

FMA Visit to Serbia 2016



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II Short History of Serbia

1. Pre-Yugoslav History
2. Serbia from the Kingdom of Serbs, Croats and Slovenes

1. Pre-Yugoslav History

Serbia has a long and rich history and has always been a real melting pot of different nations and inspiring cultures that were vanishing and rising from the ashes. The history has left many relics and traces from prehistoric and Roman sites to medieval fortresses and Serbian monasteries with marvellous and precious icons and frescos.

The traces of the first settlements on Serbia's soil are dating back to 40000 BC to Palaeolithic period.

There is the archaeological evidence that civilization in present-day Serbia dates to between 7000 and 6000 BC. One of the oldest cultures in Europe in 6500 BC in Mesolithic was the Lepenski Vir culture in the Djerdap Gorge, on the river bounds of the Danube, followed by Vinca culture near Belgrade in Early Neolithic in 4500 BC.

The first known inhabitants were the Illyrians, followed by the Celts in the fourth century, and the Romans a century after that.

Slavic tribes, whose descendants today form most of the population of the region, arrived in the 6th century. The first Serbian ruler known to historians was Prince Viseslav, and in 8th century, Prince Vlastimir, the founder of the Vlastimirovic dynasty, the oldest Serbian dynasty when the Christianity was adopted as a state-religion, succeeded him.

From the 11th, century Serbia was under Byzantine cultural and state influence. Serbian kingdom was finally proclaimed in the 12th century and, simultaneously, the autocephaly of the Serbian Orthodox Church was established.

At that time, Serbia was ruled by the Nemanjic dynasty that is remembered as a ktitor of the most beautiful Serbian monasteries and churches. That was the peak of Serbia's cultural and economic development in the Middle Ages. In the 14th century, during the reign of emperor Dusan, who was crowned in Skopje as the King of the Serbs and Greeks, Serbia was the most powerful country in this part of Europe, spreading from the Danube in the north, to Athens in the south and to the Adriatic Sea in the west.

After the clash in The Battle of Kosovo and due to the upcoming mighty Ottoman Empire and, later, in the mid-15th-century Serbia fell completely under Turkish domination. That was the turning point when the golden age of Serbian Empire was completed. Only at the beginning of the 19th century, after a gathering of people in the village of Orasac, The First Serbian Uprising against Turkish rule began under a chosen leader – Karadjordje. After The Second Serbian Uprising led by Miloš Obrenović, Serbia finally obtained autonomy within the Ottoman Empire and was recognized as an independent country at the Congress of Berlin in 1878. In 1912, after the first Balkan wars, Serbia's main territories were liberated after long Turkish domination. At the end of the First World War, an idea to unify and create a country of south Slavic people was strongly supported. As a result, The Kingdom of Serbs, Croats and Slovenians was created on the former territories of the two huge empires, the Austro-Hungarian and the Ottoman Empire. Becoming a republic after the Second World War, within the Yugoslav federation under the rule of Tito.

Source: <http://www.talas-serbia.com/destination-serbia/history>

2. Serbia from the Kingdom of Serbs, Croats, and Slovenes

The Kingdom of Serbs, Croats, and Slovenes was formed in 1918; its name was changed to Yugoslavia in 1929. Communist Partisans resisted the Axis occupation and division of Yugoslavia from 1941 to 1945 and fought nationalist opponents and collaborators as well. The military and political movement headed by Josip Broz "TITO" (Partisans) took full control of Yugoslavia when their domestic rivals and the occupiers were defeated in 1945. Although communists, TITO and his successors (Tito died in 1980) managed to steer their own path between the Warsaw Pact nations and the West for the next four and a half decades. In 1989, Slobodan MILOSEVIC became president of the Republic of Serbia and his ultranationalist calls for Serbian domination led to the violent breakup of Yugoslavia along ethnic lines. In 1991, Croatia, Slovenia, and Macedonia declared independence, followed by Bosnia in 1992. The remaining republics of Serbia and Montenegro declared a new Federal Republic of Yugoslavia (FRY) in April 1992 and under MILOSEVIC's leadership, Serbia led various military campaigns to unite ethnic Serbs in neighbouring republics into a "Greater Serbia." These actions ultimately failed and, after international intervention, led to the signing of the Dayton Peace Accords in 1995.

MILOSEVIC retained control over Serbia and eventually became president of the FRY in 1997. In 1998, an ethnic Albanian insurgency in the formerly autonomous Serbian province of Kosovo provoked a Serbian counterinsurgency campaign that resulted in massacres and massive expulsions of ethnic Albanians living in Kosovo. The MILOSEVIC government's rejection of a proposed international settlement led to NATO's bombing of Serbia in the spring of 1999. Serbian military and police forces withdrew from Kosovo in June 1999, and the UN Security Council authorized an interim UN administration and a NATO-led security force in Kosovo. FRY elections in late 2000 led to the ouster of MILOSEVIC and the installation of democratic government. In 2003, the FRY became the State Union of Serbia and Montenegro, a loose federation of the two republics. Widespread violence predominantly targeting ethnic Serbs in Kosovo in March 2004 led to more intense calls to address Kosovo's status, and the UN began facilitating status talks in 2006. In June 2006, Montenegro seceded from the federation and declared itself an independent nation. Serbia subsequently gave notice that it was the successor state to the union of Serbia and Montenegro.

In February 2008, after nearly two years of inconclusive negotiations, Kosovo declared itself independent of Serbia - an action Serbia refuses to recognize. At Serbia's request, the UN General Assembly (UNGA) in October 2008 sought an advisory opinion from the International Court of Justice (ICJ) on whether Kosovo's unilateral declaration of independence was in accordance with international law. In a ruling considered unfavourable to Serbia, the ICJ issued an advisory opinion in July 2010 stating that international law did not prohibit declarations of independence. In late 2010, Serbia agreed to an EU-drafted UNGA Resolution acknowledging the ICJ's decision and calling for a new round of talks between Serbia and Kosovo, this time on practical issues rather than Kosovo's status. Serbia and Kosovo signed the first agreement of principles governing the normalization of relations between the two countries in April 2013 and are in the process of implementing its provisions. Prime Minister Aleksandar VUCIC, has promoted an ambitious goal of Serbia joining the EU by 2020. Under his leadership, in January 2014 Serbia opened formal negotiations for accession.

Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/ri.html>



III Political System in Serbia

1. Presentation of the Serbian Political System

2. Serbian Political Actors in 2016

3. Democracy in Serbia

1.1 The Parliamentary Republic of Serbia

▪ Presidential Elections

Presidential Elections in the Republic of Serbia (Parliamentary Elections) are held every five years, which is the length of one presidential term of office according to the Constitution of the Republic of Serbia. In addition to regularly scheduled presidential elections, early elections can be called as well when the President of the Republic is prevented from performing his/her duties or his/her term of office ends before the expiry of the period of time for which he/she has been elected.

The term of office of the President of the Republic shall terminate before the expiry of the period of time for which he/she has been elected, in case of his/her resignation or with the adoption of the decision of the National Assembly on his/her relief of duty.

Elections for the President of the Republic are called by the Speaker of the National Assembly.

Responsibilities

The President of the Republic shall express state unity of the Republic of Serbia and represent the Republic of Serbia in the country and abroad.

The President of the Republic shall propose to the National Assembly a candidate for Prime Minister whenever a new Government is elected and shall be obliged to propose the candidate who can ensure election of Government.

The President of the Republic may return a promulgated law to the National Assembly for reconsideration if he/she considers that the law is not in line with the Constitution or that it is in contravention with the endorsed international treaties or the generally accepted rules of international law or that the law was adopted without respecting the procedure stipulated for the adoption of laws or that the law does not regulate a certain area appropriately.

The President of the Republic may, in accordance with the Constitution and the law, dissolve the National Assembly at the proposal and with the explanation of the Government and take a decision on calling elections for deputies of the National Assembly.

The President of the Republic shall issue a decree on the promulgation of laws, dissolve the National Assembly, appoint and recall Ambassadors of the Republic of Serbia, award honours and appoint, promote and dismiss officers of the Army of Serbia. By adopting a decision, the President of the Republic shall call elections for national deputies, propose to the National Assembly a candidate for Prime Minister, grant amnesties, appoint the Secretary General to the President of the Republic, the Chief of Office of the President of the Republic, advisors to the President of the Republic and other officials of the General Secretariat of the President of the Republic.

President of the Republic shall command the Army and appoint, promote and dismiss officers of the Army of Serbia.

Source: <http://www.rik.parlament.gov.rs/english/izbori-za-predsednika-republike.php>
<http://www.predsednik.rs/en/president/responsibilities>

▪ Parliamentary Elections

Elections for Members of Parliament of the Republic of Serbia (Parliamentary Elections) are held every four years, which is the length of one term the National Assembly according to the Constitution of the Republic of

Serbia. In addition to regularly scheduled elections, early elections can be called as well when the National Assembly is dissolved by decree of the President of the Republic in cases stipulated by the Constitution.

The President of the Republic is obliged to dissolve the National Assembly if the National Assembly fails to elect a new Government:

- within 90 days from the day of constitution of the new legislature.
- within 30 days from the passing of a vote of no confidence in the Government;
- within 30 days from the failure to pass a vote of confidence in the Government;
- within 30 days from the confirmation of the resignation of the Prime Minister at the session of the National Assembly.

The President of the Republic may dissolve the National Assembly, on a reasoned proposal of the Government. Parliamentary elections are called by the President of the Republic.

Jurisdiction, competences and duties of the National Assembly

The National Assembly is the ***supreme representative body*** and ***the holder of constitutional and legislative power*** in the Republic of Serbia. As the holder of constitutional and legislative power, the National Assembly:

- adopts and amends the Constitution;
- decides on changes concerning the borders of the Republic of Serbia;
- calls for the Republic referendum;
- ratifies international contracts when the obligation of their ratification is stipulated by the Law;
- decides on war and peace and declares state of war or emergency;
- supervises the work of security services;
- enacts laws and other general acts within the competence of the Republic of Serbia;
- gives prior consent to the Statute of the autonomous province;
- adopts defence strategy;
- adopts development plan and spatial plan;
- adopts the budget and end-of-year balance of the Republic of Serbia, at the Government's proposal;
- grants amnesty for criminal offenses.

Within its ***election*** rights, the National Assembly:

- elects the Government;
- appoints and dismisses Constitutional Court judges;
- appoints and dismisses the president of the Supreme Court of Cassation, court presidents, Republic Public Prosecutor and public prosecutors;
- appoints and dismisses judges and deputy public prosecutors in line with the Constitution and the Law;
- appoints and dismisses the Governor of the National Bank of Serbia and the Governors' Council;
- appoints and dismisses the Civic Defender (Ombudsman);
- appoints and dismisses other officials stipulated by the Law.

Within its ***control*** function, the National Assembly supervises the work of:

- the Government and decides on expiry of term of office of the Government and ministers security services;
- Governor of the National Bank of Serbia;
- Civic Defender (Ombudsman);
- other authorities and bodies as stipulated by the Law.

Within its **representative** function, the National Assembly i.e. the MPs:

- consider the citizens' petitions and proposals;
- hold meetings with the citizens at the National Assembly and National Assembly offices outside of the National Assembly headquarters.

Sources : <http://www.rik.parlament.gov.rs/english/izbori-za-narodne-poslanike.php>

<http://www.parlament.gov.rs/national-assembly/role-and-mode-of-operation/jurisdiction.501.html>

▪ Elections of the National Minority Councils' Members

Regular elections of members of national councils of national minorities (hereinafter referred to as national councils) are held every four years, which is the period of national councils' one term of office. The Law provides that regular elections for all national councils are held simultaneously. Besides the regular ones, there is a possibility of holding early elections in certain cases of dissolving a national council.

About the National Council

The Serb National Council (SNC), national co-ordination of Serb national minority councils, is democratically elected, political consulting and coordinating body acting as self-government of Serbs in the Republic of Croatia concerning the issues of their human, civil and national rights, as well the issues of their identity, participation and integration in the Croatian society.

The Serbian National Council was founded by virtue of the Erdut Agreement and The letter of the Government of the Republic of Croatia on the completion of the peaceful reintegration of the areas under the transitory government which guarantee local minority self-government to Serbs. The SNC was founded on the basis of the centuries long tradition of Serbian self-government, which goes back to the times of first church/public assemblies, via legal and political acts regulating the position of Serbs in Croatia during the 18th and 19th centuries, to the documents of the State Antifascist Council. The founding assembly meeting of the Council was held in 1997 in Zagreb at the incentive of the Alliance of Serbian Organizations and its members: Serb Cultural Association Prosvjeta, Serbian Democratic Forum, Community of Serbs from Rijeka and Istria as well as the Joint Council of Municipalities (ZVO). Apart from the founding initiators, founding members were also Independent Democratic Serb Party (SDSS), Baranja Democratic Forum, Association of Serbian Refugees and Expellees from Croatia, representatives of some church parishes of the Serbian Orthodox Church, Members of Parliament of Serbian ethnicity and respectable individuals.

Following the adoption of the Constitutional Act on the Rights of National Minorities in 2002, the organizational structure of ethnic minorities' councils was changed as well. Members of councils are elected by secret ballot, in elections organized by State (so far, four rounds have been held - in 2003, 2007, 2011 and 2015) in all local self-government units, where the Serb population exceeds the threshold of 1.5 percent. At the municipality level, the council is elected if there are at least 200 members of the Serb community living there. At the county level this number amounts to 500. In a case when there are at least 100 members, a council's representative is elected.

The SNC network consists of 94 councils with the total of 1581 councilors.

Source : <http://www.rik.parlament.gov.rs/english/izbori-za-clanove-nacionalnih-saveta-nacionalnih-manjina.php>

<http://snv.hr/eng/about>

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Question

Score

The government has a monopoly on the use of force in its territory, with the exemption of Kosovo. Kosovo is a disputed territory whose largest city, Prishtina, lies to the south of Serbia's capital city, Belgrade. Almost 90% of Kosovo's population is ethnic Albanian. It is defined by the Serbian constitution as an autonomous province in southern Serbia. The Albanian-dominated government in Prishtina declared Kosovo's independence from Serbia on 17 February 2008. By the end of January 2015, 108 countries had recognized Kosovo as a sovereign state, including all major Western powers and 23 out of 28 EU member states. However, Russia and China have refused to recognize Kosovo's independent status. As a result, Kosovo has been unable to join the United Nations.

Monopoly on the use of force

9

Due to a history of violence and prevalence of firearms, Serbia's police are always on high alert when operating close to Kosovo, especially near largely Albanian populated cities like Preševo and Bujanovac. In most cases, the police are required to investigate instances of illegal deforestation or illegal movement between Serbia and Kosovo.

Organized crime continues to be a problem in Serbia. In a 2014 report on Serbia, the European Commission noted that no strategic assessment of the overall level of threat from organized crime in Serbia is undertaken. The Commission also noted that convictions for organized crime are rare. The Commission criticized the institutional dependence of the police on specialized security and intelligence agencies to pursue complex criminal investigations.

One of the most prominent examples of the close connections between organized crime and the political class concerns the surrender of Darko Šarić. Šarić was a Montenegrin who was given Serbian citizenship in the mid-2000s. In March 2014,

Šarić mysteriously surrendered to the Montenegrin police. He was then promptly extradited to Serbia on charges of drug trafficking, including the smuggling of several tons of cocaine from South America to Europe. According to public reports, Šarić had links to high-ranking politicians and business people in Serbia, including Ivica Dačić. Dačić was previously the Minister of Interior and is currently the Foreign Minister of Serbia. Dačić is also the leader of the Socialist Party of Serbia. In addition to charges of drug trafficking, Šarić is accused of money laundering through the illegal privatization of Serbian state-owned companies.

The constitution defines Serbia as the state of the Serbian people and all citizens who live in Serbia. In the 2011 population census, excluding Kosovo, Serbia had a population of 7,186,862, a decrease of 4.15% people from the 2002 population census. According to the 2011 census, the population is composed largely of ethnic Serbs (83.3%). In addition to Serbs, there are also Hungarians (3.5%), Roma (2.1%), Muslims (0.3%), Bosniaks (2%), Croats (0.8%), Slovaks (0.7%), Albanians (0.1%), Montenegrins (0.5%), Vlachs (0.5%), Romanians (0.4%), Yugoslavs (0.3%), Macedonians (0.3%), Bulgarians (0.3%), with 5.1% unspecified. The constitution guarantees national minorities a number of individual and collective rights. National minorities are represented by political parties in the parliament. Following the 2009 Law on National Councils of National Minorities clarifying the competencies of the National Minority Councils (NMCs) in education, culture, official usage of language and public information for each of national minority. In total, 19 NMCs were formed. The elections for the NMCs were held in October 2014.

State identity

9

Serbia is defined by its constitution as a secular state. It is also, for the most part, socially secular. Serbia is one of the most religiously diverse European countries. Its population is composed of 84.5% Serbian Orthodox, 5% Roman Catholic, 3% Islamic, 1% Protestant, 1.1% atheistic or agnostic, 0.1% other and 4.4% unspecified. Religious dogmas have little influence on politics or the law. However, the Serbian Orthodox Church often tries to exert political and moral influence. For example, the Serbian Orthodox Church strongly objected to Kosovar independence, opposed same-sex marriage and idealized the royalist Chetnik resistance movement of WWII. Many citizens attribute moral authority to the Serbian Orthodox Church and its statements.

No interference of religious dogmas

8

Serbia has a differentiated administration that extracts and allocates state resources throughout the country, albeit with limited efficiency and effectiveness.

Basic
administration
10

There is a functioning administration and basic physical infrastructure. However, the economic crises since 2009 have undermined economic and political modernization through restricting investment. In particular, environmentally responsible modernization has stalled.

2 | Political Participation

Following a row between the governing coalition parties, early parliamentary elections were held on 16 March 2014. In Belgrade, the national election coincided with a municipal election, after the mayor lost a vote of confidence. The turnout in the national election was 53%, four percentage points less than in the 2012 national elections.

Free and fair
elections
9

According to international observation bodies, the elections were inclusive and transparent. The legal framework is generally in line with international standards. OSCE's Office for Democratic Institutions and Human Rights noted that some of its earlier recommendations remained unresolved, particularly those relating to candidate registration, election administration, complaints in the previous and the role of international observers. According to the OSCE report, media coverage has been insufficiently analytical and influenced by the ruling political parties. This has led to self-censorship among journalists and media outlets. The report also noted concerns about the misuse of administrative resources by the incumbent political parties and cases of voter intimidation.

The electoral system in Serbia is a proportional system, with a single nationwide constituency, totaling 250 seats, a 5% electoral threshold and closed party lists. A separate system, which does not apply a 5% threshold, regulates political parties representing ethnic minorities. Reforms in 2011 prohibited the controversial practice of "blank resignation" (i.e. commitments by MPs to their respective parties).

Serbia's democratically elected government has the effective power to govern. Parliament has democratic and civil oversight of the army and the secret service through its parliamentary defense and security committee. However, these committees have rarely exerted genuine control over the government. In particular, these committees have little influence over the Ministry of Defense or the armed forces. The executive clearly dominates the legislature. Although the government claimed to have banned business tycoons from interfering in the policy-making process, they continue to influence political decision-making through informal channels.

Effective power to
govern
9

The freedoms of association and assembly are constitutionally guaranteed and the government generally respects these rights in practice. The right of the activists of lesbian, gay, bisexual and transgender (LGBT) groups to openly exercise their freedom of assembly, expression and association is not prohibited by law. However, public opinion is often highly prejudiced, and the government and media have done little to address this. In 2014, LGBT groups were able to hold Pride Parade in Belgrade. The event passed without incident. In previous years, the Pride Parade and counter-demonstrations had been banned, after police stated that they could not guarantee public order. Although Pride Parade was allowed in 2014, Prime Minister Vučić, among other politicians, publicly stated that the authorities were acting under international pressure from the EU and the U.S.

Association /
assembly rights

9

The constitution guarantees freedom of expression and freedom of press. However, the independence and political pluralism of the media system has declined in recent years. This has been due to a dramatic reduction in purchasing power, falling living standards, opaque media ownership and funding, weak financial base of many private media outlets, and a corresponding dependence on business and political interest groups.

Freedom of
expression

7

Despite the prevalence of foreign ownership, largely from EU member states like Germany, the quality of media coverage is deteriorating in parallel with the worsening economic situation. However, there is an increasing tendency, largely among younger generations, to seek out news online. The internet offers more sources of information than traditional media, but often provides little context or analysis of the story.

A report published by the Anti-Corruption Counsel of the Serbian Government in early 2015 noted that political actors exert influence on the editorial policies of print and electronic media. Political pressure and economic dependency limit editorial independence and promote self-censorship among editors and journalists. According to the report, 1,319 media were registered in June 2014, including 711 print media, 237 radio stations, 208 internet media, 130 TV stations and 20 news service agencies.

In August 2014, after much delay, a Law on Public Information and Media was adopted. According to the law, almost all publicly owned media will be privatized by 1 July 2015. The aim is to create a level playing field for all media. The only exceptions from the mandatory privatization will be the main public service broadcasters, which target the population of Kosovo, and minority media publishers established by National Minority Councils. The law, for the first time in Serbia, defines the public interest in the media sphere and allows for the state to co-finance public interest media projects. Transparent and non-discriminatory procedures for awarding grants is also prescribed in detail. The law introduces a media register to provide access to the relevant data on publishers and media outlets. Mergers between media outlets are encouraged in order to facilitate a consolidation of Serbia's highly fragmented media market and increase investment in the media sector.

3 | Rule of Law

The separation of powers is in place and functioning. Checks and balances are rarely subject to interference. However, the capacity of the parliament and judiciary to hold the executive accountable is weak. Opposition MPs chair four of 19 standing committees, including the Committee for European integration. However, opposition MPs no longer chair the committees for finance, security or internal affairs. In 2014, the re-elected government used special arrangements for enacting urgent legislation to bypass parliamentary scrutiny.

Separation of
powers

7

In January 2015, MPs belonging to the governing SNS party criticized the ombudsman for investigating a case in which agents of the Military Security Agency were alleged to have attacked police officers. SNS MPs claimed that the agents had been protecting the Mayor of Belgrade, also the prime minister's brother, during the September 2014 Pride Parade. Government ministers denounced the public ombudsman for interfering in politics, undermining his watchdog function.

According to the constitution, the courts are independent and autonomous. However, in practice, the judiciary is restricted by political influence, inefficiency, nepotism, cronyism and corruption.

Independent
judiciary

7

The government has made some to address these problems in the context of its accession negotiations with the EU. A large number of judges and prosecutors were reappointed after they had previously been dismissed in a legally flawed attempt to tackle corruption in the legal system. A new court system, in which courts have general jurisdiction, became operational in January 2014. In May and July 2014, the judicial and prosecutorial self-governing bodies approved rules for the appraisal of judges and prosecutors.

However, the government failed to implement all its planned judicial reforms. According to a report published by the ombudsman in 2015, some members of the High Judicial Council and the State Chamber of Prosecutors had violated principles of the rule of law when reappointing previously dismissed judges. The ombudsman also noted that the Minister of Justice publicly attacked a justice of the Supreme Cassation Court when the justice criticized the government's willingness to reform the judiciary.

In its 2014 report on Serbia, the European Commission noted that the rules for appointing court presidents were unclear and not meritocratic, and that the courts were constrained by a substantial backlog of cases. The Commission also noted that the High Judicial Council routinely failed to properly defend the independence of higher and appellate court justices from political influence. Although the High Judicial Council investigated four cases against judges charged with malfeasance and dismissed one judge for disciplinary reasons, a comprehensive evaluation of judges and prosecutors does not exist.

Serbia has continued to implement its existing and amended legal framework to fight corruption, abuse of power and other corrupt practices. However, cases of public officials in senior positions being found guilty of corruption are rare.

Prosecution of
office abuse

7

A number of former government ministers and public officials as well as the billionaire tycoons Miroslav Mišković (2012) and Miroslav Bogićević (2014) have been arrested following an anti-graft investigation. However, the court cases against Mišković and Bogićević were still pending in January 2015. According to a 2014 report on Serbia by the European Commission, “final convictions remained rare and high-profile cases remained at risk of political interference.”

Serbia’s parliament adopted a law to tackle corruption in public procurement processes. In July 2013, the parliament adopted a National Anti-Corruption Strategy for the period 2013-2018. The strategy proposes giving control of political party financing to the State Audit Institution. The main goals of this strategy are to address weaknesses in the legal framework governing the political party financing, remove conflicts of interest, and oversee the assets and revenues of public officials. The strategy also proposes establishing clear criteria for the evaluation of public company directors, reducing the discretionary powers of the Privatization Agency director and strengthening financial control mechanisms within the public sector. In November 2014, the parliament adopted a law to protect whistleblowers in cases of corruption. At present, the financing of political parties and election campaigns is highly opaque and provides opportunities for bribery.

Serbia has established a strong system for guaranteeing and protecting civil rights, and for protecting citizens from discrimination. However, persons belonging to the Roma and LGBT communities continue to face prejudices and discrimination in society. Prison conditions remain difficult, though the government has adopted a strategy to reform the penal system. According to a 2014 report by the European Commission, public officials rarely publicly condemn threats, physical assaults, incite violence or hate speech by extremist groups against civil society organizations and activists.

Civil rights

8

Serbia hosts one of the largest populations of displaced people in Europe. According to the U.N. High Commissioner for Refugees, in July 2014, there were almost 44,000 refugees and about 220,000 internally displaced persons (IDPs) in Serbia. Most of these individuals were victims of the Yugoslav wars during the 1990s.

Institutions protecting witnesses have not been adequately implemented. These institutions are limited by a lack of staff, equipment and facilities, while witnesses’ and victims’ confidence in their capacities is also low. In addition, Serbia lacks the resources and institutional framework to properly investigate and prosecute instances of human trafficking.

The National Assembly of the Republic of Serbia has 84 female MPs, more than one-third of the total 250 MPs. Serbia ranks 23 in the world for its number of female MPs. A new law on gender equality and the national strategy was prepared in early 2015.

4 | Stability of Democratic Institutions

Democratic institutions continue to perform their functions. However, they are often inefficient due to frequent friction between departments, lack of adequate financial and human resources, and the prevailing influence of political parties represented in the executive branch.

Performance of
democratic
institutions

7

The role of Serbian parliament has been significantly strengthened, mostly through the introduction and implementation of a number of new and amended laws and regulations that are enhancing its position and efficiency. In December 2013, the parliament adopted a resolution on the EU accession negotiation process. The resolution proposed including civil society organizations in the process and introducing more consultation procedures for developing draft positions. In May 2014, the parliament adopted several important laws regulating, among other things, labor, bankruptcy, privatization and media. These laws were introduced under special arrangements for urgent legislation with limited possibility for parliamentary debate.

MPs regularly scrutinize government ministers. However, the stability of governing majority restricts possible repercussions. Governments often resort to special arrangements for fast-tracking legislation through the parliamentary process. However, the fast tracking of legislation restricts parliamentary oversight.

In January 2015, the parliamentary committee, which oversees the security and intelligence services, supported the Ministry of Defense and Military Security Agency in their dispute with the Ombudsman. The dispute concerned the refusal of the two ministries to provide the Ombudsman with information pertaining to allegations that Military Security Agency agents violently assaulted police officers during the 2014 Pride Parade in Belgrade. MPs of the governing Serbian Progressive Party also launched a campaign to replace the Ombudsman. They argued that the Ombudsman had demonstrated an unwillingness to protect Serbian citizens. In response, government critics argued that this campaign was really an attack on the checks and balances on executive authority, and the separation of powers.

In May 2014, the parliament approved, almost unanimously, the Statute for the Autonomous Province of Vojvodina. The statute introduced a series of amendments, because two-thirds of the previous stipulations had been deemed unconstitutional by the Constitutional Court. The Constitutional Court's ruling concurred with government critics who argued that the statute should not endow Vojvodina's institutions with quasi-state rights and symbols. However, by January 2015, a law regulating the competences and financing of the province remains to be adopted.

All relevant political and social actors accept Serbia's democratic institutions as legitimate. However, the incumbent prime minister has concentrated power in his own hands, marginalized parliamentary oversight, and fiercely attacked the public Ombudsman for challenging the government. President Nikolić publicly criticized the state attorney in charge of persecuting war criminals. The behavior of Serbia's two most powerful politicians, the president and the prime minister, has not been conducive to strengthening democratic institutions.

Commitment to
democratic
institutions
8

In the new National Parliament (2014), there is no anti-EU party, as the anti-establishment and anti-European Serbian Radical Party obtained only 2% of the votes.

5 | Political and Social Integration

The Serbian party system is highly fragmented, moderately polarized and mostly dominated by individual personalities, many of whom have been active on Serbia's political scene for more than two decades.

Party system
7

In the March 2014 general election, the Serbian Progressive Party (SNS) led by Aleksandar Vučić won 158 seats out of 250 with 48.4% of the vote. The SNS's main coalition partner, the Socialist Party of Serbia (SPS), led by the current Minister of Foreign Affairs, Ivica Dačić, won 44 seats with 13.5% of the vote. Among the opposition parties, the Democratic Party (DS) won 19 seats with 6% of the vote and the New Democratic Party (NDS), recently founded by the former president, Boris Tadić, won 18 seats with 5.7% of the votes. Three parties representing national minorities each won 11 seats. Meanwhile, no anti-EU party surpassed the 5% vote threshold to win any seats in the parliament. After this failure, Vojislav Koštunica resigned as president of the Democratic Party of Serbia (DSS). Koštunica was replaced as president of DSS by Sandra Rašković Ivić. Koštunica and a group of close associates have since left the party. Meanwhile, the Serbian Radical Party (SRS), an extreme nationalist party, also failed to surpass the 5% vote threshold.

In spring 2015, according to data provided by political parties, almost 1.5 million people, out of a total population of 7 million, were members of one or more of the almost 100 registered parties. Of these 1.5 million, approximately 500,000 were registered members of the ruling SNS, which is more than Germany's two leading parties, the CDU and SPD. For several months after the 2014 election, the SNS registered up to several thousand new members daily. This fits previous elections patterns in which the DS registered large membership increases after an election victory. However, the number of registered members declined dramatically after an election loss. Sociological research indicates that membership of the ruling party increases employment opportunities, particularly in political offices, among other benefits.

Civil society organizations have participated in public consultations on national policies. For example, the parliament agreed to cooperate with the civil society coalition, Open Parliament, in 2013. Although Serbia does not have a law regulating lobbying, civil society organizations have successfully advocated social agendas. Business interests are organized in a network of local, regional and national economic chambers that function as interest associations. Business tycoons still have considerable political influence, with opaque informal links with political parties and media.

Interest groups

7

The political influence of trade unions is comparatively marginal. In a survey conducted by the European Bank for Reconstruction and Development in 2010, 9% of respondents declared that they were active or non-active members of trade unions. In 2013, according to the Confederation of Autonomous Trade Unions of Serbia, there were 10 protests and 55 strikes, which involved more than 55,000 employees. Most of the strikes were related to company restructuring and failed privatizations. Government amended the Labor Code, in July 2014, without consulting employers' associations or trade unions by using special powers to fast-track policy-making. There are few sectoral agreements, with labor rights and trade unions powers limited in practice despite constitutional guarantees. There is no regular tripartite social dialogue process.

Citizens generally approve democratic norms and procedures, and accept the constitutional framework. However, in surveys conducted by the Center for the Study of Democracy and Elections and the National Democratic Institute, the share of respondents who believe that democracy is better than all other forms of government declined from 39% in 2007 to 30% in 2014. In 2014, 24% of respondents thought that a non-democratically elected government could be better than a democratically elected government, an increase from 18% in 2007. Meanwhile, 25% of respondents in 2014 stated that there is not much difference between democratic and non-democratic systems of government, an increase from 22% in 2007. The survey also suggested that the protests, which toppled President Slobodan Milosevic in October 2000, are perceived less favorably now. In 2014, 47% of respondents believed that the revolution had not brought real change, an increase from 39% in 2007. Additionally, 25% of respondents stated the revolution marks Serbia's decline, and increase from 19% in 2007.

Approval of
democracy

7

The level of public trust in the parliament, judiciary and other democratic institutions is lower than the level of public trust in the church, armed forces, police and some individual politicians. Presently, all public opinion polls suggest that Prime Minister Vučić enjoys more public confidence than any democratic institution.

There are approximately 18,000 civil society organizations in Serbia, with 492 foundations registered in 2013. This was 23% higher than the number registered in 2012. New grassroots initiatives have emerged since 2013. A typical example is the campaign led by a civil society association in Lazarevac against drug dealing.

Social capital

7

Many civil society organizations continue to depend on foreign funding. According to a survey conducted by the European Bank for Reconstruction and Development in 2010, about 37% of Serbian respondents think that people in general can be trusted. This survey also showed that 42% of the respondents were active or inactive members of civil society organizations (including churches and religious organizations).

However, there is still an ethnic distance (i.e. the feeling of alienation among the various ethnic groups) between, for instance, Serbs and Albanians or between most of the population and the Roma.

Source :

https://www.bti-project.org/fileadmin/files/BTI/Downloads/Reports/2016/pdf/BTI_2016_Serbia.pdf



III Political System in Serbia

1. Presentation of the Serbian Political System
- 2. Serbian Political Actors in 2016**
3. Democracy in Serbia

2.1 2016 Elections: Vucic, the thwarted winner

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2016 ELECTIONS: VUČIĆ, THE THWARTED WINNER



OKSANA TOŠKIC

Following the 2014 parliamentary elections Premier Vučić had a comfortable majority, almost a unisonous parliament, all of which made things rather easy for him. When deciding to call early parliamentary elections for April 2016, except for wanting to prolong his mandate for another four years, he had an eye on laying his yoke upon Serbia's political scene. However, he failed to win the absolute majority vote (but 48.23) he had hoped to, failed to boot out the Socialist Party of Serbia /SPS/ and its leader Ivica Dačić, and failed to conquer three

central municipalities in Belgrade (Vratar, Stari Grad and New Belgrade) despite all the fervor of his activists over the elections campaign. And he failed to eliminate the Democratic Party /DS/ he had busily worked on in the past four years.

His biggest triumph was in Vojvodina he had been after ever since he came to power in 2012 wanting to attune the provincial government to



the republican one.¹ Though having tried many times to oust the Democrats in the province they managed to remain in power throughout their mandate. Interestingly, instead of campaigning against autonomy – his Progressists want to have annulled – this time focused on allegedly corrupted provincial leaders.

All the right-wing options (not only party but also groupings that have been undermining the provincial autonomy all the time) cheered SNS victory in Vojvodina. This victory, they take, would an end – at long last – to “separatism” and “autonomists.” Serbia’s territorial integrity in the matter of Vojvodina should be disputed never again, they argue.²

The elections relativized Vučić’s power when compared with the absolute one he had in the previous period – and that is their major trait. True, he won more votes than in the 2012 elections but less parliamentary seats as more voting lists passed the election threshold; an outcome as such actually indicates that his power declines.

What also marked the elections was his reaction to “unexpected results.” Having annulled the results at 15 polling places – in the attempt to undermine the coalitions that passed the election threshold by a hair (DSS-Dveri, LDP-SVL-SDS) – he demonstrated the “hue and cry” about his loss of power in the future.

The composition of the “new” parliament will differ much from the earlier – mostly because anti-European and pro-Russian parties won seats now. Among other coalition partners Vučić was running the elections with a new

one – the Serbian People’s Party led by Nenad Popović, which is extremely anti-European and pro-Russian. This change – when compared with the earlier, absolutely “pro-European” parliament – will at least impart some new momentum in the proceedings.

By the number of parliamentary seats won, the coalition between Ivica Dačić’s Socialist Party /SPS/ and the Unique Serbia came in second (10.97%). There still is not telling whether Vučić will take them for partners in the government. Together with SPS he would enjoy a solid majority in the parliament.

With 8.11% of the vote Šešelj’s Serbian Radical Party /SRS/ will also be in the parliament. It was not represented in the previous period. Its comeback is mostly due to Šešelj’s “victory” over the Tribunal in The Hague. It is followed by Saša Radulović’s movement *Dosta je bilo* (*Enough is Enough*) and the coalition between Bojan Pajtić’s Democratic Party, Zoran Živković’s New Party and the Democratic Alliance of Croats in Vojvodina having won 6.2% of the vote.

The fact that at least six election lists won parliamentary seats, including those analysts and, most of all, public opinion polls had kept below the election threshold or, at very best, “close to it by a hair,” in encouraging.

Former supporters of the Liberal Democratic Party /LDP/ and the Democratic Party /DS/ in urban areas, mostly the young, seemed to have turned to the movement “*Enough is Enough*” now. Saša Radulović’s election campaign (mostly at social networks) had targeted corruption, notably its “center,” Aleksandar Vučić, and patriarchy that “eats up Serbia.” His movement has no ideological profile; how successful it will be in the next electoral round, remains to be seen.

1 Four years ago, the Democratic Party won the majority vote in Vojvodina. Together with its coalition partner, LSDV and the Alliance of Vojvodina Hungarians, it managed to stay in power despite the Progressists’ constant endeavor to oust it at any price.

2 Pečat, April 29, 2016.



The Democratic Party of Serbia (DSS)-Dveri coalition and the Radicals will stand for clerical-nationalistic parties in the new parliament – and considerably influence parliamentary debates as such.

With the confusion it created, let alone serious indications about a put-up job, the Republican Electoral Commission /RIK/ only further undermined institutions. Dragging its feet while counting votes and then giving contradictory statement about who has and who has not passed the election threshold, it only brought the post-election atmosphere to a red heat and lost much of its legitimacy.

SERBIA'S PUBLIC OPINION

Over the past year Serbia's public opinion has changed considerably about EU. According to most optimistic assessments, hardly 50% of citizens support Serbia's membership of EU. Several are the reasons for this change of heart: turbulence within EU itself, mostly over the refugee crisis, the uncertain outcome of the referendum in the Great Britain, and above all, Russia's media offensive. Hence, citizens – whose turn of mind is anyway anti-reformist – are more and more ambivalent about the course Serbia should take.

Euro-skepticism and opposition to radical reform used to be strong but never so manifest in the parliament as now; most of all because Premier Vučić is untouchable leader of SNS and as such commands obedience and loyalty. At the same time, all this indicates that ratings of his SNS would have been much lower was he not so popular. And this is why an extremely pro-Russian party as his could not afford not to "follow" him on his "course to Europe."

According to sociologist Srećko Mihajlović, the biggest victims of the Premier and his cabinet's

"painful economic measures" have mostly cast the ballot for the SNS coalition. Workers voted out of desperation rather than conviction, he says. And some voted out of fear or tiny hope that things would go for the better. Or perhaps, he says, they were all under the influence of the media since they saw no one else there except for Vučić – who "had screened everyone else and covered them with a net of invisibility."³

VOUĆIĆ'S BITTER PILLS

Only an hour or two after the closure of voting stations, Vučić and his SNS proclaimed their victory "historical;" they claimed that not a single party before had ever won so many votes (a rather disputable argument).⁴ However, when faced with facts and electoral mathematics Vučić's triumphant mood suddenly plopped. First, his coalition now had more members than two years ago: the Party of United Pensioners and the Serbian People's Party.

Second, since more parties passed the election threshold than before, the leading SNS coalition received 131 parliamentary seats or 28 seats less than it used to have. Actually, SNS will have less than 100 MPs (98) as the rest has to be allocated to its coalition partners whose appetites Vučić will have to satisfy in other ways too.

Although he has not ensured an absolute majority Vučić can form his cabinet even without the Socialists /SPS/. The question he is faced with now is whether his "inner" coalition will have enough loyal MPs to keep parliamentary majority with 131 votes (the majority itself necessitating 126) or some of them would become aware in the meantime of their "potential for

³ Danas, May 9, 2016.

⁴ Analysts, for instance, remind of SNS triumph in the first multiparty elections in 1990.



blackmail" and set their price, higher than the one of the Socialists.

With constant smear campaign Vučić had tried to totally discredit DS – but failed to. In coalition with the New Party and two regional ones, DS passed the election threshold and gained 16 seats in the parliament.⁵

PRO-EUROPEAN BLOC ON THE DEFENSIVE

Parliamentary and non-parliamentary pro-European opposition had tried to agree on an electoral coalition. Once their negotiations failed, they marched into the elections in two columns: DS and its partners in one, and LDP, the Socialist Democratic Party /SDS/ and LSV in the other. Both groupings will be represented in the parliament – though with a minimal number of votes.⁶

The Democrats – stigmatized all the time – had not managed to get consolidated in the past four years since they lost the power. A coalition with two other pro-European blocs failed because of narcissism of party leaders as much as because of non-existent political platform voters could give their trust.

And not only at the level of republic but in Vojvodina too, had the authentic, anti-nationalistic and anti-fascist provincial party, LSV, suffered a fiasco. It had been in power in coalition with DS ever since 2000. But now, with only 9% of the vote won in the province it will have fewer MPs in the provincial parliament than,

⁵ According to some analysts, Vučić wanted to have the coalition DSS-Dveri below the election threshold; TV N1, April 25, 2016. .

⁶ This especially applies to the Čeda-Boris- Čanak coalition having passed the election threshold by a hair (5,03%); it failed to ensure seats in the parliament of Vojvodina.

say, the Serbian Radical Party. In some towns – their traditional strongholds such as Zrenjanin, Novi Sad or Kikinda – the number of the votes for LSV was almost halved. Since LSV was far from being such big target of the election campaign smearing as DS, its failure is to be ascribed to its leader's inconsistency – his "flirting" with Premier Vučić.

Many say that the biggest election surprise and the only true winner is Saša Radulović's movement "Enough is Enough." Not a single "official" public opinion agency had predicted that it would pass the election threshold. Historian Čedomir Antić called its success "a success of actually one revolted man."⁷ The movement will be participating not only in the republican and provincial parliaments but also in local self-governments throughout Serbia and Vojvodina.⁸

REPUBLICAN ELECTORAL COMMISSION – THE HOTBED OF POST-ELECTION CRISIS

The fact that the Republican Electoral Commission /RIK/ failed to publicize preliminary results more than five hours after closing of the voting stations caused first suspicions in the fairness of elections. In the meantime, once credible CeSID and some other public opinion agencies, as well as political parties, have come out with superfluous and totally wrong prognoses. Since almost everyone had "busied himself" with a variety of information of his

⁷ Politika, April 28, 2016.

⁸ For instance, the "Enough is Enough" movement won more votes than DS and LSV although not long ago Radulović referred to Vojvodina as „an extra administrative expense;" then he corrected himself by saying that Vojvodina should have the highest level of autonomy „in some domains, including the legislation." Vreme, April 28, 2016.



own, nervousness, tension and suspicions have soared.

The hue and cry about rigged elections began even before the Election Day only to be continued till the closing of voting stations; like in 2014 no evidence proved it. Premier Vučić himself spoke about rigged elections before they took place at all. However, till the legally set deadline only two complaints were presented to the RIK.

On the very same night all opposition leaders (except for Šešelj) went together to the RIK and announced to form a legal team of their own to double-check election results. Only a day later SNS leader Aleksandar Vučić announced the same, claiming that some “weird things” were going on “under the cover of the night” on Sunday (the Election Day). “How come that some parties passed the election threshold overnight and scaled down SNS results?”⁹

The post-election galimatias went on even after RIK President Dejan Đurđević, three days following the Election Day (when the legal deadline expired), announced that he had received 60 complaints. Therefore, the RIK decided to have elections repeated in 15 voting stations. On Thursday, April 28, the RIK passed another deadline as it continued counting votes till the early morning of April 29. Eventually, it announced that DSS-Dveri coalition had one vote less and, therefore, failed to pass the election threshold.

All this taken together looked rather disturbing and utterly – suspicious. Accused by the opposition of manipulating and remolding “citizens’ election will” with the helping hand from the RIK (the RIK President is in the membership of SNS Presidency), the regime retorted that the

RIK was working in “impossible conditions under constant pressure from election losers.”¹⁰ Be it as it may, all this cast a shadow over the 2016 elections. As many observers noted, peaceful change of regime is among those few tenets of democracy Serbia has respected in the past 15 years. Developments of April 2016 seriously questioned this achievement since, as analyst Đorđe Vukadinović put it, “It’s hard to rebuild the trust lost in electoral proceedings.”

International observers assessed the elections as generally “fair” saying that irregularities that had taken place had not, in their opinion, undermined the electoral process as a whole.

MESSAGES FROM THE WORLD – AFFIRMATIVE BUT RESERVED

In their messages to the Premier and his party international officials congratulated him on “impressive victory,” especially in the context of the number of other parties to be represented in the parliament that would be supporting “Serbia’s course to EU.” This was the emphasis since this time Vojislav Šešelj’s right-wing and pro-Russian Serbian Radical Party will have its MPs – all of which is a red alert to officials from the West.

Having spent his “election weekend” in Belgrade, EP rapporteur for Serbia David McAllister said that Aleksandar Vučić had “asked for and got” a clear-cut mandate for his pro-European reforms. Now it is on the government and the parliament to implement the reforms in the domains of the rule of law, the struggle against corruption, public administration, and economy, and to ensure the freedom of the media, he said.¹¹

⁹ Politika, April 27, 2016. .

¹⁰ On the eve of repeated elections in 15 voting stations, President Tomislav Nikolić asked „the participants” not to pressurize the RIK.

¹¹ Politika, April 26, 2016.



German Chancellor Angela Merkel was among the first to extend her congratulations, the same as EU Commissioner Johannes Hahn, French Premier Manuel Valls, EC President Donald Tusk, Austrian Foreign Minister Sebastian Kurz and others.

However, some noted that the extreme right scored “dangerous points” in the elections. “It is no good to have the extreme rightist Radicals in the new parliament,” messaged Eduard Kučan, members of the EP and president of the Committee for Cooperation with Serbia.¹²

According to British political expert James Ker-Lindsay, “it is most disappointing to have nationalistic parties represented in the parliament.”¹³ However, he reminds that this was that public opinion polls had already indicated and, therefore, not a shock to observers. The Radicals’ in the parliament are harmful to Serbia’s international repute, he said, adding that he nevertheless believed not “they would have any significant influence whatsoever on the realities.”¹⁴

Professor Daniel Serwer points to “huge support” Vučić received for his pro-European policy. According to him, the secret of the West’s “benevolence” for Vučić is in the fact that he successfully manages whatever EU wants him to.

There are some uncertainties about US officials’ reaction to the electoral victory of the Progressives. Namely, in the Election Night US Ambassador to Serbia Kyle Scott paid a visit to DS headquarters rather than to SNS. The Embassy released that the Ambassador had wanted to visit SNS headquarters too but gave up since Aleksandar Vučić has had to leave the premises for “personal reasons.”

¹² Politika, April 26, 2016.

¹³ Danas, April 26, 2016.

¹⁴ Ibid.

Even the message sent from the Department of State, noted columnist Radivoj Cvetičanin, and was unusually reserved when compared with Washington’s earlier support: namely, the message was not addressed to the Premier and was “very technical and utterly reserved.”¹⁵

RUSSIA – SATISFIED WITH THE SUCCESS OF THE “RUSSIAN FACTOR”

Directed towards Belgrade, Russia’s growingly aggressive campaigns in the region – especially after Montenegro was invited to the membership of NATO – were after drawing it to itself inasmuch as possible. Moscow has obviously replaced its soft power with hard policy. Sudden activation of the Russian

Russians were following the elections in Serbia with much interest. Judging by their commentaries, they are most satisfied with the outcome and disagree with the Western media that the pro-Russian option had suffered debacle. Unlike in the previous, 34 MPs (Radicals and Dveri-DSS coalition) will be in this one to openly argue for closer cooperation with Russia. Election results, they say, will crucially influence the balance of power in the parliament given that patriotic parties will be the opposition. There will be unison and uniformity no more.¹⁶ The presence of the Radicals in the parliament will narrow down the room to maneuver in to the ruling party when it comes to the issue of Kosovo, membership of NATO and EU.

Konstantin Kosachev of the Committee of RF Council for International Relations takes that the winning coalition includes two of Russia’s old partners – SNS and Serbian People’s Party. Both parties strongly oppose the country’s

¹⁵ Danas, April 30-May 2, 2016.

¹⁶ Nedeljnik, April 28, 2016.



membership of NATO and advocate closer relations with Russia in all domains.¹⁷

Peter Iskenderov of the Slavic Institute of the Russian Academy of Sciences says that these were the first election in modern history in which citizens were voting for their country's foreign policy course and that no referendum on the membership of EU is in sight or concessions to be accepted for this purpose hoped for.¹⁸

Russian analysts – like, say, Oleg Bonderenko of the Strategic Communications Agency – take that the “Russian factor” has never before been so strong as it was in these elections and that it has now become all-encompassing.¹⁹ He especially praises Šešelj for such political

constellation. Šešelj is a political father of Serbia's incumbent elite in power and, hence, is inseparable from it, he says.²⁰

Russian commentaries are stressing the EU has completely exhausted its integrative potential and that Serbia's membership of it is out of question at this point. True, they admit that at this point neither Moscow has a geopolitical model and an economic package to offer Belgrade the government, therefore, should build its own geopolitical model together with neighboring countries – Hungary, Rumania, Bulgaria, Montenegro and Bosnia – so as to regain its status of a regional arbiter and mediator in regional conflicts.²¹

CONCLUSION AND RECOMMENDATIONS

The elections testified that citizens are interested in the issues of their everyday living – hence, “big policy” such as Kosovo, the past, NATO or EU was not decisive to their vote. Once again the majority of citizens said they trusted Premier Vučić most of all.

The democratic, pro-European opposition demonstrated all its weaknesses – especially for having failed to get consolidated and develop a joint and convincing political platform.

MPs from the ruling party will be fewer than before; fewer by 25 percent, which amounts to a tight majority one cannot rule with easily. This increases the coalition potential of smaller parties.

Serbia's pro-European orientation depends on Vučić's capacity to resist the pressure for Russia, the more so since his party's grassroots are mostly pro-Russian, nationalistic and conservative. If the Premier goes on with his double game and balancing (between Russia and EU) Serbia will end up in a blind alley in almost no time – and that means closer cooperation with Russia and postponement of its European future.

With right-wing and pro-Russian parties in the parliament national questions – in the back seat up to now – will be once again on the agenda.

The new cabinet's pro-European course will depend on its results. The trust placed in it cannot last for long, the more so since the Premier growingly manifests his bent to authoritarianism.

EU – that carefully observes developments in Serbia – should not neglect the so-called Russian factor and, hence, pass over the Premier's more than obvious authoritarian tendency. The beginning of accession negotiations with EU is imperative for Serbia, as well as a well-thought-out plan for the country's economic recovery.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.



2.2 The President of the Republic: Tomislav Nikolić

Tomislav Nikolić was born on 15 February 1952 in Kragujevac. He holds a master degree in economy. He completed secondary technical school (civil-engineering) in Kragujevac. He graduated from the Faculty of Economy and Engineering Management in Novi Sad. He started his career in 1971 by getting an employment in a civil engineering company “Žegrap” and worked in Majdanpek, Priboj, Prijepolje, Trebinje, Belgrade and other places. In 1978, he returned to Kragujevac to work in company “22. decembar” as head of Investment and Maintenance Department. He was a technical director of a public utility company in Kragujevac.



Nikolić's first party engagement was in the National Radical Party where he was soon elected Vice-president. At his initiative, this party merged with local committees of the Serbian Chetnik Movement ran by Vojislav Šešelj and so on 23 February 1991, a new party was thus created called the Serbian Radical Party. Vojislav Šešelj was elected the Party's first President with Nikolić becoming Vice-president. He has been subsequently voted three times as the Party's Deputy President. On 6 September 2008, he resigned from all positions in the Serbian Radical Party and in October 2008, he founded the Serbian Progress Party. He was elected its President at the Founding Assembly on 21 October 2008.

Since 1992, Tomislav Nikolić has been a deputy in the Assembly of Serbia, the only deputy elected to all assemblies since 1992. Due to his political engagement, in 1995 he was sentenced to a two-month prison term which he served in Gnjilane. In March 1998, he was elected Vice-President of the Government of Serbia. Since August 1999, he was Vice-President of the Federal Government during the premiership of Momir Bulatović.

In May 2007, he was elected the President of the National Assembly of the Republic of Serbia only to be voted out from this position by the same people who previously voted for him. He ran for President in 2000 and came in third, after Vojislav Koštunica and Slobodan Milošević. In the 2003 presidential elections he won most of the popular vote (47 %) but did not become President due to a low voter turnout. In repeated presidential elections in 2004, he won most votes in the first round. He lost to Boris Tadić in the second round, 45 %: 53.7 %. At the 2008 Presidential elections, Nikolić managed to win the most votes in the history of the Radical Party (2,197,155 i.e. 47.97 %) and lost to his rival with a small margin (2,304,467 i.e. 50.31 %).

At the 2012 Presidential elections, Tomislav Nikolić won against the incumbent President Boris Tadić in the second round by 49.54 % (1,552,063) to 47.31 % (1,481,952 votes) and became President of Serbia. He resigned his post of the President of the Serbian Progress Party and thus made good on his pre-election campaign promise to be the President of all citizens in Serbia. He took an oath on 31 May 2012 before the deputies in the National Assembly and assumed presidency.

He is married to Dragica, with two sons, Radomir and Branislav. He has five grandchildren: Lenka, Julija, Dimitrije, Vojin and Janko.

Source : <http://www.predsednik.rs/en/president/biography>

2.3 The Government

▪ The Prime Minister : Aleksandar Vucic

Born on 5 March 1970. In 1988 he graduated from the Zemun high school and the Faculty of Law, University of Belgrade in 1994. He joined the Serbian Radical Party in 1993. He was elected an MP into the National Assembly of the Republic of Serbia in 1993. He was elected Secretary General of the Serbian Radical Party in 1994. He stayed in that position until 2008. He became director of the Pinki business and sport centre in Zemun in 1996. With his knowledge, management skills and abilities he reconstructed these neglected sports facilities, and with successful operation he multiplied the incomes of the employees. He was appointed Minister of Information in the Government of National Unity in 1998. He was an MP in the Federal Assembly of Yugoslavia in three terms of office: the Council of the Republics as of February 1998, Council of the Republics as of May 2000, and in September 2000 he was elected an MP in federal elections.



In Belgrade mayoral elections “Vucic for the Metropolis” he won 29% of the votes in the first round, i.e., 48% of the votes in the second round. In Belgrade mayoral elections held in May 2008, he won 316,357 votes, i.e., 34, 7%. Together with Tomislav Nikolic, he founded the Serbian Progressive Party, and at the Founding Convention in October 2008, he was elected the party’s vice president.

After the general parliamentary elections, held in 2012, he was appointed Minister of Defence and the First Deputy Prime Minister, in charge of fight against crime and corruption. After Tomislav Nikolic resigned from the position of the president of the Serbian Progressive Party, on 24 May 2012, Vucic became acting president of the Serbian Progressive Party. At the Second Party Congress, held on 29 September 2012, he was unanimously elected President of the Serbian Progressive Party.

He served as Defense Minister from 28 July 2012 until the government’s reshuffle on 2 September 2013. He has actively participated in negotiations between the Serbian government and provisional institutions in Pristina, under the auspices of the EU. He made his contribution to the signing of the Brussels Agreement in April 2013, whereby, for the first time since 1999, the realistic basis has been created for Serbian people living in Kosovo-Metohija to establish institutions that would be recognized by the international community.

Since September 2013, he kept only the position of the First Deputy Prime Minister in charge of fight against corruption and crime. Vucic sees Serbia as an organized, modern European country, regional leader in economy, politics, infrastructure, energy, overall stability, affirmation of human rights and freedoms, but as well as in education, culture, science, commitment, sports and finally – a rising birth rate. After **the** Serbian Progressive Party won in the elections held on 16 March 2014, Vucic became Serbian Prime Minister [He makes his second term since his victory in early parliamentary elections on April 24, 2016]. He holds the Captain Misa Anastasijevic award for person of the year 2012, the person of the year 2013 award by Nezavisne Novine from Bosnia-Herzegovina. He is also winner of the man of the year 2013 award, given by the European magazine The Man, The European of the year 2013 awarded by the First European House, the Vidovdan Award of 2013, given by the City of Krusevac and the award Regional Leader of 2014, given by Vecernji List, Bosnia-Herzegovina.

Married, father of Danilo and Milica.

Source: <http://www.srbija.gov.rs/vlada/predsednik.php>

- **The ministries**

The composition of the cabinet has to be confirmed.

PM-designate Aleksandar Vucic said on [6 July, 2016] that "any talk about a date when the government will be formed would amount to speculation."

Source: Tanjug Wednesday, July 6, 2016 | 14:15

The SNS leader also said that his cabinet will certainly be formed within the legal deadline, and "before Britain gets its (new) prime minister" - something that has been announced for October.

"I still don't have the final composition, but there will certainly be people capable and determined to carry out reforms," Vucic said, adding that while he was "yet to define his team - the goals have already been defined."

"There will of course be people from the party, but also those who are not from the SNS," he said. He also told reporters in Obrenovac that he was "not certain that his government would be formed before the opening of (EU accession talks) chapters on July 19."

He also said it was "not easy to say" whether Serbia was "closer to getting a government" after EU's decision to open chapters 23 and 24.

Speaking about the decision to open these chapters that had been blocked by Croatia for several months, Vucic said that "nobody, including Croatia, put new conditions before Serbia."

Source : http://www.b92.net/eng/news/politics.php?yyyy=2016&mm=07&dd=06&nav_id=98540

The legal deadline for the creation of the government is 5 September 2016.

2.4 The National Assembly

▪ The Speaker : Maja Gojkovic

Name	Maja Gojkovic
Electoral List	Aleksandar Vucic - Future We Believe in (Serbian Progressive party, Social Democratic Party of Serbia, New Serbia, Serbian Renewal Movement, Socialist Movement)
Parliamentary group	Serbian Progressive Party Parliamentary Group
Date of Verification of MP's Mandate	16.04.2014
Occupation	Lawyer
Committee membership	Committee on the Rights of the Child (Chairperson) Delegation to the Inter-Parliamentary Union (Head)
Delegation membership	Delegation to the South East Europe Cooperation Process Parliamentary Assembly (Head)
Residence	Novi Sad

Biography

Maja Gojkovic was born on 22 May 1963 in Novi Sad. She attended Branko Radicevic elementary school and Jovan Jovanovic Zmaj grammar school. She graduated from the Faculty of Law, University of Novi Sad, in 1987, and took the Bar in 1989. She began her career in the family law office founded by her father Mita Gojkovic.

She earned a rich parliamentary experience serving in all the legislatures of the state parliament since 1992. She was also an MP in the Assembly of the Autonomous Province of Vojvodina from 1996 to 2000.

Served as minister without portfolio in the Government of the Republic of Serbia 1998-1999 and was Deputy Prime Minister of the Government of the Federal Republic of Yugoslavia 1999-2000.

Elected mayor of Novi Sad in the local elections in September 2004, becoming the first woman mayor in the history of the city.

Since May 2012, Maja Gojkovic has been an MP in the National Assembly of the Republic of Serbia, member of the Foreign Affairs Committee and the Committee on the Judiciary, Public Administration and Local Self-Government.

On 3 June 2016, she was re-elected, by majority vote, Speaker of the National Assembly of the Republic of Serbia, 10th legislature. Maja Gojkovic is also the Chairperson of the Committee on the Rights of the Child and the head of the standing delegations to the Interparliamentary Union and the Parliamentary Assembly of the South East Europe Cooperation Process. Member of the presidium of the Serbian Progressive Party.



Source :

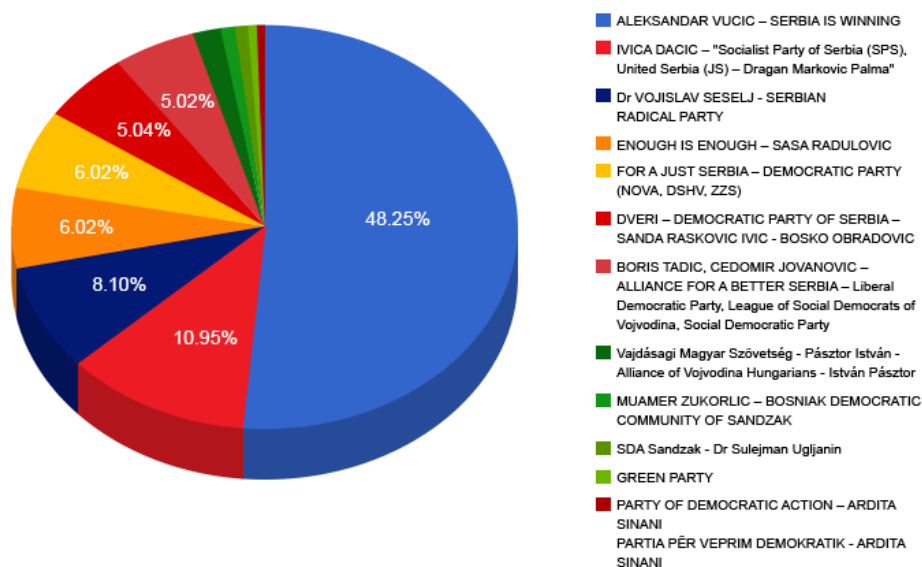
<http://www.parlament.gov.rs/national-assembly/composition/speaker/speaker.473.html>

Seats in the National Assembly

Party	Full name	Leader	%	Seats	+/-
SNS Coalition	Serbian Progressive Party	Vucic	48.25%	131	-27
SPS-JS	Socialist Party of Serbia - United Serbia	Dacic	10.95%	29	-15
SRS	Serbian Radical Party	Seselj	8.60%	22	+22
DJB	Enough is Enough	Radulovic	6.02%	16	+16
DS Coalition	Democratic Party (NOVA, DSHV, ZZS)	Pajtic	6.02%	16	-3
Dveri-DSS	Dveri - Democratic Party of Serbia - Sanda Raskovic Ivic - Bosko Obradovic	Rqskovic Ivic	5.04%	13	+13
SDS-LDP-LSV	Boris Tadic, Cedomir Jovanovic - Alliance for a better Serbia - Liberal Democratic Party, League of Social Democrats of Vojvodina, Social Democratic Party	Tadic	5.02%	13	-5
VMSZ-VMDP	Vajdasagi Magyar Szövetség - Pásztor István - Alliance of Vojvodina Hungarians - István Pásztor	Pasztor	1.50%	4	-2
BDZ	MUAMER ZUKORLIC – BOSNIAK DEMOCRATIC COMMUNITY OF SANDZAK	Zurkorlic	0.86%	2	+2
SDA Sandzaka	SDA Sandzak - Dr Sulejman Ugljanin	Ugljanin	0.80%	2	-1
ZS	Green Party	Cabradi	0.63%	1	+1
PDD	PARTY OF DEMOCRATIC ACTION – ARDITA SINANI PARTIA PËR VEPRIM DEMOKRATIK - ARDITA SINANI	Sinani	0.43%	1	-1

Sources : <http://www.srbija.gov.rs/vesti/vest.php?id=116205>

<http://www.parlament.gov.rs/national-assembly/national-assembly-in-numbers.1743.html>





III Political System in Serbia

1. Presentation of the Serbian Political System
2. Serbian Political Actors in 2016
- 3. Democracy in Serbia**

Serbia

by Miloš Damjanović

Capital: Belgrade
Population: 7.129 million
GNI/capita, PPP: \$12,150

Source: World Bank *World Development Indicators*.

Nations in Transit Ratings and Averaged Scores

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
National Democratic Governance	3.75	4.00	4.00	3.75	3.75	3.75	3.75	3.75	3.75	4.00
Electoral Process	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Civil Society	2.75	2.75	2.75	2.50	2.25	2.25	2.25	2.25	2.25	2.25
Independent Media	3.50	3.75	3.75	4.00	4.00	4.00	4.00	4.00	4.25	4.50
Local Democratic Governance	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Judicial Framework and Independence	4.25	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Corruption	4.50	4.50	4.50	4.50	4.25	4.25	4.25	4.25	4.25	4.25
Democracy Score	3.68	3.79	3.79	3.71	3.64	3.64	3.64	3.6	3.68	3.75

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. If consensus cannot be reached, Freedom House is responsible for the final ratings. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year. The opinions expressed in this report are those of the author(s).

EXECUTIVE SUMMARY

In 2015, Serbia's democracy continued the modestly negative trajectory observed in 2014. While some areas of democratic development saw minor improvements, they were outweighed by worrying developments in the government's attitude toward dissent or criticism. A huge parliamentary majority and strong public support allowed the government to take important steps in moving forward with European Union (EU) accession, normalizing relations with Kosovo, and implementing key fiscal and economic reforms. However, the ruling coalition of the Serbian Progressive Party (SNS) and the Socialist Party of Serbia (SPS) continued to display a sharp intolerance for any kind of criticism either from opposition parties, independent media, civil society, or even ordinary citizens. Independent government bodies, such as the ombudsman, came under particularly severe attack for attempting to hold government officials and institutions to account and upholding the rights of ordinary citizens.

Having negotiated a three-year reform agreement with the International Monetary Fund (IMF), the government took bold moves to stabilize public finances and halt the alarming growth of public debt. Despite the unpopularity of austerity measures, the government maintained remarkable overall support for its efforts. In March, Serbia completed the first phase of EU accession negotiations, known as "screening,"

and the first negotiating chapters were opened in December. In addition, Belgrade and Pristina made significant progress in implementing the 2013 Brussels Agreement through accords agreed in August, helping the further normalization of relations.

Despite frequent speculation, fed by the ruling SNS, no early elections were held in 2015. Nevertheless, the ruling coalition kept up pressure to realign local governing coalitions; and the worrying trend of political violence and intimidation during local elections, which started in 2014, continued in 2015. In opposition-run municipalities such as Indija, accusations were frequently made that the SNS in particular was using violence and intimidation to wrestle control of local government away from their opponents. In southern Serbia, ethnic Albanian deputies from the municipalities of Preševo and Bujanovac demanded the creation of an autonomous Association of Albanian Municipalities, akin to the Association of Serb Municipalities due to be created in Kosovo. However, Serbian authorities and the international community largely ignored their demands.

Despite the challenges faced by many well-established nongovernmental organizations (NGOs) when it comes to funding, civil society life in Serbia remained vibrant and lively. Citizens continued to organize on an ad hoc basis to pressure the authorities on specific local issues as well as to offer support to the large wave of migrants and asylum seekers passing through Serbia from the Middle East. Unlike in parts of Central and Eastern Europe, there were no anti-Muslim or anti-immigration rallies. For the second consecutive year, activists and NGOs campaigning for the rights of LGBTI people held a Pride Parade in Belgrade. The event passed off with no major violent incidents, albeit under heavy police protection and with little public support.

By contrast, the media remained under heavy pressure. Editors and journalists continued to complain of government attempts to interfere with editorial policy and limit critical reporting. In particular, public advertising was used to reward friendly and punish critical media. Together with a contraction in other forms of income, this led to widespread self-censorship by editors and journalists. Official intolerance for investigative reporting critical of the ruling parties was particularly evident in the shrill attacks by Prime Minister Aleksandar Vučić on the Balkan Investigative Reporting Network (BIRN) in the first half of the year. The government moved to privatize many state-owned media; a step it argued would increase their independence. Yet, in reality, the process seems to have resulted in the sale of a large number of outlets to businessmen close to SNS, effectively further reducing their independence.

Little progress was made in improving the organization and efficiency of the judicial system in 2015. The government drew up an action plan for judicial reform, prepared as a condition for opening accession negotiations with the EU in Chapter 23 on the Judiciary and Fundamental Rights. The action plan, which was drafted following consultation with the EU, contains detailed measures to be implemented over the coming years and includes measurable indicators of success. Attempts to exert political influence over the judiciary continued in 2015 and were most visible in efforts to remove Chief War Crimes Prosecutor Vladimir Vukčević from office before the end of his mandate. Many saw his willingness to dig deep in war crimes committed by the Serbian side during the wars of the 1990s as the reason behind such efforts.

Despite the fact that the ruling SNS's rise to power was based on promises to fight corruption, there was a significant discrepancy between official rhetoric and concrete steps taken to stem corruption. The rare exception was a June law protecting whistleblowers. A clear record of corruption-related court convictions still needs to be established; and even the number of indictments brought forward remains low relative to the number of cases opened and investigated. Meanwhile, periodic corruption accusations against members of the SNS and individuals close to it were usually dismissed by senior party officials, with no legal action taken.

Score Changes:

- **National Democratic Governance rating declined from 3.75 to 4.00** due to an excessive concentration of power in the hands of Prime Minister Vučić and a gradual deterioration of domestic democratic governance in past few years that signifies a lasting trend.
- **Independent Media rating declined from 4.25 to 4.50** as the space for independent media

reporting continued to shrink amid widespread self-censorship, while the ruling party's control of advertising and other sources of funding, along with verbal attacks by government officials, amounted to indirect censorship.

As a result, Serbia's Democracy Score declined from 3.68 to 3.75.

Outlook for 2016: Serbia will hold regularly scheduled local elections as well as Vojvodina provincial elections in the spring of 2016, and Prime Minister Vučić has already decided to combine this with early parliamentary elections. There seems little doubt that the SNS will emerge victorious after these elections, particularly as the opposition remains in disarray. It will be important to watch whether the ruling party steps up attempts to bring independent media under greater control in the run-up to these elections, as seems likely. Equally important will be whether the trend of violence in elections at the local level seen in 2014 and 2015 continues next year. On a more positive note, the government can be expected to continue pursuing EU accession together with the normalization of relations with Pristina. Attempts at fiscal consolidation and economic reform are also likely to continue in 2016.

MAIN REPORT

National Democratic Governance

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3.75	4.00	4.00	3.75	3.75	3.75	3.75	3.75	3.75	4.00

- During the course of 2015, Serbia's ruling coalition between the Serbian Progressive Party (SNS) and Socialist Party of Serbia (SPS) remained stable under the firm leadership of Prime Minister Aleksandar Vučić. However, rumours periodically surfaced, particularly in the second half of the year, that early parliamentary elections would be held in December, along with early elections for local government assemblies and the Vojvodina provincial government.¹ Such speculation was fed primarily by senior members of the SNS leadership, including Vučić himself, and served two main goals. First, such speculation crowded out other news items from the media as well as served to control the agenda itself. Second, it was clearly intended to place a strain on the—until then—relatively stable coalition government in Vojvodina province, led by the opposition Democratic Party (DS), in the hope that it would collapse. The fact that senior SNS officials were aware that the calling of early local elections across the country was unconstitutional made it even more troubling. Equally, the central government did not have the prerogative to dismiss the Vojvodina Assembly and call early provincial elections unless the Vojvodina government lost its majority in the provincial assembly.
- The fact that Vučić's own SNS had an absolute majority in parliament and was therefore not dependent on its junior coalition partners gave the prime minister a degree of control over the government that is unprecedented in recent Serbian political history. Thanks to this, the government was able to drive legislation through parliament with relative ease, adopting important laws aimed at improving the business environment in Serbia and implementing fiscal consolidation efforts envisaged under the Stand-By Arrangement signed with the International Monetary Fund (IMF) in November 2014.² However, civil society organizations monitoring the work of the parliament were critical of the increasing use of urgent procedures to pass laws, limiting public and parliamentary debate.³ Equally, with the ruling coalition enjoying the support of around four-fifths of deputies in the parliament, there was little scope for the legislature to act as a meaningful check on the executive.
- Attempts to suppress criticism and even undermine the work of independent institutions were evident throughout the year. The most intense attacks were directed at Citizens' Ombudsman Saša Janković.

During late 2014 and early 2015, Janković's office sought to conduct probes into illegal military surveillance against opponents of the government, but his work was hindered by Defence Minister Bratislav Gašić and other government officials. In January 2015, Janković complained that he was receiving threats because of these investigations, and in late April, tabloid newspapers close to the SNS began a campaign against the ombudsman.⁴ The smear campaign, which lasted for weeks, questioned Janković's involvement in the suicide of a friend who had shot himself with a gun in his apartment in 1993. Despite the fact that the original investigation cleared Janković, Gašić intervened to call on the ombudsman to explain his involvement in what he pointedly referred to as a "murder."⁵

Such actions were complemented by efforts to create a perception that domestic and external "enemies" of the government were hatching sinister plans to bring down Vučić's cabinet. One very clear example of this were accusations by Vučić himself on January 9 that certain local media were receiving money from the European Union (EU) to criticize his government.⁶ Later, in November, pro-SNS outlets and journalists, with the collusion of senior SNS officials, published articles about an imminent coup against Vučić and his government. The drama ended with Vučić clarifying that the claims were "not quite true." On a separate occasion in December, Vučić accused OSCE Representative on Freedom of the Media Dunja Mijatović of "orchestrating an attack" on the country during the 2014 floods in Serbia.⁷

- The government undoubtedly also achieved some positive results during the year. The process of examining the alignment of Serbian legislation with the EU's *acquis communautaire* (known as "screening"), which started in 2014, successfully ended in March. The Serbian government formed its official negotiating team in August 2015,⁸ and the first negotiating chapters were opened in December. During 2015, EU officials had made it clear that further progress in normalizing relations with Kosovo and implementing the 2013 Brussels Agreement were the primary hurdles to opening specific negotiating chapters.⁹ After protracted negotiations, Belgrade and Pristina reached a series of agreements in August, including a key one on the powers and competencies of the Association of Serbian Municipalities.¹⁰ It was this agreement that paved the way for the opening of specific negotiating chapters.
- The government's response to the stream of migrants, refugees, and asylum seekers from the Middle East entering its territory was also commendable. It made a clear effort to create a tolerant climate for the migrants within Serbia, stressing that migrants were no threat to citizens and were in any case uninterested in remaining in Serbia. Politicians and public figures reminded the public that many Serbian citizens had also fled to Western Europe during the break-up of Yugoslavia in the 1990s.¹¹

Electoral Process

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25

- With no nation-wide or regional elections and only a few local electoral contests, 2015 was a quiet year by Serbia's standards. For much of the year, members of the ruling coalition at the national level publicly speculated that local elections coupled with provincial elections in Vojvodina would be held in December 2015, ahead of their regularly scheduled time in spring 2016. While such speculation enlivened daily political debates, it ignored the fact that the constitution does not permit the possibility of early local elections across the board.¹²
- The municipality of Medveđa in southern Serbia was one of the few that held local elections in 2015. The election took place on September 13 and a coalition comprised of the SNS and SPS won a landslide victory, securing 60 percent of votes. The ethnic Albanian Democratic Party-Nagip Arifi won 14 percent, ahead of the previously ruling Citizens Group "Gornja Jablanica" which secured 13.4 percent of the votes, while the Democratic Party (DS), the main opposition party at the national level, did not pass the 5 percent electoral threshold. There were no major irregularities on election day.¹³
- A worrying trend of violence in local elections, which became particularly prominent during 2014, continued in 2015. In May, ahead of submunicipal elections in the small town of Velika Plana, local

media reported about two attacks on individuals and damage to two cars and a local café. Parties from the local ruling coalition blamed SNS activists.¹⁴ The following month, in a similar submunicipal election in the village of Majur, close to Šabac, SNS activists reportedly intimidated activists from the DS and “Zajedno za Srbiju,” a local party.¹⁵

Civil Society

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
2.75	2.75	2.75	2.50	2.25	2.25	2.25	2.25	2.25	2.25

- There are just over 26,000 civil society organizations (CSOs) active in Serbia according to the Serbian Business Registers Agency.¹⁶ For the vast majority, securing finance remains a major problem, with most dependent either on declining funding from international donors or different levels of government in Serbia. Other local forms of funding are rarely available, as businesses and individuals rarely donate to CSOs. Despite the fact that well-established organizations are increasingly facing funding difficulties, new and often informal forms of civic activism surface frequently, often on an ad hoc basis and around specific issues.
- On September 20, Belgrade held its Pride Parade for the second consecutive year.¹⁷ While support and understanding among the public remains low, there appeared to be fewer threats and less vocal opposition by extremists this year—although strong police presence was still needed to ensure the safety of participants, with police closing off large sections of the city center.¹⁸ One novel development was the holding of a separate Trans Pride parade by transgender activists, who claimed that they felt marginalized by the mainstream LGB community.¹⁹ Two attacks before and right after the parade, however, demonstrated the precariousness of the position of the LGBT community.²⁰
- One prominent example of grassroots activism in 2015 is the “Ne(da)vimo Beograd” (Let’s not drown Belgrade) movement. The group is opposed to the Belgrade Waterfront, a high-profile commercial and residential development project in the center of Belgrade, pushed by the national government and that of Belgrade, yet with little transparency about even the basic details. To date, the group has organized a number of protests and publicity stunts, while harnessing social media to spread their message.²¹ Authorities have sought to prevent the group from carrying out its activities. During the Belgrade Boat Carnival in August, river police stopped a boat used by the movement, confiscated its banner and prevented them from participating in the carnival. The only justification given was that their banner sent a political message.²² Earlier, in March, police arrested activists handing out a newspaper produced by the group, claiming citizens had no right to express themselves in this way.²³ This demonstrated authorities’ willingness to obstruct legitimate protest by illegitimate means.
- Ordinary citizens also organized on an ad hoc basis to assist the wave of Middle-Eastern refugees, migrants, and asylum seekers passing through the country, particularly in Belgrade.²⁴ Groups such as Refugee Aid Serbia organized primarily on an informal basis, exploiting social media to organize volunteers and coordinate in-kind donations.²⁵ At Miksalište, a hip local cultural and concert venue close to the area of Belgrade where most migrants were residing, volunteers established a collection point for food and clothes.²⁶ There were no significant protests organized against migrants and asylum seekers.

Independent Media

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3.50	3.75	3.75	4.00	4.00	4.00	4.00	4.00	4.25	4.50

- Freedom of speech and independence of the media continued to deteriorate in 2015. While government officials, including Prime Minister Aleksandar Vučić, asserted that the media were absolutely free and that the government was seeking to raise media freedoms to levels present in

West European countries, most independent journalists argued otherwise.²⁷ Attempts by ruling politicians to interfere with editorial policy, from the central to the local level, were commonly cited. Media practitioners also raised self-censorship as a problem, whereby journalists or editors refrained from writing about certain issues that could irritate the authorities because they feared they would be deprived of crucial funding, either via public sector advertising or in the form of official funding calls.

- This year saw unusually visible and transparent attacks by government officials, including the prime minister himself, on the Balkan Investigative Reporting Network (BIRN). In January, BIRN published a story about questionable practices in the awarding of a tender by state-owned electricity corporation EPS.²⁹ Angered by the report, Vučić accused BIRN of spreading lies and lobbying for other, foreign, companies. More disturbingly, he claimed that BIRN was being funded by the EU precisely in order to attack and destabilize his government.³⁰ In the days and weeks that followed, government officials and tabloids close to the ruling SNS, such as *Informer*, continued a campaign of attacks against BIRN.³¹ Just over a month later, in late February, distribution of Belgrade Insight, a free, English language paper published by BIRN, was discontinued at various state-controlled outlets, such as Belgrade Airport and the Tourist Organization of Belgrade.³²
- Other, more or less subtle, forms of pressure against independent journalists continued. In March, Danica Vučenić, a respected journalist who ran the *Jedan na jedan* (One on one) daily show on Radio-Television Vojvodina, stated that she had decided to leave journalism because an active boycott of her program by government officials had prevented her from performing her job of informing the public objectively.³³ In November, Interior Minister Nebojša Stefanović announced in front of armed police that Vučić had taken a lie detector test over allegations of involvement in blackmailing media. In a criminal report submitted earlier, the former director of the tabloid *Kurir* had accused Vučić and Dragan J. Vučićević, the owner of *Informer*, of asking him to make false allegations about the *Kurir*'s owner. The accusations were allegedly part of a war between the two tabloids.³⁴
- More sinister were physical attacks on journalists, such as that against Ivan Ninić, an associate of the anticorruption portal Pištaljka. Ninić was attacked and beaten with metal bars outside his residential building by two masked men in August. He believes that the attack was ordered by members of the ruling political elite over a corruption story he was planning to publish.³⁵
- In December, Defence Minister Bratislav Gašić sparked outrage by commenting on air that he “loved journalists who get down on their knees so easily” while a female journalist crouched in front of him holding a microphone. PM Vučić immediately declared that Gašić could no longer remain in his post, but as of year’s end, he had yet to resign.³⁶
- In 2015, the government made important progress in reducing state ownership of media but the process was heavily criticized. Under the Media Strategy adopted in 2011, a total of 73 state-owned media, mostly local radio and television stations, were scheduled for privatization, with the process legally due to be completed by 31 October 2015.³⁷ At time of writing, only 34 media outlets had been privatized, but most of them appear to have been bought by individuals close to the ruling SNS. Many these owners were later able to recoup the costs through project financing grants provided by local authorities.³⁸

Local Democratic Governance

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50	3.50

- According to the 2007 law on the territorial organization of the Republic of Serbia, the country has two autonomous provinces (Vojvodina and Kosovo, which declared independence in 2008) and 174 units of local government. In practice, Serbia is a very centralized state, where local governments have very limited competencies and abilities to fund themselves independently of the central government. The Vojvodina provincial administration enjoys certain limited powers—including in healthcare, education, regional development, sport and culture—yet the question of how much autonomy Vojvodina should have is a point of controversy as well as sensitivity in Serbia, with fears that greater autonomy could lead to secession.

- The SNS campaign to bring down the DS-led Vojvodina government and thus trigger early provincial elections peaked in 2014 and subsided somewhat in 2015. SNS officials satisfied themselves with feeding speculation that early elections could be held in December 2015,³⁹ but refrained from seeking to actively destabilize the provincial ruling coalition in the way that had been seen during the previous year. The central SNS-dominated government kept cooperation with the Vojvodina provincial government to a minimum, while wrangling continued over the scale of budgetary transfers to Vojvodina's budget from the central government budget, mainly to Vojvodina's detriment.⁴⁰
- Meanwhile, at the municipal level political contestation between different parties often took a violent and undemocratic form. Continuing their previous year's efforts to realign local government coalitions to reflect the ruling coalition at the central level, the SNS sought to remove the DS from power in the municipality of Indija. The DS municipal leadership claimed the SNS was using intimidation to win over its deputies in the local assembly,⁴¹ while also accusing it of being behind a physical attack on Vladimir Ješić, a local journalist and brother of the previous DS mayor.⁴² For its part, the SNS accused the DS of holding its own local assembly delegates hostage at a hotel, in order to prevent them voting against the DS mayor.⁴³ Ultimately, the SNS effort to unseat the DS failed.
- In several other areas, opposition activists accused local SNS representatives of carrying out physical attacks on them. In May, in the small municipality of Čajetina two officials of the locally ruling Serbian People's Party (SPP) accused a group of SNS activists of beating them with spades, which SNS officials denied.⁴⁴ During the same month, a similar incident was reported in the town of Gornji Milanovac, where a local representative of the Democratic Party of Serbia (DSS), part of the local ruling coalition, was attacked in a restaurant by SNS activists. The attack was again denied by the local SNS, but confirmed by local representatives of the Socialist Party of Serbia (SPS).⁴⁵
- Following the August agreement between Belgrade and Pristina on the establishment of an Association of Serbian Municipalities in Kosovo, ethnic Albanian local government representatives in southern Serbia demanded the establishment of a similar structure.⁴⁶ The Association of Albanian Municipalities in Presevo Valley was to be comprised of the municipalities of Preševo, Bujanovac, and Medveđa, two of which have an Albanian majority. Ethnic Albanian members of the assemblies of Preševo and Bujanovac met on September 12 to formally proclaim the Association, but their meeting was boycotted by a significant number of ethnic Albanian local assembly members from all three municipalities, who objected to the lack of organization surrounding the event.⁴⁷ Serbian government officials mostly dismissed the move.

Judicial Framework and Independence

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
4.25	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50

- Following a failed effort to reform the judicial system in 2009–10, the government adopted a new five-year reform strategy aimed at improving judicial independence, accountability, and efficiency. However, the judiciary continues to suffer from poor organization, inefficiency, political influence, and a significant case backlog. Public trust in judicial institutions also remains low. One recent public opinion survey from June 2015 found that only 18 percent of respondents trusted the judicial system, while 51 percent stated that they did not trust it. This was a much lower level of trust and much higher level of mistrust than in other institutions such as the police, army, parliament or government
- Improving the rule of law and the functioning of the judicial system is a key task in Serbia's EU accession process. Negotiations on Chapter 23 covering Judiciary and Fundamental Rights are expected to open in 2016, and should act as a catalyst for judicial reforms. In preparation for this, Belgrade worked on an action plan for Chapter 23, setting out detailed steps for reforms related to the judiciary and fight against corruption. The EU approved the final draft in September 2015; the action plan, among other steps, envisages the adoption of constitutional amendments by 2017 to safeguard judicial

independence.⁵⁰ The latest Enlargement Progress Report for Serbia notes that “the Constitution and laws allow political influence” over the judiciary and criticizes the practice of government officials publicly commenting on ongoing trials and/or investigations, thus exerting pressure on judges and prosecutors.

- The Serbian judicial system continues to be plagued by a significant backlog of cases.⁵² According to Judge Dragomir Milojević, the Head of the Supreme Court of Cassation, during the first nine months of 2015, the backlog of court cases increased by more than 100,000 and reached close to 3 million cases.⁵³
- During 2015, attempts to exert political influence were most starkly visible in relation to the Office of the War Crimes Prosecutor. A snap change to the Law on Public Prosecutors at the end of 2014 meant that Chief War Crimes Prosecutor Vladimir Vukčević would have been forced out of his job in January 2015 on grounds of retirement, rather than at the end of 2015 when his mandate was due to expire.⁵⁴ Vukčević and other observers saw this legal change as being directed at him personally, due to the fact that the war crimes investigations he had presided over had stirred up a “hornets’ nest”.⁵⁵ Under international pressure, changes to the law were adopted in January 2015 that allowed Vukčević to remain in his job until the end of his mandate.⁵⁶ Yet, political pressure continued. Following Vukčević’s statements in early February that he would investigate war crimes allegations made by a human rights NGO against the head of the army, Ljubisa Diković, Serbian President Tomislav Nikolić publicly warned Vukčević that he should be careful of “what he is digging into.”⁵⁷

Corruption

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
4.50	4.50	4.50	4.50	4.25	4.25	4.25	4.25	4.25	4.25

- The rise of the SNS, including its triumph in the 2014 elections, owes much to the fact that it campaigned on a ticket of fighting corruption, a great source of frustration for the Serbian public. The very public arrest of prominent businessman Miroslav Mišković in 2012 gave credibility to the SNS’s claims. However, since winning the 2014 elections, SNS efforts to fight corruption have not matched the preelection rhetoric. Overall, the number of convictions is well below the number of corruption-related indictments, and the discrepancy is even bigger in the case of announcements and eventual investigations.
- Accordingly, the trial of Miroslav Mišković continued to move forward at a slow pace in 2015. Negligible progress was also made in investigating the 24 problematic privatizations flagged by Serbia’s own Anti-Corruption Council and consecutive EU Progress Reports.⁵⁸ When it comes to prosecuting corruption cases, the 2015 Progress Report noted that there was an “initial track record of investigation, prosecution and convictions which are not considered high-level” but that “there has been no final conviction for high level corruption”.⁵⁹
- Serbia was ranked 71st out of 168 countries in Transparency International’s Corruption Perceptions Index, which reflected a one point improvement from previous year when the country was ranked 78th out of 175 countries.⁶⁰ In the Open Budget Index (OBI), a comparative measure of government budget transparency, Serbia also improved a few places. However, the country still provides “limited” information, with the biggest problems related to public participation in preparing annual budgets and the space available to monitor budget expenditures.⁶¹
- In June, a new law protecting whistle-blowers who reveal corruption and abuses came into effect. The law provides greater powers to the Anticorruption Agency (ACA) and courts in protecting whistle-blowers from reprisals by employers. Anticorruption campaigners welcomed the changes, but stressed that implementation will be a key test for the law.
- The ACA continued with its efforts to hold public officials to account, although the limited nature of its powers once again proved a considerable constraint. An investigation by BIRN published in May

revealed that current defence minister and senior SNS official Bratislav Gašić had awarded contracts to companies linked to his family while serving as mayor of Kruševac in 2012–14.⁶³ The ACA began an investigation into whether Gašić had broken laws relating to conflict of interest and in September ruled that the minister had indeed broken the relevant laws.⁶⁴ However, other than making this public, the agency could not take any further steps and Gašić did not suffer further consequences as a result of the revelations.

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3.2 Open Budget Survey 2016

OPEN BUDGET SURVEY 2015

SERBIA

TRANSPARENCY (OPEN BUDGET INDEX)

47

OUT OF 100

The Government of Serbia provides the public with **limited** budget information.

PUBLIC PARTICIPATION

21

OUT OF 100

The Government of Serbia is **weak** in providing the public with opportunities to engage in the budget process.

BUDGET OVERSIGHT

42

OUT OF 100

BY LEGISLATURE
Budget oversight by the legislature in Serbia is **limited**.

67

OUT OF 100

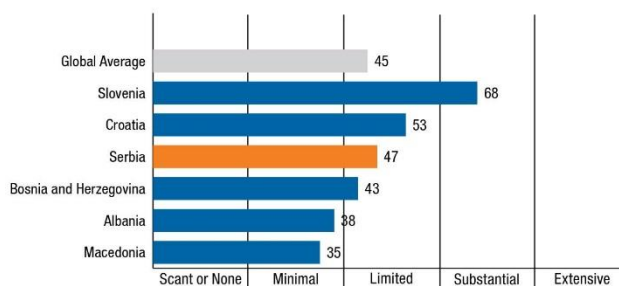
BY AUDIT
Budget oversight by the supreme audit institution in Serbia is **adequate**.

TRANSPARENCY (OPEN BUDGET INDEX)

Drawing on internationally accepted criteria developed by multilateral organizations, the Open Budget Survey uses 109 indicators to measure budget transparency. These indicators are used to assess whether the central government makes eight key budget documents available to the public in a timely manner and whether the data contained in these documents are comprehensive and useful.

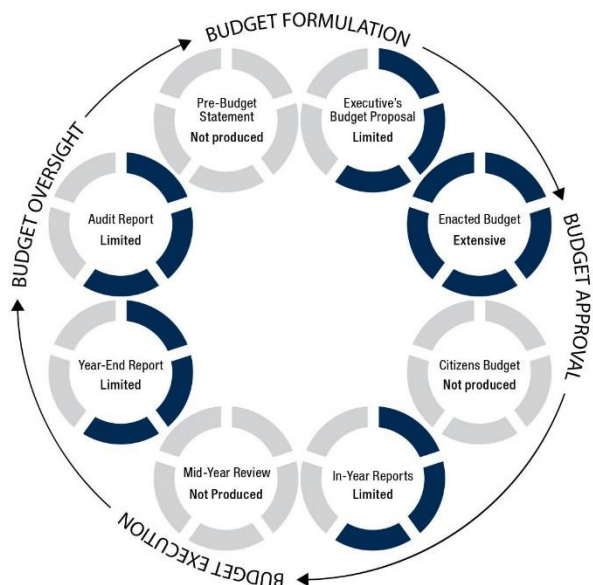
Each country is given a score out of 100 which determines its ranking on the Open Budget Index – the world's only independent and comparative measure of budget transparency.

Regional Comparison



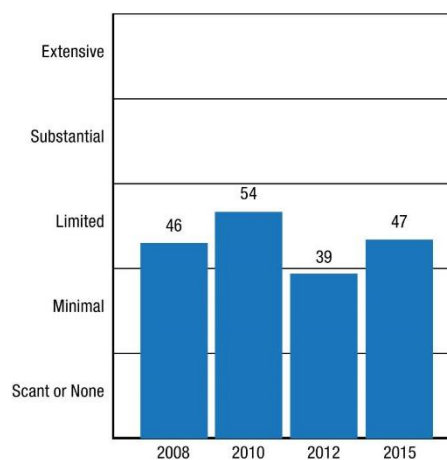
Serbia's score of 47 out of 100 is a little higher than the global average score of 45.

Usefulness of Budget Information Throughout the Budget Cycle



Note: The following categories are used to report the usefulness of each document: **Not produced, Published Late, Internal Use, Scant, Minimal, Limited, Substantial, or Extensive.**

Change in Transparency Over Time



TRANSPARENCY (OPEN BUDGET INDEX)

The Availability of Budget Documents Over Time

Document	2008	2010	2012	2015
Pre-Budget Statement	Produced for internal use	Published	Not produced/published late	Not produced/published late
Executive's Budget Proposal	Published	Published	Published	Published
Enacted Budget	Published	Published	Published	Published
Citizens Budget	Not produced/published late	Not produced/published late	Not produced/published late	Not produced/published late
In-Year Reports	Published	Published	Published	Published
Mid-Year Review	Not produced/published late	Not produced/published late	Published	Not produced/published late
Year-End Report	Published	Published	Published	Published
Audit Report	Not produced/published late	Not produced/published late	Published	Published

● Not produced/published late ● Produced for internal use ● Published

Serbia's score of 47 on the 2015 Open Budget Index is substantially higher than its score in 2012.

However, the Government of Serbia has been inconsistent in which documents are made publicly available in a given year.

Since 2012, the Government of Serbia has increased the availability of budget information by:

- Improving the comprehensiveness of the Executive's Budget Proposal.
- Improving the comprehensiveness of the Enacted Budget.

However, the Government of Serbia has decreased the availability of budget information by:

- Failing to produce the Mid-Year Review.
- Reducing the comprehensiveness of the In-Year Reports.

Moreover, the Government of Serbia has failed to make progress in the following ways:

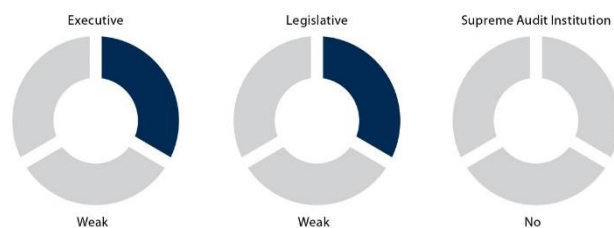
- Not producing a Citizens Budget or a Pre-Budget Statement.

PUBLIC PARTICIPATION

Evidence suggests that transparency alone is insufficient for improving governance, and that public participation in budgeting can maximize the positive outcomes associated with greater budget transparency.

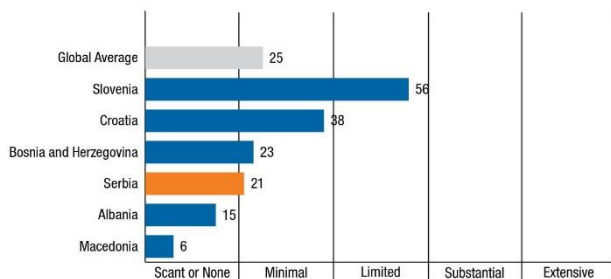
To measure public participation, the Open Budget Survey assesses the degree to which the government provides opportunities for the public to engage in budget processes. Such opportunities should be provided throughout the budget cycle by the executive, the legislature, and the supreme audit institution.

Elements of Public Participation



Serbia's score of 21 out of 100 indicates that the provision of opportunities for the public to engage in the budget process is **weak**. This is lower than the global average score of 25.

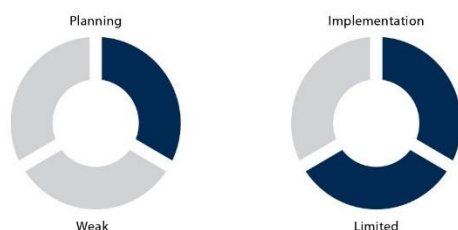
Regional Comparison



BUDGET OVERSIGHT

The Open Budget Survey examines the extent to which legislatures and supreme audit institutions are able to provide effective oversight of the budget. These institutions play a critical role – often enshrined in national constitutions – in planning budgets and overseeing their implementation.

Oversight by the Legislature



The legislature provides **weak** oversight during the planning stage of the budget cycle and **limited** oversight during the implementation stage of the budget cycle. The legislature does not have a specialized budget research office, the Executive's Budget Proposal is not provided to legislators at least three months before the start of the budget year, and, in both law and practice, the legislature is not consulted prior to spending contingency funds that were not identified in the Enacted Budget.

Oversight by the Supreme Audit Institution



The supreme audit institution provides **adequate** budget oversight. Under the law, it has full discretion to undertake audits as it sees fit. Moreover, the head of the supreme audit institution cannot be removed without legislative or judicial approval, which bolsters its independence. Finally, the supreme audit institution is provided with sufficient resources to fulfill its mandate but has no quality assurance system in place.

RECOMMENDATIONS

Improving Transparency

Serbia should prioritize the following actions to improve budget transparency:

- Produce and publish a Citizens Budget, Pre-Budget Statement, and Mid-Year Review.
- Increase the comprehensiveness of the Executive's Budget Proposal by presenting more information on the classification of expenditures for future years and the classification of expenditures for prior years.
- Increase the comprehensiveness of the Year-End Report by presenting more information on planned versus actual debt and interest and on planned versus actual macroeconomic forecasts.

Improving Participation

Serbia should prioritize the following actions to improve budget participation:

- Establish credible and effective mechanisms (i.e., public hearings, surveys, focus groups) for capturing a range of public perspectives on budget matters.
- Hold legislative hearings on the budgets of specific ministries, departments, and agencies at which testimony from the public is heard.
- Establish formal mechanisms for the public to assist the supreme audit institution to formulate its audit program and participate in audit investigations.

Improving Oversight

Serbia should prioritize the following actions to strengthen budget oversight:

- Establish a specialized budget research office for the legislature.
- In both law and practice, ensure the legislature is consulted prior to the spending of contingency funds that were not identified in the Enacted Budget.
- Establish a system of quality control for the supreme audit institution.

METHODOLOGY

The Open Budget Survey uses internationally accepted criteria developed by multilateral organizations such as the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), and the International Organisation of Supreme Audit Institutions (INTOSAI). It is a fact-based research instrument that assesses what occurs in practice through readily observable phenomena. The entire research process took approximately 18 months between March 2014 and September 2015 and involved about 300 experts in 102 countries. The Survey was revised somewhat from the 2012 version to reflect emerging developments in accepted good practice and to strengthen individual questions. A full discussion of these changes can be found in a technical note on the comparability of the Open Budget Index over time (see below).

Survey responses are typically supported by citations and comments. This may include a reference to a public document, an official statement by the government, or comments from a face-to-face interview with a government official or other knowledgeable party.

The Survey is compiled from a questionnaire completed for each country by independent budget experts who are not associated with the national government. Each country's questionnaire is then independently reviewed by an anonymous expert who also has no association to government. In addition, IBP invites national governments to comment on the draft results from the Survey and considers these comments before finalizing the Survey results.

The Government of Serbia provided comments on the draft Open Budget Questionnaire results.

Research to complete this country's Open Budget Survey was undertaken by:

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Further Information

Visit www.openbudgetsurvey.org for more information, including:

- The Open Budget Survey 2015: Global Report
- Individual datasets for each of the 102 countries surveyed.
- A technical note on the comparability of the Open Budget Index over time.

3.3 OSCE-ODIHR-PACE Report: Early parliamentary elections - 24 April 2016



INTERNATIONAL ELECTION OBSERVATION MISSION Republic of Serbia — Early Parliamentary Elections, 24 April 2016

STATEMENT OF PRELIMINARY FINDINGS AND CONCLUSIONS

Belgrade, 25 April 2016 – This Statement of Preliminary Findings and Conclusions is the result of a common endeavour involving the OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR) and the Parliamentary Assembly of the Council of Europe (PACE).

Volodymyr Ariev (Ukraine) headed the PACE delegation. Ambassador Geert-Hinrich Ahrens is the Head of the OSCE/ODIHR Limited Election Observation Mission (LEOM), deployed from 18 March 2016.

The assessment was made to determine whether the elections complied with OSCE commitments and Council of Europe standards for democratic elections, as well as Serbia's international obligations and domestic legislation. Both institutions involved in this IEOM have endorsed the 2005 Declaration of Principles for International Election Observation. This Statement of Preliminary Findings and Conclusions is delivered prior to the completion of the electoral process. The final assessment of the elections will depend, in part, on the conduct of the remaining stages of the electoral process, including the count, the tabulation and announcement of results, and the handling of possible post-election day complaints or appeals. The OSCE/ODIHR will issue a comprehensive final report, including recommendations for potential improvements, some eight weeks after the completion of the electoral process. The PACE delegation will present its report at the meeting of the Standing Committee in Tallinn on 27 May 2016.

PRELIMINARY CONCLUSIONS

The 24 April 2016 early parliamentary elections offered voters a variety of choices. The election administration performed its duties efficiently and generally enjoyed the trust of the electoral stakeholders. Although fundamental freedoms were respected, biased media coverage, undue advantage of incumbency and a blurring of distinction between state and party activities unlevelled the playing field for contestants. Election day procedures were generally conducted in accordance with the law in the limited number of polling stations visited by international observers.

The legislation provides an overall sound basis for the conduct of democratic elections in line with OSCE commitments and other international obligations and standards. However, a number of previous recommendations by the OSCE/ODIHR and the Council of Europe's Venice Commission remain unaddressed. Key shortcomings include insufficient rules on candidate registration, ineffective measures against the misuse of administrative resources for campaigning, inadequate regulation of campaign finance, deficiencies in dispute resolution, absence of sanctions for certain violations, and the lack of provisions on observers.

The elections were administered by a two-tiered election administration, consisting of the Republic Electoral Commission (REC) and 8,378 Polling Boards (PBs). The REC met all legal deadlines and operated in an efficient and transparent manner. The REC adopted detailed instructions for these elections, including guidelines for PBs. Most OSCE/ODIHR LEOM interlocutors expressed trust in the REC's work.

Voter lists were updated through the Unified Voter Register on the basis of municipalities' records, inputs provided by state institutions, and voters' requests. Although voters could review their data and request corrections, the voter lists were not displayed for public scrutiny. This lack of transparency of the voter registration process negatively affected public confidence in the accuracy of the lists and is not in line with international good practice. The final number of voters announced by the REC was 6,739,441.

The REC registered 20 candidate lists nominated by political parties, coalitions of parties and groups of citizens in an inclusive manner. This provided voters with a range of political choices. However, some submitters of lists exploited the lack of clear criteria in the law to apply for national minority status solely to obtain the related privileges. Unclear rules for signature verification and insufficient transparency of this process led to a perception of arbitrariness in candidate registration. The REC reported to the police and the Prosecutor the possible forgery of a large number of supporting signatures.

Fundamental freedoms were respected and candidates were able to campaign freely. However, the ruling Serbian Progressive Party and, to a lesser extent, the Socialist Party of Serbia, increased their participation at official events during the electoral campaign, taking undue advantage of incumbency and blurring the distinction between state and party activities, at odds with OSCE commitments and Council of Europe standards. Widespread reports of the ruling parties exerting pressure on voters, particularly those employed in the public sector, and enticing voters through welfare initiatives raised concerns about the ability of voters to cast their vote freely, as provided for by OSCE commitments.

In 2014, amendments introduced to the Law on Financing Political Activities reduced public funding for parties' regular activities and campaigning, in line with an OSCE/ODIHR and Venice Commission recommendation. Overall, the regulatory system does not ensure transparency, integrity and accountability of campaign finances. The significantly greater financial capabilities of the ruling parties, as compared to other contestants, undermined the equality of opportunity.

Some 35 complaints and appeals were filed on the registration of 11 candidate lists. The OSCE/ODIHR LEOM was not made aware of official complaints with regard to the alleged misuse of administrative resources and pressure on voters, but received reports of a perceived fear of retribution for filing complaints as well as a general lack of trust in the effectiveness of the judiciary and investigatory bodies. The absence of comprehensive campaign regulations and of a competent campaign monitoring body potentially left irregularities unaddressed.

The law establishes a gender quota for candidate lists with at least every third candidate being from the less represented gender. One candidate list had a woman as its first candidate. Of 75 permanent and extended members of the REC, 20 were women. Women were underrepresented in the rallies observed by the OSCE/ODIHR LEOM, and the contestants generally did not address issues specifically affecting women in their programmes. The combined coverage of female political actors in most monitored media did not exceed 10 per cent, although it was notably higher on certain outlets.

Public media provided equal airtime to contestants to present their platforms, in compliance with legal obligations. However, the government and the ruling party activities dominated campaign coverage in the news and current affairs programmes. The analytical and critical reporting on the influential nationwide television channels was narrow, partly due to widespread self-censorship resulting from political control over the media sector. In the absence of an effective mechanism for monitoring media conduct during the campaign, media bias, instances of a smear campaign, and cases of infringement of media freedom were not addressed.

Despite previous OSCE/ODIHR recommendations, the legal framework does not provide for observation by citizen and international organizations, and the issue is regulated by REC instructions. The REC accredited 196 international observers and 1,689 citizen observers in an inclusive process.

In the limited number of polling stations (PS) visited by international observers, election day procedures, including counting, were generally conducted efficiently and in accordance with the law. However, the design of voting screens and layout of PSs did not ensure the secrecy of the vote. The presence of citizen observers was only noted in a few instances.

PRELIMINARY FINDINGS

Background

On 4 March, President Tomislav Nikolić acceded to the government's request to dissolve the National Assembly (parliament) and called early elections for 24 April. These were the third parliamentary elections in four years and the second consecutive elections to be called before the end of the parliament's mandate. While the government justified this move by the need to renew its mandate to complete reforms and allow the country to be ready to join the European Union (EU), most OSCE/ODIHR LEOM interlocutors claimed that it had been timed conveniently for the ruling coalition to consolidate its power at the national, provincial and local levels. Some stakeholders noted that the frequency of early elections hindered the ability of the National Assembly to plan its legislative work. Regional elections in Vojvodina and local elections in most municipalities were called for the same day.

Following the 2014 early parliamentary elections, the Serbian Progressive Party (SNS) and its coalition partners won an overall majority in the parliament. Subsequently, the SNS formed a wider coalition government, which also included the Socialist Party of Serbia (SPS). The OSCE/ODIHR LEOM for the 2014 early parliamentary elections concluded that the elections "offered voters a genuine choice", but noted cases of intimidation of voters, concerns about the voter lists, and a lack of critical and analytical reporting in the media.¹

Legal Framework and Electoral System

Elections are regulated primarily by the 2006 Constitution, the 2000 Law on Election of Representatives (LER), the 2009 Law on the Unified Voters' Register (LUVR), the 2009 Law on Political Parties (LPP) and the 2011 Law on Financing Political Activities (LFPA).² The legal framework is supplemented by the Republic Electoral Commission (REC) Rules of Procedure from 2012, as well as its instructions and decisions. In addition, in January 2016, a new Law on Public Gatherings was adopted and is applicable to campaign events.³

With the exception of the LFPA that was amended in 2014, the election-related legislation was last changed in 2011. It provides an overall sound basis for the conduct of democratic elections in line with OSCE commitments and other international obligations and standards. However, a number of previous recommendations by the OSCE/ODHR and the Council of Europe's Venice Commission

¹ [See previous OSCE/ODIHR reports on Serbia.](#)

² Relevant provisions are also included in the 2005 Criminal Code, the laws on the Anti-Corruption Agency (LACA), on Administrative Disputes, on Free Access to Information of Public Importance, on Personal Data Protection, on Administrative Proceedings and on Criminal Proceedings.

³ The law requires the local administration to publish a list of places where gatherings are not allowed, prescribes a five-day advance notification and legal remedies.

remain unaddressed. Key shortcomings include insufficient rules on candidate registration, ineffective measures against the misuse of administrative resources for campaigning, inadequate regulation of campaign finance, deficiencies in dispute resolution, absence of sanctions for some violations, and the lack of provisions on observers.⁴

The 250 members of the parliament are elected for four-year terms from a single nationwide constituency through a closed-list, proportional system. Mandates are distributed among candidate lists that receive more than five per cent of the votes cast. Lists representing national minorities are exempted from this threshold requirement.

Election Administration

The elections were administered by a two-tiered election administration, consisting of the REC and 8,378 Polling Boards (PBs).⁵ Throughout all municipalities the REC established 166 *ad hoc* Working Bodies (WBs) tasked with technical and logistical support for the elections.⁶

The REC is a permanent body comprised of a chairperson, a deputy chairperson, and 16 permanent members and their deputies, all appointed on 12 May 2014, for a four-year term by the parliament.⁷ The REC also includes two non-voting members – a secretary and a representative of the National Statistical Office. For the period of the elections, each contestant appointed an extended member and a deputy to the REC.⁸ Upon completion of the registration of the candidate lists, the REC was composed of 75 members and deputies, including 20 women.

The REC met all legal deadlines and operated efficiently and transparently overall. REC sessions were open to accredited observers and the media. REC members and observers were provided with the agenda and other materials before the sessions. During the sessions observed by the OSCE/ODIHR LEOM, all decisions were adopted in a collegial manner, either unanimously or by an overwhelming majority, following open discussions. Minutes from all sessions and most decisions were published on the REC website without delay. The REC adopted detailed instructions for these elections, including guidelines for PBs for the concurrent conduct of parliamentary and local elections. In a positive development, the REC commissioned voter education materials on election day procedures, including with sign language, which were broadcast through the public media. Overall, OSCE/ODIHR LEOM interlocutors expressed a high level of trust in the REC's work.

The PBs were composed in the same manner as the REC and had a chairperson and two members, as well as their deputies, all nominated by parliamentary groups.⁹ Any registered contestant for the parliamentary and/or local elections had the right to nominate a member and a deputy to the extended composition of the PBs. Training was provided by the local authorities. The OSCE/ODIHR LEOM long-term observers (LTOs) noted that it was not delivered in a uniform way, of a varying quality and only made available to the chairpersons and their deputies.¹⁰

⁴ There is only one provision on the use of administrative resources (Article 29 of the LACA) and no provision in the LER. See also Paragraph II.B.1.3 of the 2016 OSCE/ODIHR and Venice Commission [Joint Guidelines for Preventing and Responding to the Misuse of Administrative Resources During Electoral Processes](#).

⁵ This included 29 PBs set up in penitentiary institutions and 38 PBs established in 22 countries abroad.

⁶ Members of the WBs are nominated by parliamentary political parties and appointed by the REC.

⁷ One REC member resigned to stand as a candidate.

⁸ Members of the extended composition have the same rights and duties as permanent members.

⁹ The REC does not maintain gender-disaggregated data on the composition of the PBs.

¹⁰ Paragraph II.3.1.g the [2002 Venice Commission Code of Good Practice in Electoral Matters](#) (Code of Good Practice) recommends that "members of electoral commissions must receive standard training."

Voter Registration

The right to vote is granted to all citizens who reach 18 years of age by election day and have a permanent residence in Serbia, except those who lost legal capacity through a court decision. Voter registration is passive. The Unified Voter Register is maintained by the Ministry of Public Administration and Local Self-Government (MPA) and updated continuously based on municipalities' records, inputs provided by state institutions, and voters' requests.¹¹

Voters were entitled to request inclusion in a voter list at their place of temporary residence and also abroad, in which case they were excluded from the lists where they permanently reside. Special voter lists were compiled for military voters as well as voters in prisons and detention facilities based on information provided by the respective institutions. Local authorities provided reasonable voter information on the procedures for updating the voter lists. In areas observed by the OSCE/ODIHR LEOM, voters had the possibility to verify their data in their municipalities and on the MPA website, and to request corrections.

Despite previous OSCE/ODIHR recommendations, the voter lists were not displayed for public scrutiny. Although the law provides for the voter lists to be disclosed at the municipal level, the MPA issued an instruction that allowed only individual checking of records using one's personal identification number. This lack of public scrutiny limited the transparency of the voter registration process, negatively affected public confidence in the accuracy of the lists and is not in line with international good practice.¹² In the lead up to election day, the delivery of voter invitations with wrong information also raised concerns over the accuracy of the voter lists.¹³ The final total number of voters announced by the REC on 22 April was 6,739,441, and the law does not allow adding voters to the lists after this date.

Candidate Registration

Any eligible voter can stand for the elections. Candidate lists can be submitted by political parties, coalitions of parties, as well as groups of at least 10 citizens. The LER does not provide for individual independent candidates to contest the parliamentary elections, which is contrary to OSCE commitments.¹⁴

Candidate lists were to be supported by at least 10,000 signatures of voters, whereby each voter could support only one list.¹⁵ This limitation can be seen as restricting political pluralism and could stigmatize supporters of prospective candidates.¹⁶ All signatures had to be certified by municipal courts or notarized. A fee of RSD 50 for each signature was to be paid by the submitter at the time of certification.¹⁷ While most OSCE/ODIHR LEOM interlocutors considered the signature threshold as a

¹¹ Notifications of *ex-officio* changes were communicated to voters by post or emails.

¹² Paragraph I.1.2.iii of the Code of Good Practice provides that "electoral registers must be published."

¹³ OSCE/ODIHR LEOM interlocutors noted instances of invitations issued to deceased voters and sent to the wrong address.

¹⁴ Paragraph 7.5 of the 1990 OSCE Copenhagen Document commits participating States to "respect the right of citizens to seek political or public office, individually or as representatives of political parties or organizations, without discrimination." See also Paragraph 17 of the United Nations Human Rights Committee (UNHRC) General Comment No. 25 to the International Covenant on Civil and Political Rights (ICCPR).

¹⁵ After the crosscheck, the REC kept only those certified signatures of voters that were submitted for the candidate list they supported first.

¹⁶ Paragraph 77 of the [2010 OSCE/ODIHR and Venice Commission Guidelines on Political Party Regulation](#) recommends that "in order to enhance pluralism and freedom of association, legislation should not limit a citizen to signing a supporting list for only one party."

¹⁷ 1 EUR is approximately 123 Serbian Dinars (RSD).

way to exclude frivolous candidatures, some expressed concerns that the procedure was overly burdensome and the requirement to visit a municipal court or notary office might have a dissuasive effect on some voters.¹⁸

The verification of supporting signatures was primarily conducted by REC staff, and the MPA electronically cross-checked the signatures against the UVR. While some REC members and observers used the possibility to attend the verification of signatures, cross-checking at the MPA was not monitored. The REC lacked resources and legal guidelines for the process and stated that it would conduct a comprehensive review only after the elections. Nevertheless, the REC reported to the police and the Prosecutor the possible forgery of a large number of supporting signatures for at least six prospective contestants.¹⁹ Unclear rules for signature verification and insufficient transparency of this process led to a perception of arbitrariness in candidate registration.

In total, the REC registered candidate lists of eight parties, six coalitions, and six groups of citizens in an inclusive manner. While this provided voters with a range of political choices, candidate registration was negatively affected by the lack of clarity in the legal provisions for registration of national minority lists. Six candidate lists were rejected due to an insufficient number of valid supporting signatures.²⁰ One candidate list was deregistered on 29 March following an Administrative Court decision. The REC published the candidate lists on its website, enabling voters to familiarize themselves with the candidates.

The LER establishes a gender quota for candidate lists with at least every third candidate being from the less represented gender. One candidate list had a woman as its first candidate.²¹ While a candidate list may be withdrawn no later than 10 days before election day, the withdrawal of candidates from registered lists is not regulated by the legal framework.²²

Campaign Environment

The official election campaign period started on 4 March and ended 48 hours before election day. Freedoms of expression, movement, and assembly were respected and candidates were able to campaign freely. Campaigning was slow to start due to an emergency flood response in parts of the country, and effectively began during the week of 21 March. It was dominated by the SNS-led coalition "Serbia Wins". Other visible contestants included: the "Fair for Serbia" coalition led by the Democratic Party (DS), the SPS-led coalition, the Serbian Radical Party (SRS), and the "Alliance for a Better Serbia" coalition, composed of the Liberal Democratic Party of Serbia (LDP), the Social Democratic Party and the League of Social Democrats of Vojvodina.

Most parties conducted their campaigns through rallies and outdoor campaign material. Opposition parties complained to the OSCE/ODIHR LEOM that, due to a lack of financial resources, their ability to purchase campaign advertising on billboards or in print and electronic media was limited. In

¹⁸ OSCE/ODIHR LEOM interlocutors claimed that notary offices, at times, limited the number of certifications to 200-250 per day or refused to certify signatures during their working hours. According to the REC, some signature lists received with notary stamps did not contain voters' signatures.

¹⁹ United Russian Party, Republican Party, Hungarian Movement - For Change, This is Us-Natural Movement, The Tolerance, and the Male and Female Citizens of Serbia - Roma Party and Bunievci Citizens Coalition. All of these cases were pending as of election day.

²⁰ The Coalition Democratic Movement of Romanians and Party of Russians, Danica Grujicic - Vlach Party, Hungarian Movement - For changes, Male and Female Citizens of Serbia - Coalition Roma Party and Bunievci Citizens of Serbia, This is us - Natural Movement, and the Tolerance.

²¹ *Dveri* - Democratic Party of Serbia - Sanda Rašković Ivić - Boško Obradović.

²² Consequently, the REC denied the withdrawal of a *Dveri* - Democratic Party of Serbia (DSS) candidate.

contrast, billboards and posters promoting the SNS were the most prevalent, and the party had a dominant presence in electronic media advertising. In addition, both the SNS and SPS, used official events, such as visits to schools, the inauguration of public institutions and the opening of private factories to promote their campaign messages.²³ This amounted to taking undue advantage of incumbency, blurring the distinction between state and party activities, at odds with OSCE commitments and Council of Europe standards.²⁴ The SNS and the Alliance of Vojvodina Hungarians enjoyed the support of foreign dignitaries.²⁵

Where parliamentary elections took place in parallel with provincial or local elections, campaigning for the various elections was combined, with the ruling parties at all three levels focusing on their policy achievements. Economic and social topics were at the centre of all contestants' campaigns. There was a division between those contestants supporting EU accession and those calling for closer cooperation with the Russian Federation. In general, campaigns and platforms of all candidates did not include issues specifically affecting women.

The campaign atmosphere was calm, with only a few isolated cases of violence.²⁶ Opposition parties tended to use negative campaigning directed at the ruling parties rather than focusing on their own programmes. Throughout the country, the OSCE/ODIHR LEOM heard widespread reports of alleged abuse by the ruling parties of their dominant position at both national and local levels with the aim to exert pressure on voters, particularly those employed in the public sector.²⁷ These allegations raised concerns about voters' ability to cast their vote "free of fear of retribution," as required by paragraph 7.7 of the 1990 OSCE Copenhagen Document. There were also attempts to entice voters through welfare initiatives.²⁸

Campaign Finance

In 2014, amendments introduced to the LFPA reduced public funding for both regular party activities and campaigning, in line with an OSCE/ODIHR and Venice Commission recommendation.²⁹ In

²³ The media reported that in March, Prime Minister Vučić visited 25 schools as well as two medical facilities and in April, he attended the opening of factories and infrastructure projects. Foreign Minister Dacić attended a rally that coincided with the opening of a pedestrian area in Vranje.

²⁴ Paragraph 5.4 of the 1990 OSCE Copenhagen Document provides for "a clear separation between State and political parties." Paragraph I.2.3 of the Code of Good Practice states that "Equality of opportunity must be guaranteed for parties and candidates alike. This entails a neutral attitude by state authorities, in particular with regard to: i. the election campaign; ii. coverage by the media, in particular by the publicly owned media; iii. public funding of parties and campaigns." See also the OSCE/ODIHR and Venice Commission Joint Guidelines for Preventing and Responding to the Misuse of Administrative Resources during Electoral Processes.

²⁵ Hungary's Foreign Minister lent support to both parties at a political rally in Pančevo on 5 April. The Hungarian Prime Minister joined Prime Minister Vučić at the opening of a private factory in Subotica on 13 April. The Deputy Speaker of the Russian State Duma was a guest at the SNS final convention in Belgrade on 21 April.

²⁶ The OSCE/ODIHR LEOM was informed of cases involving political activists in Sjenica on 25 March, Belgrade on 27 March, Mladenovac on 3 April and Kruševac on 7 April.

²⁷ The OSCE/ODIHR LEOM received reports (including from primary sources) of voters being subjected to direct threats, mostly regarding loss of employment. Pervasive reports of aggressive door-to-door campaigning and phone calls were also brought to the attention of the OSCE/ODIHR LEOM, as well as reports of pressure on public and private sector employees to attend SNS rallies in Bor and Niš.

²⁸ The OSCE/ODIHR LEOM LTOs noted that the SNS used food packages, free health care services, child protection workshops and trips for pensioners to influence voters in the campaign in Kovačica, Šid, Novi Sad, Vršac, Sombor and Šabac. The OSCE/ODIHR LEOM received also a number of allegations from across the country that the Roma community was particularly vulnerable to vote-buying.

²⁹ The annual public funding was reduced from 0.15 per cent of the budgetary expenditure to 0.105 per cent of tax revenue, whereas the campaign public funding from 0.1 per cent of the budgetary expenditure to 0.07 per cent of tax revenue.

addition, the amendments introduced a five-day deadline after the elections are called for the Anti-Corruption Agency (ACA) to provide a campaign finance report template, and allowed contestants to use regular public and private funds for campaigning. The OSCE/ODIHR and Venice Commission previously recommended establishing an expenditure ceiling, lowering limits of donations, submitting reports before election day, shortening the deadlines for submission of financial reports, and introducing a short deadline for their publication as well as proportionate and dissuasive sanctions.³⁰ These recommendations have yet to be taken into account. Overall, the regulatory system does not ensure transparency, integrity and accountability of campaign finances.

Public funding for campaigning totalled RSD 580 million.³¹ The Ministry of Finance reported on 18 April that 17 out of the 20 contestants received RSD 5.8 million each as a 20 per cent advance payment.³² The remaining 80 per cent is to be allocated after the elections proportionally to the number of seats won. In addition, six contestants with representatives in the parliament were able to use their annual public funding from past years.³³ Funding, monetary or in-kind, from foreign, state, public and anonymous sources, as well as from non-profit organizations and trade unions, is prohibited. However, a number of OSCE/ODIHR LEOM interlocutors alleged that the ruling parties misused funds from state and public sources.³⁴ The significantly greater financial capabilities of the ruling parties, as compared to other contestants, undermined the equality of opportunity.

By law, annual individual donations to parties are up to 20 average monthly salaries, whereas a legal entity may donate up to ten times this amount.³⁵ The limit is doubled in an election year, regardless of the number of electoral contests. There is no spending limit. All income and expenditures of contestants have to be incurred through dedicated bank accounts called 'campaign funds.' Donations must be made by bank transfer. Out of 20 contestants, 5 published information on donations on their websites, as required by law.³⁶

The ACA is mandated with the oversight of political finance and misuse of administrative resources. In addition, the State Audit Institution (SAI) is mandated with auditing the public funds of parties.³⁷ Political entities are obliged to submit financial reports to the ACA annually and within 30 days after the announcement of the final elections results. There is no deadline for the ACA to publish the financial reports and no obligation to publish any conclusions. The absence of financial reports before

³⁰ See the 2014 [OSCE/ODIHR and Venice Commission Joint Opinion on Draft Amendments to the LFPA](#).

³¹ Equivalent to some EUR 4.7 million.

³² This represents approximately EUR 47,200. The advance funds must be paid within five days from the registration of all candidates' lists. Recipients have to deposit a guarantee of equal value. The deposit is refunded if the contestant obtains at least 1 per cent of the votes or 0.5 per cent if the contestant represents the interests of a national minority. Three contestants were refused, on the grounds that they did not submit a deposit.

³³ Out of a total RSD 764 million (approximately EUR 6.2 million) provided in 2015, the SNS received RSD 435 million, SPS – 137 million, DS – 73 million, SDS – 70 million, SVM – 27 million, SDA – 12.5 million, Party for Democratic Action (PDD) – 8.7 million.

³⁴ Such allegations included the use of public premises and vehicles for campaign events (Novi Pazar), hosting an SNS call centre on municipal premises (Zemun), and advertising the SNS administration achievements on billboard space purchased by the municipal administration (Prokuplje). Settlements of unpaid salaries in the public sector and reimbursement of excess kindergarten fees in Kragujevac also appear to have been used to promote the SNS campaign.

³⁵ This represents respectively RSD 887,200 (some EUR 7,220) and RSD 8,872,000 (some EUR 72,200).

³⁶ Namely the DS, SDS – LDP, SNS, SPS, and SRS.

³⁷ The SAI is not obligated to audit all parties regularly, but has discretionary power to select which parties to audit, based on criteria prescribed by its Rules of Procedure. To date, the SAI has audited three parties for their 2014 finances (the DS, SNS, and SPS) and cases are pending in court against the DS and SPS.

election day limited voters' ability to make a fully informed choice.³⁸ The ACA may request information from political entities, banks and other stakeholders and can issue warnings, initiate misdemeanour or criminal proceedings for possible violations.³⁹ The ACA deployed 135 observers across the country to collect data on compliance with the legislation on campaign finance. In practice, the ACA can initiate misdemeanour proceedings for possible campaign finance irregularities after the submission of financial reports.

Media

Serbia's media environment is diverse, with television (TV) being the most dominant source of information. Many OSCE/ODIHR LEOM interlocutors highlighted that, despite the large number of outlets available, the analytical and current affairs programming offered in the influential nationwide TV channels, except for the public broadcast media, is narrow; this could limit voters' ability to make an informed opinion of the contestants and their platforms. Many of them also attributed the overall lack of critical analyses in the media to widespread self-censorship resulting from political control through the allocation of advertising or tax relief,⁴⁰ or initiating tax inspections. The reform of the media legislation in 2014 aimed to improve the media environment, but, with the exception of increased transparency of media ownership or additional funding for the public broadcasters, the effects were limited by its poor implementation. Following the privatization of the local public media, concentration of media ownership and political bias in the media reportedly increased.

The Regulatory Authority of Electronic Media (REM) paid little attention at its sessions to the conduct of the media during the campaign. While the REM attempted to address complaints received, their efforts remained limited.⁴¹ Smear campaigns conducted by one media outlet against investigative journalists, non-governmental organizations, and public bodies perceived as critical of the government, were intimidating and impacted on their ability to operate.⁴² Investigative journalists also reported that, despite legal regulation, the access to information from state entities was problematic as in an increasing number of cases these entities would opt to pay a fine instead of releasing the information, which is not in line with international standards.⁴³ There were some instances of infringement of media freedom.⁴⁴

The public broadcast media, national *Radio Television of Serbia (RTS)*, and provincial *Radio Television of Vojvodina (RTV)*, complied with their legal obligations to provide contestants with

³⁸ Article 7.3 of the 2003 United Nations Convention against Corruption provides that states should "consider taking appropriate legislative and administrative measures [...] to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties".

³⁹ Sanctions include warnings, suspension of public funding, fines from RSD 200,000 up to RSD 2 million (EUR 1,630 up to 16,300), confiscation of funds and imprisonment.

⁴⁰ The Anti-Corruption Council (ACC), a government advisory body, described these mechanisms in its 2015 reports. See [Report on Ownership Structure and Control over Media in Serbia](#) and [Report on the Possible Impact of Public Sector Institutions on Media, through Financing of Advertising and Marketing Services](#).

⁴¹ The REM received 22 complaints related to media conduct during the campaign period, half of which were received in the last week of the campaign. See *Complaints and Appeals Section*.

⁴² As an example, in February, the daily newspaper *Informer* launched a campaign against a member of the ACC after the publication of one of the ACC reports; in March, *Informer* targeted a journalist of the Crime and Corruption Reporting Network (KRIK).

⁴³ UNHRC General Comment No. 34 to Article 19 of the ICCPR reads that "Article 19, paragraph 2 embraces a right of access to information held by public bodies. Such information includes records held by a public body, regardless of the form in which the information is stored, its source and the date of production."

⁴⁴ For example, a *Boom 93 Radio* journalist in Požarevac was denied access to a political party's press conference; an *RTV* journalist was reprimanded for asking the Prime Minister a critical question about his political past; the OSCE/ODIHR LEOM received credible reports of a group of journalists being pressured to write articles supporting a particular political position.

platforms to present their programmes. However, as the OSCE/ODIHR LEOM media monitoring showed, government activities dominated in the news of the two public TV channels, receiving some 40 per cent of news coverage, generally in a positive or neutral light.⁴⁵ In the news coverage of the electoral contestants by these two channels, the SNS received the largest share, some 15 per cent.⁴⁶ The current affairs programmes on *RTVI* were more balanced.

In contrast, four national private TV channels – *B92*, *Happy*, *Pink* and *Prva* – dedicated a much smaller share of time to the political actors. The newscast by these channels provided favourable, and in some cases extensive coverage of the government. This imbalance was even more pronounced outside of the news.⁴⁷ The time devoted to such coverage increased substantially in the last week of campaign. *Pink*, in particular, showed a clear bias, openly promoting the government, while portraying the DS very negatively. Positively, *NI*, a private TV channel available primarily in the major cities, offered extensive, and rather diverse and balanced, coverage of political actors in the news and current affairs programmes.

Among the monitored newspapers, *Informer*, a tabloid newspaper, ran negative campaigns against those who appeared to oppose the government. It presented some parties in a negative light, in particular the DS, while openly promoting the SNS and the government. *Politika*, *Kurir* and *Večernje Novosti* leaned towards the government, while *Blic* presented a somewhat more critical attitude towards the political actors. A more diverse and balanced picture of political subjects was provided by *Danas*, whose circulation figures are significantly smaller than the other monitored newspapers. The combined coverage of female political actors in most monitored media did not exceed 10 per cent although it was notably higher on the public broadcasters and *NI*.

Complaints and Appeals

The right to seek legal redress is granted to voters, candidates and submitters of candidate lists. Complaints against decisions, acts or omissions of PBs are filed with the REC. Complaints against REC decisions are filed with the REC itself, whereas appeals are filed with the Administrative Court, which has final jurisdiction. A complaint must be filed with the REC within 24 hours of the decision or the irregularity and an appeal must be filed with the Administrative Court within 48 hours of the receipt of the decision. The REC and the Court must decide within 48 hours. If a complaint is upheld, the subject matter decision or act is annulled. If the Administrative Court annuls elections, repeat elections are held within 10 days. A public hearing is not mandatory and election-related appeals continue to be heard *in camera*, citing the very short deadlines.

In addition, the LER stipulates that a Supervisory Board (SB) monitors the election-related activities of political parties, candidates and mass media and identifies irregularities; however, the SB was not formed for these elections.⁴⁸ The absence of comprehensive campaign regulations and of monitoring

⁴⁵ From 24 March, the OSCE/ODIHR LEOM monitored primetime broadcasts of public TV channels *RTSI* and *RTVI*, and private TV channels *B92*, *Pink* and *Prva*. Evening news and current affairs programmes of TV channels *Happy* and *NI*, as well as the contents of daily newspapers *Blic*, *Danas*, *Informer*, *Kurir*, *Politika* and *Večernje Novosti* were also monitored.

⁴⁶ In comparison, on *RTSI*, the SRS received 10 per cent, DS 8 per cent, LSV and SPS 4 per cent each, SVM 3 per cent while all other contestants received less than 2 per cent of coverage. On *RTVI*, DS-led coalition received 9 per cent, SRS 8 per cent and SPS 5 per cent.

⁴⁷ *B92*, *Pink* and *Prva* allocated dominant shares of their coverage outside of the news programmes to the government and SNS, who together received over 90 per cent of the coverage in each of these three channels. *Happy* dedicated some 46 per cent of such coverage to SNS and 38 per cent to SPS.

⁴⁸ The SB must be appointed by the parliament and may issue warnings to political parties, administration, candidates and media and it may suggest measures to media for ensuring equal conditions among contestants. The SB was appointed only once in 2000.

of the campaign potentially left irregularities unaddressed and impacted on the effectiveness of dispute resolution. No complaints on campaign finance irregularities or the misuse of administrative resources were filed with the ACA. The OSCE/ODIHR LEOM was not made aware of official complaints with regard to the alleged misuse of administrative resources and pressure on voters, but received reports of a perceived fear of retribution for filing complaints as well as a general lack of trust in the effectiveness of the judiciary and investigatory bodies.

As of 19 April, some 35 complaints and appeals were filed with the REC, the Administrative and the Constitutional Court on the registration of 11 candidate lists.⁴⁹ Of these, eight concerned the registration of a candidate list nominated by a group of voters.⁵⁰ An additional 12 concerned the denial of registration of 6 candidate lists,⁵¹ 2 against the registration of 1 candidate list⁵² and 8 on the granting or denial of national minority status to 4 candidate lists.⁵³ The Ombudsman and the Commissioner for Personal Data Protection have not dealt with any election-related cases.

Participation of National Minorities

The Constitution guarantees the rights and freedoms of national minorities, including those related to political association, cultural institutions, education and access to information in their own languages, the rights to elect and to be elected. According to the 2011 census, there are around 20 ethnic minorities registered in Serbia.⁵⁴

The 2009 LPP contains provisions promoting participation of national minorities in public life and 64 of the 106 registered parties represent national minorities.⁵⁵ Out of 29 submitted candidate lists, 17 applied for national minority status and 8 obtained it.⁵⁶ Initially, based on REC's own instructions stipulating the criteria for granting national minority status to candidate lists, it rejected the lists that

⁴⁹ Russian Party-Slobodan Nikolić, Republican Party-Nikola Sandulović, Serbian-Russian Movement-Slobodan Dimitrijević, Green Party, The Coalition Democratic Movement of Romanians and Party of Russians, Danica Grujicic – Vlach Party, Hungarian Movement – For changes, Male and Female Citizens of Serbia – Coalition Roma Party and Bunievci Citizens of Serbia, This is us – Natural Movement, and the Tolerance, Democratic Movement of Romanians of Serbia and Party of Russians of Serbia.

⁵⁰ The complaint was filed by an individual against the candidate list 'United for Serbia - National Alliance Glišić – Parović,' on the grounds that the name of the candidates' list may not have two surnames and it was rejected by the REC. The Administrative Court overturned the REC decision, upon an overly restrictive interpretation of the law (LER, Art. 42). Subsequently, the REC provided this group of citizens with a 48-hour deadline to collect signatures and re-submit an application for registration of the candidates' list under a new name. The Administrative Court rejected three appeals filed by the nominating group against the REC and the court's decisions. In addition, two complaints are pending with the Constitutional Court, filed by the same group of voters against the decision of the Administrative Court and alleging violation of their constitutional rights. This candidate list eventually obtained new registration under the name of "In spite – United for Serbia – People's Alliance."

⁵¹ Republican Party-Nikola Sandulović, This is Us -Natural Movement, Danjica Grujicic-Vlah Party, Hungarian movement-For Changes, The Tolerance, Male and female citizens- Coalition Roma Party and Bunievci Citizens of Serbia.

⁵² The Green Party.

⁵³ Russian Party-Slobodan Nikolić, Republican Party-Nikola Sandulović, Serbian-Russian Movement and Green Party.' See *Participation of National Minorities Section*.

⁵⁴ According to the 2011 census, the largest minorities are the Hungarians (253,899), the Roma (147,604) and the Bosniaks (145,278). The Albanian minority boycotted the 2011 census, however a 2015 assessment in Southern Serbia requested by the Serbian authorities showed an Albanian population of 47,938.

⁵⁵ While 10,000 signatures are required to register a political party, a national minority can register a party with 1,000 signatures. However, all candidate lists, including those of a national minority, require the same 10,000 signatures to be registered.

⁵⁶ In addition, the Roma list was registered with national minority status, but afterwards withdrew. Six lists that applied for nationality minority status were not registered for lacking the supporting signatures.

did not present evidence of activities undertaken to represent and promote the interests of a national minority. However, the Administrative Court ruled that the REC cannot deny the national minority status to candidate lists submitted by political parties that have such status.⁵⁷ Some submitters of lists exploited the lack of clear criteria in the law to apply for the national minority status solely to obtain the related privileges.

Two candidate lists each were registered as Bosniak, Hungarian and Russian minorities, as well as one each as Albanian, and Slovak minorities. In addition, one other national minority party was on a coalition list with Serbian parties.⁵⁸

Citizen and International Observers

Despite longstanding OSCE/ODIHR recommendations, the electoral legislation does not provide for election observation.⁵⁹ Access for citizen and international observers is regulated by the REC Rules of Procedure and regulations for these elections. These regulations set reasonable deadlines for accreditation and limit the number of citizen observers to one observer per organization per polling station. In addition, the REC regulated that in order to be eligible to observe the elections, the goals and objectives of citizen organizations must relate to elections.⁶⁰

The REC accredited 196 international observers and 1,689 citizen observers in an inclusive process. The Centre for Research, Transparency and Accountability (CRTA) observed a representative sample of a total of 450 polling stations while the Center for Free Elections and Democracy (CeSID) deployed 800 short-term observers. All international observers deployed by the OSCE/ODIHR and the PACE were accredited by the REC.

Election Day

In accordance with standard practice for LEOMs, the OSCE/ODIHR LEOM did not observe election day proceedings in a systematic or comprehensive manner. In the limited number of polling stations (PS) visited by international observers, election day procedures, including counting, were generally conducted efficiently and in accordance with the law.

The design of the voting screens and the layout of PSs did not ensure the secrecy of the vote, which is not in line with OSCE commitments and other international obligations and standards. At times, the small size of voting premises and the large number of PB members contributed to overcrowding. In multiple cases noted by international observers, PB members lacked clear identification.

While procedures were followed overall, instances of family voting were observed and UV lamps to check against multiple voting were not used consistently. Not all PSs visited were accessible to voters with disabilities. The presence of citizen observers was only noted in a few instances. International observers noted and received reports about an intimidating presence of SNS representatives in and around some PSs.

⁵⁷ Article 42 of the REC Instructions stipulate the criteria for granting national minority status to candidate lists, whereas the LER is silent on the issue. See *Complaints and Appeals Section*.

⁵⁸ The Democratic Alliance of Croats in Vojvodina is on "Fair for Serbia – DS" list.

⁵⁹ Paragraph 8 of the 1990 OSCE Copenhagen Document provides that "the participating States consider that the presence of observers, both foreign and domestic, can enhance the electoral process for States in which elections are taking place". See also the Code of Good Practice, which states that "the presence of national or international observers should be authorized".

⁶⁰ This led some of the citizen organizations to change their charters to apply for accreditation.

The REC began releasing preliminary results and posting PB protocols in the early morning after election day, contributing to the overall transparency of the process. Preliminary voter turnout was reported at 56.3 per cent.

***The English version of this Statement is the only official document.
An unofficial translation is available in Serbian.***

MISSION INFORMATION AND ACKNOWLEDGEMENTS

Belgrade, 25 April 2016 - The OSCE/ODIHR Limited Election Observation Mission opened in Belgrade on 18 March. It includes 10 experts in the capital and 12 long-term observers deployed throughout Serbia.

In line with OSCE/ODIHR's standard methodology for Limited Election Observation Missions (LEOMs), the LEOM focused on the longer-term electoral process without the additional deployment of short-term observers that would have provided the basis for a quantitative assessment of election day.

The observers visited a limited number of polling stations around the country on election day, although observation was not conducted in comprehensive fashion. On election day, 51 observers, were deployed, including 28 long-term observers and experts deployed by the OSCE/ODIHR, as well as 23 from the PACE. In total, there were observers from 29 OSCE participating States.

The observers wish to thank the authorities of the Republic of Serbia for the invitation to observe the elections, and the REC and the Ministry of Foreign Affairs for their assistance. They also wish to express appreciation to other state institutions, political parties and civil society organizations for their co-operation. The observers also wish to express appreciation to the OSCE Mission to Serbia and other international institutions for their co-operation and support.

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IV Economic Situation in Serbia

- 1. BTI 2016 - Serbia Country Economical Report**
- 2. IMF Executive Board Approves €1.2 billion Stand-By Arrangement for Serbia**

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

Socioeconomic
barriers
6

With a per capita gross national income of \$12,480 (PPP), calculated by the World Bank for 2013, Serbia belongs to the group of upper-middle income economies. Serbia ranked 77 out of 187 countries in the 2013 Human Development Index, with a score of 0.745. This was one rank higher than Brazil, but lower than Bulgaria and Romania. According to Eurostat, in 2013, 42% of the population was at risk of poverty. In other words, 42% of the population had a disposable income of less than 60% of the national median (after social transfers, adjusted for household size). According to Eurostat, in 2013, the Gini coefficient for Serbia was 38. This indicates that income inequality in Serbia is among the highest in Europe. Poverty rates are inflated by the large size of families, high number of single-parent families, high unemployment rates and a large Roma population. In contrast, the proportion of pensioners classified as at-risk-of-poverty was comparatively low. Vulnerable households tend to be in rural areas and in the south or east.

The informal economy is estimated to employ 1 million people and account for nearly 40% of GDP. According to a 2014 labor force survey, the proportion of informal to total employment grew from 17.9% in October 2012 to 21% in June 2014.

Economic inequality increased during the recent wars and periods of transition. Since the global economic and financial crises began in 2008, poverty and economic inequality have increased across southeastern Europe, including in Serbia.

Economic indicators		2005	2010	2013	2014
GDP	\$ M	26252.0	39460.4	45519.7	43866.4
GDP growth	%	5.5	0.6	2.6	-1.8
Inflation (CPI)	%	16.1	6.1	7.7	2.1
Unemployment	%	20.8	19.2	22.2	-
Foreign direct investment	% of GDP	7.8	3.4	4.3	-
Export growth	%	12.5	15.0	21.3	3.9
Import growth	%	-2.2	4.4	5.0	3.3
Current account balance	\$ M	-	-2550.3	-2789.7	-
Public debt	% of GDP	54.1	43.7	61.4	72.2
External debt	\$ M	16159.4	32934.7	36397.4	-
Total debt service	\$ M	1234.5	4306.9	8455.2	-
Cash surplus or deficit	% of GDP	-	-3.8	-	-
Tax revenue	% of GDP	-	21.4	-	-
Government consumption	% of GDP	19.5	18.5	17.8	18.2
Public expnd. on education	% of GDP	-	4.6	-	-
Public expnd. on health	% of GDP	6.0	6.6	6.4	-
R&D expenditure	% of GDP	0.43	0.79	-	-
Military expenditure	% of GDP	2.4	2.2	2.0	2.2

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

7 | Organization of the Market and Competition

Serbia has established an institutional framework for market competition, but the state sector remains large and mostly inefficient. By the end of 2014, the public sector employed 250,000 people (i.e. 15% to 20% of total formal employment) and comprised more than 1,400 public enterprises. Informal unemployment is widespread, with the informal sector accounting for 40% of GDP. The functioning market mechanisms continue to be distorted by, among other things, legal uncertainties. The World Bank's 2015 Doing Business report ranked Serbia 91 out of 189 economies, 14 places lower than in 2014. This drop was due to the increasing difficulty of transferring property. Serbia is ranked behind Slovenia, Croatia,

Market-based
competition

8

Macedonia and Montenegro, but ahead of Bosnia and Herzegovina. On average, registering a firm in Serbia takes 12 days, six procedures, and costs nearly 7% of Serbia's per capita income.

In 2014, the parliament amended the labor code and bankruptcy legislation, and introduced a new privatization law to strengthen market-based competition. The government also reduced subsidies to and eliminated liquidity support for the largest state-owned enterprises. The amendments to bankruptcy legislation were introduced to facilitate the liquidation of insolvent companies. Electricity and gas markets have not yet been fully liberalized, though private electricity companies have obtained access to the transmission network since 2013.

The main element of Serbia's legislation concerning antitrust and competition is the 2009 Competition Law, modeled after the EU competition law. This act includes standard regulations that pertain to preventing restrictive agreements and practices, merger control and prevention of abuse of dominant position. The Competition Law also laid the foundation for the establishment of the Commission for Protection of Competition (CPC), which is charged with implementing the competition law, and independently imposing its own sanctions for violations of competition. In October 2013, to align Serbian and EU law, the parliament amended the Competition Law and reinforced the CPC's investigative capacity. In 2013, the CPC completed four procedures on restrictive agreements, six procedures on the abuse of dominant market positions and 97 merger procedures (annual report data). A new consumer protection law was adopted in June 2014. Information on consumer rights is available through the Agency for Consumer Protection as well as online. However, the enforcement of consumer rights is inconsistent.

Anti-monopoly
policy
9

Serbia signed the Stabilization and Association Agreement with the EU in May 2008. Serbia had also fully implemented the Interim Trade Agreement with the EU by February 2010. As a result, Serbia qualified for candidate status to join the EU in March 2012. In January 2014, negotiations over Serbia's accession to the EU officially began. The European Union is Serbia's main trading partner. In 2013, the EU accounted for more than 62% of total exports and more than 61% of total imports. On 1 January 2013, Serbia entirely abolished import customs duty for a large number of EU products. As of 2014, it has also abolished import customs duty for about 96% of agricultural products. Serbia has preferential trade agreements with Russia, Belarus, Kazakhstan and Turkey as well as with European Free Trade Agreement and Central European Free Trade Agreement member states. Negotiations over Serbia's accession to the WTO were nearing completion in early 2015. The primary obstacle to accession to the WTO is Serbia's complete ban on the trade and cultivation of agricultural biotechnology products.

Liberalization of
foreign trade
10

Serbia's banking system has remained stable despite the economic recession, fiscal imbalances and increasing share of nonperforming loans. Banks appear to be well capitalized, with the ratio of regulatory bank capital to risk-weighted assets nearly 20% at the end of 2014. The share of nonperforming loans has increased by more than 10 percentage points since 2008, totaling 23% of total loans in 2014. Banking sector assets stood at 92.4% of GDP at the end of 2013, while foreign-owned banks control about 75% of total assets. Banks generally dominate the financial system, accounting for most of the assets and liabilities. Banks have constrained their credit to companies and applied stricter standards of lending. Serbia's central bank adopted a strategy for implementing the Basel III standards in December 2013. In 2014, the government established a framework to support a timely resolution of banks. To assist this reform, in 2014, international financial institutions provided funding to enable Serbia's Deposit Insurance Agency to function as a safety net for depositors and banks.

Banking system
9

8 | Currency and Price Stability

The central bank followed a restrictive monetary policy. To contain the destabilizing effects of fiscal deficits and uncertain capital flows, the central bank targeted inflation. In 2013, the average inflation rate was 7.8%. It declined in 2014 under the influence of weak demand, leading the central bank to reduce its key interest rate and relax reserve requirements on banks' foreign-exchange liabilities.

Anti-inflation /
forex policy
8

The dinar remained stable against the euro until late July 2014, supported by central bank interventions mainly in the first months of 2014. However, since July 2014, the dinar has lost value. In January 2015, €1 was worth RSD 121.15, a depreciation of 6.5%. The central bank spent €1.75 billion in 2014 in the foreign-exchange market in order to support the national currency. Critics accused the central bank of supporting the national currency for political reasons, with a rapid currency depreciation reflecting poorly on the government. The governor of the central bank is publicly perceived as close to the government.

The fiscal situation is unstable. In 2013, the general government deficit was equal to 5% of GDP, exceeding the initial target. In 2014, the deficit increased to an estimated 7.5% of GDP. In November 2014, the government cut nominal public sector wages (including in state-owned enterprises) by 10% and reduced nominal public pensions by 22% to 25%. A wide-ranging pension reform in 2014 increased the minimum retirement age and the statutory retirement age for women, and introduced benefit reductions in cases of early retirement. In addition, the government committed to reduce general government employment by 5%. The nominal indexation of public sector wages was suspended.

Macrostability
7

Public debt totaled €20.09 billion by the end of 2013 and equaled 61.2% of GDP. By March 2015, public debt had increased to 72.3% of GDP due to the increase in the value of the dollar. This level exceeded the public debt ceiling, introduced in 2011, which was capped at 45% of GDP. By the end of January 2015, the total direct obligations of the state were €20.66 billion, while indirect obligations were €2.56 billion.

Negotiations with the IMF were frozen when the government's 2012 budget deviated from the IMF's criteria. In November 2014, the Vučić government agreed on a new three-year, €1.122 million Stand-By-Arrangement (SBA) with the IMF.

9 | Private Property

Serbia has an adequate legal framework for the protection of property rights, though the enforcement of these rights through the judicial system can be extremely slow. In its 2014 Doing Business report, the World Bank ranked Serbia 72 out of 189 countries concerning registering property. The same report ranked Serbia 96 out of 189 countries with respect to the time required to enforce a contract through the courts. The regulation of the acquisition of property is well defined and the legal framework that protects property is in place. But municipal courts and cadastral offices dealing with property registration are highly susceptible to corruption, which undermines the protection of property rights in practice.

The Criminal Code contains a broad and vague provision penalizing "responsible" people who abuse their offices, positions or powers to obtain unlawful material gain or cause material damage. The parliament narrowed the scope of Article 359, but introduced Article 234. Article 234 provides the authorities with similarly broad discretion to seize assets and to initiate criminal procedures against rival entrepreneurs. Moreover, the public prosecution reclassified numerous Article 359 cases under Article 234. According to critics, this violates a key principle of the rule of law (i.e. no retroactive effect).

Under the Law on Restitution, which relates to private property nationalized after the Second World War, the deadline claims to be submitted expired in March 2014. There are 75,000 claims. The Agency for Restitution had adopted 13,500 first-instance decisions by the August 2014. Most of the requests have been approved by the Ministry of Finance as an appellate body. Certain requirements, which related to agricultural land and real estate belonging to private enterprises, were overruled. Approximately 3,500 hectares of agricultural land and forest, 2,600 apartments and office space, and 580 hectares of brownfield land have been returned to their original owners.

An agreement between the EU and Serbia stipulates that EU citizens have the right to buy agricultural land in Serbia starting from 2017.

Property rights
7

Progress has been made in company restructuring and privatization, but large enterprises - including the power utilities (Elektroprivreda Srbije), telecommunications company (Telekom), nature energy resources (Srbijagas) continue to be state owned. In July 2014, the parliament adopted a law to privatize 502 state- or socially-owned companies. Previous privatizations have been only partly successful. Often, companies could not be sold as there was no interested buyer. Also, allegations of corruption and fraud dogged the process. The law envisages achieving privatization through the creation of a strategic partnership, the transfer of capital without compensation, and the sale of capital and assets. The government plans to complete the privatization process by 2016, and settle the status of state and social enterprises. Serbia's economic development strategy involves an increased reliance on the private sector by transferring resources and staff from the public sector to the private sector.

Private enterprise
8

10 | Welfare Regime

In June and July 2014, unemployment was at a very high 20%, while three-quarters of all unemployed were classified as being in long-term unemployment. Youth unemployment (15-25 years) is growing and was at 53% in June 2014. The share of young people not in employment, education or training (NEET) was around 27% in June 2014. In 2013, 30% of unemployed people in active labor market programs belonged to Roma or other vulnerable groups.

Social safety nets
7

A national employment action plan for 2015 was adopted in September 2014. It focuses on young people, unemployed with low qualifications, and workers made redundant from the companies in restructuring. The 2014 budget reduced funding for active labor market policies to less than 0.1% of GDP. As a result, there will be insufficient public funding to compensate for the high level of unemployment that will be caused by the restructuring of the remaining state-owned enterprises.

The 2011 census indicates that the population is declining and aging, which will further strain the resources of social services.

According to World Bank data, public and private healthcare expenditure accounted for 10.5% of GDP in 2012. This was the highest ratio of any east-central and southeast European country. Life expectancy at birth, which is an indicator for the quality of a healthcare system, increased to 75.2 years in 2012, close to the regional average of 75.6 years.

The pension fund deficit remains large. More than 40% of the pension fund revenues come from government expenditure. About 14% of GDP was spent on pensions in 2013, which declined to 12.6% in 2014. The Law on Pension and Disability Insurance was adopted in July 2014. The law introduced, among others, disincentives for early retirement, an increase in the minimum retirement age from 58 to 60 years by 2024 and an increase in the statutory retirement for women from 60 to 65 years by 2032.

Equality of opportunity is protected by the legal and institutional framework. According to the 2011 census, women account for 51.3% of the population, but are underrepresented in senior public positions. Detailed data on gender inequalities has been collected since 2005. According to this data, women with a tertiary education earn on average €200 less than their male counterparts. Women are more numerous in poorer remunerated occupations, such as service and administrative activities, or in declining industries, such as textile. Women are also disproportionately affected by wage reductions and threats of dismissal.

Equal opportunity
7

In 2014, the government allocated €12.8 million to the Fund for Professional Rehabilitation and Enhancement of Employment of Persons with Disabilities. In 2013, approximately 5,700 people with disabilities benefited from active measures.

Since the outbreak of the economic crisis in 2008, it has been increasingly difficult for Roma and other ethnic minorities to find employment in spite of anti-discriminatory legislation.

11 | Economic Performance

Serbia's economy declined by an estimated 2% in 2014, largely due to the damage caused by severe floods in May 2014. In addition, foreign demand for exports weakened, industrial output declined and household spending fell.

Output strength
5

At the end of 2014, the inflation rate was 1.7%, the unemployment rate was 20.3%, the public deficit had reached RSD 44 billion and the dinar had depreciated.

The economy relies on manufacturing and exports, driven largely by foreign investment. Industrial production in January 2015 decreased by 2.4% from January 2014. A significant 8.5% increase in gross value added was recorded in the construction sector. Between January 2014 and January 2015, production in the mining sector declined by 18%, and the supply of electricity, gas, steam and air conditioning by 13.6%, while the manufacturing sector grew by 5.3%.

The current account deficit dropped to 6.5% of GDP, but increased again in the second half of 2014. Exports of goods and services kept increasing, while imports remained restrained due to weak domestic demands. External debt fell in relation to GDP to around 80% by the end of June 2014, but has increased again in early 2015. Foreign direct investment rose slightly in 2013 to 38% of GDP. Most foreign direct investment went into trade, real estate, construction and financial services. However, the stock of foreign direct investment per capita is significantly lower than in states like Bulgaria or Poland.

A net FDI inflow of €1.3 billion was recorded in 2014. Serbia performed well in terms of FDI in 2012, attracting 78 projects, up 16.4% year-on-year (Ernst & Young's

Europe attractiveness Survey 2013). FDI created 10,302 jobs, which ranked Serbia 6 in Europe for FDI job creation. Serbian projects are among the most labor intensive in Europe, with each project creating 132 jobs on average. Nearly 90% of projects in Serbia came from European companies, predominately from Italian companies. German and Austrian companies have also invested in industrial manufacturing, with automotive components a leading sector.

12 | Sustainability

Almost 70% of total electricity generation in Serbia is based on lignite. Three-quarters of lignite production comes from the Kolubara basin, which is located 55 km from Belgrade. In order to achieve a reduction in its dependence on imported technology for the production of energy from fossil fuels, Serbia has to completely remove CO₂ emissions generated by the production of electricity, and fully harmonize its coal plants with EU standards by 2050. According to a World Bank report, CO₂ emissions was 6.3 metric tons per capita in 2010. Meanwhile, 99% of the rural population had access to an improved water source in 2012. Seven out of eight cities in Serbia exceed the legal limit for several pollutants (air quality III).

The collection rate for household waste is 80%. Serbia has seven regional sanitary landfills, which comply with EU regulations. However, many stretches of land as well as river basins are visibly polluted by waste, such as plastic bags. There is a lack of capacity for differentiated waste disposal (e.g. general, paper, glass). Recycling systems are underdeveloped, but have significant revenue potential. The extreme floods in 2014 highlighted the urgent need for better flood prevention and water management systems, and physical infrastructure. The floods also highlighted the need for better coordination between the republic and local authorities in that field.

The government introduced a national strategy for sustainable development in 2010. It also aligned national and EU environmental protection standards, creating an environmental regulatory framework. Local government responsibilities have increased, with local governments charged with introducing adequate control mechanisms. However, local authorities have been slow and ineffective in implementing environmental policy objectives. This has been due to the lack of financial resources, missing bylaws and diverse local-level organizational structures. The central government budget allocates only 0.3% of GDP to environmental protection. Public awareness of the importance of environmental problems is also limited.

Serbia has been a member of the U.N. Framework Convention on Climate Change since June 2001. Serbia has ratified the Kyoto Protocol, but has not adopted a national strategy for reducing greenhouse gas emissions under the Protocol and has the status of non-Annex I country. Serbia is in the process of implementing EU energy and

Environmental
policy
7

environmental policies, especially the group of directives included in the EU's climate and energy program for 2020. As a signatory to the Energy Community Treaty, Serbia is obliged to implement EU legislation in the field of energy, including renewable energy and energy efficiency policies.

The first national action plan for renewable energy was adopted in 2013.

There is a nationwide system of education and training. In 2011, the government spent the equivalent of 4.8% of GDP on education. This was equivalent to Hungary and more than Bulgaria, Croatia and Romania. According to the World Bank, the primary school enrollment rate was 93% in 2012. Census data indicates that the number of people unable to read or write has halved between 2012 and 2002. In 2012, 165,000 people were unable to read or write, of which more than 80% were women. Whereas the number of pupils in primary schools declined from more than 1 million in 2002 to 677,000 in 2012, the share of young people in tertiary education grew from 6.5% in 2002 to almost 11% in 2012. In September 2014, parliament adopted a law on higher education that, among other things, created a registry of PhD theses to improve transparency in the system. In 2012, approximately 200,000 students in higher education. There were nine universities and 22 colleges in the private sector, and eight universities and 50 colleges in the public sector.

In 2012, Serbia spent 0.91% of GDP on R&D, which was below the EU average of 2.07%. However, this was significantly higher than the share of R&D expenditure in Bulgaria, Croatia or Romania. In the 2012 OSCE Program for International Student Assessment (PISA) testing, Serbia ranked 43 out of 65 countries, lower than Croatia and Hungary, but higher than Bulgaria and Romania.

Serbia remains one of the countries worst hit by the brain drain effect. A survey conducted among 1,500 students from 30 faculties in April 2014 indicated that 39% of the students wanted to leave the country.

Education policy /
R&D
7

2. IMF Executive Board Approves €1.2 billion Stand-By Arrangement for Serbia

Press Release No. 15/67 - February 23, 2015

The Executive Board of the International Monetary Fund (IMF) today approved a three-year, SDR 935.4 million (about €1.2 billion, 200 percent of quota) new Stand-By Arrangement for Serbia. The Serbian authorities have indicated their intention to treat the program as precautionary.

The program is based on three main pillars: restoring public finances' health; increasing the stability and resilience of the financial sector; and implementing comprehensive structural reforms, to form a solid foundation for job creation and return to sustained high growth.

Following the Executive Board's decision, Mr. David Lipton, First Deputy Managing Director and Acting Chair, issued the following statement:

"The Serbian economy faces serious fiscal imbalances and entrenched structural weaknesses, in the context of slower growth and adverse regional spillovers. The authorities' Fund-supported program offers an opportunity to restore public debt sustainability, rebalance macroeconomic policies, enhance financial sector resilience, and improve competitiveness and medium-term growth potential. The authorities should be commended for strengthening the credibility of reform plans by taking difficult but necessary measures in 2014, including labour and pension reforms.

"Serbia's high and rising public debt calls for fiscal consolidation in the period ahead. The authorities' fiscal package, which aims to place the debt-to-GDP ratio on a downward path by 2017, is appropriate. The focus on containing mandatory expenditure, reducing state aid, and minimizing fiscal risks arising from state-owned enterprises is warranted. The fiscal program will also be supported by improving the public financial management framework.

"Fiscal consolidation creates room for gradual monetary easing, which will support domestic demand as the fiscal stimulus is withdrawn. The pace of monetary policy adjustment should take into account external financing conditions and the evolution of inflation expectations. Exchange rate flexibility remains an important shock absorber for Serbia and foreign exchange interventions should remain limited to smoothing excessive volatility.

"Preserving the stability of the financial sector and strengthening its resilience will safeguard the economic recovery. Special diagnostic studies should verify the health of banks and guide financial sector policies, going forward. A comprehensive strategy to address high non-performing loans would help clean up balance sheets and improve financial intermediation. Recent reforms to the bank resolution framework will improve the efficiency of the system and mitigate fiscal risks.

"The authorities' commitment to broad-based structural reforms is welcome. Wide-ranging reform of state-owned enterprises, especially large ones, will be critical for reducing state aid and limiting the drag on the budget. The business climate needs to be improved to attract new investment, foster job creation, and support growth over the medium term."

The Executive Board also concluded the 2014 Article IV consultation with Serbia. A press release will be published in due course.

ANNEX

Recent Economic Developments

Serbia's GDP contracted in 2014 due to continued falling domestic demand aggravated by floods, and weak economic activity among trading partners. A high rate of unemployment remains one of the largest social concerns, as chronic structural rigidities continue to undermine the overall competitiveness of the economy. The recession in 2014 was the third in the last six years.

Public debt has risen rapidly to uncomfortably high levels, and despite some fiscal consolidation efforts in recent years, the fiscal deficit rose to 6.6 percent in 2014, due to higher state aid to loss-making SOEs and mandatory spending. Public debt reached over 70 percent of GDP in 2014.

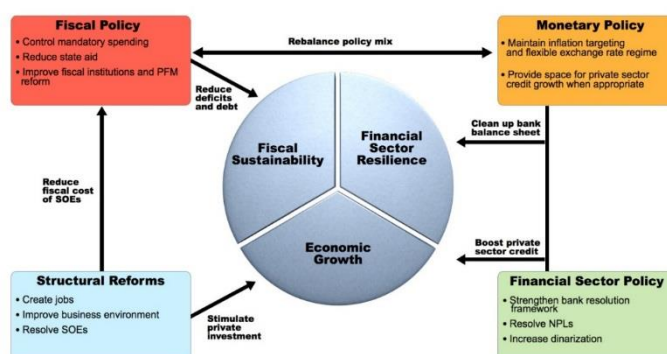
Program Summary

The program's three main pillars are:

- **Strong fiscal consolidation over the program period and rebalancing of policy mix.** The fiscal adjustment, already initiated in late 2014, is largely based on curbing mandatory spending and reducing state aid to state-owned enterprises (SOEs). The tighter fiscal stance will create space for easing of monetary policy, which will foster credit growth to the economy. Some of the major measures, related to pensions and public sector wages, have already been introduced in 2014 or are included in the 2015 budget, highlighting high ownership of the program.

- **Strengthening of the financial sector.** The program aims to support financial sector stability and resilience and improve financial intermediation. While the banking sector (composed mostly of foreign-owned banks) has remained adequately capitalized and highly liquid, nonperforming loans (NPLs) are a significant challenge. Addressing high NPLs will be essential to improve the creditworthiness of potential borrowers and recovery of credit to the economy, which has been contracting until recently. The Serbian authorities are committed to designing and implementing a comprehensive strategy for reducing NPLs. Increasing the dinarization of the economy is also one of the key objectives.

- **Boosting competitiveness and growth.** Structural reforms are essential to enhance Serbia's growth potential. There are three broad priorities to be implemented over the medium term: job creation; improvement of the business environment and competitiveness; and resolution and reform of SOEs, aiming at a significant reduction in the number of these enterprises (a first group of about 500 companies are slated for resolution or privatization). In terms of job creation, the Serbian authorities already took important steps in mid-2014, amending the Labor Law to remove disincentives to hiring, and making wage bargaining and employment procedures more flexible. One important measure in fostering investment is a revamp in the regulatory framework for issuing construction permits, aimed at streamlining the process. Serbia has been a member of the IMF since December of 1992 and has a quota of SDR 467.7 million.



Main Pillars of Serbia's Adjustment Program.

Source : <https://www.imf.org/external/np/sec/pr/2015/pr1567.htm>



V Accession process to the EU

1. Timeline of the relations between Serbia and the EU
2. The advances of Serbia on EU accession criteria
3. Opening of the first negotiation chapters
4. Efforts to conduct in the future
5. Instrument for Pre-accession Assistance (IPA II) Introduction





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2.1 Commission staff working document: Serbia 2015 Progress Report



Brussels, 10.11.2015
SWD(2015) 211 final

COMMISSION STAFF WORKING

DOCUMENT SERBIA 2015 REPORT

Accompanying the document

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

EU Enlargement Strategy

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1. INTRODUCTION¹

1.1. Context

The European Council granted Serbia the status of candidate country in 2012. Accession negotiations were launched in January 2014. The analytical examination of the EU *acquis* (screening process) was completed in March 2015. The Stabilisation and Association Agreement (SAA) between Serbia and the EU entered into force in September 2013.

Serbia remained committed to its strategic goal of EU accession and continued to build a track record in implementing the obligations of the SAA. It is implementing an ambitious political and economic reform agenda and successfully finalised the action plans required for the opening of the rule of law negotiating chapters. Serbia played a constructive role in the region. It remained committed to the normalisation of its relations with Kosovo* and came to key agreements with Kosovo within that process. It has also had a very constructive role in managing the migration crisis.

1.2. Summary of the report

As regards the **political criteria**, stakeholders, including civil society, were increasingly involved in the accession process. Though co-operation between the authorities and the independent regulatory bodies and the Ombudsman has recently increased, it should be further improved. The use of urgent procedures in parliament should be curtailed. Constitutional reforms will be needed for alignment with EU standards in some areas.

Serbia is moderately prepared in the area of public administration reform. Good progress has been achieved with the adoption of a comprehensive action plan. Serbia needs to remain committed and implement its reform targets. Strong political will remains essential to professionalize and depoliticize the administration and make recruitment and dismissal procedures more transparent, especially for senior management positions.

The judicial system has reached some level of preparation. New rules for evaluating judges and prosecutors were adopted in May. Most Court Presidents have now been appointed on a permanent basis. Further steps are needed to tackle political influence. The quality and efficiency of the judiciary and access to justice are hampered by an uneven distribution of workload, a burdensome case backlog and the lack of a free legal aid system.

Serbia has some level of preparation in preventing and fighting corruption, which remains widespread. The anti-corruption effort has yet to yield significant results. The institutional set-up is not yet functioning as a credible deterrent. A track record of effective investigations, prosecutions and convictions in corruption cases is required, including at high level.

Serbia has some level of preparation as regards the fight against organised crime. New DNA and drug chemistry laboratories became operational. The country is actively contributing to international and regional cooperation. Serbia adopted strategies for the fight against money laundering and terrorism financing as well as a financial investigation strategy but it still lacks an overall strategic picture of the organised crime situation on its territory. A credible track record in the fight against organised crime needs to be established.

The legal and institutional framework for the respect of fundamental rights is in place. Consistent implementation across the country needs to be ensured, including as regards protection of minorities. More needs to be done to ensure conditions for the full exercise of media freedom and the freedom of expression, where Serbia has achieved some level of preparation. Further sustained efforts are needed to improve the situation of Roma and of refugees and displaced persons. The authorities took steps to strengthen the protection of the rights of lesbian, gay, bisexual, transgender and intersex (LGBTI) persons, and again facilitated a pride parade in Belgrade. However, a stronger culture of respect for LGBTI persons is still needed.

¹ This report covers the period from October 2014 to September 2015. It is based on input from a variety of sources, including contributions from the government of Serbia, the EU Member States, European Parliament reports and information from various international and non-governmental organisations. As a rule, legislation or measures which are under preparation or awaiting parliamentary approval have not been taken into account.

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

Serbia participated constructively in regional initiatives and worked to improve its bilateral relations in a spirit of reconciliation and good neighbourly relations. The Prime Minister's attendance at the Srebrenica genocide commemoration in July sent a positive message.

Regarding the normalisation of relations with Kosovo, Serbia remained committed to the implementation of the April 2013 'First agreement of principles governing the normalisation of relations' and other agreements reached in the EU- facilitated dialogue. Key agreements were finalised in August on energy, telecoms, establishment of the Association/Community of Serb majority municipalities as well as the Mitrovica Bridge. The dialogue achieved further concrete results in the fields of justice, civil protection integration, vehicle insurance, customs collection and IBM. There were also constructive discussions to improve cooperation in tackling migratory flows from Kosovo. The steps taken gave fresh momentum to the normalisation of relations and should have a positive and concrete impact on the everyday life of citizens in both Kosovo and Serbia.

As regards the economic criteria, Serbia is moderately prepared in developing a functioning market economy. Good progress has been made to address some of the policy weaknesses and the positive momentum for advancing structural reforms needs to be preserved. Serbia's economy is recovering from a recession. Thanks to significant consolidation measures and better tax collection, the budget deficit has fallen sharply. Fiscal consolidation should be sustained and underpinned by implementing reforms as planned. Inflation remains very low, allowing the central bank to reduce interest rates. Unemployment, though very high, has fallen below 20%. Progress has been made with restructuring of publicly owned companies and main utilities, but it needs to advance further. The private sector is underdeveloped and hampered by weaknesses in the rule of law and difficult access to finance. The process of economic reforms needs to continue with particular emphasis on restructuring state owned enterprises and public utilities.

Serbia is moderately prepared in terms of capacity to cope with competitive pressure and market forces within the Union. The education system has remained inefficient, physical infrastructure underdeveloped and the informal sector and state aid are substantial. Serbia needs to improve the quality of the education system, gearing it towards labour market needs, stimulate private investments and speed up the implementation of public infrastructure projects. It needs to better regulate para-fiscal charges and provide a transparent framework of state support to the private sector, redirecting it towards efficient and horizontal objectives, such as support to SMEs and research and development.

As regards its ability to take on the obligations of membership, Serbia has continued to align its legislation with the EU acquis across the board. Adequate financial and human resources, and sound strategic frameworks will be crucial to maintain the pace of reforms. Serbian legislation is now largely aligned in areas such as intellectual property, anti-trust and mergers, and monetary policy. Serbia set up a National Investment Committee, bringing together national authorities, donors and international financial institutions (IFIs) to coordinate Serbian investment policy in key sectors of the single project pipeline (energy, transport, environment and business-related infrastructure), which sets an example in the region. In the areas of public procurement, statistics and financial control, Serbia is moderately prepared. Serbia will need to align its foreign and security policy progressively with the European Union's Common Foreign and Security Policy in period up to accession.

Mixed-migration flows increased dramatically, creating a substantial burden on the Serbian asylum and migration framework. Serbia made a substantial effort to ensure that third country nationals transiting through the country received shelter and humanitarian supplies, with EU support as well as the support of others. At the same time, Serbia should continue efforts to address the increase of unfounded asylum applications lodged by Serbian nationals in EU and Schengen countries, with a view to preserving the visa free regime.

2. POLITICAL CRITERIA

2.1. Democracy Elections

Serbia has not yet addressed all of the recommendations of the OSCE's Office for Democratic Institutions and Human Rights (OSCE/ODIHR), in particular those on ensuring that campaign financing and the electoral process are transparent. Certain local municipality elections and other local events have been marred by violence and claims of intimidation and irregularities that have not yet been properly investigated. Those responsible should be brought to justice.

Parliament

Parliament's legislative activity was intensive and reflected increased involvement in the accession negotiation process. Consultation and transparency to some extent improved. However, the use of urgent procedures, including on draft legislation linked to the EU accession process, remained extensive. Oversight of the executive needs to be further enhanced. Parliament needs to increase its support for the institutional role of independent regulatory bodies and the Ombudsman's office and promote implementation of their recommendations.

Parliament engaged in intensive legislative activity. Consultation processes improved, in particular through frequent use of public hearings, including on EU accession-related issues, and parliamentary sessions on specific topics held locally. Parliament is increasingly involved by the government in the accession negotiations process. Parliament also has regular meetings and consultations with other stakeholders, including the National Convent on European Integration which brings together civil society organisations involved in the accession negotiations process. Parliament has yet to adopt an annual work plan and a code of ethics. The use of urgent procedures remains extensive, including for major pieces of legislation. This limits the time allowed for scrutiny of draft legislation, and is not always strictly necessary. More democratic and open cross-party political dialogue needs to be promoted.

Parliament remained engaged in its oversight activity through questions and regular debates on government reports. It did not, however, regularly hold monthly sessions or oral questions to the government. Independent regulatory bodies' reports are discussed but parliament needs to take a more proactive approach to promoting and monitoring the implementation of their findings and recommendations. Parliamentary debates should not be used to undermine independent regulatory bodies and the Ombudsman's role.

Governance

The Serbian government remained actively engaged towards its EU accession priority goal. A core negotiating team was formed in September 2015. Involvement of parliament and other stakeholders, including civil society, needs to be further strengthened and streamlined. While recent steps to increase dialogue are welcome, the Serbian government needs to cooperate fully with independent regulatory bodies and the Ombudsman's office and to respect their remit. The legal framework for local self-government still needs to be improved and further implemented. Constitutional changes are needed to address issues of importance for the accession negotiations.

The Serbian government improved consistency in implementing its programme of priority reforms. It remained committed to EU integration and to the EU-facilitated dialogue with Kosovo. With political direction from the Minister for EU Integration, leadership by its Chief Negotiator, and effective support from the Serbian European Integration Office, the Serbian administration demonstrated a high level of preparedness and professionalism in the screening process. A core negotiating team was formed in September 2015. The government addressed the findings of the 2014 Progress Report by acting on the National Plan for the Adoption of the Acquis for the period 2014-2018. Further systematic involvement of parliament and civil society in the accession process is needed. Greater coordination of sectoral policies and anticipation of their financial implications remain crucial for the negotiations. Further efforts are needed to

communicate more effectively the benefits of joining the EU to Serbian citizens.

Public consultations need to be wider and deadlines more realistic to enable all interested parties to provide qualitative input. This is especially needed for draft legislation with major economic and social impacts. More effective monitoring of the implementation of enacted legislation and strategic documents is needed. Independent regulatory bodies and the Ombudsman play an essential role in ensuring that the executive is accountable. It is a matter of concern if members of the government act in such a way as to undermine their work. The Prime Minister's initiative to hold regular meetings with them is a welcome step.

As regards local self-government, the law on Vojvodina's resources still needs to be adopted as prescribed by the Constitution. Local administrative and management capacity is weak and significant disparities between municipalities persist. Responsibilities continue to be exercised at local level without proper analysis of the capacity and resources required. Transfers earmarked by line ministries need to be allocated in line with the law on municipal finance. Local authorities should be consulted more on new legislation that has local implications.

The Constitution has yet to be revised to reflect fully the recommendations of the Venice Commission, particularly on parliament's role in judicial appointments, the political parties' control of parliamentary office, the independence of key institutions and the protection of fundamental rights, including data protection. A parliamentary action team was formed in April for this purpose.

Civil Society

Some progress was made in improving cooperation between the government and civil society organisations (CSOs). However, additional measures should be taken to ensure transparent dialogue between CSOs and other state institutions.

An empowered civil society is a crucial component of any democratic system and should be recognised and treated as such by the state institutions. Civil society organisations and human rights defenders play a key role in raising awareness of civil and political rights in a climate that is often hostile to criticism. Civil society continued to grow, especially at local level.

Since May, the Prime Minister took the initiative to call regular meetings with representatives of leading CSOs. Cooperation between the government and civil society still needs to be improved and a mechanism ensuring transparent dialogue with CSOs is needed. The authorities included civil society organisations in the accession negotiations process. However, civil sector's participation in policy making is still to a large extent ad hoc which prevents the use of the full potential of the sector.

The Office for Cooperation with Civil Society has taken a number of initiatives. The director of the office resigned in March and a successor has not yet been appointed. The 2015-2019 national strategy for an enabling environment for CSOs was drafted with wide participation by civil society. Mechanisms to ensure transparent funding of CSOs need to be put in place. Serbian laws, e.g. tax rules, do not encourage private donations to CSOs. The law on volunteering has not significantly expanded voluntary work and the law on social protection has yet to be fully implemented as regards CSOs providing social services.

Civilian oversight of the security forces

Parliament has continued to perform its oversight role. The remit of the Ombudsman's office in this field needs to be better understood and defended. Serbia's legislative framework needs to be strengthened.

The parliamentary committee for oversight of the security forces continued to review the activities and reports on the Security-Information Agency (BIA), the Military Intelligence Services and the Inspector General of the Ministry of Defence on a regular basis. The committee held a debate on the Ombudsman's office's investigation into incidents involving military officers during the 2014 Pride parade, and on the Ombudsman's assertions that the Military Security Agency had illegally intercepted communications. The comments made

on this occasion denigrating the Ombudsman, who was acting within his prerogative with regard to civilian control of the security forces, hamper effective oversight. The potential for abuse of interception of communications needs to be addressed. A law on access to state security files still needs to be adopted. A new law on the BIA, reviewing the current regulations giving the security services responsibilities for criminal proceedings and the use of special measures, has not yet been adopted.

2.2. Public administration reform

Serbia is **moderately prepared** with the reform of its public administration. **Good progress** has been achieved with the adoption of a comprehensive public administration reform action plan, a law on inspection oversight, a national training strategy for local government, and the law on maximum number of public sector employees. However, Serbia now needs to ensure that the ambitious reform plans and the legal framework are implemented. Strong political will remains essential to professionalise and depoliticise the administration and make recruitment and dismissal procedures more transparent, especially for senior management positions. In the coming year, Serbia should, in particular:

- streamline the roles and responsibilities of leading institutions in charge of policy making and coordination and develop a consolidated planning and monitoring system;
- amend the current civil service framework to fully guarantee neutrality and continuity of the public administration and ensure merit-based recruitment, promotion and dismissal procedures by eradicating exceptions and transitional arrangements in appointments;
- adopt a comprehensive multi-annual public financial management reform programme.

Public service and human resources management

The legal framework for the central government civil service is in place, but it does not apply to many public employees exercising key state functions. The legal separation of political and public service positions is not clearly enforced. The civil service law provides for **merit-based recruitment, promotion and dismissal procedures**. Several provisions, however, leave space for wide discretionary powers and are regularly used in practice. Turnover of senior civil servants is an area of particular concern. Nearly 60 % of senior civil servants are still appointed on the basis of exceptions or transitional arrangements. Also reorganisation can be used unfairly to dismiss or reassign staff. Disciplinary procedures are in line with civil service principles and an appeals mechanism is in place. A civil service law for local government employees has not yet been adopted.

The Ministry of Public Administration and Local Self-Government is responsible for central coordination of **human resources management**. The Human Resources Management Service (HRMS), not directly accountable to the ministry, is in charge of maintaining the HRM information system. The system is not used to support human resources policy planning and monitoring. Human resources units in public administration bodies are weak and mainly compliance-oriented.

The civil service **remuneration system** is based on standard job classifications, but in practice it does not achieve equal pay for equal work across the public administration. A performance bonus scheme allows some discretionary awards, which are not in line with a transparent and fair salary system. A centralised payroll system is needed.

The civil service professional training strategy has envisaged a new system for **professional development** but it has not been fully implemented. The number of civil servants receiving training, through HRMS, remains low, including those at senior management posts. There are no synergies with training programmes provided for local government civil servants. The design of the performance appraisal system is appropriate but appraisal grades are inflated in practice, entitling staff to advance through salary steps in ways that the current budget cannot support. There is also no link between the performance appraisal system and training. **Integrity in public service** is promoted in line with the anti-corruption strategy; relevant measures to prevent corruption in public service are being implemented.

Policy development and coordination

The legal basis and institutions for a coherent **policy-making system** including European integration are in place. In practice policy coordination focuses on formal, procedural issues rather than on substance, and a clearer division of responsibilities between the General Secretariat, the Public Policy Secretariat and the new delivery units in the Prime Minister's Office is essential. Policy planning is not systematically linked with medium-term fiscal planning. This jeopardises the sustainability of strategies and reform programmes. The hierarchy among strategies is needed to reduce the number of overlapping strategies.

Inclusive and evidence-based policy and legislative development is only partially ensured. The administration has limited number of staff and capacity to develop policy and legislative proposals, including on the *acquis*. This is due to the fact that the administration has large implementation and inspection departments due to traditional focus on ensuring compliance. Public and inter-ministerial consultations on proposals are required but often conducted formalistically and too late in the process. Regulatory impact assessments are usually carried out, but their quality varies considerably. The introduction in March of compulsory financial impact assessments for all legislation is a positive step, but the Ministry of Finance will have to allocate necessary resources.

The government publishes annual monitoring reports on key strategic documents. This enables **public scrutiny of government work**. However, the reports do not measure achievements against objectives. Parliamentary scrutiny is conducted by specialist legislative committees, without assessing the implementation of laws or strategies.

Accountability of the administration

The way the state administration is organised does not ensure effective **lines of accountability**. Many agencies decide on public policies and report to the Prime Minister and even to parliament rather than to the minister responsible for their area. Agencies have proliferated, making oversight difficult. Rationalisation is one of the priorities of the public administration reform (PAR) strategy, but the financial resources, capacity and political backing to carry out this process are a concern. Within institutions managerial accountability is not systematic and responsibilities are not delegated to middle management (*see Chapter 32*

- *Financial control*).

The relevant internal and external oversight mechanisms are in place to enforce the **citizens' right to good administration**. The Ombudsman plays a key role, and the public authorities are obliged to report on implementation of his recommendations (*see under Governance*). The **right to access public information** is governed by the law on free access to information of public importance. The scope of the exemptions allowed does not meet European standards. The Commissioner for Information of Public Importance lacks resources, and this has resulted in a backlog of complaints. The law needs to be further strengthened to ensure the Commissioner's decisions are carried out.

The general administrative procedures law governs the **right to administrative justice**, but a large number of special administrative procedures hinder overall transparency. The continuing backlog in administrative courts has also damaged public confidence. As regards the **right to seek compensation**, there are neither clear rules for compensation in cases of wrongdoing, nor available data on implementation of court cases.

Public financial management

Serbia has a medium-term budgetary framework, but strategies are not consistent with it. Programme budgeting has recently been introduced, but managerial accountability is needed to make it effective. Institutional coverage, in-year monitoring and reporting are weak and the budget is less reliable over the medium term. Until now, Serbia has focused on reforming certain parts of its public finance system, without explicitly linking different areas and reform measures. A **public financial management reform programme** for 2015-17 is under finalisation and should address identified weaknesses, link all public finance areas together and sequence reform actions among them. **Budget transparency** is not sufficiently ensured in practice. The 2014 deadline for submitting the budget to parliament was not met.

Service delivery to citizens and businesses

The PAR strategy aims at creating a more **user-oriented administration**. However, so far e- government projects and one-stop-shops have only been introduced on a case-by-case basis. Public satisfaction with

government services is not measured regularly. There are too many special administrative procedures, which make it difficult to improve the level of service and introduce e-services. The recently adopted law on inspection supervision aims to **simplify administrative procedures**, improve law enforcement, tackle the grey economy and reduce administrative burdens. The new law on administrative procedures has yet to be adopted.

Strategic framework for public administration reform

Serbia has a **PAR strategy** and an action plan for 2015-2017. It sets clear targets and indicators and a good monitoring framework for measuring progress. Its effectiveness will need to be further assessed. A separate e-government strategy has not yet been adopted. The PAR Council, chaired by the Prime Minister, ensures **political support**. The Ministry of Public Administration and Local Self-Government coordinates implementation, via the inter-ministerial PAR group consisting of relevant state administration bodies, civil society and local government representatives. **Financial sustainability** of the reforms is not yet ensured. PAR measures have been budgeted as specific projects in individual institutions in the 2015 budget. The government will need to ensure funding in the 2016 budget and in the medium-term expenditure framework.

2.3. Rule of Law

Functioning of the judiciary

Serbia's judicial system has **some level of preparation**. **Some progress** has been made in the last year in promoting merit-based requirements for career progression, e.g. by adopting rules for evaluating judges and prosecutors. However, judicial independence is not assured in practice. There is scope for political interference in the recruitment and appointment of judges and prosecutors. Administration of justice is slow, with a significant backlog of cases. Frequent changes of legislation and insufficient training make the legal environment challenging. In addressing the shortcomings outlined below in the coming year, Serbia should in particular:

- establish and implement a fair and transparent merit-based recruitment system and career management to better guarantee the operational independence of the justice system;
- adopt a new law on free legal aid and enable smooth implementation in cooperation with main stakeholders;
- reduce the case backlog and harmonise case law.

Strategic documents

In 2013 Serbia adopted a new 5 years **National Judicial Reform strategy** (NJRS) and action plan. The latter will need to be revised so as to reflect the main recommendations of the functional review of the justice system conducted by the World Bank.

Management bodies

The **High Judicial Council (HJC)** and the **State Prosecutorial Council (SPC)** submit proposals to parliament on judicial appointments and dismissals. They are chaired by the Supreme Court President and the State Prosecutor respectively. The HJC has 11 members. The SPC has 11 members. Responsibility for court and prosecution budgets is divided between the Councils (which are responsible for the budget for judges/prosecutors and operational costs) and the Ministry of Justice, which is responsible for court/prosecution office staff including judicial/prosecution assistants, infrastructure, IT equipment and capital investments. Efficiency in financial management is hampered by this shared responsibility and accountability.

Independence and impartiality

The **independence** of judges and prosecutors is laid down in the Constitution and framework legislation. However, the Constitution and laws allow political influence. Parliament appoints the Supreme Court President and all court presidents, the State Prosecutor and all prosecutors.

The composition and method of election of the HJC and SPC need to be amended to exclude political interference. Both councils have failed to react publicly in protection of judicial independence in cases of political interference in the work of judges and prosecutors. Court rules of procedure provide for **random allocation of cases**, but in practice not all courts use this procedure and exceptions are relatively frequent. There is no corresponding technology for allocating files randomly in prosecution offices. There is a legal framework in place on **preventing judges from being removed** and on **withdrawing cases** from judges. However, Court presidents retain extensive powers to remove judges from cases or reassign cases. Courts are not obliged to inform the HJC of the number of court cases withdrawn from judges.

Accountability

Codes of ethics are in place for judges, prosecutors and lawyers, but there is little training. There is an ethical committee in the SPC, but the HJC does not have such a body. There are no integrity plans in place for the judiciary. Integrity is not a standard criterion in the selection and nomination process. **Disciplinary procedures** are in place for both judges and prosecutors. The HJC and SPC are responsible for launching proceedings and for decisions on disciplinary and ethical matters. Where wrongdoing has been proven, the sanctions applied in disciplinary cases so far have not been deterrent. There are few cases against prosecutors. The HJC faced obstruction in concluding one landmark disciplinary case concerning judicial independence. Judges and prosecutors must **declare their assets** to the Anti-Corruption Agency every year and report possible **conflicts of interest**. A criminal case was filed against one judge, but it was rejected. Fourteen cases were brought against judges who failed to report significant changes in property ownership on time.

Professionalism and competence

Appointments, evaluation and dismissals are in the hands of the HJC and SPC. Both councils have adopted criteria and guidelines on appointments and evaluation. Application of the rules for judges has been delayed. Serbia lacks a comprehensive system of periodic individual **evaluation** of judges and prosecutors. There is a need to set out a systematic approach to career development, including training needs.

Quality of justice

The Judicial Academy is an independent institution with a mandate for initial and continuous **training** of the judiciary. Its current annual budget is EUR 1.496 million. It has 30 staff. The High Judicial Council and State Prosecutorial Council determine the number of initial trainees each year. Continuous training is voluntary, except where it is required by law or by a council decision. Initial training so far does not guarantee the standards needed by people entering the profession. The offered continuous training is insufficient to help practitioners overcome the serious challenges posed by numerous changes in the law and the poor overall quality of the laws. Judicial and prosecution assistants so far do not receive training.

In 2015, the total **budget** for the judicial system represented EUR 26 per inhabitant. There are 38 judges, 11 prosecutors and 116 practising lawyers per 100 000 inhabitants. There are 209 private bailiffs (enforcement agents). The judicial system is adequately resourced compared to the EU average and in relation to GDP, but resources are not always allocated efficiently. Courts are partly funded by court fees (43 %), but collection rates are low and a further decline is expected as services are transferred to public notaries and private bailiffs. Budget planning and resource allocation are rarely adjusted. Automated information exchange is rare and **information and communication technology** remains largely underdeveloped. Meaningful, accurate and timely statistics are missing. There is not a consistent or easily accessible body of case law. There is no case-weighting system able to address the issue of significant differences in workload. A new law on **mediation** has been in force since January but awareness of mediation is limited and training among professionals is required. Serbia has observer status in the European Judicial Training Network (EJTN).

Efficiency

The overall **length of proceedings** and the number of old cases recorded as a **backlog** remain a serious

concern. A national backlog reduction programme is in place but the courts did not meet the targets set for 2014, partially owing to a four-month strike by lawyers. The court system remains clogged by bureaucracy and extra-judicial duties, such as certification of documents, and especially by 1.6 million enforcement cases, mostly related to civil claims and utility bills. In 2014, the backlog increased further in the Supreme Court with a **clearance rate**, i.e. ratio of solved cases to newly received cases, of 80.7 %, whereas the basic courts, administrative courts and higher courts had clearance rates of 110 %, 103.74 % and 108.47 % respectively. **Human resources policy** is challenged by the need to manage a relatively high number of judges and the lack of skills among support staff.

Fight against corruption

Serbia has **some level of preparation** in the fight against corruption. **Some progress** has been achieved in the past year, especially in implementing existing legislation and adopting a new law on whistle-blower protection. However, corruption remains widespread and strong political impetus has yet to translate into sustained results. In addressing the shortcomings outlined below in the coming year, Serbia should pay particular attention to:

- establishing a track record on investigations, indictments and final convictions in high-level corruption cases,
- creating a robust system to coordinate and monitor implementation of the national anti-corruption strategy and action plan, ensuring that all key institutions have adequate capacity and resources to fulfil their remits effectively;
- urgently amending and implementing the economic and corruption crimes section of the Criminal Code (in particular Article 234 on abuse of position of a responsible person) with a view to providing a credible and predictable criminal law framework;
- swiftly adopting a new Law on the Anti-Corruption Agency to strengthen its role as a key institution in a more effective fight against corruption.

Track record

There is some initial track record of **investigation, prosecution and convictions in corruption cases** which are not considered high level. So far there has been no final conviction for **high-level corruption**. Policy-makers should ensure law enforcement bodies are fully empowered to act effectively and impartially when investigating corruption allegations. Healthcare, education, construction and spatial planning, infrastructure projects and the privatisation of public enterprises are particularly vulnerable to corruption. Independent supervision and capacity for early detection of wrongdoing and conflicts of interest in the management of state-owned companies, in privatisation procedures, public-private partnerships and in relation to public procurement procedures, are underdeveloped. There should be greater accountability and transparency in the management of public enterprises. Internal control departments lack equipment, resources and competent staff. **Financial investigations** are not yet being launched systematically in cases of corruption and organised crime. In a few corruption cases, assets have been **confiscated**.

As regards **political influence** on the police, judges and prosecutors, Ministers (and MPs/party members) continue to criticise ongoing corruption investigations and court rulings. Preventing corruption in local administration requires more attention. Repeated leaks to the media about ongoing investigations, in breach of the presumption of innocence, are an issue of serious concern. A number of high-profile cases, including where evidence of alleged wrongdoing has been presented by the media, have not been seriously investigated.

The Anti-Corruption Agency monitors the **funding of political activities**, including the municipal election campaigns in 2014, and issued a report in November. It also files requests for misdemeanour proceedings relating to **asset declarations** and **conflict of interest**. However, there is no track record of judicial follow-up to the Anti-Corruption Agency's work, e.g. through in-depth checks on party funding, conflicts of interest and asset declarations. As regards free

access to information, an analysis of refused requests for **access to information** shows that they mainly concern privatisation, concessions, public-private partnerships and other related issues that have an impact on the budget.

Institutional framework

Serbia's independent Anti-Corruption Agency has had a mandate to collect, analyse and, where necessary, to launch administrative investigations on data related to assets, conflicts of interest, political party financing and electoral campaigns, as a means of **preventing corruption**. However, the Agency lacks adequate financial, material and human resources to play its role effectively. The Anti-Corruption Council analyses cases of systemic corruption and provides the government with policy advice. However, the Council is under-resourced and the government does not follow up and act on its recommendations often enough. Laws on access to information are in place, but they do not ensure that the decisions of the Commissioner for Free Access to Information of Public Importance and Personal Data Protection are followed up. The Commissioner is unable to monitor outcomes.

As regards **law enforcement**, prosecutors, judges and police do not have sufficient means to fight corruption. The prosecution service leads criminal investigations but cooperation with the police suffers from the lack of a common approach. Police and prosecutors are not proactive enough. There is no safe and secure platform for exchanging sensitive information between them, which hampers investigations. Capacity to carry out financial investigations and confiscate assets in corruption cases is limited.

Legal framework

The legal framework for the **fight against corruption is broadly in place**. The excessive recourse to the provision on abuse of office in the private sector in the Criminal Code is harmful to the business climate and legal certainty. Amendments to the Criminal Code are still under consideration to provide for a sustainable legal solution to effectively prosecute cases of criminal economic offences. There has been a significant delay in amending the Law on the Anti-Corruption Agency to enhance its role as a key institution in the fight against corruption.

Serbia has ratified all major international instruments against corruption and is party to the **UN Convention against Corruption**, but has chosen not to criminalise illicit enrichment. It has signed and ratified the Council of Europe anti-corruption conventions. Procedures for investigating corruption cases, especially cases of high-level corruption, are often prolonged due to lack of capacity and an inadequate legal framework for financial investigations and asset recovery. Resources are inadequate and the relevant action plan has not been adopted. The law on **access to information** does not ensure adequate enforcement of the decisions of the Commissioner for Free Access to Information of Public Importance and Personal Data Protection. **Lobbying** is not regulated. Laws on conflict of interest need to be amended.

Strategic framework

The **anti-corruption strategy and action plan** for 2013-2018 is being implemented but several measures have been delayed. The inter-ministerial group to coordinate action, set up in 2014, has only met once and hence has not had the intended impact.

Fight against organised crime

Serbia has **some level of preparation** in the fight against organised crime. **Some progress** has been made in reorganising the Ministry of Interior and in increasing capacity for border control. However, the number of final convictions remains low. Efforts to investigate wider criminal networks and to process money laundering cases need to be stepped up. Financial investigations and the concept of intelligence-led policing remain underused. Precautionary freezing of assets is rarely applied and the level of assets confiscated is low. Independent and transparent oversight of the police is not in place. In addressing the shortcomings outlined below in the coming year, Serbia should pay particular attention to:

→ stepping up intelligence-led investigations with a view to developing a sustainable track record of final convictions and dismantling networks involved in organised crime, money laundering, people smuggling and trafficking in human beings;

→ establishing a secure platform to exchange intelligence between law enforcement agencies, devoting more attention to sharing data on cases with prosecutors and with the asset recovery directorate;

→ adopting a new law on the organisation of the police, and reinforcing the functions and independence of the internal control sector of the police.

Track record

The number of final convictions for organised crime remains low compared to the estimated value of the criminal market of the region. Very few cases have been brought for **trafficking in human beings**, despite Serbia being a source, transit and destination country for human trafficking. Labour exploitation of men, mainly Serbian nationals abroad, is increasing. There is a need to better identify victims, particularly asylum seekers and unaccompanied foreign minors.

Serbia established good international and regional cooperation in the field of **drugs**, in particular with the 2014 seizure of 168 kg of marijuana jointly with the former Yugoslav Republic of Macedonia. In many cases there has been no serious effort to investigate wider criminal networks. This also applies to **money laundering** cases (6 indictments in 2014). Effective implementation of anti-money laundering legislation by all relevant institutions, including banks, is still needed. Criminal investigations are often narrow in scope and companies or organisations are very rarely investigated. There is no policy of systematically running serious **financial investigations**. The concept of financial investigation does not go beyond the seizure and confiscation of criminal assets of individuals. Serbia is not yet in a position to run complex financial investigations alongside criminal investigations. Precautionary **freezing of assets** is rarely applied early in the investigation. So assets often disappear, which results in a poor track record of confiscating criminal assets on final conviction. **Sanctions** applied by judges are not sufficiently deterrent. There are frequent leaks to the press, violating the secrecy of the investigation.

Institutional and operational capacity

Serbia has 33 387 police officers, or 464 per 100 000 inhabitants. In October 2014, the Ministry of Interior started reforming human resources departments to create a centralised service. There are no clear criteria for the recruitment, promotion, career path and evaluation of staff in the police, who remain vulnerable to politically motivated decisions. Serbia needs to take steps to exclude any political influence in police work. **Command structures** are complex, with overlapping responsibilities. The Ministry of Interior currently has three training centres, to be integrated into a new sector for human resources. The police academy is funded by the Ministry of Interior, but not part of it. Negotiations on cooperation with the European Police College (CEPOL) were concluded in April.

Specialised units are in place on anti-terrorism, trafficking in human beings, synthetic drugs, cybercrime and financial investigations. All these units are in need of further staffing and specialised training. The general level of equipment varies across the ministry. Independent and transparent oversight of the police is not in place. The internal control section of the police is not independent or able to take special investigative actions without resorting to the intelligence agencies. There is a lack of resources, legal powers and overall political support from government, parliament and police leadership.

The operational capacity of prosecutors and the police is weakened by the lack of a secure platform for

storing and exchanging information. Getting the various law enforcement agencies such as the police and the tax and customs administrations to work together on operations is hampered by the lack of smooth data exchange. An operational **agreement with Europol** is in place but the ministry has not yet appointed a liaison officer to The Hague. International cooperation is well established. The **witness protection unit** in the ministry lacks adequate staff, equipment and premises. The level of cooperation between the Serbian Witness Protection Unit and prosecutors needs to be improved. As regards crime statistics, a **DNA database** and profiling capacity are in place. A comprehensive, multidisciplinary and victim-oriented approach to human trafficking is needed. Capacity for anti-money laundering action is weak. Delays at the financial investigation stage increase the risk that assets will be taken out of the country. The courts and the Directorate for the **Management of Seized Assets** in the Ministry of Justice are under-equipped to carry out their remit to seize and confiscate property. The secure database of the Serbian police does not allow cases to be classified as international or domestic. It does not provide information from asset recovery activities. There is no standard measure on criminal statistics.

Legal framework

The law on the confiscation of criminal assets needs to be aligned with EU rules, notably as regards third party confiscation, extended confiscation and precautionary freezing of assets. Alignment is still required as regards the Swedish Initiative² and the Prüm Decision, eliminating violence at sports events, protecting public figures and prosecuting motor vehicle crime with trans-border implications. Criminal legislation on issues such as trafficking in human beings, online child pornography and cybercrime needs to be aligned with EU rules. A number of shortcomings in the investigation phase need to be addressed, notably as regards the timeframe and arrangements for using special investigative measures. The police's dependence on the security and intelligence agencies to carry out certain special investigative measures in criminal investigations remains a matter of serious concern. The investigative powers of the border police and customs remain limited.

Strategic framework

Serbia has national strategies on anti-money laundering, financial investigation and terrorism financing. Serbia still needs to establish a strategic picture of the organised crime situation inspired by the EU SOCTA methodology (serious and organised crime threat assessment). Serbia needs to adopt strategies on cybercrime and trafficking of human beings.

Fight against terrorism

Serbia amended its Criminal Code to criminalise the organisation of and participation in war or armed conflict in a foreign country. A coordination group for the fight against terrorism and the prevention of radicalisation and extremism has been set up. Serbia is also actively involved in international and regional police and judicial cooperation. The phenomenon of foreign terrorist fighters needs a tailor-made approach by the intelligence and law enforcement community and a coherent judicial policy on offenders. For developments in these areas, see *Chapter 24 — Justice, freedom and security*

² The Swedish Initiative provides a common legal framework for effective and speedy exchange of information and intelligence between EU States' law enforcement authorities.

2.4. Human rights and the protection of minorities

Overall situation

The legislation and institutions needed to uphold international human rights law are in place. Legislation to protect minorities and cultural rights is also broadly in place. However, sustained efforts are needed to ensure effective and consistent implementation across the country. Shortcomings particularly affect the following areas:

- Conditions for the full exercise of freedom of expression are still not in place. Full implementation of the new media laws needs to be ensured.
- Promotion and protection of the rights of the most vulnerable and discriminated groups, including the LGBTI persons, persons with disabilities, and persons with HIV/AIDS has yet to be fully ensured. Hate-motivated offences need to be properly investigated, prosecuted and sanctioned.
- Efforts to improve the difficult living conditions of Roma and to combat discrimination need to be strengthened. Government coordination and leadership of Roma integration policy needs to be further improved.

A detailed analysis of freedom of expression follows below. For a detailed analysis of developments on other human rights and the protection of minorities, see *Chapter 23 — Judiciary and fundamental rights*. For developments in trade union rights, anti-discrimination and equal opportunities, see also *Chapter 19 — Social policy and employment*.

Serbia has achieved **some level of preparation** concerning the right to freedom of expression. **No progress** has been made overall in the last year. A legislative package aimed at improving the situation in the media and clarifying the legal framework, particularly in relation to state financing and control of the media, is in place. However, conditions for the full exercise of freedom of expression are not in place. The new media laws need to be implemented. It has yet to be seen whether media privatisation will increase transparency of ownership and funding. Threats and violence against journalists remain of concern. Criminal charges and final convictions are rare. The overall environment is not conducive to the full exercise of freedom of expression. In addressing the shortcomings outlined here, in the coming year Serbia should in particular:

- create an enabling environment in which freedom of expression can be exercised without hindrance; threats, physical assaults and cases of incitements to violence against journalists and bloggers should be reacted to and publicly condemned;
- complete the process of privatising state- and municipally owned media;
- strengthen the independence of the Regulatory Body for Electronic Media so as to better support editorial independence in the media;

Freedom of expression

Intimidation of journalists

Threats and violence against journalists remain of concern. Some criminal charges have been filed but final convictions are still rare. Prolonged police protection of several journalists, with no tangible action taken to remove the reasons for these security measures, in practice seriously hampered the exercise of their profession. The commission tasked to look into unresolved cases of murdered journalists from 1999 and 2001 has made further progress in its work leading to arrests.

Legislative environment

The 2014 **media laws** are a step towards clarifying the legal framework, particularly in relation to state financing and control of the media. **Defamation** has not been a criminal offence since December 2012. As

regards the **access to information** that state bodies provide for the media, the Commissioner for Access to Information of Public Interest has reported several cases in which state bodies resorted to paying fines rather than disclosing the information requested.

Implementation of legislation/institutions

As regards the **implementation of the three new media laws**, the privatisation of state and municipally-owned media has started in line with the Law on Public Information and Media, albeit with some delays. The **Regulatory Body for Electronic Media** has further stepped up monitoring of content but its independence needs to be strengthened, in order to actively and properly perform its role. The **Press Council** has been more active in disclosing and analysing breaches of professional journalistic standards and the Journalistic Code. There has been no progress in investigating a series of cases of **actions against websites** that occurred in 2014. Efforts to identify and prosecute those suspected of violating internet freedoms are needed.

Public service broadcasters

The two public service broadcasters, Radio Television of Serbia (RTS) and Radio Television of Vojvodina (RTV), are financed from direct budget subsidies until 2016. They are also entitled to commercial funding and advertisement time which is lower than that for commercial broadcasters. The funds are insufficient, which has an impact on programme quality and diversity. Public **broadcasting services in minority languages** need to be ensured.

Economic factors

Opaque ownership, unregulated financing, covert and open political and economic influence on the media and money channelled to favoured media from various state sources continue to be features of the media environment. There have been cases reported of the rescheduling of tax debts for certain media outlets. The most common informal pressure on editorial policy is through advertising. Funding of media from state sources at all levels continues to be a problem. It is not yet clear what the effects will be of introducing project-based financing of content of public interest following privatisation and whether this method will be used by all other state actors which fund media.

Professional organisation/professional conditions

There are three main professional associations in Serbia. Journalists have little job security and low salaries and are thus prone to pressure and influence from economic and political quarters. There have been a number of cases in which journalists and editors have claimed that their firing or relocation resulted from expressing an opinion. Such circumstances encourage self-censorship. Journalists' job security should be enhanced and press associations need to strengthen their role in trade union and employment matters.

2.5. Regional issues and international obligations

There are no outstanding issues concerning Serbia's respect for the **Dayton/Paris Peace Agreement**. Serbia continues to support the sovereignty and territorial integrity of Bosnia and Herzegovina, while preserving special relations with Republika Srpska, as envisaged by the Dayton Agreement. Serbia also supports Bosnia and Herzegovina's path to joining the EU.

Serbia has continued to cooperate fully with the **ICTY**. Serbia maintained its initiative to the ICTY for Serbian convicts to be allowed to serve sentences in Serbia.

In the area of domestic processing of **war crimes**, cooperation between the special prosecutors of Serbia and Bosnia and Herzegovina continued on an upward course. The first joint investigative team worked successfully in December, leading to the indictment of five suspected perpetrators of war crimes. Cooperation and exchange of information with Croatia and EULEX continued but needs to be stepped up. It is important that these regional cooperation efforts continue to be strengthened.

Some progress has been made on investigating high-profile cases. In March, eight former members of the Special (police) Brigade in the Ministry of Interior of the Republika Srpska suspected of committing war crimes against civilians in Srebrenica were arrested. Despite consistent efforts by the war crimes jurisdictions, the number of investigations against high-level officers has remained low, and courts have continued to pass

lenient sentences. To maintain the quality of trials, measures should be put in place to preserve the extensive judicial experience acquired in processing these complex cases. Only a few victims of war crimes have access to effective compensation under the current legal framework. No concrete steps have been taken to address the serious weaknesses in the witness protection system. Political pressure undermining the work of the War Crimes Prosecution Office is an issue of concern. Serbia needs to adopt and implement an overarching national strategy for domestic handling of war crimes, backed by adequate resources. A dedicated prosecution strategy is also needed.

Serbia's policy on the **International Criminal Court** is in line with the EU's guiding principles and EU common positions on the integrity of the Rome Statute. Serbia does not have any bilateral immunity agreements.

Serbia, Bosnia and Herzegovina, Croatia and Montenegro have continued to closely cooperate under the **Sarajevo Declaration Process**, which aims to find sustainable solutions for some

74.000 persons who became refugees and displaced persons as a result of the armed conflicts in the former Yugoslavia during the 1990s. All countries need to further step up efforts to deliver on the implementation of the agreed housing solutions. In Serbia from the 4,153 housing solutions approved thus far worth EUR 71.5 million, the first 123 were delivered. The issue of refugees' pensions between Croatia and Serbia is still unresolved.

The unresolved fate of **missing persons** from the conflicts in the 1990s remains a humanitarian concern in the Western Balkans. As of April, a total of 10 814 persons were still missing, according to the figures of the International Committee of the Red Cross (ICRC). Of these, 7 019 cases are related to the conflict in Bosnia and Herzegovina, 2 125 to the conflict in Croatia and 1 670 to the conflict in Kosovo. The lack of information on new gravesites and difficulties in identifying exhumed human remains continue to be the key obstacles to solving the remaining cases. With regard to the Kosovo conflict, exhumation works in Rudnica-Raska resulted in identification of 52 victims. By end October, the Serbian authorities had handed over to EULEX all human remains recovered at this location. In line with the commitments made in the ICRC-chaired Working Group on Missing Persons, the Serbian authorities organised assessments of two locations suspected as potential gravesites related to the Kosovo conflict and provided the first set of documents requested from its archives in March. Limited progress was made on providing new information on missing persons in relation to the conflict in Croatia. In March, the relevant authorities of Serbia and Croatia met informally and agreed to go ahead with a joint update of the official list of missing persons. Ascertaining the fate of missing persons remains vital to reconciliation and stability in the region. Sustained political commitment and renewed efforts are needed.

Regional cooperation and good neighbourly relations form an essential part of Serbia's process of moving towards the EU. Serbia has shown a constructive commitment to good neighbourly relations. Serbia has also continued to participate actively in regional initiatives such as the South-East Europe Cooperation Process, the Brdo process, the Regional Cooperation Council and the Central European Free Trade Agreement. Serbia hosted a '16+1' summit of the states of Central and Eastern Europe (SEE) and China in December, and a Black Sea Economic Cooperation Parliamentary Assembly in March. It continued to actively support the Coalition for Reconciliation Commission (RECOM) and Igman initiatives on regional reconciliation.

A fresh impetus has been given to regional cooperation through the '**Berlin process**' and the Western Balkan six initiative notably regarding the EU's **connectivity agenda**. Serbia hosted a meeting of the foreign affairs and economic ministers in October and constructively participated in the follow-up meeting in Pristina in March. In April, the Western Balkan Six countries reached an agreement on the core transport network and in June 2015 on extending three Trans-European Transport Networks core corridors to the Western Balkans. They also identified the priority projects to be implemented by 2020. The countries agreed to implement before the next summit in Paris a number of 'soft' measures such as aligning and simplifying border crossing procedures, road safety and maintenance schemes.

As regards **bilateral relations with other enlargement countries and neighbouring EU Member States**, Serbia has concluded a bilateral convention on regional cooperation with Montenegro under Article 15 of the Stabilisation and Association Agreement, but not yet with Albania or the former Yugoslav Republic of Macedonia. The demarcation of borders with Bosnia and Herzegovina, Montenegro and Croatia remains pending.

Relations with **Albania** improved overall. In October, an incident during a football match played by both national teams in Belgrade strained bilateral relations. In January a demarche was issued in connection with a flag of 'Greater Albania' displayed at the residence of the Albanian Prime Minister. However the subsequent visit to Serbia by Albania's Prime Minister in November was the first of its kind in 68 years. In March, the Speaker of the Serbian Parliament paid the first such visit to Tirana in decades. The Serbian Prime Minister's visit to Tirana in May was the first ever. Belgrade hosted the first meeting of the bilateral Joint Commission for Economic Cooperation. Serbian and Albanian Prime Ministers also prepared joint infrastructure projects within the Western Balkans Six initiative. The Serbian and Albanian Ministers of Foreign Affairs took part in a first trilateral meeting with their Italian counterpart in Rome.

Relations with **Bosnia and Herzegovina** remained good. The chair of Bosnia and Herzegovina's Presidency visited Belgrade and the Serbian Prime Minister visited Sarajevo in May. Serbian authorities condemned the terrorist attacks in Zvornik in April. The Serbian Prime Minister's attendance at the commemoration of Srebrenica genocide in July sent a positive message. In the wake of the attack against him on that occasion, he invited the members of Bosnia and Herzegovina Presidency, who travelled to Belgrade in July.

Relations with **the former Yugoslav Republic of Macedonia** were further upgraded. The President of the former Yugoslav Republic of Macedonia visited Belgrade in October. A joint session of the two governments took place in February in Skopje at which several cooperation agreements were signed in the field of economy, culture, the environment, tourism, education, science and technology, together with an agreement on a border-crossing point. The Serbian authorities condemned the attacks in Kumanovo in May. Relations with **Montenegro** remained good. The Speaker of the Serbian Parliament visited Podgorica in October. The Prime Ministers met at the '16+1' SEE-China summit in Belgrade in December. The Serbian Minister of Foreign Affairs visited Montenegro in February in his capacity as the OSCE Chairperson-in-Office. There were no developments on issues related to citizenship rights in the two countries.

Relations with **Turkey** remained stable. There were sporadic tensions in November after the murder of a Serbian sports fan in Istanbul. The Serbian and Turkish Prime Ministers met at the World Economic Forum in Davos in January. The Speaker of the Serbian Parliament visited Ankara in April. A Protocol on inter-parliamentary cooperation was signed on that occasion.

Relations with **Bulgaria, Romania and Hungary** improved further overall. The Bulgarian President visited Serbia in March. The Bulgarian, Romanian and Serbian Prime Ministers met in April in Craiova to discuss energy and transport infrastructure cooperation and agreed to give these meetings a permanent format as the 'Craiova Group'. Three new border-crossing points between Serbia and Romania were opened in November. The two Prime Ministers met on several occasions. A trilateral China-Hungary-Serbia memorandum on cooperation on the construction of the Belgrade-Budapest railway was signed at the '16+1' SEE-China summit. The two Prime Ministers met again in Subotica in February to discuss energy issues. The two countries developed constructive cooperation on addressing the peak of irregular migrants from Kosovo passing through Serbia early in 2015. A joint session of Serbia and Hungary governments took place in July in Budapest, resulting in the signature of several agreements on education, infrastructure and European integration.

There were ups and downs in relations with **Croatia**. The Serbian Prime Minister attended the inauguration of the new Croatian President in February and the Serbian Foreign Minister visited Zagreb in March. The inter-state commission for the return of cultural heritage to Croatia decided in March on the return of over 500 cultural assets. In June, a Croatian citizen sentenced for war crimes in Serbia was transferred to serve the remainder of his sentence in Croatia. The provisional release of ICTY detainee Vojislav Šešelj and his subsequent public statements prompted sharp reactions in Zagreb. Serbia declared 5th August, commemorating the "operation Storm" in Croatia, a day of mourning and protested for hate speech and display of fascist symbols during Croatian commemorations. The decision of Vukovar's local authorities to remove bilingual signboards prompted acute reactions in Belgrade. Tensions following temporary restrictions of border crossings in September have been overcome.

3. NORMALISATION OF RELATIONS BETWEEN SERBIA AND KOSOVO

Serbia and Kosovo have remained engaged in the implementation of the agreements reached in the dialogue, in particular the April 2013 'First agreement of principles governing the normalisation of relations'. Work under the EU-facilitated dialogue has continued at technical level throughout the reporting period. The high-level dialogue resumed in February 2015, and four meetings attended by Prime Ministers Vučić and Mustafa were held in April, June and August.

Key agreements were finalised on 25 August 2015. General principles/main elements on the **establishment of the Association /Community of Serb majority municipalities in Kosovo** through the adoption of its Statute were agreed. The text defines the legal framework of the Association/Community, its objectives, organisational structure, relations with central authorities, legal capacity, budget and financial support. It also provides the modalities/next steps for its establishment. In the field of **Energy**, two new Serbian energy companies (one dealing with import, export and transit; the other with supply and distribution services) were established in Kosovo. These companies are proceeding with their internal organisation before being able to apply for licenses. An action plan detailing the implementation steps of the **Telecoms** arrangement was also approved. Serbia and Kosovo agreed to ask the European Union to revitalise the **Mitrovica bridge** and its surroundings so that it can be reopened to all traffic by summer/not later than June 2016. In line with the same timetable, it was also agreed that the North Mitrovica municipality will revitalise its main street (King Peter Street) by turning it into a pedestrian zone.

Progress has been made in other important areas. Following an agreement in February 2015, the dismantling of the Serbian structures on justice is well-advanced. Serbia facilitated applications of Kosovo Serb judges and prosecutors in the Kosovo judiciary. The proper handling of cases in the Mitrovica Basic Court, where Serbian official statements have at times interfered with the proceedings, requires a dispassionate environment. Integration of Kosovo Serb **police and civil protection** personnel is nearing completion. An agreement on **vehicle insurance** of June 2015, providing for the recognition in each other's jurisdiction of Serbia and Kosovo's respective vehicle insurance is being implemented. On **customs**, agreements were reached on the import of controlled goods into Kosovo, including for medicines. In the context of the **liaison arrangements**, and following an agreement reached in November 2014, all official visits are directly arranged by Liaison Officers. Progress was also reached in the field of **cadastre**: a new archives building was opened in Belgrade, where the scanning of documents pertaining to Kosovo is to be completed by June 2016. Following the Serbian Constitutional Court's rulings adjudicating that the form in which some dialogue agreements have been transposed was unconstitutional, Serbia has adjusted its regulatory framework related to these agreements, with the exception of freedom of movement. The Constitutional Court's rulings on the energy and telecoms agreements are still pending. Serbia needs to find legal solutions for the implementation of agreements that are sustainable and can withstand legal challenges.

Implementation of other agreements has continued, albeit at a slower pace. On IBM, further to the six interim facilities, two additional permanent **crossing points**, were agreed, for which Serbia has initiated the expropriation process on its territory. However, illegal crossing roads/ by-passes, in particular in the north of Kosovo, continue to be regularly used to smuggle substantial amounts of goods. Additional measures need to be taken by Serbia to stop illegal crossings. The processing of cases in the framework of the 2013 general modalities for **Mutual Legal Assistance** has been suspended between October 2014 and August 2015 by the Serbian authorities. The handling of over 600 pending cases has resumed in September 2015. On regional cooperation, Kosovo became a permanent participant in RACVIAC (the Centre for Security Cooperation) and joined MARRI (Migration, Asylum, Refugees Regional Initiative). However, Serbia needs to remain committed to the continued implementation of the agreement on representation and participation of Kosovo in **regional forums**. Serbia and Kosovo also participated in constructive discussions to improve cooperation in tackling migratory flows from Kosovo early this year.

Overall, Serbia and Kosovo have remained engaged in the dialogue and committed to the implementation of the April 2013 First agreement of principles governing the normalisation of relations and other agreements reached in the dialogue. The steps taken gave fresh momentum in the normalisation of relations and should

have a positive and concrete impact on the everyday life of citizens in both Kosovo and Serbia. Further progress in this area remains essential for advancing the European future of both Serbia and Kosovo.

4. 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

In line with the conclusions of the European Council in Copenhagen in June 1993, EU accession requires the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union.

The monitoring of these economic criteria should be seen in the context of the increased importance of economic governance in the enlargement process; in 2015 the enlargement countries were invited to prepare Economic Reform Programmes (ERPs), which set out a medium-term macro-fiscal policy framework together with key structural reforms aimed at supporting the framework and boosting competitiveness. The ERPs were the basis for country-specific recommendations jointly adopted by the EU and the Western Balkans and Turkey in the Economic and Financial Dialogue meeting on 12 May 2015.

4.1. The existence of a functioning market economy

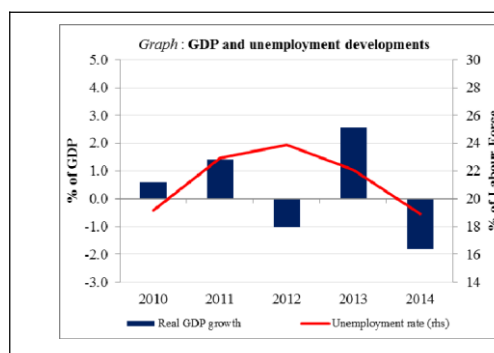
Serbia is moderately prepared in developing a functioning market economy. Good progress was made to address some of the policy weaknesses, in particular with regard to the budget deficit, labour market and the business environment. However, fiscal imbalances are still high and major sectors of the economy are in need of reform. Credit activity is weak, also constrained by very high level of non-performing loans. The private sector is underdeveloped and hampered by weaknesses with the rule of law. In line with the ERP recommendations and in order to support long-term growth, in the coming year Serbia should pay particular attention to:

- sustaining efforts to reduce the budget deficit and the high public debt level;
- advancing private sector development through the restructuring and privatisation of state-owned enterprises (SOEs) and addressing the challenges of stagnating credit growth and non-performing loans (NPLs);
- implementing public administration reform.

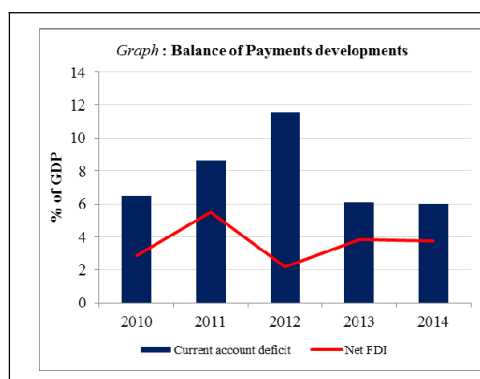
Economic policy essentials

The government's determination to pursue economic reforms has strengthened. Serbia submitted its Economic Reform Programme, covering the period 2015-2017, in March 2015. The objectives of the programme are to achieve macroeconomic stability, to remove obstacles to growth and to improve competitiveness. To this end, the authorities have already undertaken significant measures to reduce the budget deficit. They have also outlined an ambitious reform agenda aimed at restructuring state-owned enterprises, streamlining and improving the performance of public administration, improving the business environment, and strengthening financial stability. Serbia needs to follow up on its commitments and take further steps to implement the ERP recommendations, which are set out below. Since February, the government reform agenda has been supported by a new arrangement with the International Monetary Fund.

Macroeconomic stability



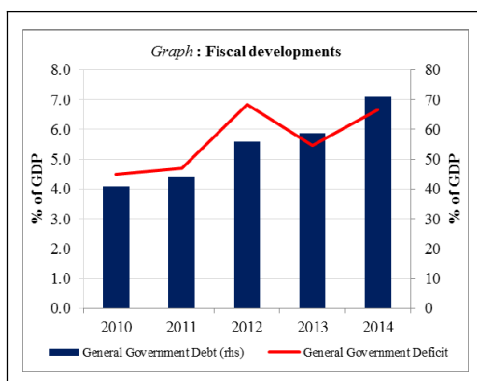
Serbia's economy is recovering from a third recession in five years, but GDP remains around its pre-crisis level. Economic growth averaged 1.0 % over 2008-2013, while it was negative in 2014. The economy has become less dependent on consumer spending and more open as exports have increased by close to 50 % since 2009. The shift to new sources of growth is incomplete as investments remain weak despite some signs of picking up in 2015. Slow economic development has led to stagnating average income per capita (PPS), which stands at 36% of the EU average.



External imbalances have been reduced by growing exports and subdued imports. The current account deficit fell below 5.0 % of GDP in the first half of 2015, down from double-digit levels in the beginning of the decade. Most of the deficit was covered by net foreign direct investment, which stabilised at close to 4 % of GDP, still below the needs of the economy. External debt has increased since mid-2014 to around 80 % of GDP but, in view of shrinking external imbalances, debt sustainability does not raise immediate concerns. The official foreign exchange reserves stand at a comfortable level, covering about seven months of imports of goods and services — an important buffer in view of external risks.

Unemployment remains very high despite signs of improving labour market conditions. Unemployment fell below 20 % and both employment and activity rates have increased. Although some of the new jobs were in the public sector or in informal employment, large gains were observed in registered private employment, especially for women. Most of these jobs, however, went into less paid, low productivity sectors. Average real wages fell as a result of public sector wage cuts. However, private sector wages have recently increased.

Prices have been broadly stable, allowing the central bank to reduce interest rates. Inflation has been below the central bank tolerance band (4 % \pm 1.5 percentage points) for more than a year. Low inflation is the result of low international prices of primary commodities, weak domestic demand, exchange rate stability and delays in administrative price adjustments. The low inflationary environment and a rapidly falling budget deficit in 2015 allowed the central bank to cut its key interest rate in successive steps, from 8.0 % in February to 5.0 % in September 2015 and to gradually cut the foreign currency reserve requirement ratio by six percentage points by February 2016.



The budget deficit fell sharply in the first half of 2015, but fiscal consolidation still needs to be sustained and underpinned by implementing structural reforms. The 2015 budget targets a deficit of 5.8 % of GDP and is based on a large decrease in current expenditure. Considerable savings have already been made from the cuts in pensions and public sector salaries implemented last year. Additional savings are expected from a number of other measures ranging from public administration reform, to lower subsidies and reforming public enterprises.

Revenue collection continued to improve in 2015, in particular due to some excise duties and non-tax revenue (e.g. telecom licences and SOEs dividends). In addition, expenditure restraint and under execution of capital spending have led to a better-than-expected budgetary performance. By the end of August the cumulative deficit stood at only 1.1 % of the annual GDP — a third of its level in the previous year and far below the target.

In view of Serbia's high indebtedness and the extensive structural reform agenda, and in line with ERP recommendations, consolidation efforts need to be sustained. This requires Serbia to tackle the biggest sources of fiscal risk by further strengthening tax administration and public finance management, implementing public administration reform and restructuring state-owned enterprises in line with adopted plans.

ERP recommendation 1: 'Strengthen fiscal consolidation by using any excess revenue and current expenditure savings to further reduce budget deficits in 2015 and the following years. Underpin the medium-term consolidation path by implementing the planned structural reforms.'

ERP recommendation 3: 'Further strengthen public finance management, notably by improving the budgetary process and the capacity of the tax administration. Compile and start submitting to Eurostat excessive deficit procedure notification tables before the end of 2015.'

The recently improved fiscal performance followed years of increasing fiscal imbalances and missed budget deficit targets. The budget deficit averaged 5.7 % of GDP over 2009-2014, regularly overshooting planned deficits. It went up to 6.7 % of GDP in 2014, reflecting mainly higher spending on interest payments, activated government guarantees and expenditure related to bail outs of failed state-owned banks and loss-making SOEs. Revenue was lower than planned and budget execution was marked by significant under execution of capital expenditure, pointing to a general problem of weak preparation of public investment projects. Government debt rose above 70 % of GDP.

Interplay of market forces

Some steps have been taken to start restructuring large state-owned enterprises. Payment discipline between SOEs has been improved and could be further strengthened following recent legislative amendments. However, SOEs restructuring continued to face delays and big utility companies remain a significant source of market distortions and fiscal risk. Therefore, it is important that Serbia advances the restructuring of these companies in accordance with ERP recommendations.

In December, the government adopted guidelines for restructuring Srbijagas, the state-owned gas company. In line with these, in early July it adopted a decision to unbundle the operation of gas transmission networks and distribution activities. The financial restructuring of the company is still awaited and the resolution of its biggest debtors needs to advance further.

ERP recommendation 2: 'Advance the restructuring and privatisation of state-owned enterprises, prioritising the biggest companies. Introduce better corporate governance and advance, as planned, the organisational and financial restructuring of large, loss-making utilities. [...]'

A corporate restructuring plan for Elektroprivreda Srbije, the state-owned power utility, was adopted in November and — as a first step — the company was reorganised to increase its efficiency. A financial restructuring plan, which contains measures to reduce costs and improve revenues, including a 4.5 % increase in the regulated electricity tariff, was adopted in June. In January 2015, the government announced full liberalisation of the electricity and gas market, allowing users to switch to a distributor other than the state-owned utility company. However, only 5 % of all users have done so, as households and small buyers still have the right to guaranteed usage at regulated prices.

In July, Railways Serbia was unbundled into passenger, freight and infrastructure, including by creating a holding company. Corporate and financial restructuring plans have been prepared and are planned to be adopted by the government in September.

Privatisation attempts have been revived recently, although results so far are marginal. The sustainable operation and future privatisation of the steel mill in Smederevo is a key challenge. In June, the government took steps to start the privatisation of the majority state-owned Telekom Srbija. In January, it adopted an action plan to resolve 188 companies through a bankruptcy procedure. In addition, about 200 enterprises are expected to be fully or partially privatised, either by equity or asset sales, or through strategic partnership.

The protection of companies in restructuring from forcible collection of debts and bankruptcy expired in June. However, it was extended for 37 of them until October, while for another 17 firms, deemed of strategic importance and employing some 22.000 people, protection was extended until end of May 2016. As the end of the restructuring process is expected to result in redundancies, the government has put in place an adequately funded social programme. In view of the time and capacity needed to process such a large number of privatisations, the government should prioritise the restructuring of the biggest and most problematic cases.

Market entry and exit

Procedures for construction permits have been improved but further efforts are needed to ensure proper implementation. As in previous years, in 2014 the number of newly established companies (8 209) was more than three times the number of companies closed (2 601). Still, market entry has continued to be burdened by lengthy and costly procedures to obtain various permits. One major improvement was the introduction of a new integrated procedure for issuing construction permits ('one-stop shops'); its implementation has in most cases significantly shortened the time required to obtain permits. The establishment of an electronic permitting system is envisaged to be set up by 2016. The issue of converting usage rights into ownership rights of construction land, which had hindered potential investments, was solved but further efforts are needed to ensure proper implementation.

Legal predictability and enforcement have remained weak and significant efforts are needed to further improve the business environment. Many laws, important for structural reforms and socioeconomic development, are still adopted through emergency procedures, without proper consultation and public debate. Moreover, the implementation of laws remains problematic as there are long delays in the adoption of by-laws. The judicial system has been slow to enforce property rights.

The backlog in the courts is still substantial and companies often avoid using the courts as a solution to their problems.

ERP recommendation 5: 'Improve the business environment and tackle the grey economy, notably by better regulating para- fiscal charges, business inspections, and leasing of labour. Take steps to further simplify the regulatory environment by re-launching the 'regulatory guillotine'.'

Enforcement of legislation on property restitution, which is expected to improve legal clarity over real estate ownership, is making progress; 42 % of all claims submitted have now been resolved.

The informal economy remains a major obstacle to fair competition and business development. To tackle the grey economy, the government adopted an action plan and set up a coordination body. A new law on inspection oversight, introducing a risk assessment system and better coordination between different administrative bodies, was adopted in April. Implementation of the new legislation and rules still needs to be tested. Further efforts are needed to better control para-fiscal charges and to regulate labour leasing, and to further simplify the regulatory environment in accordance with ERP recommendations.

Financial sector development

The banking system is still facing a number of challenges, including weak credit activity and a high level of non-performing loans (NPLs). The financial sector continued to be dominated by commercial banks, mostly foreign-owned, holding more than 90 % of all assets, followed by insurance companies with 5.2 %.

In June, the central bank enhanced its monitoring of majority Greek-owned banks and limited their transactions with parent banking groups. Euroisation continued to be widespread, with about three quarters of deposits and of loans to households and businesses denominated in or linked to foreign currencies.

Financial intermediation was revived only temporarily due to a boost from a government subsidised programme. Still, credit growth remained weak and credit to the private companies continued shrinking, marking an absolute five-year low in April. Commercial banks have channelled their resources into lending to the government, albeit at a slower pace, and in building up their net foreign assets.

Mirroring the difficult economic environment and constraining lending activity, NPLs remained very high at 22.8 % in June. However, the banking system as a whole remained adequately capitalised and liquid. With the help of international financial institutions, the government adopted a comprehensive strategy and an action plan for NPL resolution in line with ERP recommendations. In August, the central bank also adopted an action plan for implementing this strategy. Special bank diagnostic studies, to be completed in October, should also provide additional information on the quality of bank assets and support the implementation of the NPL strategy. Governance weaknesses prompted the strengthening of the supervisory and improvement of the bank recovery and resolution frameworks.

ERP recommendation 4: ‘Advance with the rebalancing of macroeconomic policies with fiscal consolidation as a pre-condition for a more accommodative monetary policy stance, with a view to fostering a pick-up in the pace of credit extension. In this context, increased efforts to address the high burden of non-performing loans on banks’ balance sheets, involving all key stakeholders including the central bank as necessary, also appear warranted.’

4.2. The capacity to cope with competitive pressure and market forces within the Union

Serbia is moderately prepared in terms of capacity to cope with competitive pressure and market forces within the Union. Some progress was made particularly with regard to further opening up the labour market and providing support for the development of small and medium-sized enterprises (SMEs). However, the education system has remained inefficient, physical infrastructure underdeveloped and the informal sector and state aid have remained substantial.

In line with the ERP recommendations and in order to support long term growth, in the coming year Serbia should pay particular attention to:

- improving the quality of the education system and gearing it towards labour market needs;
- stimulating private investments and speeding up the implementation of public infrastructure projects;
- providing a transparent framework of state support to the private sector, with a focus on SMEs.

Human and physical capital

The needs of the economy and a worsening demographic situation demand further reforms of human capital policies in accordance with ERP recommendations. Although Serbia's public spending on education is comparable to that of EU countries, its quality has remained low, manifested in below-average OECD Programme for International Student Assessment (PISA) test scores and a high number of unskilled workers. Despite recent improvements, the labour market is still characterised by high unemployment, skills mismatches, a high share of informal employment, and high migration rates (especially of highly-skilled workers).

The efficiency of the education system needs to be improved by rationalising the school network and gearing vocational education more to labour market needs. Additional emphasis should be placed on teacher training and curriculum reforms at basic levels of education. This is the means by which the basic and transversal skills and student competences can be improved, better preparing them for the job market or further education. Serbia has maintained a relatively high proportion of public investment in research and innovation. However, there is little private investment and little cooperation between public and private researchers.

Active labour market policies have been in decline until recently. They need to focus on youth and the long-term unemployed and provide stimulation to employers to reduce the informal forms of employment, in line with ERP recommendations.

Physical infrastructure is severely affected by years of underinvestment and concerted efforts are needed to boost private and public investment.

Investment has still not recovered to pre-crisis levels and remained

at about a quarter below its peak. Public investment, in particular, has been subdued. The poor state of infrastructure undermines competitiveness and deters foreign investors, hampering regional and EU trade integration. There is a clear need to increase public investment, improve preparation and speed up the implementation of public projects, in particular those included in Serbia-EU's 'single project pipeline.'

The ongoing fiscal consolidation and the reform of governance of public projects should create the conditions for increasing infrastructure investment and stepping up work on regional transport corridors in accordance with ERP recommendations. In addition, to diversify energy supplies Serbia should go ahead with the construction of gas inter-connectors as planned. Private investment should be further stimulated by establishing public schemes to support lending to SMEs and research activities in companies, in line with ERP recommendations.

ERP recommendation 6: 'Adopt a comprehensive and well-targeted set of active labour market policies, with a focus on youth and the long term unemployed, as well as dedicated skills upgrade programmes. The finalisation of the national qualifications framework should be the first step in a progressive reform of the education system, aimed at improving the outcomes of the system, thereby enhancing the human capital productivity.'

ERP recommendation 7: 'Stimulate private investment, for example by establishing public schemes to support lending to SMEs and research activities in companies. To increase public investment, improve preparation and speed up the implementation of public projects. Step up the works on corridors VII and X in line with the regional core network. Improve energy production and transmission, most notably by better governance of energy firms, regulation of the network and the construction of gas inter-connectors.'

Sectoral and enterprise structure

The structure of the economy remained broadly unchanged and reducing the large informal sector remains a major challenge. With a share of 50.9 % of GDP, services continued to play a major role in the economy. In 2014, agriculture slightly increased its share to 8.1 % of GDP, whereas industry's share fell by 1.7 percentage points to 20.7 % of GDP due to the floods which severely affected the energy and mining sectors. Employment was roughly unchanged across sectors, with agriculture remaining the biggest sector, employing almost a fifth of the labour force. The large informal sector represents a major obstacle for economic development, fuelled by weak rule of law, and imposes significant risks and costs to the overall

economy.

SMEs account for over 70 % of employment, but contribute only 53 % of the total gross value added. They remain disadvantaged compared to large companies and state-owned companies that receive state aid. SMEs are the most affected by the poor access to finance in Serbia, Limited progress has been made as regards the development of SME-oriented financial instruments.

State influence on competitiveness

State support for loss-making SOEs **remained significant and needs to be addressed in line with ERP recommendations**. In 2014, spending on these measures combined has reached the highest level since 2000. The increase over the last three years was in large part due to the delayed process of resolution of SOEs. However, signalling a change in policy, the 2015 budget law does not envisage new issuance of state guarantees for liquidity support and limits new project-based guarantees. More predictable instruments of state support to the private sector need to be developed to benefit both foreign and domestic investors. State support should also be redirected towards efficient and horizontal objectives, such as support to SMEs and research and development.

ERP recommendation 2: '[...] Review the efficiency of all forms of state aid and take steps to reduce it. Proceed to revisit public sector employment in a sustainable manner by implementing the Action plan on public administration reform.'

Economic integration with the EU

Serbia improved its external competitiveness and increased further its trade integration with the EU. A weaker dinar and a relative decrease of labour costs have boosted external competitiveness. The EU increased its trade with Serbia and remained by far the country's main trading partner, accounting for 69 % of total exports and 61 % of total imports of goods. Exports to Central European Free Trade Agreement (CEFTA) countries represent 20 % of all exports and have the potential to be boosted by the planned trade liberalisation in the services sector.

The EU also remains the main source of FDI with a share of almost three-quarters. Through the network of various free trade agreements, Serbia enjoys good market access but needs to facilitate trade by measures removing non-tariff barriers, especially for companies operating in global value chains.

5. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

5.1. Chapter 1: Free movement of goods

The free movement of goods ensures that many products can be traded freely across the EU based on common rules and procedures. Where products are governed by national rules the principle of the free movement of goods prevents these creating unjustified barriers to trade.

Serbia is **moderately prepared** for the free movement of goods. **Some progress** was made, notably with the adoption of European standards. In the coming year, Serbia should in particular:

→ ensure better implementation of technical requirements and standards.

On the **general principles**, Serbia is drafting a methodology to ensure alignment with Articles 34-36 of the Treaty on the Functioning of the European Union (TFEU). On **horizontal measures**, the quality infrastructure strategy for the period 2015-2020 was not yet adopted. The administrative capacity of the Ministry of Economy, in charge of coordination, has decreased and needs to be strengthened.

On **standardisation**, the Institute for Standardisation of Serbia (ISS) has adopted approximately 96 % of all European standards and harmonisation documents. It has met the technical criteria for full membership of the European Committee for Standardisation (CEN) and the European Committee for Electrotechnical Standardisation (CENELEC). The ISS currently has 187 active technical committees and 62 full-time

employees. Amendments to the Law on Standardisation were adopted in May, aiming to further align national legislation with the *acquis*.

A total of 37 **conformity assessment** bodies have been designated under the relevant EU directives. In April 2015 Serbia repealed the formal *ex ante* controls on certificates of conformity, specifically for imports of products covered by the Machinery Directive, the Low Voltage Directive and the Electromagnetic Compatibility Directive. However, certain *ex ante* controls remain, specifically for imports of products covered by the Radio equipment and Telecommunications Terminal Equipment Directive and fire protection devices and appliances.

On **accreditation**, the Accreditation Body of Serbia (ABS) in October 2014 signed a new International Accreditation Forum Multilateral Agreement extending management system certification. Accreditation process continued steadily over the reporting period but ABS staffing levels remain insufficient.

On **metrology**, secondary legislation in the non-harmonised area was adopted, together with a regulation based on recommendations of the International Organisation of Legal Metrology. The number of internationally recognised national standards for calibration and measurement stood at 143. The Directorate for Measures and Precious Metals upgraded its market surveillance capacity, particularly for supervision of the implementation of EU directives on standards and non-automatic scales.

In **market surveillance**, the law on general inspection oversight was adopted in April 2015. The Product Safety Council was reconstituted in August 2015 in order to improve coordination and operations amongst various stakeholders. The administrative capacity of the line ministry has been upgraded, but remains insufficient.

On **‘Old Approach’ product legislation**, Serbia adopted secondary legislation on crystal glass product marking which aims to be in line with the *acquis*, and laws on active substances in biocidal products. Legislation on motor vehicles and emissions of pollutants from non-road engines remains to be adopted. As regards **‘New and Global Approach’ product legislation**, legislation on recreational craft and on cableway installations was adopted. The former is in line with the *acquis*; the latter is partially aligned with the relevant directives. The law on fire protection equipment was adopted but remains to be aligned with relevant EU directives. Further alignment is required in the areas of cableway installations, construction products, toy safety and eco-design requirements for energy-related products.

As regards **procedural measures**, Serbia adopted legislation on civilian firearms, and adopted and fully implemented legislation on the export and import of arms and military equipment which is in line with the EU export control regime. Legislation on the production and transfer of arms and military equipment remains to be adopted. Serbia still needs to align its legislation with the *acquis* on pricing medicinal products and on returning cultural objects unlawfully removed from the territory of an EU Member State.

5.2. Chapter 2: Freedom of movement for workers

Citizens of one Member State have the right to work in another Member State and must be given the same working and social conditions as other workers.

Serbia is **moderately prepared** in the area of freedom of movement for workers. **Some progress** was made in this chapter, notably in adopting new legislation on access to the labour market. In the coming year, Serbia should in particular:

- continue its efforts for strengthening the capacity of social security institutions.

As regards **access to the labour market**, a Law on Employment of Foreigners and a work permit rulebook were adopted in November 2014. The law regulates the employment of foreign citizens in Serbia and further aligns its legislation with the *acquis*.

The Ministry of Labour’s 2015 action plan and the annual plan of the National Employment Service (NES) include provisions on **EURES**, the European jobs network, and create a network of private employment agencies which will publish vacancies jointly with the NES.

As regards **coordination of social security systems**, new agreements came into force with Belgium, Luxembourg, Hungary and Canada. An agreement with Romania was finalised, but is not yet signed, and an

agreement with France was ratified in March. An agreement on electronic exchange of social security data was signed with Montenegro. The capacity of social security institutions needs further strengthening.

5.3. Chapter 3: Right of establishment and freedom to provide services

EU natural and legal persons have the right to establish themselves in any Member State and to provide cross-border services. For certain regulated professions, there are rules on mutual recognition of qualifications. Postal services are gradually being opened up to competition.

Serbia is **moderately prepared** in these fields. **Some progress** was made with the adoption of regulations on postal services. In the coming year, Serbia should in particular:

- adopt a strategy for alignment with the professional qualifications *acquis*;
- adopt an umbrella law on services, as a first step towards alignment with the Services directive.

There were no developments on the **right of establishment**. On **freedom to provide cross-border services**, an umbrella law aligning Serbian legislation with the Services Directive is still needed. Screening of sectorial laws has to be completed to prepare for their alignment. A strategy and a law on **mutual recognition of professional qualifications** have yet to be adopted.

As regards **postal services**, the Regulatory Agency for Electronic Communications and Postal Services adopted a regulation on the conditions of access to the postal operator's postal network in December 2014. It also adopted a regulation on minimum standards for universal postal services provision. Both regulations further align Serbian legislation with the *acquis*. The inspection of postal services remains inadequate. The public postal operator has not yet been turned into a corporate company.

5.4. Chapter 4: Free movement of capital

In the EU, capital and investments must be able to move without restriction and there are common rules for cross-border payments. Banks and other economic operators apply certain rules to support the fight against money laundering and terrorist financing.

Serbia is **moderately prepared** in the area of free movement of capital. **Some progress** was made with the adoption of the Law on Payment Services. In the coming year, Serbia should in particular:

- further liberalise short-term capital movements.
- strengthen the Agency for the Prevention of Money Laundering.

There were no developments on **capital movements and payments**. Short-term capital transactions and deposit activities by residents are still restricted, while long-term capital transactions have been fully liberalised. The acquisition of real estate, especially agricultural land, is still restricted. On **payment systems**, in December, Serbia adopted a Law on Payment Services to further align its legislation with the Payment Services Directive and the Electronic Money Directive.

Serbia adopted a national strategy for the **fight against money laundering** and terrorism financing in December. The Agency for the Prevention of Money Laundering and the Financial Intelligence Unit of the Ministry of Finance both need greater administrative and analytical capacity. The agency still does not have adequate premises, which prevents it from recruiting new staff. Serbia still needs to establish a track record of investigation of and conviction in money laundering cases.

5.5. Chapter 5: Public procurement

EU rules ensure public sector procurement of goods and services in any Member State is open to all EU companies on the basis of non-discrimination.

Serbia is **moderately prepared** in this area, which is particularly vulnerable to corruption. More efforts are needed to prevent corruption from occurring during the procurement cycle. **Good progress** has been made in the past year, notably by adopting amendments to the Law on Public Procurement and increasingly using open tender procedures.

Significant efforts are needed across the board to improve competition, efficiency and transparency in public tenders. In the coming year, Serbia should in particular:

→ strengthen the capacity of the Public Procurement Office and the Republic Commission for the Protection of Rights in Public Procedures;

→ swiftly implement the public procurement strategy in particular on ensuring the sound implementation of existing legislation and on further alignment with the EU Concessions Directive.

Institutional set-up and legal alignment

The **legal framework** is broadly in line with the *acquis*. The Law on Public Procurement adopted in 2012 is largely in line with the EU directives on classical and utilities' procurement, but does not take full advantage of the flexibility procedures offered by the utilities directive. The law was amended in February 2015 to reduce the price preference given to domestic bidders to 5 %, ahead of the schedule for liberalisation under the Stabilisation and Association Agreement, and in July to further align it with the EU Directives adopted in 2014. The legislation on defence and security procurement is broadly in line but contains more exemptions than the EU Directive. Serbia must ensure that bilateral agreements concluded with non-EU countries do not unduly restrict competition and are fully consistent with the EU *acquis*. The Law on Public-Private Partnership follows the basic rules of the *acquis*, but needs to be aligned with the new Directive on Concessions.

In October 2014, the government adopted a public procurement **strategy** for 2014-2018 and a related action plan, which includes measures to further strengthen the regulatory framework and align it fully with the EU *acquis*.

The **Public Procurement Office** (PPO) is the independent state body which supervises the implementation of the Law on Public Procurement. Its role in launching certain regulatory reforms should be clarified.

Implementation and enforcement capacity

Serbia's **public procurement market** remained relatively stable as a percentage of gross domestic product (GDP), at 7.7 % in 2014 compared with 6.8 % in 2013 and 8.5 % in 2012.

Monitoring of the award and implementation of contracts is improving. Since use of the negotiated procedure must now be authorised by the PPO, the value of negotiated procedures fell to 5 % of the total value of public tenders in 2014, from 17 % in 2013. In 2014, the State Audit Institution detected irregularities in tenders worth EUR 63 million, as against EUR 263 million in 2013. The public procurement portal is increasingly used, with 50 % more notices published in 2014 than in 2013.

The **capacity to manage public procurement processes** was further improved through the certification of an additional 890 public procurement officials by the PPO. However, the PPO does not have enough administrative capacity itself for its numerous responsibilities. The role and function of the annual procurement plans adopted by the contracting authorities needs to be reviewed; publishing them would further increase transparency.

The framework for **integrity and handling conflicts of interest** was strengthened under the new public procurement law. In December 2014, the PPO adopted a model internal plan for preventing corruption in public procurement procedures. From January 2015, high-volume contracting authorities are expected to gradually adopt their own plans for curbing corruption based on this model.

Efficient remedy system

The legislation regarding the **right to legal remedy** is broadly in line with the *acquis* and is implemented by the Republic Commission for the Protection of Rights in Public Procedures (the Republic Commission), an

independent state body.

The number of requests for protection of rights received by the Republic Commission increased by 35 % in 2014 compared to 2013. The Republic Commission took a total of 2 702 decisions in 2014 compared with 1 966 in 2013, an increase of 37 %. Public procurement procedures were partially or fully annulled in 1 336 cases. In 2014, the Republic Commission further built up its enforcement record by reviewing the implementation of 266 of its decisions and concluded that in 7 cases, they had not been properly enforced by the contracting authorities.

The Republic Commission has continued to build up its implementation capacity to a total of 70 employees, which is still not enough. The capacity of the administrative courts to deal with complex public procurement cases also needs to be strengthened.

5.6. Chapter 6: Company law

The EU has common rules on the formation, registration, and disclosure requirements of a company, with complementary rules for accounting and financial reporting, and statutory audit.

On **company law**, it has been possible since December to incorporate a business in 24 hours. Financial

Serbia has a **good level of preparation** in company law. **Some progress** was made with online filing of financial statements, and the first audit quality control inspections.

statements can now be filed electronically on the Register of Financial Statements. Serbia is developing online electronic company registration to facilitate its business environment; the process is not yet fully operational. On **corporate accounting** and **auditing**, the Chamber of Authorised Auditors made the first quality control inspections of audit firms based on the 2013 Law on Auditing. The law needs to be amended to align with the new EU Accounting and Auditing Directives.

5.7. Chapter 7: Intellectual property law

The EU has harmonised rules for the legal protection of copyright and related rights. This covers, for instance, computer programs, broadcasting and trademarks, designs, biotechnological inventions and pharmaceuticals.

Serbia has reached a **good level of preparation** as concerns alignment of intellectual property law with the *acquis*. **Some progress** was made on intellectual property rights (IPR). In the coming year, Serbia should in particular:

→ further align its Law on Copyright, Topographies of Semiconductor Products, Patents and Trademarks with the *acquis*, including with the IPR Enforcement Directive;

→ strengthen formal coordination of different stakeholders on enforcement.

On **copyright and neighbouring rights**, full alignment with the *acquis* of the Law on Copyright and Related Rights remains to be achieved, in particular as regards the amendments introduced in 2012. The Law on the Protection of Topographies of Semiconductor Products also needs to be aligned with the *acquis*.

On **industrial property rights**, the amendments to the Law on Industrial Design adopted in May 2015 align them further with the *acquis*. The other relevant laws on patent and trademarks still need to be further aligned.

On **enforcement**, the number of counterfeit and pirated goods confiscated by the customs administration and the Market Inspectorate increased substantially, partly as the result of the use of newly procured equipment. The number of checks carried out by the Ministry of the Interior fell, while the number of criminal charges that it brought stabilised (at 90 in 2014). There were 1 110 court cases on IPR in 2014, compared with 731 in 2013.

Further alignment of legislation with the Directive on the Enforcement of Intellectual Property Rights was ensured by the adoption of the amendments to the Law on Industrial Design. The other IPR laws still need to be aligned. A permanent coordination body for the enforcement of IPR was set up in October 2014,

but is not yet fully operational. The national IPR strategy and action plan 2011-2015 were broadly implemented and need to be replaced by a new strategic framework.

5.8. Chapter 8: Competition policy

EU rules protect free competition. They include anti-trust rules against restrictive agreements between companies and abuse of dominant position. EU rules also prevent governments from granting state aid which distorts competition.

Serbia is **moderately prepared** in the area of competition policy. **Some progress** was made in the area of antitrust and mergers. In the coming year, Serbia should in particular:

- make significant progress in aligning its legislation on state aid control with the *acquis* as state aid control still has significant shortcomings;
- take steps to make the Commission for State Aid Control more independent and effective;
- ensure that aid received by the steel mill Smederevo Zelezara is compatible with the Stabilisation and Association Agreement.

On **antitrust and mergers policy**, Serbian legislation is largely in line with the *acquis*. The Commission for the Protection of Competition (CPC) maintained its activity level: in 2014, it took no decision on anticompetitive agreements, but five decisions on abuse of dominance and 97 decisions on mergers, two of which were approved subject to conditions. The level and number of fines remain relatively modest: only one fine, of EUR 160 000, was imposed in 2014. The organisation of the first two dawn-raids against cartels in July is a positive development towards a more effective fight against cartels. The CPC's administrative capacity was significantly strengthened in 2015. The judiciary's capacity to assess complex competition cases needs to be strengthened.

In **state aid**, the rules on *de minimis* state aid were further aligned with the Commission General Block Exemption Regulation in October 2014. The exemption from state aid rules for companies in the process of restructuring and privatisation has not yet been repealed. Serbia still has to draw up a regional aid map. The monitoring of cumulation of aid granted needs to be strengthened. A number of existing state aid schemes, including fiscal ones, still need to be aligned with the *acquis*. In 2014, the Commission for State Aid Control (CSAC) adopted 43 decisions and conclusions, including 17 launching *ex post* checks. This is slightly fewer than in the previous year. In line with Protocol 5 of the Stabilisation and Association Agreement, Smederevo Zelezara, a steel mill in difficulty, has not received state aid since 1 February 2015 but it needs to be shown that the aid received before then was compatible with competition law.

The new members of the CSAC are not affiliated to state-aid-granting ministries but still nominated by them. The operational independence of the CSAC remains to be demonstrated, notably through a track record of well-founded decisions. The capacity of the CSAC's secretariat, already insufficient, declined further. Further advocacy efforts are needed to ensure that all aid measures are notified to the CSAC and approved before being granted. Aid measures should be made more transparent.

As regards **liberalisation**, full alignment with the EU rules on state aid in the form of public service compensation has yet to be ensured. Serbian legislation has yet to be aligned with the Directive on the Transparency of Financial Relations between Member States and Public Undertakings.

5.9. Chapter 9: Financial services

EU rules aim at ensuring fair competition between and the stability of financial institutions, namely banking, insurance, supplementary pensions, investment services and securities markets. They include rules on authorisation, operation and supervision of these institutions.

Serbia is **moderately prepared** in the area of financial services. **Good progress** was made with the adoption of the framework for resolution of banks and the laws on insurance and payment services. In the coming year, Serbia should in particular:

- take additional steps to align Serbia's rules with Basel III standards and the Solvency II Directive.

On **banks and financial conglomerates**, in February 2015, Serbia adopted several laws which establish a new

legal framework for the resolution of banks and insurance companies in difficulties, based in particular on the Bank Recovery and Resolution Directive. In February 2015 both the Law on Deposit Insurance and the Law on the Deposit Insurance Agency were adopted and further aligned with the Directive on Deposit Guarantee Schemes. In December, the National Bank of Serbia revised its strategy for the full implementation of Basel III standards. Legislation on financial conglomerates remains outstanding.

On **insurance and occupational pensions**, the Law on Insurance adopted in January 2015 and subsequent decisions of the NBS are more in line with the *acquis*. Further alignment with the Solvency II Directive still has to be achieved. A Decree laying down the minimum sum to be insured by motor third-party liability insurance was adopted in October 2014, bringing Serbia's rules more closely to the *acquis*. Full alignment with the Directive on Institutions for Occupational Retirement Provision has not yet been achieved.

On **financial market infrastructure**, Serbia adopted the Law on Payment Services, in December 2014, to further align its legislation with the Settlement Finality Directive.

On the **securities market and investment services**, amendments to the Law on Investment Funds were adopted in October 2014 to further align it with the Directive on Undertakings for Collective Investment in Transferable Securities. The Securities Commission also adopted several by-laws on reporting requirements and accountancy rules applicable to investment funds and broker dealer companies.

5.10. Chapter 10: Information society and media

The EU supports the good functioning of the internal market for electronic communications, electronic commerce and audio-visual services. The rules protect consumers and support universal availability of modern services.

Serbia is **moderately prepared** in the information society and media. **Some progress** was made, notably with the digital switchover being completed and with respect to the ongoing implementation of the three new media laws. In the coming year, Serbia should in particular:

- continue alignment of the legislative framework in electronic communications with the 2009 EU regulatory framework;
- ensure the independence of the Regulatory Body on Electronic Media and strengthen the administrative and inspectorate capacity of the line ministry;
- elaborate and ensure comprehensive regulation of advertising.

On **electronic communications and information and communications technology**, the digital switchover was completed in June 2015. Serbia also introduced technological neutrality in the 900 and 2100 MHz frequency bands and assigned the 1800 MHz band to operators, allowing 3G and 4G services as of April. Serbia has yet to fully align with the 2009 EU regulatory framework for e-communications. Competitive safeguards have not yet been fully implemented. The operational independence of the telecom regulator needs to be fully ensured. The draft law on emergency services, introducing permanent financing of the emergency number 112, remains to be adopted. 55 % of the population have a broadband connection.

At the end of August 2015, Kosovo and Serbia agreed the Action Plan to implement the 2013 Prime Ministers telecom arrangements. The agreement of September 2014 signed by the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Montenegro and Serbia on reducing the prices of mobile roaming services came into force in July 2015.

In **information society services**, laws on information security and the e-government strategy remain to be adopted. The administrative and inspection capacity of the line ministry and its units responsible for information and communication technology and digital administration remain insufficient.

On **audio-visual policy**, the implementation of the Law on Public Information and Media, the Law on Electronic Media and the Law on Public Service Broadcasting is ongoing. The public broadcasters RTS and RTV adopted statutes in line with the Law on Public Service Broadcasting. A method of monitoring revenue and expenditure allowing separate book-keeping for public and commercial activities is yet to be introduced. This is a matter of concern with regard to monitoring state aid provided to RTS and RTV, as well as for ensuring their editorial independence. RTS and RTV should prepare consolidated records of licence fee payers and forms for collection of and exemption from licence fee payments, which is a precondition for introducing the

licence fee.

The Regulatory Body for Electronic Media faces delays in preparing all the by-laws needed to implement the Law on Electronic Media. The regulator needs to be fully independent when monitoring the fulfilment of programming obligations of broadcasters. The regulator is not fulfilling its role of monitoring of the retransmitted audio-visual media content on cable operators which is regularly interrupted by local advertisements. This makes it more difficult to broadcast in line with the Audio-visual Media Services Directive and affects overall media advertising revenue.

5.11. Chapter 11: Agriculture and rural development

The Common Agricultural Policy supports farmers and rural development. This requires strong management and control systems. There are also common EU rules for quality policy and organic farming.

Serbia is at an **early stage of preparation** in agriculture and rural development. **Some progress** was made with expansion of the Farm Accountancy Data Network and adoption of the Instrument for Pre-accession Assistance for Rural Development (IPARD). In the coming year, Serbia should in particular:

- develop an action plan for *acquis* alignment in agriculture and rural development
- ensure adequate allocation of resources and strengthening of the capacity of all IPARD bodies with a view to obtaining entrustment with budget implementation tasks.

As regards **horizontal issues**, the implementation of the strategy for agricultural and rural development for the period 2014-2024 has started. Serbia's adoption of a national programme for agriculture would contribute to ensuring its implementation and sector planning. Establishment of the Farm Accountancy Data Network (FADN) is progressing. Serbia has yet to designate formal institutional responsibilities pertaining to FADN and adopt a rulebook to transpose the FADN regulation. Verification of data quality and the use of the FADN data will greatly facilitate policy planning and monitoring. As regards activities towards establishing the Integrated Administration and Control System (IACS) to prepare for the management and control of agricultural payments, Serbia should focus on developing the land parcel identification system and the farm register. This requires it to clarify the responsibilities of stakeholders, adopt the legal base and build capacity to ensure the system works properly.

In the area of the **common market organisation** (CMO), in the wine sector, registration of vineyards has progressed. Administrative capacity in the sector needs further strengthening. Rulebooks on the zoning of viticultural geographical production areas and packaging and labelling of wines were adopted. A draft law on spirit drinks is advancing and must be aligned with the *acquis* before adoption.

On **rural development**, the IPARD programme (2014-2020) was adopted in January. It focuses on upgrading holdings and processing establishments to EU standards. Relocation of the IPARD Agency to Belgrade was an important development. The legal base for adequately resourcing IPARD operating structures has been created. Staff recruitment and training need to accelerate. The capacity of the offices of the National Authorising Officer, the National IPA Coordinator and the Audit Authority in relation to IPARD needs to expand further. This gives cause for serious concern for timely implementation of the programme and should be promptly addressed.

On **quality policy**, no progress can be reported. On **organic farming**, the national action plan for the development of the organic sector remains to be adopted.

5.12. Chapter 12: Food safety, veterinary and phytosanitary policy

EU hygiene rules for foodstuff production ensure a high level of food safety. Animal health and welfare and the safety of food of animal origin are safeguarded together with quality of seed, plant protection material, harmful organisms and animal nutrition.

Serbia is **moderately prepared** in the area of food safety, veterinary and phytosanitary policy. **Some progress** was made, with the opening of the phytosanitary laboratory and the re-alignment of the maximum level of aflatoxins in milk with the level in the EU. In the coming year, Serbia should in particular: → review the capacity of the veterinary, phytosanitary and national reference laboratories directorates and adopt an action plan to strengthen them.

In the area of **general food safety**, in February the phytosanitary laboratory was the first of the national reference laboratories to be opened. Further efforts are needed to put other laboratories into operation, such as the laboratory for quality control of raw milk, and to obtain accreditation for them as necessary. On **food safety rules and specific rules for feed**, the permitted level of aflatoxins in milk has been aligned with the requirements of the EU *acquis*. Yeasts have been added as a new category to the catalogue of feed materials. Planned amendments to food safety law are still pending.

On **veterinary policy**, a programme of animal health protection measures for 2015 was adopted in April. No new cases of classical swine fever were notified, while the programme to eradicate rabies in wildlife continued successfully. The country has adopted an animal health programme on bluetongue disease and allocated funds to buy vaccines. The plan for controlling residues of veterinary products and medicines in animals for 2015 is being implemented. Serbia has largely aligned its legislation on animal welfare on farms with EU law, but implementation and enforcement need to be improved. National legislation on animal welfare in slaughterhouses and transport has yet to be aligned with the *acquis*. National legislation on identifying and registering bovines should be better enforced by increasing coordination with the Agrarian Payments Directorate on cross-compliance of subsidies, and with the police on preventing illegal trafficking and trade in animals.

In relation to the **placing food, feed and animal by-products on the market**, Serbia introduced temporary amendments on how to classify and handle animal by-products. They address the lack of developed infrastructure for collection and transport and the lack of capacity of rendering plants. A national monitoring and control programme for food and feed safety needs to be adopted. Serbia also needs to adopt a programme for upgrading agri-food establishments and the food safety council needs to be appointed. The management of animal by-products is an area of particular concern. Serbia should strengthen enforcement of legislation on separation and treatment of animal waste and adopt and implement a strategy to align it with EU *acquis*.

In the area of **phytosanitary policy**, the Law on Plant Protection Products is not implemented in relation to registration, for which the previous non-EU compliant procedure is still applicable. The rulebooks for the annual programme for post-registration control of plant protection products and measures for plant health protection for 2015 have been adopted.

The new law on **genetically modified organisms** remains to be adopted, in line with the EU *acquis*, which would also allow Serbia to join the World Trade Organisation.

5.13. Chapter 13: Fisheries

The Common Fisheries Policy protects living resources of the sea and limits the environmental impact of fisheries. This includes setting catch quotas, managing fleet capacity, rules for aquaculture as well as support for fisheries and coastal communities.

Serbia is **moderately prepared** in the area of fisheries. **Some progress** was made with creating the legal base for a national catch certification scheme for imports and exports of fishery products and a system for collecting market data.

As regards EU requirements on **resource and fleet management, and inspection and control**, the law on

animal husbandry needs to be amended to provide a legal basis for the introduction of a national catch certification scheme for imports and exports of fishery products. A law on protection and sustainable use of fish stocks came into force in December.

Serbia does not have any **structural actions** in place for small-scale fisheries or inland fisheries. As regards **market policy**, the capacity of the administration managing and controlling imports and exports of fisheries products needs to be upgraded and brought into line with the *acquis*.

5.14. Chapter 14: Transport policy

Serbia is **moderately prepared** in transport policy. **Good progress** was made on road, rail and inland waterways. In the coming year, Serbia should in particular:

- ensure that railway undertakings that were certified and licensed by Serbian authorities have access to the network and the service facilities in Serbia for the purpose of providing domestic or international rail freight services;
- confer all competencies regarding type authorisation, vehicle authorisation and national vehicle register to the safety authority;
- further strengthen its administrative capacity for enforcement and inspection.

The EU has common rules for technical and safety standards, security, social standards, state aid and market liberalisation in road transport, railways, inland waterways, combined transport, aviation and maritime transport.

On **road transport**, legislation aimed at aligning with the *acquis* on dangerous goods was adopted in November. The Serbian Strategy on road safety was adopted in July. Legislation on driving and on rest periods for domestic lorry drivers remains to be adopted. Further alignment with the road safety and dangerous goods *acquis* is still necessary. While the number of fatal road traffic accidents is falling, it remains high and road safety remains a concern.

As regards **rail transport**, an agreement on railway border crossing procedures was signed between Serbia and the former Yugoslav Republic of Macedonia in February. The law on air, railway and waterborne accident investigations was adopted in August, providing for the establishment of an independent accident investigation body. Open access to the railway market, with transparent track access charges and capacity allocation, still needs to be achieved. Serbian Railways continue to deny track access to a duly licensed and safety-certified domestic freight operator. Serbian Railways were unbundled in July. Public service obligation contracts have yet to be signed.

On **inland waterway transport**, the strategy on waterborne transport development for 2015- 2025 was adopted in January. In February, amendments were adopted to the law on navigation and ports on inland waterways. The merchant shipping law remains to be adopted.

On **intermodal transport**, the construction of the first modern intermodal terminal in Belgrade has not yet started. Further implementing legislation on support measures for intermodal transport, on incentive measures for road carriers and on loading units on the railways is needed.

On **air transport**, the revised list of air carriers subject to an operating ban in the EU was adopted in January. The Serbian European Aviation Safety Agency and Civil Aviation Directorate agreed on a new working arrangement in May. Further alignment with the *acquis* on accident investigation and working time is required. Inquiries into Air Serbia's compliance with the 'effective control' requirements in the European Common Aviation Agreement (ECAA) are ongoing. The administrative capacity of the Civil Aviation Directorate requires strengthening to fulfil the obligations of the ECAA Agreement. Serbia actively participates as an observer in the Joint Service Provisional Area initiative.

As regards **maritime transport**, amendments to the law on maritime transport were adopted in February. A national and international shipping registers was established. A rulebook on ship documents and books was adopted in July. In the area of **satellite navigation**, Serbian participation in the Galileo programme has yet to start.

5.15. Chapter 15: Energy

EU energy policy covers competition and state aids, equal access to resources, the internal energy market, energy efficiency, nuclear energy and nuclear safety and radiation protection

Serbia is **moderately prepared** in the area of energy. **Some progress** was made in the internal energy market. In the coming year, Serbia should in particular:

- take measures to improve alignment with the *acquis* in renewable energy, energy efficiency, develop competition in the gas market and achieve cost-reflective electricity tariffs;
- participate in the region's electricity Coordinated Auction Office in line with its Energy Community obligations;
- strengthen the independence and increase administrative capacity of the energy and nuclear regulators.

On **security of supply**, two decrees on mandatory oil stocks were adopted in October 2014 and the Directorate for Management of Mandatory Stocks was set up in the Ministry of Mining and Energy. However, Serbia is still at a very early stage of alignment with the *acquis* and cannot provide information about its stock levels. Preparatory work on building a gas interconnector between Serbia and Bulgaria should accelerate in order to diversify Serbia's gas supply. The security of the electricity supply was seriously affected by the damage to the Kolubara coal mine during the 2014 floods, when Serbia had to import electricity and lignite. Serbia has ceased all preparation for the South Stream pipeline following Russia's abandonment of the project.

Substantial progress was made in terms of normalisation of relations between Serbian and Kosovan transmission companies. Following an agreement in August 2015 between Serbia and Kosovo, a Serbian power supply company should be established to supply customers in northern Kosovo. This company has not yet been established. The parallel management that Serbia installed at the Gazivode/Ujmani hydropower plant continues to interfere in its operation, with a risk of flooding.

On the **internal energy market**, the law on energy (which incorporates provisions from the third Energy Package) was adopted in December. The energy sector development strategy has not yet been adopted. Since January, electricity and gas markets have been fully opened in Serbia. New electricity and gas supplier switching rules came into force in July. Further efforts are needed to strengthen the independence of the Serbian energy agency, AERS, and its capacity to cover responsibilities arising from the third Energy Package. At the end of 2014, Serbia adopted a plan to unbundle the gas utility, Srbijagas, addressing its failure to meet its obligations under the Energy Community.

At the end of 2014, AERS approved agreements between the transmission system operator EMS and its Hungarian, Bulgarian and Croatian counterparts on bilateral coordinated allocation of capacity. Regulated electricity tariffs need be adjusted to reflect cost. The Secretariat of the Energy Community opened infringement proceedings against Serbia for its failure to participate in the activities of the region's Coordinated Auction Office.

On **renewable energy**, administrative procedures for issuing permits and network connections were simplified by the new energy law of December 2014. Amendments to the planning and construction law adopted in December 2014 provide a simplified approval procedure for building energy facilities. There is no significant investment in the renewable energy sector. Substantial efforts are urgently needed to achieve Serbia's target of obtaining 27 % of gross final energy consumption from renewable sources by 2020. Any further development of hydropower should be in line with EU environmental legislation.

Full alignment with the **energy efficiency** *acquis* has not yet been achieved. Two rulebooks on energy management were adopted in December. The ministry lacks administrative capacity to draft by-laws. The energy efficiency fund did not produce significant results although 11 contracts were signed with different municipalities for projects in the field.

On **nuclear energy, nuclear safety and radiation protection**, Serbia adopted a regulation setting up a nuclear security and safety programme and a regulation on the safety of nuclear facilities and nuclear material. A national strategy for the sector has yet to be adopted and alignment with the *acquis* on radioactive waste management, radiation protection, spent fuel, nuclear safety and security is needed. The Serbian Radiation

Protection and Nuclear Safety Agency (SRPNA) has not consolidated the inspection activities of the relevant ministries. SRPNA filled 26 posts out of its approved 35. SRPNA issued an operating licence for a new nuclear and radioactive waste hangar. An action plan needs to be drafted for decommissioning research reactor A at the Vinča site. The radiological situation at the abandoned Kalina uranium mine needs to be improved.

5.16. Chapter 16: Taxation

EU rules on taxation cover value-added tax and excise duties as well as aspects of taxing income from savings of individuals and of corporate taxes. They also deal with cooperation between tax administrations, including information exchange to prevent tax evasion.

Serbia is **moderately prepared** in the area of taxation. **Some progress** was made with the adoption of the 2015-2020 programme to transform the tax administration. This should strengthen strategic management and planning of taxation. In the coming year, Serbia should in particular:

→ improve operational activities to curb the informal economy;
→ further align national rules on excise goods, including those on imported spirits and coffee, with those of the *acquis*;

→ further simplify and unify tax procedures and better train staff.

On **indirect taxation**, no progress can be reported on *value added tax* (VAT). *Excise* legislation still contains some discriminatory measures on imported spirits and coffee. Excise duty on electricity and on electronic cigarettes was introduced, as of August. On **direct taxation**, the amended law on **profit tax** passed in December exempts humanitarian aid, and assistance provided to different levels of government.

On **administrative cooperation and mutual assistance**, Serbia signed an agreement to join the Fiscalis 2020 programme, which came into force in July.

On **operational capacity and computerisation**, electronic services to taxpayers were further extended and revenue increased. The use of e-declarations became compulsory for a large number of tax declarations. Efforts to combat the grey economy intensified, with reinforced checks on VAT compliance. A new programme for 2015-2020 to transform the tax administration was adopted in June. As a positive development, it includes quarterly performance indicators to assess compliance with objectives. While public communication has improved, the tax administration should upgrade taxpayer service and simplify administrative procedures. Efforts are needed to train staff more effectively. The new well- equipped data centre has become fully operational this year; but maintaining staffing in the IT division has become a challenge due to wage competition from the private sector.

The tax administration has intensified work on improving supervision by training of tax inspectors in various fields, in line with EU methodology. The discretionary powers of individual tax inspectors should be further reduced. Some work was also done to improve operational activities to curb the informal economy, notably against illegal trade in fine-cut tobacco and cigarettes and in games of chance and gambling activities.

5.17. Chapter 17: Economic and monetary policy

EU rules require the independence of central banks and prohibit them directly financing the public sector. Member States coordinate their economic policies and are subject to fiscal, economic and financial surveillance.

Serbia is **moderately prepared** in the area of economic and monetary policy. **Some progress** was made on alignment with the *acquis* and with the preparation of the Economic Reform Programme (ERP). In the coming year, Serbia should in particular:

→ intensify efforts to improve economic policy coordination, including the design and implementation of structural reforms.

On **monetary policy**, alignment of the legal framework is well advanced. Monetary financing of the public

sector is prohibited by the central bank law. The law also establishes price stability as the central bank's primary objective. However, Serbia's inflation rate has been below the central bank's tolerance band (4 % \pm 1.5 percentage points) since 2014.

On **economic policy**, Serbia submitted its ERP to the European Commission in March. It outlines a comprehensive programme of fiscal consolidation and structural reforms anchored in a stand-by arrangement with the International Monetary Fund. The proposed set of sectoral reform measures in the ERP is appropriate but remains modest in relation to the needs and vague in terms of budgeting and implementation schedules. The weak presentation of many sectoral reforms indicates that the ERP should have undergone a more thorough consultation procedure inside and outside government. This would ensure domestic ownership and better implementation.

Serbia introduced fiscal rules in 2010, but public debt continued to increase and is expected to stabilise only in 2017 at almost 80 % of GDP, breaching the statutory 45 % ceiling. The Fiscal Council, which is an independent institution set up under the same legislation, continued to express valuable opinions on budgetary and economic policies.

5.18. Chapter 18: Statistics

EU rules require that Member States are able to produce statistics based on professional independence, impartiality, reliability, transparency, and confidentiality. Common rules are provided for the methodology, production and dissemination of statistical information.

Serbia is **moderately prepared** in statistics. **Good progress** was achieved in the past year, notably in harmonising data production with the *acquis* and further developing sectoral statistics. In the coming year, Serbia should in particular:

- improve the compilation of macroeconomic statistics in line with European System of Accounts (ESA) 2010, start sending data for the EU's excessive deficit procedure and improve the process for sending data to Eurostat;
- continue to boost coordination of statistical data producers on macroeconomic statistics (Statistical Office, Ministry of Finance, and National Bank) and strengthen the administrative capacity of the Statistical Office;
- align its legislative framework on territorial units for statistics (NUTS) with the NUTS regulation, in line with its SAA obligations.

On **statistical infrastructure**, the legal framework is largely in line with the European statistics Code of Practice, while the upcoming revision of the law on statistics is expected to increase the professional independence of the Statistical Office of the Republic of Serbia (SORS). The capacity of the Statistical Office needs to be further strengthened, notably in relation to human resources. Data transmission to **Eurostat** has started, but this needs to be considerably improved. On classifications and registers, main classifications are in line with the *acquis* while, the classification of territorial units remains to be aligned.

Regarding **macroeconomic statistics**, SORS compiles annual and quarterly GDP data in current and constant prices. Annual sector accounts are compiled as of 2005 and data for 2011-2013 were sent to Eurostat. However, further efforts are needed for improving the quality of the data. Data on the government deficit and debt are produced by the Ministry of Finance, but considerable efforts are needed to further develop finance statistics and 'supply and use' tables. Monthly and quarterly balance of payment data and quarterly data on the international investment positions produced by the National Bank of Serbia are only partially in line with the EU *acquis*. The harmonised index of consumer prices is used according to EU standards.

In the area of structural **business statistics** and short-term statistics, an increase of data coverage is necessary. Foreign affiliates statistics are only partially in line with the *acquis*. Data for tourism is not provided by type of locality or for national tourism. For transport, road, railway, inland waterways and air transport statistics need to be harmonised with the *acquis* and data needs to be sent more frequently. Research and development data are partially aligned with the *acquis* and further efforts are needed to send research and development expenditure and other related data to Eurostat. Statistics on business and household usage of

information and communications technology are produced twice a year. The Community Innovation Survey (CIS) has been carried out twice; the 2010 data were sent to Eurostat but the 2012 data are still being processed.

On **social statistics**, Serbia is partially in line with the *acquis*. The population and housing census was conducted in 2011 and data have subsequently been published. The EU survey on income and living conditions is being implemented and the 2013 data were published. For social protection statistics, the European System of Integrated Social Protection Statistics (ESSPROS) is implemented. Labour market statistics are broadly in line with the *acquis*. Statistics on structure of earnings and job vacancies still need to be produced. The labour cost survey data for 2012 were sent to Eurostat, while full implementation and transmission of quarterly labour cost index is expected end-2015. Public health statistics are partially in line with the *acquis*. Statistical surveys of crime are conducted but still need to be aligned.

In the area of **agricultural statistics** crop production, animal production, milk, dairy and slaughter statistics have been aligned, while orchard and vineyards surveys have yet to be introduced. Supply balance sheets and agricultural price statistics need to be harmonised with the *acquis*. The SORS continued to release data from the 2012 agriculture census.

As regards **energy statistics**, annual energy statistics are produced for all relevant energy sources and are submitted to Eurostat. **Environment statistics** are partially in line with the *acquis*. Waste and water statistics are collected but coverage has to be improved.

5.19. Chapter 19: Social policy and employment

EU rules in the social field include minimum standards for labour law, equality, health and safety at work and anti-discrimination. They also promote social dialogue at European level.

Serbia is **moderately prepared** in social policy and employment. **Some progress** was made on employment policy, social policy, and occupational health and safety. The preparation of Serbia's first employment and social reform programme is an important step in identifying key challenges in employment and social policies and policy reforms to address them. These areas continue to be affected by scarce public finances and insufficient institutional capacity. In the coming year, Serbia should in particular:

- ensure financial and institutional resources for employment and social policies;
- significantly strengthen social dialogue at all levels.

On **labour law**, steps were taken to review alignment gaps in labour legislation. Labour inspection activities have been intensified and better targeted, especially in relation to fighting undeclared work. Alignment continues regarding **health and safety at work**. The administrative capacity of the Labour Inspectorate needs to be increased.

With regard to **social dialogue**, consultation of the Socio-Economic Council on legislative amendments remains limited. Walk-outs of representative trade unions from working groups in charge of preparing important pieces of legislation are a concern. There has been little further progress in developing tri-partite social dialogue at local level. Several sector collective agreements remain to be concluded following the repeal of collective agreements in January. Bipartite social dialogue remains weak. Initial steps were taken to revise the laws on strike and peaceful settlement of labour disputes.

In the area of **employment policy**, employment rate continued to rise moderately to 42 %. There has been a decrease in both unemployment rate and informal employment. The proportion of young people not in employment, education or training while decreasing slightly, remains high at 18.6 %. Half of the unemployed are below the age of 35. In 2015 fiscal consolidation measures and restructuring of socially owned enterprises are expected to have a negative effect on overall employment. The government has set up a social fund for severance payments. A package of active labour market measures has been earmarked to target workers affected by restructuring of state owned enterprises. Serbia has prepared its first employment and social reform programme. It identifies key challenges in employment policy and sets out social policies and policy reforms to address them.

As regards preparations for the **European Social Fund**, high staff turnover is affecting IPA management expertise in the Ministry of Labour, Employment, Veteran and Social Affairs and in the National Employment Service. *(See also Chapter 22 — Regional policy and coordination of structural instruments)*

On **social inclusion**, the second national report on social inclusion and poverty reduction was adopted in October 2014. The third wave of the Survey on Income and Living Conditions was completed in May and provides an important source of indicators used at EU level to monitor poverty and social exclusion in light of the Europe 2020 strategy. The at-risk-of-poverty rate was 25.6 % in 2014, up from 24.6 % in 2013. The availability and quality of community-based services across the country remains uneven. The provision of social services is additionally compromised by the lack of implementing regulations and ineffective distribution of budget funds. Better enforcement of the regulatory framework is necessary. Only 17.8 % of registered unemployed Roma were included in active labour market measures. Roma continue to be excluded from a range of social services and their participation in the formal labour market remains very low.

On **social protection**, the 2014 pension fund deficit remained large. As a part of fiscal consolidation measures, all pensions above RSD 25 000 (approximately EUR 210) were progressively reduced in November 2014. The measure affected about 39 % of pensioners. Amendments to the Law on Pensions and Disability Insurance and the budget system law, adopted in December, provide that pensions will not be raised until the ratio of pension expenditure to GDP falls below 11 %.

On **anti-discrimination policy**, the Office of the Commissioner for Protection of Equality continued to raise awareness and promote mechanisms for protection against discrimination. The groups most discriminated against remain Roma, lesbian, gay, bisexual, transgender and intersex people, people with HIV/AIDS, people with disabilities, and women. *(See also Chapter 23 — Judiciary and fundamental rights)*

On **equal opportunities** between women and men, amendments made to the labour law in July 2014 help to empower women at work, help working mothers to reconcile family and professional life, and offer greater protection to pregnant workers. However, the legislation needs to be fully implemented, particularly regarding the dismissal of pregnant women and women on maternity leave, sexual harassment, the gender pay gap and inequality in promotion, salaries and pensions. Women's participation in the labour market as well as the gender pay gap need to be tackled further. *(See also Chapter 23 — Judiciary and fundamental rights)*.

5.20. Chapter 20: Enterprise and industrial policy

EU industrial policy enhances competitiveness, facilitates structural change and encourages an enterprise friendly environment that stimulates small and medium sized enterprises.

Serbia is **moderately prepared** in enterprise and industrial policy. **Some progress** was made with the adoption of a new strategy and action plan. The issue of construction permits was also addressed. In the coming year, Serbia should in particular:

→ improve the business environment, especially for small and medium-sized enterprises (SMEs), and facilitate their access to finance.

On **enterprise and industrial policy**, an enterprise and industrial strategy for 2015-2020 was adopted in March, together with an action plan for 2015-2016. The strategy is in line with the Small Business Act (SBA) principles. Serbia and the Commission agreed that the country would participate in the EU competitiveness and SME programme (COSME) as of 2016.

On **enterprise and industrial instruments**, Serbia participated in the latest SBA performance review which demonstrated that the national authorities improved the self-assessment process. First policy results show improvements on several scores, particularly in relation to bankruptcy, business support services and export promotion. However, support for smoother and cheaper access to finance remains problematic. Fresh financial instruments need to be developed and rolled out in order to reverse the long trend of credit stagnation. There was some progress concerning late payments but full alignment with the EU directive remains to be achieved.

As regards the business environment, the process of reviewing, updating and simplifying laws stalled; regulatory impact assessment is not systematically respected. Company registration has been simplified, but

parafiscal charges continue to weigh on company operations. The state has yet to propose a policy approach which would ensure some overview and control of these charges, which are largely collected by municipalities and regulatory agencies.

In **sectoral policies**, the new law on construction permits adopted in late 2014 delivered good results, as the number of construction permits tripled and the time taken to issue them fell.

5.21. Chapter 21: Trans-European networks

The EU promotes trans-European networks in the areas of transport, telecommunications and energy to strengthen the internal market and contribute to growth and employment.

Serbia is **moderately prepared** for trans-European networks. **Some progress** was made and work continued on the extension of Orient East-Med core corridor in the Western Balkans for both road and rail. In the coming year, Serbia should in particular:

→ intensify its preparatory work for the gas interconnector with Bulgaria.

On **transport networks**, Serbia continued to participate in the South-East Europe Transport Observatory and to implement the memorandum of understanding on the development of the South-East Europe Core Regional Transport Network. The country played an active role in the Western Balkans 6 connectivity agenda by endorsing the agreement on the regional core transport network in Brussels in April, and the further agreement (in Riga in June) on the core network corridors and on the list of projects to be implemented by 2020 (in Vienna in August). The new law on planning and construction was adopted in December. It simplifies permitting and spatial planning procedures, allowing quicker implementation of infrastructure projects.

On road infrastructure on Orient East-Med core corridor, work is progressing on the E-75 from Niš to the border with former Yugoslav Republic of Macedonia, with work having started on the Caričina Dolina to Vladičin Han segment in April. Work continues on the E-80 from Niš to the Bulgarian border (Prosek to Dimitrovgrad) and the Belgrade bypass. Construction work on the Subotica to Kelebija (Y branch) segment has been temporarily suspended due to insufficient funds. Work on Road Route 4 (Belgrade to Bar) is ongoing. Work on railway Orient East-Med core corridor is ongoing.

On trans-European **energy networks**, Serbia continues to support the implementation of the Gas Ring Project for South-East Europe. Preparatory work on the construction of the gas interconnector between Serbia and Bulgaria needs to intensify to increase gas supply security. Construction of the Resita-Pancevo electricity interconnection between Romania and Serbia has started. Investment preparations for the project pipelines in transport and energy are advancing well.

5.22. Chapter 22: Regional policy and coordination of structural instruments

The EU funds regional development in the Member States. Implementation is the responsibility of the Member States that must have adequate administrative capacity to ensure the good handling and sound financial management of the projects.

Serbia is **moderately prepared** in regional policy and coordination of structural instruments. **Some progress** was made: Serbia is acquiring valuable experience of managing EU funds under 'indirect management' through component I of the IPA. In the coming year, Serbia should in particular:

→ ensure adequate capacity to implement 'indirect management' programmes.

The **legislative framework** is still not fully in line with the *acquis*, while the ability of the budgetary system and resources to provide adequate financing capacity at aggregate level remains to be tested. On the **institutional framework**, Serbia started to manage programs on Transition Assistance and Institution Building (IPA component I). Work continued to align the structures for programming and implementing national development policy and strategic planning with those of EU regional policy, so that Serbia can increase its ability to absorb EU funds and cofinance EU-funded programmes. On **administrative capacity**, further efforts are needed to put in place a staff retention policy to cope with the anticipated workload and staff turnover.

Notable efforts were made on **programming** and continued preparations for the 'sector approach' used under IPA II. Potential final beneficiaries need to improve their ability to produce project documentation in line with IPA requirements. On investment in transport, energy, environment and business infrastructure, Serbia continued to make significant efforts to establish a single project pipeline by preparing and using a methodology for selecting the most relevant projects. As part of this, a National Investment Committee was set up in October 2014 and meets regularly. On **monitoring and evaluation**, sectoral monitoring committees for all sectors of IPA components I and II are operational and meet regularly.

On **financial management, control and audit**, Serbia's financial management and control systems were further developed to comply with the indirect management requirements for IPA components I and II (Cross-border cooperation). The capacity of the audit authority remains an issue of concern which needs to be addressed adequately.

5.23. Chapter 23- Judiciary and fundamental rights

The EU's founding values include the rule of law and respect for human rights. A proper functioning judicial system and effective fight against corruption are of paramount importance, as is the respect for fundamental rights in law and in practice.

Serbia has achieved **some level of preparation** for the *acquis* and European standards in this area and has made **some progress**. In September 2015 the action plan required for the opening of rule of law Chapter 23 was successfully finalised. Improved rules for evaluating prosecutors and judges were adopted and steps were taken to reduce the sizeable backlog of cases. However, there is still scope for political influence over judicial appointments. The national anti-corruption strategy has so far not yielded the expected results. Corruption remains prevalent in many areas and continues to be a serious cause of concern. As regards fundamental rights, conditions for the full exercise of freedom of expression are not in place. Legislation to protect minorities is broadly in place but needs to be consistently implemented across the country. In the coming year, Serbia should in particular:

- consolidate the justice reform process, addressing existing gaps in the independence, accountability and effectiveness of the judicial system and ensure its effective implementation
- establish a track record of investigation, prosecution and final convictions in corruption cases, particularly in high-level corruption cases;
- ensure conditions for the full exercise of freedom of expression;
- implement the anti-discrimination framework more effectively, promote equality and ensure the integration of persons belonging to the most vulnerable groups (Roma, LGBTI persons, persons with disabilities, and persons with HIV/AIDS) and minorities.

(See also the specific recommendations on the judicial system, the fight against corruption and the freedom of expression in sections 2.3 and 2.4.)

Functioning of the judiciary

Strategic documents

Serbia is implementing the action plan for the National Judicial Reform Strategy (NJRS) 2013-2018, although there have been some delays. The Strategy Implementation Commission lacks a work plan and financial and administrative support, so it cannot drive implementation effectively.

Management bodies

Only 9 out of the 11 positions on the High Judicial Council (HJC) are currently filled. The work of the HJC should be more transparent. Agendas for its meetings are published, but not the minutes. There was only one public session in 2014. The State Prosecutorial Council (SPC) and HJC post annual reports on their websites, but there is little up-to-date information on their activities. The councils urgently need to take over responsibility for the entire judicial budget and for effective management of the judicial system.

Independence and impartiality

Various gaps in the independence of the justice system remain to be addressed by revising the Constitution and the legal framework. The nomination procedure for judges and prosecutors needs to be amended, as do

the three-year probation period for candidate judges and the composition of and method of election to the HJC and SPC. Representatives of the government still publicly comment on ongoing trials/investigations, which undermines the independence of the judiciary. Court rules provide for random allocation of cases, but not all courts use this procedure and exceptions are frequent. Especially smaller courts assign cases manually. This creates a risk for interference by the court administration or president. There is no technology for allocating files randomly in prosecution offices.

Accountability

The disciplinary prosecutor of the HJC started 42 disciplinary proceedings in 2014 and submitted 19 proposals for dismissal. On proposal of the Disciplinary Commission 11 final decisions were taken by HJC in 2014: five judges were dismissed, three judges resigned before the end of the proceeding, two were fined and in one case the statute of limitation had expired. In 2014, some 2 000 complaints against the work of judges and court presidents were filed with the HJC (mostly on excessive length of hearings). The number of disciplinary complaints against prosecutors and deputy prosecutors increased in 2014, but most were dismissed and in the few cases where sanctions were applied, they were not deterrent.

Professionalism and competence

The current system of recruitment, transfer and promotion should be reformed to ensure a transparent and predictable judicial career system. Clear rules and an efficient promotion system need to be the norm. The HJC appointed 60 (permanent) judges at all levels in 2014- 2015 and proposed 49 new candidates to parliament. New rules for evaluating judges were adopted in May. While most court presidents were approved by parliament in May, their appointment is still pending in six courts. In 2014, the SPC selected 19 deputy prosecutors and proposed candidates to parliament for 4 appeal prosecutors and 45 first-time deputies. In May, the SPC adopted rules on evaluating prosecutors and on the election of public and deputy public prosecutors. The recruitment and evaluation processes should include a greater role for judicial education. Judges and prosecutors are appointed to specific offices. There is no mechanism for transferring them elsewhere.

Quality of justice

The Judicial Academy continued to organise regular training in EU law, in-service training for management posts in the courts, in-service training for specialised judicial posts and general in-service training. The academy's budget slightly decreased compared to previous year (EUR

1.5 million in 2014 and EUR 1.496 million for 2015). There is a need to increase the quality and to ensure the academy's capacity to become a proper entry point to the judicial profession. A training needs assessment is urgently needed.

A new special law protecting the right to a trial within a reasonable time was adopted in May and will come into force in January 2016. Some steps have been taken to monitor and harmonise court practices. In May the Supreme Court of Cassation adopted an action plan to monitor and harmonise case law more effectively. There is no comprehensive or effective mechanism for this yet. Poor quality legislation can result in contradictory court rulings. Case law, especially for the most important cases, and consolidated legislation should be accessible online.

Workload across the country remains uneven. The situation became critical in Belgrade's basic prosecution offices which process the majority of all cases and where new responsibilities for criminal investigation have not been backed by the necessary staff and resources. A case weighting system to calculate significant differences in workload between and within courts is urgently needed.

The HJC and SPC continued to share budgetary authority with the Ministry of Justice. Measures must urgently be taken to prepare the councils for taking responsibility for the judicial budget by the end of 2015. Both the HJC and the SPC saw a decline in their respective budgets. Specific financial, resource and infrastructure challenges for the prosecution service, stemming from the introduction of a prosecutorial-led investigation model, need to be addressed.

There is no centralised data collection system for the courts. The introduction of public notaries, meant as an efficient way of relieving the burden on the judicial system, has proven problematic. Selection and appointment procedures should be improved and the implementation of the law should take into account the need to ensure quality services and access to justice. The law on notaries was amended in September

2014 to remove the notaries' monopoly of real estate transactions. The adoption of by-laws on detailed supervision/inspection of the work of notaries and private bailiffs has been delayed. The new Law on Enforcement and Security has not been adopted. There is a need for broader awareness raising and training of all stakeholders on alternative dispute resolution.

Automated information exchange is extremely limited across the sector and information and communication technology is little used for sharing information on court practice and accessing services. The performance of the system is difficult to measure as data is scattered and based on insufficiently accurate manual collection of data.

Efficiency

The overall length of proceedings and the number of old cases registered as a backlog remain of serious concern. A national backlog reduction programme is in place but the courts did not meet targets set for 2014, partly owing to the lawyers' strike. In 2014, the courts received 1 752 185 new cases and were able to settle 1 793 212, an improvement of 1 % compared to 2013. The court system remains clogged by extra-judicial duties, such as certifying documents, and especially by 1.6 million enforcement cases, mostly related to civil claims. A review of the legal framework is needed to allow older cases to be transferred to private bailiffs, which would help reduce the massive backlog in court enforcement. In 2014, the backlog in the Supreme Court increased (with a clearance rate of 80.7 %) while in the basic courts, administrative courts and higher courts it fell (with clearance rates of 110 %, 103.74 % and 108.47 %, respectively).

Anti-corruption policy

Track record

There is some initial **track record of investigation, prosecution and convictions in cases which are not considered high-level corruption**. Sentences for corruption offences range from 6 months to 12 years, but the law is not applied consistently. Procedures for investigating corruption cases, particularly cases of high-level corruption, often take a long time because capacity is lacking and shortcomings in the legal framework prevent effective and systematic financial investigations and asset confiscations.

The specialist prosecution office for organised crime and corruption initiated investigations against 86 persons for **high level and severe corruption cases** in 2014. The office raised indictments or indicting proposals against 54 persons. Indictments were confirmed against 32 persons, and additionally the indicting proposals entered into force against 5 persons. So far, there have been no final convictions for high-level corruption. The Prosecution Offices of general jurisdiction raised indictments against 990 persons for corruption related cases in 2014, and against 204 persons indictments were confirmed. Against 147 persons proceedings were discontinued and against 10 persons charges were rejected. In 2014, in one case of high level corruption assets have been permanently confiscated. **Leaks to the media about ongoing investigations**, in breach of the presumption of innocence, continue to be an issue of serious concern. There have been no investigations of these breaches. A number of high profile cases, including some in which evidence of alleged wrongdoing has been presented by the media, have never been seriously investigated.

A track record of judicial follow-up to the Anti-Corruption Agency, in-depth checks of **party funding, conflict of interest and asset declarations** still needs to be established. The Anti-Corruption Agency received 1 481 requests to investigate **conflicts of interest** in 2014 (compared to 1 402 in 2013) and processed 1 286 cases (compared to 958 in 2013). This resulted in 68 requests for misdemeanour proceedings (compared to 58 in 2013) and 43 first instance judgments most of which were reprimands and fines.

The agency submitted 168 requests for misdemeanour proceedings relating to **asset declarations**, of which 153 cases are for failing to submit reports on time. A total of 85 cases resulted in convictions by misdemeanour courts in 2014. The agency also filed 14 **criminal charges** in 2014 due to reasonable suspicion that a public official had not reported assets or had given false information about assets with the intention of concealing the facts. Proceedings are under way in 11 cases, a plea bargain is being negotiated in another, and in two cases the criminal charge was dismissed.

As regards checks on the **funding of political activities and elections**, the agency submitted 33 requests for misdemeanour proceedings for violations of the law on financing political activities. Misdemeanour courts

handed down a larger number of sentences based on requests made in previous years (125 compared with 28 in 2013), including 45 final sentences. In 2014, the agency published 31 decisions taking funds from public sources away from political entities.

Institutional framework

Prevention measures

Serbia's institutions for preventing corruption broadly meet international standards and have shown good potential. However, human resources and cooperation need improvement. The revised law enabling the **Anti-Corruption Agency** to enhance its role as the key institution needs to be adopted urgently. The agency continued to perform well, in line with its mandate and despite limited resources and both legal and institutional obstacles. The agency needs to increase its ability to collect and analyse data and its access to relevant databases. Overall, it must receive and maintain the capacity, tools and financial resources needed to carry out its mandate. The requirements of the Law on **Public Procurement** and the national anti-corruption strategy and action plan have yet to be fully implemented. Healthcare, education, construction and spatial planning, infrastructure projects and the privatisation of public enterprises remain particularly vulnerable to corruption. Independent supervision and capacity for early detection of wrongdoing and conflicts of interest need to be further developed. There should be greater accountability and transparency in the management of public enterprises.

The **Anti-Corruption Council** remained active in exposing and analysing cases of systemic corruption, in its advisory role to the government. However, the government does not follow up on its recommendations. The Council remains under-resourced and the appointment of new Council members has been pending since 2013.

The institutional capacity of the **Commissioner for Free Access to Information of Public Importance and Personal Data Protection** needs to be further increased to ensure effective monitoring and adequate follow-up to the increasing number of requests for access to public information. Requests for access to information that were refused mainly concerned privatisation, concessions, public-private partnerships and other related procedures that have an impact on the budget.

Law enforcement

Judges, prosecutors and investigators specialised in financial crime including corruption have received further training but a more sustainable approach to specialist training at all levels is needed. The **specialist prosecution service for organised crime and corruption** has continued to process cases of high-level corruption. Comprehensive analyses of the risk of corruption in justice and law enforcement have been carried out.

Interinstitutional cooperation, between law enforcement agencies and with the prosecution service, has improved to a certain extent but requires further strengthening. The new financial investigation strategy includes plans to reorganise the law enforcement authorities, increase their level of specialisation, and recruit forensic accountants. However, funding has yet to be allocated.

There is no secure platform for **electronic data exchange** or communication between the prosecution service, the police, tax and other authorities. There is also no system allowing **statistical monitoring** of criminal proceedings. Internal control departments continue to lack **equipment, resources and human capacity**. Reform of the inspection services is needed to increase their accountability. Effective supervision and deterrent sanctions in cases of wrongdoing need to be applied. The independence and accountability of all investigative and judicial bodies dealing with corruption needs to be strengthened to ensure efficiency.

Legal framework

The legal framework for the **fight against corruption is broadly in place**. Corruption offences, including passive and active corruption, are defined in the Criminal Code. The excessive recourse to the provision on abuse of office in the private sector in the Criminal Code is harmful to the business climate and legal certainty. Amendments to the Criminal Code are still under consideration to provide for a sustainable legal solution to effectively prosecute cases of criminal economic offences. The Law on Civil Servants includes provisions on a **code of conduct for civil servants** and monitoring mechanisms. Preventing corruption in local government

requires greater attention. The provisions in the current Law on the Anti-Corruption Agency on **preventing conflicts of interest** and declaring and checking on the **assets of public officials** should be amended to ensure its enforcement and deterrent sanctions in cases of proven infringements. The law on **financing political activities** is in place, but needs to be revised to ensure its penalty provisions are applied. The OSCE/ODHIR recommendations on financing electoral campaigns have not yet been addressed. Serbia should develop more robust legal provisions and ensure deterrent sanctions are applied to proven infringements of the law on financing political activities, conflicts of interest and declaration and verification of assets of public officials. The new law on **whistle-blower protection** entered into force in June.

General shortcomings in Serbia's laws and rules are conducive to corruption. The quality of legal drafting on corruption-related issues needs to improve and further efforts are needed to simplify procedures and clarify implementing rules.

Strategic framework

Several important measures in the **anti-corruption strategy and action plan for 2013-2018** are behind schedule, e.g. setting up efficient coordination and monitoring mechanisms. Adequate resources and human capacity to fully implement the strategy and action plan have not yet been allocated.

The **inter-ministerial coordination group** put in place in 2014 and chaired by the Prime Minister met only once. There is an urgent need to ensure better working arrangements between the Ministry of Justice and other institutions and bodies involved in combating corruption. This applies primarily to relations with the ACA.

The government adopted a **strategy on financial investigations** in May which calls for investigation of the money trail of crime alongside criminal investigations, and supports investigation beyond the initial case. However, adequate resources have yet to be allocated and no action plan has been adopted. The action plan for the **public administration reform strategy** includes measures to increase accountability and transparency in the public sector with a view to combating corruption, but needs to be adequately resourced.

Fundamental rights

Serbia has ratified all the main **international human rights instruments**. However, implementation of the relevant international instruments needs to be improved and more consistent. Since September 2014, the **European Court of Human Rights** (ECtHR) has found that the country violated the European Convention on Human Rights (ECHR) in 14 cases relating mainly to the right to a fair trial and protection of property. A total of 1253 new applications have been allocated to a decision-making body, bringing the number of pending applications to 1494.

In relation to the **promotion and enforcement of human rights**, relevant state bodies such as the Office for Human and Minority Rights, parliamentary committees, the Ombudsman, the Equality Protection Commissioner and also civil society organisations continued to promote awareness-raising on human rights, tolerance and non-discrimination. The role of the Office for Human and Minority Rights needs to be strengthened.

As regards **prevention of torture and ill-treatment**, the Ombudsman's Office acts as the national preventive mechanism. It needs more human resources and a solid and permanent internal structure. Penalties in the Criminal Code are not proportionate to the severity and gravity of the crimes of ill-treatment and torture. Proper legal safeguards against torture and abuse in social institutions have yet to be adopted. Overcrowding, especially in maximum security wards, poor living conditions, difficult access to specialist treatment programmes and inadequate access to healthcare in prisons are still matters of concern. Legislation covering detention in police custody, the prevention of torture and the internal complaints system needs to be amended to strengthen the rights of detainees in line with international standards. An effective internal non-judicial mechanism for reviewing complaints has yet to be set up. There has been no progress in changing the unlawful practice of using district prisons for police detention.

Concerning the **prison system**, implementing legislation for new laws on criminal punishment and on alternative measures and sanctions was adopted. Enforcement judges, in their main capacity of protectors of prisoners' rights, have been operational since October 2014. The probation service has expanded to 25 offices throughout Serbia.

A new law on **personal data protection** needs to be adopted to ensure full alignment with EU standards. Video surveillance, biometrics, security of data on the internet, processing and protection of sensitive data as well as direct marketing remain inadequately regulated, leaving significant room for abuse. Legislation on processing sensitive data should be adopted urgently. There is a need to boost capacity and funding for the Office of the Commissioner for Free Access to Information of Public Importance and Personal Data Protection.

Freedom of thought, conscience and religion is guaranteed by the Constitution and generally respected. Several religious organisations are registered. Incidents related to religion have continued to decline. In addition to seven communities recognised as traditional religious communities, several religious organisations have been registered. The lack of transparency and consistency in the registration process continues to be one of the main obstacles preventing some religious groups from exercising their rights. Contested provisions of the rulebook on the register of churches and religious communities have not been changed. Access to church services in some minority languages is not fully guaranteed across Serbia.

As regards **freedom of expression**, there were several cases of threats and violence against journalists. Follow-up in terms of investigations, prosecution and final convictions has been very limited. A number of critical discussion programmes have been cancelled or have had their content and scope reduced. Statements by state officials in relation to investigative work of journalists have not been conducive to creating an environment in which freedom of expression can be exercised without hindrance. The commission tasked to look into unresolved cases of murdered journalists from 1999 and 2001 has made further progress in its work, with charges brought against several former security agency members for the murder of a publisher. However, the investigation of two other prominent murders of journalists has not progressed.

The three new media laws are being implemented, but their impact and effectiveness in terms of achieving the goals of the 2011 Serbian media strategy remain to be seen. The introduction of a media registry to bring more transparency to media ownership is at an early stage. The Commissioner for Access to Information of Public Interest reported several cases in which state bodies resorted to paying fines rather than disclosing the information requested. The introduction of a registration requirement to access the online National Economic Registry hampers the ability of journalists to research public information in confidentiality. The process of privatising state- and municipally owned media was started, albeit with some delay.

The Regulatory Body for Electronic Media has increased its monitoring of content. It has not reacted to programme changes that could affect the broadcasters' ability to meet the criteria on the basis of which they were awarded the frequencies. The regulator's independence needs to be strengthened. The Press Council has been more active in disclosing and analysing cases of breaches of professional journalistic standards and the Journalistic Code. The Press Council has raised major concern towards practices contrary to the ethics of the profession and the protection of privacy.

There is no consolidated record of the number of cases brought against the media for defamation, and fines are very low. Media reporting based on anonymous or leaked sources, detailing investigations, announcing arrests and quoting investigation documents continue to undermine trust in judicial institutions, breach personal data laws and challenge the presumption of innocence.

The internet is free and available with very little regulation. There has been no substantial progress in investigations on hacking attacks against websites occurred in 2014. Efforts are needed to identify and prosecute those suspected of violating internet freedoms.

Programming on public service broadcasters frequently features state officials from the governing parties and equal minded analysts, while the presence of the opposition and critical or independent commentators is less frequent.

Freedom of assembly and association is generally respected but the public assembly law needs to be fully aligned with the Constitution. During Serbia's hosting of the '16+1' summit of the states of Central and Eastern Europe and China in December, the authorities prohibited demonstrations of members of Falun Gong, arresting and expelling a number of EU citizens. A demonstration to commemorate Srebrenica was prohibited for security reasons. Activities of extreme right-wing organisations and violent groups of so-called football fans continue to be a cause of concern.

With regard to **property rights**, December 2014 amendments to the law on restitution extended the deadline for the start of financial compensation for confiscated property to 2018 while the period of repayment was shortened from 15 to 12 years. The Agency for Restitution had adopted around 34 000 opinions and first-instance decisions on the return of confiscated property out of 76 000 submitted claims. Property with an estimated value of over 1 billion euro has been returned to the original owners. A majority of the agency's decisions were approved by the Ministry of Finance as the second-instance decision body. The Ministry's insufficient staff levels led to delays in processing complaints.

Serbia's **non-discrimination** legislation is generally in line with European standards, with further alignment needed in particular as regards the scope of exceptions from the principle of equal treatment, the definition of indirect discrimination and the obligation to ensure reasonable accommodation for employees with disabilities. The action plan for the anti-discrimination strategy needs to be implemented. The office of the Commissioner for the Protection of Equality still lacks adequate premises and its capacity needs to be strengthened. The persons most discriminated against remain the Roma, lesbian, gay, bisexual, transgender and intersex (LGBTI) persons, persons with disabilities and persons with HIV/AIDS who, together with human rights defenders, often face hate speech and threats. Instigating national, racial and religious hatred and intolerance is prohibited in the criminal code. Proper investigation, prosecution and sanctioning of hate-motivated offences remains essential.

Concerning **equality between women and men**, a Coordination Body for Gender Equality was set up in October 2014, replacing the Gender Equality Directorate in the Ministry of Labour, Employment, Veteran and Social Affairs. A sustainable institutional set up for promotion of gender equality with adequate resources needs to be ensured. *(See also Chapter 19 – Social policy and employment)*. The increasing number of women killed by their partners is of concern. Emergency protection orders are not issued promptly, the number of shelters is insufficient and there is no state-run centre for victims of sexual violence and no national women's helpline. The protection of women against all forms of violence needs to be strengthened and mechanisms for coordinating the collection and sharing of data between all relevant actors in the system enhanced. Although the number of women members of parliament increased to 34 %, women's participation in politics and in the private sector remains very low.

The National Council on the **Rights of the Child** has restarted its work. Ensuring more effective coordination of children's rights and child protection systems should be prioritised, including in national policies. Administrative data are still not disaggregated to enable the status of vulnerable groups to be monitored, particularly with regard to Roma children and children with disabilities. A new action plan for children and a new national strategy for the prevention of and protection of children from violence are still needed.

The situation of children with disabilities in large institutions continues to be of concern. Family and parenting support services should be prioritised to prevent placement in institutional care. There is a need to further expand community-based services and ensure more integrated service delivery. The rulebook on recognising discrimination in education institutions needs to be adopted without further delays. Funding mechanisms for schemes to divert young people away from crime need to be decided on as a matter of priority. Mechanisms and services supporting asylum seekers need to be strengthened to become child-sensitive.

Regarding **integration of persons with disabilities**, laws on the movement of persons with disabilities with guide dogs and on the use of sign language have been adopted. Social inclusion needs to improve significantly, particularly with regard to employment, education and the availability of community-based services. The system of social services, including those for elderly persons, is still largely institutionalised. The treatment of persons with mental disabilities in institutions is still not regulated in accordance with international standards. The procedure for depriving persons with psychosocial and intellectual disabilities of their legal capacity should be aligned with international standards. *(See also Chapter 19 – Social policy and employment)*

A number of activities have been conducted with the aim of promoting the rights of **LGBTI** persons. Parliament has been active in hosting events related to rights of LGBTI persons. Police officers in all regional police departments were trained on working with victims of trans-/homophobic violence. Serbia was one of the signatories of the Joint Statement of Ministers of the region at the 2015 IDAHO forum. A Pride Parade

was held in Belgrade on 20 September without major incidents for a second year in a row. LGBTI persons and activists often face hate speech and threats and in some cases physical violence. There is no centralised official data on the number of crimes motivated by homophobia and transphobia. School textbooks containing discriminatory content need to be repealed. Serbia has no procedures for legal gender recognition in place, even in cases of gender reassignment. Greater political commitment to promoting a culture of respect for LGBTI persons and to ensuring non-discrimination at work, in the health sector and the education system is still needed.

Labour and trade union rights are guaranteed by the Constitution and broadly upheld. However, the right to strike, collective bargaining and the functioning of social dialogue need further strengthening. Poor respect of tripartite dialogue remains of concern. The procedures and criteria for determining the representativeness of trade unions need to be agreed in a transparent way. Consultation of the Socio-Economic Council on legislative amendments remains limited. (*See also Chapter 19 Social policy and employment*)

The 2011 Criminal Procedure Code contains provisions on **procedural rights** regarding injured party and witnesses. However, the legal framework remains to be completed, in particular when it comes to free legal aid, and the implementation of procedural safeguards fully assessed to ensure an effective protection system, supported by adequate staff, training and infrastructure. Support and protection for victims of crime is not in line with EU rules, and effective mechanisms for protecting victims' rights are lacking.

The legal framework for the protection of **minorities** and cultural rights is in place. Serbia is a party to the Framework Convention on National Minorities. The legislation is being implemented most effectively in the Autonomous Province of Vojvodina. It needs to be further stepped up, particularly in other parts of the country. Elections to the National Minority Councils took place in October 2014, when 20 national minorities elected their councils. In April, the Republican National Minority Council was re-established. A comprehensive revision of the Law on National Minority Councils to implement the relevant decision of the Constitutional Court and to ensure it is in line with laws on the media, culture and education needs to be adopted. The State Fund for National Minorities is not operational yet. Effective functioning of local councils for inter-ethnic relations needs to be ensured. The legislation needs to be implemented consistently throughout Serbia, particularly in education, the use of languages, and access to media and religious services in minority languages. This should not affect learning of the official language, which is an important factor in the social inclusion of minorities. The public service broadcaster RTS needs to ensure more consistent access to information in minority languages. Following privatisation, public broadcasting services in minority languages need to be made sustainable. Representation of national minorities in public administration, particularly at local level, needs to be enhanced. Serbia is preparing a dedicated action plan on the protection of national minorities throughout the country by the end of 2015, as requested in the framework of chapter 23 negotiations.

The **Autonomous Province of Vojvodina** maintained a high degree of protection for minorities. The inter-ethnic situation remained good overall. However, in October 2014 following an incident at a football match in Belgrade between the national teams of Serbia and Albania, there were several attacks against the property of members of the Albanian minority. The Provincial Ombudsman's 2014 annual report noted that the law enforcement authorities seemed to have failed to act preventively. Majority of cases concern general discrimination on the basis of ethnicity.

Regarding the **municipalities of Presevo, Bujanovac and Medvedja**, the situation was stable overall. The dialogue between the central authorities and local ethnic Albanian leaders on a comprehensive programme of integration and economic recovery has not resumed. A more constructive cooperation of all stakeholders is needed. In order to address the inaccurate population figures resulting from the ethnic Albanians' boycott of the 2011 census and consequences on planning, the government decided to adopt an estimation of the population, with the help of independent international experts and in line with the recommendations by the Advisory Committee of the FCNM. The government's Coordinating Body continued performing its activities efficiently. Its role should be supported. In October 2014, the fourth generation of students was enrolled in the Department of Economics in Bujanovac and new scholarships were provided for students from Presevo and Bujanovac studying at the University of Novi Sad. Investment and grants to local entrepreneurs

continued to be provided by central government. The region remains severely underdeveloped and the ethnic Albanian population continues to be underrepresented in public services.

The situation in the **Sandzak** area was mostly stable. The new Bosniak National Minority Council was elected and started work, thus resolving a long-standing problem. A more constructive cooperation of all stakeholders is needed on the ground. The Bosniak community continues to be underrepresented in the local administration, judiciary and police. The area remains among the most underdeveloped, with a high unemployment rate and a lack of adequate infrastructure and investment.

The adoption of a new **Roma** strategy and action plan remains outstanding. The third Roma seminar, held in June, concluded that good progress had been made with regard to civil registration but in all other areas progress was slow and uneven. The subsequent registration of undocumented citizens led to a fall in the number of 'legally invisible persons'. Systemic solutions have been found to prevent future reoccurrence of such cases. Further efforts are needed to ensure that children born to undocumented parents are registered immediately. The Roma continue to face difficult living conditions and discrimination in access to social protection, health, employment and adequate housing. Compliance with international standards on forced eviction and relocation still needs to be ensured. Legalisation of informal Roma settlements should be considered as a way of enabling them to be regulated and covered by urban planning. Additional teaching assistants and health mediators are needed to address the high school drop-out rate among Roma children and poor access to healthcare. Such positions should be included in the national qualifications framework. Measures to address domestic violence in Roma families need to be stepped up.

According to the UNHCR, there are around 35 259 people who became refugees **refugees** and 203 140 **internally displaced persons** (IDPs) in Serbia as a result of the armed conflict in ex- Yugoslavia during the 1990s, of whom approximately 90 000 with displacement related needs and without a durable solution. The closure of the 10 remaining 'collective centres' hosting 227 refugees and 495 IDPs is a priority. The housing situation of displaced persons has improved slightly. Many refugees and IDPs still suffer from difficult living conditions, unemployment and poverty. Roma IDPs face double discrimination. The Law on Permanent and Temporary Residence needs to be implemented more consistently to allow IDPs without proper documentation to obtain basic rights. Serbia lacks a comprehensive strategy and action plan for resolving the protracted displacement situation and assisting IDPs with finding durable solutions.

5.24. Chapter 24: Justice, freedom and security

The EU has common rules for border control, visas, external migration and asylum. Schengen cooperation entails the lifting of border controls inside the EU. There is also cooperation in the fight against organised crime and terrorism, and judicial, police and customs cooperation.

Legal and irregular migration

There is **some level of preparation** in Serbia to implement the *acquis* on justice, freedom and security. In September 2015 the action plan required for the opening of rule of Chapter 24 was successfully finalised. **Some progress** was made, particularly in areas such as the fight against terrorism and drugs. Serbia is on the transit route for mixed migration of persons in need of protection and economic migrants via Turkey and Greece, towards northern Europe. The volume of mixed migration increased dramatically in the last year, weighing heavily on the asylum and migration framework, which is generally weak. Serbia is actively involved in international and regional police and judicial cooperation. In the coming year, Serbia should in particular:

- in close cooperation with EU Member States, continue its constructive approach in providing urgent respond to the migratory crisis situation and significantly strengthen migration management and asylum policies, with a specific focus on identifying people in need of protection;
- make significant further efforts to tackle the phenomenon of unfounded asylum applications lodged by Serbia's nationals in EU Member States;
- establish a track record of proactive investigation, prosecution, final conviction and asset confiscation in cases of organised crime, including money laundering, and smuggling of people.

(See also the specific recommendations on the fight against organised crime in section 2.3.)

Serbia should be commended for its constructive approach in dealing with the migration crisis until now. Given its geographical location at the EU external borders, Serbia faces increasing mixed migration flows. The management of these flows, as well as ensuring borders surveillance, is a considerable challenge for the Serbian administration. As an immediate response to the crisis, Serbia made a substantial effort to ensure that third country nationals receive shelter and humanitarian supplies with EU and international support. A one-stop centre in Preševo as well as refugee aid centers were established, close to the borders with the former Yugoslav Republic of Macedonia, Hungary and Croatia. In June, a working group on mixed migration flows was set up to elaborate a needs assessment. There has been a marked rise in criminal charges for human smuggling. In June, Serbia arrested nine customs officials suspected of letting people illegally cross the border with Hungary. 549 criminal charges were filed against 816 persons facilitating irregular migration. In the first half of 2015, 5 576 cases of illegal entry were detected at the common border with the former Yugoslav Republic of Macedonia, of which 98 % were detected by Serbian border guards. The implementation of the readmission agreement with the EU resulted in 2014 in the return of 6 962 people to Serbia (compared with 6 239 in 2013). Reception and accommodation capacity needs to be upgraded and adapted to increasing needs. Efforts are required to ensure that sufficient and well-trained staff both at central and local level can respond to the challenges and consequences of growing migratory pressure. Particular attention should be given to the needs of minors and vulnerable groups. Better coordination is required among all institutions involved in tackling irregular migration. Legislation on legal migration needs to be aligned with the *acquis*.

Asylum

In September, the Serbian government adopted a "Response plan in the case of mass influx of migrants", which aims at managing flows of third country nationals who intend to seek asylum in the EU or in Serbia. Serbia's current accommodation capacity stands at 810 beds and through the implementation of the plan could be extended substantially. In January the Asylum Office was set up as a separate civilian unit within the border police directorate. It will be responsible for determining refugee status in the first instance. Up to 29 staff are planned with 19 positions occupied..

In 2014, Serbia faced some 16 500 intentions to apply (compared with 5 065 in 2013), but only some 1 400 people were effectively registered for asylum and 400 submitted an application. Only 18 interviews were conducted and 14 decisions taken, resulting in 8 rejections, 1 person granted recognition of refugee status and 5 people granted other forms of protection. From January 2015 to September 2015, 169 156 migrants were registered when transiting through the territory of the Republic of Serbia. Only 546 applied for asylum. In the same period, 16 persons got asylum and 14 subsidiary protection. 28 received a negative decision.

There is an urgent need for short-term measures to improve the processing of applications including the establishment of a protection-sensitive screening mechanism within the asylum procedure aimed at distinguish between third country nationals and persons in need of international protection and increase accommodation capacity. Comprehensive, overarching reform is urgently needed to rationalise the whole asylum system and bring it into line with EU *acquis* and international standards. Serbia needs enough well-trained staff to handle the increasing number of applications. Closer cooperation between the asylum bodies and the border police is necessary. Allegations of corrupt practices and activities by organised crime groups involved in people smuggling continue to be made.

Visa policy

Interconnection of the integrated Serbian Visa Information System with diplomatic and consular missions and other relevant databases has yet to be completed. The list of countries for which visas are required has not been fully aligned with the *acquis*. On implementation of the visa-free regime with the EU, Serbia continued to take measures to address the phenomenon of unfounded asylum applications lodged by Serbian nationals in EU Member States and Schengen associated countries. Border controls and surveillance were stepped up and 12 criminal charges for facilitating the abuse of the right to asylum in a foreign country were filed. The high number of unfounded asylum applications filed by Serbian citizens in EU Member States and Schengen-associated countries continues to be a problem as the total share of applications from Serbian citizens to the top five targeted destinations in 2014 is close to 44% (around 18 847 out of the total 42 840). Serbia continues to cooperate on measures to reduce the number of unfounded asylum claims, partly through operational cooperation with Member States and awareness-raising campaigns. Both operational checks on tourist agencies and transport companies and border control and surveillance were improved. Policies to improve the social and economic inclusion of the most vulnerable groups of the population most likely to migrate, in particular Roma, need to be stepped up and systematically funded in order to have a practical impact on the situation, albeit in the medium to long term. The capacity and resources to allow returnees to reintegrate remain limited.

Schengen and external borders

Serbia continued to improve infrastructure and equipment at border crossing points. In January a risk analysis unit was set up in the border police directorate with a total projected staff of 14 (currently 12). It remains to be adequately staffed to become operational. In March, a new head of the border police was appointed, after an eight-month gap. Coordination between various border agencies needs to be improved. A new Integrated Border Management (IBM) strategy, in line with the EU concept, remains to be adopted. Measures to prevent corruption include shift rotations of border police officers carrying out border checks and border surveillance.

Serbia intensified its regional cooperation on border management. However, these efforts were overshadowed by the very sharp increase in the flows of third country nationals transiting through the region. The Joint Centre for Police Cooperation between Bosnia and Herzegovina, Montenegro and Serbia, in Trebinje, continued to work with liaison officers from Bosnia and Herzegovina and Montenegro with a view to improving regional capacity to counter cross-border crimes and illegal migration. However, Serbia needs to urgently appoint a liaison officer. An agreement with Bosnia and Herzegovina to block alternative routes across the state border is still pending. Cooperation with Montenegro in the area of border management, including on identification of unauthorised border crossing places needs to be stepped-up. Serbia continues to cooperate actively with Frontex.

As part of the dialogue on the implementation of the integrated border management (IBM) protocol, Serbian authorities are cooperating on technical activities related to setting up the six permanent IBM crossing points with Serbia/Kosovo. The first annual meeting on the rules for travel across the administrative boundary line took place in March. In April, both sides agreed to open two new border crossing points in Kapi and Izvor. In February, Serbia and Kosovo began consultations on migratory flows. A second meeting was held in April.

Judicial cooperation in civil and criminal matters

Serbia needs to take measures allowing direct cooperation between Serbian and foreign courts and centralising the receipt of requests to courts for international judicial cooperation. Additional training is needed to improve knowledge of judicial cooperation and build the necessary language skills. Specifically on **judicial co-operation in criminal matters**, Serbia has not yet concluded a cooperation agreement with Eurojust because of the delay in updating its legal framework for protection of personal data. As regards **judicial co-operation in civil matters**, Serbia has not yet acceded to the 1996 Hague Convention on Child Protection.

Fight against organised crime

Track record

In the reporting period, 277 criminal charges were brought against 516 people for illegal crossing of the state border and people smuggling. In July 2015, an important drug lord was convicted to 20 years imprisonment, together with some associates. There remain indications that the network they belonged to, remains active in the smuggling of cocaine to Europe. In 2014, 2 138 criminal charges were brought for drugs offences. From January to May 2015, 22 kg of heroine, 8 kg of cocaine, 202 kg of marijuana and 8 kg of hashish were confiscated. The total amount of heroin seized in 2014 (193 kg) was 3.4 times that seized in 2013 (56.6 kg). Twelve organised criminal groups involved in drug trafficking were dismantled.. Seven criminal charges on suspicion of human trafficking (involving 14 perpetrators and 16 victims) were filed from January to April 2015. In 2014, 98 final judgments on human smuggling, convicting 142 people, were issued.

Precautionary **freezing of assets** at an early stage of an investigation is rarely applied. Assets thus often disappear, which results in a poor track record of confiscating criminal assets at the time of final conviction. The number of **final convictions** for organised crime activities remains low compared to the estimated scale of the regional and domestic criminal market. A track record of proactive investigation remains to be established. Final convictions and effective dismantling of criminal organisations remain rare.

Institutional and operational capacity

Operational cooperation at bilateral and regional level further improved. In March, a first meeting between the police directors of Serbia and Kosovo took place with the support of EULEX. The police has access to Interpol databases of wanted persons, stolen motor vehicles, documents and works of art. Cooperation with Europol has intensified but the liaison officer in The Hague has not been appointed yet. Negotiations on cooperation with the European Police College (CEPOL) were finalised in April and a working arrangement is under preparation.

Three specialised units, for crime analysis; terrorism and extremism; and drug prevention, addiction and repression need to be adequately staffed, trained and equipped. Further efforts are needed to reform the organisation of the police. The level of inter-agency cooperation, information flow and exchange between law enforcement agencies needs to be further improved. A central criminal intelligence system and harmonised statistical data have yet to be set up. Cooperation between the police and the special prosecutor's office for cybercrime is improving. The High-Tech Crime Unit remains understaffed, considering the wide range of complex criminal activity it is expected to investigate. The accreditation process for the forensic institute of the Serbian police was completed in November 2014. New DNA and drug chemistry laboratories became operational in the Serbian National Crime Technical Centre.

Very few cases of **trafficking in human beings** have been successfully investigated, despite Serbia being a source, transit and destination country for trafficked people and facing increased migratory pressure. The draft anti-trafficking strategy and action plan are still pending adoption. A comprehensive, multidisciplinary and victim-oriented approach to human trafficking has yet to be developed. While Serbia has a coordinator for operational cooperation in the Ministry of Interior, it has yet to appoint a national rapporteur on combating human trafficking in line with the *acquis*. The Centre for Protection of Victims of Human Trafficking needs to strengthen its capacity. No state-run emergency shelter is available for the victims of trafficking and there is no appropriate centre for child victims. Adequate funding needs to be earmarked for assisting victims of human trafficking; the relevant fund has not yet been set up. There is a need to further improve identifying, protecting and assisting victims of trafficking.

On money laundering, Serbia's capacity to run complex financial investigations alongside criminal investigations needs to be stepped up. Law enforcement agencies and prosecution services do not have access to relevant databases in line with data protection rules and inter-agency cooperation. The directorate that manages seized assets lacks staff and capacity, including storage capacity. An asset recovery office in line with the *acquis* still needs to be set up. In order to handle money laundering and financial crime cases more efficiently, exchange of data and pro-active co-operation between relevant agencies needs to be improved.

Legal framework

The ministry has started to reform its human resources system. This should contribute to limiting the exposure of police staff to politically motivated decisions. The legal framework for police cooperation needs to be further aligned with the *acquis*. The Public Prosecutor leads both the pre-investigation and investigation phases of cases. It is important to streamline cooperation between the prosecution and the police and improve the monitoring and performance of criminal justice. Hence, a number of shortcomings in the investigation phase need to be addressed through amendments to the Criminal Procedures Code, notably as regards the timeframe and arrangements for using special investigative measures. The police's dependence on the security and intelligence agencies to carry out certain special investigative measures in criminal investigations remains a matter of serious concern. The investigative powers of the border police and customs remain limited. The law on confiscation of criminal assets needs to be aligned with the *acquis*.

Strategic framework

In December, Serbia adopted a national strategy for the fight against money laundering and terrorism financing. A financial investigation strategy was adopted in May. The draft anti-trafficking strategy and action plan are still pending adoption. Serbia has no strategy on cybercrime and has not yet developed the capacity to make a strategic analysis of the organised crime situation on its territory based on Europol's methodology for Serious and Organised Crime Threat Assessment (SOCTA). Intelligence-led policing based on crime mapping and systematic use of threat assessments has not been developed. Fighting organised crime and corruption remains fundamental to countering criminal infiltration of the political, legal and economic systems.

Fight against terrorism

In October amendments to the Criminal Code were adopted, criminalising the phenomenon of foreign terrorist fighters in line with UN Security Council Resolution 2178 (2014). In the reporting period, 21 people were convicted for terrorism. In January, a coordination group for the fight against terrorism, prevention of radicalisation and extremism was set up. A new Law on Limiting the Disposal of Assets to Prevent Terrorism was adopted in March. A single national database, more efficient procedures for data exchange and better inter-agency operational cooperation are still needed. Efforts need to be enhanced to identify, prevent and disrupt the flow of foreign terrorist fighters traveling to conflict areas such as Iraq and Syria.

Cooperation in the field of drugs

Good international and regional cooperation continued on drugs, in particular with the seizure of 168 kg of marijuana in a joint operation with the former Yugoslav Republic of Macedonia. The national drug strategy and action plan were approved in December. Appropriate financial resources are needed to ensure it is properly implemented. The Prosecutor's Office for Organized Crime initiated several investigations for the criminal offense of unauthorized production and trafficking of narcotic drugs and criminal alliance. The national focal point for cooperation with the European Monitoring Centre for Drugs and Drug Addiction was moved from the Public Health Institute to the Ministry of Health. Transfer of know-how following this move should be ensured. At interdepartmental level, there is a Commission for Psychoactive Controlled Substances and the Office for Combating Drugs, which is still not operational. As part of the national drug strategy, a clear definition of the responsibilities and powers of the various institutions as regards inter-agency cooperation is needed. The establishment of an early warning system is pending. Serbia will need to ensure proper staffing of and smooth exchange of data between the various bodies and departments active in this area. The lack of secure storage of seized drugs and precursors prior to destruction remains an issue.

of concern. An appropriate process for the destruction of precursors has yet to be set up.

Customs cooperation

Regional and international customs cooperation continued, including through joint actions (*see also Chapter 29 — Customs union*). Serbia needs to ensure that the IT strategy for the customs administration is fully aligned with EU legislation on the use of technology for customs purposes. The investigative powers of customs officers and their ability to exchange data with other agencies at the border need to be broadened.

For measures against **counterfeiting of the euro**, see *Chapter 32 — Financial control*.

5.25. Chapter 25: Science and research

The EU provides significant support to research and innovation. All Member States can benefit from the EU's research programmes, the more so where there is scientific excellence and solid investment in research.

Serbia participates in EU research and innovation programmes Horizon 2020. It has taken measures to ensure

Serbia is at **good level of preparation** in science and research. **Some progress** was made in improving the framework for science, research and innovation. In the coming year, Serbia should in particular:

→ take actions to modernise organisation of research and innovation in line with the European Research Area and Innovation Union;

→ stimulate cooperation between industry and academia and increase level of investment in research.

good administrative capacity notably established a good network of National Contact Points (NCPs), nominated representatives in the Horizon 2020 Programme Committees and organised at regular intervals workshops and information days on Horizon 2020. Based on first Horizon 2020 statistics, participation is good. Serbia obtained for the first time a grant from the European Research Council (ERC) which demonstrates scientific excellence. Further efforts remain necessary in particular to increase participation in research and innovation actions on societal challenges and involve private sector in research.

On the **European Research Area**, limited policy actions have been taken in the last year. In 2014, the level of investment in research decreased to 0.78% of GDP compared to almost 1 % in 2013. The level is now substantially lower than Serbia's own national target. Serbia nominated its representative in the European Research Area Committee (ERAC) and related ERA advisory bodies and attends regularly the meetings.

On measures for the **Innovation Union**, the Serbian Innovation Fund continues to be active, and has successfully implemented 55 projects.

5.26. Chapter 26: Education and culture

The EU supports cooperation in education and culture through funding programmes and through the open method of coordination. Member States must also prevent discrimination and facilitate education of children of EU migrant workers.

Serbia is at **good level of preparation** in the area of education and culture. **Some progress** was made with the adoption of an action plan for the implementation of the education strategy. In the coming year, Serbia should in particular:

→ start preparations for establishment of a national Erasmus+ agency;

→ implement the action plan with education reforms according to schedule.

In **education, training and youth**, Serbia continued to participate successfully in Erasmus+. Preparations for the opening of a National Agency, which is needed for full participation in Erasmus+, have not yet begun. Serbia adopted an action plan for the new education strategy in January 2015. However, several measures have been delayed and need to be stepped up. Additional investment (human and infrastructure) in education should target pre-school and basic education levels. Pre-school education benefits about 50% of children under 6 years whereas the EU target for 2020 is 95%. Serbia, at 8.7%, has already met the EU 2020 target on early school leavers (<10%). The reforms for the training of primary and secondary school teachers should be stepped up and focused on student-centred teaching, developing basic and transversal skills in

students.

Serbia ranked 43 out of 65 in the 2012 PISA evaluation. There was some progress in reforming the vocational education and training system to better meet the needs of the labour market. The National Qualifications Framework needs to be finalised and cross-referenced with the European qualifications Framework. The ongoing reform of higher education needs to put particular emphasis on the relevance of its study programmes, as the unemployment rate for graduates with tertiary education (aged 19-24) stands at 40 % and emigration of young and skilled people is high. The lack of an efficient system for the recognition of foreign diplomas continues to be a serious impediment to graduates' further study and employment. A new strategy on youth 2015-2025 and action plan were adopted in February. Serbia contributed to the new EU Youth report. It participates very actively in the Erasmus+ Youth in Action strand.

On **culture**, Serbia ratified the European Convention for the Protection of Audiovisual Heritage in May. It is participating successfully in the Culture sub-programme of the Creative Europe programme and in Europe for Citizens. Serbia has made some progress in aligning its legislation in the audio-visual media sector in order to be able to participate in the MEDIA sub-programme of Creative Europe.

5.27. Chapter 27: Environment and climate change

The EU promotes strong climate action, sustainable development and protection of the environment. EU law contains provisions addressing climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection.

Serbia is at an **early stage of preparation** in the areas of environment and climate change. **Some progress** was made in further aligning policies and legislation with the environment and climate change *acquis* and civil protection in particular as Serbia submitted its intended nationally determined contribution to the expected 2015 Paris climate agreement. In the coming year, Serbia should in particular:

- finalise the setting up of systematic strategic planning, and start implementing the country's contribution to the expected 2015 Paris Climate Agreement;
- consolidate its strategic planning and administrative capacity to further align its policies with EU policies, and accompany this with substantial investment linked to strategic priorities;
- take measures to set up an effective and permanent financing system for environment and climate action, including a stable financing of essential basic services, such as environmental monitoring;

In the area of the **environment**, no progress can be reported on *horizontal legislation*. Additional efforts are still required to improve reporting from agricultural and mining operators. Serbia maintains a high level of timely and complete data delivery to the European Environment Agency in the European Environment Information and Observation Network (EIONET). It needs to boost capacity for effective public participation and consultation in the environmental decision-making process, particularly at local level.

The annual update on **air quality** showed that seven of Serbia's eight urban agglomerations exceed the margin of tolerance of several pollutants. The air quality plan for Belgrade remains to be adopted and air quality planning for the remaining agglomerations needs to be accelerated. Work on a national emission reduction plan for the power sector was completed but remains to be adopted. Serbia missed its Energy Community deadline to implement the 1999 Directive on Sulphur Content in Fuels.

On **waste management**, work started on the regional waste management centre for the Subotica district, which will serve approximately 280 000 people. Non *acquis* compliant landfills need to be closed more quickly. A regulation on the plan for reducing packaging waste 2015-2019 was adopted in December. Additional efforts are needed to meet relevant targets for glass- and metal-containing packaging waste. More national investment and improvements to address systemic weaknesses in the implementation of environmental projects will be needed if management of all special waste streams is to comply with EU requirements. Full alignment with the Waste Framework Directive remains to be achieved and enforcement of waste legislation needs to improve.

As regards **water quality**, no progress can be reported. A national strategy and action plan on water protection have yet to be adopted. Priority should be given to aligning the legislation with the *acquis* and

implementing the code of good agricultural practice.

As regards **nature protection**, the implementing provisions of Annex VI of the Habitats Directive have been included in Serbian fisheries legislation in October 2014. To overcome the current standstill in Natura 2000, the institutional framework for designating and managing future Natura 2000 sites needs to be streamlined and adequately resourced. The legal base and administrative capacity for enforcement of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) needs to be improved. Investments in hydropower need to comply with nature protection obligations.

As regards **industrial pollution and risk management**, amendments in March to the Law on Integrated Pollution Prevention and Control defer the deadline by which existing installations must hold a valid permit from 2015 to 2020. Serbia has not yet addressed the *acquis* requirement of either a fully integrated permitting process covering all areas or formal consultation between permitting authorities. Capacity constraints hamper progress in implementing the legislation on prevention of chemicals accidents.

As regards **chemicals management**, March amendments to the Law on Chemicals and the Law on Biocides provide for a clear delineation of previously overlapping inspection remits between environment, market and sanitary inspections, and veterinary inspections for biocides. Capacity for environmental inspection is adequate.

In **civil protection**, disaster risk reduction and disaster management need to be treated as a matter of priority, particularly in the light of the severe floods in 2014. Serbia became the 33rd participating state in the EU Civil Protection Mechanism in July. Serbia needs to ensure that the Niš Humanitarian Centre does not duplicate the role of the EU Civil Protection Mechanism in the region. Serbia will also need to accomplish a countrywide risk assessment and assessment of its risk management capabilities.

On **climate change**, work on a comprehensive countrywide climate policy and strategy commenced. It needs to become consistent with the EU 2030 framework and it should be well-integrated into all relevant sectoral policies. Serbia submitted its intended nationally determined contribution (INDC) to the expected 2015 Paris Climate Agreement in June. The INDC is an economy-wide emissions reduction target of 9.8% by 2030 in comparison to 1990 levels, and it also covers aspects related to adaptation to climate change. Legislation on greenhouse gases emissions monitoring, reporting and verification for aligning with the EU Emissions Trading System was prepared for adoption. Activities pertaining to the establishment of a monitoring and reporting system for greenhouse gases emissions in line with EU Monitoring Mechanism legislation kicked off in May 2015. Serbia moreover implemented the first required measure of the Montreal Protocol, to freeze hydrochlorofluorocarbons (HCFC) consumption at the baseline level in 2013. Serbia started the preparation of a National Adaptation Plan. The National Committee for Environment and Climate Change was established in November 2014. Considerable strengthening of administrative capacities is needed as well as awareness raising activities.

5.28. Chapter 28: Consumer and health protection

EU rules protect consumers in relation to product safety, dangerous imitations and liability for defective products. The EU also ensures high common standards for tobacco control, blood, tissues, cells and organs, patients' rights and communicable diseases.

Serbia is **moderately prepared** in consumer and health protection. **Some progress** was made, notably with the establishment of the Consumer Council. In the coming year, Serbia should in particular:

→ strengthen the administrative capacity of relevant authorities for consumer protection;

→ work on strengthening the overall financial sustainability of the public health system.

On **consumer protection**, in December, the Consumer Council, was set up to encourage cooperation between consumer protection organisations. The National Consumer Complaint Register is operational, but not publicly accessible. The number of complaints filed by consumers has increased. The Rulebook on the operation of alternative dispute settlement entities was adopted in August. Cooperation between the line ministries and consumer organisations needs to increase, as does cooperation between consumer protection

organisations. The administrative capacity of the authorities for consumer protection and market surveillance needs to be further strengthened.

On **product safety-related issues**, the new law on Safety Items of General Use has not been adopted. Alignment with the General Product Safety Directive should be further improved through amendments to the law on product safety. On **non-safety-related issues**, the amended Law on Protection of Users of Financial Services was adopted in January, further aligning legislation with the *acquis*.

In the area of **public health**, the newly established **e-Health** Unit in the Ministry of Health is not operational. The EU-funded centralised electronic health record system is not yet fully integrated. A new law on health records was adopted in November. The poor financial situation of the public health fund puts the sustainability of the sector in question. Shortages of medical and administrative staff in primary healthcare centres pose difficulties, especially in rural areas. Greater human resource management and organisational capacity is needed, and a national plan for human resources in the health sector needs to be implemented. New programmes of specialisation and professional development should be developed. No progress was made in the preparation of a new strategy on **tobacco control**.

On **communicable diseases**, surveillance and response capacity remain limited and require modernisation. Further alignment of the national legislation with the *acquis* is required. A centralised health information and communication system has to be developed. More attention needs to be given to effective, sustainable financing of disease-specific strategies, including the national HIV/AIDS strategy and awareness-raising, notably on the importance of child vaccination. Additional work is needed in particular on surveillance of antimicrobial resistance and inter-sectoral cooperation.

On **blood, tissues, cells and organs**, alignment with the *acquis* and development of administrative capacity are still at an early stage. The administrative and technical capacity of the Directorate for Biomedicine needs strengthening and a legislative framework that outlines its competences and responsibilities in terms of oversight of the sector needs to be established. Overall, EU based quality and safety standards and proper inspection services of the sector need to be developed.

A number of rulebooks were adopted in the field of **pharmaceuticals**, in particular the rulebook on conditions for importing medical products and devices lacking marketing authorisation. Community-based **mental health** services still need to be developed.

On **drug abuse prevention**, the government office for the fight against drugs is not yet operational. In December, the government adopted the strategy for drug abuse suppression (2014-2021) and an action plan (2014-2017). On **rare diseases**, the Law on the Prevention and Diagnosis of Genetic Diseases, Genetic Anomaly and Rare Diseases was adopted in January. Continued efforts are needed to facilitate implementation.

5.29. Chapter 29: Customs union

All Member States are part of the EU customs union and follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementing and enforcement capacity and access to the common computerised customs systems.

Serbia is **moderately prepared** for the customs union. **Good progress** was made on transit, with the adoption of the amended customs law. In the coming year, Serbia should in particular:

→ upgrade or renew the customs declaration processing system and integrate the risk management;

→ enhance and modernise management of the customs administration.

As regards **customs legislation**, an amended customs law was adopted in March, introducing a legal basis for use of the EU's new computerised transit system (NCTS). The customs tariff has been aligned with the 2015 EU Combined Nomenclature. Simplified procedures for express shipments have been introduced. However, the law on the customs administration has not yet been adopted and legislation on cash controls, cultural goods and duty relief on imports of new production equipment still needs to be aligned with the *acquis*. Legislation on customs-related security initiatives has yet to be implemented. As of February, the rules of origin under the Stabilisation and Association Agreement have been harmonised with the Convention on

Pan-Euro-Mediterranean preferential rules of origin.

The customs administration continued to strengthen its **administrative and operational capacity**. In 2014, a 12 % increase in customs duty collection was achieved. At unilateral basis, Serbia ratified the convention on the simplification of formalities in trade in goods and the convention on a common transit procedure in June 2015, as part of its preparations to accede to both conventions. The national NCTS is fully operational. A new centralised system for the management of bank guarantees is operational. The customs declaration processing system was further upgraded. Strategic and modern management techniques, including quality assurance and change management, are lacking and the IT strategy needs to be updated. Work on setting up a functional, interconnected IT system progressed, but the IT division continues to lose competent staff. Risk management systems needs to be strengthened and harmonised. Integrity among customs officials was addressed by opening 99 disciplinary procedures against 113 customs officers for serious breaches of official duty. The customs laboratory needs to be further equipped. Serbia participates in the Customs 2020 programme.

Customs procedures were implemented without incident at the crossing points between Serbia and Kosovo. Closing the illegal crossing roads / by-passes between Serbia and Kosovo would help reduce illegal trade and smuggling of petrol and other goods.

5.30. Chapter 30: External relations

The EU has a common trade and commercial policy towards third countries, based on multilateral and bilateral agreements and autonomous measures. There are also EU rules in the field of humanitarian aid and development policy.

Serbia is **moderately prepared** in the area of external relations. **Some progress** was made, with Serbia joining the EU Civil Protection Mechanism. In the coming year, Serbia should in particular:
→ stop applying safeguards on selected agriculture products, which are not justified under the Stabilisation and Association Agreement and which point to weaknesses in administrative capacity to implement trade policy.

On the **common commercial policy**, no progress was made with Serbia's accession to the World Trade Organisation. WTO membership remains dependent on the adoption of a WTO and EU *acquis*-compliant law on genetically modified organisms and on the completion of market access negotiations with a number of WTO members.

On **administrative capacity**, a formal coordination structure for trade policy issues exists, consisting of relevant government services. In 2015, Serbia took safeguard measures on EU imports of milk, cheese, butter and pork. Consultations with the authorities on the justification for these measures were not conclusive. Serbia should therefore discontinue the safeguard measures without delay and avoid applying such measures unless fully justified. The capacity to collect market statistics and consult stakeholders remains weak.

The government updated the regulation on dual-use goods and adopted a regulation on customs control of exports and imports which could be used for capital punishment, torture or other degrading treatment. Serbia would benefit from joining some of the international regimes overseeing national export control systems, such as the Wassenaar Arrangement.

As concerns **bilateral agreements with non-EU countries**, Serbia is still negotiating a free trade agreement with Ukraine. The Serbian parliament ratified a bilateral investment treaty with Canada in April.

Some progress has been made on **development policy** and **humanitarian aid**. Serbia acceded to the EU Civil Protection Mechanism in 2015 and set up a national system for disaster relief.

5.31. Chapter 31: Foreign, security and defence policy

Member States must be able to conduct political dialogue in the framework of the foreign, security and defence policy, to align with EU statements, to take part in EU actions and to apply agreed sanctions and restrictive measures.

Serbia is **moderately prepared** in foreign, security and defence policy. **Some progress** was made as Serbia continued to participate in civil and military crisis management missions. In the coming year, Serbia should in particular:

- improve alignment with EU declarations and Council decisions;
- adopt legislation on the tracking mechanism for the implementation of EU restrictive measures.

Regular **political dialogue** between the EU and Serbia on foreign and security policy continued. On the **common foreign and security policy (CFSP)**, a law on implementation and tracking of the enforcement of restrictive measures has yet to be adopted. Serbia aligned itself, when invited, with 26 out of 40 EU declarations and Council decisions (representing alignment of 65%, compared with 62 % reported last year). Serbia did not align itself with Council decisions, including EU **restrictive measures** on the illegal annexation of Crimea by Russia and events in eastern Ukraine. Nor did Serbia align itself with such Council decisions on Bosnia and Herzegovina, or Moldova.

High-level contacts with Russia continued. Russia's President visited Serbia in October 2014. Serbia's President attended the celebration of Victory Day in Moscow and members of the presidential guard participated in the military parade. Serbian and Russian airborne forces held joint military drills in November 2014 and together with Byelorussians forces in September 2015. Contacts with Ukraine were also strengthened. Serbia continued to support the territorial integrity and sovereignty of Ukraine, including Crimea. Serbia's Prime Minister and the Ukrainian President exchanged invitations for reciprocal high-level visits and Serbia delivered humanitarian assistance to Ukraine in April. In July, Serbia's Minister of Foreign Affairs visited Kiev in his capacity as OSCE chairman in office. Serbia also further strengthened its relations with China. China's Prime Minister visited Belgrade on the occasion of the '16+1' summit of the states of Central and Eastern Europe and China in December. Serbia's President attended the celebration of victory in World War II in Beijing together with the Serbian military, who participated in the parade. Serbia's Prime Minister visited the United States in June and September 2015.

On **non-proliferation**, Serbia ratified the UN Arms Trade Treaty in October. A new law providing for amnesty and legalisation of illegally possessed weapons and ammunition allowed the handing over of more than 2000 weapons, 160000 ammunitions and 1000 explosives, while nearly 4500 requests for registration of illegally held weapons were submitted. Serbia adopted a new law on trade in arms and military equipment. Serbia's 2008 application to join the Wassenaar Arrangement on export controls for conventional arms and dual-use goods and technologies is pending. Ratification of the Additional Protocol to the Nuclear Non-Proliferation Treaty is still pending.

Serbia continued to engage actively in **cooperation with international organisations**. In January, it took the chair of the Organisation for Security and Cooperation in Europe (OSCE). Serbia increased its cooperation with NATO by adopting an Individual Partnership Action Plan in December and expressed willingness to engage in regular political dialogue.

Serbia continued to participate in civil and military crisis management missions under the **common security and defence policy (CSDP)**, in particular EU NAVFOR Atalanta, EUTM Somalia, EUTM Mali and EUFOR RCA. In June, parliament approved Serbia's participation in EUMAM RCA. Furthermore, Serbia took part in UN operations, in particular UNIFIL, UNOCI, MONUSCO, UNFICYP, UNMIL, UNTSO and MINUSCA. It also approved

Serbia's participation in the following UN operations for 2015: MINURSO, MINUSMA, UNMOGIP, UNMISS, UNAMID, UNISFA, UNDOF and MINUSTAH.

5.32. Chapter 32: Financial control

Based on international standards, EU financial control rules promote sound financial management of national income and expenditure. They also protect the EU's financial interests against fraud in the management of EU funds and the euro against counterfeiting.

Serbia is **moderately prepared** in this chapter. **Good progress** was achieved in the past year, especially in external audit and protection of the EU's financial interests. However, managerial accountability principle is not yet fully embedded in the management culture and responsibilities are not delegated. Significant efforts are needed to implement public internal financial control (PIFC) at all levels of administration and in state-owned enterprises. In the coming year, Serbia should in particular:

- improve implementing legislation for PIFC in line with the international standards;
- adopt and start implementing the new PIFC strategy and systematically ensure implementation of the government's recommendations on the annual report on PIFC;
- resolve impediments to further capacity development of the State Audit Institution.

Public internal financial control

Serbia needs to adopt a new public internal financial control **strategy** and **action plan** for 2015-2020. The action plan is to be embedded in the wider public financial management reform programme.

The **Central Harmonisation Unit (CHU)** should ensure a consistent approach to PIFC by ensuring better coordination and guidance for public-sector organisations. The CHU has prepared an annual review of implementation of PIFC in the public sector since 2012, but it neither provides a comprehensive analysis of systemic weaknesses nor proposes corrective measures. The future reporting would benefit from an assessment of implementation of the PIFC strategy and the State Audit Institution's findings on public-sector internal control.

Financial management and control (FMC) in Serbia is regulated in line with the Committee of Sponsoring Organisations (COSO) model and the guidelines of the International Organisation of Supreme Audit Institutions (INTOSAI). The implementing legislation still needs to be strengthened with regard to managerial accountability and management of irregularities. The focus is still on the legality and regularity of financial transactions. Risk management is not applied systematically and will need to be further developed. A key challenge is also to ensure appropriate internal control in smaller institutions and at local level. Senior public-sector managers will need to be trained to understand their specific role and responsibilities on FMC. The **centralised budget inspection** function still needs to be regulated, taking account of compatibility with PIFC requirements

Internal audit in the public sector is still developing as a profession. Further efforts are required to ensure that senior management understands the purpose of internal audit and actively supports it so that it can add value to the organisation. The situation across the public sector is diverse in terms of staffing, functional independence, audit planning, management acceptance and types of engagement. Most of the central institutions have an audit charter and they perform audits according to strategic and annual audit plans. Many auditors are still asked to perform additional duties that jeopardise their professional independence. The lack of fully developed internal control in the organisations limits the type and scope of internal audit engagements and their added value to management. The role of internal audit needs to be strengthened as well as management acceptance of this function.

External audit

The **constitutional and legal framework** is in line with the INTOSAI standards. The independence of the State Audit Institution (SAI) is anchored in the Constitution. The SAI law provides for an exhaustive audit remit and guarantees the SAI's functional, organisational and financial independence.

On **institutional capacity**, the SAI is governed by a Council, which has five members, including a president, nominated by parliament. The SAI has been allocated 431 posts in total. At the moment, the SAI has 251 employees, and 212 audit staff. Lack of adequate premises is preventing further recruitments and is limiting

the SAI's ability to fulfil its audit mandate. The responsibility assigned by the law to the SAI to detect errors and file with competent authorities misdemeanour, economic offence and criminal charges against individuals further constrains the SAI's limited audit resources. The SAI is implementing its 2011-2015 strategic development plan. The SAI has an internal audit function with one auditor. Remaining two posts are to be filled to meet international standards.

To enhance the **quality of audit work** the SAI adopted in April financial and performance audit manuals based on the INTOSAI's professional standards (ISSAI) framework. In July it set up a specific sector for audit methodology and quality control. However, only one out of nine staff members has been appointed so far. Performance audit work is gradually expanding. However, parallel reforms are needed in Serbia's overall public financial management system so that the SAI can meaningfully audit economy, efficiency and effectiveness of government spending of public money.

On the **impact of audit work**, the SAI has proactively contributed to improvement of the public-sector internal control standards in Serbia. The SAI's annual audit report to parliament is discussed in the Committee for Finance, the Budget and Control of Public Funds. The SAI improved its cooperation with stakeholders and increased its communication with the media.

Protection of the EU's financial interests

As regards **acquis alignment**, the national legislation incorporates the main components of the Convention on the Protection of the EU's Financial Interests and the three protocols to it, and lays down the obligation to safeguard evidence. The **national anti-fraud coordination service (AFCOS)**, has been set up as an independent unit under the Minister of Finance, with an appropriate legal basis in the budget system law and Ministry of Finance Systematisation Act. AFCOS's capacity has yet to be proven in practice. An AFCOS network involving other relevant authorities needs to be set up. No national anti-fraud strategy has been adopted yet.

On **cooperation with the European Commission**, a track record of reporting suspected cases of irregularity and fraud needs to be developed. A Cooperation Agreement with the European Anti-Fraud Office (OLAF) has yet to be signed. Serbia has set up basic procedures for reporting of irregularities and suspected fraud cases. An online reporting has also been established through the OLAF Irregularity Management System.

Protection of the euro against counterfeiting

The national legislation is **aligned** with the **acquis**, except for authentication of euro coins and handling of euro coins unfit for circulation. Serbia still needs to ratify the 1929 International Convention for the suppression of counterfeiting currency and to implement the relevant parts. **Technical analysis** of counterfeit money, including euro banknotes and coins, is performed by the National Bank, which has a dedicated department with 13 staff. Employees are regularly trained. The National Bank concluded formal **cooperation agreements** with the European Commission on coins in 2013 and with the European Central Bank on banknotes in 2014. Cooperation has started with neighbouring countries. At national level, cooperation between the National Bank and the Ministry of Interior has been formalised on transfer of suspected counterfeit money.

5.33. Chapter 33: Financial and budgetary provisions

Rules for funding the EU budget provide for contributions based mainly on the gross national income of each Member State as well as from value-added tax and customs duties.

Serbia is at an **early stage of preparation** with regard to financial and budgetary provisions.

No progress was made. In the coming year, Serbia should in particular:

→ set up the administrative body which will coordinate various institutions involved in the own resources system.

There were no developments in the fields of **traditional own resources**, the **value added tax-based resource** or the **gross national income-based resource**. (*For progress in individual areas, see: Chapter 16 — Taxation, Chapter 18 — Statistics, Chapter 29 — Customs Union, Chapter 32 — Financial control*).

Regarding **administrative infrastructure**, the administrative capacity of the institutions in charge of the

relevant policy areas needs to be further strengthened and developed. A coordinating agency tasked to ensure the correct calculation, accounting, forecasting, collection, payment, control and reporting to the EU on the implementation of the EU's own resources rules still needs to be set up. Despite some improvements in the reporting period, instruments to fight and reduce tax evasion, fraud and the informal economy need to be further strengthened.

Annex I - Relations between the EU and Serbia

Within the framework of the **accession negotiations**, the analytical examination of the EU *acquis*, was successfully completed in March 2015. So far, 14 screening reports have been tabled in the Council. The action plans for chapters 23 and 24 have been finalised, sketching out a comprehensive reform agenda in the area of the rule of law. Further to its negotiating position on chapter 32 last year, Serbia was invited to table four other negotiating positions on chapters 5, 13, 20, 25 and 26.

Serbia is participating in the **Stabilisation and Association Process**. Serbia has continued to build a track record in implementing the obligations of the Stabilisation and Association Agreement (SAA). The protocol on the adaptation of the SAA, to take account of Croatia's accession to the EU, was ratified by Serbia in October 2014. Invoking Article 23 of the SAA, Serbia took safeguard measures against imports from the EU of dairy and pig products in February and June 2015. Consultations with the Serbian authorities on the justification for such measures were inconclusive. Serbia should discontinue the safeguard measures as soon as possible and should avoid applying safeguards unless the circumstances can be fully justified. Further efforts are needed in particular in the area of state aid, especially to ensure the operational independence of the Serbian Commission for State Aid Control, to repeal the exemption of enterprises under privatisation from state aid rules and to demonstrate the compatibility of the aid given to the steel mill Smederevo with Protocol 5 of the SAA. Regular political and economic dialogue between the EU and Serbia has continued. Meetings of the Stabilisation and Association (SA) Council and Committee took place in December and February, respectively. Seven sub-committee meetings were held, together with two meetings of a special group on public administration reform. The SA Parliamentary Committee met twice. Serbia continues to participate in the multilateral economic dialogue with the Commission and EU Member States to prepare for participation in multilateral surveillance and EU economic policy coordination. As part of the new approach to economic governance, Serbia adopted its first economic reform programme in March 2015 and has taken important steps to start implementing reforms recommended by the Economic and Financial Affairs Council. **Visa liberalisation** for citizens of Serbia travelling to the Schengen area has been in force since December 2009. As part of the monitoring mechanism in place since visa liberalisation, the Commission has been regularly assessing the progress made by the country in implementing reforms introduced under the visa roadmap. The Commission submitted in February 2015 its post-visa liberalisation monitoring reports to the European Parliament and the Council. A **readmission agreement** between the European Union and Serbia has been in force since 2008.

Under IPA II, Serbia continues to benefit from **pre-accession assistance** with a total indicative allocation of € 1.5 billion for the period 2014-2020. The IPA National Programme 2014 amounts to € 115 million overall, with most of the funding supporting public administration reform, justice and home affairs, competitiveness, education and energy. Following the floods that occurred in May 2014, the Commission designed a special programme on flood recovery and risk management, allocating € 62 million exclusively to Serbia. In October 2015, the Commission adopted a special measure on strengthening the response capacity of the most affected countries in the Western Balkans to cope effectively with increased mixed migration flows of an amount of € 10 million, focusing primarily on Serbia and the former Yugoslav Republic of Macedonia.

In order to be able to implement in indirect management IPA II assistance the procedure for the entrustment of budget implementation tasks needs to be finalised. Urgent action is needed from Serbia to strengthen the Audit Authority, which remains critically weak. This led to the suspension of assistance and the freezing of payments to Serbia related to the implementation of IPA 2013 National Programme under decentralised management. Serbia continues to benefit from support under the IPA multi-country and regional programmes and to participate in cross-border cooperation programmes with neighbouring Western Balkan countries and with Member States and in European Regional Development Fund trans-national cooperation programmes.

Serbia participates in the following **EU programmes**: Horizon 2020, Erasmus+, Creative Europe - Culture Sub-Programme, Employment and Social Innovation, Europe for Citizens, Customs 2020 and Fiscalis 2020. Serbia became member of the EU Civil Protection Mechanism in June. Serbia has applied for observer status in the EU Fundamental Rights Agency.

Annex II – Statistical Annex

STATISTICAL DATA (as of 7.09.2015)

Serbia

Basic data	Note	2002	2010	2011	2012	2013	2014
Population (thousand)	1)	7 502	7 307	7 254be	7 219e	7 184e	7 149e
Total area of the country (km ²)		77 474	77 474	77 474	77 474	77 474	77 474

National accounts	Note	2002	2010	2011	2012	2013	2014
Gross domestic product (GDP) (million national currency)	2)	1 037 897	3 067 210	3 407 563	3 584 236	3 876 403	3 878 024e
Gross domestic product (GDP) (million euro)	2)	17 100	29 766	33 424	31 683	34 263	33 059e
GDP (euro per capita)	2)	2 280	4 082	4 619	4 400	4 781	4 635e
GDP (in Purchasing Power Standards (PPS) per capita)	2) 3)	:	9 000	9 500	9 700	9 800	9 500
GDP (in Purchasing Power Standards (PPS) per capita), relative to the EU average (EU-28 = 100)	2) 3)	:	35	36	37	37	35
Real GDP growth rate: change on previous year of GDP volume (%)	2)	7.1	0.6	1.4	-1.0	2.6	-1.8e
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)	2)	15.0	10.2	10.7	9.0	9.4	9.7e
Industry (%)	2)	27.0	22.7	23.5	24.9	26.6	24.6e
Construction (%)	2)	5.3	5.7	6.0	5.4	5.1	5.2e
Services (%)	2)	52.7	61.4	59.8	60.7	59.0	60.5e
Final consumption expenditure, as a share of GDP (%)	2)	96.9	96.5	95.3	95.7	93.1	94.4e
Gross fixed capital formation, as a share of GDP (%)	2)	16.2	18.6	18.4	21.2	17.2	17.2e
Changes in inventories, as a share of GDP (%)	2)	5.0	-0.1	1.7	-0.2	0.4	-1.6e
Exports of goods and services, relative to GDP (%)	2)	20.6	32.9	34.0	36.9	41.2	44.3e
Imports of goods and services, relative to GDP (%)	2)	38.7	47.9	49.4	53.6	51.9	54.3e

Business	Note	2002	2010	2011	2012	2013	2014
Industrial production volume index (2010 = 100)		98.6	100.0	102.5	100.2	105.6	98.8
Number of active enterprises (number)		:	:	:	:	:	:
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)	4)	9.9	10.2b	9.3	:	:	:
Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)	4)	6.3	9.8b	10.3	:	:	:
People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)		:	:	:	:	:	:
Value added by SMEs (in the non-financial business economy) (EUR million)		:	:	:	:	:	:
Total value added (in the non-financial business economy) (EUR million)		:	:	:	:	:	:

Inflation rate	Note	2002	2010	2011	2012	2013	2014
Consumer price index (CPI), change relative to the previous year (%)		16.6	6.5	11.0	7.8	7.8	2.9

External trade in goods	Note	2002	2010	2011	2012	2013	2014
Value of imports: all goods, all partners (million euro)	:		12 475	13 706	13 522	13 345	13 512
Value of exports: all goods, all partners (million euro)	:		7 067	8 058	8 251	10 413	10 562
Trade balance: all goods, all partners (million euro)	:		-5 408	-5 648	-5 271	-2 933	-2 950
Terms of trade (export price index / import price index * 100) (number)	101		115	119	122	122	122
Share of exports to EU-28 countries in value of total exports (%)	:		61.8	62.9	62.5	63.8	65.7
Share of imports from EU-28 countries in value of total imports (%)	:		57.2	55.9	58.5	55.7	57.1

Demography	Note	2002	2010	2011	2012	2013	2014
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		-3.3	-4.8	-5.2	-4.9	-4.8	-4.9
Infant mortality rate deaths of children under one year of age (per thousand live births)		10.1	6.7	6.3	6.2	6.3	5.7
Life expectancy at birth: male (years)		69.7	71.4	71.6	72.2	72.5	72.6
Life expectancy at birth: female (years)		75.0	76.6	76.8	77.3	77.7	77.7

Labour market	Note	2002	2010	2011	2012	2013	2014
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)	:		63.7	64.1	64.3	66.0	66.2
*Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)	:		51.2	49.2	48.9	51.2	53.5
Male employment rate for persons aged 20–64 (%)	:		59.2	56.8	56.7	59.5	61.2
Female employment rate for persons aged 20– 64 (%)	:		43.5	41.7	41.1	43.1	46.0
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)	42.0		32.8	31.4	31.6	34.3	35.9
Employment by main sectors							
Agriculture, forestry and fisheries (%)	:		22.3e	21.2e	21.0	21.3	21.1
Industry (%)	:		21.0e	21.5e	21.3	21.1	20.0
Construction (%)	:		5.0e	5.3e	5.2	4.8	4.4
Services (%)	:		51.7e	52.0e	52.6	52.9	54.5
People employed in the public sector as a share of total employment, persons aged 20– 64 (%)	:		31.0	31.5	32.6	32.6	31.6
People employed in the private sector as a share of total employment, persons aged 20– 64 (%)	:		65.5	65.8	65.1	65.2	66.4
Unemployment rate: proportion of the labour force that is unemployed (%)	14.5		19.2	23.0	23.9	22.1	18.9
Male unemployment rate (%)	12.9		18.4	22.4	23.2	20.8	18.3
Female unemployment rate (%)	16.5		20.2	23.7	24.9	23.8	19.6
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)	45.3		46.2	50.9	51.1	49.4	47.1
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)	9.9		13.3	16.9	18.6	16.8	12.8
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED 0–2) (%)	:		16.7	21.6	23.4	21.3	18.1
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED 5 & 6) (%)	:		17.7	21.3	22.3	20.9	17.7

Social cohesion	Note	2002	2010	2011	2012	2013	2014
Average nominal monthly wages and salaries (national currency)	11)	13 260	47 450b	52 733	57 430	60 708	61 426
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2000 = 100)	11)	154.9	277.4b	277.9	280.4	275.0	271.0
GINI coefficient — see definitions	:	:	:	:	:	38.0	38.7
Poverty gap	:	:	:	:	:	36.6	39.9
*Early leavers from education and training: proportion of the population aged 18–24 with at most lower secondary education who are not in further education or training (%)	:	:	8.2	8.5	8.1	8.7	8.3

Standard of living	Note	2002	2010	2011	2012	2013	2014
Number of passenger cars relative to population size (number per thousand population)	:	179.1	214.3	230.5	239.2	246.5	:
Number of mobile phone subscriptions relative to population size (number per thousand population)	:	322.5	1 357.0	1 399.4	1 261.9	1 280.9	1 307.6

Infrastructure	Note	2002	2010	2011	2012	2013	2014
Density of railway network (lines in operation per thousand km ²)	:	49.2	49.3	49.3	49.3	49.3	49.3
Length of motorways (kilometres)	:	370	495	595	607	607	607

Innovation and research	Note	2002	2010	2011	2012	2013	2014
Public expenditure on education relative to GDP (%)	:	3.7	4.6	4.5	4.5	4.3	:
*Gross domestic expenditure on R&D relative to GDP (%)	:	0.35	0.74	0.72	0.91	0.82	:
Percentage of households who have internet access at home (%)	:	:	39.0	41.2	47.5	55.8	62.8

Environment	Note	2002	2010	2011	2012	2013	2014
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2005 constant prices)	3)	917.7	696.1	711.5	648.8	652.9e	:
Electricity generated from renewable sources relative to gross electricity consumption (%)	:	:	31.4	22.6	24.8	32.1	:
Road share of inland freight transport (based on tonne-km) (%)	:	12.1	27.8	30.5	44.8	43.1	44.1

Energy	Note	2002	2010	2011	2012	2013	2014
Primary production of all energy products (thousand TOE)	12)	11 739	9 876b	10 504	10 105	11 442	:
Primary production of crude oil (thousand TOE)	12)	782	929b	1 111	1 224	1 263	:
Primary production of hard coal and lignite (thousand TOE)	12)	8 679	7 226b	7 822	7 276	7 668	:
Primary production of natural gas (thousand TOE)	12)	364	342b	449	472	470	:
Net imports of all energy products (thousand TOE)	12)	4 741	6 320b	5 048	4 179	3 760	:
Gross inland energy consumption (thousand TOE)	12)	15 760	15 093b	15 749	13 997	15 172	:
Electricity generation (thousand GWh)	12)	35.1	38.0	38.6	36.8	39.9	:

Agriculture	Note	2002	2010	2011	2012	2013	2014
Agricultural production volume index of goods and services (at producer prices) (previous year = 100)		97.0	103.2	96.4	80.5	121.8	102.1
Utilised agricultural area (thousand hectares)	13)	5 071	3 521b	3 528	3 462	3 491	3 507
Livestock numbers: live bovine animals (thousand heads, end of period)		1 112	938b	937	921e	913	920
Livestock numbers: live swine (thousand heads, end of period)		3 634	3 489b	3 287	3 139e	3 144	3 236
Livestock numbers: live sheep and live goats (thousand heads, end of period)		1 685	1 712b	1 699	1 867e	1 841	1 967
Production and utilisation of milk on the farm (total whole milk) (thousand tonnes)	14)	1 596	1 498b	1 474	1 486e	1 467	1 514
Harvested crop production: cereals (including rice) (thousand tonnes)	13) 15)	8 298	9 694b	9 538	6 355	9 091	10 848
Harvested crop production: sugar beet (thousand tonnes)	13)	2 098	3 551b	3 004	2 483	3 180	3 507
Harvested crop production: vegetables (thousand tonnes)	13)	1 340	1 117b	1 024	936	1 062	965

: = not available

b = break in series e

= estimated value

* = Europe 2020 indicator

** = Macroeconomic Imbalance Procedure (MIP) indicator

*** = The government deficit and debt data of enlargement countries are published on an "as is" basis and without any assurance as regards their quality and adherence to ESA rules.

Footnotes:

- 1) Break in 2011 due to the introduction of a new estimation method.
- 2) Based on ESA 2010.
- 3) Source: Eurostat.
- 4) 2002: includes all entities in administrative registers (legal units).
- 5) 2014: based on balance of payments manual edition 6 (BPM6).
- 6) The money supply M1 consists of currency in circulation and funds in giro, current and other accounts belonging to the owners of money balances in banks' liabilities, including money balances in the accounts of local government bodies, i.e. accounts from which payments can be made without any restrictions.
- 7) The money supply M2, in addition to M1, includes other dinar deposits, both short-and long-term.
- 8) The money supply M3, in addition to M2, includes short-and long term foreign currency deposits (without the so-called frozen foreign currency savings).
- 9) Arithmetic mean of official middle exchange rates of the dinar against the euro on working days.
- 10) Index of nominal effective exchange rate adjusted for the ratio of domestic consumer price index to the weighted sum of indices of consumer prices in the euro area and the United States. Calculation based on geometric average.
- 11) 2002: wages and salaries paid to employees of legal entities. 2010–14: wages and salaries paid to employees of legal entities and of unincorporated enterprises.
- 12) 2002: source, Eurostat.
- 13) In 2014, a new method of data collection including sample surveys was set up. Time series have been revised back to 2007.

14) In million litres. Milk from cows, sheep and goats used for human consumption or processing. 2002: excluding milk from goats. 2002: excluding triticale.

2.2 European Parliament resolution of 4 February 2016 on the 2015 report on Serbia

Texts adopted

Thursday, 4 February 2016 - Strasbourg

Provisional edition

2015 progress report on Serbia

P8_TA-PROV(2016)0046 [B8-0166/2016](#)

► European Parliament resolution of 4 February 2016 on the 2015 report on Serbia ([2015/2892\(RSP\)](#))

The European Parliament,

- having regard to the Presidency conclusions of the Thessaloniki European Council of 19 and 20 June 2003 concerning the prospect of the Western Balkan countries joining the European Union,
- having regard to Council Decision 2008/213/EC of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Serbia and repealing Decision 2006/56/EC([1](#)),
- having regard to the Commission opinion of 12 October 2011 on Serbia's application for membership of the European Union (SEC(2011)1208),
- having regard to the Stabilisation and Association Agreement (SAA) between the European Communities and their Member States and the Republic of Serbia that entered into force on 1 September 2013,
- having regard to UN Security Council resolution 1244 (1999), to the advisory opinion of the International Court of Justice (ICJ) of 22 July 2010 on the question of the accordance with international law of the unilateral declaration of independence in respect of Kosovo, and to UN General Assembly resolution A/RES/64/298 of 9 September 2010, which acknowledged the content of the opinion and welcomed the readiness of the EU to facilitate the dialogue between Serbia and Kosovo,
- having regard to the Declaration and Recommendations from the fourth EU-Serbia Stabilisation and Association Parliamentary Committee meeting of 7-8 October 2015,
- having regard to the outcome of the High-level Conference on the Eastern Mediterranean – Western Balkans route on 8 October 2015 in Luxembourg,
- having regard to the Justice and Home Affairs Council conclusions on measures to handle the refugee and migration crisis of 9 November 2015, and to the Foreign Affairs Council conclusions on migration of 12 October 2015,
- having regard to the 17-point plan agreed at the meeting on the Western Balkans migration route held among the leaders of EU Member States and non-EU Member States concerned by the influx of refugees and migrants on 25 October 2015,

- having regard to the Commission’s 2015 progress report on Serbia of 10 November 2015 (SWD(2015)0211),
- having regard to its resolution of 11 March 2015 on the 2014 progress report on Serbia⁽²⁾,
- having regard to its resolution of 15 April 2015 on the occasion of International Roma Day – anti-Gypsyism in Europe and EU recognition of the memorial day of the Roma genocide during World War II⁽³⁾,
- having regard to the Council conclusions of 15 December 2015 on enlargement and stabilisation and association processes,
- having regard to the work of David McAllister as the Foreign Affairs Committee’s standing rapporteur on Serbia,
- having regard to Rule 123(2) of its Rules of Procedure,

A. whereas the European Council of 28 June 2013 decided to open accession negotiations with Serbia; whereas the first intergovernmental conference (IGC) took place on 21 January 2014; whereas the screening process was completed in March 2015; whereas Serbia had fully established its negotiating team in September 2015;

B. whereas in the 2015 report on Serbia the Commission reports on Serbia’s progress towards European integration, assessing its efforts to comply with the Copenhagen criteria and the conditionality of the Stabilisation and Association Process; whereas the Commission has applied a new approach to reporting which provides much clearer guidance to the countries in question on what they have to focus on;

C. whereas Serbia, like every country aspiring to EU membership, must be judged on its own merits in terms of fulfilling, implementing and complying with the same set of criteria, and whereas the countries’ dedication to the necessary reforms and their quality determine the timetable for accession;

D. whereas Serbia has taken important steps towards the normalisation of relations with Kosovo, resulting in the First Agreement of Principles Governing the Normalisation of Relations of 19 April 2013; whereas four important agreements were reached on 25 August 2015; whereas progress in Serbia’s accession negotiations needs to be made in parallel with progress in the process of normalisation of relations with Kosovo in line with the negotiating framework; whereas further efforts remain vital in order to permanently calm these relations; whereas it is of the utmost importance that all the agreements are fully implemented by both parties;

E. whereas Serbia became the 33rd participating state in the EU Civil Protection Mechanism in July 2015;

F. whereas the EU has highlighted the need to strengthen economic governance, the rule of law and public administration capacities in all of the Western Balkan countries;

G. whereas the EU has placed the rule of law at the core of its enlargement policy;

H. whereas in January 2015 Serbia took the chair of the Organisation for Security and Cooperation in Europe (OSCE);

1. Welcomes the opening of the negotiations and the opening of Chapters 32 (Financial control) and 35 (Other issues – Item 1: Normalisation of relations between Serbia and Kosovo) at the Intergovernmental Conference in Brussels on 14 December 2015; welcomes the continued commitment by Serbia to the European integration process; calls on Serbia to actively promote this strategic decision among the Serbian public; notes with satisfaction that Serbia has embarked on an ambitious reform agenda; calls on Serbia to tackle decisively and head-on the systemic and socio-economic reforms; urges Serbia to devote particular attention to its young people when implementing its reforms;

2. Welcomes the preparations by Serbia to effectively start the accession negotiations with the conclusion of the screening process, and the preparation and submission of comprehensive action plans for Chapters 23 (Judiciary and fundamental rights) and 24 (Justice, freedom and security); expresses the hope that these chapters can be opened early in 2016; stresses that thorough negotiations of Chapters 23 and 24 are essential to address the reforms that have to be carried out and implemented in the areas of judiciary and fundamental rights and of justice, freedom and security; recalls that progress in these areas will need to be made in parallel with progress in the negotiations overall; stresses that the negotiation of Chapter 35 is of crucial importance for Serbia's progress on its path towards EU integration; takes the view, in this regard, that the full normalisation of relations between Serbia and Kosovo is an important condition for Serbia's accession to the EU;

3. Underlines that the thorough implementation of legislation and policies remain a key indicator of a successful integration process; encourages Serbia's political leaders to continue with the reforms needed for alignment with EU standards; calls on Serbia to improve the planning, coordination and monitoring of the implementation of new legislation and policies;

4. Welcomes Serbia's progress in the business environment, in reducing the budget deficit, and in the labour market, including in labour legislation and employment policy; encourages the Serbian authorities to further improve the investment climate across Serbia and reduce the economic and social disparities between its regions, to ensure the protection of foreign investments and to solve longstanding investment disputes, and, while acknowledging progress in the restructuring of public companies, points to the importance of further relevant advancement and transparency in the privatisation process; stresses the need for Serbia to align its legislation on state aid control with the *acquis*;

5. Welcomes the progress on economic reforms, which improved Serbia's budgetary situation, and calls on the Commission to continue supporting the government in its plans to conduct further reforms, especially in addressing fiscal imbalances and reforms of major sectors of the economy;

6. Commends Serbia's constructive approach in dealing with the migration crisis; notes, however, that a constructive approach with neighbouring countries should be fostered; notes that Serbia is an essential and helpful partner of the EU in the Balkans, and that it is therefore indispensable that

the EU provide resources and adequate financial help; takes positive note of Serbia's substantial effort to ensure that third country nationals receive shelter and humanitarian supplies with EU and international support; calls on Serbia to swiftly increase its reception capacities; notes that comprehensive reforms are needed to rationalise the whole asylum system and to bring it into line with the EU acquis and international standards; notes that Serbia has taken further measures to address unfounded asylum applications lodged by Serbian nationals in EU Member States and Schengen-associated countries; calls on Serbia to contribute to a further decrease in unfounded applications; highlights that the capacity and resources to allow returnees to reintegrate remain limited;

7. Calls on Serbia to make greater efforts and to progressively align its foreign and security policy with that of the EU, including its policy on Russia; considers, in this context, conducting joint Serbia – Russia military exercises regrettable; welcomes Serbia's active participation in international peacekeeping operations;

Rule of law

8. Emphasises the key importance of the principles of the rule of law; stresses the vital importance of an independent judiciary; notes that, while some progress has been made in the area of judiciary, namely in adopting rules for evaluating judges and prosecutors, political interference remains high; notes that the professional judicial bodies are demanding to be provided with adequate resources; calls on the authorities to implement the national judicial reform strategy as set out in the action plan for Chapter 23 and to ensure independence of the judiciary and that the work of judges and prosecutors is free from political influence; calls on the government to adopt a new law on free legal aid and to introduce legal changes to address the quality and consistency of judicial practice and judicial education; expresses concern at the continuous backlog of court cases, despite the Supreme Court of Cassation's reduction programme in this regard, and urges Serbia to make further steps in order to increase confidence in the judiciary;

9. Reminds the Serbian Government to implement the Law on Rehabilitation fully and in a non-discriminatory manner; suggests to the Serbian Government to make further amendments to the Law on Restitution in order to remove all procedural obstacles and legal impediments concerning restitution in kind;

10. Notes that corruption and organised crime are widespread in the region and also represent an obstacle to Serbia's democratic, social and economic development; notes that some progress has been made in the fight against corruption, which nevertheless remains an element of concern in Serbia, through continued implementation of legislation and the adoption of the law on whistleblower protection; stresses the need to build a track record on investigations and final indictments on corruption, including high-level corruption and the need to coordinate and monitor the full implementation of the anti-corruption strategy as set out in the action plan for Chapter 23 in all key institutions; calls on the authorities to ensure that the Anti-Corruption Agency and Anti-Corruption Council are able to perform their mandate fully and effectively and that state institutions follow up on their recommendations; considers that a regional strategy and enhanced cooperation between all the countries in the region are essential to tackle these issues more effectively; calls on academic

institutions, together with state authorities and public officials, to adopt rules in this area in order to investigate cases of plagiarism and prevent future cases;

11. Calls on the Serbian authorities to amend and implement the economic and corruption crimes section of the Criminal Code in order to provide a credible and predictable criminal law framework; reiterates once more its deep concern at the provisions and implementation of Article 234 of the Criminal Code on abuse of responsible positions; calls once again for an independent and thorough review of the reclassified cases related to abuse of responsible positions, so that longstanding unjust prosecutions can be dropped immediately;

12. Notes that more effort must be made in the fight against organised crime and that a track record in final convictions must be built, as set out in the action plan for Chapter 24; calls on the Commission and the Member States to provide expert support in order to establish an institutional framework and expertise to fight organised crime effectively; calls, in this regard, for direct cooperation between the law enforcement authorities of Serbia and Kosovo and the liaison offices in Belgrade and Pristina;

Democracy

13. Takes note of the efforts to improve the consultation process in parliament and to further increase parliament's involvement in the EU accession negotiation process; remains concerned about the extensive use of urgent procedures in adopting legislation, including legislation related to the EU accession process, as such procedures do not always allow for sufficient consultation of stakeholders and the wider public; stresses that parliament's oversight of the executive needs to be further strengthened; stresses the importance of active and constructive participation of the opposition in the decision-making process and democratic institutions; stresses that the funding of political parties must be transparent and in accordance with the highest international standards;

14. Stresses the importance of the work of civil society organisations in a democratic society; notes that cooperation between the government and civil society organisations has improved; encourages the Serbian authorities to take additional measures to ensure a transparent dialogue between civil society and state institutions, and to increase the effective involvement of representatives of civil society and of national minorities in the decision-making process; calls on the authorities to guarantee adequate financial support for the efficient functioning of civil society organisations; calls for timely and transparent communication to citizens, organisations and the general public on the developments of the accession negotiation process and to facilitate their broad participation in this process;

15. Reiterates its call on the Serbian Government to address fully the recommendations of the OSCE/ODIHR election observation missions, in particular those ensuring that campaign financing and the electoral processes should be transparent; calls on the authorities to properly investigate cases that arose during municipal elections and other campaign events which have been marked by violence and claims of intimidation and irregularities;

16. Reiterates the importance of independent regulatory bodies, including the Ombudsman, in ensuring oversight and accountability of the executive; calls on the authorities to provide the

Ombudsman with full political and administrative support for his work and to refrain from exposing him to unjustified criticism;

17. Welcomes the adoption of a comprehensive public administration reform action plan, a law on inspection oversight, a national training strategy for local government and the law on the maximum number of public sector employees, and calls for their immediate implementation; highlights the need to depoliticise and professionalise public administration and to make recruitment and dismissal procedures more transparent in order to guarantee professionalism, neutrality and continuity of the public administration;

Human rights

18. Welcomes the fact that Serbia has an adequate legal and institutional framework for protecting human rights and fundamental freedoms; notes, however, the remaining shortcomings in its implementation, particularly with regard to preventing discrimination against vulnerable groups, including people with disabilities, people with HIV/AIDS and LGBTI people; welcomes the successful Pride March of 20 September 2015; underlines, however, that discrimination and violence against LGBTI persons is still a matter of concern; encourages in this connection the government to address Recommendation CM/Rec(2010)5 of the Committee of Ministers of the Council of Europe to member states; expresses concern at the number of attacks on members of vulnerable groups that have not yet been fully investigated; moreover expresses concern at the continuous problem of domestic violence; calls on the authorities to actively promote respect for human rights for all;

19. Expresses concern that no progress has been made to improve the situation regarding freedom of expression and of the media; notes with concern the continuous political pressure which undermines media independence, resulting in growing self-censorship by media outlets; is concerned that journalists face political pressure, intimidation, violence and threats when exercising their profession; calls on the authorities to investigate all cases of attacks against journalists and media outlets, which have prompted strong protests by the International Association of Journalists; reiterates that the new media laws need to be implemented in full; emphasises the need for complete transparency in media ownership and funding of media, as well as non-discrimination as regards state advertising;

20. Is seriously concerned about repeated leaks to the media about ongoing criminal investigations, in breach of the presumption of innocence; calls on the Serbian authorities to seriously investigate a number of high-profile cases where evidence of alleged wrongdoing has been presented by the media;

Respect for and protection of minorities

21. Underlines the importance of National Minority Councils in their role of promoting the rights of national minorities and their democratic nature, and also encourages the appropriate and verifiable financing of them; welcomes Serbia's commitment in drafting a dedicated Action Plan for National Minorities, which will further improve the implementation and development of practices and the legal framework on national minorities; reiterates its call on Serbia to ensure that the level of acquired rights and competences is retained in the process of their legal alignment with the decision of the Constitutional Court of Serbia, and urges the adoption of the Law on National

Minority Councils as soon as possible for the clarification of their legal status and the certainty of their jurisdiction; expresses serious concern about the interruption of transmission of programmes in minority languages following the announced privatisation of the media; calls on Serbia to step up its efforts with regard to the effective and consistent implementation of legislation on protection of minorities and the non-discriminatory treatment of national minorities throughout Serbia, including in relation to education, especially regarding the timely funding and translation of minority native language textbooks, use of minority languages, representation in public administration and representative bodies at local, regional and national levels and access to media and religious services in minority languages; invites the Serbian Government to implement all international treaties and bilateral agreements concerning minority rights;

22. Notes that Vojvodina's cultural diversity also contributes to Serbia's identity; stresses that the autonomy of Vojvodina should not be weakened and that the law on Vojvodina's resources should be adopted without further delay as prescribed by the constitution;

23. Calls on the Serbian authorities to implement concrete measures to improve the situation of the Roma, particularly concerning the provision of personal documents, education, housing, health care and employment; calls further on the Serbian authorities to secure equal representation of Roma in public institutions and public life, including by devoting special attention to the inclusion of Roma women; stresses that the Roma integration policy needs to be further strengthened and, taking into account the violence suffered by minority NGO representatives, that discrimination must be tackled effectively; looks forward therefore to seeing the measures of the upcoming Strategy and Action Plan on Roma inclusion; welcomes in this context the 'Pristina Declaration', which calls on governments and international, intergovernmental and civil society organisations to thoroughly apply principles of non-discrimination and equality when working and acting on the promotion and respect for Roma rights;

Regional cooperation and good-neighbourly relations

24. Appreciates the constructive approach of the Serbian Government to relations with neighbouring countries, since this has enabled substantial progress in both regional cooperation and closer relations with the EU, and urges Serbia to continue to build on its good-neighbourly relations; calls on Serbia to promote good-neighbourly relations and the peaceful settlement of disputes, which includes promoting a climate of tolerance and condemning all forms of hate speech or war-time rhetoric and refraining from gestures such as publicly welcoming the return of individuals convicted of war crimes; notes that outstanding disputes and issues, in particular issues of border demarcation, succession, return of cultural goods and disclosure of Yugoslavian archives should be resolved in line with international law and established principles, including through implementation of legally binding agreements, inter alia the agreement on succession issues, and that bilateral disputes should be addressed in the early stages of the accession process in accordance with international law; highlights Serbia's constructive role in the framework of the 'Berlin Process' and the Western Balkan Six initiative and its connectivity agenda; welcomes other initiatives focused on the future of the Western Balkans, in particular the Brdo Process, which proves to be an important framework for cooperation in both political and technical fields, and takes the view that concrete cooperation in areas of mutual interest can contribute to the stabilisation of the Western Balkans; welcomes, in this respect, the first Serbia – Bosnia and Herzegovina joint ministerial meeting, which took place on 4 November 2015 in Sarajevo; calls on

Serbia to further promote the stabilisation and institutional strengthening of Bosnia and Herzegovina through its existing contacts and good-neighbourly relations with the country; reiterates its call on the Serbian authorities to initiate further measures for cross-border cooperation with the neighbouring EU Member States, including the Cross-border and Transnational Cooperation Programmes 2014-2020 and the EU Strategy for the Danube Region; welcomes the idea of starting negotiations for the signing of a treaty on good-neighbourly relations with its neighbours, and hopes that this will lead to a more positive development in the regional context; welcomes the energy and transport infrastructure cooperation meeting of the Bulgarian, Romanian and Serbian prime ministers;

25. Encourages Serbia to further cooperate with the International Criminal Tribunal for the former Yugoslavia (ICTY), in the spirit of reconciliation and good-neighbourly relations; underlines the importance of an overarching national strategy for domestic handling of war crimes; urges the authorities to continue working on the issue of the fate of missing persons, as well as on preparing a reparation scheme for victims and their families as an important precondition for reconciliation, ensuring the right of victims' families to know the fate of their missing family members; points out that a law on civilian victims should be adopted without any undue delay bearing in mind that the existing legislation does not recognise several groups of war crime victims; notes that controversies still occur, particularly in the context of different interpretations of recent history; reiterates its support for the RECOM initiative, the regional commission for the establishment of facts about war crimes and other serious violations of human rights committed in the former Yugoslavia;

26. Welcomes the publication of a draft national war crimes strategy, which sets out plans for dealing with the prosecution of crimes committed during the 1990s in the former Yugoslavia; underlines the need to strengthen and depoliticise Serbian institutions which deal with war crimes; calls on Serbia to establish an effective witness and victim protection system and to provide the victims and their families with the right to reparations; calls for improving regional cooperation in war crime cases; reiterates its call on Serbia to re-examine its legislation on jurisdiction in war crime proceedings in the spirit of reconciliation and good-neighbourly relations together with the Commission and with its neighbours;

27. Welcomes Serbia's continued engagement in the normalisation process with Kosovo, and the finalisation of key agreements on 25 August 2015, namely on the establishment of the Association/Community of Serb majority municipalities in Kosovo, on energy, on telecoms and on the Mitrovica Bridge; urges Serbia to swiftly implement its part of these agreements and to engage constructively with Kosovo in formulating and implementing future agreements; notes that progress has been made in areas such as police and civil protection, vehicle insurance, customs, liaison arrangements and cadastral records; reiterates that progress in the Dialogue should be measured by its implementation on the ground; calls on Serbia and Kosovo to refrain from negative rhetoric and to move forward with the full implementation, in good faith and in a timely manner, of all the agreements already reached, and to determinedly continue the normalisation process; calls for continuous efforts by both governments and the EU institutions to communicate and explain the provisions of the reached agreements, in order to bring ethnic Albanian and Serbian communities in Kosovo closer together; commends the efforts of the business community, led by Chambers of Commerce, to contribute to the normalisation of relations, by engaging in dialogue between Chambers of Commerce of Serbia and Kosovo, to tackle barriers to doing business between the two sides, and to facilitate contact and cooperation between companies; calls on the

Commission to support maintaining and developing these activities in the future; encourages Serbia and Kosovo to identify new areas of discussion for the dialogue with the aim of improving people's lives and comprehensively normalising relations; calls on the European External Action Service (EEAS) to conduct an evaluation of the performance of the two sides in fulfilling their obligations; urges Serbia to act in a spirit of good-neighbourly relations and expresses the hope that the issue of Kosovo's failed application for UNESCO membership will not hamper the dialogue, and the further integration of Kosovo in regional and international organisations, and that cooperation and efforts will continue for the protection of cultural heritage; urges Belgrade and Pristina to maintain good-neighbourly relations; welcomes the resumption of talks between Serbian Prime Minister Vučić and Kosovan Prime Minister Mustafa on 27 January 2016; notes that the topics discussed included mutual recognition of university and professional diplomas and improvement of road and rail connections; underlines that progress on the ground will be of benefit to the whole region;

28. Supports, in the context of the Berlin Process, the creation of the Western Balkans Civil Society Forum, which provides an opportunity for civil society representatives from the region to exchange ideas, voice their concerns and formulate concrete recommendations to decision-makers, and calls for the continuation of this process at the next summit to be held in Paris in 2016, and for the organisation of preparatory workshops for civil society organisations in the region;

Energy, environment and transport

29. Stresses that Serbia, as a contracting party to the Energy Community, should remain active in the work of the Energy Community institutions and continue to implement the acquis in order to build sustainable and secure energy systems; calls on the authorities to start the implementation of the objectives set out in the energy sector development strategy, as there is no significant investment in the renewable energy sector; encourages Serbia to develop competition in the gas market and to take measures to improve alignment with the acquis in the fields of renewable energies and energy efficiency, and calls on Serbia to focus more strongly on green energy; calls on the Commission to support the Serbian Government in its efforts to decrease the country's dependency on energy imports and to diversify Serbia's gas supply; notes that the recently adopted IPA II 2015 package notably includes a EUR 155 million programme to help fund major regional infrastructure projects in the energy and transport sectors in the Western Balkans; encourages Serbia to align itself with the average EU commitments on climate change and the agreement reached in Paris at COP 21;

30. Calls on the Serbian Government, given the importance of the European Grouping for Territorial Cooperation (EGTC) for the further development of cross-border cooperation among EU Member States and their neighbours, to provide the necessary legal background that would allow Serbian participation in EGTCs;

31. Expresses concern at the lack of enforcement of waste legislation, and calls on the Serbian authorities to step up efforts to close down and clean up illegal dumpsites and to develop a credible waste reduction policy in line with the Waste Framework Directive;

32. Welcomes the plan to reconstruct, upgrade and modernise parts of the railway network, and encourages the Serbian authorities to continue to further improve public transport in cooperation with the neighbouring countries;

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33. Instructs its President to forward this resolution to the Council, the Commission and the Government and Parliament of Serbia.

[\(1\)](#) OJ L 80, 19.3.2008, p. 46.

[\(2\)](#) Texts adopted, [P8_TA\(2015\)0065](#).

[\(3\)](#) Texts adopted, [P8_TA\(2015\)0095](#).

V Accession process to the EU

1. Timeline of the relations between Serbia and the EU
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Council of the European Union



PRESS RELEASE
Brussels, 14 December 2015

Second meeting of the Accession Conference with Serbia at Ministerial level - First two chapters opened

Brussels, 14 December 2015

The second meeting of the Accession Conference with Serbia at Ministerial level was held today in Brussels to open negotiations on Chapter 32 - Financial control and Chapter 35 - Other business: Item 1: Normalisation of relations between Serbia and Kosovo*.

Today's meeting marked the start of substantial accession negotiations with Serbia, following the opening of negotiations on 21 January 2014, and good progress achieved in the analytical examination (screening) of the EU *acquis*.

The European Union delegation was led by Mr Jean Asselborn, Minister for Foreign and European Affairs of Luxembourg, on behalf of the Luxembourg Presidency of the Council of the European Union. The European Commission was represented by Mr Johannes Hahn, Commissioner for European Neighbourhood policy and Enlargement negotiations. The Serbian delegation was led by Prime Minister Aleksandar Vučić and included First Deputy Prime Minister and Minister of Foreign Affairs, Ivica Dačić, the Minister without portfolio responsible for European integration, [Jadranka Joksimović](#) and the Minister of Finance, Dušan Vujović.

Further Accession Conferences will be planned, as appropriate, in order to take the process forward in the first half of 2016.

Chapters opened

Chapter 32 - Financial control

Regarding the opening of negotiations on Chapter 32 - Financial control, the Union has closely examined Serbia's present state of preparations. On the understanding that Serbia has to continue to make progress in the alignment with and implementation of the *acquis* in this chapters, the EU noted that there are benchmarks that need to be met for provisional closure of this chapter.

In addition, the EU underlined that it would devote particular attention to monitoring all specific issues mentioned in its common position. Monitoring of progress in the alignment with and implementation of the *acquis* will continue throughout the negotiations. The EU will, if necessary, return to this chapter at an appropriate moment.

* 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.

The main issues regarding the closing benchmarks to be met by Serbia include:

- Serbia amends its legal framework to ensure coherent PIFC legislation.
- The State Audit Institution (SAI) of Serbia complies with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI).
- Serbia ensures an effective and efficient coordination of anti-fraud activities and cooperation with the Commission to guarantee the fulfilment of future obligations arising from the relevant EU *acquis*, and,
- Serbia ratifies and implements the 1929 Geneva International Convention for the suppression of counterfeiting currency, aligns its legislation with the EU *acquis* on authentication of euro coins and on authentication of euro banknotes.

Chapter 35 - Other business: Item 1: Normalisation of relations between Serbia and Kosovo*

In view of the present state of Serbia's preparations, the EU noted that, on the understanding that Serbia, while acting in good faith, has to continue to make progress in the implementation work and make further progress in the normalisation process, Serbia can be considered to be sufficiently prepared at this stage for negotiations on this Chapter.

Serbia should ensure that it completes its part of the work on implementation of 25 August 2015 agreements, in particular on the establishment of the Association/Community of Serb majority municipalities in Kosovo as well as the other elements of the First Agreement of April 2013 (police, justice, civil protection). In addition, Serbia will complete its residual commitments under the previous Technical Agreements. Finally, Serbia should engage in reaching further agreements, furthering the normalisation in good faith, with a view to gradually lead to the comprehensive normalisation of relations between Serbia and Kosovo, in line with the negotiating framework.

The Commission and the High Representative will monitor closely and continuously Serbia's fulfilment of the first set of interim benchmarks included in the EU common position and report "at least twice yearly", on this issue, to the Council.

To take into account future developments in the Dialogue, this first set of interim benchmarks will be updated, as appropriate.

The full list of interim benchmarks is included in the EU common position [AD 12/15](#).

EU to open negotiation chapters 23, 24 with Serbia on 19 July

Prime Minister Aleksandar Vucic stated on 4 July 2016 in Paris that Serbia has been given the green light for chapters 23 [Judiciary and fundamental rights] and 24 [Justice, freedom and security], which will be opened on 19 July.

Source : <http://www.srbija.gov.rs/vesti/vest.php?id=117140>



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Serbia's EU accession: need for greater efforts

The European Commission's 2014 annual progress report on Serbia is the first since the formal start of the country's accession negotiations with the EU. The first intergovernmental conference on 21 January 2014 launched this new stage in EU-Serbia relations. Progress monitoring will be even closer from now on, while the carrying out of reforms will determine the pace of negotiations.

EU-Serbia relations enter a new phase

The latest [progress report](#) acknowledges the [start of accession negotiations](#) as a turning point for both the EU and Serbia. The analytical examination of the *acquis* currently under way is progressing smoothly. Twenty-eight chapters have been examined and screening should be completed in March 2015. Serbia continues to adequately meet the political criteria. The parliamentary elections held on 16 March 2014 [confirmed the pro-European orientation](#) of the new Serbian Government. According to the report, Serbia has proved its determination and commitment to carrying out the necessary reforms. The EU expects firm action on reforms, given the government's strong parliamentary majority. Constitutional changes will need to be made early in the new legislature to facilitate further progress in the accession negotiations. The smooth implementation of the EU-Serbia Stabilisation and Association Agreement (SAA) has also been commended.

Relations with Kosovo

The normalisation of relations with Kosovo continues to be a top priority for Serbia. After a [breakthrough agreement](#) was reached in April 2013, the bilateral talks stalled in 2014 due to elections and the formation of governments in both Belgrade and Pristina. The report takes account of the continuing progress of the talks at technical level, and recommends 'that the high-level dialogue resumes.' This is already a fact as of [9 February 2015](#). This recent renewal can be considered a success that would help Serbia close the problematic [Chapter 35](#).

Further efforts needed

Compared to other reports in the 2014 package, the tone of the Serbia report is positive overall. Yet [analysis](#) of the details on each chapter shows that reforms have slackened. The chapters flagged with 'little' or 'limited' progress, have doubled since 2013. Criticism has been the strongest on [media freedom](#), lack of transparency in media ownership, threats to journalists, and [judicial reforms](#). Whereas 'strong political impetus' to fight corruption has been noted, few practical measures have been taken. Other problematic areas highlighted include the contracting economy and high budget deficit, and the need to restore fiscal discipline and improve tax collection. Alignment with the *acquis* in the [field of energy](#) (South Stream pipeline) is also a concern, as is the lack of tolerance (despite the successful [Pride Parade in 2014](#)).

Progress on Chapter 31 (Common Foreign and Security Policy) has been deemed unsatisfactory, in view of Serbia's lack of a decisive stance on Ukraine and the sanctions against Russia. The report states that Serbia has aligned itself 'with 28 out of 45 EU declarations and Council decisions' (62% alignment compared to 89% in the reference period for 2013).

On 24 February 2015, a [motion for resolution](#) on the 2014 Progress Report on Serbia, drafted by David McAllister (EPP, Germany), [was adopted](#) by the Foreign Affairs Committee by 50 votes to 4, with 2 abstentions. The resolution commends the Serbian Government for its commitment to the European integration process and its constructive approach to relations with its neighbours. It stresses, however, that there is room for improving the inclusiveness and transparency of the accession process. Serbia is notably urged to step up its efforts to implement socio-economic reforms, to ensure the independence of its judiciary and to enhance the transparency of media ownership. The resolution calls on Serbia to align its foreign and security policy better with that of the EU and deplores the country's failure to do so in respect of the EU sanctions against Russia.

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This Indicative Strategy Paper (the Strategy Paper) sets out the priorities for EU financial assistance for the period 2014-2020 to support Serbia on its path to EU accession. It translates the political priorities, set out in the enlargement policy framework, into key areas where financial assistance is most useful to meet the accession criteria.

The Instrument for Pre-accession Assistance (IPA II)¹ is the main financial instrument to provide EU support to the beneficiaries in implementing reforms with a view to EU membership. Financial assistance under IPA II pursues the following four specific objectives:

- (a) support for political reforms, (b) support for economic, social and territorial development,
- (c) strengthening the ability of the beneficiaries listed in Annex I to fulfil the obligations stemming from Union membership by supporting progressive alignment with, implementation and adoption of, the Union acquis,
- (d) strengthening regional integration and territorial cooperation. Furthermore, the IPA II Regulation states that financial assistance shall mainly address five policy areas: a) reforms in preparation for EU membership and related institution-and capacity-building, b) socio-economic and regional development, c) employment, social policies, education, promotion of gender equality, and human resources development, d) agriculture and rural development, and e) regional and territorial cooperation.

In order to increase its impact, EU financial assistance shall be concentrated on the areas where reforms or investments are most needed to meet accession criteria and tailored to take into account the capacities of the country to meet these needs. Assistance shall be planned in a coherent and comprehensive way with a view to best meeting the four specific objectives and address, as appropriate, the thematic priorities for assistance listed in Annex II of the IPA II Regulation, as well as the thematic priorities for assistance for territorial cooperation listed in Annex III of the same Regulation.

Moreover, EU assistance is only one of the means to achieve the necessary progress. When deciding on priorities for action, due account needs to be taken of the beneficiary's own means as well as of the support provided through other EU instruments and by other stakeholders, in particular bilateral donors or International Financial Institutions. In view of the above aspects, preference shall be given to providing financial assistance under a sector approach, to ensure a more long-term, coherent and sustainable approach, allow for increased ownership, facilitate cooperation among donors, eliminate duplication of efforts and bring greater efficiency and effectiveness.

With a view to delivering on the priorities set for EU financial assistance for Serbia for the coming seven years, this Strategy Paper sets meaningful and realistic objectives, identifies the key actions and actors, describes the expected results, indicates how progress will be measured and monitored, and sets out indicative financial allocations. The priorities defined for financial assistance will serve as a basis for the (multi-) annual programming of IPA II funds in 2014 to 2020. The indicative financial allocations allow for an appropriate amount of assistance to remain available as a 'reward' on the basis of an assessment of performance and progress over a period of several years but not later than in 2017 and 2020 respectively, as defined in the IPA II Regulation.

This Strategy Paper shall be reviewed at mid-term and revised as appropriate. It may also be revised at any time upon the initiative of the European Commission.

You can find the entire IPA II report on the link below:

http://ec.europa.eu/enlargement/pdf/key_documents/2014/20140919-csp-serbia.pdf



VI The Challenges Facing Serbia

1. Corruption - still a major problem in several Western Balkan countries

2. Human Right Watch 2015

3. Media Freedom in the Western Balkans: state of play

4. Human Trafficking in Serbia

Corruption — still a major problem in several Western Balkan countries

SUMMARY

The United Nations' 2003 Convention against Corruption (UNCAC) starts by noting that corruption 'undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life and allows organized crime, terrorism and other threats to human security to flourish'. To a varying extent, all countries are susceptible to the phenomenon of corruption (EU Member States not excluded). Factors such as social and economic development, political background and culture, among others, define how deep rooted it is in a given state.

The Western Balkans (WB) is a region with a history of corrupt practices, one usually perceived as vulnerable to corruption. With the exception of Kosovo,* all countries from the Western Balkans – Albania, Bosnia and Herzegovina (BiH), the former Yugoslav Republic of Macedonia, Montenegro and Serbia – are parties to UNCAC. Without exception, they are faced with widespread corruption – one of the key challenges as regards their aspirations for European integration. They have each made different progress towards EU membership, but share similar difficulties in the fight against corruption. Notwithstanding the assistance from the EU in the framework of the enlargement process, the results they have achieved so far have similarly been assessed as limited.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.



In this briefing:

- Background to a complex issue
- International actors in the fight against corruption
- The European Union: addressing corruption
- Measuring corruption
- What are the countries from the Western Balkans doing? - Country overview
- Main references

This briefing has been produced on request of a member of the European Economic and Social Committee, in the framework of the Cooperation Agreement between the Parliament and the Committee.

Background to a complex issue

In its 2003 Communication '[On a comprehensive EU policy against corruption](#)', the European Commission defines corruption as 'an abuse of power for private gain'. Corruption can take many forms (bribery, nepotism, fraud or embezzlement, for example) and can occur at different levels: 'grand'/political corruption (impacting the legislative process and policy-makers) and 'petty'/administrative corruption

(affecting civil servants and individual citizens). Economic corruption is also an important form of corruption, affecting the business and investment environment.

Corruption in the WB is perceived as '[far from being transitory](#)' and closer to the norm, than the exception, according to Roberto Belloni and Francesco Strazzari. Despite the efforts of the region's governments to curb it by adopting legislation, it persists, and penetrates all layers of public and private life. A 2011 United Nations Office on Drugs and Crime (UNODC) [report](#) concludes that it is seen as one of the main causes hindering the region's socio-economic development, as well as its EU accession process. Results from the same report show that people place corruption among the top three problems facing their countries. A 2014 [Clingendael report](#) describes the WB as a region 'that has lost itself in crime and corruption'. Apart from deeper historical reasons, researchers argue that one specific reason for this may be its relatively recent dual transition: from war to peace, on the one hand, and from communism to democracy, on the other. The Clingendael report identifies three factors that favor corruption: history, geography and ethnicity/religion. It describes inadequate legislation, the weak rule of law and the lack of a strong civil society as a legacy of communism. According to this report, the geographical position on transit routes and the closely knit network of ethnic communities favor trafficking and smuggling (activities with high profit margins, creating a niche for corrupt practices).

International actors in the fight against corruption

Corruption has become a global concern in recent decades. The United Nations (UN), the Organization for Economic Co-operation and Development (OECD), the Council of Europe (CoE), the EU, as well as NGOs such as Transparency International (TI), are among the most prominent international actors to address corruption on a global level. The CoE's Group of States against Corruption ([GRECO](#)), set up in 1999, monitors compliance with anti-corruption standards. Its evaluation reports and the OECD's monitoring can be regarded as key tools for assessing countries' progress in this area.

Some of the key international anti-corruption instruments are:

- 1997 [UN Declaration against Corruption and Bribery in International Commercial Transactions](#)
- 1997 [OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions](#)
- 1997 [CoE Twenty Guiding Principles to Fighting Corruption](#)
- 1999 [CoE Criminal Law Convention Against Corruption](#)
- 1999 [CoE Civil Law Convention Against Corruption](#)
- 2003 [UN Convention against Corruption](#)

Under the EU's 2003 'Ten principles for improving the fight against corruption in acceding, candidate and other third countries', current and future EU Members are required to fully align with the EU acquis and ratify and implement all main international anti-corruption instruments they are party to. The WB states are party to all of the above instruments, except the OECD's Anti-Bribery Convention.

The European Union: addressing corruption

EU anti-corruption framework: milestones

The EU has repeatedly taken measures to fight corruption in its many forms. Some of the most important documents candidate countries have to comply with include:

- **2003:** Communication '[On a comprehensive EU policy against corruption](#)'
- **2006:** '[Action Oriented Paper on Improving Cooperation, on Organised Crime, Corruption, Illegal Immigration and Counter-terrorism, between the EU, Western Balkans and relevant ENP countries](#)', in which the Council invited the WB countries to develop and implement national anti-corruption action

plans and create independent bodies for the prevention, investigation and prosecution of corruption

- **2010:** European Parliament's [Anti-Corruption Declaration](#)
- **2011:** Commission's [Anti-Corruption Package](#)
- **2011:** Commission's [report on the modalities of EU participation in the Council of Europe GRECO](#)
- **2014:** Commission's (first) [Anti-Corruption Report](#)

Financial support

To support anti-corruption measures in the WB, the EU provides pre-accession assistance under various programmes and projects. This started under the Community Assistance for Reconstruction, Development and Stabilisation ([CARDS](#)) programme, from 2000 to 2006. Financial and technical help continued under the Instrument for Pre-accession Assistance ([IPA](#)). For the 2007-13 period, IPA had a budget of some €11.5 billion; its successor, IPA II has €11.7 billion for the 2014-20 period. Indicative Strategy Papers (2014–20) are in place for all the beneficiaries from the Western Balkans: [Albania](#), [BiH](#), [former Yugoslav Republic of Macedonia](#), [Kosovo](#), [Montenegro](#), and [Serbia](#).

Some data on funds spent can be found in a [2013 European Parliament Report](#):

Table 1 – Pre-accession assistance in the Western Balkan countries in the area of the fight against corruption covering PHARE, CARDS and IPA projects

Country	Total EU pre-accession	Payments as of 31/12/12	Number of	Status of projects		
				to be	ongoing	complete
Albania	3 500 000.00	3 184 112.00	2	0	1	1
Bosnia and Herzegovina	4 553 791.00	1 878 730.36	16	1	9	6
Croatia	9 684 397.12	3 753 821.95	9	2	2	5
former Yugoslav Republic of Macedonia	14 647 000.00	1 182 000.00	5	3	0	2
Kosovo	6 500 000.00	1 394 670.10	4	2	1	1
Montenegro	6 391 722.00	2 690 106.00	5	1	2	2
Serbia	3 383 317.64	1 976 567.16	4	1	2	1
Total	55 160 227.76	16 060 007.57	45	10	17	18

EU conditionality: lessons learnt

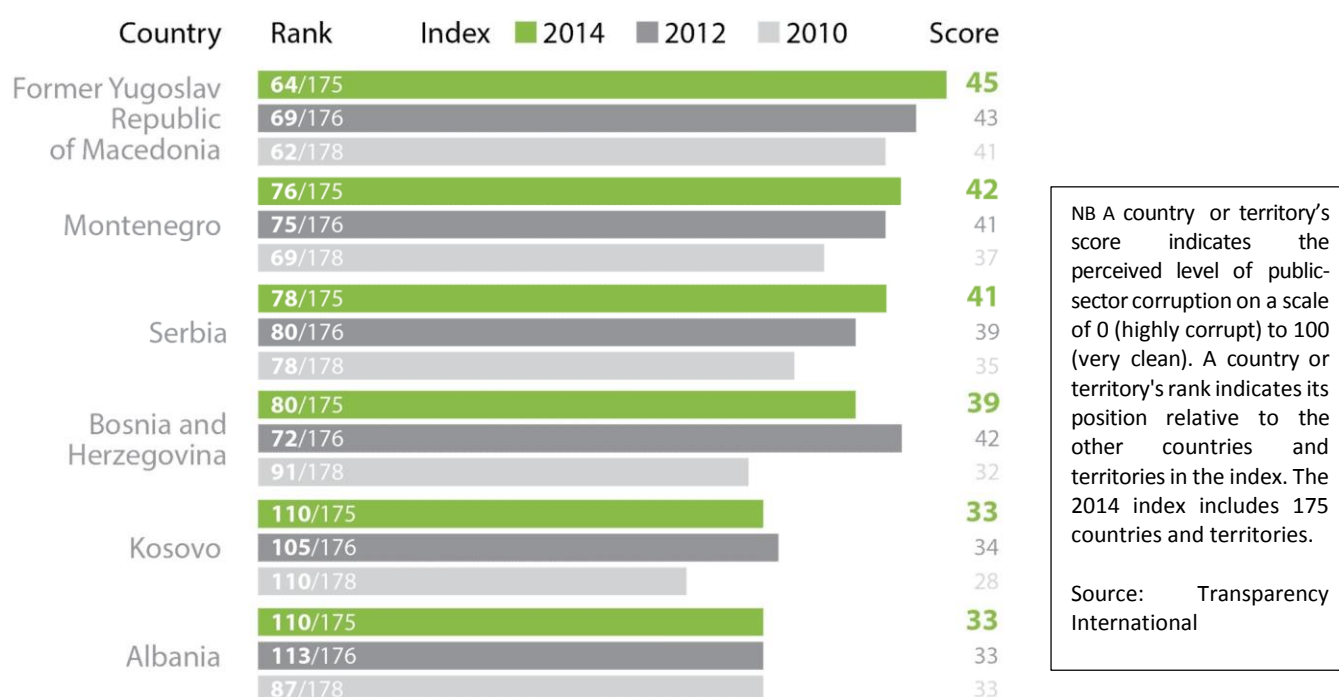
The EU plays an active role in the fight against corruption through its membership conditions, applied in the enlargement process. It uses them to ensure that aspiring member states reform their policies in line with EU norms. Previous experience (Bulgaria and Romania) made the EU reflect on conditionality's effectiveness before and after accession, and showed that 'backsliding' is possible at a later stage. The case of Croatia showed that judicial reform takes time and should start as early as possible.

Although the 1993 'Copenhagen criteria' remain the basis for accession, the 'lessons learnt' had an impact upon the conditions applied to Balkan countries. The criteria for 'good governance', namely the rule of law, an independent judiciary, media freedom, and anti-corruption measures, have gained importance. This led to the requirement to 'front-load' the rule of law chapters – chapter 23 (judiciary and fundamental rights) and chapter 24 (justice, freedom and security) – in the negotiation process with the Western Balkans. Montenegro is the pioneer: it opened these two chapters early, while they are expected to be the last to be closed.

Measuring corruption

To evaluate the dimensions of a so-called 'victimless crime', can be hard. Different mechanisms are in place, e.g. GRECO's evaluations, the OECD Working Group on Bribery's assessments, the World Bank's Control of Corruption index, TI's Global Corruption Barometer. TI's Corruption Perception Index (CPI), based on experts' perceptions about the level of corruption in the public sector, is another widely used ranking. According to it, all WB countries have a high corruption score (figure 1) and while ratings have improved slightly in some of them, the region as a whole remains among those with the poorest ratings in Europe.

Figure 1 – Corruption Perception Index scores for Western Balkan countries, 2010-14



What are the Western Balkans doing: country overview

Albania, the former Yugoslav Republic of Macedonia, Montenegro and Serbia have candidate status for EU membership, and Montenegro and Serbia started their accession negotiations in 2012 and 2014, respectively. BiH and Kosovo are lagging behind. BiH expects the entry into force of its Stabilisation and Association Agreement (SAA) with the EU in June 2015, while Kosovo expects to sign its SAA later in 2015. All are committed to their EU future and to bringing their national legislation into line with the *acquis communautaire*, but the progress achieved in fulfilling the political and economic criteria is uneven. In its 2014 progress reports, the Commission stresses that corruption (along with limitations on press freedom, organised crime, dysfunctional institutions, among others) is undermining EU membership prospects. The six reports reveal recurrent issues: they indicate 'little progress in advancing reforms to reduce corruption', low or 'no track record of convictions' on corruption cases, and 'an early stage in the fight against corruption'. A common requirement is the adoption of an appropriate legal framework (on whistle-blower protection, rights to access information, asset declarations, a sound penal code, etc.) and a national action plan for the fight against corruption. Effective anti-corruption agencies and strategies, measures for prevention and raising awareness, addressing conflicts of interest, among others, are actions the EU seeks for countering corruption.

The 2014 progress reports on corruption:

- 'fighting corruption and organised crime are significant challenges'
- 'many shortcomings remain'
- 'corruption is prevalent in many areas'
- 'corruption remains a major concern'
- low or 'no track record of convictions'

Albania

Albania, along with Kosovo, ranks as the most corrupt in the WB (see figure 1). Its citizens perceive corruption the [second most important problem](#) after unemployment. The [2014 progress report](#) and the Commission's June 2014 [report on Albania's progress in the fight against corruption and organised crime and in the judicial reform](#) show political will exists, but also a need to step up anti-corruption efforts. The Government has taken an all-encompassing approach to the issue, including a wide range of institutions. In May 2014, a [Roadmap on](#)

[the key priorities](#) (five altogether) was adopted, fighting corruption being [one of them](#). On 20 March 2015, Albania approved the National Strategy on Anti-Corruption 2014-20 (built on three pillars: prevention, conviction and raising awareness) and the 2015-17 Action Plan. An EU project on the Anti-corruption Assessment Framework in Albania (ACFA) was carried out from April 2014 to January 2015, analysing the current set up of Albanian institutions working in the area. A positive step is the appointment of a National Anti-Corruption Coordinator and setting up a network of anti-corruption focal points in all line ministries. In early 2015, the Government deployed a [single portal](#) for denouncing corruption cases. Other developments include the establishment of an Anti-Corruption Unit in the Serious Crimes Prosecutor's Office (September 2014), adopting amendments to the public procurement law (December 2014), revision of the Criminal Procedure Code (first draft expected in June 2015) and drafting the Whistle-blowers Protection Act (expected in June 2015). The seizure or confiscation of illicit assets deriving from corruption offences was made legally possible and the number of corruption cases referred for prosecution by the State Police has increased. In March 2015, the Ministry of European Integration published a [report](#), reflecting all these and more recent developments related to the five key priorities. To tackle its '[biggest challenge for integration](#)', Albania still has a lot of work to do, including in-depth judicial reform and building a solid track record of investigations, prosecutions and final convictions in corruption cases.

Bosnia and Herzegovina

A [UNODC report](#) shows corruption as [the fourth most important problem](#) for BiH, after unemployment, the performance of the Government and poverty. The [2014 Commission progress report](#) notes acute corruption in the entire public sector, especially as regards service delivery and access to employment. Political patronage networks are widespread and influence all levels of government. The 2014 citizens' protests revealed the need for visible reforms with real impact. Consequently, the EU [expanded](#) its [Structured Dialogue on Justice](#) with BiH to additional 'rule of law' matters, including the fight against corruption. On the positive side, at entity level, Republika Srpska adopted a new strategy for the fight against corruption and an action plan for the 2013-17 period. Under the [roadmap](#) for EU visa liberalisation, BiH adopted a 2009-14 Anti-Corruption Strategy, and in 2010 established an Agency for Corruption Prevention and Coordination of the Fight against Corruption. The [recent adoption](#) of the Whistle-blower Protection Act is also a step forward in preventing corruption. The 2014 '[Compact for Growth and Jobs](#)' also identifies corruption as an obstacle to BiH's economic development and calls for adherence to the rule of law. Overall, the legal framework is largely in place. However, implementation is seen as inconsistent and ineffective, and a lack of political will for reform is noted. Because of BiH's state structure, separate judicial systems, overlapping responsibilities and difficult coordination are issues affecting the judiciary. A signatory to most major international treaties to fight corruption, BiH's compliance with GRECO's recommendations was assessed as 'globally unsatisfactory' in GRECO's [third 2014 evaluation report](#).

The Former Yugoslav Republic of Macedonia

The 2014 Commission progress report and GRECO's fourth evaluation report on corruption prevention in relation to members of parliament, judges and prosecutors acknowledge that the country has a well-developed legal anti-corruption framework. The State Commission for the Prevention of Corruption, established in 2002, is the main guardian of primary anti-corruption laws (on the prevention of corruption and conflicts of Interest and on free access to public information). As part of the government's ongoing anti-corruption measures, amendments were made to the Criminal code and the Electoral Code (to address comments by OSCE/ODIHR on election campaigns financing). The Law on Management of Confiscated Assets was extended in scope and the Ministry of Interior's Anti-Corruption Unit was upgraded to the 'Sector for the Fight against Corruption'. Corruption, however, persists and despite the formal measures taken, enforcement of legislation and the results remain 'largely invisible to the public'. Reforms of the judiciary – perceived as the most corrupt sector in the country – are needed, as well as strengthening the independence of several other public institutions, such as the State Audit Office, the Media Regulatory Body, the Public Broadcasting Service, the Ombudsman Office, the Public Prosecutor, the Anti-Corruption Commission, the State Electoral Commission, and the Commission for Protection from Discrimination. A drop in convictions

for corruption-related offences has also been noted, and the overall capacity of the courts to deal with corruption is assessed as weak. Political party and election-campaign funding are seen as insufficiently addressed. The implementation of the Law on Free Access to Public Information needs to be improved. Capacity building and raising citizens' awareness remain on the agenda. The fight against corruption is further hampered by the limited freedom of expression and the latest wire-tapping scandal, showing alleged corruption in the government.

Kosovo

Kosovars rank corruption as the most important problem after unemployment, and addressing it remains a top priority. As in neighboring countries, the legal, policy and institutional frameworks are in place. A package of laws (on declaration of assets, conflicts of interest, whistle-blower protection, public procurement and the financing of political parties) has been adopted. The existing institutional structure includes Kosovo's Anti-Corruption Agency (KAA), functional since 2007; Kosovo's National Anti-Corruption Council, chaired by the President (a consultative coordination body); the Special Prosecutors Office of Kosovo, established in 2010, and the office of the National Coordinator on Combating Economic Crime within the Kosovo Prosecutorial Council, established in January 2014. The policy framework consists of the Anti-Corruption Strategy 2013-17 and its respective Action Plan, structured around seven priority areas and 31 different objectives. To date their implementation remains low, according to available KAA monitoring reports. The 2014 Commission progress report indicates the country is still at an early stage in the fight against corruption and has 'no track record' of convictions on corruption cases. Corruption is problematic in many areas, including public procurement, and national institutions need to build their capacities to take on high profile cases from the EU Rule of Law Mission in Kosovo (EULEX).

Montenegro

Montenegro has a better CPI rank and is the only country to have opened negotiations on chapters 23 and 24, with reforms of the legal and institutional framework against corruption the focus. The existing anti-corruption bodies include the Directorate for Anti-Corruption Initiative, the State Audit Institution, the Commission for Control of Public Procurement Procedure, the Public Prosecution Office, the High Court and the Commission for Prevention of Conflict of Interest. A National Commission was set up to monitor the implementation of the 2010-14 Strategy on Anti-Corruption and Organised Crime. Creating a new independent Anti-Corruption Agency is expected to improve the capacity of these institutions. It is included in the November 2014 Bill on Prevention of Corruption, the adoption of which is one of five priority measures in the context of the EU negotiation process. Civil society organisations have participated actively in providing support throughout the legislative process, particularly MANS (the Network for Affirmation of the NGO Sector). Throughout 2014, it monitored implementation of the fight against corruption and organized crime and work on chapters 23 and 24. Nevertheless, corruption is present and the 2014 progress report points to 'limited' results. The current pace in fulfilling the EU's conditions, especially with regard to anti-corruption policies, may lead to a slowdown in the integration process. The report draws attention to political party financing and the misuse of public office and public funds during elections. This is also stressed as problematic in the 2014 GRECO evaluation report, although the overall assessment is that Montenegro has dealt 'in a satisfactory manner' with 12 of the 14 recommendations of the previous report. It has yet to develop a solid track record of investigation, prosecution and final conviction in corruption (high-level) cases and the systematic use of the power to seize and confiscate assets. To keep its pioneer position, the country is to pursue lasting reforms, effective implementation and broader impact of its anti-corruption measures.

Serbia

The 2014 Serbian Government declared anti-corruption measures one of its priorities and recently presented action plans for chapters 23 and 24, in the hope of opening negotiations on them soon. The 2014 Commission progress report notes a 'strong political impetus to fight corruption'. Serbia's new National Anti-Corruption Strategy for the 2013-18 period, accompanied by an Action Plan with specific measures and activities, aims to address issues that remained unresolved from its previous 2005 strategy. One of the

objectives is establishing good governance in public affairs management, based on transparency, clear procedures and responsibilities of the relevant institutions. Extending and detailing the competences of the Anti-Corruption Agency, so that it can better address issues of conflict of interests, verification of accuracy and completeness of assets and income declarations, are other pending tasks.

A comprehensive regulation of the protection of whistle-blowers was long delayed. The recently adopted Whistle-blowers Protection Act (in force in June 2015), is a step forward. Another attempt to limit the

Regional initiative to fight corruption

Initiated in 2000 as the 'Stability Pact Anti-Corruption Initiative (SPAI)', renamed in 2007 '[Regional Anti-Corruption Initiative \(RAI\)](#)', this regional organisation unites nine countries in their efforts to curb corruption in south-eastern Europe (only Kosovo is not a member). RAI currently maintains the [Integrity Experts Network](#), dealing with conflicts of interest and declaration of assets. Together with UNODC it participated in the implementation of two CARDS projects: 'Assessment of corruption and crime in the Western Balkans' and 'Development of monitoring instruments for judicial and law enforcement institutions in the Western Balkans'.

opportunities for corruption and create a better business environment is the passing of the Law on Inspections Oversight. Despite these examples, the implementation of the national strategy has yet to match the strong political impetus. Future areas for improvement include involving stakeholders in reforms, developing a solid track record of investigation, prosecution and conviction, and getting final convictions in high-level corruption cases – 'rare' at present.

Both elusive and pervasive, corruption has a grip on the region. To combat it remains one of the most important tasks for the governments of the Western Balkans. The EP has regularly urged the countries from the WB region to step up their efforts in the fight against corruption. This message was confirmed in Parliament's recent resolutions on the 2014 progress reports, adopted during the March and April 2015 plenary sessions.

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VI The Challenges Facing Serbia

1. Corruption - still a major problem in several Western Balkan countries

2. Human Right Watch 2015

3. Media Freedom in the Western Balkans: state of play

4. Human Trafficking in Serbia

There was limited progress in human rights protection in Serbia in 2014. War crimes prosecutions are slow and lack political support. The Roma minority continue to face attacks and harassment. The situation for journalists remains precarious, including attacks, threats, and lawsuits for reporting on sensitive issues. Hostility towards members of the lesbian, gay, bisexual, and transgender (LGBT) community continued and included threats and attacks.

Accountability for War Crimes

War crimes prosecutions progressed slowly in 2014 due to a lack of political support, resources, and staff at the Office of the War Crimes Prosecutor. Few high-ranking former military and civilian personnel have been prosecuted for war crimes. During the year, the War Crimes Chamber reached judgments in six cases, including two appeals. The Office of War Crimes Prosecutor indicted five people for crimes against civilians, including former Yugoslav Army General Dragan Zivanovic for war crimes in Kosovo in 1999. At time of writing, 6 trials were ongoing, indictments had been issued in 16 cases awaiting trial, and 20 cases were under investigation. In February, the chamber sentenced nine former members of the Yugoslav Army to a total of 106 years of imprisonment for the killing of over 120 Albanian civilians in Kosovo in 1999. Also in February, the chamber sentenced Djuro Tadic to 10 years for participating in the killings by Bosnian Serb forces of 18 people, including a 13-year-old girl, in northwestern Bosnia and Herzegovina (BiH) in September 1992. Two co-defendants were sentenced to 11 and 10 years respectively.

At time of writing, the February 2013 war crimes protocol signed between BiH, Serbia, Croatia and Montenegro that details information sharing and cooperation, had not led to new prosecutions or convictions derived from case transfers.

In February 2014, a first instance court in Belgrade dismissed 12 Croatian ex-prisoners' civil lawsuits against Serbia for torture in detention in 1991 on the grounds the claim was time-barred and there were no criminal convictions for the alleged abuse on which to base the civil claims.

In January, the International Criminal Tribunal for the Former Yugoslavia (ICTY) appeals chamber upheld the crimes against humanity conviction of former Serbian Assistant Minister of Interior Vlastimir Djordjevic for the murder, persecution, and forced deportation of Kosovo Albanians in 1999, but reduced his sentence from 27 to 18 years.

Also in January, the ICTY appeals chamber upheld its guilty verdict against former Yugoslav Deputy Minister Nikola Sainovic, former Yugoslav Army Generals Nebojsa Pavkovic and Vladimir Lazarevic, and former Serbian Police General Sreten Lukic for murder, deportation, and inhumane treatment of Kosovo Albanians in 1999. In doing so, a majority of the judges rejected the reasoning in the 2014 ICTY appeals chamber judgment in the Perisic case that an accused must have "specifically directed" assistance to commit crimes to be guilty of aiding and abetting.

Freedom of Media

Journalists continued to face threats, harassment, intimidation, and political and other interference. Between January and August, the International Journalist Association in Serbia reported five assaults on journalists, three direct threats, and 12 cases of political and other pressure.

In early July, FoNet News Agency Editor Davor Pasalic was severely beaten by three unknown assailants who demanded money and called him a Croatian fascist. Police were investigating at time of writing.

In May, online news sites Druga Strana and Teleprompter suffered cyber-attacks that temporarily shut down their websites, which had reported on the mismanagement and inefficiency of Serbian state institutions during severe flooding that the country experienced earlier the same month. The perpetrators of the cyber-attacks remain unknown. Srdjan Skoro, a former editor at the daily *Vecernje Novosti*, was dismissed from his post in May after speaking critically about the government's handling of the floods in a Radio Television Serbia broadcast.

The government commission established in 2013 to investigate the murders of three prominent journalists more than a decade earlier made progress in only one case, resulting in four people being charged. The seven-member commission is tasked with analyzing all prior investigations, ascertaining why they failed, and gathering evidence to assist future criminal investigations.

Treatment of Minorities

Attacks and harassment against the Roma minority continued.

In February, a group of non-Roma attacked members of a Romani nongovernmental organization (NGO) in Novi Sad, northern Serbia. The Roma managed to escape into their office and called police for help, who refused to assist, according to the European Roma Rights Centre (ERRC). In March, four members of the NGO were brutally beaten by two non-Roma carrying sticks. One Roma man received serious head injuries and two others suffered lighter head injuries. Police were investigating at time of writing.

In April, around 15 men threw Molotov cocktails at a Romani Protestant church in the village of Bosnajce in southern Serbia, setting fire to the room where church ceremonies are held. Nobody was injured. According to the ERRC, three people were convicted in April in connection with the attack and sentenced to 30 days in prison.

Sexual Orientation and Gender Identity

LGBT people continue to face intolerance, harassment, and in at least one case, physical violence.

In September, a 27-year-old German LGBT activist was brutally beaten by a group of men and suffered serious injuries that required hospitalization. Police arrested three suspects. In April, the Gay-Straight Alliance received repeated emails calling for the murder of LGBT people and cleansing of LGBT organizations in Serbia. Three weeks prior, Gay-Straight Alliance members received death threats over the phone. A local LGBT group reported that the police had failed to identify the perpetrators.

In February, the Commissioner for Equality Nevena Petrusic issued an opinion that held that the Belgrade Bosko Buha theatre discriminated against a gay magazine by refusing to allow it to have information about one of its shows for publication. .

The May Belgrade Pride March, which had been cancelled for three consecutive years due to alleged security reasons, was held in late September amid heavy police security and was attended by 1,000-1,500 people, including three Serbian ministers, the European Union representative in Serbia, and several foreign diplomats. No violence against LGBT supporters was reported.

Asylum Seekers and Displaced Persons

In the first eight months of 2014, Serbia registered 6,974 asylum seekers, a significant increase from 2,567 during the same period in 2013. Syrians comprised the largest national group (3,696 people).

In 2014, three new reception centers opened in Serbia, adding to the existing two. For the first time since it assumed responsibility for the asylum procedure in 2008, the Asylum Office granted refugee status to one asylum seeker and subsidiary protection to three others. But its asylum procedures remain inadequate with thousands of pending claims.

By September, there were 96 unaccompanied migrant children registered in Serbia. According to the United Nations High Commissioner for Refugees (UNHCR), there are no formal age assessment procedures for unaccompanied migrant children, putting them at risk of being treated as adults and not receiving special protection. Guardians appointed to represent the interest of unaccompanied children are not sufficiently trained to accommodate their needs and rarely visit them after first contact.

Serbian authorities made little progress towards finding a durable solution for refugees and internally displaced persons (IDPs) from the Balkan wars living in Serbia. According to data from UNHCR, as of July there were 44,251 refugees in Serbia, most from Croatia, and as of September 204,049 IDPs, a majority of whom are from Kosovo.

Key International Actors

In April, Catherine Ashton, EU high representative for foreign and security policy, commended the new Serbian government's commitment to fight corruption and establish law and order, but failed to emphasize Serbia's human rights obligations.

EU Enlargement Commissioner Stefan Fule in May praised Serbia's progress towards EU membership and emphasized the need to strengthen rule of law, but did not mention Serbia's human rights record.

The European Commission's October progress report on Serbia stressed the need to enhance the constitutional and legal framework to ensure an effective independent judiciary, and expressed concerns about freedom of expression, including continued threats and violence against journalists. The report also noted the limited number of war crimes investigations by Serbian authorities against high-level officers in domestic war crimes and lenient sentences handed down by Serbian courts in such cases.

The United States State Department 2013 human rights report on Serbia highlighted discrimination and attacks against minorities, especially Roma, and harassment of journalists as the most serious human rights issues during the year.

In May, Organization for Security and Co-operation in Europe (OSCE) representative on media freedom, Dunja Mijatovic, expressed concern about online censorship in Serbia, citing cyber-attacks on websites that report critically on the government's response to the flooding crisis.

Kosovo

The European Union and Kosovo government reached a landmark agreement in 2014 to establish a special court outside Kosovo to try crimes committed by former members of the Kosovo Liberation Army (KLA) during and after the 1998-1999 Kosovo war.

The continued failure to form a government after April elections and the crisis over the role of the Constitutional Court further weakened human rights protection. The justice system continued to be overburdened and international judges in Kosovo claimed widespread corruption among judges and prosecutors. Journalists and members of the lesbian, gay, bisexual and transsexual (LGBT) community continued to face threats and harassment. Inter-ethnic tensions flared mid-year and Roma, Ashkali, and Egyptian communities remained vulnerable to discrimination and social exclusion. Parliament changed an existing law to offer support to wartime rape victims.

Impunity, Accountability, Access to Justice

In April, the Kosovo parliament approved the establishment of a special court located outside Kosovo and presided over by international judges to adjudicate criminal prosecutions arising from the work of the European Union Special Task Force established in 2011 to investigate serious abuses during and after the Kosovo war. The Special Task Force based its work on findings of a 2010 Council of Europe report. The court will be based in the Netherlands and is expected to become operational once the Kosovo Assembly adopts necessary legislative changes.

Based on the decisions of European Union member states, the EU Rule of Law Mission (EULEX) mandate, although extended in April until June 2016, was significantly scaled back in June as a result of the transfer of some responsibilities to the local judiciary and prosecutorial branch. International EULEX judges, in a January letter to the head of the EULEX Executive Division, outlined their concerns with the downsizing of the mission, stating that the local judiciary was not fully equipped to handle sensitive and complex cases and that EULEX prosecutors should continue to prosecute war crimes, organized crime, and serious corruption cases.

Despite progress in recent years, the justice system in Kosovo remains weak, with inadequate security for judges, court staff, prosecutors, plaintiffs, and witnesses. This results in few prosecutions for serious crimes, such as organized crime and corruption.

In July, the EU Special Task Force published its findings and stated former senior KLA officials will face charges for crimes against humanity and other abuses committed after the 1998-1999 war.

As a result of an EULEX appeal to the 2013 November acquittal, the Kosovo Appeal's Court in September reopened the case against former KLA commander, Fatmir Limaj, and nine co-defendants suspected of abusing prisoners at the Klecka detention center in 1998-1999. Two EULEX judges and one Kosovar judge will oversee the proceedings. The case illustrates weakness in Kosovo's witness protection program: in the initial proceedings in 2012, testimony by the key witness, who was found dead in a park in Germany in December 2012 in what police called a suicide, was first ruled inadmissible, and on retrial, contradictory and unreliable. In May, a first instance court in Mitrovica acquitted former KLA Commander Sylejman Selimi and three co-defendants of war crimes committed during the 1998-1999 conflict in a case concerning repeated assaults of

two ethnic Albanian women held at the KLA detention center in Likovac. The court said the evidence was too weak and too much time had elapsed since the alleged abuse took place.

The trial of Kosovo Serb politician Oliver Ivanovic and other former Serb paramilitaries officials started in August. Ivanovic is suspected of war crimes by ordering the murder of four ethnic Albanians in Mitrovica in 1999 during the NATO bombing. He and three co-defendants are further charged with inciting others to commit murder during the February 2000 violence in Mitrovica where 10 ethnic Albanians were killed, 25 wounded, and more than 11,000 forced from their homes after being attacked by ethnic Serbs several months after the end of the war.

Between January and August, EULEX reported that two war crimes judgments had been issued by mixed panels of judges, one at the Basic Court and one at the Court of Appeals. A panel of EULEX judges also issued one judgment during 2014. At time of writing, there were 160 pending war crimes cases, of which 128 cases are with EULEX Special Prosecution Office prosecutors and 32 with Kosovo Special Prosecution Office prosecutors. In November, the High Representative of the European Union for Foreign Affairs and Security Policy Federica Mogherini appointed an independent expert to review a EULEX internal investigation into alleged corruption in the mission. A EULEX prosecutor has alleged the mission failed to investigate her complaints about the matter and instead targeted her. The same month, EU Ombudsman Emily O'Reilly opened an inquiry into the EU's handling of the corruption allegations.

The Human Rights Review Panel, an independent body set up in 2009 to review allegations of human rights violations by EULEX staff, handed down three decisions between January and September, including that EULEX had violated a complainant's right to effective remedy in a case where a EULEX police officer attacked the complainant, who then could not work for several months.

The Human Rights Advisory Panel, an independent body set up in 2006 to examine complaints committed by or attributable to the United Nations Interim Administration in Kosovo (UNMIK), found violations in 59 out of 60 cases addressed between January and August.

In March, the Kosovo Assembly adopted legislation that recognized survivors of conflict-related sexual violence and abuse as veterans.

Treatment of Minorities

Roma, Ashkali, and Egyptian communities continued to face problems obtaining personal documents, which hamper their access to health care, social assistance, and education.

The continued failure to implement the 2010 Strategy and Action Plan for the Integration of Roma, Ashkali, and Egyptian communities stems from a lack of political will, funds, and cooperation between central and municipal authorities and between government and civil society.

A new strategy for reintegrating repatriated persons—including Roma, Ashkali and Egyptians—for 2014-2018 replaced the old 2010 strategy, improving the situation slightly for returnees in 2014.

Municipal Committees for Return were established dealing with assistance to returnees, mainly food and accommodation. Repatriated persons still face difficulties accessing employment, education, and health services and, as a result, more than 1,200 Roma, Ashkali, and Egyptians left Kosovo in 2014, according to Balkan Sunflowers, a local nongovernmental organization.

Inter-ethnic tensions in the north flared up in June, when a protest organized by Albanians from south Mitrovica sparked violence. Protesters clashed with Kosovo police and several people were injured and vehicles burned. In January, the Serb municipal councillor for north Mitrovica, Dimitrije Janicijevic, was shot dead outside his home. Police were investigating his murder at time of writing.

Between January and August, Kosovo Police Services reported three inter-ethnic incidents, without specifying their nature.

Asylum Seekers and Displaced Persons

During the first 10 months of the year, the United Nations High Commissioner for Refugees (UNHCR) registered 440 voluntary returns, including people from outside Kosovo and internally displaced persons, compared to 465 during the same period in 2013.

Deportations from Western Europe to Kosovo continued, with improved but limited assistance upon return. Between January and August, the Ministry of Interior registered 2,109 forced returns to Kosovo, including 261 Roma, 95 Ashkali, and 19 Egyptians. Most were returned were from Germany (341) and Switzerland (258).

Freedom of Media

Journalists continued to face attacks and threats during 2014, particularly those reporting on radical Muslim groups. In September, Visar Duriqi, a journalist at the *GazetaExpress* newspaper who had reported on political Islam, received death threats, including of beheading, when a radical Islamist group accused him of apostasy. Artan Haraqija, a journalist at IndeksOnline news site, who worked on a joint report with Duriqi about radical Muslim groups operating in Kosovo, received death threats after he appeared on the KTV show “Rubikon” in September. Police were investigating both incidents at time of writing.

In September, the ombudsperson condemned threats against journalists and called on media, prosecutors, and police to act within the full scope of their mandates and not use methods that violate people’s privacy and dignity.

Sexual Orientation and Gender Identity

According to QESH, the only public LGBT organization in Kosovo, the LGBT community faced physical attacks and threats during the year, particularly via social and online media and on radio. According to QESH, in August, three men assaulted a gay man in Prizren. In June, a transsexual 17 year old in Pristina was verbally abused and threatened by three other boys his age, and in April, an 18-year-old gay man was verbally abused by his schoolteacher.

Key International Actors

In January, the Organization for Security and Co-operation in Europe (OSCE) called on Kosovo authorities to establish exactly how many forcibly returned asylum seekers were still in Kosovo and, in particular, identify members of communities UNHCR considers to be “at risk” and in need of international protection, including Serbs, Roma, Ashkali, and Egyptian communities.

EU High Representative Catherine Ashton in April welcomed the extension of EULEX’s mandate and the establishment of a specialist court to adjudicate abuses during and after the 1998-1999 Kosovo war.

The EU progress report on Kosovo highlighted shortcomings with rule of law, including judicial independence, stressed that witness intimidation remains a serious concern, and noted limited results in the fight against corruption and organized crime. The report called for the strengthening of the ombudsperson’s institution, the adoption of anti-discrimination legislation, and for human rights issues to be put higher on the political agenda, such as the implementation of the action plan for integrating Roma, Ashkali, and Egyptian communities.

UN Secretary-General Ban Ki-Moon in a May report stated that strengthening rule of law institutions remains a long-term challenge and called on authorities to improve their performance in this area.

In September, OSCE Representative on Freedom of Media Dunja Mijatovic condemned death threats and attacks against journalists in Kosovo and called on authorities to bring perpetrators to justice.

The Council of Europe Venice Commission in March published its opinion on an amendment of the Law on Freedom of Religion in Kosovo, outlining the need for a number of improvements, including expanding the list of religious communities that “constitute the historical, cultural and social heritage of the country” from five groups to include all other established religious groups.

Source : <https://www.hrw.org/world-report/2015/country-chapters/serbia/kosovo>



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SUMMARY

Each of the Western Balkan countries – Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo, Montenegro and Serbia – is at a different stage of the EU accession process. However, partly as a result of a common recent history, they face similar challenges in the area of media freedom, such as transition from the old regime and the Yugoslav wars, the global economic crisis, rule-of-law deficiencies, and widespread corruption. These factors directly influence the situation of media in the region and add to its complexity.

Solving media issues and transforming media institutions require long-term engagement, and largely depend on the domestic context and the countries' overall democratic consolidation. However, the EU is also committed to providing legal and financial support to enlargement countries, and to regularly monitoring how the media situation impacts on their overall readiness to join the EU.

- State of media freedom in the Western Balkans
- Media freedom indices and media landscape by country
- Media freedom in the context of EU enlargement
- The role of the EU: support and monitoring
- European Commission's 2015 reports on the media environment
- Main references



Freedom of expression and information as human rights

The [Universal Declaration of Human Rights](#) (Art. 19) and the [UN International Covenant on Civil and Political Rights](#) (Art. 19) establish freedom of expression and information as human rights. Article 10 of the [European Convention on Human Rights](#) guarantees freedom of expression. The EU sees media freedom as a fundamental right. Article 11 of the [Charter of Fundamental Rights of the European Union](#) provides for freedom of expression and information, and freedom and pluralism of the media. The Lisbon Treaty – in particular Article 6(1) TEU – gives the Charter legally binding effect as of 1 December 2009.

State of media freedom in the Western Balkans

The development of a free media has either come to a halt or is in reverse across the Western Balkan region. Although each country has a specific media landscape, the region as a whole is characterised by similar challenges and deficiencies. These can be attributed in part to a common recent history, such as the transition from the old regime and the Yugoslav wars. The need for nation-building and the lack of political commitment and tradition in terms of media freedom (media was previously controlled by the state) are seen as pervasive across the region. The complex ethnic composition in some of the countries also affects the media sphere, being reflected in ethnically-biased reporting and tensions. More recent issues such as the economic crisis, rule-of-law deficiencies and widespread corruption are factors that also directly influence the situation of media, and add to its complexity.

Media independence: a long-term goal for the region, challenged by systemic issues Recent reports on media freedom by regional and international organisations point to deep-rooted issues, mostly considered to be [systemic in nature](#), and therefore requiring long-term efforts to resolve. They are seen as stemming from the new socio-economic context that has emerged in the region over the past two decades, which combines the challenges of post-authoritarian transition with economic crisis, exposing the media to both government and market pressures. With democracy assessed as [declining](#) in the region for the sixth year in a row, Freedom House's [2016 Nations in Transit](#) report suggests prioritising the objective of media independence at national and EU level, along with the rule of law and good governance, in the search for a sustainable solution.

The host of outstanding media-related issues includes political interference; problematic financial dependency; the significant share of state aid and its arbitrary distribution; dwindling media revenues; [intimidation](#) of journalists; [poor working conditions](#); and underfunded public broadcasters that are directly or indirectly controlled by governments and affiliated interest groups, among others.

Non-transparent media ownership and media dependence on state aid

A '[worrying tendency](#)' noted across the region is the 'overlapping of media, politics, and business', which results in media giving priority to partisan interests. Financial and ownership data for the media is generally inaccessible in the Balkan countries. The public is thus prevented from finding out who owns certain media, and what financial stakes and political affiliations are involved. This overarching issue of non-transparent media ownership is considered by some analysts as a '[more subtle means](#)' than direct political influence to interfere with the editorial policy of media outlets.

The financial relations between state and media in the region are analysed in a [2016 report](#) by the [South East European Media Observatory](#), which describes them as 'highly complex and difficult to discern'. The report claims that in most countries the media serves a political purpose, and outlines the media's increasing dependence on state funds as a significant risk factor. It also suggests that media privatisation in the region has not achieved its objective, and that the state has not 'withdrawn' from media ownership in practice. On the contrary, prompted by the economic crisis that began in 2008, the state has become the most important

source of revenue for private companies, supporting media directly and indirectly in many different ways in most Western Balkan countries. Public broadcasters in the region are described as generally and 'quite overtly' dependent on state funding, since they rely on revenue from state advertising and political campaigns. The report also claims that breaches of labour law by media companies are tolerated and go unpunished in the region, limiting journalists' autonomy.

Other recurring issues: self-censorship, 'tabloidisation', impunity, defamation

Other [worrying trends](#) identified at the [2015 annual meeting](#) of the European Federation of journalists include self-censorship (encouraged by job insecurity and fear of retaliation), 'tabloidisation' (switching the focus from topics of public interest to entertainment and propaganda), and impunity (failure to properly investigate crimes and attacks against journalists). In April 2016, on the occasion of the 17th anniversary of the murder of the Serbian journalist Slavko Ćuruvija, the OSCE Representative on Freedom of the Media called for an [end to impunity](#) across the region. The trial for the journalist's murder only began in 2015, following a 16-year delay.

While defamation has been decriminalised in all enlargement countries except Turkey, the related civil lawsuits in the Balkans are numerous and slow to resolve, which is perceived as yet another means of pressure. There was a particularly worrying development in this area in November 2015, when the Albanian government proposed legislative changes that would restore prison sentences for defamation. Civil rights activists [warned](#) that, if adopted, this could foster self-censorship in the media.

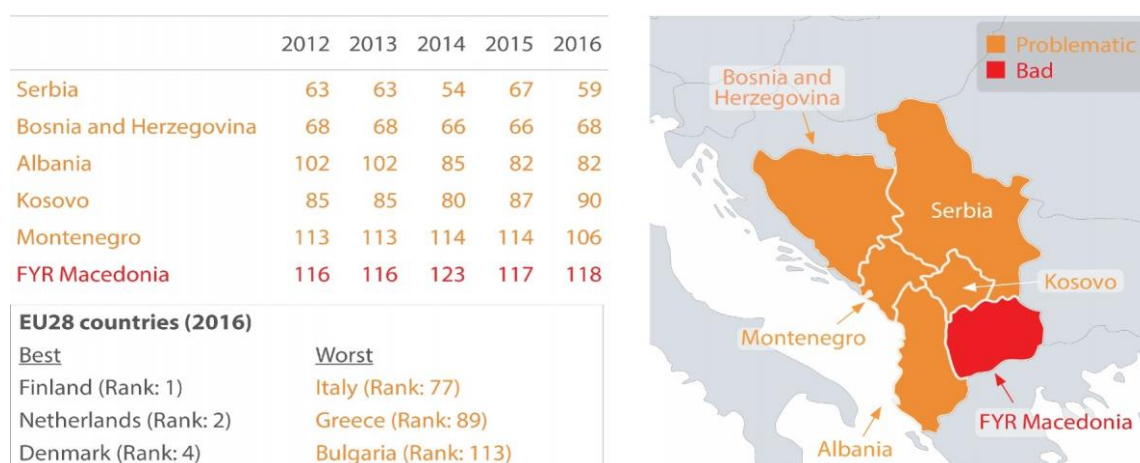
Direct and indirect threats to journalists

In 2015, Human Rights Watch published a [report](#) on direct and indirect threats to journalists. It documents physical attacks and threats, punitive lawsuits, and smear campaigns targeting journalists in Bosnia and Herzegovina, Kosovo, Montenegro, and Serbia. The report also exposes cases of cyber-attacks against online media outlets critical of the government, and targeting of female journalists in particular through 'sexually explicit language'. It concludes that the investigation and prosecution of attacks on journalists is inadequate. Other cases of intimidation and harassment of journalists who dare to write about political and economic corruption are highlighted in a 2015 [report on the state of the media](#) in Bosnia and Herzegovina, Macedonia, and Serbia, published by the European Fund for the Balkans. The report also draws attention to increasing problems in the media sector, such as obscure media ownership, monopolisation of distribution, external pressure and internal censorship, as well as increasing conformity by journalists.

Media freedom indices and media landscape by country

Media freedom is regularly monitored by organisations such as the International Research & Exchanges Board (IREX), Reporters without Borders, and Freedom House. The OSCE and the Council of Europe provide additional ad hoc reports. Three of the most prominent [international media freedom indices](#) recently sent a message that the media freedom situation in the Western Balkans is deteriorating. The [2016 World Press Freedom Index](#) (see Figure 1) by Reporters Without Borders shows that 'media freedom is in retreat', with FYR Macedonia and Montenegro ranked lowest in the region. According to Freedom House's [2016 Freedom of the Press](#) ranking, media is 'partly free' in all Western Balkan countries except FYR Macedonia, where press freedom has significantly declined and is assessed as 'not free'.

Figure 1 – Press freedom in the Western Balkans



Source: [2016 World Press Freedom Index](#). The press freedom map offers a visual overview of the situation in 180 countries in colours: good (white), fairly good (yellow), problematic (orange), bad (red) and very bad (black).

Freedom House's [2015 Freedom of the Press Index](#) points out that the Balkans' media environments feature several common problems: defamation and insult laws used to suppress critical reporting; public broadcasters with a pro-government bias; editorial pressure from political and business circles leading to self-censorship; harassment and attacks on journalists going largely unpunished; and opaque ownership structures.

IREX's [Media Sustainability Index](#) (MSI) measures the strength and success of a country's media sector by assessing five aspects of a media system: freedom of speech; journalists' professionalism; plurality of news outlets; business management; and supporting institutions. The [2016 MSI edition](#) notes that the media situation in Southeast Europe has [changed little](#), and negative trends have broadly persisted.

IREX's main messages per country can be summarised as follows:

Albania: The [report](#) identifies online media as the only area of growth and expansion. It highlights as most pertinent the consequences of the economic crisis, and problems with media regulators and with the public television broadcaster. The need to secure financing in the difficult economic context has allowed advertising to be used as a tool to exert pressure on the media, 'silently erod[ing]' its independence. A [2015 report](#) by the Balkan Investigative Reporting Network draws attention to another trend: widespread self-censorship.

Bosnia and Herzegovina: The [2016 report](#) draws attention to political and financial pressures on media. Media ownership transparency, government financing, and political control over public broadcasters are in the spotlight. Polarisation along ethnic lines is also a particularly concerning phenomenon in this country.

Kosovo: [Kosovo](#) faces difficulties providing for sustainable financing for public service media, as well as guaranteeing the safety of journalists, some of whom suffered injuries at the hands of the police during protests in 2015. The growing number of new online media is no longer seen as a positive sign, as they widely fail to respect ethical standards of journalism.

FYR Macedonia: The political crisis in the [country](#), sparked in 2015 by a scandal involving widespread [illegal wiretapping](#), including of journalists, is said to have further polarised the media sector, mainly along political lines. Media reform is one of the important topics of discussion in ongoing EU-mediated negotiations between the ruling and opposition parties. They are necessary to ensure free and fair elections, currently scheduled for 5 June 2016. The aim is to guarantee an independent regulatory body, and objective and professional

reporting ahead of the elections, and to protect the media from interference through the abuse of government advertising budgets.

Montenegro: Despite some positive developments, such as the [adoption](#) of a new Media Ethics code in April 2016, [IREX assesses](#) the media scene as internally divided by 'political and commercial motivations'. Divisions are especially apparent during elections. IREX also observes that high-profile cases of violence against journalists, including the case of the [2004 murder](#) of the prominent journalist and editor-in-chief of the Montenegrin daily *Dan*, remain unresolved, adding to a climate of impunity. Ensuring the independence of the public broadcaster, and developing guidelines for courts to align their rulings with those of the European Court for Human Rights in the area of freedom of expression, are seen as issues to be addressed.

Serbia: The media sector in [Serbia](#) has witnessed [delays](#) in implementing three new media laws; an incomplete media privatisation process; [smear campaigns](#) against journalists; and general failures to respect ethical, professional and social norms. Historical and more recent cases of attacks against journalists and media outlets have prompted [loud protests](#) by the European Federation of Journalists. On a more positive note, the report highlights that the prime minister [fired](#) the minister of defence after he made a vulgar and sexist remark about a TV B92 journalist, which had triggered protests by journalists.

Media freedom in the context of EU enlargement

Media freedom in the EU as a benchmark

Freedom of expression is one of the values on which the EU is founded (Article 2, [TEU](#)). Commitment to promoting these values is among the main criteria used to assess a country's aspirations to become an EU member (Article 49, TEU). As the media and their markets are fundamentally national in scope, the EU [lacks explicit competence](#) in media freedom and pluralism matters. The relevant EU *acquis* is mainly linked to internal market' liberalisation and harmonisation, referring only indirectly to media freedom and pluralism.

Since 2009, the EU has monitored media pluralism internally via the [Media Pluralism Monitor](#). Its 2015 results show that [no country is entirely invulnerable to risks](#) in the field. Reporters without Borders' [2015 report](#) even suggests that media freedom is deteriorating in the EU, where a gap is widening between six countries that are among the top ten performers, and three others with rankings comparable to those of the Balkan countries.

These facts may be viewed as sore points in relations with enlargement countries. At the same time, they highlight the importance of the EU's political and financial leverage for influencing developments in aspiring countries, prior to their gaining membership.

Freedom of expression as part of the EU's enlargement agenda

Although media freedom is a condition for EU membership, the EU [does not have a specific policy](#) on media in the Western Balkans. Candidate countries are nevertheless expected to guarantee freedom of expression, which is an important element of democracy, and one of the [Copenhagen criteria](#). They are also expected to align their legislation with the relevant EU *acquis*. Of the [chapters](#) for EU accession negotiations, those with a potential impact on media freedom include Chapters 23 (Judiciary and Fundamental Rights) and 10 (Information Society and Media). Chapters 7 (Intellectual Property Law), 8 (Competition Policy), 3 (Right of Establishment and Freedom to Provide Services) and 6 (Company Law) can also affect the degree of media freedom in a country.

The role of the EU: support and monitoring

In a [2013 resolution](#) on the 'EU Charter: standard settings for media freedom across the EU', the European Parliament states its belief that in the case of further accessions to the EU, additional emphasis should be placed on protection of freedoms, particularly freedom of speech, since these are widely considered to be elements of the human rights and democracy that form part of the Copenhagen criteria.

However, simply transposing EU rules and putting in place a strong regulatory framework do not in themselves guarantee media freedom. Media freedom depends to a large extent on national level governance and factors such as the political and economic situation, as well as a proactive role for professional organisations and self-regulatory bodies, among others. In the long term, a healthier environment for journalism will also depend on the efficiency of the judicial system, on political commitment, and a greater role for civil society.

The EU provides support for enlargement countries in [several ways](#): via legal assistance in drafting legislation; by monitoring candidate countries' policies in the area; and by providing financial support through its [Instrument for Pre-accession Assistance](#). To this end, the Commission has at its disposal such tools as the Enlargement Strategy Papers; its annual progress reports; regular dialogue with Western Balkan stakeholders; accession negotiations; and other initiatives.

'Speak-Up!' Conferences (2011-2015)

In 2011, the Commission launched its first 'Speak-Up!' conference (the most [recent](#) was in November 2015) to examine the systemic nature of media challenges in the enlargement area, and to formulate an adequate response. In this forum, the Commission, together with media representatives and decision-makers from the region and Turkey, discuss ways in which the EU can help to support media freedom in the region.

In the 2013 [Conclusions](#) of the 'Speak-Up!2' conference, four priorities for regional action were outlined: 1) improving the performance of public broadcasters; 2) ensuring effective mechanisms for media self-regulation; 3) improving judicial practice and capacity in freedom-of-expression cases; and 4) introducing an EU award for investigative journalism in Southeast Europe. The Commission also committed itself to major financial and policy efforts in the area of freedom of expression.

'Guidelines for EU support to media freedom and media integrity' (2014-2020)

In consultation with the Council of Europe, the Organization for Security and Co-operation in Europe (OSCE), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the European Broadcasting Union, the European Commission's Directorate-General for Neighborhood and Enlargement Negotiations (DG NEAR) has translated the above-mentioned commitment into a set of ['Guidelines for EU support to media freedom and media integrity'](#) (2014-2020). The guidelines recommend that support contribute to three main objectives: 1) creating an enabling legal environment, improving judicial practices and addressing the status of public service broadcasters in the region (largely controlled by governments); 2) encouraging the media to improve its internal governance (financial transparency, ethical and editorial codes, mechanisms to deal with complaints from the audience, etc.); and 3) increasing the capacity and representativeness of media industry organisations, as drivers of positive change.

The guidelines aim to express political objectives in the form of a 'results framework'. They provide a list of measurable indicators and desired outcomes, as well as suggested ways of measuring the indicators. DG NEAR, together with EU delegations in the region, and international organisations and civil society networks active in the area, will be responsible for monitoring implementation of the guidelines. The Commission plans to provide a mixture of political and financial support for priorities, and respond to the different needs and contexts, underlining that accession-related funding is 'limited in volume and time'.

Baseline assessment of the Guidelines for EU support to media freedom

In November 2015, before the 'SpeakUp!3' conference, the Commission presented the [preliminary findings](#) of its Baseline Assessment of indicators based on the above-mentioned Guidelines. They pointed to several important issues and common trends, such as a worsening economic situation for most media outlets in all enlargement countries (except Turkey); increasing interference by political and economic interests; media dependence; selective use of 'state advertising' and controlled distribution of commercial advertising; and non-transparent and illegal concentration of ownership. Throughout the region, public service broadcasters remain underfunded and heavily influenced by political and economic interests, and are still seen by the public as 'state broadcasters'. Smear campaigns against prominent civil society actors and independent journalists are frequent, which indicates further interference with media independence. Investigation and prosecution of media-related cases (of murders and physical attacks on journalists) remain slow and selective. Censorship and self-censorship among journalists is assumed to be widespread, and investigative journalism obstructed. The Commission also expresses concern about a shortage of skills in the sector; weak self-regulatory bodies; low web literacy; and lack of public trust in the media.

European Commission's 2015 reports on the media environment

The [2015 progress reports](#) published by the European Commission on 10 November 2015 include an overview of the main developments and shortcomings in the media environment, as well as a set of recommendations organised under several headings. While they highlight some successes in selected areas, their [verdict](#) on freedom of expression is overwhelmingly negative. The general message is that all countries have achieved 'some level of preparation' in the area, but 'no progress' has been made in the past year ([Kosovo](#), [Montenegro](#) and [Serbia](#)), and some countries have gone backwards ([Bosnia](#), [FYR Macedonia](#)). The overall environment is assessed as 'generally not conducive' to the full exercise of freedom of expression, with the exception of [Albania](#).

The reports find that the legislative framework is predominantly in place and in line with the EU *acquis* and international standards. Serbia and FYR Macedonia are commended for adopting new, or updating existing, media laws. The authors note that in Bosnia and Herzegovina, recent legislative developments in one of its two entities, Republika Srpska, have fuelled concerns about the possible limitation of freedom of expression online. The country is also grappling with difficulties harmonising legislation in its constituent parts with that at state level. Kosovo is the only country whose report acknowledges that the legislative and institutional framework for media freedom remains fragmented, and some areas unregulated, with no legislative developments in terms of media ownership and transparency. In all countries, effective implementation remains a challenge.

Another common characteristic is continuing political pressure on, and intimidation of, journalists, as well as media polarisation along ethnic lines. Threats and violence against journalists, although not as frequent as in the past, are still a concern. This, combined with a low level of job security and low salaries, increases journalists' vulnerability throughout the region and encourages self-censorship. Transparency of media ownership, state financing of public broadcasters and the general lack of economic sustainability of the media are cited as pervasive issues that undermine reporting quality and professionalism.

European Parliament resolutions in 2016

Between February and April 2016, the EP adopted six resolutions based on the Commission's 2015 reports, urging each country to address its particular shortcomings. The EP calls on [Serbia](#) to investigate past and recent cases of attacks against journalists and media outlets, to ensure full implementation of new media laws, and to provide for transparency in media ownership and funding. It calls on all political parties in [FYR Macedonia](#) to agree on urgent media reforms, on authorities in [Montenegro](#) to ensure the independence of its public broadcasting service, and on [Kosovo](#) to better protect journalists and swiftly plug gaps in legislation. [Albania](#) is urged to address widespread self-censorship, while [Bosnia and Herzegovina](#) is pushed to tackle the continued polarisation of the media along political and ethnic lines, and the delayed [digital switchover](#). In all the resolutions the EP reiterates the importance of media freedom and pluralism, and freedom of expression in the broader sense, as a core EU value and a cornerstone of democracy. It deplores the lack of progress and backsliding in the past year, and calls for implementation of the existing laws and the creation of an environment that allows the media to serve the public interest.

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VI The Challenges Facing Serbia

1. Corruption - still a major problem in several Western Balkan countries
2. Human Right Watch 2015
3. Media Freedom in the Western Balkans: state of play
4. Human Trafficking in Serbia

SERBIA: Tier 2

Serbia is a source, transit, and destination country for men, women, and children subjected to sex trafficking and forced labor, including domestic servitude and forced begging. Serbian women are subjected to sex trafficking by Serbian criminal groups in Russia, neighboring countries, and throughout Europe, particularly Italy, Germany, and Switzerland. Serbian nationals, particularly men, are subjected to labor trafficking in labor-intensive sectors, such as the construction industry, in European countries (including Azerbaijan, Slovenia, and Russia) and the United Arab Emirates. Serbian children, particularly ethnic Roma, are subjected within the country to sex trafficking, forced labor, forced begging, and petty crime, often by family members. Foreign victims of trafficking in Serbia are from neighboring countries including Montenegro, Bosnia and Herzegovina, Bulgaria, Romania, and Moldova. Bribery reportedly influences some trafficking cases.

The Government of Serbia does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Victim identification significantly increased, particularly of forced labor victims, though victim care suffered from the absence of government procedures to refer victims to NGO service providers and a lack of training for social welfare center staff on trafficking victim assistance. Fewer traffickers were convicted, and those that were received weak sentences. The government did not afford victims sufficient protection in criminal proceedings, which exposed them to intimidation and secondary traumatization.

RECOMMENDATIONS FOR SERBIA:

Increase prosecutions and obtain convictions of traffickers with dissuasive sentences; train investigators, prosecutors, and judges on victim-centered approaches to trafficking cases; provide victims testifying in court with the full range of available protections to diminish intimidation and re-traumatization; enshrine in law non-penalization of victims for acts committed as a direct result of their being subjected to human trafficking; improve cooperation with NGOs on victim referral and increase funding for NGOs providing reintegration services; improve training for government personnel on victim assistance and referral; increase efforts to identify victims among asylum seekers and unaccompanied children engaged in street begging; adopt the national anti-trafficking strategy and action plan and involve NGOs in implementation; strengthen efforts to discourage demand for services of trafficked persons; and elevate the national coordinator to a full-time position with independent authority.

PROSECUTION

The government demonstrated mixed law enforcement efforts. Article 388 of the Serbian criminal code prohibits all forms of trafficking, prescribing penalties ranging from three to 15 years' imprisonment. These penalties are sufficiently stringent and commensurate with those prescribed for other serious crimes, such as rape. The government investigated 55 cases in 2014, including 35 cases of commercial sexual exploitation and 20 cases of forced labor, compared with 30 cases involving 63 suspected traffickers in 2013. In 2014, the government initiated prosecutions of 17 cases involving 25 defendants under Article 388, compared with 29 trafficking cases in 2013. Courts convicted 26 traffickers in 2014, a decrease from 37 convicted in 2013. Sentences ranged between three and 12 years' imprisonment. The government did not disaggregate data on convictions for sex and labor trafficking crimes. Trials were lengthy, and the appeals process frequently resulted in the reduction of prison sentences. Observers reported the government did not adequately implement anti-trafficking laws, and prosecutors often chose to prosecute trafficking crimes under other statutes with lesser penalties that were easier to prosecute. Both the organized crime police and border police forces had specialized anti-trafficking units. Each police directorate in Serbia had an anti-trafficking unit; seventeen directorates also had multidisciplinary anti-trafficking teams that included prosecutors, social

workers, and health officials. The government, in coordination with NGOs and international organizations, provided training to police, prosecutors, judges, and consular and border officials on recognizing, investigating, and prosecuting trafficking cases, as well as on victim identification and referral. The government did not report any investigations, prosecutions, or convictions of government officials complicit in human trafficking offenses. An NGO reported it was offered money by a defendant in a trafficking case to drop its involvement in that case and suspected the judge was accepting money from the defendant.

PROTECTION

The government improved identification of trafficking victims, but victim assistance and protection were deficient. Authorities identified 119 trafficking victims in 2014, compared with 76 in 2013. Ninety-eight victims were subjected to forced labor, 16 for sex trafficking, three for forced begging, and two for forced criminality. Authorities referred only eight of the 119 identified victims to NGO service providers, which they attributed to a decrease in victims' needs and the availability of assistance at government-run social welfare centers. However, observers asserted victims should have been referred to NGOs in much larger numbers because social welfare centers lacked specialized programs and skills to work with trafficking victims and lacked the ability to remove children from their families, even if there was evidence the family had exploited the child. The government maintained a center for protection of trafficking victims that was responsible for victim identification and assistance. The center had two units, the protection agency and the urgent reception center, although the urgent reception center was not functional for the second year in a row. The protection unit lacked specific procedures for dealing with child trafficking victims. The government was unable to estimate total funding for victim assistance but previously reported it allocated 21,864,957 dinars (\$219,000) for the center's operations and salaries in 2014. The center's lack of procedures for cooperation with NGOs had a negative impact on victim assistance. An NGO operated the only shelter exclusively for trafficking victims, which the government did not fund in 2014. NGOs assisting victims relied primarily on foreign sources of funding. Male victims did not have access to accommodation but could access other services. Specialized shelters for child trafficking victims did not exist; child victims were returned to their families, sent to foster care, or accommodated in one of two centers for orphans. Officials did not follow written victim identification procedures. Police, NGOs, and social service personnel referred suspected trafficking victims to the government's center, though the center reported referral guidelines needed updating.

Experts reported victims' rights were not adequately protected during lengthy court proceedings and victims had to appear frequently in front of their traffickers; traffickers often threatened or intimidated victims. Judges demonstrated limited understanding of the complexities of human trafficking cases. Serbian law entitles victims to file criminal and civil suits against their traffickers for compensation, but judges encouraged victims to seek compensation by filing civil suits, which were lengthy, expensive, and involved the victim facing the abuser numerous times. For the first time, one victim was compensated during the reporting period as a result of a civil suit. Foreign victims were eligible for temporary residence permits renewable up to one year, but no victims received permits in 2014, compared with two in 2013. Serbian law did not have a non-punishment or non-prosecution clause for trafficking victims. A sex trafficking victim forced to sign a murder confession by her trafficker began serving her 18-year prison sentence in 2014; the case was under appeal at the end of the reporting period.

PREVENTION

The government maintained some prevention efforts. The government did not adopt the 2014-2020 national strategy nor the 2014-2015 action plan despite completing both drafts during the previous reporting period. The national coordinator continued to lead anti-trafficking efforts, although the position was still not full-time with independent authority. The government still had not fully transitioned to a new anti-trafficking council structure including government and NGO representatives. The government operated a hotline to collect human trafficking-related tips, published anti-trafficking efforts on its website, and provided information on

trafficking *via* social media. The government worked with NGOs and an international organization to establish anti-trafficking stakeholder networks in a total of 17 communities. Police enforced laws against purchasing commercial sex and fined clients identified during raids on commercial sex establishments. The government did not make efforts to reduce demand for forced labor. Serbian troops participated in anti-trafficking training prior to their deployment on international peacekeeping missions. The government provided anti-trafficking training for its diplomatic personnel.

Source : <http://serbia.usembassy.gov/trafficking-in-persons-report-2015-serbia.html>

For more information about human trafficking in Serbia, we invited you to read the report of the Centre for Human Trafficking Victims Protection, which you can find on the link below:

<http://www.centarzztlj.rs/eng/index.php/component/k2/item/50-report-on-trafficking-in-persons-serbia-2015>

VII Challenges of Serbia's Foreign Policy

1. Cooperation with Western Balkans

2. Relations with Kosovo

3. Relations with Russia

4. Relations with China

5. Security Situation of Serbia and migrant crisis

THE LIMITATIONS OF REGIONAL COOPERATION

Jovan Teokarević

Regional cooperation in the Western Balkans has been significantly promoted in the past few years, primarily as a result of two parallel processes. On the one hand, it is closely linked and intertwined with the process of European integration of the countries in the region, while on the other hand numerous instruments for cooperation of countries and societies have been set up and developed in a large number of fields.

However, parallel to many undeniably successful results, relations among the Western Balkan countries and societies are often riddled with grave crises, making it necessary to reconsider the basic principles of cooperation in the region. Just in a brief one-year period, starting in autumn 2014, the Western Balkans was shaken by a series of brief crises, which destabilised the entire region and called into question the majority of positive results achieved so far. In October 2014, amidst the encouraging process of normalisation of relations between Serbia and Kosovo, Serbian-Albanian relations drastically deteriorated after an incident with a drone flying a flag of 'Greater Albania' at a football match between the Albanian and Serbian national teams in Belgrade. The brawl that broke out during the match was followed by an unprecedented trade-off of insults, rekindling old stereotypes and hate speech in the Serbian and Albanian media and among the general public. A repeat of the deep crisis in Albanian-Serbian relations, though on a somewhat smaller scale, was triggered by clashes between Macedonian security forces and Albanian terrorists in Kumanovo in May 2015; the clashes, like the earlier incident, stoked a debate in the region on Albanian aspirations, as well as their status and relationship with their compatriots and neighbours. In early July, tensions, this time between Bosnian Muslims and Serbs, heightened again over the commemoration of the 20th anniversary of genocide in Srebrenica and attempts to reinterpret the event. In early October 2015, due to an increased influx of refugees from the Middle East to the Balkans, the border between Serbia and Croatia was temporarily closed, resulting in a bilateral trade war and an exchange of accusations and insults between the two countries' governments and the general public.

A decade and a half after the end of hostilities in the region, which in the meantime has certainly progressed in every aspect, achieving a considerable level of stabilisation, one should not be satisfied with the conclusion that, unlike before, this and similar crises have not ended in armed clashes. Although the above and other cases of sporadic deterioration of relations in the Western Balkans blow over relatively quickly and are in part resolved, they are a clear testimony to a complex war legacy and the still high potential of conflict in the region.

One should by no means forget that external factors, such as the world economic crisis and the EU crisis, the rekindled Cold War tensions between Russia and the West, and the global conflict with radical Islam and terrorism, have a negative bearing on relations in the region as well. The fundamental principles of regional cooperation in the Western Balkans are themselves part and parcel of the same problems. Some of the chief problems will be discussed in the text below.

Firstly, despite expectations and numerous efforts, the region has never sufficiently or truly acquired ownership of regional cooperation. After the armed conflict, it was imposed from outside by international organisations and the most influential countries as an inevitable instrument for the preservation of peace, reconciliation and the region's overall development. The problem is that this cooperation still largely survives primarily due to external pressure and the setting of conditions. Consequently, to a greater extent it is more a way of enabling governments in the region to show that their countries deserve membership of international organisations and assistance, rather than an indicator of the political elite and societies' real interest in and need for cooperation.

Naturally, there are many opposing examples of initiatives of state and non-state players, however, the situation is by all means much better than before, with more than 50 initiatives and forms of cooperation in a large number of areas, which is commonly referred to as capillary networking in the region. However, as a rule, the key steps forward are still instigated from outside. This is best illustrated by a few recent examples. The Berlin Process, which was launched at a summit in Berlin in August 2014 and continued at a summit in Vienna in August 2015, offered support to the region's integration into the EU and stepped up regional cooperation. Still, one cannot but ask oneself whether the governments of the Western Balkan states could not have launched and shaped the process themselves, at least initially, since this would have been more proof of their maturity and the maturity of the entire region. Similarly, the conclusions and commitments of both summits were certainly necessary and important, but if they had been the result of local players themselves rather than the German and Austrian hosts, would they not have carried greater weight? Furthermore, if cooperation had become something quite normal and ordinary, Montenegro and Bosnia-Herzegovina could have signed an agreement on the final delineation of their border a long time ago, while Serbia and Kosovo could also have reached four new agreements on the normalisation of their relations long ago. In both cases agreements were reached at the eleventh hour, on the eve of the summit in Vienna, and consequently they were proof of the fulfilment of obligations assumed a long time ago, specifically towards foreign patrons, rather than an expression of the governments and societies' internal needs and interests.

Secondly, even when there is some headway in regional cooperation, the following happens as a rule: the wording of agreements is burdened with constructive ambivalence, the rule of communication with the public is non-transparency, while the implementation of all that has been agreed on is put off as long as the given circumstances allow. This is best illustrated by years-long negotiations on the normalisation of relations between Serbia and Kosovo. Each step forward, taken after much hesitation, is most frequently interpreted as a concession to the external setting of conditions and a condition for getting closer to EU membership rather than as a solution to the real needs and interests of the people on whose behalf the talks are held. Moreover, the public is not well informed about the talks or about the conclusions, agreed measures or deadlines for commitments.

Thirdly, the guiding principle of Western Balkan - and initial European - regional cooperation is functional integration, which starts in non-political (primarily economic) areas, encouraging every other form of cooperation step by step, including that in the most sensitive areas, namely politics and security. There is more and more evidence that functional cooperation neither spreads automatically nor infinitely and that it does not overcome all obstacles (in Asia, this is referred to as the 'Asian paradox'), not even cooperation under a specific stimulating framework such as European integration. Functional cooperation has many limitations of its own, starting from those in the economic sphere, because only 15-30% of total trade is conducted in the region itself, which varies from country to country, while the EU is the largest trading partner, accounting for about 60% of total trade with every individual country in the region.

Fourthly, in addition to the development of regional cooperation, the Western Balkans is confronted with many unsolved bilateral issues, some of which are highly complicated. Consequently, it is a good thing that the Berlin summit, resulting in several agreements on cooperation in the transport and energy sectors, endorsed a study of and recommendations for the resolution of bilateral disputes, as a major condition of regional cooperation as well. However, it is unclear why the countries in the region, i.e. their governments, did not do much more themselves a long time ago, negotiating with each other to address in particular the legal and economic issues resulting from the disintegration of former Yugoslavia, which not only pose as a burden to the people, but also to the countries' bilateral relations.

Fifthly, the relationship between regional cooperation and European integration is mutually stimulating but potentially conflicting. It is stimulating because regional cooperation is at the same time a precondition as well as an instrument of European integration, but the two sides of the equation can conflict if one side does not

function well enough, as is currently the case. If, as now, membership of the EU is not speedy, the Western Balkan countries will perceive regional cooperation as an inadequate substitute at best, i.e. their own Balkan version of the European Union, established at the expense of their promised presence in the real Union, and naturally, they will oppose it.

There is another potential conflict between regional cooperation and European integration: the latter is basically a bilateral process between the Union and a candidate country, while regional cooperation goes beyond that framework and, consequently, candidate countries do not perceive the EU's setting of conditions in relation to regional cooperation as an integral part of reforms needed for further European integration, but as an additional and independent external source of conditioning. Also, regional cooperation could be encouraged if there were a joint regional institution that could lobby for, guide and represent the Western Balkans before the Union on behalf of all countries in the region. There is no such institution, because it is contrary to the bilateral nature of the integration process. The Regional Cooperation Council (RCC) is by no means such a body, because at best it coordinates regional cooperation, but based only on that agreed on by regional governments, i.e. based on the least common denominator, which often is not enough and is long overdue. Due to opposition to the true institutionalisation of regional cooperation through some more lasting institutions that would be set up along the lines of the Montenegrin government's proposal on the 'Western Balkans 6' of a few years ago, no other joint body, which could compensate for the above deficiencies, has been formed, either.

Sixthly, the lack of greater and more effective regional cooperation in the Western Balkans is also the result of the failure by authorities in all countries to make a greater effort to play a more active and direct role in the process of reconciliation among the countries and peoples that were at war in the previous decades. The condition for this is a critical attitude towards the past, which is still lacking. In this context, it is by all means commendable that Serbia and Albania accepted the initiative to set up a regional youth office, launched by some youth NGOs at the summit in Vienna. The same could be said about a proposal by the Serbian and Kosovo chambers of commerce to establish a permanent joint regional platform for cooperation between chambers. The scope of these and similar initiatives, the effects of which are yet to be seen, will not be large as long as the governments of the Western Balkan countries do not encourage their people and the public to reconsider the recent past in a comprehensive and critical manner, as this is the very foundation of better relations, better cooperation and a better future.

The Western Balkans' list of major problems has been expanded due to the current refugee crisis, which cannot be solved without another level of close long-term cooperation with the EU. Together with the many challenges, this could be an opportunity for the Western Balkans not only to learn how to cooperate, but also to contribute to cooperation, i.e. to help itself by helping others.

Source: Challenges of Serbia's Foreign Policy - Collection of Papers - Friedrich Ebert Stiftung - European Movement Serbia - 2015
<http://library.fes.de/pdf-files/bueros/belgrad/12484.pdf>



VII Challenges of Serbia's Foreign Policy

1. Cooperation with Western Balkans
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Serbia and Kosovo: Normalisation of relations

Resolving their deep-seated rivalries has been one of the conditions placed on Serbia and Kosovo for achieving their shared goal of EU entry. Since 2011, an EU-mediated dialogue has sought to strike a balance between their past conflicts and present aspirations. Although tensions persist, the goal is to translate the deals signed by both sides into reality, and to keep their dialogue going.

Context of the bilateral conflicts

The Belgrade-Pristina bilateral conflicts [are part](#) of Yugoslavia's history and disintegration. Kosovo's final status, Serbia's non-recognition of its independence, and the status of ethnic Serb municipalities in northern Kosovo are among the region's [most contentious issues](#). In 1974, Kosovo was an 'autonomous province', but constitutional [amendments](#) stripped it of its autonomy in 1989, in an effort to preserve Yugoslavia's integrity. The large-scale [protests](#) of the 1980s, the [non-violent movement](#) of the 1990s, the armed [conflict](#) of 1998 and the NATO [air strikes](#) of 1999 all relate to Kosovo's struggle for independence. When the conflict ended in 1999, the [United Nations adopted Security Council Resolution 1244](#) and set up an interim administration ([UNMIK](#)) in Kosovo, while NATO deployed its multinational Kosovo Force (KFOR). After [talks on its final status](#), ongoing since 1999, reached a dead end, Kosovo declared independence in early 2008. At the same time, the EU set up its Rule of Law Mission ([EULEX](#)) to assist Kosovo in the rule of law area. Serbia, whose constitution stipulates that Kosovo is an 'integral part' of its territory, did not recognise it and maintained [parallel structures](#) in the Serb-populated north, which added to the complex administrative set-up. In 2010, the International Court of Justice [issued an advisory opinion](#) stating that Kosovo's declaration had not violated international law, thereby indicating that the issue was [political rather than legal](#).

EU perspective: directly proportional to the normalisation of relations

The EU [considers](#) that Serbia and Kosovo's EU accession processes and the normalisation of their relations ['should run parallel'](#), until a 'legally binding agreement' is reached, allowing both sides to fully exercise their rights and fulfil their responsibilities. In 2008, the Council of the EU [declared](#) that each Member State would decide alone on its relations with Kosovo. As five Member States have not recognised Kosovo's independence, the EU has [not been able to adopt](#) a common position. Instead, it adopted a so-called ['status neutrality' approach](#) and tied both sides' EU accession to ['a visible and sustainable improvement'](#) in their relations, rather than to the formal recognition of Kosovo. The EU has been responding positively to progress in this respect, for instance by granting Serbia candidate status in 2012, after it signed a regional cooperation agreement with Kosovo. In 2015, after signing four new agreements, both Serbia and Kosovo advanced in their relations with the EU: in October, Kosovo [signed](#) its Stabilisation and Association Agreement (SAA) with the EU; in December, Serbia [opened its](#) first two negotiation chapters, including Chapter 35 on Kosovo.

EU-facilitated high-level dialogue: phases and achievements

In March 2011, the EU launched a [high-level dialogue](#) between Belgrade and Pristina, which has resulted in some 17 agreements so far. The dialogue has [evolved](#) from 'technical' to 'political' in terms of the level and content of the talks, but has been interrupted during government changes in both Serbia and Kosovo. In April 2013 and August 2015, it reached 'historic' highs with the signing of important agreements.

The 'technical' dialogue: March 2011 – May 2012

The initial talks focused on solving [practical issues](#) without involving the highest political level. They included

freedom of movement, recognition of travel documents, car registrations, university diplomas, exchange of civil registry and cadastre records, and customs and trade relations. The [customs stamps](#) agreement (September 2011) spurred a serious crisis, while those on [integrated border management](#) (IBM) (December 2011) and [regional representation](#) of Kosovo (February 2012) were considered the [top](#) achievements during this phase. Upon their conclusion, the EU launched a feasibility study on an SAA with Kosovo and granted Serbia candidate status. The first deal foresaw setting up joint border posts to be managed with the help of EULEX, while the second allowed Kosovo to participate in regional fora without an UNMIK representative. Since then, 'Kosovo' appears in official texts with a footnote stating 'This designation is without prejudice to positions on status, and is in line with UNSC Resolution 1244 and the ICJ Opinion on the Kosovo Declaration of Independence'.

The 'political' dialogue since October 2012

The dialogue, interrupted by [parliamentary](#) and [presidential](#) elections in Serbia, resumed at a higher level in October 2012. It was facilitated by EU High Representative Catherine Ashton and brought the two prime ministers together for the first time. The [most important](#) 'First Agreement of Principles Governing the Normalisation of Relations', referred to as the '[Brussels agreement](#)', was signed in April 2013. Its 15-point text focuses on two goals: creating an Association/Community of Serb majority municipalities (ASM) in the north of Kosovo, vested with autonomy as regards economic development, education, health, urban and rural planning; and removing the parallel Serbian structures, while also integrating the police and judiciary in the Kosovo system. The agreement also states that neither side would block the other's entry into the EU. It is seen as a 'monumental shift' in Serbia's policy toward Kosovo, as some analysts consider it a [de facto recognition](#) of Kosovo, something that Serbia has denied. By all means, the implementation of the agreement would require both sides to amend their relevant legislation and/or their constitution, and is bound to be a lengthy process. In August 2015, Belgrade and Pristina concluded yet another round of '[landmark](#)' agreements. They signed [four new deals](#): on the establishment of an [Association/Community of Serbian Municipalities](#), on [energy](#) and [telecoms](#), and on the opening of the [Mitrovica Bridge](#). In practical terms, the agreements allow Serbs in Kosovo to have their own supplier and vendor of electricity, and for Kosovo to obtain a new country phone code by 1 March 2016. Mitrovica Bridge is to be opened for all traffic by June 2016. Although the goal at that stage was to address more [sensitive issues](#), such as finding a [solution](#) for northern Kosovo, technical issues prevailed. Both sides worked on finalising the border management deal and other agreements. They also agreed to send 'liaison officers' to their respective capitals to resolve unsettled issues related to the implementation of all the earlier agreements.

Implementation state of play and future prospects

In a recent [report](#) to the European External Action Service (EEAS), Kosovo claimed that implementation of most agreements is either 'ambiguous' or delayed, that Serbia's parallel structures are still active and Kosovo Serbs are not yet sufficiently [integrated](#) into Kosovo's system. While the justice and IBM agreements are still pending implementation, positive developments have been noted in the area of police integration, customs, and vehicle insurance. The 2015 energy deal has been delayed and the granting of a country phone code has also been put back. The 2015 deal on the Association/Community of Serb Municipalities has been [denounced](#) by the Kosovo opposition amidst violent protests. In December 2015, Kosovo's Constitutional Court put it on hold for being [partially non-compliant](#) with the constitution. At the latest bilateral meeting of 27 January 2016, talks over special powers for the Serb minority remained [at a standstill](#). Other topics discussed included diploma recognition, expected to enter into force in 2016, freedom of movement and starting talks on direct air and rail connections between the two sides.

Serbia kept its parallel institutions active and campaigned against Kosovo's Unesco membership in 2015, in line with its [non-recognition policy](#). Kosovo insists on the effective removal of these parallel structures as a condition for creating the Association/Community of Serb Municipalities. As for the EU's approach, researchers claim that if it wants to prevent a new '[Cyprus issue](#)', it needs to address Kosovo's status. It may be [increasingly difficult](#) to remain 'status neutral' in the long term, however, considering that the process of EU accession 'entails an acceptance of de facto international borders'.

The European Parliament has adopted multiple resolutions on the European integration process of Kosovo and the role of the EU, and has repeatedly urged, including in its latest, [2016 resolution](#) on Kosovo's progress report, all Member States which have not recognised Kosovo's independence (Greece, Spain, Romania, Slovakia and Cyprus) to do so, and the EU to 'step up [its] common approach towards Kosovo'. In its 2016 resolution, it also called on the Kosovo opposition to stop protesting against the EU-brokered deal to give special powers to the Serb minority. MEPs welcomed the progress in normalising relations between Serbia and Kosovo achieved so far and called for full and timely implementation of the agreements, as a condition for EU accession.

2.2 Statement by High Representative Vice-President Federica Mogherini

Statement by High Representative/Vice-President Federica Mogherini following the meeting of the EU-facilitated dialogue

25/08/2015

I hosted a meeting of the high level dialogue for normalisation of relations between Belgrade and Pristina with Prime Ministers Aleksandar Vučić and Isa Mustafa and their delegations in Brussels today to finalise implementation arrangements of four key agreements: on energy, telecoms, establishment of the Association/Community of Serb majority municipalities as well as the Freedom of Movement/Mitrovica Bridge.

The Prime Ministers of Serbia and Kosovo marked a turning point in taking forward the Dialogue agenda. They agreed on the general principles and the main elements of the Association/Community of Serb majority municipalities, which paves the way for its establishment.

They also agreed on further implementation of the energy agreement and the Action Plan for Telecoms, which will facilitate the telecommunications system and operations in Kosovo.

Finally, the Prime Ministers also agreed the arrangement for the Mitrovica Bridge. This will define the use of the bridge in a mutually acceptable way which symbolises the spirit of the dialogue that I am facilitating.

Today's outcome represents landmark achievements in the normalisation process. Solutions such as those found today bring concrete benefits to the people and at the same time enable the two sides to advance on their European path. Prime Ministers' dedication was instrumental and I confirm that the EU will actively support the full implementation of this outcome.

We will also continue to work on further steps of the dialogue in the coming months.



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SERBIA'S RELATIONS WITH RUSSIA: AN OVERVIEW OF THE POST-YUGOSLAV (POST-SOVIET) ERA

Srećko Đukić

The SFRY knew only too well what it wanted or, better still, what it did not want when it came to Moscow and it knew how to achieve these goals. This question was raised in strong enough terms and debated on in Serbia's pre-European path period, as well as in its EU-candidate period. Serbia's fundamental lack of relations with Russia in the post- Yugoslav/post-Soviet era was the result of its having no well-defined concept of relations outside EU membership. What kind of relations can Serbia have with Russia in the context of mutually different internal and foreign policy processes, as the courses taken by both increasingly diverge with Belgrade moving in the direction of Brussels (EU, NATO), while Moscow is moving away from Brussels, NATO and the EU, and opting for the Shanghai Cooperation Organisation (SCO), the Eurasian Union and BRICS increasingly diverge?

Serbia's trade and economic relations with Russia were expected to become a real stimulus to its economic revival. This did not happen despite the preferential free trade agreement, as well as the Eurasian Economic Union (EEU). Serbia's imports from Russia exceed its fragmented exports (its top exports include women's tights, apples and other fruit, pork and PVC flooring), which no longer figure prominently either in the Russian market or in other EEU markets and, consequently, the country inevitably registers a chronic deficit: from its total trade in 2014 with Russia of USD 3.5 billion, the deficit amounts to USD 1.5 billion, with Kazakhstan over USD 200 million, and with Belarus approximately USD 15 million.

Since the disintegration of Yugoslavia and the Soviet Union, both major geopolitical realities, a considerable amount of time, nearly a quarter of a century, has passed in which the world has changed, and yet the question of where Serbia's relations with Russia are heading is still open. If the SFRY knew exactly what it wanted or, better still, what it did not want when it came to Moscow, and if it successfully achieved these goals, ranging from big political goals, via even bigger economic and cultural goals, to military and military industry goals, after the disintegration of the SFRY and the Soviet Union this question was raised in strong enough terms and debated on without reaching any final conclusion, both in the period when Serbia was on the pre-European path and as an EU candidate country. One should add that the golden Yugoslav-Soviet era was at the same time the golden era of Serbia's relations with the SSSR/RSFSR, with which Serbia (as well as other republics) developed special contractual cooperation.

If foreign policy is defined by history and geography, what is Serbia's foreign policy goal regarding Russia, given that the country is unequivocally committed to its strategic European road of no return? No country with a pro-Russian policy has managed to join a tightly-knit economic and political integration system, such as the EU. The Bulgarians have firmly promised to the Russians that they will be their voice, but this has not happened (nobody ever asks us anything, it is others who decide), therefore the saying from the Bible, "He who is not with Me is against Me, and he who does not gather with Me, scatters" applies.

Constant uncertainty looms despite the strategic Serbian-Russian agreement, top-level statements on lasting brotherhood, historical tradition, and emotions, are some of the things that we have personally experienced, and are frequently overrated categories used in games outside the domain of real foreign policy relations and doctrines. It is not enough to wish and proclaim something, if the intention is not backed by a serious plan of how to realise it. Reduced to a modest capacity, Serbia is really finding it hard to square that circle and build a credible policy. That is why it has resorted to manoeuvring, a practice also used by the EU, the US and Russia, which currently suits everyone.

Russia is a country with a great historical role in the Balkans and it is capable of waiting while we depend on it to be our indispensable mainstay and turn to it whenever we are in a difficult situation. We do not have that kind of relationship with any other country or any other people. Our more recent, as well as our distant history has a lot in common, but one cannot live on history, one lives for history, it is the reason why things are created.

The truth is that over 50 per cent of the Serbian people are traditionally pro-Russian, while Bulgarian Prime Minister Boyko Borisov stated in an interview with TASS (13 July 2015) that this held true for the same percentage of Bulgarians. Pro-Russian sentiment deepened in Serbia in the 1990's and in later years, so that according to some surveys, 61 per cent of Serbs share this sentiment now. Links are required between history and contemporary times, tradition and reality.

Relations between Serbs and Russians and their countries go back centuries, emerged in a thousand-year-old common history of Slavism, Christianity, civilisation, culture, mutual assistance and understanding, as well as misunderstanding and different expectations. Relying on each other and counting on Russia have become a part of our existence. Russia is the guardian of Serbia, and Kosovo and Metohija's status in the UN Security Council, a proven champion of the interests articulated by Belgrade in the highest of bodies of a world organisation. There is a very old quotation that testifies to these relations even today. The Emperor of Russia, Alexander I, requested that Karađorđe sign a peace treaty with the Turks in 1812 because he wanted to withdraw his troops from the Balkans to defend Russia against Napoleon, stating that, "if Russia holds out, that will be also good for Serbia, and if Russia fails, there will be no Serbia".

One must admit that Serbia is at a watershed between Russia and the West. However, there are some who would like to see it carry out the impossible mission of building a bridge between Moscow and Brussels. Serbia is far from being (SFR) Yugoslavia with the power to do something like that. Special relations between Serbia and Russia are constantly caught between Serbia and the West and Russia and the West. It is therefore clear what Serbia can expect on its road to the EU and in the EU, including Kosovo and Metohija and Russia. This mission implies loyalty towards the chosen side, and in relation to Serbia's main, strategic, European choice, regardless of the fact that history, as well as awareness of belonging to both sides of Europe, are embedded in that choice.

We cannot therefore bask in the old glory of Serbian-Russian relations, not fearing that this can be destroyed, too. More realism, more rationalism, more wisdom and mutual interests must be invested in and built into these relations. This is what Serbia's relations with Russia have been fundamentally lacking throughout the post-Yugoslav/post-Soviet era, an era we are still going through without a well-defined concept of relations and an integral foreign policy concept, except for those concerning EU membership. The foreign policy pillars and the red and other lines are of no help here, instead what is needed are well-defined plans for political, economic, cultural and all other ties.

Following the collapse of the Soviet Union, Boris Yeltsin made the famous statement to the effect that Russia "has been brought to its knees". Fifteen years after the Yeltsin era, Russia rose from its knees, finding its place in the new international constellation. Serbia was unaware that it was in an even worse situation as there was no one to tell it that. Moreover, Serbia saw the dismembering of former Yugoslavia as its chance to move forward with seven-league boots, independently and free from the burden of other republics. Today, it does not know when or whether it will rise again and recover from the longest agony in the last two centuries of its history.

What kind of relations can Serbia and Russia have in a context of different internal and foreign policy processes which are taking place in the two countries? In the first decade of the post-Soviet/post-Yugoslav era, Moscow and Belgrade moved in opposite directions. Moscow pursued a highly liberal course in its foreign as well as its internal policy, which intensified disagreements with Belgrade altogether. Serbia was left without Russia's vital support at a crucial point. The Yeltsin regime and Andrei Kozyrev's diplomacy did not at all go hand in hand with the Milošević regime. Russia's politics, a considerable segment of Russian society, and its elite in particular, were imbued with pro-Western, pro-US and pro-European sentiment, as was the case at one point in Russian history, when in the 19th century swords were crossed over Western culture and pan-Slavism. Serbia's disappointment with Russia climaxed when the latter voted in the UN Security Council for the imposition of sanctions on the FRY on 31st May 1992, and the setting up of the Hague-based Tribunal a few years later (1995), rendering it impossible for it to protect Serbia from NATO aggression. Public sentiment was

not crucial at that point. The Kremlin did not forgive Belgrade for its support for the attempted overthrow of Yeltsin in October 1993 or for sending its delegation to ceremonies marking victory at Red Square. The opposition under the Milošević regime did indeed come across some understanding and support from Moscow, holding formal and informal meetings with Igor Ivanov at the Russian foreign ministry at Smolensk Square.

After Yeltsin, Moscow changed sides step by step, while Belgrade did so immediately after the fall of Milošević on 5th October 2000. The replacement of the Kremlin's hazy aims on 31st December 1999, indicated a new focus and resulted in huge changes later on. Vladimir Putin, Yeltsin's protégé and successor, stayed on a global Western liberal track, firstly introducing the much needed corrective factors of stabilisation and predictability into the country's internal policy. It was not until his second term in office that Putin started pursuing a more conservative political course of Russia's historical state traditionalism and interventionism, while throughout his first term in office, he tried to secure its position as a country integrated into Western society. He did not manage to do so. The crown of these efforts, a special deal with NATO known as the Rome Declaration on NATO-Russian Relations: a New Quality (28th May 2002), did not help much, either. In a speech delivered in Munich in 2007, Putin revealed that the time had come to change something in relations with the West and that the former policy had been exhausted.

In the 15 years of Putin's term in office as Russian president and the same number of years of democratic rule in Belgrade, Serbia's relations with Russia have encountered no major challenges. However, as the course taken by Belgrade is moving in the direction of Brussels (EU, NATO), while the course taken by Moscow is moving away from Brussels, NATO and the EU and opting for the SCO, the Eurasian Union and BRICS and increasingly diverging, some questions are constantly being raised.

Despite this, the agreed upon Serbian-Russian huge energy packet (largely contested in Serbia), which is one of the most promising segments of the South Stream gas pipeline, failed. While the world moves forward in leaps and bounds, the trade and economic relations, which are much needed by Serbia, are very modest. These relations were expected to act as a real stimulus to Serbia's economic recovery, however, due to the lack of political will, this has never happened. As a result, Serbia's exports and range of goods have never even come close to those from the Soviet era (finished products, equipment, tools, machinery, prefabricated factories, construction works and turn-key projects). The Serbian economy has missed its chance. Following the aggression, Yeltsin extended a hand of assistance to war-torn Serbia. In late August 1999, the FRY and the Russian Federation signed a free trade agreement in Moscow. The agreement widely opened the door to the preferential treatment of a whole range of Serbian goods on the Russian market. And then Belgrade decided to monetise its entire trade with, and all debts to Russia (due to its imminent accession to the EU and the World Trade Organisation (WTO)).

In March 2008, the Serbian and Belarus governments signed a free trade agreement in Minsk, marking the continuation of the policy of extending the free trade zone for the Serbian economy, based on the belief that it could be kick-started and developed in this way, despite the lack of results and analyses showing that the weaker side is the losing side. In early 2011, a free trade agreement was signed with Kazakhstan. The agreements sealed with Russia and Belarus were also adapted to coordinate them with the three countries' Customs Union, set up as part of the joint EEU project. No other country than Serbia can boast of having such a widely open door to Eastern and Western integration markets, stretching from Vladivostok to Lisbon.

Russia holds the leading position in Serbia's imports, but also in its trade deficit due to the import of energy commodities, oil and gas, raw materials and machinery. The other two countries with which Serbia registers the highest trade deficit include China and Germany. The EU, the Russian Federation and China account for 80% of Serbia's trade deficit; Serbia registers a 90% surplus in trade with only three countries, namely Montenegro, Bosnia-Herzegovina and Macedonia.

Serbia's imports from Russia exceed its exports to that country, with women's tights (USD 78 million), fresh

apples (USD 77 million), frozen sides of pork (USD 49 million), PVC flooring (USD 43 million) and centrifugal pumps (USD 37 million) being its top five exports (2014). Its exports to far away Kazakhstan amounted only to about USD 17 million in 2014 (as against 2012 and 2013, when it amounted to USD 11 million respectively), while its imports (oil) amounted to nearly USD 200 million (as against 2012 and 2013 when it amounted to USD 415 million and USD 888 million respectively). Serbia's trade with Belarus is also burdened by its chronic deficit, with its exports amounting to USD 73 million, and its imports to about USD 86 million in 2014 (their volume was the same in 2012 and 2013).

Serbia's fragmented exports to Russia cannot pay for its imports from that country and, consequently, it cannot avoid a (high) chronic deficit either in its trade with Russia (USD 1.5 billion) or in its trade with Kazakhstan (about USD 200 million) and Belarus (about USD 15 million). In 2014, Serbia's exports were again fragmented, playing a marginal role on the Russian and EEU markets.

Source: Challenges of Serbia's Foreign Policy - Collection of Papers - Friedrich Ebert Stiftung - European Movement Serbia - 2015

<http://library.fes.de/pdf-files/bueros/belgrad/12484.pdf>

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Serbia and China

Relations between Serbia and China, dating back to the period of former Yugoslavia, which established diplomatic relations with the People's Republic of China in 1955, have gone through the following three stages, characteristic also of other Southeast European countries: 1) the first stage lasted from the early 1950's to the second half of the 1970's, in which China established diplomatic, economic and other relations with the former Soviet Union, Bulgaria, Romania, Albania and former Yugoslavia; 2) the second stage began in 1977 with China's policy of opening to the world; 3) the third stage occurred after the Cold War, when politically motivated relations were superseded by economic interests. In the 1990's, many Chinese immigrants arrived in Southeast Europe, setting up small and medium-sized businesses, supplying local markets with affordable Chinese goods and thus preserving social peace in transition-impooverished countries.

After 2000, with the arrival of major Chinese investors and the signing of a 35-year concession agreement with the Greek port of Piraeus (2008), for the unloading of Chinese goods and their further distribution to the European market, China became one of the top ten trading partners of countries in the region, thus changing the pattern of its economic relations with them.³⁵ This has resulted in the launch of the 1+16 policy, providing for China's cooperation with the CEE countries, in which Serbia plays an active role

China has already invested in Serbia's energy sector, roads, bridges and car-manufacturing industry as part of a strategic partnership the two countries set up in 2009. China's car-manufacturing giant, Dongfeng, has signed an agreement with the Priboj Automobile Factory (FAP) to assemble vehicles in Serbia.³⁶ The Chinese shopping centre Zmaj, opened in Belgrade in 2010. China completed the construction of the bridge across the Danube in Belgrade in 2014, with Chinese Prime Minister Li Keqiang attending the opening ceremony. The country plans to invest in the power plant in Kostolac and the motorway linking Belgrade with the Adriatic Sea.

In 2014, Serbia's exports to China amounted to USD 14.4 million, while in that same period its imports from China amounted to USD 1.7 billion. China's share in Serbia's total exports and total imports amounted to 0.1% and 8.3% respectively.³⁷ Serbia mainly exports cork, wood, plant machinery and equipment, and plastic materials in primary form to the Chinese market. Office machines, clothing and electric machines account for the largest share of Serbia's imports from China. The Chinese model of economic development, combining traditional and modern elements, as well as the socialist system and a market economy, and Chinese investment in the politically unstable Xinjiang region, populated by Uighurs, a Turkic ethnic group with a strong separatist movement, serve as an example to Serbia and other countries in the southeast of Europe of how to stimulate economic growth and solve political and ethnic issues in the future.

Source: Challenges of Serbia's Foreign Policy - Collection of Papers - Friedrich Ebert Stiftung - European Movement Serbia - 2015
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Ataglance

July 2015



Serbia: Security situation

Serbia has a key role in the stability of the Western Balkans. With armed conflict now in the past, the country is firmly engaged in the European integration process, and holds the 2015 OSCE chair. However, Serbia remains 'in the line of fire' between Russia and the West, in particular due to the situation in Ukraine, and future crises or security threats to the region cannot be excluded.

Background

A series of armed conflicts, [international isolation](#), the [1998 arms embargo](#) in the former Republic of Yugoslavia (FRY), and the [1999 NATO bombing](#), outline Serbia's shaky past security situation. While most post-communist European countries started their democratic transition in the 1990s, Serbia lived through FRY's breakup, and a decade under Slobodan Milošević's authoritarian regime. In the 1990s, the country was embroiled in [multiple military conflicts](#) of varying duration and intensity: Slovenia in 1991, Croatia in 1991- 95, Bosnia and Herzegovina in 1992-95 (with the highest victim numbers), and Kosovo in 1998-99. The country's dual transition (from socialism to democracy and from armed conflict to peace) began with the 2000 '[Bulldozer Revolution](#)', overthrowing Milošević. After 2000, stability returned, with [two exceptions](#): the 2001 [armed Albanian insurgency](#) in South Serbia (Presevo valley), ending with the [Konculj Agreement](#); and the 2003 [assassination](#) of Prime Minister [Zoran Đinđić](#), which led to a state of emergency and the launching of police [operation 'Sabre'](#). Two other events marked the 2000s: [Serbia and Montenegro's 2006 split](#), triggering defence sector reforms, and Kosovo's 2008 [declaration of independence](#). Neither led to violence, but Kosovo remains a [priority](#) in EU accession talks and is a main factor in recent Serbian foreign policy, with [two main consequences](#): it has become an obstacle to EU entry, and facilitated rapprochement with Russia.

International and regional security cooperation

As FRY's legal successor, Serbia took over [all international treaties](#) related to involvement in armed conflict which applied to FRY. It has ratified [the majority of the international treaties and conventions](#) in the field of arms control, non-proliferation, and other international standards and practices. Serbia [has adopted 79](#) Council of Europe conventions and protocols, e.g. [on terrorism](#) and [prevention of torture](#), and was the first in south-eastern Europe to adopt a [National Action Plan](#) for implementing [UNSCR 1540 \(2004\)](#) on prevention of proliferation of nuclear, chemical and biological weapons. In 2013, Serbia became a [member](#) of the Nuclear Suppliers Group and is expecting full membership of the [Wassenaar Arrangement](#). In 2015, Serbia is [chairing](#) the [Organization for Security and Co-operation in Europe](#) (OSCE), and as regional cooperation is a Serbian [priority](#), it actively participates in various [regional security initiatives and fora](#). On security issues, however, the EU, NATO and Russia are the most relevant international actors in the region. EU-Serbia relations have developed closely in the framework of the 2008 Stabilisation and Association Agreement. Serbia has an EU visa-free travel regime since [2009](#). In 2013, it signed a [Security Cooperation Agreement](#) with the European Defence Agency, gaining access to its projects and programmes. Serbia has [aligned](#) its legislation with that of the EU in the field of arms, military equipment and dual-use goods export control. Although not a member, NATO's peacekeeping force in Kosovo, KFOR, guarantees the security of the Serb population, [together](#) with the EU mission in Kosovo ([EULEX](#)) and the Serbian Armed Forces (SAF). Serbia participates in NATO's [Partnership for Peace](#) (PfP) since 2006, and in the Euro-Atlantic Partnership Council, in a bid to modernise its defence sector in line with NATO standards. In 2015, it adopted an [Individual Partnership Action Plan](#) with NATO. The Belgrade NATO Military Liaison Office supports defence reforms and activities in the PfP framework. Bilateral cooperation with Russia on security was recently reinforced, with high-level visits in [2013](#) and [2014](#). In 2013,

the countries signed [a Strategic Partnership](#) and a 15-year [Military Cooperation Agreement](#). Serbia also [obtained](#) observer status to the Collective Security Treaty Organisation (CSTO).

Serbian Armed Forces (SAF) and National Defence Sector

Past developments thus drive the need to [establish democratic and civilian control](#) over the security sector, a priority since 2000. The Parliament exercises democratic control over the SAF, and the Defence and Internal Affairs committee is charged with parliamentary oversight. In 2009, Serbia adopted its National [Defence](#) and [Security](#) strategies. The country's main state security services include the Security-Intelligence Agency, the Military-Security Agency (counter-intelligence service) and the Ministry of Defence Military-Intelligence Agency. [SAF](#) comprise the Army (largest element, including the River Flotilla), Air Force, Air Defence, and Training Command. Since 2007, women may enter the Military Academy, and the SAF are fully professional since 2011, with fewer than [40 000](#) active personnel in total. Recent [challenges](#) include general lack of funding and ageing military equipment. Army presence is concentrated around the Kosovo border and the Presovo valley. SAF priorities include capacity-building for international missions, and improving military cooperation with NATO and the EU. Currently the SAF participate in seven UN missions with troops or military observers and in the EU Naval Force (EU NAVFOR) 'Operation Atalanta', EUTM Mali, and Somalia. The SAF also take part in NATO and Russian military drills, and in disaster relief. According to the [SIPRI Military Expenditure Database](#), Serbia's military expenditure has varied only slightly (2.2-2.5% of GDP) in the last decade. According to [IHS Jane's](#), Serbian defence expenditure is relatively high and has been better 'protected from budget cuts' in the context of the financial crisis, compared to neighbouring countries. This is bound to change with the government's 2014 spending cuts to address the budget deficit. Generous pensions, inherited from FRY's defence budget, particularly need to be addressed. The defence industry has begun to recover, accounting for [4% of Serbian exports](#) (2011). Production is divided among [several state- owned companies](#) and foreign trade (with Asia and Africa as key markets) is managed mainly by [Yugoimport- SDPR](#), also state-owned.

Open and latent conflicts, terrorism and other threats

Latent threats linked to autonomy and [secessionism](#), are common in the region. The [2014 Conflict Barometer](#) lists several potentially unstable ethnically mixed areas in Serbia: Presovo valley (Albanian minority), Sandzak (Bosnian minority/Wahhabi militants), Kosovo (Serbian minority) and Vojvodina. Military threat, although not entirely ruled out, appears unlikely. The 2009 Security Strategy points to Kosovo as a major threat. As part of an [EU-led dialogue](#), however, Belgrade-Pristina relations [have progressed](#) and are expected to improve further with the EU integration process. The parties' differing visions of Kosovo's status, as well as the persistent refusal of the Serb minority in (northern) Kosovo to accept the Kosovar government, may nevertheless remain a source of instability. Other insecurities include organised and cross-border crime (trafficking of weapons, humans and drugs, and money laundering), widespread corruption, and terrorism. Risk of terrorist activity in Serbia mainly relates to the Sandzak region and Albanian separatists in the south. The 2015 Zvornik [attack](#) led to intensive security measures in the region. In 2014, Serbia [adopted](#) a strategy to fight money laundering and terrorist-funding and may open [an FBI regional office](#). On the [Western Balkan route](#), the country also faces the issue of increasing migration flows.

The Commission's 2014 [progress report](#) sees progress in the area of foreign, security and defence policy as 'on track'. It deplores, however, the fact that the rate of Serbia's alignment with EU declarations and Council decisions in this field has dropped to 62% (89% in 2013). Serbia has [not joined](#) EU [sanctions](#) triggered by Russia's annexation of Crimea. In a [2015 resolution](#), the EP calls on Serbia to align with EU foreign policy on Russia. The text also mentions Serbia's hosting persons subject to EU visa bans and carrying out military drills with the Russian army.

Possible developments

[Militarily neutral](#) since 2007, Serbia is [not considering](#) membership of any military alliance. It has neither applied to join NATO, as support for membership is [not strong](#), nor is it considering [moving beyond](#) CTOS

observer status. Its foreign policy, however, is not perceived as [free of contradiction](#), but as a balancing act between EU accession and closer alliance with Russia. Key to controlling EU [energy supply routes](#), Serbia may become a '[new playground](#)' for [regional rivalry](#) between Russia and the West. Regional stability is crucial for long-term EU security, and conflict prevention will remain a vital part of the European Security Strategy [currently under revision](#). Russia is reinforcing its presence through investment, fuel and gas sector control, stronger ties with Serb minorities in its neighbours, and [support](#) for Serbia's position on Kosovo in the UN. As no further enlargement is planned during the current Commission's mandate, concerns are raised that a '[political vacuum](#)' may be created, in turn facilitating [extended Russian influence in t](#)he region.

Briefing

January 2016



The Western Balkans

Frontline of the migrant crisis

SUMMARY

2015 was a landmark year in the history of migration to Europe, with an unprecedented and constantly increasing flow of migrants making their way to the European Union. Fleeing poverty and war mainly in the Middle East and Africa, more and more people embarked on perilous journeys to reach the safety of Europe. In 2015, there was a significant surge in migrant transits across the eastern Mediterranean and the Western Balkans. The EU Member States bordering the Mediterranean Sea shared the challenge of the influx with other Member States and the Western Balkan countries, in particular the former Yugoslav Republic of Macedonia and Serbia.

The 1990s wars in the Western Balkans triggered a mass exodus to other parts of Europe, which has had long-lasting consequences for the region. While today the Western Balkans remain a substantial source of migration, in the current context they are mainly a transit route. Countries in this particularly sensitive region have less-advanced welfare systems, limited institutional capacity and struggling economies that are further strained by having to provide for large numbers of transiting migrants. Having activated dormant political conflicts in the region, these developments risk turning into a major destabilising factor. In all likelihood, the crisis will last and the Western Balkans will remain a busy migrant route. This puts relations between the EU and the Western Balkan enlargement countries in the spotlight and makes the case for increased cooperation in a situation of mutual dependence. While the EU is already providing technical, humanitarian and financial assistance to the Western Balkans, it needs to come up with a coordinated approach focused not only on short-term measures, but also on the long-term consequences for the region, including their impact on the enlargement process as a whole.



In this briefing:

- Roots of the refugee crisis
- The Western Balkan route
- What the Western Balkan countries are doing
- Reactions to the crisis
- EU response: implications for the Western Balkans
- Outlook
- Main references

The 1951 [UN Geneva Refugee Convention](#) defines refugees as people fleeing conflict or persecution. People who apply, or intend to apply, for asylum on these grounds, but whose applications are pending, are called 'asylum-seekers', whereas 'refugees' are those who have already been granted asylum. 'Refugees' is however often used more broadly in the media, to cover all those part of a flow, as in the present case, from a country/region stricken by conflict, irrespective of their legal status. The concept of 'economic migrants' has also gained prominence in recent years. Their primary motivation is considered to be economic gain. In Europe there is ongoing debate as to whether it faces a '[refugee](#)' or an '[economic migrant](#)' crisis. Refugees and economic migrants are often labelled with the same term – 'migrants', but they are subject to different laws and levels of protection. The difficulty of drawing a distinction between them, as well as their many shared characteristics, has brought the term '[mixed migration](#)' into use.

Roots of the migrant crisis

Refugee movements towards Europe are not a new phenomenon. Depending on the areas of conflict from which they have sought to escape, refugees have reached Europe via different routes. In 2005, thousands of sub-Saharan African refugees used the Spanish enclaves of [Ceuta and Melilla](#) as their major entry point to the EU via the western Mediterranean. In 2011, civil unrest in Tunisia and the [fall of the Gaddafi regime](#) in Libya spurred massive movements on the [central Mediterranean route](#) to the Italian island of Lampedusa. In 2014, refugee numbers reached a [staggering level](#), marking a record for the EU. At present, the most intense armed conflicts in the world are in the Middle East and Africa. The [2015 Fragile States Index](#) places countries such as South Sudan, Somalia, the Central African Republic, Syria and Afghanistan atop the global list of humanitarian emergencies. Having started in 2011, the Syrian conflict is now among the [strongest drivers](#) for refugees coming to Europe (according to [Eurostat](#) around 29% of all refugees are Syrian). Around 4 million Syrians have fled to Jordan, Lebanon, Turkey and Egypt, facing dire living conditions, restricted movement and no right to work. Other conflicts, including those in Somalia and Eritrea, [have also displaced millions](#). Poor governance and lack of political accountability are yet other reasons why people – 'economic migrants' – flee. Thus, a mix of violence, dysfunctional political systems, decreasing international aid and globalisation in general, are all triggers that push more and more people to cross borders.

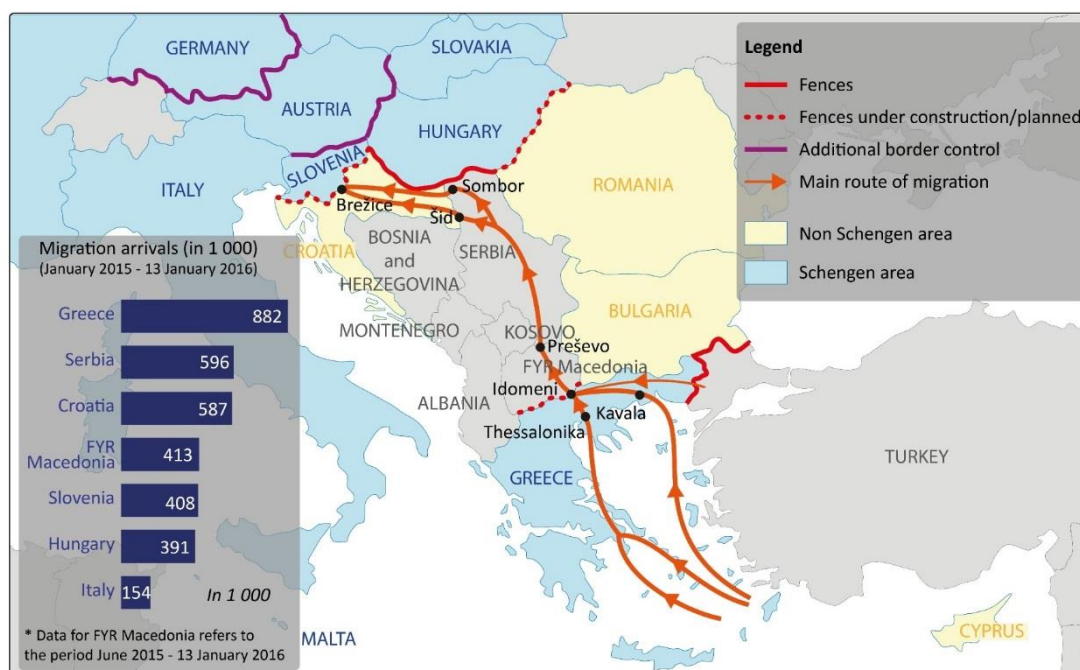
The '[Western Balkan route](#)' is composed of two migratory flows: one from the Western Balkan countries themselves and another of migrants having entered the EU (Bulgaria or Greece) via Turkey by land or sea, with the aim of reaching the Schengen area.

The Western Balkan route

In 2015, of the [main migratory routes](#) to Europe by land and sea, that across the Western Balkans was the busiest. Starting in Turkey, the route heads west into Greece and then into the Western Balkans, at present primarily via the former Yugoslav Republic of Macedonia and Serbia. The region's aspiring EU candidates, particularly Kosovo¹ and Albania, have largely been a source of irregular migration themselves, with a [peak](#) of border crossings in 2014 and early 2015. Increasing migrant flows from outside Europe, however, have shifted the trend, turning the region into a transit one. Some of the contributing factors include:

- Migrant flows stemming mainly from the Middle East and more broadly, Asia,
- The strategic geopolitical position of the Western Balkans,
- The construction by Greece (2012) and Bulgaria (2014) of fences along their borders with Turkey, which [diverted](#) most migrants to sea routes,
 - The lower risk/cost compared to the 'deadly' central Mediterranean route,
 - The introduction of visa-free travel within the EU for Western Balkan countries.

Figure 1 – Migration arrivals in the EU in 2015



Map by Giulio Sabbati, EPRS; Data source: International Organization for Migration ([IOM](http://iom.org)), 2015.

The new route is shorter, since for the majority of migrants, who come from the Middle East, Turkey is within [easier reach](#) than Libya. Although not devoid of [peril](#), this route is also considered safer: sea trips from Turkey to the Greek islands have been successful for tens of thousands of people. Challenges on the road include [new fences](#) along borders and unpredictable reactions by the affected countries, which [additionally burdens](#) transit countries and leads to secondary routes within the region.

What the Western Balkan countries are doing

Despite the fact that the Western Balkan countries have [relevant laws](#) and migration management systems in place, the high number of refugees crossing their territory has [put a strain](#) on their legislation, asylum systems and migration policies. The EU has bilateral [readmission agreements](#) with Albania, Serbia, Montenegro, Bosnia and Herzegovina (BiH) and the former Yugoslav Republic of Macedonia. The challenges relate to ensuring consistent implementation of the relevant legislation, sufficient capacity for receiving migrants and compliance with international standards.

Legal frameworks in the Western Balkans

Although largely harmonised with the EU *acquis*, the legislative and institutional frameworks for migration management need further adjustment. All the countries have adopted [three types of relevant laws](#) regulating: 1) foreigners/aliens, 2) state border control, and 3) the revision of the criminal code so as to criminalise migrant smuggling and to assign penalties. They also have key strategic documents defining the priorities, main objectives and measures related to managing irregular migration and illegal stay.

The national asylum procedures in the region differ in a number of ways, for example as regards the steps involved in the asylum procedure and the grounds for granting or refusing asylum. In Albania and Kosovo, asylum-seekers cannot express their intention to request protection prior to submitting a formal request. In BiH and Serbia, asylum-seekers can express such an intention, after which they are obliged to formally do so within a determined timeframe. Recent changes have also made this possible in the former Yugoslav Republic of Macedonia. However, the vast majority of refugees only spend a limited time in the Western Balkans and [rarely submit](#) asylum requests.

National and regional dialogue and practical cooperation are necessary to address the situation in the region. The United Nations Refugee Agency (UNHCR) and the IOM, as well as multiple NGOs, support governments in developing initiatives and good practices on refugee protection and international migration. Examples include the Balkans Asylum Network (BAN), established to contribute to asylum-related capacity-building of civil society in the region, as well as the Migration, Asylum and Refugees Regional Initiative ([MARRI](#)), created under the former Stability Pact for south-eastern Europe. There are also several regional consultative

Table 1 – Key laws that define/regulate international protection in WB countries(IOM, 2014)

FYR Macedonia	Law on asylum and temporary protection
Albania	Law on asylum, on the integration and family reunion of persons granted asylum in the Republic of Albania
Serbia	Law on asylum of the Republic of Serbia
Montenegro	Law on asylum of Montenegro
BiH	Law on the movement and stay of foreigners and on asylum
Kosovo	Law on asylum

Note: New laws on asylum are being drafted in the former Yugoslav Republic of Macedonia, BiH and Montenegro, and in Serbia.

Table 2 – First-instance institutions deciding on asylum requests(IOM, 2014)

FYR Macedonia	Asylum Department at the Ministry of Interior
Albania	Directorate for Nationality and Refugees at the Ministry of Interior
Serbia	Office for Asylum at the Ministry of Interior
Montenegro	Office for Asylum at the Ministry of Interior
BiH	Asylum Department at the Ministry of Security
Kosovo	Department of Citizenship, Asylum and Migration at the Ministry of Interior

processes with migration-related agendas, such as the [Budapest](#) and [Prague](#) processes. Initiatives aimed at regional cooperation on migration issues are also undertaken by the South-east European Law Enforcement Centre ([SELEC](#)), the International Law Enforcement Cooperation Unit ([ILECU](#)), and within the framework of the Police Cooperation Convention for Southeast Europe ([PCC](#)). The IOM issued a '[response plan](#)' for the period September-December 2015, in which it promoted regional approaches to addressing mixed migration flows. Together with UNHCR, the IOM leads the Western Balkan Initiative on refugee protection and international migration. UNHCR has put in place a [targeted protection and humanitarian response](#) in support of the governments and civil society, which includes enhanced monitoring and presence at exit and entry points. At the same time, UNHCR has engaged in the provision of basic humanitarian assistance, legal and social counselling, and information dissemination and interpreting through its local partners. Public advocacy, awareness-raising and community engagement have also been stepped up.

Serbia: state of play

Since the 1990s, Serbia has [hosted the largest displaced population](#) in Europe. Now it is mainly a transit country, in which migrants spend two days on average. With [over 595 000 arrivals](#) since January 2015, and with the closing of borders by neighbouring countries, its capacity has been [exceeded](#) and its situation has been [aggravated](#) further. To cope, the government set up a [working group](#) in June and adopted a [plan](#) in September 2015. Overall, Serbia's actions (open borders policy, political discourse, public attitudes) are seen as 'refugee-friendly', despite reported [cases](#) of mistreatment. The [2015 Commission progress report](#) commended the country in that respect.

Legal and Institutional framework, reception centres

The [Constitution](#) of Serbia guarantees the right to asylum, primarily regulated by the 2008 [Law on asylum](#).

Migration is regulated by the Law on foreigners (2008), Law on state border protection (2008), Law on migration management (2012) and Law on employment of foreigners (2014). Relevant strategies are also in place, such as the Strategy for combating illegal migration (2009-2014), among others. In the framework of Serbia's screening process with the EU, the [action plan for Chapter 24](#) notes that asylum legislation is partly compliant with the EU *acquis* and outlines areas to be addressed. In 2013, the Ministry of Interior mandated a project group to draft proposals for a new asylum law, expected to be adopted in the first half of 2016.

[Several state authorities](#) have [competences](#) regarding migration: the Ministry of Interior (Asylum Unit and Aliens Department), the Asylum Commission, the Ministry of Justice (the Administrative Court), the [Commissariat for Refugees and Migration](#), the Ministry of Foreign Affairs, and the Ministry of Labour, Employment, Veterans and Social Policy. The 2008 Law on asylum foresees the establishment of an Asylum Office. Not yet officially established, it currently operates on an ad hoc basis. NGOs and international organisations such as [UNHCR Serbia](#), the [Serbian Red Cross](#), [Asylum Info Centre](#), the [Belgrade Centre for Human Rights](#), [Praxis](#), the [Danish Refugee Council](#), [Caritas](#), and [Group 484](#), are also relevant stakeholders. UNHCR cooperates closely with the European Commission, the EU's external borders management agency ([Frontex](#)) and the European Asylum Support Office ([EASO](#)).

Currently, refugees along Serbia's borders can get help and services at [several aid points](#). The country has five reception centres with limited capacity; in 2015, a [One Stop Centre](#) was opened in Preševo.

Ongoing relevant projects include [Group 484's](#) 'Networking and capacity-building for a more effective migration policy in Serbia', 'Towards the Europeanisation of Serbia – improving the legislative framework, established policies and practices in the areas of asylum and readmission in the Republic of Serbia', and 'Improving migration policy in Serbia and countries of the Western Balkan'. In broad terms, they aim to boost the engagement of civil society organisations and raise awareness. Overall, the EU-funded projects aim to expand existing accommodation capacity and assist in drafting the new asylum law, reforming the asylum system, and further developing the border surveillance systems. Serbia has been [encouraged](#) to build additional centres with EU support. It has expressed willingness to take part in the EU quota system for refugees, and [readiness to follow](#) a common EU approach. It has, however, emphasised the need for a joint EU response and a uniform regional approach to the definition, rights and benefits of refugees.

The former Yugoslav Republic of Macedonia: state of play

The former Yugoslav Republic of Macedonia also has a history of hosting refugees, both in the 1990s and after the 1999 Kosovo conflict. To keep track of the unprecedented migration movements, the Ministry of Interior issues [daily reports](#); in October, [record levels](#) of about 10 000 daily arrivals were reported. On 20 August, the former Yugoslav Republic of Macedonia declared a '[situation of crisis](#)' at its southern (with Greece) and northern border (with Serbia), and called in its army for support. The situation escalated with violence on the border with Greece, which was temporarily closed due to lack of human resources to register migrants in a timely manner and ensure their transport to the next border. The Macedonian Young Lawyers Association (MYLA) [reported](#) that by 1 October 2015, only 50 asylum applications had been submitted.

Legal and institutional framework, reception centres

The former Yugoslav Republic of Macedonia has progressed in aligning its [legal framework](#) with international standards, but a 2015 UNHCR [analysis](#) noted shortcomings as regards implementation. [The 2015 Commission progress report](#) assessed the former Yugoslav Republic of Macedonia as 'moderately prepared' to implement the *acquis* in that area. The Constitution guarantees the right to asylum, which is regulated in the [Law on asylum and temporary protection](#). The law was amended substantially first in 2012 and then [in June 2015](#), as a [temporary solution](#) for dealing with the massive flows of people. As the restrictive rules on asylum-seeking posed a risk of arbitrary detention and push-backs at the border, they were replaced by a procedure allowing people to register their intention to seek asylum at the border. The new procedure protects applicants from the risk of *refoulement* and grants them a 72-hour legal stay in the country, before formally seeking asylum.

Migrants receive a document confirming their expressed intention and giving them access to public transport and medical help within 72 hours. In 2015, a working group was established with a mandate to draft a new asylum law, expected to be adopted in 2016.

The Ministry of Interior (Moi) and the Ministry of Labour and Social Policy [share responsibility](#) as regards asylum procedures. The Section for Asylum and the [Section for Border and Migration](#) (Moi) are the primary government bodies responsible for implementing the reception and asylum procedure. The [Crisis Management Centre](#) coordinates activities on the ground. UNHCR Skopje supports the local authorities, in cooperation with the Commission, Frontex, EASO and civil society organisations such as Legis, MYLA, Help the Refugees, HERA, IOM and La Strada Open Gate, among others.

The former Yugoslav Republic of Macedonia's 'Vinojug' [reception centre](#) for asylum-seekers is in the town of Gevgelija at the border with Greece. The 'Tabanovce' refugee aid point is at the border with Serbia, and the 'Vizbegovo' reception centre is in Skopje. Reception capacities are being further strengthened under the UNHCR [winterisation plan](#) (November 2015-February 2016). [Project Hope](#) is an ongoing refugee healthcare project. Ongoing EU-funded projects primarily focus on renovating border police stations, fighting against trafficking in human beings and strengthening police capacities for border management.

Other Western Balkan countries

While the other Western Balkan countries are not affected to such an extent, Albania fears that the route may deviate, turning it into another 'refugee hub'. The [route from Albania to Italy](#) had been tested after the collapse of the communist regime in the 1990s. Frontex announced that it would [deploy forces](#) to monitor the Greek-Albanian border. Two migrant centres in Gjirokastrë and Korçë near Greece are being prepared for such events. An increased, although not yet high, number of refugees have been [reported](#) as crossing Bosnia and Herzegovina to enter Croatia, tracing another potential route.

Reactions to the crisis: EU Member States and the Western Balkans

The migrants challenge has had a significant impact on the Western Balkans. Good neighbourly relations in this region are fragile and latent tensions from past conflicts [easily re-ignited](#). The impact, however, has not been limited to non-EU countries. EU Member States have also been overwhelmed and tensions have built up across Europe, leading governments to resort to individual, '[ad hoc policies](#)'. Despite travel within the Schengen area being unrestricted, some states have [reintroduced internal EU borders and tightened controls even further in the aftermath](#) of the terrorist attacks in Paris. Overall, the EU's reaction has been qualified as 'ad hoc', with a strong [focus on security](#). Divided national interests have hindered a common EU approach.

The transit countries' [divergent responses](#) have strained their bilateral relations. So far, **Hungary's** initial reaction is considered the most drastic. The country recently [amended its asylum legislation](#) to restrict access for refugees, and also opposed compulsory EU quotas for relocation of asylum-seekers. In December 2015, the European Commission opened infringement proceedings against Hungary over a new law which [allegedly prevents failed asylum-seekers from winning appeals to stay](#). Hungary erected fences and closed its borders both with Serbia ([15 September](#)) and Croatia ([16 October](#)), and plans to build another fence on its border with Romania. On 16 September, Hungarian police clashed with refugees at the border crossing at Horgoš and used teargas and water cannon against them while they were on Serbian territory. This led to tensions with Serbia; the border was closed and then reopened five days later. Hungary's relations with Serbia improved but its tensions with **Croatia** [deepened](#). The restricted passage through the border with Serbia redirected the migrant flows to Croatia, which reciprocated by transporting people to Hungary. Hungary sent armed forces to the Croatian border, authorising them to use non-lethal force against migrants. Croatia and **Serbia** got into a [more intense row](#) which [escalated into a 'trade war'](#). Following the high number of arrivals from Serbia, on 20 September Croatia closed the last of its eight crossings with Serbia, halting all cargo traffic. The trade ban lasted several days. Serbia closed its borders to all Croatian goods, and Croatia responded by closing its borders to all passenger traffic from Serbia. Croatia warned it might build fences along its border with Serbia. The Serbian

Prime Minister [sent a protest letter](#) to the EU, demanding mediation and adherence to the Stabilisation and Association Agreement with the EU. In November 2015, the bilateral crisis subsided and a mutual [commitment](#) for more structured cooperation followed. Both countries [agreed](#) to provide train services across their borders to ease travel through the region.

The border closure between Hungary and Croatia affected **Slovenia** as well. Since mid- October, more than 150 000 people have crossed the country. The government called in the army and private security personnel to boost its small police force. Slovenia mentioned the possibility of invoking a '[never-before-used 'solidarity clause' in the EU treaties](#)' to request EU aid and military support. On 11 November 2015, it [started building a fence](#) along its border with Croatia.

In August 2015, **Germany** [exempted Syrian citizens](#) from the rules of the Dublin Regulation, but [removed the exemption](#) in November. It [reinstated border controls](#) on its border with Austria in September, after receiving hundreds of thousands of migrants in a few days. **Austria** also said it could [build a fence](#) on the border with Slovenia. Border controls have been [introduced](#) by others as well in what is seen as the [greatest blow to Schengen](#) since its inception. Most recently, [additional limitations](#) have been introduced by four countries on the Balkan route. At the end of November, Slovenia and Croatia closed their borders to 'economic migrants' from countries not affected by war. This triggered a similar response by the former Yugoslav Republic of Macedonia and Serbia, which now only allow migrants from Syria, Afghanistan and Iraq; the former Yugoslav Republic of Macedonia has started building a fence along its border with Greece. The resulting tensions and the thousands of [stranded](#) people at the border have been a clear signal that cooperation with the Western Balkans is crucial.

European Union response: implications for the Western Balkans

The refugee crisis, which has led Member States to reintroduce [border controls](#) and erect fences, and has been [considered a threat](#) to the Schengen area of free movement, has been qualified as one of the [greatest challenges](#) the EU has ever faced. It has significant implications for the entire EU, straining Member States financially, and putting both their ability to cooperate with each other and the common EU values to the test. It may have a potentially disruptive impact on EU politics, especially when in the aftermath of the [Paris attacks](#) and New Year's Eve [assaults in Cologne](#) refugees have increasingly been regarded as a risk to security. The EU's [ongoing](#) search for a tailored response to migration intensified significantly in 2015, when migration was at the centre of a series of high-level meetings and conferences (see Figure 2). The EU institutions took a number of internal measures to assist Member States most affected by the refugee influx due to their geographical position (Greece and Italy, in particular) and to look for a more efficient way to address this challenge in a coordinated manner, with shared efforts.

The refugee crisis also brought to the fore the realisation that the EU cannot act alone. Arriving via Turkey, migrants first enter the EU, then cross into non-EU countries and re-enter the EU again to reach the Schengen area. Therefore, in seeking solutions, the EU has attached high priority to working with these third countries. It has recently stepped up efforts for better cooperation with its neighbours involved in the crisis, especially Turkey and the Western Balkan countries. In a [key debate](#) during Parliament's October plenary session, concerns were raised that the present situation, apart from undermining the EU, might turn into a geopolitical crisis with a destabilising effect on the Western Balkans whose capacities to respond have been exceeded. The debate concluded that tighter cooperation with the Western Balkans was necessary to prevent further crisis in the region.

Figure 2: Timeline



Cooperation with third countries

In the short-term, the focus has been on taking measures to stem the migrant influx to the EU, secure the borders with third countries, better manage arrivals and ensure timely and efficient information exchange. The EU has agreed on providing financial support for all of the above.

Slowing down the migrant flow

Host to a large number of migrants, as well as being the country from which most migrants reach the EU borders and the Western Balkans, Turkey stands out as a crucial partner to curb further influx. In October 2015, the European Council endorsed a [joint action plan](#) with Turkey, and at the 29 November 2015 [summit](#), an initial €3 billion was committed to help improve the situation of Syrian refugees. Both parties agreed to fully apply the EU-Turkey readmission agreement from June 2016, and to complete the visa liberalisation process for Turkish citizens in the Schengen area by October 2016. Turkey promised to impose stronger visa requirements and residence rules for certain migrants and return those not eligible for international protection to their countries of origin.

To address the issue of migrants from the Western Balkans (together with Turkey, nationals of these countries account for a big share in the total number of applications lodged in the EU), in September 2015, the Commission proposed [a regulation](#) to set up a common EU list of [safe countries of origin](#) including Albania, Bosnia and Herzegovina, former Yugoslav Republic of Macedonia, Kosovo, Montenegro, Serbia and Turkey.

The Western Balkan countries were added to the 'safe countries of origin' list, as in principle they are considered to fulfil the requirements of the [Asylum Procedures Directive](#) and the Copenhagen criteria for EU membership. The European Council for Refugees and Exiles ([ECRE](#)) considers, however, that their proposed inclusion is not properly justified and [recommends](#) that the safety criteria be assessed in consultation with a range of sources, including EASO, UNHCR, the Council of Europe and other relevant organisations. If the proposal is to be adopted, the [Meijers Committee](#) (an independent expert group that does research, inter alia, on migration issues) [recommends](#) that Parliament, before voting on the proposal, seek expert advice on whether these countries meet the designation criteria or not.

Better management of arrivals

Although arrivals could be slowed down, they cannot be stopped completely. To prevent the Western Balkans from becoming a '[parking lot](#)' for refugees and address the challenges along the eastern Mediterranean/Western Balkans route, the EU organised two dedicated meetings: a [high-level conference on the Western Balkans](#) on 8 October, followed by a [Balkan 'mini summit'](#) on 25 October 2015. At the conference, representatives from the Western Balkans, Turkey, Jordan and Lebanon acknowledged that they face a common challenge, concluding that 'collective responsibility must be translated into collective action'. They adopted a [declaration](#) that foresees a series of practical steps for more effective cooperation. Special attention was paid to the vulnerable position of the Western Balkans, in particular Serbia and the former Yugoslav Republic of Macedonia as the most affected transit countries. Among the key actions agreed was to provide support for the region to enhance reception and accommodation facilities along the route, strengthen local capacity to register and process asylum applications, and facilitate regional cooperation and information exchange.

During the Balkan mini-summit of 25 October, the leaders of Austria, Bulgaria, Croatia, Germany, Greece, Hungary, Romania, Slovenia, as well as Albania, Serbia and the former Yugoslav Republic of Macedonia met, together with the Presidents of the Commission and the European Council, the Council presidency-in-office and its successor, as well as the UN High Commissioner for Refugees and representatives of EASO and Frontex. They agreed on a [17-point plan](#), outlining a set of operational measures. Countries along the route agreed to nominate national contact points to coordinate the permanent exchange of information and thus allow for 'gradual, controlled and orderly movement' of people along the route. The Commission and the national contact points are to jointly monitor the implementation via video conferences on a weekly basis. The states

were asked to discourage further movement of refugees to the borders of a neighbouring country without prior notification, as well as to trigger the EU Civil Protection Mechanism (see box) where necessary. Both Greece and the Western Balkans committed to increasing their reception capacities by 50 000 places each by the end of 2015.

In May 2015, the **European Commission** adopted a [four-pillar European Agenda on Migration](#), which, among other things, introduced the '[hotspot](#)' concept. The '[hotspot](#)' is conceived as a platform and a flexible tool allowing agencies like [EASO](#), [Frontex](#) and the EU's law enforcement agency, [Europol](#), to intervene rapidly and in an integrated manner, in frontline Member States (Greece and Italy at present). They would provide operational support to national authorities for swift identification, registration and fingerprinting of arriving migrants. At the Justice and Home Affairs Council on 9 November 2015, the EU announced

its plans for a similar approach, to better pool efforts and avoid duplication of work, in the Western Balkans. The '[processing centres](#)', likely to be set up in the former Yugoslav Republic of Macedonia and Serbia, are to receive migrants and initiate asylum applications or the return mechanism. In its [Conclusions](#), the JHA Council also noted that the first European migration liaison officers, provided for in the Agenda on Migration, should be deployed as a priority in several third countries, including in Serbia, by the end of January 2016. The aim is to assist local authorities with gathering, exchanging and analysing information.

Securing external borders

Another area of short-term actions to address urgent needs is securing the external borders of the EU, which again involves reinforced cooperation with Turkey and the Western Balkans as immediate neighbours. The above-mentioned 17-point plan includes several points on strengthening border management: scaling up the Poseidon Joint Sea Operation in Greece; reinforcing Frontex support at the border between Bulgaria and Turkey; managing the external land borders of Greece with the former Yugoslav Republic of Macedonia and Albania; monitoring the Croatian-Serbian border crossing points; deploying 400 police officers in Slovenia; and making use of Rapid Border Intervention Teams ([RABIT](#)). In line with this, in December 2015, Greece [agreed on a new Frontex operation](#) at the border with the former Yugoslav Republic of Macedonia and started [removing stranded migrants](#) from that border.

The [Civil Protection Mechanism](#) can be activated by any Member State facing a crisis. Coordinated by the Commission's Emergency Response Coordination Centre, it can mobilise various types of assistance (teams, equipment, medical supplies). It facilitates cooperation in emergency response among 33 countries (EU- 28, Iceland, Norway, former Yugoslav Republic of Macedonia, Montenegro and Serbia). Turkey has recently signed the agreement, too. As regards the refugee crisis, it has [been activated](#) by Hungary and Serbia (September 2015), Slovenia and Croatia (October 2015) and [Greece](#) (December 2015)

In its September 2015 [Resolution](#) on migration and refugees, the **European Parliament** welcomed the hotspot approach and expressed support for the Commission's initiative to set up a binding relocation mechanism. The EP backed a move to amend the Dublin Regulation and to ensure the safe and legal arrival of refugees via humanitarian corridors and visas. The EP stressed the need for solidarity, a comprehensive EU approach, coherent internal and external policies, as well as for holding an international conference on refugees with the relevant UN agencies and NGOs, the United States and the Arab states, to forge a common global humanitarian aid strategy. In an October [resolution](#), the EP supported the Commission's proposal to make changes to the EU budget for 2015 to ensure the proper management of the refugee crisis. In November 2015, the EP [debated](#) in plenary the outcomes of the Valetta Summit on migration.

The implementation of the measures taken so far was [assessed](#) during a 12 November [informal meeting](#) of Heads of State or Government held after the [Valletta Summit](#) on migration, and during the 16 November [Foreign Affairs Council](#). The main focus was on Turkey; the Western Balkan countries were described as EU 'allies' in the process of handling the situation. Migration was again a [key agenda point](#) at the European Council of 18-19 December 2015, with President Donald Tusk underlining the 'delivery deficit' in respect of the agreed measures.

Financial assistance

To back the above measures, the EU has committed to providing [financial and technical support](#) to the candidate and potential candidate countries from the Western Balkans, so far mainly through the [Instrument for Pre-accession Assistance](#) (IPA) and its 2014 successor, [IPA II](#), but recently also through additional funds. Made or planned investments in migration-related activities (see box) have been dedicated to projects for introducing integrated border management, upgrading reception centres, reforming national asylum systems, strengthening institutions for achieving effective migration management and countering the traffic of human beings. The need to provide for the thousands of refugees going across the region has been far greater than local resources and management capacities can handle, revealing how urgently further immediate assistance is needed for coping with the situation. Ahead of the High-Level Conference on the Western Balkans route, in October 2015 the EU approved an [additional €17 million](#) to assist the former Yugoslav Republic of Macedonia and Serbia in particular. November 2015 marked the start of a multi-country IPA II programme, 'Regional support to protection-sensitive migration management in the Western Balkans and Turkey', with a three-year implementation period and a budget of €8 million. It aims to facilitate migrant identification, improve information exchange and lay the groundwork for sustainable return solutions. The Commission will implement it through Frontex, IOM and UNHCR.

A [leading donor](#) for alleviating the Syria crisis, the EU has also allocated €1.74 million in [humanitarian aid](#) to Serbia and the former Yugoslav Republic of Macedonia alone. Some €1.5 million of this amount will be used for providing basic emergency services in winter (drinking water, hygiene, healthcare, shelter, improvement of reception centres, and coordination and reporting on migration issues in the region). An additional €240 000 (€90 000 for the former Yugoslav Republic of Macedonia and €150 000 for Serbia) has been allocated via the Disaster Relief Emergency Fund (DREF) of the International Federation of Red Cross and Red Crescent Societies (IFRC).

[Overall pre-accession support](#) for migration-related activities (both past and planned) since 2007

Albania	€4.5 million
Bosnia and Herzegovina	€16.8 million
former Yugoslav Republic of Macedonia	€24 million
Kosovo	€7.1 million
Montenegro	€22.6 million
Serbia	€54 million

Outlook

The refugee crisis has been at the heart of the EU debate for several months and the measures taken so far have not been seen as [matching its scale](#). In its [Autumn 2015 economic forecast](#), the Commission points out that around 3 million persons may arrive in the EU in the period between 2015 and 2017. As the migration flow is [not likely to abate](#) in the near future, a reform of EU asylum policies may become '[the next major European project](#)'. The current situation raises [concerns](#) about its potential impact on national politics, public attitudes, divisions within the EU and its overall credibility. The Western Balkans remain at the centre of [possible scenarios](#) for the coming months. A wide range of factors may help shape the future: increased immigration and border control or further restrictions by destination countries, deterioration in Syria or in host third countries, reduced international funding, among other things, may boost migrant numbers and/or leave migrants stuck in transit countries. Conversely, increased humanitarian assistance, prospects for improvement in Syria, effective legal ways to reach Europe or relocate migrants, would lead to a decrease in or containment

of the number of migrants crossing the transit countries.

At present, the focus is on short-term operational measures. To manage migration more effectively, the Commission has presented proposals for establishing a European Border and Coast Guard (as part of the December 2015 'Borders Package'), a permanent relocation mechanism, and will soon present proposals for reform of the Dublin Regulation, among others. The external dimension of the EU agenda includes addressing the long-term consequences for sending and transit countries as well and finding ways to work more closely with the Western Balkans by drafting a common approach to the crisis in future.

Main references

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['Migration Flows In Western Balkan Countries: Transit, Origin And Destination, 2009–2013'](#), International Organization for Migration (IOM), 2014.

['Refugee Protection and International Migration in the Western Balkans. Suggestions for a Comprehensive Regional Approach'](#), UNHRC, September 2013.

<http://www.statewatch.org/>.

Endnote

¹ This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

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<http://epthinktank.eu> (blog)



5.3 Country Report on Terrorism 2015 - Serbia

Country Reports on Terrorism 2015 - Serbia

Publisher [United States Department of State](#)

Publication Date 2 June 2016

Cite as United States Department of State, *Country Reports on Terrorism 2015 - Serbia*, 2 June 2016, available at: <http://www.refworld.org/docid/57518d8a32.html> [accessed 17 June 2016]

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Overview: The Government of Serbia continued its efforts to counter international terrorism in 2015. The Government of Serbia hosted a regional counterterrorism conference focused on foreign terrorist fighters and sent representatives to countering violent extremism (CVE) conferences hosted in Albania, Italy, and Slovenia. Serbia's law enforcement and security agencies, the Ministry of Interior (MUP)'s Directorate of Police, and the Security Information Agency (BIA), continued bilateral counterterrorism cooperation with the United States. During the year, the migrant crisis overwhelmed Government of Serbia resources, with many of the more than 500,000 migrants and refugees who passed through Serbia having done so with minimal vetting and processing. As a result of the significant uptick in refugee/migrant arrivals during the latter half of the year, the Government of Serbia sought assistance from the United States and other strategic partners for more advanced screening methods. Despite Serbian political leaders' public support for counterterrorism measures and some initial steps during the year to better coordinate the government's counterterrorism activities, the Government of Serbia lacked a national Counterterrorism Strategy at year's end and had no infrastructure or strategy for state-sponsored CVE programs.

The Government of Serbia continued its public condemnation of Islamic State of Iraq and the Levant (ISIL) activities and voiced support for ongoing efforts to disrupt and counter the group. The Minister of Foreign Affairs and Minister of Interior, among others, publicly stressed the importance of cooperation in the global effort to counter ISIL. Already a member of the Counter ISIL Coalition, the Government of Serbia joined the Coalition's Foreign Terrorist Fighter Working Group. A lack of resources and limited capacity prevented the Government of Serbia from pursuing membership in other Coalition working groups. The difficult economic situation in Serbia continued to limit the likelihood of substantial financial or material contributions to the Coalition.

Legislation, Law Enforcement, and Border Security: The Government of Serbia made some strides on the counterterrorism front in 2015 following the development of counterterrorism programs and passage of foreign fighter legislation in 2014.

The Government of Serbia lacked a strategic, interagency approach to handling terrorism-related matters. Efforts to create a national Counterterrorism Strategy began in July, but there is no timeline for completing it. A lack of clarity regarding primacy between law enforcement and prosecutorial authorities, as well as jockeying between agencies competing for primacy in the field of counterterrorism, has hampered interagency cooperation. The Serbian security sector, including MUP's Special Anti-Terrorism Unit and the Counter-Terrorist Unit, participated in training courses offered by DOJ's Overseas Prosecutorial Development, Assistance, and Training Program; and the International Criminal Investigative Training Program.

Transnational terrorism concerns within Serbia were similar to those facing other Western Balkan states which are located on a historical transit route between the Middle East and Western Europe. Serbian authorities were alert to efforts by international terrorists to establish a presence in, or transit, the country. The Government of Serbia continued to cooperate with neighboring countries to improve border security and information sharing. The migrant crisis exposed numerous vulnerabilities in Serbia's border security, which was matched by vulnerabilities in aspects of the border security of neighboring countries. In response to the migrant crisis, the Government of Serbia contacted multiple international partners to seek advice and assistance related to the implementation of screening tools to better identify and prevent potential terrorist travel to Western Europe via Serbia. Embassy Belgrade's Export Control and Related Border Security (EXBS) program continued to conduct training courses for and donate equipment to Serbian Customs and Border Police to help address border security matters. For example, EXBS donated a Secure Video Link network to the Customs and Border Police of Serbia, Bosnia and Herzegovina, and Croatia to provide immediate and secure video communications among the countries' operations centers in the event of a terrorist incident. However, long sections of Serbia's borders remained porous, particularly those borders shared with Kosovo and Bosnia and Herzegovina. The Department of State's Antiterrorism Assistance program supported Serbian participation in a series of border security-related courses aimed at addressing the travel of foreign terrorist fighters.

Countering the Financing of Terrorism: Serbia is a member of the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism, and has observer status in the Eurasian Group on Combating Money Laundering and Terrorism Financing (EAG), both Financial Action Task Force (FATF)-style regional bodies. Serbia's financial intelligence unit, the Administration for the Prevention of Money Laundering, has been a member of the Egmont Group since 2003.

On December 31, 2014, the Serbian government adopted the National Strategy for the Fight against Money Laundering and Terrorism Funding, which covers strategic planning, coordination, and cooperation of all concerned government agencies and departments. The National Strategy covers the period until 2018 and envisages the constitution of expert teams to coordinate government actions involved with anti-money laundering and combating the financing of terrorism.

As the end of 2015, the adoption of amendments to Serbia's 2014 Law on Prevention of Money Laundering and Terrorism Financing was on hold pending the EU's adoption of new money laundering directives. The planned amendments would harmonize the Serbian law with expected EU rules and with the set of 40 recommendations adopted in 2012 by the FATF on Money Laundering.

In March 2015, the Serbian Parliament passed the Law on Freezing of Assets with the Aim of Preventing Terrorism. In March, the Anti-Money Laundering Directorate (AMLDD) published an amended list of indicators for recognizing suspicious transactions related to terrorism financing. As a result, relevant state institutions are required to include them in the list of indicators they develop pursuant to the Law on the Prevention of Money Laundering and Terrorism Financing. In September, the AMLDD issued a new set of indicators for recognizing money laundering and terrorism financing for banks, brokers, insurance companies, and real estate agents. These indicators entered into force on October 1.

Consistent with the new Law on Freezing Assets with the Aim of Preventing Terrorism, in July, the Government of Serbia issued a list of designated persons and entities. Serbian authorities have an ability to seize and confiscate terrorist assets pursuant to asset forfeiture mechanisms. The asset freezing mechanism was created with the adoption of the Law on Freezing Assets in March.

Serbian authorities routinely distribute the UN sanctions lists to financial institution through the AMLDD. As of July, Serbia has a list of designated terrorists or terrorist entities, which includes persons designated by the UN.

For further information on money laundering and financial crimes, see the *2016 International Narcotics Control Strategy Report (INCSR), Volume II, Money Laundering and Financial Crimes*: <http://www.state.gov/j/inl/rls/nrcrpt/index.htm>.

Countering Violent Extremism: The Government of Serbia neither has a comprehensive national strategy nor programs in place for countering violent extremism (CVE). In 2015, the Government of Serbia appointed State Secretary (Deputy Foreign Minister-equivalent) Roksanda Nincic as the point of contact for CVE-related matters. Additionally, the Government of Serbia sent representatives to regional CVE conferences in Albania, Italy, and Slovenia.

International and Regional Cooperation: Serbian cooperation with the United States on counterterrorism issues is generally strong. U.S. law enforcement and justice sector authorities have provided assistance to Serbian counterparts in Serbian terrorism cases.

The Government of Serbia is engaged in limited regional and international cooperation on counterterrorism issues. In January, the Government of Serbia offered counterterrorism assistance to Nigeria following attacks there by Boko Haram. Elements of the Government of Serbia, including MUP and BIA, cooperated with INTERPOL and Europol on counterterrorism activities, including watchlists. Regarding regional border security, Serbia's level of cooperation is strongest with Bulgaria, Hungary, and Romania. Cooperation with Croatia, Montenegro, and Bosnia and Herzegovina is less developed. Because of the sensitive issue of Kosovo, whose independence Serbia does not recognize, cooperation on border security is least developed between Serbia and Kosovo. However, advances were made on this front in 2015, including such steps as the inclusion of Kosovo's Minister of Interior in a regional counterterrorism/CVE conference co-hosted by the Serbian and U.S. government in Belgrade in April. Serbia held the chairmanship of the OSCE in 2015 and supported the organization's engagement in CVE and counterterrorism issues.

Source : <http://www.refworld.org/docid/57518d8a32.html>



VIII Practical Information

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- 3 Practical Information

1. How to reach the hotel from the airport

1.1 By bus







1.2 By Taxi

Taxi service from Belgrade Nikola Tesla Airport zones

Zone	Area	Price (in RSD)
First zone	Municipalities NOVI BEOGRAD, SURČIN (Dobanovci, Bečmen, Jakovo and Surčin) and ZEMUN (Ugrinovci)	1.400,00
Second zone  HOTEL	Municipalities ZEMUN (Batajnica and Busije), SAVSKI VENAC, STARI GRAD, VRAČAR, PALILULA, ČUKARICA, VOŽDOVAC (Voždovac Beograd as to Faculty of Pharmacy) and ZVEZDARA	1.800,00
Third zone	Municipalities SURČIN (Boljevci), ČUKARICA (Žarkovo and Železnik), PALILULA (Višnjica, Karaburma, Krnjača, Kotež, Borča and Ovča), VOŽDOVAC (Jajinci and Kumodraž), ZVEZDARA (Mali Mokri Lug and Veliki Mokri Lug), GROCKA (Kaluđerica) and RAKOVICA (Rakovica)	2.200,00
Fourth zone	Municipalities ČUKARICA (Ostružnica, Pečani, Rušanj and Sremčica), VOŽDOVAC (Beli potok, Pinosava and Rakovica selo), GROCKA (Boleč, Leštane and Vinča) and RAKOVICA (Resnik)	3.000,00
Fifth zone	Municipalities PALILULA (Dunavac, Padinska skela and Kovilovo), ČUKARICA (Umka, Velika Moštanica and Rucka) and GROCKA (Grocka, Ritopek, Vrčin, Zaklopača, Begaljica, Brestovik, Dražanj, Kamendol, Pudarci, Umčari and Živkovac)	4.500,00
Sixth zone	Municipalities BARAJEVO (Arnajevo, Beljina, Boždarevac, Lisović, Manić, Rožanci, Šiljakovac, Veliki Borak, Vranić, Bačevac, Barajevo, Guncati and Meljak), OBRENOVAC (Barič, Belo Polje, Mala Moštanica, Mislođin, Obrenovac, Rvati, Urovci, Zabrežje, Baljevac, Brgulice, Brović, Draževac, Dren (Obrenovac), Grabovac, Jasenak, Konatice, Krtinska, Piroman, Poljane, Ratari, Skela, Stubline, Veliko Polje, Zvečka, Ljubinić, Orašac, Trstenica, Ušće and Vukićevica), SOPOT (Babe, Guberevac, Mala Ivanča, Mali Požarevac, Parcani, Popović, Ralja, Slatina, Stojnik, Đurinci, Drlupa, Dučina, Nemenikuće, Rogača, Ropočevo, Sopot and Sibnica), VOŽDOVAC (Ripanj and Zuce), LAZAREVAC (Vrbovno, Leskovac, Sokolovo, Stepojevac, Arapovac, Baroševac, Barzilovica, Bistrica, Brajkovac, Burovac, Cvetovac, Čibutkovica, Dren (Lazarevac), Dudovica, Junkovac, Kruševica, Lazarevac, Lukavica, Mali Crljeni, Medoševac, Mirosaljci, Petka, Prkosava, Rudovci, Strmovno, Stubica, Šopić, Šušnjar, Trbušnica, Veliki Crljeni, Vreoci, Zeoke and Županjac) and MLADENOVAC (Senaja, Šepšin, Amerić, Beluće, Beljevac, Crkvine, Dubona, Granice, Jagnjilo, Koraćica, Kovačevac, Mala Vrbica, Markovac, Međulužje, Mladenovac (selo), Mladenovac (Varoš), Pružatovac, Rabrovac, Rajkovac, Velika Ivanča, Velika Krsna and Vlaška)	6.000,00

2. Must see in Belgrade

	<p><i>Church of Saint Sava</i></p> <p>It's one of the most beautiful buildings in Serbia, and it's also the largest Orthodox Church in the Balkans. Located at Vracar plateau, this place is really attractive among tourists as well as residents. The church is a token of gratitude to Serbia's greatest educator, and is an important part of Serbia's history. Learn more about the history of Belgrade and Serbia, and have a great time with your crew while admiring the view of this amazing Belgrade attraction.</p>
	<p><i>Mikser House</i></p> <p>What is Mikser House? A Unique place of Old Belgrade, located in the Sava Mala area. Mikser House is a sort of "jack-of-all-trades", it's a workshop, and urban boutique, a prime spot for the most entertaining events and concerts, as well as an embodiment of an increasingly rare society, where you can admire a friendly environment, share the love and positive vibrations, and above all, feel right at home. This is one of Belgrade attractions that you should definitely visit.</p>
	<p><i>The Victor of Kalemegdan</i></p> <p>Built to commemorate Serbia's victory over the Ottoman and Austro-Hungarian Empire during the Balkan and First World Wars, this 14 meter high monument is the city's most recognizable landmark and famous Belgrade attraction located at the famous Belgrade Fortress. This place is always crowded with tourists Belgrade natives, partly because of the breathtaking view of the two rivers of Belgrade, and the beauty of this landmark as part of the historic Belgrade Fortress. If you ever find yourself in Belgrade, it will be hard to miss such an extraordinary monument.</p>
	<p><i>Kalemegdan Towers</i></p> <p>Belgrade Fortress is really one of the most beautiful places in Europe, and with it come Kalemegdan Towers. An attractive and popular spot among tourists, the towers can be found on many photos of those who come and visit Belgrade. Catch the greatest view of the towers from Terassa Lounge, one of the best lounge bars in Belgrade, where you can enjoy relaxing afternoons and amazing parties at night.</p>

	<p>Skadarlija Street</p> <p>It was once known as a home of bohemians, usually artists, journalists, writers and musicians that were going to Skadarlija to enjoy the best drinks and tavern atmosphere, where they could talk about the latest events and politics. Today Skadarlija is filled with young people that want to experience the spirit of Belgrade and enjoy Skadarlija's legendary live old-town bands. Known for the beautiful promenade, famous traditional Belgrade taverns and restaurants, and as a place where the true history of Belgrade can be felt, Skadarlija is a Belgrade attraction like none other.</p>
	<p>Beton Hala area</p> <p>Beton Hala (concrete hall), located on the riverbank, is the one of the most popular Belgrade attractions, as home to some of the best restaurants, including Frida, Sakura and Iguana. This is where you can come across the most <i>beautiful girls in Belgrade any day of the week</i>. Before you visit Beton Hala's restaurants and lounge bars, it's advisable to make a reservation.</p>
	<p>Ada Ciganlija</p> <p>The ever-popular Ada Ciganlija and Belgrade Lake offer tons of daily and evening forms of entertainment. Perfect for cycling or rollerblading, Ada Ciganlija has wonderful bike trails and nature paths; all surrounding the lake, which is a local hotspot on warm, summer days. Many sports events are hosted at Ada Ciganlija throughout the year. You can also try water-skiing, which happens to be quite a challenge, or maybe you want to test your courage by going bungee jumping... With lots of daily activities, and over 100 cafés, bars and restaurants on the lake's shore, Ada Ciganlija has become one of the most popular Belgrade attractions among tourists and people of Belgrade.</p>
	<p>Republic Square</p> <p>Located in the center of Belgrade, at the crossroads of past and present, here the most recognizable public buildings can be found, such as the National Museum and National Theatre. Republic Square is famous for its monument of Prince Mihailo on horseback, built in recognition of his achievements during the 19th century. Today, Republic Square is a famous Belgrade attraction for its beauty, cafés, lounges and restaurants, and a favorite for its constant hustle and bustle.</p>



National Assembly

The National Assembly is a place where the history of Serbia was written. This is the place where people forced Slobodan Milosevic to accept defeat as president of the Federal Republic of Yugoslavia. After demonstrations at Republic Square, a few years later, on October 5th 2000, the people of Serbia finally accomplished what they had been fighting for. It's the biggest revolution in Serbia's modern history. Today, the National Assembly is a place where important decisions are made for the future of Belgrade and Serbia, and for its people. Also, it's a place where successful people in, for example, sports, are welcomed after they achieve great victories, and where concerts are hosted from time to time.

3. Practical Information

3.1 Hotel

Hotel Moskva Belgrade

11000 Belgrade

Serbia

Tel: +381 113642071

Mob: + 381 698420398

E:frontoffice@hotelmoskva.rs

Website: <http://www.hotelmoskva.rs/en/>

3.2 Transports

Belgrade city public transport is provided through a network of bus, trolleybus and tram routes run by GSP "Beograd" and bus services operated by private bus companies, on around 130 routes.

Single tickets can be bought:

- in public transport vehicles, from the driver or conductor
- at kiosks marked with a ticket sales sticker
- at GSP points-of-sale

If you are not frequent user you should buy a paper card which costs 40 dinars. It's valid for three months and could be charged a maximum of 657 RSD (9 rides).

3.3 Telephone

Serbian international country code: + 381

3.4 List of useful contacts

FMA Secretariat

Office JAN 2 Q 73

European Parliament

B-1047 Brussels

Tel: +322.284.07.03 Fax: +332.284.09.89

E-mail: formermembers@europarl.europa.eu

Elisabetta FONCK

Mobile phone: +32.473.646.746

Embassies and Consulates

Embassy of France in Belgrade Ambassador: Ms Christine MORO Pariska 11 11000 BELGRADE Telephone: +381 11 302 35 00 Website: www.ambafrance-srb.org/-Francais-	Embassy of United Kingdom in Belgrade Ambassador: M. Denis Keefe Resavska 46 11000 Belgrade Telephone: +381 (11) 3060 900 Website: www.gov.uk/government/world/organisations/british-embassy-belgrade
Embassy of Spain in Belgrade Ambassador: M. Miguel Fuertes Suárez Prote Mateje, 45. 11000 - Belgrade Telephone: +381 11 344 02 31/ 32/ 33/ 34/ 35 Website: www.exteriores.gob.es/Embajadas/BELGRADO/es/Embajada/Paginas/	Embassy of the Netherlands in Belgrade Ambassador: H.E. Hendrik (Henk) G.C. van den Dool Simina 29 11000 Belgrade Telephone: +381 11 202 39 00 Website: serbia.nlembassy.org/

Embassy of Germany in Belgrade Ambassador: Botschafter Axel Dittmann Neznanog junaka 1a 11 040 Belgrad Telephone: +381 11 3064 300 Website: www.belgrad.diplo.de/Vertretung/belgrad/de/Startseite.html	Embassy of Greece in Belgrade Ambassador: KONSTANTINOS IKONOMIDIS Francuska 33 11000, Belgrade Telephone: +38111 3226523 Website: www.mfa.gr/serbia/sr/
Embassy of Italy in Belgrade Ambassador: Giuseppe Manzo Bircaninova Ulica 11 11000 Belgrado Telephone: +381 11 3066100 Website: www.ambbelgrado.esteri.it/ambasciata_belgrado/it	

3.5 Climate

In Serbia, the climate is continental, with cold winters and hot summers. The average temperatures in Belgrade and in the cities of the plains are around 0 °C or slightly higher in January, and around 22 °C in July. Here are the average temperatures of the capital Belgrade.

Belgrade	J	F	M	A	M	J	J	A	S	O	N	D
Min (°C)	-2	0	3	8	12	15	16	16	13	8	4	0
Max (°C)	4	6	12	18	23	25	27	27	24	18	11	5

3.6 Electric power supply

Voltage: 230 V

Frequency: 50 Hz

Power sockets: type F

3.7 Languages

Serbia Language is all about the official language that is spoken in Serbia, which is Serbian. Serbian language has been primarily taken from a dialect that is popularly known as the Shtokavian dialect. There are other kind of dialects such as the Ekavian and Ijekavian which are spoken by the Bosnians and Herzegovinians dwelling the land of Serbia. The prescribed alphabet that is widely used in Serbia is Latin and Cyrillic. Serbian language is spoken mostly by the Serbs but other minority and ethnic groups like the Croats, Bosnians, Jews and Slovaks speak their respective languages. The Slavic ethnic groups for instance dwelling in Serbia usually speak in language that has a southern Slavic touch. The Serbian government allows other ethnic groups to speak in their own native language without having to face any barriers from the regional government.

3.8 Local Time

Belgrade and Serbia are located in the Central European time zone region – GMT +1 and/or GMT +2 as of the last week in the third month until the Saturday prior to the last week of the tenth month.

3.9 Money

The official tender in Serbia is dinar, abbreviated RSD. Money may be exchanged in all banks and post offices, as well as in authorized exchange offices. Dinar is issued in denominations of 10/20/50/100/200/500/1000/5000.

1,00 EUR = 123,414 RSD	
Euro	↔ Dinar serbe
1 EUR = 123,414 RSD	1 RSD = 0,00810281 EUR

3.10 Emergency Numbers

These are the most important emergency numbers in Belgrade and Serbia. If you're dialing from mobile, you might need to add the Belgrade calling code prefix 011

Police: **192**

Firefighters: **193**

Ambulance: **194**

For phone information dial **988**