

## Political criteria

### 1. Democracy

- 1) Elections: transparency on campaign financing and electoral process needed.
- 2) Parliament: involvement in the accession process, but promotion of democratic and cross party dialogue
- 3) Government: high level of preparedness, but high demand for constitutional revision
- 4) Civil Society: increased at local level, but need for improvement of cooperation between the government and CSO's

### 2. Public Administration Reform (PAR)

Serbia is moderately prepared, although there's been good progress, the country needs to simplify its administrative procedures, to improve law enforcement, to tackle the grey economy and to sufficiently ensure budget transparency. The funding for PAR is crucial and remains to be seen.

### 3. Rule of Law

Serbia's judicial system has some level of preparation, but independence of prosecutors and judges is questionable, as well as the training provided. Accurate statistics are missing and the case backlog must be reduced.

Significant progress towards fight against corruption, organized crime and terrorism, however need for greater accountability. Serbia needs to adopt strategies on cybercrime and trafficking on human beings.

### 4. Human rights and the protection of minorities:

Minorities Issues: Not yet ensured protection of LGBTI person, HIV positives, persons with disabilities, Efforts must be taken for Roma integration, combat discrimination and improve living conditions.

Freedom of expression: The Report admits that institutions and legislation **is** in place concerning Freedom of expression **BUT** there is No progress in at least 3 major issues that have risen: 1) no law implementation. 2) No privatization in media 3) threats and violence to reporters and bloggers.

### 5. Regional Issues and international obligations:

1) There're no outstanding issues with Bosnia and Herzegovina, FYROM, Montenegro, Turkey. , 2) ICTU cooperation 3) Cooperation in missing person cases from the 90' wars 4) Berlin process participant 5) Ups/Downs with Croatia, but solved the border issues.

#### **Normalization of relations between Serbia and Kosovo: Some steps taken.**

-Key agreement signed in August 2015(Association/Community of Serb Municipalities in Kosovo)

-Energy, Telecoms, Transportation issues are within timetable

-Civil protection and customs agreements are in place.

-Slow progress in freedom of transportation and in the same time issues in border control

-Serbia slowing down Kosovo participation in regional forums.

### #EU and SERBIA Relations:

- Accession Negotiations: 14 screening reports, finalized chapter 23-24 action plans. Opening chapters 5, 13,20,25,26.

-Participation in Stabilization and Association Process

-Visa Liberation in force from December 2009

-Pre-accession assistance still in force.

### Individual Chapters:

Chapter 1- Free Movement of goods: Moderately prepared, some progress made. More steps have to be taken in ensuring better implementation of technical requirements and standards, Ministry of Economy must strengthen administrative capacity.

Chapter 2 -Freedom of Movement for workers: Moderately prepared, some progress. Law's for international labor markets endorsed, strengthening the social security institutions needed.

Chapter 3 -Right of establishment and Freedom to provide Services: Moderately prepared, some progress. Umbrella law for services needed, Standardization of professional qualifications needed.

Chapter 5- Public Procurement: Moderately prepared, Good progress. Must further strengthen the Implementation capacity.

Chapter 7- Intellectual property law: Good Level of preparation, some progress. Not fully aligned legislation, must revise new framework.

Chapter 10 - Information society and media: moderately prepared, digital switchover is complete, implementation of the 3 new media laws needed.

Chapter 11 - Agriculture and rural development: still at an early stage, adoption of IPARD (Instrument for Pre-Accession Assistance for Rural Development) and Farm Accountancy Data Network.

Chapter 12 - Food safety, veterinary and phytosanitary policy: moderately prepared, actions concerning food safety and veterinary policy needed

Chapter 13 – Fisheries, creation of legal base for a national catch certification scheme for imports and exports

Chapter 14 - Transport policy: good progress on road, rail and inland waterways, but road safety still remains a concern

Chapter 15 - Energy: progress in internal energy market, more to be done to improve alignment with the acquis in renewable energy, competition in the gas market, and tariffs on electricity

Chapter 16 -Taxation: Moderately prepared, some progress. Further Improving tax administration, further alignment in tariffs with the acquis, further unification of taxation.

Chapter 18- Statistics: Moderately prepared, Good progress. Further alignment with EU standardization.

Chapter 21 - Trans European networks: extension of the Orient East –Med core corridor in the Western Balkans (road and rail)

Chapter 23 - Judiciary and fundamental rights : some progress has been achieved i.e. evaluation of prosecutors, need for transparency, strengthen the anti- corruption Agency, full exercise of freedom of expression and more effective protection/promotion of human rights – especially those of vulnerable groups

Chapter 24 -Justice, Freedom and Security: Some level of Preparation, Some progress. Good reaction to migratory crisis but alignment to acquis needed, Asylum not in line with acquis, corruption accusations, Interconnection with Visa not integrated , Problem with unfounded Serbian applications , Additional training required in criminal matters , some progress with organized crime and no progress with trafficking, Pending issues with the alignment of Serbian authorities with the know-how of the EU agencies.

Chapter 25 -Science and Research: Good level of preparation, some progress. Increasing level of investment in research needed, further alignment with European Research Area and Innovation Unit.

Chapter 26 - Education and Culture: good level of preparation – progress in reforming the vocational education and training system, need to establish the Erasmus+ agency

Chapter 27 - Environment and climate change: early stage of preparation – necessary to improve reporting /effective public participation consultation in the environmental decision-making process.

Chapter 28 -Consumer and health protection: moderately prepared, some progress. Strengthening administrative capacity needed and further alignment with the acquis.

Chapter 30 -External Relations: moderately prepared, some progress. Serbian joined EU Civil Protection Mechanism. No progress with the WTO .Safeguard measures from Serbia not aligned with acquis methodology.

Chapter 31 -Foreign, security, and defense policy: Moderate prepared, some progress. Aligned in 26 of 40 EU declaration and Council decisions. Not aligned with EU policy concerning Crimea .Good capacity in cooperation with international organizations .Participating in CSDP

## Enlargement Strategy 2015 Report

### Serbia

Economic Criteria and Chapters 4, 6, 8, 9, 17, 19,20, 22,29, 32, 33

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## 1. Introduction

Serbia got granted candidate country status by the European Council in 2012. Negotiations started in January 2014. Analytical examination of the EU acquit was completed in March 2015. Stabilisation and Association Agreement in force since September 2013. No chapter opened so far.

## 2. Economic criteria

Key economic figures	2013	2014
Gross domestic product per capita (% of EU28 in PPS)	37	36
GDP growth (%)	2.6	-1.8
Unemployment rate (female; male) (%)	22.1 (23.8; 20.8)	18.9 (19.6; 18.3)
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (female; male) (%)	66.0 (56.8; 75.3)	66.2 (57.5; 75.1)
Current account balance (% of GDP)	-6.1	-6
Foreign direct investment (FDI) (% of GDP)	3.9	3.8

Source: Eurostat

### Existence of a functioning market economy

Moderately prepared but has done good progress in regards of policy weaknesses (budget deficit,, labor market, business environment). Government has a strong focus on economic reforms. Serbia submitted Economic Reform Programme 2015-2017 in March 2015. Reform plan includes state-owned enterprise restructuring, reduction of budget deficit, and improvement of business environment, financial stability).

- Serbia's GDP remains on pre-crisis level. Exports increased by around 50% since 2009.
- Unemployment still high but below 20%, employment and activity rates have increased.
- Budget deficit fell in the first half of 2015 because of a decrease in public expenditure which is strengthened also by public administration reform, and reforming public enterprises. Measures are aligned with ERP (Economic Reform Programme) but need more work towards this direction.
- State-owned enterprises: Restructuring and privatization efforts for state-owned gas, power utility, railways, telecom companies. (ERP recommends to prioritize the biggest companies)
- Legal system needs changes in order to improve business environment and tackle grey economy (informal market).

- Financial sector development: Sector dominated by foreign-owned commercial banks (90%), weak credit activity, high-level of non-performing loans.

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### **Capacity to cope with competitive pressure and market forces within the Union**

Moderately prepared. Some progress made by opening labor market and support of SMEs.

- Education system still needs to align with labor market needs.
- Low level of infrastructure
- Informal sector still major challenge
- SME's 70% of employment but only 53% total gross.
- External competitiveness improved

Chapter 4 - Free movement of capital: Adoption of Law on Payment Services

Chapter 6 - Company Law: Good level of preparation, progress on business incorporation (online electronic incorporation registration in progress)

Chapter 8 - Competition policy: Antitrust and mergers policy some progress made in line with the acqui. State aid regulations further aligned. Fully aligned liberalization with EU rules.

Chapter 9 - Financial services: Adoption of various laws in February 2015 for banks and financial conglomerates, new legal framework for the resolution of banks and insurance companies. Amendments to the Law on Investments.

Chapter 17 - Economic and monetary policy: Some progress on alignment with the acqui and preparation of ERP. Need for more intensive economic policy coordination. Stand-by arrangement with IMF. Fiscal rules introduced in 2010, but public debt increased, stabilization expected in 2017 (almost 80% of GDP)

Chapter 19 - Social policy and employment: Preparation of Serbia's first employment and social reform is an important step. Public finances limited though. Fight of undeclared work. More consultation on the social dialogue needed. Unemployment 18.6%. Active labor market package especially targeting workers, who are affected by restructuring of state-owned enterprises.

Chapter 20 - Enterprise and industrial policy: Strategy adopted in March 2015. Need for strong improvement of business environment (simplification of procedures/laws)

Chapter 22 - Regional policy and coordination of structural instruments: Experience in EU fund management increased. Needs more alignment of legislative framework and improvement of administrative capacity.

Chapter 29 - Customs union: Good progress. Amendment of customs law in March 2015.

Chapter 32 - Financial control: Need of adoption of new public internal financial control strategy and action plan 2015-2020. Internal audit is still developing.

Chapter 33- Financial and budgetary provisions: Early stage, no progress. Administrative capacity needs to be strengthened.