quarantine, freezing of air traffic and closing borders. Measures have also been taken to address immediate needs and to mitigate the socio-economic consequences of the crisis.

The state of emergency was declared in **Serbia** on 15 March with the signature of the President, Prime Minister and Speaker of the Parliament. The parliament only convened just over six weeks later and approved the state of emergency on 28-29 April and lifted it a week later. Parliamentary, provincial and local elections initially scheduled for April were postponed. The authorities have taken wide-ranging temporary measures, including strict curfew hours, closure of schools and universities, bans on public gatherings, freezing of most air traffic and closing of borders.

The **Turkish** Parliament passed by majority a controversial legislative package. Among other measures it aimed at reducing the high prison population and provided for the conditional release of some 90 000 prisoners. However, it excluded those held in pre-trial detention for alleged terrorism-related offences, including lawyers, journalists, politicians and human rights defenders. The Parliament decided to be in pandemic-related recess for 10 days, which was followed by a regular one-month recess during the month of Ramadan.

### **Public administration reform**

**Public administration reform** is essential for improving governance at all levels. This includes increased transparency and accountability, sound public financial management and administrations that are more professional. Albania, North Macedonia, Montenegro, Serbia are moderately prepared as regards public administration reform and there has been overall progress in the region. However, in Serbia no progress was made as the excessive number of acting senior manager positions was not reduced significantly. Kosovo has some level of preparation, while Bosnia and Herzegovina is at an early stage. Turkey has seen backsliding in the areas of policy development, accountability of the

administration as well as human resources management, which had a negative impact on its overall state of preparedness.

There has been some progress with improving **policy planning**, but further efforts are needed to ensure a strong quality control by central governments. Montenegro strengthened and rationalised policy planning and achieved a reduction in the number of strategic documents. Policies, legislation and public investments are still often prepared without impact assessments.

**Managerial accountability and professionalisation** of the civil service still need to be ensured in most countries and excessive **politicisation addressed**. Transparent and merit-based procedures for recruitment, promotion, demotion and dismissal need to be embedded in the legislative frameworks and consistently implemented across public services. The **structure of the state administration** should ensure effective lines of accountability. Most countries have made efforts to improve **services** to citizens and businesses, especially e-services. Enhanced inter-institutional coordination is needed to implement public administration reforms.

The role of **regional and local authorities** in the EU alignment process and eventual application of EU rules needs to be taken into account. An appropriate balance between central, regional and local government needs to be ensured. Decisions and actions taken by the Turkish authorities against municipalities with mayors from opposition parties remain of deep concern, in particular when they appear to be politically motivated.

The administrative capacity and professional standards of bodies charged with the implementation of the EU *acquis* need to be strengthened and the independence of regulatory bodies safeguarded. Enhancing transparency and accountability, in particular ensuring the effective, efficient and transparent functioning of the **public procurement** system and public finance management, remains essential. Even though Serbia aligned significant parts of its public procurement legislation with the EU *acquis*, a law on special procedures for linear infrastructure adopted in February 2020 allows the exemption of infrastructure projects of “special importance” for Serbia from the application of public procurement rules and thus allows for the circumvention of EU rules and standards. In Montenegro, a high-profile tender for the concession to operate Airports of Montenegro was launched by the government in October 2019. The process constitutes a test for the government’s determination to follow the EU standards of fair and transparent public procurement. Turkey registers large gaps in its alignment with the EU *acquis* in this area, as the coverage of public procurement rules is significantly reduced by various exemptions, as well as discriminatory domestic price advantages and set-off practices. To mitigate the risks of fraud during COVID-19 pandemic, it is especially important to maintain audit trails. Posting all procurement information related to COVID-19 on government portals will also contribute to enhanced transparency and trust.

Reform of national governance systems to enhance managerial accountability, sound **financial management** and external audit of public funds, are crucial. In North Macedonia, some progress was made with the implementation of the new policy paper on public internal financial control and the national anti-fraud strategy, but improved internal control and effective follow-up of external audit recommendations have yet to be pursued, and financial inspections are still not efficient. In Montenegro, further efforts are needed to address managerial accountability and to strengthen internal control and internal audit at all levels. In times of crisis, the authorities should maintain a variety of controls to ensure that budgetary decisions are being executed as approved and resources being used as planned to avoid waste, fraud and mismanagement. Transparency of those measures should be guaranteed and external oversight bodies involved in ensuring accountability of government’ actions. Further efforts should be made in combating fraud and partner countries are encouraged to continue strengthening the cooperation in this regard and avail themselves of the support of the European Anti-Fraud Office in order to mitigate the risks of fraud.

## **Economy**

EU accession requires the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union. Economic governance has become even more central in the enlargement process in recent years. The Commission's monitoring in this area is done through the Economic Reform Programme exercise<sup>18</sup> and the assessment of compliance with the economic criteria for accession in the enlargement package. During the reporting period, Albania, Montenegro and Serbia made some progress as regards both the existence of a functioning market economy and the capacity to cope with competitive forces. Turkey made no progress, while Bosnia and Herzegovina, Kosovo and North Macedonia made limited progress on the existence of a functioning market economy. North Macedonia also made some progress on the capacity to cope with competitive forces, while Turkey made no progress, and Bosnia and Herzegovina and Kosovo made limited progress on this. Only Turkey is a functioning market economy, despite serious concerns in this regard, and has a good level of preparation as regards the capacity to cope with competitive pressures.

The Western Balkans have **important untapped economic potential** and significant scope for increased intra-regional economic cooperation and trade. With a population of nearly 18 million people, the region is an important market for EU goods. Before the COVID-19 pandemic, average growth rates in the region were above the EU average, but still not sufficient to support real convergence with EU income levels. The COVID-19 pandemic has led to major demand and supply shocks with falling output and rising unemployment. The duration and severity of the recession will differ across the countries, depending on economic structures and the importance of global supply chains, tourism, and remittances or, in some cases, commodity exports. Partners in the region have taken immediate and subsequent fiscal measures to mitigate crises impact, which inevitably led to higher public debt and deficit levels. A key challenge will be to ensure a targeted, effective and transparent crisis response while safeguarding fiscal sustainability over the medium term.

The COVID-19 pandemic has brought to the forefront the high level of market integration and the inter-dependence between the EU and the Western Balkans economies, as well as amongst the latter themselves. The Western Balkans region is engaged in a process of regulatory convergence with the EU. This alignment will allow the deepening of the Regional Economic Area (REA), turning it into a **common regional market** based on EU rules and standards. Both developments reinforce each other and make the region an attractive investment area.

However, the Western Balkans still face **major challenges** that do not allow them to take full advantage of their economic potential and to close the gap in convergence with the EU. Despite some acceleration of growth, job creation and increases in income in the last years, the countries are still lagging behind in reforming their economic structures and improving competitiveness. They still face high unemployment rates, in particular among the youth, large skills mismatches, persistent informal economy, brain drain, low female labour market participation, and low levels of innovation. Improving the quality and relevance of the education and training systems in the region and strengthening the links between employers and educational institutions is essential. The **investment climate** remained largely unchanged and is characterised by weak rule of law, the lack of adequate enforcement of State aid rules, an entrenched grey economy, poor access to finance for businesses and low level of regional integration and connectivity. State interference in the economy persists. There is a strong need to upgrade infrastructure and investments should be channelled through single project pipelines and be consistent with the priorities agreed with the EU. The decisions on major investments should be based

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<sup>18</sup> The EU supports better economic governance in the Western Balkans and Turkey through the annual **Economic Reform Programme (ERP) process**. This has become the key tool for formulating and implementing macroeconomic and structural reforms designed to raise competitiveness and boost growth and job creation. The ERPs process will be adapted to take into account the economic and social impact of the COVID-19 pandemic.

on transparency and solid due diligence as is the case with the connectivity projects financed via the Western Balkans Investment Framework.

Ensuring an unobstructed flow of goods (essential foodstuffs and medical equipment in the first place) has been a key focus throughout the COVID-19 crisis. To do so, the EU and the Western Balkans established green corridors at critical border crossing points, as did the Western Balkans for intra-regional trade in a well-coordinated and expeditious manner.

The **EU remains by far the biggest trading partner** of the Western Balkans accounting for 69.4% of total trade in goods in 2019 (82.9% of total exports and 61.8% of total imports). Since 2009 trade has grown by 129.6%.

EU companies are the biggest investors in the region, providing 73% of foreign direct investment. They are thus the main external driver of growth and jobs in the region. It is key to **strengthen the resilience** of the region to ensure the full adherence of any foreign-funded economic activity to EU values, norms and standards, notably in key areas such as the rule of law, public procurement, environment, energy, infrastructure and competition. **Increasing business and investment activity** by third countries in the Western Balkans frequently neglects socio-economic and financial sustainability and EU rules on public procurement, and may result in high levels of indebtedness, exclusion from the market of EU companies unable to compete, sub-optimal use of public resources and transfer of control over strategic assets and resources.

The Economic and Investment Plan for the region adopted in parallel with this communication will play a significant role in addressing the challenges outlined above and in fostering mutually beneficial, sustainable economic growth and investment.

In **Turkey**, serious concerns persist over the functioning of the country's market economy. The recession and rapid fall in domestic demand led to a marked turnaround and closing of the current account deficit, but Turkey's external financing needs still remain high, exposing the economy to shifts in investors' sentiment and to the risk of sanctions. Inflation fell from a very high level but remained well above target. The economy rebounded in the second half of 2019, helped by expansionary public sector policies and a strong contribution of net exports. However, this recovery remains fragile, given the weak labour market, the need to repair corporate balance sheets, and persistent geopolitical uncertainty. The informal sector in Turkey remains large. State interventions in price setting mechanisms continued, and there is a continued lack of state aid implementation rules, enforcement and transparency, while the institutional set up remains incomplete. **Economic governance in Turkey deteriorated** further with recurrent political pressure undermining the credibility and functioning of the independent institutions. Turkey needs to reverse the trend of backsliding in market reforms. Turkey remains well integrated with the EU market in terms of both trade and investment links, but the relative share of the EU in Turkey's foreign trade declined (EU share in Turkish exports fell from 50% in 2018 to 48.5% in 2019, and from 36.25% of imports down to 34.2%), amid a growing list of deviations from Turkey's obligations under the EU-Turkey Customs Union. Significant problems remain in education as regards quality and access. Women face difficulties in accessing quality education and the labour market.

### III. THE ABILITY TO TAKE ON THE OBLIGATIONS OF MEMBERSHIP

The **Western Balkans** have continued to align their legislation with EU requirements in a number of areas, albeit at different paces.

Most countries in the Western Balkans are already moderately prepared in many of the areas of the **internal market**: the free movement of goods, services and capital, competition policy, financial services and consumer and health protection. Montenegro and Serbia have a good level of preparation in company law and intellectual property law. Serbia made good progress in the fields of the right of establishment and freedom to provide services, company law, intellectual property law, competition



policy, and financial services.

There is also a moderate level of preparation in most Western Balkan countries in areas linked to **competitiveness and inclusive growth**, namely information society and media, taxation, economic and monetary policy, enterprise and industrial policy. Albania, Montenegro, North Macedonia and Serbia are moderately prepared on the area of information society and audio-visual media, including progress made on the digital agenda strategies and e-Government services. Kosovo has some level of preparation in these areas, whereas Bosnia and Herzegovina is at an early stage of preparations. Montenegro made good progress in the areas of taxation and in science and research. Montenegro and Serbia have a good level of preparation in science and research and in education and culture. In the area of customs union, North Macedonia, which has made good progress, and Serbia have a good level of preparation, while Albania, Kosovo and Montenegro are moderately prepared. Bosnia and Herzegovina has some level of preparation. Across the board, however, socio-economic reforms must be pursued to help address the existing structural weaknesses, low competitiveness, high unemployment, as well as the impact of the COVID-19 pandemic.

The **green transition and sustainable connectivity** are key to economic integration within the region and with the European Union, facilitating cross-border trade within the region and creating real benefits for businesses and citizens. Serbia and partially Montenegro are at a good level of preparation in the area of transport policy. North Macedonia has made good progress in the area of energy and has a good level of preparation in trans-European networks, where Montenegro and Serbia demonstrate a moderate level of preparation. Albania, North Macedonia, Montenegro and Serbia show some level of preparation as regards environment and climate change, Kosovo is at an early stage of preparation, and Bosnia and Herzegovina is at an early stage / has some level of preparation. All countries need to significantly step up their efforts in this area.

In terms of **resources, agriculture and cohesion**, North Macedonia and Montenegro are moderately prepared in the area of **agriculture and rural development**, while Albania, Kosovo and Serbia have some level of preparation and Bosnia and Herzegovina is at an early stage. North Macedonia and Montenegro also made good progress in the area of food safety, veterinary and phytosanitary policy. Furthermore, within the Central European Free Trade Agreement (CEFTA) framework, the parties have adopted a decision for facilitating trade in fruits and vegetables. As regards **regional policy and coordination of structural instruments**, the Western Balkans are moderately prepared, with the exception of Bosnia and Herzegovina, which is at an early stage.

The enlargement countries must also speed up and maintain their alignment with the **EU Common Foreign and Security Policy (CFSP)**, including with restrictive measures. In the Western Balkans, Albania and Montenegro have continued to fully align with all CFSP positions (HRVP declarations on behalf of the EU and Council decisions on restrictive measures). Serbia continued to develop intense relations and strategic partnerships with a number of countries worldwide, including Russia, China and the US. Serbia's cooperation with China increased during the COVID-19 crisis and was marked by pro-China and EU sceptical rhetoric by high-ranking officials. Turkey's foreign policy increasingly collided with the EU priorities under the Common Foreign and Security Policy, notably due to Turkey's military operations in north-east Syria and the two Memoranda of Understanding that it signed with the National Accord Government of Libya, one on security cooperation, which led to greater Turkish support to the GNA, and the other one on the delimitation of maritime jurisdiction, which ignores the sovereign rights of Greece's islands.

**Turkey** has continued to align with the EU *acquis*, albeit at a very limited pace and in a fragmented manner, indicating that there is no overall alignment strategy. There continued to be instances of backsliding in a number of key aspects in the areas of competition, information society and media, economic and monetary policy, customs union, external relations and foreign, security and defence policy. Turkey is well advanced in company law, trans-European networks, and science and research, and has achieved a good level of preparation in free movement of goods, intellectual property law, financial services, enterprise and industrial policy, consumer and health protection, customs union and



financial control.

#### IV. REGIONAL COOPERATION AND GOOD NEIGHBOURLY RELATIONS

Good neighbourly relations and regional cooperation are essential elements of the Stabilisation and Association and enlargement processes. Regular government-to-government contacts and technical dialogue and cooperation at bilateral and regional level continued.

Inclusive regional organisations - the Regional Cooperation Council, the Transport Community, and the CEFTA - have been instrumental in putting into action the region's response throughout the COVID-19 crisis. They coordinated efficiently with all Western Balkan partners, amongst themselves and with the Commission.

**Regional cooperation** continued to deliver results. The connectivity agenda contributed to developing transport and energy networks. However, further substantial efforts are needed to meet the outstanding obligations from regional agreements and commitments, including the implementation of the connectivity reform measures agreed in 2015. Countries of the region need to take full ownership. There should be no obstruction of full and inclusive participation of all Western Balkans partners in regional cooperation initiatives and events. The Erasmus+ programme has continued to foster inter-cultural dialogue amongst young people.

Both the Western Balkans Summit in Poznan in 2019 and the Zagreb Summit between the EU and the Western Balkans in May 2020 were opportunities for the leaders of the region to agree to pursue an ambitious green and digital transformation and to continue developing connectivity in all its dimensions: transport, energy, digital and people-to-people. The leaders called for a Green Agenda for the region, which would not only directly benefit the health and well-being of their citizens, but also make the region more attractive for investments and tourism and tap the significant economic potential of green growth and the circular economy. This Green Agenda accompanies the Economic and Investment Plan for the region.

Regional integration is a key factor for raising living standards in the Western Balkans. The creation of a **Regional Economic Area** (REA) brings more competition and allows economies of scale and productivity gains. A regional market will unleash intra-regional trade, and make the Western Balkans a more attractive investment destination. Market integration will help develop new value chains and increase the attractiveness of the region for foreign direct investments. Enhanced connectivity in transport and energy will accelerate the integration into pan-European networks. The Transport Community will support and strengthen the implementation of the connectivity agenda.

Fast and secure digital connectivity is an essential element of the reforms required for creating a market- and investment-friendly environment in the Western Balkans. As part of the Regional Economic Area, the new **Regional Roaming Agreement** signed in April 2019 has led to the progressive reduction of roaming charges as of July 2019 and will lead to the elimination of roaming charges as of July 2021. The agreement also opens the way to prepare a roadmap for reducing roaming costs between the Western Balkans and the EU, as set out in the **Digital Agenda** for the Western Balkans.

On the **trade** side, the adoption of overdue decisions in CEFTA include the adoption of the Additional Protocol 6 to liberalise trade in services, the mutual recognition of Authorised Economic Operators programmes and the adoption of an agreement to facilitate trade of fruits and vegetables.

A Declaration on recognition of **Higher Education Qualifications** was endorsed at the Western Balkans Summit in July 2019 in Poznań. This sets out an automatic recognition model for higher education qualifications and study periods spent abroad and is an important part of efforts for tighter regional economic integration. More efforts are needed to make progress on mutual recognition of professional qualifications in order to create a more integrated labour market and offer much needed possibilities for youth in the region.

Overcoming the **legacy of the past** and addressing disputes arising from the conflicts of the 1990s remain key. Important outstanding bilateral issues still have to be solved, including border issues and delivering justice to war crimes' victims, identifying the remaining missing persons, and establishing an accurate record of past atrocities at regional level. There is no place in the EU for inflammatory rhetoric or the glorification of war criminals, from any side.

One of the most pressing issue in the region remains the need to **normalise relations between Serbia and Kosovo**. Relations between Pristina and Belgrade continue to be challenging. On 1 April 2020, the caretaker government in Kosovo fully lifted the 100% tariff on imports from Serbia and Bosnia and Herzegovina, which had been in place since November 2018 and on 6 June all reciprocity measures were lifted. The resumption of the EU-facilitated Dialogue in July 2020 and the commitment of both parties to re-engage in it is a positive first step. This will need to be followed by further, tangible, progress towards a comprehensive, legally binding normalisation agreement.

Existing agreements, including the Prespa agreement between North Macedonia and Greece and the Treaty on Good Neighbourly Relations with Bulgaria, need to continue to be implemented in good faith by all parties.

Tensions in the Eastern Mediterranean and the Aegean Sea continued to undermine regional stability and security. In light of continued unauthorised Turkish hydrocarbon exploration activities in the maritime zones of Cyprus, the signing of a Memorandum of Understanding with the Libyan Government of National Accord and a sharp increase in provocative actions towards Greece, the Commission has repeatedly urged **Turkey** to avoid any kind of threat, source of friction or action that damages good neighbourly relations and the peaceful settlement of disputes. The Commission has also repeatedly stressed all the sovereign rights of EU Member States. These include, *inter alia*, the right to enter into bilateral agreements and to explore and exploit natural resources in accordance with the EU *acquis* and international law, including the UN Convention on the Law of the Sea. The sovereignty and sovereign rights over the maritime zones of all neighbouring coastal states, including those that their islands are entitled to, need to be respected and the delimitation of exclusive economic zones and continental shelf should be addressed in accordance with international law through dialogue in good faith and in pursuit of good neighbourly relations. In reaction to Turkey's unauthorised drilling activities, the EU adopted a framework for targeted measures against Turkey in November 2019 and decided in February 2020 to add two individuals to the list of designations under this sanctions framework. The withdrawal of a Turkish survey ship on 12 September 2020 allowed for the announcement of the resumption of exploratory talks with Greece.

In its conclusions of 1 October 2020, the **European Council** strongly condemned violations of the sovereign rights of the Republic of Cyprus, which must stop. The **European Council** stressed that the EU has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Turkey. Pursuing dialogue in good faith and abstaining from unilateral actions which run counter to the EU interests and violate international law and the sovereign rights of EU Member States is an absolute requirement in this regard. All differences must be resolved through peaceful dialogue and in accordance with international law. The EU welcomed the confidence building steps by Greece and Turkey, as well as the announcement that they will resume their direct exploratory talks aiming at the delimitation of the Continental Shelf and Exclusive Economic Zone of the two countries. These efforts need to be sustained and broadened.

Turkey's continued commitment and contribution in concrete terms to the negotiations on a fair, comprehensive and viable settlement of the Cyprus issue within the UN framework and in accordance with the relevant UNSC resolutions will be of paramount importance. It is important to preserve the progress made so far in the **United Nations-led settlement talks on Cyprus** and to pursue preparations for a fair, comprehensive and viable settlement, including in its external aspects. Turkey needs to urgently fulfil its obligation of fully implementing the Additional Protocol to the EU-Turkey

Association Agreement and make progress towards normalisation of relations with the Republic of Cyprus.

## V. CONCLUSIONS AND RECOMMENDATIONS

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

### I

1. A **credible enlargement policy** is a geostrategic investment in **peace, stability, security and economic growth in the whole of Europe**. Built on **strict but fair conditionality and the principle of own merits**, it continues to drive forward the transformation and modernisation in the partner countries in an overall challenging environment. Political will and determination by the partner countries remain key to success.
2. **Major developments** have taken place on the EU enlargement agenda, with the Commission's reinvigorated approach based on three key pillars: the proposal to enhance the accession process, the decision by the Council to open accession talks with Albania and North Macedonia and the proposal for an Economic and Investment Plan for the Western Balkans, adopted in parallel with this communication.
3. The proposal set out by the European Commission in February 2020 and endorsed by the Council in March will **further strengthen the accession process** by making it more predictable, more credible, more dynamic and subject to stronger political steering. The Commission's proposal underlines the importance of a merit-based accession process built on trust, mutual confidence and clear commitments by the European Union and the Western Balkans. Even stronger focus will be placed on reforms in the fundamental areas of rule of law, the functioning of democratic institutions, public administration and the economy. The Western Balkans also need to make progress on reconciliation, good neighbourly relations and regional cooperation.
4. The **General Affairs Council** of March 2020 also decided to **open accession negotiations with Albania and North Macedonia**, recognising the important reform progress in the two countries.
5. The **appointment of the new EU Special Representative** for the Belgrade Pristina Dialogue and other Western Balkan regional issues in April 2020 was an additional reflection of the priority attached to the region and to the normalisation of relations between Serbia and Kosovo. The EU Facilitated Dialogue resumed in July and several meetings at both high level and working level have been held so far.
6. The **Zagreb Declaration of 6 May 2020** has reaffirmed the unequivocal European perspective of the Western Balkans. The Western Balkan leaders have confirmed their commitment to this European perspective and the necessary key reforms as their firm strategic choice. The credibility of this commitment depends also on clear public communication and the implementation of the necessary reforms. In the Zagreb Declaration the European Commission was invited to come forward with a robust economic and investment plan for the region aiming to boost their economies.

7. **Turkey** remains a key partner for the European Union in essential areas of joint interest, such as migration, counter-terrorism, economy, trade, energy and transport. In June 2019, the Council reiterated that Turkey continues to move further away from the European Union, and that Turkey's accession negotiations have effectively come to a standstill and no further chapters can be considered for opening or closing. The underlying facts leading to this assessment still hold.
8. 2020 has also been marked by the devastating impact of the **COVID-19 pandemic**. Authorities in all enlargement countries have taken strict measures to limit the spread of the pandemic and its health impact, as well as to mitigate the socio-economic consequences. Nevertheless, the economic impact of the pandemic is substantial which leaves limited fiscal space for governments' intervention. Any emergency measure must be proportionate, limited in time and respect fundamental freedoms, including freedom of expression.
9. The EU, while being seriously affected itself by this crisis, has mobilised a **package of over EUR 3.3 billion**, including immediate support to address health challenges and a substantial funding for the economic recovery of the region. The EU is also treating the Western Balkans as privileged partners by granting them access to many initiatives and instruments normally reserved for EU Member States. This support from the EU **goes far beyond what any other partner has provided to the region** and clearly reflects the region's strategic anchoring.

## II

10. In **Montenegro**, the **public political commitment** of the authorities to the strategic goal of European integration is regularly and consistently stated as the key priority for the country and, generally, it is reflected in relevant policy decisions. This included inter alia continued full alignment with the EU's Foreign and Security Policy.

The Commission assessment is that, in line with the Negotiating Framework, an **overall balance** between progress under the rule of law chapters, on the one hand, as well as progress in the **accession negotiations** across chapters, on the other, is ensured. During the reporting period, Montenegro has made limited progress on judiciary and fundamental rights (chapter 23) and some progress on justice, freedom and security (chapter 24). After the opening of the last chapter in June 2020, the priority for further overall progress in the accession negotiations, and before moving towards the provisional closure of other chapters, remains the fulfilment of the rule of law interim benchmarks set under chapters 23 and 24.

Montenegro has come a long way in reforming its legal and institutional framework in the area of rule of law with further results in most areas. Setting the closing benchmarks will provide an opportunity for the EU to clearly spell out the requirements Montenegro will have to meet prior to the closing of these two chapters. Montenegro will only reach this stage in the accession process if the country closes the remaining gaps in the critical areas of freedom of expression and media and fight against corruption, and addresses concerns about political interference and lack of appointments in key independent institutions and the judiciary, without reversing earlier achievements in the judicial reform. Montenegro has made steady progress in negotiating chapters across the board but currently no chapter meets all the requirements for closing.

When confronted with the COVID-19 pandemic, Montenegro took a wide-range of measures, including strict curfew hours and restrictions on movement. The parliament did not play a part in the decision making process for the initial set of measures taken to deal with the COVID-19 pandemic, but was subsequently informed of the measures taken and approved several economic response packages.

Tensions and mistrust among political actors were high in the run up to the elections. The temporary Parliamentary committee was not able to complete its work, due to lack of quorum and therefore the general elections on 30 August 2020, were conducted under a largely unchanged electoral framework. No political party boycotted the elections. According to the preliminary assessment of OSCE/ODIHR



the elections in Montenegro were competitive and took place in an environment highly polarized over issues of church, and national identity. The campaign was peaceful despite the frequent confrontational tone. Contestants were able to convey their messages, but the ruling party gained an undue advantage through misuse of office and dominant media coverage. The challenging COVID-19 context did not prevent voters from turning out; turnout was at record high level of 76.6% of the electorate. In order to proceed on the EU accession path, the newly formed parliament and government need to maintain the broad consensus on EU-related political and economic reforms, with a particular focus on meeting the rule of law interim benchmarks.

Good progress has continued on policy, planning and monitoring of the quality of strategic policy documents. The government's policy on state-sponsored apartments or loans under favourable conditions for members of the judiciary and independent institutions however raised concerns about the effectiveness of the national checks and balances system. More should be done to allow for a meaningful involvement of civil society in both the accession and legislative processes.

In 2019, the economy grew by a robust 3.6%, with GDP growth driven by a record-breaking tourist season, boosting private consumption and exports of services. However, the economic performance is set to deteriorate in 2020 due to the negative effects of the COVID-19 outbreak, as Montenegro's economy is strongly dependent on tourism. Structural weaknesses have been exacerbated by COVID-19, highlighting the strong need for reforms, particularly in the areas of public health, employment, social protection and business environment.

11. The **Serbian** government continued to declare EU membership as its strategic goal. However, there is a need to place more emphasis on objective and positive unambiguous communication on the EU, which is Serbia's main political and economic partner.

Serbia's progress on the rule of law and the normalisation of relations with Kosovo is essential and will continue to determine the overall pace of the **accession negotiations**. During the reporting period, Serbia has made very limited progress on judiciary and fundamental rights (chapter 23) and some progress on justice, freedom and security (chapter 24). Relations between Pristina and Belgrade continue to be challenging, though the resumption of the EU-facilitated dialogue in July is a very positive step. In sum, the Commission assesses that an **overall balance** is currently ensured between progress under the rule of law and normalisation, on the one side, and progress in the negotiations across chapters, on the other side.

However, progress on the **rule of law** is not as fast and effective as could be expected from a negotiating country. Serbia needs to urgently accelerate and deepen reforms in particular on the independence of the judiciary, the fight against corruption, media freedom, the domestic handling of war crimes and the fight against organised crime. Serbia should also aim at meeting the interim benchmarks for chapters 23 and 24, including through a result-oriented implementation of the revised action plans for chapters 23 and 24.

On the **normalisation of relations with Kosovo**, Serbia showed commitment and engagement in the resumed Dialogue process. Serbia needs to make further substantial efforts and contribute to the establishment of a conducive environment to allow for the conclusion of a comprehensive legally binding agreement with Kosovo. Such an agreement is urgent and crucial so that Kosovo and Serbia can advance in their respective European paths. Serbia should also continue to uphold and implement all past dialogue agreements.

Serbia's political scene is marked by continued polarisation. In response to COVID-19, the government declared a state of emergency in March 2020 and imposed wide-ranging temporary measures. The parliament only convened just over six weeks after the state of emergency was called, which limited its ability to scrutinise the executive during this period. Parliamentary, provincial and municipal elections in Serbia (initially foreseen for April 2020) were postponed to 21 June. While the elections were administered efficiently, there was a dominance of the governing parties, including in



the media. A number of opposition parties boycotted the elections despite efforts led by the European Parliament to create cross-party consensus on electoral reforms, citing democratic concerns and an uneven playing field. The newly constituted Serbian parliament is marked by the overwhelming majority of the ruling coalition and the absence of an effective opposition.

Serbia remains an important partner in EU CSDP missions and operations, but its alignment with EU foreign policy remains low.

Serbia has yet to sizeably reduce the excessive number of acting senior manager positions in its public administration. Lack of transparency and respect of the merit-based recruitment procedure for senior civil service positions is an issue of increasing concern. Serbia stepped up its work to align legislation with the EU *acquis* in the economic and internal market chapters. Economic reforms continued to produce results, especially on macroeconomic stabilisation. Labour market performance further improved. Progress was made in the reforms of the tax administration and in the privatisation of state-owned banks, while some other key reforms – particularly of public administration and state owned enterprises – continued to advance only slowly. The state retains a strong footprint in the economy. The COVID-19 crisis is projected to strongly deteriorate the economic outlook in 2020, in particular as regards GDP growth, public finances and employment.

12. **North Macedonia** has advanced towards its strategic goals with the decision to open accession negotiations with the EU and with NATO membership in March 2020. The authorities continued to demonstrate publicly their commitment to advance on the EU path. The state of emergency was declared between March and June 2020 due to COVID-19 outbreak, which enabled the technical government, with the participation of Ministers and Deputies from the main opposition party, to rule by decree. North Macedonia took measures to contain the pandemic, protect the health of its citizens and mitigate the socio-economic impact of the crisis, including with unprecedented EU support. Because of the uncertainties caused by the pandemic, the political parties decided to postpone the early elections from April to July 2020. According to OSCE/ODIHR, parliamentary elections on 15 July were generally well run and candidates could campaign freely, but legal stability was undermined by significant revisions to the legal framework and subsequent government decrees.

Over the reporting period, North Macedonia has continued to advance the EU reform agenda in an inclusive manner, involving the opposition in Parliament, civil society and international partners. North Macedonia stepped up its efforts and delivered further tangible and sustained results, including in the key areas identified in the June 2018 Council Conclusions. The sustainability of these structural reforms is a long-term process, which requires continuous engagement from both the government and the opposition. Following the July 2020 elections, the new government has committed to sustain and accelerate the implementation of EU related reforms, in particular in the field of rule of law, including the fight against organised crime and corruption. The focus needs to be on implementing existing strategies and laws and using the tools, which are already in place, in line with EU standards. Important results have been achieved in strengthening the independence of the judiciary. The adoption of the Law on the Public Prosecutor's Office was a key milestone. The track record of investigations, prosecutions and final convictions in corruption and organised crime cases, including at high level, has further improved. The former Chief Special Prosecutor was sentenced after being found guilty of misuse of official duties and authority in the so called 'racket case'. Efforts to fight corruption and organised crime need to continue unabated and in a transparent manner, irrespective of the position or political affiliation of the suspects. The State Commission for Prevention of Corruption (SCPC) has been particularly active to prevent corruption and has addressed allegations of nepotism or non-merit based appointments. It is important to ensure that the SCPC has the necessary resources and capacity to carry out its mandate. More needs to be done by all state institutions to follow up on its recommendations. Steps have been taken to make the public administration more transparent, with the adoption of the transparency strategy and the increased publication of government data. The country has worked closely in cooperation with NATO and strategic partners to reform its intelligence and

security services. However, the capacity for parliamentary oversight over the intelligence services needs to be strengthened. Alignment with EU foreign policy increased significantly.

Prior to the external shock in 2020 caused by COVID-19, economic growth accelerated to 3.6% in 2019 on the back of firming domestic demand, including the recovery of investment and supported by a fiscal stimulants and accommodative monetary policy. The unemployment rate declined to 17.3% in 2019 while the employment rate was on the rise. The share of informal employment decreased slightly but remained significant in terms of percentage of GDP. Beginning in early spring, the COVID-19 crisis started to leave a mark on economic performance and on public finances. The COVID-19 crisis required a massive lockdown of the economy, and similar measures in the main trading partners led to trade disruptions. On account of these repercussions, the economy is likely to slide into a recession in 2020 and positive trends in the labour market are likely to be reversed. The authorities have taken a range of measures supporting companies and households, to mitigate the economic and social impact of the crisis. The authorities took additional measures to improve fiscal transparency. However, fiscally significant reforms of income taxation and the pensions system were reversed.

The Commission looks forward to and stresses the importance of the continued implementation of Prespa agreement with Greece and of the Treaty on Good Neighbourly Relations with Bulgaria.

In March 2020, members of the **European Council** endorsed the decision to open accession negotiations with North Macedonia. In line with the Council Conclusions, the Commission has started the necessary preparatory work and looks forward the first intergovernmental conference, as soon as possible after the adoption of the negotiating framework by the Council.

13. **Albania** has advanced towards its strategic goals with the Council's decision to open EU accession negotiations. The authorities continued to demonstrate publicly their commitment to advance on the EU path, based on strong popular support for EU accession. Albania continues to maintain a 100% alignment rate with EU foreign policy. Confronted with the outbreak of the COVID-19 pandemic, Albania extended the state of emergency for natural disaster, put in place after the November 2019 earthquake, until June 2020. In spite of the emergency, Albania has made decisive progress and is close to meeting the conditions set by the Council in view of the first Inter-Governmental Conference. The intense political polarisation eased in January 2020, when the ruling majority and the parliamentary and extra-parliamentary opposition agreed to take forward the *electoral reform*. An agreement was finally reached on 5 June 2020. Amendments to the electoral code were adopted by Parliament on 23 July 2020, in accordance with the 5 June 2020 agreement, implementing the OSCE/ODIHR recommendations. These changes introduce higher integrity and transparency standards into electoral process ahead of parliamentary elections announced for April 2021. In addition, on 30 July the Parliament adopted some amendments to the Constitution relating to the electoral system. The implementation of these changes that are unrelated to the OSCE/ODIHR recommendations required further amendments to the electoral code which were discussed among parties in the Political Council, but without reaching a compromise before the Parliament voted on them on 5 October. Despite the positive outcome of the agreement reached on 5 June 2020, the political dialogue in the country needs to be improved, in particular on electoral reform and its implementation.

Results have continued also in the implementation of the comprehensive justice reform, which has advanced steadily. All new institutions for the self-governing of the judiciary are fully functional and operate effectively. The High Court started performing its functions. Important progress has also been made on the functioning of the Constitutional Court. The Special Anti-Corruption and Organised Crime Structure (SPAK) is fully established, including a Special Prosecution Office (SPO), which has been performing its important investigative functions. The Director of the National Bureau of Investigation (NBI) was appointed. The temporary re-evaluation of all judges and prosecutors (vetting process) has advanced steadily. It continued to produce tangible results, resulting in 62% dismissals - mostly for issues related to unjustified assets - or resignations. Vetting dossiers in which the suspicion

of a crime has emerged have been submitted to prosecution, including 10 former high-level judges of the High Court and Constitutional Court.

Albania continued to strengthen the fight against corruption, making good progress by consolidating operational coordination and monitoring capacities. Efforts towards the establishment of a solid track record on investigating, prosecuting and trying corruption cases have continued. While the number of ongoing investigations remains high, to date, final convictions in cases involving high-level officials remain limited. The newly established specialised anti-corruption bodies are expected to significantly strengthen the overall capacity to investigate and prosecute corruption. Efforts continued also in the fight against organised crime. Police operations to dismantle criminal organisations have further intensified and good progress has continued, including in countering the cultivation and trafficking of cannabis. International police cooperation, especially with EU Member States, has also increased, leading to a number of successful large-scale law enforcement operations. Efforts need to continue, in particular by tackling money laundering more effectively and further implementing the Financial Action Task Force (FATF) action plan.

On fundamental rights, efforts are ongoing to implement a comprehensive land sector reform and to consolidate property rights. The Law on the Finalisation of Transitional Ownership Processes was adopted, taking into account the recommendations of the Venice Commission. The registration and compensation processes continue. Albania needs to swiftly adopt the remaining implementing legislation related to the 2017 framework Law on the Protection of National Minorities. In December 2019, the Parliament adopted a new media law, which is being revised in light of the opinion of the Venice Commission.

Albania pursued the further implementation of public administration reform, making tangible progress on regulatory impact assessments, in developing the legislative package related to policy planning, increasing the number of e-services and improving transparency in data collection and human resources management between central and local level. Efforts need to continue in this area, including with a view to adopting a salary policy for civil servants.

Prior to the November 2019 earthquake and the external shock in 2020 caused by COVID-19 pandemic, unemployment continued to decrease to record lows, exports grew solidly, and the public-debt-to-GDP ratio continued to decline but remained high. Banks continued reducing the number of non-performing loans and lending to private sector picked up. Steps towards developing the financial market have been taken, but financial intermediation remained low.

In March 2020, members of the **European Council** endorsed the decision to open accession negotiations with Albania. In line with the Council Conclusions, the Commission has started the necessary preparatory work and looks forward the first intergovernmental conference, as soon as possible after the adoption of the negotiating framework by the Council.

14. **Bosnia and Herzegovina** needs to address the **14 key priorities** from the Commission's May 2019 Opinion on the EU membership application of the country, in line with the relevant Council Conclusions of December 2019. The Opinion is a comprehensive roadmap for deep reforms in the areas of democracy/functionality, rule of law, fundamental rights and public administration reform. Bosnia and Herzegovina needs to fundamentally improve its legislative and institutional framework, including at constitutional level where necessary, to comply with the requirements of EU membership. Fulfilling the 14 key priorities will allow the country to open EU accession negotiations.

After leaders spent a large part of the reporting period engaging solely in party politics, this period of little progress and Parliamentary backlog ended with the appointment of a new government in late 2019, 14 months after the general elections. In the past few months the political situation in Bosnia and Herzegovina has shown some positive developments and a positive dynamic, amid the COVID-19 pandemic. Steps have been taken in the recent months to address some of the key priorities from the

Opinion: In October 2019, the Council of Ministers adopted an action plan for the implementation of the recommendations from the Commission's 2019 analytical report, although the content was not fully agreed among all levels of government. The Constitutional Court repealed the provision on the death penalty in the *Republika Srpska* entity constitution, fulfilling part of key priority 10. Legislative amendments following a political agreement in June 2020 should allow holding local elections in Mostar in December for the first time since 2008, thus fulfilling part of key priority 1. Further reforms are needed to ensure that elections are conducted in line with European standards. In July 2020, all levels of government adopted the strategic framework on public administration reform, contributing to key priority 14. All levels of government now need to adopt the related action plan. Bosnia and Herzegovina adopted the revised National War Crimes Strategy in September 2020, contributing to key priority 5. Preparations are also ongoing to hold the joint parliamentary committee. Bosnia and Herzegovina needs to move forward on the other key priorities too.

The need for a coordinated response to the COVID-19 crisis helped to temporarily put party politics aside, but tensions persisted. While executive authorities reacted swiftly to the outbreak to the pandemic, the state of emergency limited the oversight powers of legislative assemblies.

The country needs to ensure a professional and depoliticised civil service and a coordinated countrywide approach to policy making. Of particular importance, Bosnia and Herzegovina needs to ensure effective coordination, at all levels, of border management and migration management, and establish an effective asylum system. Bosnia and Herzegovina is at an early stage of preparation in the prevention and fight against corruption and organised crime. No progress was made in addressing the Opinion key priorities and the findings of the Expert Report on Rule of Law issues. Political obstruction and resistance from within the judiciary to integrity reforms continue to undermine the citizens' enjoyment of rights and trust in institutions, as well as the fight against corruption and organised crime. Urgent measures are required, starting with a credible and rigorous system of verification of assets of judicial office holders and members of the High Judicial and Prosecutorial Council. Corruption remains widespread, and all levels of government show signs of political capture directly affecting the daily life of citizens. Criminal organisations take advantage of legal and administrative loopholes, and the police is vulnerable to political interference. Significant efforts are needed regarding financial investigations and asset seizure. Establishment of cooperation with EU agencies (Frontex, Europol, Eurojust) remains pending.

Significant reforms are needed to ensure that all citizens are able to effectively exercise their voting rights and to overcome the practice of "two schools under one roof". Bosnia and Herzegovina needs to guarantee freedom of expression and of the media, and the protection of journalists, as well as an enabling environment for civil society, notably by upholding European standards on freedom of association and freedom of assembly. Meaningful and systematic consultations with civil society remain to be ensured. The political leaders also need to take concrete steps to promote an environment conducive to reconciliation; revisionism, denial of genocide and glorification of war criminals contradict EU values.

As regards the economic criteria, Bosnia and Herzegovina is at an early stage of establishing a functioning market economy. Prior to the external shock caused by COVID-19, the economic situation showed macroeconomic stability. Investments in education and infrastructure are absolutely necessary to boost the country's economy, as alignment with European standards and the EU *acquis* chapters are of utmost importance.

15. In **Kosovo**, the reporting period was marked by early elections, government changes and also relatively long periods with only a caretaker government in place. In this difficult context, limited progress was made on EU-related reforms, including as regards the implementation of recently adopted legislation. In the wake of the COVID-19 pandemic, the government declared a public health emergency in March 2020, put in place strict prevention measures and introduced initial economic



support measures for citizens and businesses. The authorities continued to demonstrate publicly their commitment to advance on the EU path.

The early legislative elections held on 6 October 2019 were competitive (except in Kosovo Serb areas), but the vote-counting process exposed vulnerabilities. Recurrent election process shortcomings and related EU Election Observation Mission recommendations should be addressed with a greater sense of urgency.

Kosovo needs to reinvigorate the reform processes and step up the fight against corruption and organised crime and public administration reform, building on Kosovo's achievements to date.

During the reporting period Kosovo lifted the 100% tariffs on imports from Serbia and Bosnia and Herzegovina, as well as all reciprocity measures. This decision has allowed for a restoration in trade with Serbia and Bosnia and Herzegovina. The tariff decision, imposed by Kosovo in November 2018 in violation of the Central European Free Trade Agreement (CEFTA), had serious political implications and undermined the development of a regional economic area in the Western Balkans.

On the normalisation of relations with Serbia, Kosovo showed commitment and engagement in the resumed Dialogue process. Kosovo needs to make further substantial efforts and contribute to the establishment of a conducive environment to allow for the conclusion of a comprehensive legally binding agreement with Serbia. Such an agreement is urgent and crucial so that Kosovo and Serbia can advance in their respective European paths. Kosovo should also continue to uphold and implement all past dialogue agreements."

Despite robust GDP growth figures since 2015, averaging 4.1% between 2015-2018, growth dynamics are still heavily reliant on service exports, gross-fixed capital formation and private consumption, which is supported by remittances from abroad, noticeable wage and credit growth. As a consequence, the announced recession in the EU will have a direct impact on Kosovo's economy, with real GDP expected to contract by 5% in 2020. Kosovo should establish an effective and transparent mechanism to support the private sector affected by the COVID-19 crisis. It should also preserve employment including through short-time work schemes, and ensure increased coverage of unemployment benefits and needs-based social benefits for the most vulnerable groups. Fiscal space should be freed up, including by containing spending for transfers for specific groups, including war veterans' pensions. The execution of capital spending should be improved.

The Commission's proposal for visa liberalisation is pending in the Council and should be treated as a matter of urgency. The Commission stands by its assessment of July 2018 that Kosovo has fulfilled all visa liberalisation benchmarks. The European Parliament has confirmed its support for the Commission's proposal for visa liberalisation.

16. **Turkey** remains a key partner for the European Union in essential areas of joint interest, such as migration, counter-terrorism, economy, trade, energy and transport. In June 2019, the Council reiterated that Turkey continues to move further away from the European Union, and that Turkey's accession negotiations have effectively come to a standstill and no further chapters can be considered for opening or closing. The underlying facts leading to this assessment still hold, despite the government's repeated commitment to the objective of EU accession. The EU's serious concerns on continued negative developments in the rule of law, fundamental rights and the judiciary have not been credibly addressed by Turkey. Turkey needs to reverse this negative trend as a matter of priority with addressing the weakening of effective checks and balances in the political system.

Turkey needs to bring its constitutional framework in line with European standards. Despite the lifting of the state of emergency in July 2018, certain legal provisions granting extraordinary powers to the government and retaining several restrictive elements of the emergency rule have been integrated into law. Access to justice remained limited for those negatively affected by the emergency decree-laws. The executive presidential system does not ensure a sound and effective separation of powers reducing



the democratic accountability of the executive. It has further increased the politicisation of the public administration.

The far-reaching decision to re-run metropolitan mayoral election in Istanbul following extraordinary appeals that contested the initially certified outcome undermines the electoral process to which the Turkish people have shown their commitment by casting their votes in very large numbers. While the elections were professionally organised, they were characterised by conditions not objectively fair for all political parties and candidates. Turkey should ensure a free, fair and transparent election process.

Continued forceful dismissals of elected mayors in the south-east and their replacement by government-appointed trustees as well as arrests of further local representatives damage local democracy. Turkey should repeal measures inhibiting the functioning of local democracy, in line with the recommendations of the Venice Commission and with Turkey's commitment to the European Charter of Local Self-Government.

Turkey has a legitimate right to fight against terrorism, however, it is responsible for ensuring this is done in accordance with the rule of law, human rights and fundamental freedoms. Turkey should cease to use the broad interpretation of its anti-terror law to arrest and detain journalists, writers, lawyers, politicians, academics, human rights defenders and critical voices. Turkish authorities need to address urgently serious shortcomings, especially with regards to the right to a fair trial and the strict respect of the principle of presumption of innocence. Civil society and its organisations continued to operate under pressure in an increasingly challenging atmosphere.

The Turkish economy is well advanced, though serious concerns persist over the functioning of the Turkish market economy. It rebounded from the recession but the recovery was fragile also due to the outbreak of the COVID-19 pandemic. Turkey remains exposed to rapid changes in investors' sentiment, aggravated by the pandemic and geopolitical developments. Economic governance lacks credibility and is hampered by the lack of independence of regulatory authorities; the dismissal of the governor of the Central Bank and the recurrent pressure by the authorities on monetary policy decision-makers remain of concern. Significant problems need to be addressed in education as regards quality and access. The development of intense trade relations between the EU and Turkey has been one of the key achievement of the EU Turkey Customs Union. It is therefore regrettable that Turkey's deviations from its obligations under the Customs Union have increased together with a high number of trade irritants. Turkey has continued to align with the EU *acquis*, albeit at a very limited pace and in a fragmented manner.

Turkey continued to make significant efforts in hosting and addressing the needs of almost four million refugees, and in preventing illegal crossings towards the EU. Throughout 2019, Turkey was committed to the implementation of the EU-Turkey Statement of March 2016 and played a key role in addressing the challenges of migratory flows along the Eastern Mediterranean route, but as of late February 2020, actively encouraged crossings to the EU and called for a new agreement replacing the March 2016 Statement. While the EU acknowledged the increased migratory burden and risks Turkey had been facing on its territory and the substantial efforts it was making in hosting refugees, it strongly rejected Turkey's use of migratory pressure for political purposes. Later in March, the Turkish authorities organised transports for migrants and refugees away from the border area with Greece. In spite of the increase in irregular migration in 2019 from Turkey to the EU, the figures continue to be far below those recorded prior to the EU-Turkey Statement. The EU Facility for Refugees in Turkey continued to mobilise both humanitarian and development assistance for refugees and host communities in Turkey. Its achievements included helping 1.7 million refugees in meeting their basic needs, helping 600 000 refugee children go to school, building of 180 schools, and delivering over 8 000 000 primary health care consultations. The full operational budget of the Facility was mobilised at the end of 2019. The EU decided to mobilise additional EUR 485 million to ensure the continuation of flagship projects providing refugees with basic needs and access to education. Despite this considerable support, the needs of refugees in Turkey, who are also negatively affected by the economic impact of the COVID-19 pandemic, will not disappear soon. Assisting refugees affected by

the Syrian crisis and their hosting countries will continue to be needed, and the recent Communication on a new Pact on Asylum and Migration noted that continued and sustained EU funding in some form will be essential. The Commission continued to provide EU funding in an efficient and speedy manner. The key principles guiding the Facility's implementation remained speed, efficiency and effectiveness, while ensuring sound financial management. Sustainability of Facility interventions and co-ownership by the Turkish authorities are also important.

Tensions in the East Mediterranean region, undermining regional stability and security, increased due to Turkey's actions and statements challenging the right of the Republic of Cyprus to exploit hydrocarbon resources in its Exclusive Economic Zone, provocative actions towards Greece, including Turkish flights over Greek inhabited area, and the signature of the two memoranda of understanding with the National Accord Government of Libya on security cooperation and delimitation of maritime jurisdiction, that ignore the sovereign rights of Greece in the areas concerned. These actions run counter to the EU interests, violate international law and undermine efforts to resume dialogue and negotiations, and to pursue de-escalation. The Commission stands in full solidarity with Cyprus and Greece, and stresses that concrete steps towards creating an environment conducive to dialogue are needed. The Council reiterated on several occasions that Turkey needs to commit itself unequivocally to good neighbourly relations, international agreements and the peaceful settlement of disputes in accordance with the United Nations Charter, having recourse, if necessary, to the International Court of Justice.

In light of the illegal drilling activities of Turkey in the Eastern Mediterranean, in July 2019 the Council adopted a number of measures. In reaction to Turkey's unauthorised drilling activities, the EU further adopted a framework for targeted measures against Turkey in November 2019 and decided in February 2020 to add two individuals to the list of designations under this sanctions framework. In December 2019, the European Council underlined that the bilateral memorandum of understanding on the delimitation of maritime jurisdiction areas between Turkey and the National Accord Government of Libya infringes upon the sovereign rights of third States, does not comply with the United Nations Convention on the Law of the Sea and cannot produce any legal consequences for third States.

Turkey is expected to actively support the negotiations on a fair, comprehensive and viable settlement of the Cyprus issue within the UN framework, in accordance with the relevant UN Security Council resolutions and in line with the principles, on which the EU is founded. It is important to preserve the progress made so far and to pursue preparations for a fair, comprehensive and viable settlement, including in its external aspects. Turkey's commitment and contribution in concrete terms to this comprehensive settlement remains crucial.

It is urgent that Turkey fulfils its obligation to ensure full and non-discriminatory implementation of the Additional Protocol to the EU-Turkey Association Agreement and removes all the obstacles to the free movement of goods, including restrictions on direct transport links with the Republic of Cyprus. There was no progress on normalising bilateral relations with the Republic of Cyprus.

In October 2020, the European Council reaffirmed that EU has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Turkey. Pursuing dialogue in good faith and abstaining from unilateral actions which run counter to the EU interests and violate international law and the sovereign rights of EU Member States is an absolute requirement in this regard. All differences must be resolved through peaceful dialogue and in accordance with international law. In this context, the European Council reiterated its full solidarity with Greece and Cyprus, whose sovereignty and sovereign rights must be respected.

Provided constructive efforts to stop illegal activities vis-à-vis Greece and Cyprus are sustained, the European Council agreed to launch a positive political EU-Turkey agenda with a specific emphasis on the modernisation of the Customs Union and trade facilitation, people to people contacts, High level dialogues, continued cooperation on migration issues, in line with the 2016 EU-Turkey Statement. The

European Council invited its President, in cooperation with the President of the Commission and with the support of the High Representative, to develop a proposal for re-energising the EU-Turkey agenda to this effect.

Recalling and reaffirming i.a. its previous conclusions on Turkey of October 2019, in case of renewed unilateral actions or provocations in breach of international law, the European Council confirmed that the EU will use all the instruments and the options at its disposal, including in accordance with Article 29 TEU and Article 215 TFEU, in order to defend its interests and those of its Member States.

The European Council agreed to continue to closely monitor developments and revert accordingly and take decisions as appropriate at the latest at its December meeting.