



## Key findings of the 2019 Report on Serbia

Brussels, 29 May 2019

### Political criteria

There is an urgent need to create more space for genuine cross-party debate, in order to forge a broad pro-European consensus which is vital for the country's progress on its EU path. Several opposition parties started boycotting the Parliament in early 2019. The ruling coalition's parliamentary practices led to a deterioration of legislative debate and scrutiny, and undermined the Parliament's oversight of the executive.

Weekly anti-government protests started in Belgrade in December 2018 in reaction to an attack on an opposition party leader. The overall peaceful protests, demanding freedom of the media and free and fair elections, grew over time. Several opposition parties have announced their intention to boycott parliamentary elections, unless demands for free and fair elections are met. Serbia needs to fully address all recommendations on the elections, identified by international observers, as a matter of priority.

Serbia is moderately prepared in the area of **public administration** reform. Some progress was made in the area of service delivery and with the adoption of several new laws. Political influence on senior managerial appointments remains an issue of serious concern, especially regarding an excessive number of acting positions. Serbia's ability to attract and retain qualified staff in the administration dealing with EU issues is crucial. A coordinated monitoring and reporting system of the public administration reform strategy and public financial management reform programme is yet to be established.

Serbia's **judicial system** has some level of preparation. Some progress was achieved during the reporting period. Last year's recommendations have only been partially addressed. Some progress was achieved in the reduction of old enforcement cases and following up on measures to harmonise court practice. The constitutional reform process, intended to align the constitution with European standards for the judiciary, is ongoing. Further to the adoption of the constitutional amendments, the system for the appointment and evaluation of judges and prosecutors needs to be revised to allow for fully merit-based judicial recruitments and careers. Currently, the scope for political influence remains of concern.

Serbia has some level of preparation in the **fight against corruption**. Limited progress has been made. There is no measureable impact of corruption-prevention reforms. A revised Law on the prevention of corruption (also known as Law on the Anti-Corruption Agency) was adopted in May 2019. As regards the repression of corruption, the Law on organisation and jurisdiction of government authorities in suppression of organised crime, terrorism and corruption, which entered into force in March 2018, is being implemented but it is too early to fully assess its impact. Law enforcement and judicial authorities still need to establish a credible track record of operationally independent prosecutions and of finalised high-level corruption cases. Overall, corruption is prevalent in many areas and remains an issue of concern.

Serbia has some level of preparation in the **fight against organised crime**. Some progress was made over the reporting period. Serbia started to implement the new economic chapter of the criminal code and the Law on organisation and jurisdiction of state authorities in the fight against organised crime, terrorism and corruption and adopted a cybercrime strategy for 2019-2023. At the same time, no progress was made in fulfilling the recommendations of the previous report. Serbia has yet to establish a convincing track record of effective investigations, prosecutions and final convictions in organised crime cases, including financial investigations leading to a track record of freezing and confiscating criminal assets. The number of convictions for organised crime (notably in the fight against trafficking in human beings) remains low.

The legislative and institutional framework for upholding **fundamental rights** is broadly in place. Amendments improving the legislative framework related to national minorities were adopted. Consistent and efficient implementation of legislation and policies needs to be ensured. While Serbia has some level of preparation, no progress was made on **freedom of expression**. This lack of progress is now a matter of serious concern. A new media strategy was drafted in a transparent and inclusive manner; it needs to be adopted and implemented. Serbia needs to step up measures to protect the

rights of persons facing discrimination, including LGBTI persons, persons with disabilities, persons with HIV/AIDS and other vulnerable individuals.

Serbia overall remained committed to bilateral relations with other enlargement countries and neighbouring EU Member States and an active participant in **regional cooperation**. In the context of being granted the seat of the Transport Community Treaty Secretariat, Serbia should now provide further support to ensure the conditions are in place for it to take up operations swiftly.

Regarding the **normalisation of relations with Kosovo**, Serbia has remained engaged in the dialogue and showed restraint in its response to the introduction of the customs tariffs. However, Serbia needs to make substantial efforts, in particular in its international relations, to establish a conducive environment to the conclusion of a legally binding agreement with Kosovo. Such an agreement is urgent and crucial so that Serbia and Kosovo can advance on their respective European paths.

Serbia continued to manage the effects of the **mixed migratory flows** towards the EU, which have stabilised throughout 2018. It made some progress in implementing the integrated border management strategy. The European Border and Coast Guard Status Agreement with the EU was initialled. The strategy and action plan to counter irregular migration have been adopted. Serbia needs to respect the obligation of readmission of third country nationals under the EU-Serbia Readmission Agreement. Serbia furthermore should refrain from further diverging from the EU visa policy.

### **Economic criteria**

Serbia has made some progress and is moderately prepared in developing a functioning market economy. External imbalances are on the rise, although their financing remained healthy. Price pressures remained subdued and inflation contained. Major fiscal adjustments over previous years have significantly improved debt sustainability. Financial sector stability was preserved and labour market performance has improved with the exception of the youth activity rate, which declined. Major structural reforms of public administration, the tax authority, and state-owned enterprises advanced slowly, prolonging longstanding inefficiencies. The authorities are addressing weaknesses in the budgetary framework and its governance at a slow pace. The state retains a strong footprint in the economy and the private sector is underdeveloped and hampered by weaknesses in the rule of law and in the enforcement of fair competition.

Serbia has made some progress and is moderately prepared to cope with competitive pressure and market forces within the Union. The structure of the economy improved further and economic integration with the EU remained high. However, despite some progress, the quality, equity and relevance of education and training does not fully meet labour market needs. Investment increased but remains insufficient, after years of underinvestment, to address infrastructure gaps. Although the cost of small and medium enterprises borrowing has declined recently, they still face a number of challenges, including a volatile business environment and unfair competition.

### **EU legislation**

Serbia has continued to work towards aligning its legislation with the EU *acquis* across the board. Adequate financial and human resources and sound strategic frameworks will be crucial for the pace of reforms. Serbia has a good level of preparation in some areas such as company law, intellectual property, transport policy, science and research, education and culture, and customs. Serbia improved the linking of its investment planning to budget execution but has yet to develop a single mechanism for prioritising all investments regardless of the source of funding in accordance with the government's public finance management reform programme. In areas such as public procurement, statistics, external relations, social policy and employment, monetary policy and financial services, Serbia is moderately prepared. Serbia continued to make good progress in agriculture and in aligning with the EU transport *acquis* while limited progress was noted in the area of energy. The policy areas of environment and climate change have yet to receive adequate attention.

Serbia needs to address, as a matter of priority, issues of non-compliance with the SAA, regarding in particular state aid control, fiscal discrimination on imported spirits, and restriction to competition in the card-based payment system. Serbia needs to progressively align its foreign and security policy with the European Union's common foreign and security policy in the period up to accession.

### **Key dates**

**June 2003:** The EU-Western Balkans Thessaloniki Summit confirms the EU perspective for the Western Balkans.

**April 2008:** The EU-Serbia Stabilisation and Association Agreement is signed.

**December 2009:** Visa-free travel to Schengen area for citizens of Serbia; Serbia presents its application for membership of the EU.

**March 2011:** The EU-facilitated dialogue for the normalisation of relations between Belgrade and Pristina is launched.

**October 2011:** The European Commission issues its Opinion on Serbia's application for EU membership.

**March 2012:** The European Council grants candidate status to Serbia.

**April 2013:** The European Commission recommends the opening of accession negotiations with Serbia.

**September 2013:** The Stabilisation and Association Agreement enters into force; the analytical examination of the acquis ("screening") starts.

**December 2013:** The Council adopts the negotiating framework.

**21 January 2014:** The accession negotiations are formally opened at the first inter-governmental conference.

**December 2015:** Chapter 35 dealing with normalisation of relations between Serbia and Kosovo, is opened.

**July 2016:** 'Rule of Law' chapters 23 and 24 are opened.

**February 2018:** The European Commission adopts its strategy for 'A credible enlargement perspective for and enhanced EU engagement with the Western Balkans'.

**May 2018:** The EU-Western Balkans Sofia Summit confirms the European perspective of the region and sets out a number of concrete actions to strengthen cooperation in the areas of connectivity, security and the rule of law.

As of **May 2019**, 16 out of 35 chapters have been opened, two of which are provisionally closed.

#### **For More Information**

[Serbia Report 2019](#)

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