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**COMMISSION STAFF WORKING DOCUMENT**

**Serbia 2024 Report**

*Accompanying the document*

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

**2024 Communication on EU enlargement policy**

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# 1. INTRODUCTION<sup>1</sup>

## 1.1 CONTEXT

Since the opening of Serbia's accession negotiations in January 2014, 22 out of 35 chapters have been opened. All chapters in cluster 1 on the fundamentals and all chapters in cluster 4 on the Green agenda and sustainable connectivity have been opened. Two chapters have provisionally been closed. In June 2021, Serbia accepted the revised enlargement methodology. The overall pace of negotiations will continue to depend on the rule of law reforms and the normalisation of Serbia's relations with Kosovo\*. The Commission's recommendations from previous years, that Serbia has fulfilled the opening benchmarks for cluster 3 (competitiveness and inclusive growth) and that this cluster is technically ready for opening, remain valid.

The Serbian government has continued to declare EU membership its strategic goal. However, the early election and the corresponding break in the functioning of Government and Parliament has slowed down the progress of reforms. Strong political will, effective policy planning and coordination, along with sufficient human and financial resources for EU accession across all institutions involved are needed, so that Serbia can speed up the work towards meeting its objectives for EU accession negotiations. The Serbian authorities still need, as a matter of priority, to take much more responsibility for proactive and objective communication on Serbia's EU accession process and the EU, which is by far Serbia's main political and economic partner, and for countering disinformation in its national media.

Serbia has continued to broadly implement the Stabilisation and Association Agreement (SAA) between Serbia and the EU. Serbia needs to continue aligning its legislation to reach full compliance with the SAA.

In the reporting period, the EU-facilitated Dialogue on normalisation of relations between Serbia and Kosovo continued. Both Parties committed to fully implement all of their respective obligations stemming from the Agreement on the Path to Normalisation and its Implementation Annex reached in 2023. Constructive engagement in the normalisation of their relations is also a requirement under the Reform and Growth Facility for the Western Balkans. The EU expects Serbia to fully cooperate and take all the necessary measures to apprehend and swiftly bring to justice the perpetrators of the 2023 attacks in the north of Kosovo.

Following Russia's war of aggression against Ukraine, Serbia aligned with some EU positions in international forums (including in the UN General Assembly). Serbia has continued to cooperate with the EU on sanctions circumvention and providing financial and humanitarian support to Ukraine. However, it still does not align with any restrictive measures against the Russian Federation and has not aligned with most of the High Representative statements on this matter. It has maintained high-level relations with the Russian Federation and intensified its relations with China, raising questions about Serbia's strategic direction. Under the EU-Serbia negotiating framework, Serbia is expected to progressively align its policies towards third countries with the policies and positions adopted by the EU, including restrictive measure.

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\* 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.

<sup>1</sup> The 2024 report is presented in a renewed format and structure. Main findings of the report, together with the recommendations (previously grey assessment boxes) are brought together at the beginning of the report. Furthermore, under the fundamentals cluster, for better readability and comparability across all reports, certain data is provided (also) in the form of graphs.

Serbia has actively engaged in the implementation of the new Growth Plan for the Western Balkans across the four pillars on (i) the gradual integration with the EU single market, (ii) regional economic integration, (iii) fundamental reforms and (iv) increased financial support. Significant efforts have been made on gradual integration. On 3 October 2024, Serbia adopted its Reform Agenda envisaged under the Reform and Growth Facility<sup>2</sup> (Growth Plan for Western Balkans). The Reform Agenda covers reform milestones in (i) business environment and private sector development; (ii) green and digital transition; (iii) human capital; (iv) fundamental rights and the rule of law. The Commission's 2024 rule of law report<sup>3</sup> covered Serbia for the first time.

## 1.2. MAIN FINDINGS OF THE REPORTS<sup>4</sup>

### CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

#### Democracy

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The conduct of **elections** requires tangible improvement and further reform. It is vital that all outstanding and recent recommendations by the OSCE/ODIHR and the Council of Europe bodies are fully implemented, in a transparent and inclusive process and well ahead of any new elections.

**Parliament's** ability to ensure the exercise of necessary checks and balances is constrained by issues of effectiveness, autonomy, and transparency, including in terms of the oversight of the executive and the law-making process. Parliament's new composition is more pluralistic than the previous legislature. Debates continued to be marked by tensions between the ruling coalition and the opposition. Parliamentary rules of procedure need to be revised, and the Code of Conduct to penalise offences by parliamentarians should be applied.

The institutions in charge of the **EU integration** process are in place and work efficiently. However, the legislative recess that was linked to the calling of an early election led to a slow-down of the reform process and posed a challenge to the functioning of administrative structures responsible for the accession negotiations. Serbia continues to declare EU membership as its strategic goal. However, the authorities are yet to ensure a more proactive and objective communication about the EU and Serbia's accession process.

The **government** was in a caretaker capacity between 1 November 2023 and 2 May 2024, when the new government was appointed. The recommendations by independent bodies need to be followed up more closely. Implementation of the programme to reform the local government system continued to make slow progress.

**Civil society** organisations (CSOs) in Serbia operate in a difficult environment. Further efforts are needed to ensure systematic, genuine and meaningful cooperation between the government

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<sup>2</sup> OJ L, 2024/1449, 24.5.2024.

<sup>3</sup> COM(2024)800 final

<sup>4</sup> This report covers the period from 15 June 2023 to 1 September 2024. It is based on input from a variety of sources, including contributions from the government of Serbia, EU Member States, European Parliament reports and information from various international and non-governmental organisations. It also includes the results of comparative assessments and indices produced by other stakeholders, in particular in the area of rule of law.

The report uses the following assessment scale to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced. To describe progress made during the reporting period, it uses the following scale: backsliding, no progress, limited progress, some progress, good progress and very good progress. Where appropriate, interim steps have also been used.

and CSOs. Verbal attacks and smear campaigns against some CSOs continued, including by high-level officials. The transparency of public funding to civil society needs to be significantly improved.

### Public administration reform

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Serbia is **moderately prepared** in the area of public administration reform and overall, **no progress** was made.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Serbia should in particular:

- reduce the excessive number of acting positions and allocate sufficient resources for effective, merit-based recruitment processes;
- strengthen the mechanism for systematically integrating the opinion of the Public Policy Secretariat into draft laws and policy documents, in line with the Law on the planning system;
- put in place a unified, comprehensive and transparent system for capital investment planning and management.

### Chapter 23: Judiciary and fundamental rights

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Serbia has reached **some level of preparation** and has made **limited progress**.

#### *Functioning of the judiciary*

Serbia is **between having some level of preparation and a moderate level of preparation** in the area of judiciary. **Limited progress** was made, notably in the adoption of by-laws to the laws implementing the constitutional amendments. Adoption of the Law on Judicial Academy is still pending, whilst the Government has decided not to amend the Law on Seats and Territorial Jurisdiction of Courts. Several judges and prosecutors were elected in 2023 and 2024 whereas a considerable number of vacancies remain to be filled. The current system of recruitment, transfer and promotion of judges and prosecutors has not been comprehensively revised to ensure that careers are fully based on merit. Undue pressure on the judiciary remains a concern. Four vacant positions at the Constitutional Court still need to be filled. Serbia is yet to show a genuine commitment to investigating and adjudicating war crimes cases.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Serbia should in particular:

- adopt the Law on Judicial Academy, and carry out the necessary appointments of judges and prosecutors in line with the legal framework to reduce the number of vacancies;
- ensure that the High Judicial Council and the High Prosecutorial Council, the Government and the Parliament effectively and proactively defend judicial independence and prosecutorial autonomy in cases of undue influence, including undue comments made publicly by members of Government or Parliament on ongoing investigations or court proceedings which breach their codes of conduct;
- operationalise the uniform and centralised case management systems; improve the efficiency of the justice system, in particular reduce the backlogs and disposition times for

the Administrative and Constitutional Courts and fully implement the human resources strategy.

### ***Fight against corruption***

Serbia is **between having some level of preparation and a moderate level of preparation** in the fight against corruption. Overall, **some progress** has been made during the reporting period on last year's recommendations. Serbia adopted the new anti-corruption strategy (2024-2028) in July 2024. Serbia still needs to adopt and begin implementing the accompanying action plan. On the recommendations by the Group of States against Corruption (GRECO), Serbia reported, in December 2023, on the recommendations of the fifth evaluation round. GRECO has assessed that of the 24 recommendations, one recommendation has been fully met, and 10 have been partially met. The number of final convictions for high-level corruption cases, of new investigations as well as the number of new indictments has increased, yet obstacles remain for establishing a robust track record. Serbia joined the regional project on trial monitoring of organised crime and corruption cases. Overall, corruption is prevalent in many areas and remains an issue of concern. There is a need for strong political will to effectively address corruption issues, as well as a robust criminal justice response to high-level corruption. Targeted risk assessments and specific measures are also needed to address corruption in the most vulnerable sectors.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Serbia should in particular:

- further improve its track record on investigations, prosecutions and final court decisions in high-level corruption cases, in particular the seizure and confiscation of criminal assets;
- address all GRECO recommendations, in particular from the fifth evaluation round;
- adopt and implement the anti-corruption action plan accompanying the new anti-corruption strategy and establish an effective monitoring and coordination mechanism to track progress, while focusing on all relevant interim benchmarks and GRECO recommendations.

### ***Fundamental rights***

Serbia's legislative and institutional framework for upholding fundamental rights is broadly in place. This framework needs to be consistently and efficiently implemented. Most of the Commission's recommendations from last year have not yet been implemented and remain valid. In the coming year, Serbia should in particular:

- strengthen human rights institutions by allocating the necessary financial and human resources, ensuring they exercise their mandates to the full, and by putting in place procedures to ensure compliance with measures, including interim measures of the European Court of Human Rights;
- adopt and allocate appropriate financial and human resources for the pending action plans on violence against women, deinstitutionalisation, anti-discrimination – including the rights of LGBTIQ persons – and violence against children, and ensure timely reporting on their implementation; actively counter hate crimes and establish a track record of investigations and convictions;
- demonstrate, through better data collection, real improvements in the effective exercise of the rights of individuals belonging to national minorities, including reference to the targets

set by the Poznan Declaration on Roma<sup>5</sup> inclusion and by the future action plan on national minorities.

### ***Freedom of expression***

Serbia has **some level of preparation** and has made **no progress** on the recommendations from last year, which therefore remain valid.

In the coming year, Serbia should in particular:

- implement the new media laws, respecting their letter and spirit, including on the independence of the regulatory body for electronic media (REM), election of the new REM Council members and amendment of the laws to address the remaining issues in aligning with European standards and the latest EU *acquis*;
- strengthen the protection and safety of journalists, notably by ensuring that: (i) high-level officials refrain from labelling or making verbal attacks on journalists; and (ii) any threats and cases of physical and verbal violence are swiftly followed up, and as appropriate, publicly condemned, investigated or prosecuted;
- ensure transparent and equitable co-funding for media content serving the public interest, and full transparency in media ownership and advertising.

## **Chapter 24: Justice, freedom and security**

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Serbia is **between having some level of preparation and a moderate level of preparation** and has made **some progress**. Serbia continued to significantly contribute to the management of mixed migration flows towards the EU by playing an active and constructive role and cooperating effectively with its neighbours and EU Member States. Part of last year's recommendations have been implemented. The new Frontex Status Agreement was signed in June 2024. In March 2024, Serbia adopted the 2024-2027 Programme for the fight against human trafficking and 2024-2026 action plan and appointed a new National Coordinator in September 2023. Serbia visa policy is not yet fully aligned with EU visa policy. Serbia still has a visa-free regime with 16 countries that are on the EU list of visa-required countries. However, Serbia's reform agenda committed the country to withdraw visa-free arrangements with at least three countries by December 2024.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Serbia should in particular:

- amend the Law on internal affairs to make the police fully autonomous from the Ministry of Interior and fully accountable only to the Prosecutor's Office during pre-investigation and investigation phases;
- further align with the EU visa policy; take measures to systematically register and identify migrants, develop swift asylum procedures and increase capacities for managing effective return operations;
- implement the programme for fight against human trafficking, increase national coordination efforts and strengthen the protection of and support to victims.

### ***Fight against organised crime***

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<sup>5</sup> In line with the terminology of European institutions, the umbrella term 'Roma' is used here to refer to a number of different groups, without denying the particular features of these groups.



Serbia has **some level of preparation** and has made **limited progress** in addressing last year's recommendations. Authorities continued to cooperate actively with CEPOL, Eurojust, Europol and INTERPOL, notably in drugs trafficking and the fight against organised crime groups. There has been insufficient follow-up in investigations and prosecutions for the 2023 attacks in the north of Kosovo.

Most of last year's recommendations have not yet been implemented and remain valid. In the coming year, Serbia should in particular:

- increase efficiency in prosecuting serious and organised crime cases, including money laundering cases and the seizure and confiscation of criminal assets by the systematic tracking of money flows, the effective use of financial investigations and special investigative measures, and the systemic use of extended confiscation;
- amend the Criminal Code to effectively criminalise the trafficking of weapons; adopt the new Law on weapons and ammunition; step up the fight against the storage, sale and ownership of illegal firearms;
- take specific steps to ensure a clear separation between mandates and regulations on the interception of communications for criminal investigation on the one hand, and for security purposes on the other.

## ECONOMIC CRITERIA

### The existence of a functioning market economy

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Serbia has a **good level of preparation** and has made **some progress** in developing a functioning market economy. An appropriately tight monetary and fiscal policy has helped disinflation, while economic growth is on a recovery path. The reform of the public sector wage system continued to advance slowly. There are still structural challenges in State aid, competition, and public procurement; and state-owned enterprises (SOEs) have a significant presence in the economy. The private sector is hampered by weaknesses in the rule of law, in particular in tackling corruption and judicial inefficiency. Last year's recommendations were implemented to some extent but are still mostly valid. In the coming year, Serbia should in particular:

- keep an appropriate tight policy stance to help disinflation, strictly comply with the new fiscal rules and strengthen medium-term budgeting;
- continue the preparatory steps for an appropriately designed reform of the public sector wage system;
- adopt the necessary implementing legislation to fully implement the new SOE law and strengthen SOE governance to reduce the associated fiscal risks.

### The capacity to cope with competitive pressure and market forces within the EU

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Serbia is **moderately prepared** and has made **some progress** in coping with competitive pressures and market forces within the EU. The structure of the economy is favourable, with a growing manufacturing and service sector that benefits from sizeable FDI and close economic integration with the EU. However, the quality and relevance of education and training does not

fully meet labour market needs. Public investment has remained high, which underscores the need to improve public investment management. SMEs still face a number of obstacles, including an uneven playing field with large companies and foreign investors. The green transition needs to quickly pick up speed to support the competitive position of Serbian companies in global value chains and to continue to attract investors. Last year's recommendations have been partially implemented and remain partially valid. In the coming year, Serbia should in particular:

- reduce the skills mismatch on the labour market, including by stepping up vocational education and training and lifelong learning;
- adopt an improved legal framework for public investment management that sets out a unified, comprehensive and transparent mechanism for prioritising all public investments regardless of the type and source of financing;
- advance on the green energy transition, in particular, through decarbonising the industry, especially in the energy sector, increase investments in renewables and energy efficiency, and decrease energy dependence on Russia.

## Chapter 5: Public procurement

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Serbia is **moderately prepared** in the area of public procurement. **Limited progress** was made through amendments to the Law on public procurement to further align with the EU *acquis* and with related improvements to the public procurement portal.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Serbia should in particular:

- further align its legislation with the 2014 EU Directives on public procurement, in particular by adopting amendments to the Law on public-private partnerships and concessions and by ensuring that projects are subject to public procurement procedures;
- ensure that procurement rules under intergovernmental agreements concluded with third countries comply with the public procurement principles, in line with the EU *acquis*;
- further strengthen the capacity of the Public Procurement Office, the Commission for Public-Private Partnerships and Concessions, the Republic Commission for the Protection of Rights in Public Procedures and the Administrative Court.

## Chapter 18: Statistics

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Serbia is **between a moderate and a good level of preparation** in the area of statistics. **Good progress** was made during the reporting period with the agricultural census conducted in October 2023, in line with EU standards.

The Commission's recommendations from last year were mostly implemented. In the coming year, Serbia should in particular:

- adopt a new statistical law to increase the statistical office's professional independence;
- continue to improve the compilation of macroeconomic statistics in line with the European System of Accounts (ESA 2010) notably by removing confidentiality flags preventing publication of the data.

## Chapter 32: Financial control

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Serbia is **moderately prepared** in the area of financial control. **No progress** was made in the reporting period.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Serbia should in particular:

- ensure full consistency of the public internal financial control (PIFC) legal basis with the general legal framework;
- create an effective internal audit function in all central budget institutions;
- adopt a managerial accountability roadmap and ensure its effective implementation.

## CLUSTER 2: INTERNAL MARKET

### Chapter 1: Free movement of goods

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Serbia is **moderately prepared** in the area of free movement of goods. **Limited progress** was made on last year's recommendations with the adoption of strategic documents relevant to ensure compliance, alignment with and implementation of EU *acquis* in this chapter, which remain to be assessed by the Commission.

The Commission's recommendations from last year and remain partially valid. In the coming year Serbia should:

- start implementing strategic documents meant to ensure compliance with Articles 34-36 of the Treaty on the Functioning of the European Union (TFEU) and all the EU *acquis* in this chapter, following the assessment of the Commission;
- align with the latest EU *acquis* on market surveillance;
- align with the EU *acquis* on general product safety.

### Chapter 2: Freedom of movement for workers

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Serbia is **moderately prepared** in the freedom of movement for workers. Serbia made **limited progress** by amending the legislation on the employment of foreigners and by carrying out preparations to join the European Network of Employment Services (EURES).

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Serbia should in particular:

- step up cooperation with EU Member States on the coordination of social security systems;
- start preparations to join the European Labour Authority.

### Chapter 3: Right of establishment and freedom to provide services

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Serbia is **moderately prepared** in these areas. **No progress** was made on the Commission's recommendations from last year, which remain valid. In the coming year, Serbia should in particular:

- adopt the horizontal Law on services, complete the alignment of sectoral laws with the horizontal law and the EU acquis, and set up a point of single contact via a portal with online information for service providers, including on all relevant administrative procedures;
- finalise alignment with the EU postal acquis and ensure compliance with the new postal market rules;
- continue aligning with the EU acquis on the mutual recognition of professional qualifications, including on the directives on the recognition of professional qualifications and on a proportionality test.

#### Chapter 4: Free movement of capital

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Serbia is **moderately prepared** in the free movement of capital. **Limited progress** was made during the reporting period, in particular following the adoption of the amended Law on Payment Services which aims to align with the Payment Services Directive (PSD 2).

The Commission's recommendations from last year were only partially implemented and remain valid. In the coming year, Serbia should in particular:

- liberalise capital movements in line with its obligations under the Stabilisation and Association Agreement (SAA), in particular by removing the remaining restrictions on the acquisition of agricultural land by EU nationals and by adopting amendments to the Law on the elements of property law relations to ensure equal treatment on the acquisition of property rights;
- demonstrate, by building a track record, increased effectiveness in monitoring, supervision, financial intelligence, investigation and reporting.

#### Chapter 6: Company law

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Serbia has a **good level of preparation** in company law. **No progress** was made during the reporting period.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Serbia should in particular:

- further align national legislation with the EU acquis on company law, particularly on takeover bids;
- align national legislation with the EU acquis on cross-border conversions, mergers and divisions and on the use of digital tools and processes in company law;
- further align national legislation on company reporting and transparency.

#### Chapter 7: Intellectual property law

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Serbia has a **good level of preparation** in intellectual property rights (IPR). **Limited progress** was made with slightly improved statistics on enforcement.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Serbia should in particular:

- align the copyright and related rights legislation with the EU directives on collective rights management, on orphan works and on certain permitted uses of certain works and other subject matter protected by copyright and related rights for the benefit of persons who are blind, visually impaired or otherwise print-disabled;
- strengthen enforcement by improving capacities to handle IPR cases and improving coordination among different stakeholders.
- leverage collaboration with the European Union Intellectual Property Office taking advantage of agency's expertise, networks, and specialised databases.

## Chapter 8: Competition policy

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Serbia is **moderately prepared** in competition policy. **No progress** was made.

The Commission's recommendations from last year were not implemented and therefore remain valid. In the coming year, Serbia should in particular:

- align the existing fiscal State aid schemes and work on aligning the Law on multilateral interchange fees and special operating rules for card-based payment transactions with the EU *acquis* and SAA obligations;
- ensure that the notification and standstill obligations are systematically respected for all State aid measures and build a solid track record in implementing the laws on protection of competition and State aid control;
- finalise the inventory of State aid schemes and draw up an action plan to align all existing schemes identified as being incompatible with SAA obligations.

## Chapter 9: Financial services

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Serbia is **moderately prepared** in the area of financial services. **Limited progress** was made during the reporting period. Further efforts should be made to align legislation with the financial services *acquis*, focusing on the identified priorities.

The Commission's recommendations from last year remain largely valid. In the coming year, Serbia should in particular:

- continue to align the banking regulation with the revised versions of the Capital Requirements Regulation, the Capital Requirements Directive (CRR/CRD) and the Bank Recovery and Resolution Directive (BRRD);
- continue to align with the EU *acquis* in insurance including Solvency II Directive;
- continue to align with the EU *acquis* on capital markets, including the European Markets in Financial Instruments Regulation (MiFIR), the Directive on alternative investment fund managers (AIFMD) and the Directive relating to undertakings for collective investment in transferable securities (UCITS).

## Chapter 28: Consumer and health protection

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Serbia is **moderately prepared** in consumer and health protection. **Limited progress** was made in implementing consumer protection legislation and the alternative dispute resolution.

The Commission's recommendations from last year were only partially implemented and remain valid. In the coming year, Serbia should in particular:

- introduce an effective risk-based approach for official import controls to address the increased frequency, duration, volume and cost of sanitary inspections;
- further align its legislation with the EU *acquis* on consumer protection, substances of human origin, patients' rights in cross-border healthcare, tobacco control, and medicines for human and veterinary use;
- amend the Law on health records and documentation to ensure that it fully complies with EU data protection rules and the EU *acquis*.

### CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

#### Chapter 10: Digital transformation and media

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Serbia is **moderately prepared** in the field of digital transformation and media. **Limited progress** was made on further digitalisation in the area of e-government and in aligning with EU Digital Single Market objectives. The deployment of ultra-fast broadband infrastructure in rural areas and support to the digitalisation of schools continued.

The Commission's recommendations from last year were only partially implemented and remain largely valid. In the coming year, Serbia should:

- further align its electronic communications and cybersecurity legislation with the EU regulatory framework, including the Gigabit Infrastructure Act, the European Electronic Communications Code, and the NIS2 Directive;
- ensure full financial and operational independence of the regulator for electronic media (REM) and the regulator for electronic communication and postal services (RATEL) in line with the EU *acquis*, including the EU Electronic Communications Code, and the provisions set out in the Law on electronic media;
- amend the 2023 media laws and the law on public broadcasting to address the remaining issues in aligning with the Audiovisual Media Services Directive and European standards, including recent changes to the latest EU *acquis*, and ensure their full implementation, including compliance with the provisions on electing a new REM Council.

#### Chapter 16: Taxation

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Serbia is **between a moderate and a good level of preparation** in the area of taxation and made **limited progress**, in particular in further digitalising indirect and direct taxation and implementing the Tax Administration transformation programme.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Serbia should in particular:

- continue implementing the Tax Administration transformation programme, in particular procuring and starting implementation of an integrated information system to support the Tax Administration's new business model, and hire additional staff;

- further align legislation with the EU *acquis* in the areas of VAT, excise duties and direct taxation;
- start preparations towards achieving interconnection and interoperability with the common EU taxation IT systems.

### Chapter 17: Economic and monetary policy

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Serbia is **between a moderate and a good level of preparation** in economic and monetary policy. **Some progress** was made with the introduction of expenditure ceilings and the adoption of an action plan to strengthen the medium-term expenditure framework.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Serbia should in particular:

- further align the legislation on the National Bank of Serbia (NBS) with the EU *acquis* to ensure its full independence;
- further align the budget system law with Directive 85/2011 in the field of macroeconomic and fiscal projections, a 3-year expenditure perspective and transparency, including for capital transfers and guarantees to SOEs, and accounting and statistical reporting.

### Chapter 19: Social policy and employment

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Serbia is **moderately prepared** in the area of social policy and employment. Serbia made **limited progress**, particularly by adopting an implementation plan for the Youth Guarantee covering 2023-2026 and launching the Youth Guarantee pilot in January 2024.

The Commission's recommendations were partially met and remain valid. In the coming period, Serbia should in particular:

- conduct a functional review of active labour market policies and the workload of national employment service advisers to ensure adequate financial and institutional resources for employment and social policies and target more systematically young people, women and long-term unemployed people, and continue implementing the Youth Guarantee pilot;
- launch consultations on the new labour law, including provisions on foreign seconded workers in line with the EU *acquis*, and avoid further delays in implementing the action plan for Chapter 19;
- improve the coverage and adequacy of social benefits for people below the poverty threshold, including financial social assistance and child allowances, address the high caseload of social welfare centres, and remove the administrative burden when applying for social assistance, in particular for the Roma population.

### Chapter 20: Enterprise and industrial policy

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Serbia is **moderately prepared** in enterprise and industrial policy and made **some progress**, in particular with the adoption of a new law on the governance of state-owned enterprises (SOEs), a new SME development strategy and new action plans to implement the Industrial Strategy and the SOE strategy.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Serbia should in particular:

- further improve the predictability of the business environment, in particular by substantially increasing the proportion of legislative acts opened for public consultation;
- adopt outstanding implementing legislation to ensure proper implementation of the new SOE law;
- further increase resources for financial and technical support to SMEs.

### Chapter 25: Science and research

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Serbia has a **good level of preparation** in science and research. **Some progress** was made, in particular with the adoption of the new action plans for the smart specialisation strategy and the strategy for the development of a start-up ecosystem.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Serbia should in particular:

- increase its national funding for research and innovation;
- align its legislation with the European Research Infrastructure Consortium Regulation;
- follow up the actions relating to the new European Research Area.

### Chapter 26: Education and culture

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Serbia has a **good level of preparation** in education and culture. **Limited progress** was made, in particular by further consolidating the national qualifications framework (NQF) system and taking further steps to ensure compliance of the quality assurance system in higher education with the recommendations of the European Association for Quality Assurance in Higher Education (ENQA), and by adopting a new action plan for the education strategy.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Serbia should in particular:

- increase the number of children participating in early childhood education and care, in particular those from disadvantaged backgrounds;
- continue with the operationalisation of the NQF system, focusing more on the quality and scope of non-formal education and higher education;
- ensure that the policy and institutional framework for quality assurance in higher education fully complies with the ENQA recommendations.

### Chapter 29: Customs union

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Serbia has a **good level of preparation** in the area of the customs union. **Some progress** was made with the adoption of amendments to the existing legislation, which aimed to further align it with the EU *acquis* and implement the Protocol to Eliminate Illicit Trade in Tobacco Products. Serbia is party of the Common Transit Convention and has successfully launched the New Computerised Transit System (NCTS – phase 5).



The Commission's recommendations from last year were partly implemented and therefore remain valid. In the coming year, Serbia should in particular:

- further upgrade the customs processing system by integrating risk management;
- further develop the national customs IT system to enable interconnection and interoperability with the EU electronic customs environment.

#### CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

This cluster covers four chapters: 14 (Transport policy), 15 (Energy), 21 (Trans-European networks) and 27 (Environment and climate change).

##### Chapter 14: Transport

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Serbia has a **good level of preparation** in this field. **Limited progress** was made during the reporting period with the adoption of the Road Safety Strategy and its 3-year action plan.

The Commission's recommendations from last year were only partially implemented and remain largely valid. In the coming year, Serbia, should in particular:

- adopt the national transport strategy; improve the maintenance system for road and rail infrastructure; align and simplify road and rail border crossing procedures, including the extension of green corridors/green lanes for crossings with neighbouring EU Member States; and implement measures in the action plan for the national road safety strategy;
- ensure that procurement procedures for projects follow the principles of transparency, equal treatment and open competition.
- on rail reform, continue aligning legislation with the fourth railway package and adopt the Law on railway safety.

##### Chapter 15: Energy

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Serbia is **moderately prepared** in the area of energy. **Limited progress** was made on last year's recommendations. Progress included the completion of works on the gas interconnector between Serbia and Bulgaria and the establishment of the Republic Commission for Energy Networks.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Serbia should in particular:

- align with and implement the Electricity Integration Package and determining net transmission capacities and allocating capacity on all cross-border interconnections in the context of establishing an integrated electricity market.
- finalise the unbundling of the gas system operators, certify Serbian transmission system operators (TSOs), and provide effective, non-discriminatory and transparent third-party access at all gas entry points; certify the underground gas storage (UGS) Banatski Dvor in line with the Gas Storage Regulation;

- finalise and adopt implementing legislation in the area of energy performance of buildings; adopt the Just Transition Action Plan.

## Chapter 21: Trans-European networks

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Serbia is **between a moderate and a good level of preparation** in the area of trans-European networks. Overall, **some progress** was made, including starting construction of the Niš–Dimitrovgrad railway line and completing the construction of the gas interconnector with Bulgaria.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Serbia should in particular:

- continue to improve its transport and energy infrastructure connections, ensuring quality and transparency in line with EU standards;
- finalise the permitting process for the Serbia-Bulgaria gas interconnector and put it into operation; start construction of section III of the Trans-Balkan electricity corridor and continue project preparation for section IV between Serbia, Bosnia and Herzegovina and Montenegro;
- conclude the project preparations and launch the procurement process for the works to modernise the railway sections on Corridor X from Belgrade to Niš.

## Chapter 27: Environment and climate change

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Serbia has **some level of preparation** in the area of environment and climate change. **Good progress** was made, namely on waste management legislation, integrated permits for industrial pollution control, the adoption of the Climate Change Adaptation Program and the National Energy and Climate Plan (NECP).

The Commission's recommendations from last year were partially implemented and remain largely valid, in particular as concerns the priority reforms needed. In the coming year, Serbia should in particular:

- implement measures set out in: (i) the action plan for administrative capacity development; (ii) the low carbon development plan; and (iii) the programme on air protection; improve the institutional set up and ensure coordination within the government;
- adopt legislation in line the EU *acquis* on Environmental Impact Assessment (EIA), Strategic Environmental Assessment (SEA) and the Environmental Crime Directive; ensure that all infrastructure investments comply with the EU environmental and climate *acquis* and national and international nature and water obligations, and ensure public participation;
- implement commitments under the Energy Community's Decarbonisation Roadmap, particularly in regards to the monitoring, reporting, verification and accreditation (MRVA) with a view to introducing carbon pricing and aligning with the EU emission trading scheme (ETS).

### **Chapter 11: Agriculture and rural development**

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Serbia has **some level of preparation** in agriculture and rural development. **Limited progress** was made in strengthening the IPARD Agency's capacity and improving overall efficiency in the implementation of the Instrument for Pre-Accession Assistance for Rural Development (IPARD).

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Serbia should in particular:

- take measures to improve the implementation and avoid further losses of IPARD funds, notably by increasing capacity building; ensure the smooth rollover of entrusted IPARD measures to the 2021-2027 period; and prepare new measures for entrustment;
- update and speed up implementation of the action plan for EU *acquis* alignment in agriculture and rural development and adopt legislation relevant to the common market organisation, on organics and on quality policy;
- adopt a national strategy for agriculture and rural development.

### **Chapter 12: Food safety, veterinary and phytosanitary policy**

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Serbia is **moderately prepared** in the area of food safety, veterinary and phytosanitary policy. **No progress** was made during the reporting period.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Serbia should in particular:

- adopt framework legislation on food safety, official controls, animal welfare and genetically modified organisms, aligned with the EU *acquis*; strengthen administrative capacity to ensure correct implementation.
- adopt and start implementation of the national plan to align legislation with EU quality standards for raw milk.
- prioritise the process of upgrading food establishments to be in line with the EU *acquis*.

### **Chapter 13: Fisheries and aquaculture**

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Serbia is **moderately prepared** in the area of fisheries and aquaculture. **No progress** was made during the reporting period.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Serbia should:

- adopt an action plan to ensure full alignment with the EU *acquis* by the date of accession, in particular on the organisation of markets, aquaculture, data collection, control measures, and illegal, unreported and unregulated (IUU) fishing;
- address the severe understaffing of the authorities responsible for developing policy and anti-fraud controls for fisheries (including border controls).

### **Chapter 22: Regional policy and coordination of structural instruments**

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Serbia is **moderately prepared** in the area of regional policy and the coordination of structural instruments. **Some progress** was made on last year's recommendations, in particular by implementing parts of the action plan on cohesion policy, such as the adoption of operational programmes and a tool for monitoring the fulfilment of enabling conditions.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Serbia should in particular:

- adopt and implement a comprehensive retention policy and address understaffing in critical institutions managing EU funds;
- keep improving capacity for the indirect management of IPA programmes, in particular to avoid late contracting and prepare for the *ex post* control of operational programmes;
- further elaborate the national development plan; further strengthen the institutional framework for cohesion policy; start working towards fiscal decentralisation and a more balanced regional development; and build a resilient ecosystem involving all levels of government and relevant non-state bodies, in line with the partnership principle.

### **Chapter 33: Financial and budgetary provisions**

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Serbia has **some level of preparation** in the area of financial and budgetary provisions. **No progress** was made in implementing last year's recommendations.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Serbia should in particular:

develop organisational and procedural links between the institutions involved in the own resources system;

continue preparations to meet the specific administrative conditions for own resources as laid down in the own resources regulations, including by drafting an action plan with a timeline to meet the administrative conditions.

## **CLUSTER 6: EXTERNAL RELATIONS**

### **Chapter 30: External relations**

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Serbia is **moderately prepared** in the area of external relations. **No progress** was made. The capacity to tackle key challenges in trade policy needs to be strengthened, in particular to move forward with accession to the World Trade Organization (WTO) where again no progress was made. Following the expiry of the previous set of trade restrictions in October 2023, Serbia introduced a number of new *de facto* and *de iure* trade barriers. This includes a new quantitative import restrictions on sunflower oil and margarine and an import ban on pellets in non-compliance of the SAA.

The Commission's recommendations from last year were not implemented and remain mostly valid. In the coming year, Serbia should in particular:

- urgently remove remaining unjustified trade restrictions and refrain from introducing new ones;

- adopt a WTO-compliant law on genetically modified organisms to move forward with remaining bilateral market access negotiations and finalise its accession to the WTO;
- continue to implement actions set out in the Common Regional Market action plan for 2021-2024, take the necessary steps to implement CEFTA Additional Protocol 7 on dispute settlement and implement actions under the new action plan 2025-2028.

### Chapter 31: Foreign, security and defence policy

Serbia is **moderately prepared** in the area of common foreign, security and defence policy. **No progress** was made overall during the reporting period as Serbia’s alignment pattern was largely unchanged, and some of its actions and statements went against EU foreign policy positions. Serbia maintained high-level relations with the Russian Federation, raising questions about Serbia’s strategic direction. The country also intensified relations with China. This included the entry into force on 1 July 2024 of the Free Trade Agreement with China, which is a strategic concern. Serbia continued cooperating with the EU on sanctions circumvention and continued providing support to Ukraine. Serbia continued to participate in and contribute substantially to EU crisis management missions and operations under the common security and defence policy.

The recommendations from last year were not implemented and remain valid. In the coming year, Serbia should in particular:

- improve, as a matter of priority, its alignment with EU common foreign and security policy (CFSP), including restrictive measures, and avoid actions and statements that go against EU foreign policy positions;
- continue to step up action to prevent any attempt to use the territory of Serbia or legal bodies registered in Serbia to circumvent EU restrictive measures;
- make credible efforts to close space for foreign interference and information manipulation, including disinformation, and take action to build societal resilience against it and other forms of hybrid threats.

### 1.3. STATE OF PLAY OF THE ACCESSION NEGOTIATIONS

Clusters	Chapters/areas	State of play
<b>Fundamentals</b>  <i>All chapters open</i>	23 – Judiciary and fundamental rights 24 – Justice, freedom and security 5 – Public procurement 18 – Statistics 32 – Financial control ...Economic criteria ...Functioning of democratic institutions ...Public administration reform	Opened July 2016 Opened July 2016 Opened December 2016 Opened December 2018 Opened December 2015
<b>Internal Market</b>  <i>4 chapters open</i>	1 – Free movement of goods 2 – Freedom of movement for workers	Serbia working on fulfilment of opening benchmarks Draft EU Common Position in Council

	3 – Right of establishment and freedom to establish services 4 – Free movement of capital 6 – Company law 7 – Intellectual property rights 8 – Competition 9 – Financial services 28 – Consumer and health protection	Draft EU Common Position in Council  Opened December 2019 Opened December 2017 Opened June 2017 Serbia working on fulfilment of opening benchmarks Opened June 2019 Draft EU Common Position in Council
<b>Competitiveness and inclusive growth</b>  <i>5 chapters open</i>	10 – Digital transformation and media 16 – Taxation 17 – Economic and monetary policy 19 – Social policy and employment 20 – Enterprise and industrial policy 25 – Science and research 26 – Education and culture 29 – Customs union	Draft EU Common Position in Council Opening Benchmarks Assessment Report in Council Opened December 2018 Opening Benchmarks Assessment Report in Council Opened February 2017 Opened December 2016 and provisionally closed Opened February 2017 and provisionally closed Opened June 2017
<b>Green agenda and sustainable connectivity</b> <i>All chapters open</i>	14 – Transport policy 15 – Energy 21 – Trans-European networks 27 – Environment and climate change	Opened December 2021 Opened December 2021 Opened December 2021 Opened December 2021
<b>Resources, agriculture and cohesion</b>  <i>2 chapters open</i>	11 – Agriculture and rural development 12 – Food safety, veterinary and phytosanitary policy 13 – Fisheries and aquaculture 22 – Regional policy and coordination of structural instruments 33 – Financial and budgetary provisions	Opening Benchmarks Assessment Report in Council Serbia working on fulfilment of opening benchmarks Opened June 2018 Opening Benchmarks Assessment Report in Council  Opened June 2018
<b>External Relations</b> <i>1 chapter opened</i>	30 – External relations 31 – Foreign, security and defence policy	Opened December 2017 Screening Report in Council

Not part of a cluster:

Chapter 34 – Institutions is currently not applicable for Serbia

Chapter 35 – Other issues (including Normalisation of relations between Serbia and Kosovo) opened in December 2015

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## 2. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

### 2.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM

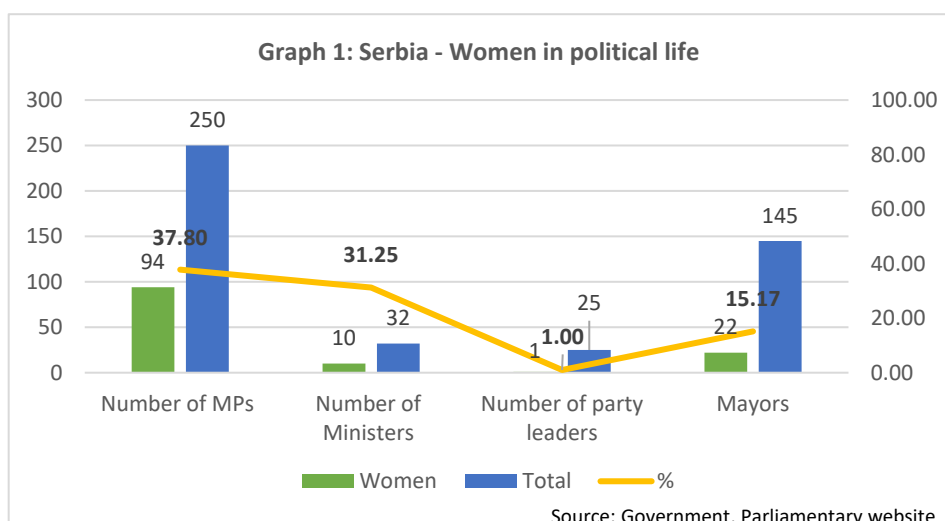
#### 2.1.1 Democracy

The track record of the functioning of democratic institutions and processes has been mixed. The parliament that was elected in December 2023 is pluralistic; but political polarisation remained, both within Parliament and outside it. ODIHR identified and number of irregularities in the December 2023 elections. The legality and legitimacy of elections was challenged by the opposition, but the debate on electoral reform continued following which most opposition parties participated in the municipal elections in June 2024. Freedom of assembly continues to be guaranteed. There were peaceful demonstrations in the wake of elections, except for one which resulted in violent incidents, and a number of demonstrations took place in July and August against lithium mining. A number of arrests were made and charges of 'incitement to the violent overthrow of constitutional order' were brought against the participants in the post-elections, and anti-lithium demonstrations, some of those cases were subsequently settled through plea bargains. There were further reports of interrogations and house searches of environmental activists, and of practice of detaining and questioning activists and CSOs representatives at the border. Some foreign citizens were prevented to enter Serbia on the basis of a list of "morally and politically unwelcome foreigners". The existence of such a list was confirmed by the authorities that pledged that such a list would be cancelled.

Public confidence in the functioning of democratic institutions has also been negatively affected due to the frequent recourse to early elections over the past years.

#### Elections

Early parliamentary, provincial (Vojvodina), Belgrade City and elections in a further 64 cities and municipalities were held on 17 December 2023. Turnout in the national elections stood around the average at 58.8%. In its final report, the OSCE/ODIHR Election Observation Mission concluded that the elections 'though technically well-administered and offering voters a choice of political alternatives, were dominated by the decisive involvement of the President, which, together with the ruling party's systemic advantages, created unjust conditions.' The oversight bodies remained largely ineffective in deterring violations during the election period. While media covered all the electoral candidates, in line with the law, news programmes during electoral campaign were imbalanced. The opposition parties specifically challenged the legality of the Belgrade polls where domestic election observers noted irregularities in 21% of polling stations. The opposition tabled motions to the Constitutional Court to annul all the



election results. The Court has still not ruled on these motions and protests were held in Belgrade.

In March 2024, the inter-agency Government working group was reinstated, followed by cross-party consultations within the parliamentary Collegium and the establishment of a new, parliamentary working group to improve election conditions, with a more inclusive format which involved expert civil society organisations (CSOs), chaired by a CSO representative. The new working group had initially not made significant progress and consequently its legal basis was amended in June 2024. The Law on local elections was revised in April 2024, and in May 2024 the Law on the unified voter register was amended, at the opposition's initiative, to prevent abuses in the use of fictitious residence addresses for 'voter migration' purposes. Municipal elections due in summer 2024 were held on 2 June in parallel to the new Belgrade elections, which had been called due to lack of majority and failure to constitute the Belgrade City Assembly within the legal deadline.

As part of the implementation of the OSCE/ODIHR recommendations, legislative amendments have been drafted of five laws (Law on election of MPs, Law on local elections, Law on Constitutional Court, Law on financing of political activities and Law on prevention of corruption) but remain to be finalised. OSCE/ODIHR, was consulted on the legislative changes and concluded in its opinion that while the proposed amendments were an overall welcomed step towards addressing certain OSCE/ODIHR recommendations, the preparation of these amendments did not constitute a comprehensive reform of electoral legislation". Serbia also sought OSCE/ODIHR technical advice regarding the access to and modalities of audit of voter register and OSCE/ODIHR issued two opinions. In October 2024, the working texts of the draft amendments to the law on unified voter register and of the draft amendments to the Law on prevention of corruption were sent to OSCE/ODIHR for opinion. At the same time, first steps were taken to address some of the administrative and organisational aspects of OSCE/ODIHR recommendations.

The local and Belgrade elections of 2 June 2024 were observed by the OSCE/ODIHR which concluded that they "were well-administered, offering voters a wide range of political alternatives, but concerns about widespread pressure on public sector employees, misuse of public resources and media bias in favour of the ruling coalition negatively impacted the process".

Despite some measures to achieve more balanced representation, women remain underrepresented in political life. Women candidates had limited visibility during the campaign and were predominantly portrayed in traditional settings while the campaign rarely addressed issues related to gender equality.

## **Parliament**

The effectiveness, autonomy and transparency of Parliament, and the role of the parliamentary opposition, need to be strengthened to ensure the exercise of necessary checks and balances. The effective exercise of parliamentary powers is limited by the fact that Parliament has no annual work plan and the agenda is driven by the Government. The new Parliament was formally constituted on 6 February 2024. However, the new leadership was only elected on 20 March 2024. Of the six Deputy Speakers, three are women, one represents the opposition and two belong to national minorities parties. Both Government and the opposition are taking an active part in the work of Parliament. However, the opposition parties from the previous *Serbia against Violence* and from the *NADA* coalition declined to take up the posts of Deputy Speakers and Committee chairs. Therefore only 2 of the 20 committees are chaired by the



opposition. Plenary and committee sessions continued to be marked by tensions, offensive language and occasional incidents which at times lacked impartial reaction from the Speaker. Nearly all adopted laws and bills were tabled by Government. The first session of the regular spring sitting of the new Parliament was held only on 22 April 2024 and Parliament only held four sessions since its constitution. The practice of amalgamating a number of unrelated agenda items continued. Six public hearings were held in 2023 and one in 2024. No sessions with MPs' questions to Government were held in the second half of 2023 and only one was held in 2024. The use of the urgency procedure was reduced in 2023 to 6% (17 out of 161 laws were adopted under the urgency procedure). In July 2024, Parliament a plenary debate on some independent bodies' annual reports for 2023 took place. However, no debate took place yet on the annual reports for 2022 and 2023 by the Equality Commissioner and Ombudsman.

## **EU integration**

The current negotiating setup, as amended in 2021, is centralised and politically driven. The Minister in charge of European Integration is also the chief negotiator, while state secretaries head the teams that support the negotiations for Serbia.

Given the technical mandate of the government during a large part of the reporting period, Serbia has not advanced substantively in terms of legislative alignment. Serbia's internal deadline for full alignment with the EU *acquis* remains 2025. The Ministry of European Integration continues to publish quarterly reports on the fulfilment of the national plan to adopt the EU *acquis* (NPAA), which for 2023 stood at 29%. A new IT tool linking the NPAA with the government's annual legislative programme is expected, once operational, to ensure more harmonised legislative planning and coherence between the two programmes and their respective costing.

Serbia continues to declare EU membership as its strategic goal. In line with this objective, the Serbian authorities need to considerably strengthen the emphasis on consistent, proactive and objective communication about the EU and Serbia's accession process. The Ministry for European Integration continued to be the focal point for consultations and engagement with civil society, the business community and local self-governments in the negotiating process. The National Convention on the EU (NCEU), an umbrella association engaging civil society organisations in the accession negotiations, continues to act as a public watchdog for the accession negotiations. Europe House, a flagship communication hub of the EU Delegation to Serbia opened in September 2024 in Belgrade.

## **Governance**

The frequency of snap national elections has led to considerably shortened mandates for the parliament and long periods of government acting in a caretaker capacity. The governing coalition is composed of six political parties/coalitions, including three parties representing national minorities. Representatives of national minorities hold ministerial posts, including Human and Minority Rights and Social Dialogue.

The autonomy of independent bodies needs to be fully exercised, their roles acknowledged and respected by the authorities, and their recommendations followed up more thoroughly and in a timely manner.

As regards **local self-government**, the Law on Vojvodina's financing resources has not been adopted yet, despite being provided for under the Constitution. Local administrative capacity is weak and significant disparities between municipalities persist. Responsibilities continue to be borne at local level without proper analysis of the required capacity and human/financial

resources. Implementation of the programme to reform the local government system (2021-2025) continued to make slow progress (75% at the level of measures but only 38% at the level of activities). The Commission for Financing Local Self-Governments does not convene regular meetings and it did not meet in 2023.

### **Civil society**

Verbal attacks and smear campaigns against some CSOs intensified, including by high-level officials. Campaigns were also waged by tabloids, including in the form of disclosure of CSOs' activists' personal data. Human rights defenders that were targeted by spyware attacks did not file a formal complaint due to the lack of trust in the process. Organisations and individuals that criticise the authorities continue to be put under pressure, in particular those monitoring alleged electoral irregularities and environmental damage or those protesting the glorification of war criminals and lithium mining. The high number of strategic lawsuits against public participation (SLAPP), notably launched by members of national and local authorities, is a major concern.

The legal framework for cooperation between the government and CSOs remains broadly in place. Its implementation still needs to be improved and systematised. CSOs continue to report that the time given for public consultations is not sufficient, and that their comments on draft laws of public interest are not sufficiently taken into account. Serbia continued implementing the strategy and action plan for creating an enabling environment for the development of civil society. The impact of the new Council for cooperation and development of civil society has yet to be demonstrated. The transparency and fairness of public funding to civil society need to be significantly improved. Key challenges include the lack of transparent criteria for approving support to CSOs and for selecting independent experts in evaluation commissions, and in the reporting on spent funds.

### **Civilian oversight of the security services**

The parliamentary committee for the oversight of security services remains responsible for civilian oversight of the security sector. However, this committee did not meet between July 2023 and May 2024, when it was constituted in a new parliamentary composition. A Law on access to state security files still needs to be adopted. In November 2023, the Director of the civilian Security-Intelligence Agency (BIA) resigned, after he was placed on the US Department of the Treasury sanctions list. The new Director was appointed in June 2024.

### **2.1.2. Public administration reform**

#### Strategic framework for public administration reform (PAR)

A comprehensive PAR strategy (2021-2030) is being implemented. Its quality is satisfactory, but the effectiveness of its implementation needs to be improved. The strategy's mid-term review confirmed uneven progress in the different reform areas, with the most effective area being service delivery. This review did not lead to any changes. The 2023 PAR implementation report shows slow progress overall with 58% of measures and 39% of activities implemented in 2023. The PAR online monitoring tool is not regularly updated and does not provide an accurate and up-to-date picture of implementation overall or by policy pillar. PAR coordination mechanisms at political and administrative levels are formally in place, but their use in practice and their impact are limited. Financial sustainability remains an issue of concern due to reliance on donor funding.

#### Policy development and coordination

Policy development and coordination are regulated but not systematically enforced. A system for sound **policymaking** is in place with a clear set of regulations embedded primarily in the Law on the planning system. Enforcement of the regulatory framework lags behind the legal deadlines. No notable progress was made in ensuring that the Public Policy Secretariat's comments on draft legislation and policy documents were incorporated and that the final versions of these documents were compliant with the legislation. There was no new streamlining of sectors' strategic frameworks, and only 3 sectors out of 18 have been optimised so far. The publication of annual reports on the implementation of sectoral planning documents is limited (around 20%, even though the legislation requires it). The national development plan, which was set for adoption in 2020, is not yet in place. There has been a gradual increase in the adoption rate of mid-term plans (56% between 2024 and 2026) although the rate is still behind the 2020 deadline set for central level institutions.

**Public consultations** were carried out in 2023 on 53% of draft laws and 31% of draft regulations, which remain insufficient. No central body is in charge of the quality control of public consultations. The e-consultations platform, although mandatory, is not sufficiently used (See *Civil society under 2.1.1 Democracy*).

#### Public financial management (PFM)

Public financial management is broadly in place but needs to be improved. The 2021-2025 PFM reform programme, which covers all PFM sub-systems, is being implemented in line with its action plan, although the December 2023 revision further reduced their ambition. The programme is still highly dependent on donor funding, with only 21% of it covered by the state budget. Annual monitoring reports are published to keep track of progress. Regular policy dialogue, including with civil society organisations, takes place once a year and could be more interactive. Programme budgeting is to be further developed to allow for proper performance management. An increased number of budget users applied gender-responsive budgeting. Macroeconomic and fiscal forecasting is well prepared. Nevertheless, the link between the strategic priorities and budget programmes is insufficient, and ad hoc priorities frequently crowd out resource allocation. The monitoring of fiscal risks is to be further developed. The fiscal strategy is underused in the budget preparation process. The amendments adopted in October 2023 improved the Law on public procurement. However, there has been an increase in awarding large-scale infrastructure contracts without transparency, often under international agreements or through special laws. The vulnerability of public procurement to corruption needs to be carefully monitored.

Further progress is needed in extending the coverage and quality of public internal financial control. The improved legislative framework for internal audit, including new rulebooks for internal audit and for certification, needs to be implemented. The managerial accountability roadmap has yet to be adopted. Analytical units in all ministries and government agencies need to be set up without delay. Stronger binding fiscal rules are yet to be implemented. In September 2023, Serbia adopted a new decree on capital projects, including provisions on a public investment management information system. However, the country fell short of developing a genuine single pipeline for capital investment management as the decree maintains several critical exemptions.

Serbia did not progress in improving **budget transparency**. No transparency roadmap, pre-budget statement or mid-year report was produced. The Ministry of Finance does not publish the budget execution profile at the beginning of the year, preventing an analysis of any divergence from set targets. Budget execution reports still only contain basic elements. Inconsistencies in the accounting and reporting framework need to be resolved, and in-year and annual financial reports need to be published in a timely manner. Public participation in the budget process and budget oversight by the legislature need to be improved. The 2024 budget was adopted in line with the budget calendar but with a very limited qualitative assessment and debate among stakeholders.

#### Public service and human resources management (HRM)

The public service and human resources management regulatory framework is satisfactory, but its effectiveness is undermined by the lack of consistent enforcement. The legal framework for HRM is solid. The civil service's horizontal and vertical scope is adequate, except for several (regulatory) public agencies with a higher degree of autonomy that are excluded from the civil service system without justified reasons. The legislation provides for **merit-based recruitment and dismissal procedures** but leaves too much discretion to the heads of institutions in setting up selection committees. Around 10% of all civil servants are hired on a fixed-term basis without having to pass a competition or go through other skills assessment. Regarding senior civil servants, the lack of transparency in appointing candidates recommended by the High Civil Service Council and legal compliance remain issues of serious concern. The majority of managerial posts continues being occupied by acting appointments. Moreover, the majority of acting managers are not civil servants, despite a legal provision against such appointments. Clear political will and adequate resources in conducting competitions for managerial positions as well as monitoring of the phasing-out of the high number of acting managers are crucial to urgently tackle the excessive number of senior civil servants in acting positions (57% as of March 2024).

Serbia has achieved effective gender balance in the public administration, including in top managerial positions with 48% women and 52% men. The new HRM management information system is not yet in place. The capacity of HRM units is still weak, and they lack a strategic role. The autonomy of administrative bodies to launch new recruitments, based on their staffing plans, is constrained due to recruitment restrictions under the Law on the budget system. The 2016 Law on the public sector salary system has yet to enter in force. The National Academy for Public Administration continued to improve the scope and quality of **training** for central- and local-level public servants. Almost all (99.8%) institutions that have the obligation to adopt **integrity** plans did so. Further efforts are needed to ensure that existing integrity plans for the judiciary and public administration, including at local level, are fully implemented.

#### Accountability of administration

The accountability of the administration still needs to be improved. There was no progress in addressing the administration's systemic organisational problems, such as overlapping roles and unclear reporting lines, with a limited application of the concept of managerial accountability. According to the Ombudsman's 2023 report, more than half of the reported human rights violations were related to **citizens' right to good administration**. On **citizens' right to access public information**, the Commissioner for Information of Public Importance and Data

Protection resolved 10 594 complaints in 2023, 37% of them related to ignoring requests by people seeking information. The execution rate of the Commissioner's decisions was 74.83% (72.9% in 2022). On **citizens' right to administrative justice**, the clearance rate of solved cases was 35.48% (39.77% in 2022) with a long disposition time of 2 024 days. The decline in the Administrative Court's performance can be attributed to: (i) delays in introducing a multilayer system of administrative justice, which was initially planned for 2022; (ii) the lack of specialisation among a small number of judges; and (iii) a growing number of cases against the 'silence of the administration'. Courts continued their efforts to improve transparency by publishing around 30 760 anonymised decisions on their websites and in the Supreme Court's case-law database. **Citizens' rights to seek compensation** is regulated, but there is no statistical data to monitor its implementation.

### Service delivery to citizens and businesses

Service delivery to citizens and businesses, in particular e-services, is continuously improving. Further developments are hampered by the fragmentation of responsibilities and mandates among institutions and the lack of a dedicated coordination system.

Progress in key enablers, such as a cloud-based e-signature system, user-friendly payment services and digital identity systems, contributed to the further development of e-services. The interoperability framework is also in place. There are more databases connected to the Government Service Bus (an information system linking major databases), and an improved Bus was launched in December 2023. The number of municipal one-stop shops also increased. Although the regulation on one-stop shops was adopted in October 2023, there are still no quality standards for service provision. There has been some progress in increasing user engagement and developing mechanisms for collecting feedback. The legal framework for **simplifying administrative procedures** is in place although aligning sector-based legislation with the Law on general administrative procedures is still ongoing. The simplification and digitalisation of administrative procedures continued with the implementation of the e-paper programme.

## **2.2. RULE OF LAW AND FUNDAMENTAL RIGHTS**

### **2.2.1 Chapter 23: Judiciary and fundamental rights**

*The EU's founding values include the rule of law and respect for human rights. An effective (independent, high-quality and efficient) judicial system and an effective fight against corruption are of paramount importance, as is respect of fundamental rights in law and in practice.*

#### **Functioning of the judiciary**

##### Strategic documents

**Strategic documents are in place and their implementation still needs to be improved.** The main strategic documents are the revised action plan for Chapter 23, adopted in June 2020, and the 2020-2025 Judicial development strategy, adopted in March 2022. While the quality of reporting on the implementation of the Chapter 23 action plan has improved in recent years, further progress is needed in meeting the interim benchmarks.

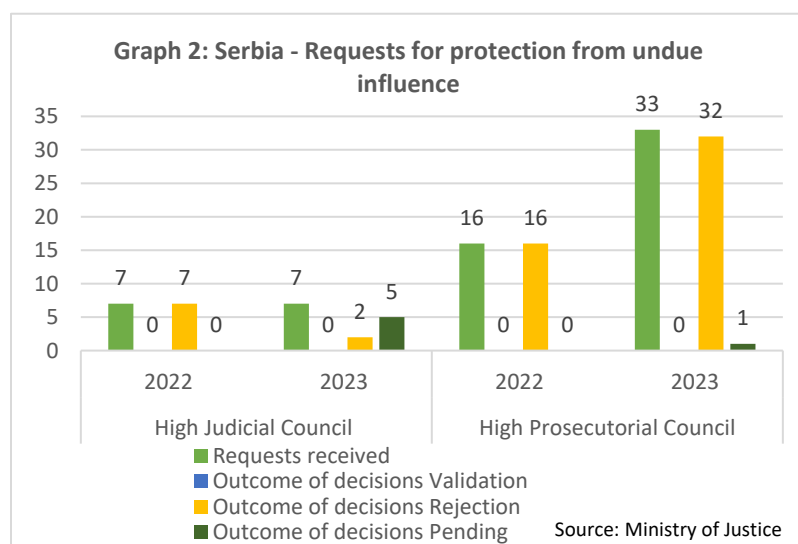
The Law on Judicial Academy still needs to be adopted by the end of 2024, and a positive opinion of the Venice Commission is needed before its adoption. The Government has decided not to amend the Law on Seats and Territorial Jurisdiction of Courts as according to their analysis the scope of the Constitutional amendments does not require changes to this law. Implementation of the human resources (HR) and information and communications technology (ICT) strategies is weak.

### Management bodies

The management bodies are in place and function adequately. There is a need to improve the analytical and statistical capacity of the High Judicial Council (HJC) and High Prosecutorial Councils (HPC), in line with the HR strategy. In general, the new by-laws have been developed through a participatory approach.

### Independence and impartiality

The independence and impartiality of the judiciary needs to be further improved in the higher-level courts and in the courts of first instance. The new constitutional and legal framework strengthens the independence of the judiciary. Following the adoption of the implementing laws to the constitutional amendment, Serbia adopted 35 by-laws. Sixteen were adopted by the HJC and 19 by the HPC, among other, to encourage merit-based recruitment, defining the qualifications, integrity, ability and efficiency of candidates, in line with the new laws.



Two by-laws of shared competence between the Councils and the Ministry of Justice still need to be adopted.

Pressure on the judiciary and the prosecution services still remains high. Whilst the rules of procedure of the HJC and HPC lay the foundation for a more effective reaction in cases of undue influence, no consistent reduction in undue influence

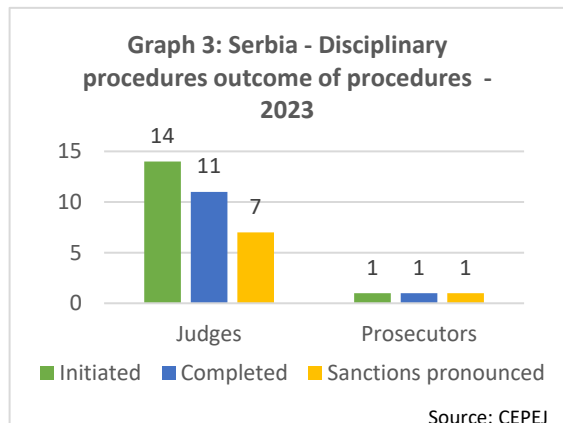
was observed in practice. Government officials, including some at the highest level, and Members of Parliament continue to comment publicly on ongoing investigations or court proceedings, as well as on the work of individual prosecutors and judges. A more proactive role needs to be ensured in this regard by both Councils, which have so far rejected all received requests for protection from undue influence including the five cases that were pending at the end of 2023, but also from Government and Parliament. Cases are allocated electronically and at random to judges via specialised software. Software for the automatic allocation of cases to prosecutors has yet to be developed.

### Accountability

The accountability of the judiciary needs to be improved, in line with the new legal framework. In particular, there is a need to improve the capacity of the disciplinary bodies. In 2023, 109 disciplinary complaints were filed to the HPC. Of those, grounds for conducting disciplinary proceedings were found in one case and sanctions were applied against the prosecutor in

question. In 2023, 398 disciplinary complaints were filed to the HJC at first instance and 14 proposals were forwarded to the disciplinary commission at second instance. The HJC rejected three proposals and issued 15 sanctions (including cases from the previous year), including two proposals for dismissal of judges.

### Quality of justice



The quality of justice needs to be improved. The Judicial Academy's capacity, internal expertise, transparency of the initial testing process and the quality of the mentoring system should be further improved. In 2023, the Judicial Academy conducted around 230 educational events, using the new platform to monitor the training programmes. A deeper analysis would help to better define training needs. The Academy continues to be an observer in the European Judicial Training Network (EJTN) and should further exploit its expertise.

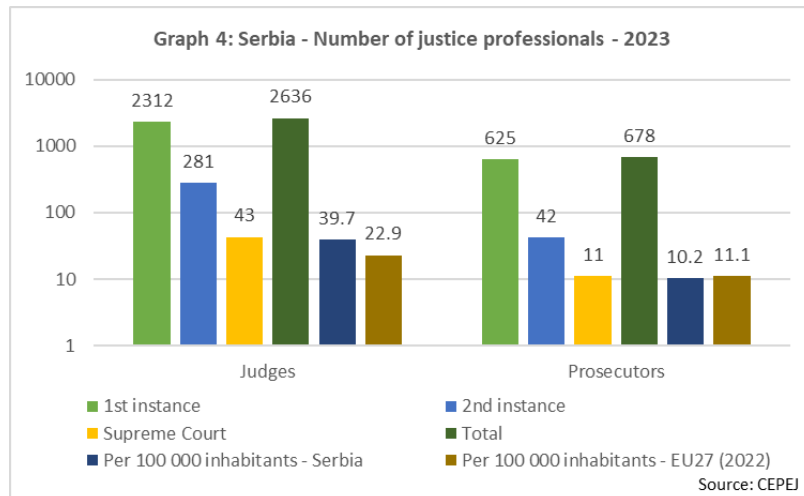
On caselaw harmonisation, the database of court jurisprudence was expanded to include inputs from the Supreme Court, the Commercial Appellate Court, the Misdemeanour Appellate Court, Administrative Court and the four appellate courts, along with the European Court of Human Rights (ECtHR) database. As of March 2024, there were 429 920 integral decisions and 64 585 anonymised court decisions in the database. All Supreme Court decisions are anonymised and available on the website. There is a need for the Supreme Court to more effectively steer the jurisprudence by providing guidance on contentious legal issues, particularly on repetitive cases.

Serbia still lacks a comprehensive court case (and document) management system that interlinks cases across Serbian courts and prosecutors' offices. The case management system for prosecutors' offices is expected to be finalised in December 2024. The work on a case management system for courts officially started in September 2021 and is currently stalled. Further work is still required to ensure that all systems can operate smoothly including legislative changes, along with adequate staffing, financial resources and upgraded communication infrastructure. More efforts are needed to digitalise the justice system, in particular regarding communication with courts and the use of videoconferencing for court hearings.

In March 2024, public notaries acquired access to the electronic network of EU notaries, by decision of the Council of the Notariats of the European Union (CNUE). This direct communication should enable a faster and more secure exchange of information and authentication process. There are 233 notary offices. The Chamber of notaries opened competitions for two notaries in June and July 2024 to complete coverage of all the basic courts' territories. The Law on notaries and accompanying laws still need to be amended.

At the end of 2023, out of 894 positions for prosecutors, 216 were vacant, while 678 prosecutors effectively worked (708 at the end of 2022). In January 2024, the HPC elected 89 prosecutors and 78 prosecutors have taken office in the first half of the year. For the remaining candidates, 14 appeals against the selection decisions were filed with the Constitutional Court.

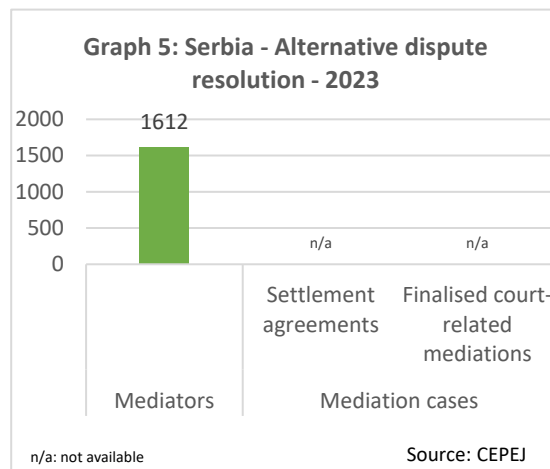
In 2023, the HJC appointed 281 judges, one court president and 50 acting court presidents. During this period, the HJC published competitions for an additional 619 judicial positions, in view of the high number of judges retiring, and for 46 court presidents. At the end of 2023, of the 3 102 judicial positions, 466 were vacant while 2 636 judges worked (2 657 at the end of 2022). In the first half of 2024, the High Judicial Council appointed 63 judges.



The Constitutional Court continued to work in partial composition, with only 11 out of 15 judges as of April 2024. No steps were taken to reform the Constitutional Court. In particular, to introduce qualified majority with a deadlock mechanism for the election of some of the judges by Parliament, as underlined by the Venice Commission.

### Efficiency

The efficiency of justice needs to be improved. Problems of unequal workload among judges and prosecutors have continued to negatively affect performance and access to justice.



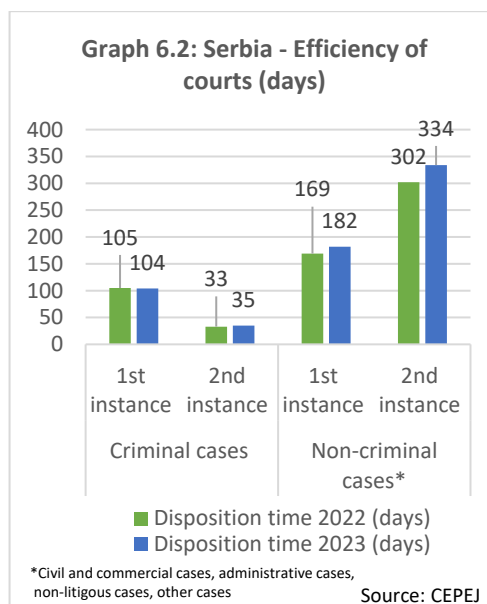
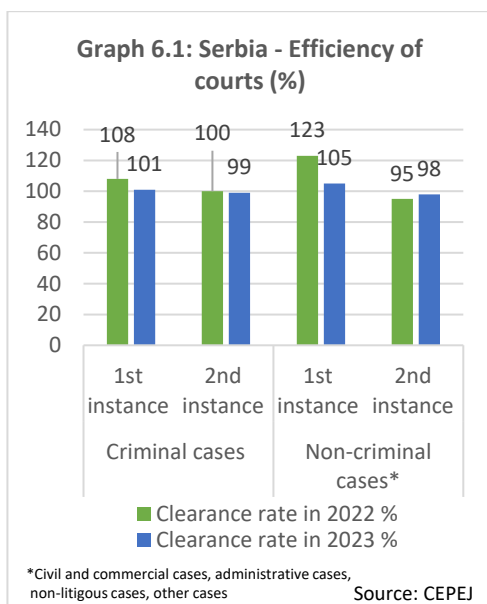
The High Judicial Council has initiated an analysis of workload in courts to assess the unequal burden on judges. Amendments ensuring trials within a reasonable timeframe were adopted by the National Assembly in late October 2023.

In 2023, the courts received and resolved fewer new cases than in 2022. While the average clearance rate fell from 2022, there were significant differences between the courts. In particular, the situation at the Administrative Court remains a concern, as demonstrated by the low clearance rate of 35.48%. Implementation of the unified backlog reduction programme for 2021-2025 continued.

On the enforcement of judgments, in 2023 courts received more new cases (239 430) than in 2022 (236 004) and resolved fewer (237 714) than in 2022 (274 913). However, the overall number of pending cases at the end of 2023 fell to 29 417.

The efficiency and transparency of the Constitutional Court's work should be further improved and access to the court practice database of both domestic and European Court of Human Rights judgments simplified. In 2023, the court received 22 700 new cases, 39.70% more than in 2022 (16 249). An increasingly high number of cases (42 752 as of August 2024) is pending before the Constitutional Court, compared to 29 672 in 2023.





### Domestic processing of war crimes

Serbia's track record in the processing of war crimes needs to be improved.

The War Crimes Prosecutor's Office filed three indictments against seven individuals, of which one was transferred from Bosnia and Herzegovina. One indictment has not yet been confirmed. At the end of 2023, trial proceedings were ongoing in 19 cases. In 2023, final decisions were rendered in seven cases, of which one case involved elements of sexual violence. Serbia continued to avoid filing indictments against high-level suspects and the time for processing cases was excessive. Serbia should take steps to increase the pace of processing war crimes cases and address the significant case backlog of over 1 700 pre-investigative cases, which remain a very serious concern. Contrary to what was envisaged in the 2018 war crimes prosecutorial strategy, a case categorisation plan has yet to be finalised. A new acting Chief War Crimes Prosecutor was appointed in May 2024 and the appointment procedure of a full-time chief prosecutor is ongoing.

Cooperation with the International Residual Mechanism for Criminal Tribunals (IRMCT) Prosecution office and the War Crimes Prosecutor's Office has continued. Cooperation with Bosnia and Herzegovina continued, but little progress was noted with Croatia and Kosovo. Serbia has yet to enforce the judgment of Bosnia and Herzegovina in the case of General Djukić, who resides in Serbia.

The sentencing policy is inconsistent and not systematically aligned with the criminal sanctions for the gravity of the crimes. The trial of Milenko Živanovic, the former General and Commander of the Army of Republika Srpska at the time of the alleged offence, is ongoing. Serbia's judiciary has failed to include financial compensation to the victims of war crimes in any of the criminal proceedings. This approach should be remedied.

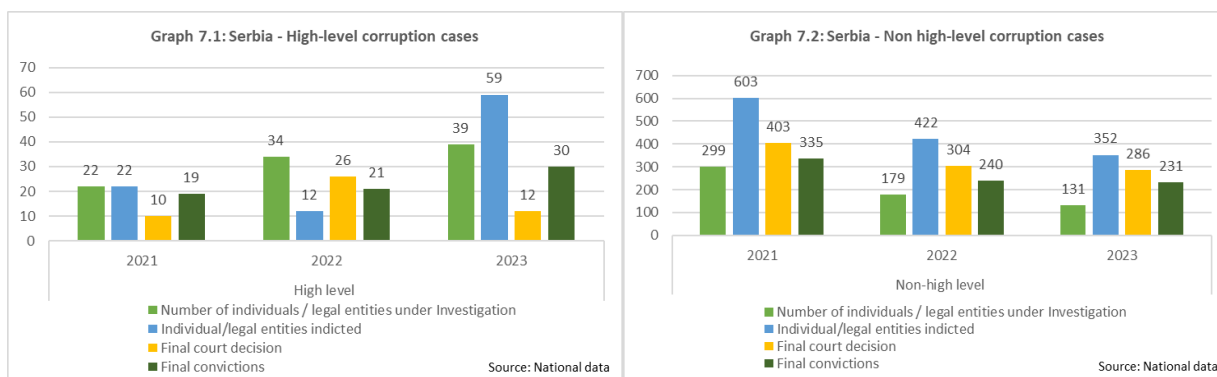
Serbia is yet to show a genuine commitment to investigating and adjudicating war crimes cases. A number of Serbian political parties, politicians and media outlets continued to provide support to, and public space for, convicted war criminals and to deny war crimes, including the Srebrenica genocide, without repercussions.

The unresolved fate of **missing persons** who disappeared during the conflicts in the 1990s remains a key issue to be solved in the Western Balkans. Despite steady progress in identification, 7 608 persons are still missing as a result of the conflict. Further efforts are needed at the regional level through the missing persons group established in 2018 under the Berlin Process to strengthen cooperation, as well as at bilateral level.

## Fight against corruption

### Track record

There are improvements in establishing a track record for the fight against corruption. The number of final convictions in high-level corruption cases in 2023 increased compared to previous years. The Prosecutor’s Office for Organised Crime ordered investigations against more individuals and there was a greater number of indictments issued. For the first time since 2019, one case resulted in the final confiscation of illegally acquired assets. Regarding the confiscation of property gain based on the Criminal Code, there were nine such cases. Serbia should address weaknesses in the investigation and prosecution of high-level corruption cases, in particular on the quality of evidentiary collection and presentation and risk of politically motivated interference.



In regards to non-high level corruption, in 2023, the special departments for combating corruption in the offices of higher prosecutors and the prosecution offices of general jurisdiction continued to receive a lower number of criminal complaints than in previous years: 2 339 in 2023 compared with 2 695 in 2022, and 3 151 in 2021. They ordered 131 investigations (179 in 2022, 299 in 2021) and initiated parallel financial investigations against 35 individuals (34 in 2022, 67 in 2021). A total of 352 indictments were issued (422 in 2022, 603 in 2021), of which 58 were confirmed by the courts. The courts rendered judgments against 286 individuals (304 in 2022) in the first instance and final convictions were made against 231 individuals (240 in 2022).

In November 2023, GRECO issued the addendum to the second compliance report for Serbia. The report concluded that Serbia had satisfactorily implemented 10 of the 13 recommendations of the fourth evaluation round, therefore completing the fourth-round compliance procedure.

In December 2023, Serbia submitted its report on the implementation of the GRECO recommendations from the fifth evaluation round, which targets preventing corruption and promoting integrity in central government (top executive functions) and law enforcement agencies. GRECO assessed that of the 24 recommendations, one recommendation has been fully met, and 10 have been partially met. Serbia should fully implement the recommendations, including those only partially completed from the fourth round.

### Institutional framework

The institutional framework on the prevention of and fight against corruption is largely in place and is satisfactory regarding preventive measures, but it needs to be improved on law enforcement.

The Agency for Prevention of Corruption started 264 procedures to determine violations of the Law on prevention of corruption with regard to conflicts of interest (483 in 2022). The Agency submitted 143 requests to start misdemeanour proceedings on the failure to promptly submit asset declarations (201 in 2022). The Agency's human and technical resources should be increased to carry out its work in a comprehensive manner. The Anti-Corruption Council, in its advisory role to the government, issued informative reports on bankruptcy proceedings and grants funding. The fact that the authorities have still not established a more constructive relationship with the Council remains a serious concern. In addition, the Council is still not systematically consulted on draft legislation. No steps have been taken to further strengthen the Anti-Corruption Council's budgetary resources and staffing.

The Prosecutor's Office for Organised Crime remains understaffed and lacks adequate premises to accommodate new staff. An insufficient number of staff are allocated to the specialised organised crime unit in the police investigating high corruption offences.

The special departments in higher prosecution offices should each have one financial forensic expert, but the positions remain vacant.

### Strategic documents

Serbia adopted in July 2024 a national anti-corruption strategy for the period 2024-2028. Adoption of the accompanying action plan is pending. To ensure its effective implementation, Serbia should put adequate coordination mechanisms in place, as well as an effective monitoring and evaluation system to track progress.

### Legal framework

The legal framework on the fight against corruption is in place but needs to be improved regarding both preventive measures and law enforcement.

While the Law on prevention of corruption is generally well-designed, shortcomings exist. In particular, its scope does not extend to all high-ranking public officials who are particularly vulnerable to corruption. Amendments to this law have been prepared to comply with the recommendations of the GRECO fifth round of evaluations and the OSCE/ODIHR recommendations on the financing of electoral campaigns. Serbia has relevant legislation in the fields of access to information of public importance, lobbying and financing of political activities. However, Serbia needs to further align these laws with the OSCE/ODIHR, OECD SIGMA (Support for Improvement in Governance and Management) and GRECO recommendations. The Agency for the Prevention of Corruption submitted an initiative to amend the Law on financing of political activities to the Ministry of Finance, to align the Law with the outstanding ODIHR recommendations. The legal framework on whistle-blower protection is yet to be aligned with EU *acquis*.

Regarding areas vulnerable to corruption, amendments to the Law on public procurement entered into force in January 2024 which provide for more transparency. The risk of corruption remains high for cases of exemptions from the Law on public procurement that are not in line with the EU *acquis*, in particular in the context of intergovernmental agreements, which risk undermining its effectiveness in practice. In its reports, the State Audit Institution (SAI)

identified numerous irregularities in the area of public procurement. It is important that all entities, and in particular those with significant public expenditure, comply with the SAI's recommendations. The SAI is understaffed and needs further technical and financial resources to effectively oversee public spending.

In terms of repression, the Law on the organisation and jurisdiction of state authorities in suppression of organised crime, terrorism and corruption does not regulate in sufficient detail the role and mandate of the Prosecutor's Office for Organised Crime as the coordinator in relation to the special departments of offices of higher public prosecutors for the suppression of corruption. Serbia should take further steps to ensure effective coordination.

### Fundamental rights

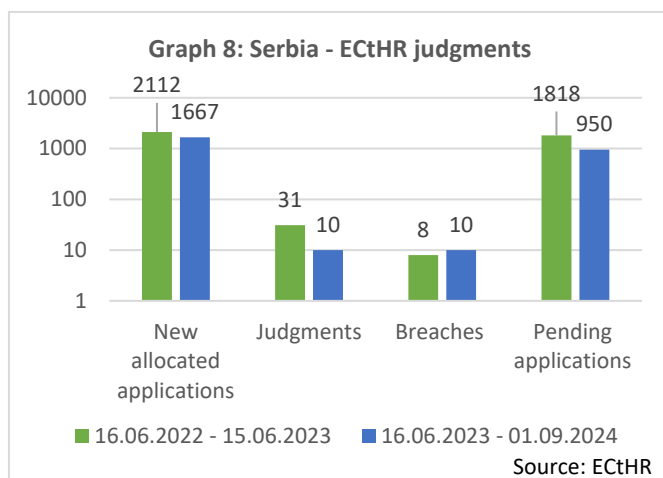
The general framework for fundamental rights needs to be improved.

#### International human rights instruments

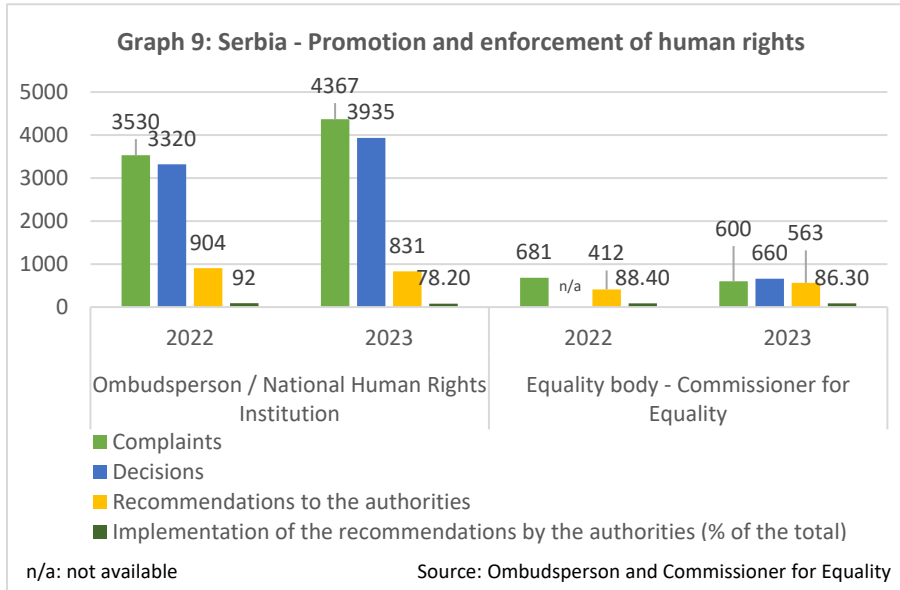
Serbia has ratified the main international human rights instruments, including, in September 2023, the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights. Serbia needs to ensure consistent monitoring of implementation of legal tools in this field.

#### European Court of Human Rights

During the reporting period, the **European Court of Human Rights (ECtHR)** found breaches of the European Convention on Human Rights relating mainly to the right to respect for private and family life, to the right to a fair trial and the general prohibition of discrimination. Currently, there are 23 cases under enhanced supervision by the Committee of Ministers of the Council of Europe. These cases concern mainly excessive length of judicial or commercial proceedings and non-enforcement of domestic decisions including against socially/state-owned companies as well as ill-treatment by police. Work is ongoing to implement the mechanism providing individual redress to parents in cases similar to that of *Zorica Jovanović v Serbia*. A key feature of this case is the continued failure by the Serbian authorities to provide the applicant with any information about the real fate of her missing baby who had been in the care of a state-run hospital. Systematic enforcement of ECtHR judgements and interim measures need to be ensured and Serbia needs to address structural problems raised by these cases including through adoption of legislative measures.



#### Promotion and enforcement of human rights

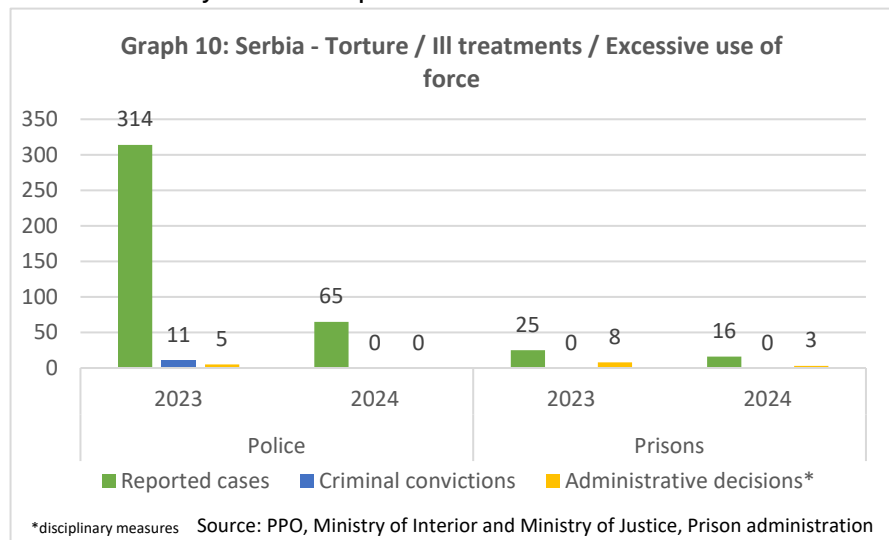


The Ombudsman needs to more vocally address violations of human rights and to improve their cooperation with civil society. The Law on the Ombudsman requires only an absolute majority for the election, deviating from the Venice Principles which set out that they should preferably be elected by an appropriate qualified majority. The Ombudsman's office is still operating with

fewer staff than set out in the action plan for Chapter 23, staff turnover continues to hamper efficiency, and appropriate premises are still lacking. Parliament has not yet held a plenary discussion on the Ombudsman's annual reports for 2022 and 2023 and it is not sufficiently clear how the Ombudsman checks that a recommendation has been followed up appropriately. The Ombudsman has requested the review of the constitutionality of gender-sensitive language in the Law on gender equality, in the context of a wider backlash against this law.

### Prevention of torture and ill-treatment

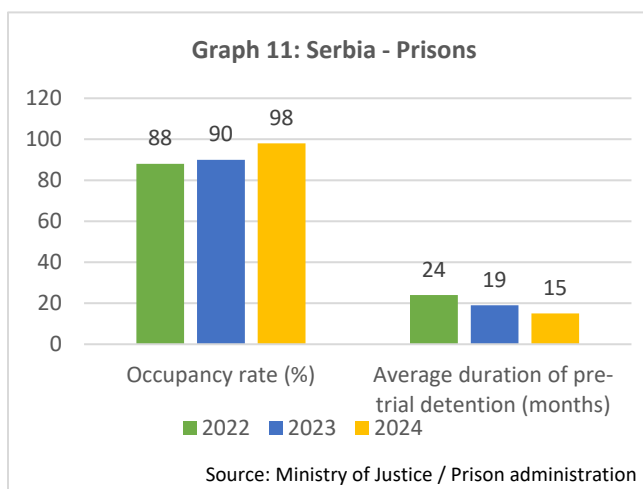
The Ombudsman in their capacity as the National Preventive Mechanism against Torture should improve their cooperation with civil society. The European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishments' (CPT) report on its 2023 ad hoc visit to Serbia identified shortcomings in the investigations of torture and other forms of ill-treatment and concluded that the implementation of the methodology for investigating such cases has not yielded the expected results. An accurate recording of police interviews with



audio and video equipment and the protection of the rights of individuals in remand detention and of the right of access to a lawyer without undue delay are still needed. Serbia has still not revised the 2019 Criminal Code amendments which introduced life imprisonment without the possibility of conditional release for a number of crimes, contrary to the European Convention on Human Rights and the related case law.

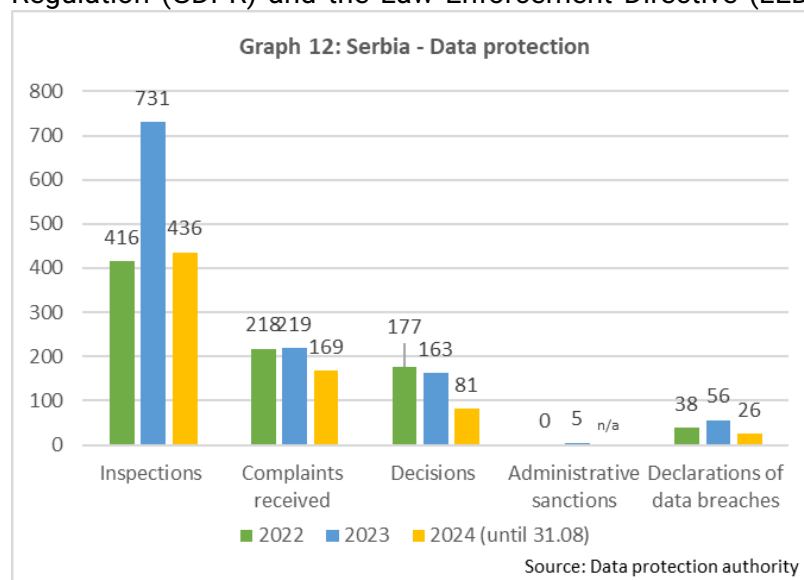
## Execution of criminal sanctions

The renovation programme continued in several prisons, but overcrowding, notably in pre-trial detention, and the overall conditions at the Belgrade Special Prison Hospital, are still of concern. Resocialisation programmes in the pre-release phase of a custodial sentence require additional support. Most executed alternative penalties comprise house arrests, and the use of community penalties remains low. Probation, social and employment services do not have sufficient resources to satisfactorily address post-penal care.



## Protection of personal data

The Law on personal data protection is mostly aligned with the EU General Data Protection Regulation (GDPR) and the Law Enforcement Directive (LED). However, the law is insufficient with regards to penalties and difficult to implement in practice as it includes provisions of both GDPR and LED.



However, the law is insufficient with regards to penalties and difficult to implement in practice as it includes provisions of both GDPR and LED. The process of harmonising all the other laws on the processing of personal data with the Law on personal data protection, which was due by the end of 2020, has been significantly delayed. Serbia adopted a strategy in this area in August 2023; however, an action plan has not yet been adopted. The Office of the Commissioner for Information of Public Importance and

Personal Data Protection works with 110 staff members, falling short of the target of 129 in the action plan for Chapter 23. Following the Commissioner's previous negative opinions on the Ministry of the Interior's impact assessment on street video surveillance, a legal basis has not yet been developed. The proportionality and necessity of the proposed system of video surveillance in public spaces needs to be assessed. It has to be verified whether Serbia processed personal data by facial recognition software, which is banned by the EU Artificial Intelligence Act. The outcome of the Commissioner's investigation of the breach of personal data of children after the May 2023 mass shootings became public only in March 2024, when the Commissioner found the media, not the police, responsible for the breach. During the December 2023 protests in the wake of the elections, tabloids published the personal data of some young protestors. As a result, the Commissioner declared himself incompetent. As for the use of pensioners' addresses by the ruling party for the purpose of electoral campaigning, the

Commissioner initiated an inspection. Criminal complaint was filed for forging signatures and identity theft in the support of candidate lists.

### Freedom of religion or belief

Freedom of religion or belief is constitutionally guaranteed and generally respected. The Law on churches and religious communities needs to be aligned with Council of Europe's standards. Serbia continued to implement the Law on the restitution of heirless Jewish property.

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## **Freedom of expression**

### Protection of journalists

Cases of threats, intimidation, hate speech and violence against journalists, including female journalists, persist, including at local level. Recurrent statements by high-level officials on the daily and investigative work of journalists have a chilling effect on freedom of expression. The standing working group on the safety of journalists continued to the swift response of the police and the prosecution service in several cases of attacks and threats. In 2023, the public prosecution initiated 76 cases of criminal charges in this area, compared with 86 cases in 2022.

Both journalist associations recorded an increase in the number of pressures and physical attacks against journalists. Attacks against two local journalists from Novi Sad, coming also from a ruling party MP, did not receive the appropriate level of public condemnation from the competent authorities. After the inexplicably delayed publication in February 2024 of an acquittal decision at second instance court, the murder of Slavko Ćuruvija remains unpunished after 25 years. No progress has been made in the other two murder cases, one of which is now precluded from further investigation due to the absolute statute of limitations. A final conviction of a local official and the (reduced) prison sentence was confirmed in the re-trial regarding the case of the arson attack on the house of an investigative journalist. Cases of strategic lawsuits against public participation (SLAPPs) increasingly hinder the work of investigative media and civil society organisations. Serbia will need to align with the EU *acquis* to cover the early dismissal of manifestly unfounded claims and remedies against abusive court proceedings.

### Legislative environment

The two media laws adopted in October 2023 introduced several legislative improvements, including strengthening the legal framework for the independence and transparency in the work of REM and reinforcing its mandate to tackle threats to media pluralism. However, both laws must be further amended to fully align with the EU *acquis* and European standards. Following the new provisions that allow state-owned companies to be media owners, safeguards to protect media pluralism and editorial independence still need to be improved. It should be clarified that antitrust and merger control rules apply to the media sector. The possibility of journalists to report on ongoing criminal proceedings is excessively limited in the law. The new 2023-2025 media strategy action plan has not yet been adopted.

### Implementation of legislation/institutions

The media laws of October 2023 have been inconsistently implemented. In November 2023, REM appointed its former executive director, who was the only candidate, as director. The REM Council is awaiting a reset of its composition by November 2024, but the procedure has not been started yet. There is an ongoing appeal filed by REM to the Constitutional Court, however, legally it does not have a suspensive effect on implementation of the law. Despite the new provisions aimed at strengthening REM's independence and efficiency, the regulator failed to

fully exercise its mandate and serious concerns regarding its independence in practice persist. It also introduced shorter deadlines for REM to act on complaints but in its final report on the parliamentary elections of December 2023, ODIHR found that REM ‘maintained a passive approach’. REM did not publish a comprehensive report, including the four channels with national frequency, on the electoral campaign. It also did not produce a report on the June 2024 local elections, which, according to the ODIHR EOM final report, “indicates ongoing problems in effectively overseeing media coverage and providing timely remedies for possible violations”. Following the adoption of new legislation in 2023, REM adopted 15 by-laws in May 2024. Although reflecting a number of requirements from the Audiovisual Media Services Directive, the by-laws did not fully address the concerns raised in the preceding public debate, notably on monitoring of electoral campaigns. The competition for the allocation of the fifth frequency for national broadcasting, launched in 2022, has still not been finalised and no justified reason has been given. Serbia must take urgent action to counter anti-EU narratives propagated by numerous media outlets, and to counter foreign information manipulation and interference, most obviously in the context of Russia’s war of aggression against Ukraine. According to the 2023 Commissioner for Information of Public Importance report, the percentage of unexecuted Commissioner’s decisions on complaints by journalists is higher than for other complainants, and the authorities often justify the non-disclosure of information on the grounds that the requests come from journalists.

#### Public service broadcaster

The law on public broadcasters is yet to be amended to address the shortcomings identified by the media strategy. Issues of editorial autonomy and pluralism need to be addressed. Biased reporting in favour of the government is supported by aggregated data: ODIHR found that during the December 2023 election campaign “some 64% of the non-election-related news on RTS1 [...] and 52% of the regional public RTV1 featured the president”. This disparity is more pronounced in non-electoral periods. A local CSO found that during the January 2023 to June 2024 period, the ruling party was covered in 92% (in 94% during the Belgrade election campaign) of airtime in the central RTS news broadcasts, compared with 8% for opposition parties.

#### Economic factors

Political and economic influence on the media remains a source of concern. A large number of registered media combined with a limited advertising market produce economic uncertainty, especially at local level. Therefore, media often strongly depend on public co-funding. The new law improved provisions on the transparency of such calls by laying down binding criteria to comply with the Code of Ethics, as monitored by the Press Council. New calls were published in early 2024 with significantly reduced public funding in a number of municipalities, and the remaining public funding is awarded through less transparent processes, such as the procurement of information services and advertising.

#### Professional organisations and working conditions

Journalists and other media professionals have been working in adverse conditions, often without suitable work contracts and unstable financing. There are several trade unions but no clear data on their representativeness. The new law provides for an improved framework on working conditions and rights of journalists. The effects in practice are yet to be seen.

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#### Freedom of assembly and association



While legislation on freedom of assembly and association is generally in line with European standards, Serbia has yet to align further with the joint Venice Commission and the OSCE/ODIHR Guidelines on Freedom of Peaceful Assembly. In its Conclusions of March 2024, the UN Human Rights Committee expressed concern over the notification requirements in the Law on public assembly and recommended that Serbia amend its legislation. Several peaceful protests took place in the wake of the December elections. One of these saw violent incidents and a number of arrests and charges of ‘incitement to the violent overthrow of constitutional order’ against the participants and subsequent plea bargains. There were also allegations of police brutality, including against journalists. In June 2024, the Ministry of the Interior failed to meet its obligation to ensure a safe environment and instead banned the ‘Mirëdita, Dobar Dan’ festival in Belgrade, a civil society initiative that contributes to building bridges between the people in Kosovo and Serbia through cultural activities. Following protests against lithium exploitation that took place throughout Serbia during the summer, there were reports of arrests, house searches and seizures of IT equipment of ecological activists.

Labour and trade union rights are covered in *Chapter 19 – Social policy and employment*.

#### Property rights

The institutional and legal framework is in place. Enforcement through the judicial and restitution system can be slow and complicated in some cases. The Agency for Restitution continued with restitutions in kind of confiscated properties. The government also issued bonds when restitution in kind was not possible.

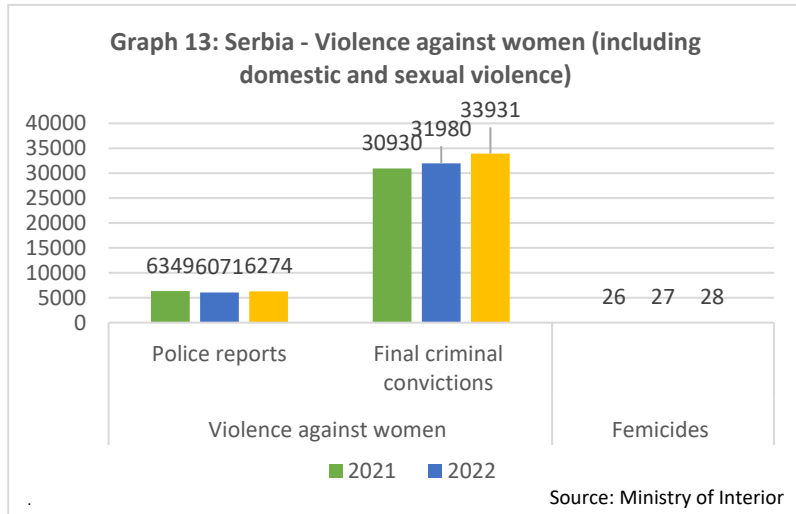
#### Non-discrimination

Further work is required to align the law with the EU *acquis* and European standards. The Criminal Code relating to prohibition and punishment of criminal racial acts has yet to be aligned with the EU *acquis*. The adoption of 2024-2025 anti-discrimination strategy action plan is pending. In its Conclusions of March 2024, the UN Human Rights Committee pointed out shortcomings in data collection on discrimination cases and noted the low number of convictions. The Office of the Commissioner for the Protection of Equality has still not been provided with adequate human resources by the Government, in line with the staff systematisation decision. Hate speech, threats and violence continued to target human rights defenders, the Roma community, lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ), and migrants. Centralised official data on hate crimes, broken down by bias motivation, is still lacking.

#### Gender equality

The Law on gender equality and the Law on the prohibition of discrimination were aligned with the EU *acquis* in 2021 but need to be further aligned with European standards. In June 2024, the Constitutional Court suspended the adoption of certain acts deriving from this law, notably on gender-sensitive language, until the completion of the constitutionality assessment process. This risks to have a detrimental impact on the application of the Law on gender equality in its entirety and undermine the progress achieved so far. More efforts are needed to enforce the legal obligation of including the gender perspective and removing gender stereotypes from textbooks, challenging gender stereotypes in the public discourse and collecting official sex-disaggregated data. Roma women, older women, poor women, women with disabilities, refugee and internally displaced women, continue to experience multiple and intersecting forms of discrimination. ODIHR noted in its final report on the December elections the underrepresentation of women in the campaign and recommended additional incentives.

The action plan and related funding for the 2021 strategy against violence against women and domestic violence, and a new action plan on UN Security Council Resolution 1325 on Women, Peace and Security, are increasingly delayed. An integrated system needs to be set up for collecting and monitoring cases of violence disaggregated by type of violence and by relationship between perpetrator and victim. Serbia still lacks reliable official



statistics on femicides. Cases of obstetric violence, with patients lacking proper medical support and information, have been reported. The Ombudsman initiated an investigation in January in a case of a Roma mother. Recommendations by the Group of Experts on Action against Violence against Women and Domestic Violence (GREVIO) have yet to be addressed, such as amending the definition of rape in the Criminal Code to comply with the Istanbul Convention ratified by Serbia. The very few support services for gender-based violence are predominantly run by CSOs and operate on a limited budget. The transparency and fairness of public funding in this area needs to be significantly improved, including in demonstrating that spent funds have contributed to the public interest. Police protocols do not mandate cooperation with specialist support services or the routine referral of victims, resulting in the underuse of existing CSO expertise. The law against domestic violence does not assign women CSOs a standard role in drawing up individual protection plans, as recommended by GREVIO, but leaves their participation to the discretion of the relevant prosecutor's office. The legal provision offering victims the possibility to participate in the creation of individual protection plans needs to be enforced. Safe houses for victims of gender-based violence lack staffing and adequate funding. Attention needs to be paid to ensuring equal access to safe houses for all women, including refugee and migrant women, transgender women and women from other marginalised groups. Appropriate funding is needed to ensure implementation of the national programme on sexual and reproductive health.

### Rights of the child

Serbia has yet to ratify the UN Convention on the Rights of the Child's third optional protocol on a communication procedure. The Council on the rights of the child did not meet in 2023 and was re-established only in March 2024. It has yet to be supported by a technical body and a cross-sectoral group. No national action plan for the rights of the child is in place. The strategy related to violence against children expired in 2023 without an evaluation. After the mass school shooting in May 2023, Serbia adopted a rulebook on the response of education institutions to peer violence. Upgraded sectoral protocols are needed following the previous adoption of a general protocol for the protection of children from abuse and neglect. The Law against domestic violence needs to be amended to ensure that every child who is a witness or victim of domestic/partner violence is always included in the court's individual protection plan.

Serbia needs to address the Lanzarote Committee's recommendations on the Convention on the Protection of Children against Sexual Exploitation and Sexual Abuse. It needs to amend its

family law to explicitly prohibit corporal punishment of children in the family and to ban child marriage. A new Law on juvenile offenders and protection of minors in criminal proceedings has yet to be adopted to align with the EU *acquis* and international standards. Statistical data on vulnerable groups, disaggregated by age and sex and including Roma children and children with disabilities, is still needed. Although a relatively small number of children are placed in institutional care (under 100 children per 100 000 children), violations of child rights in large-scale institutions remain a concern.

#### Persons with disabilities

Serbia needs to ensure implementation of the provisions of the UNCRPD. On the rights of persons with disabilities, implementation reports for 2022 and 2023 on the related strategy have yet to be published. Serbia has yet to adopt implementing legislation for the December 2021 Law on temporary social care residents. There is still no legal basis for ensuring that placement decisions in care homes are subject to regular court reviews. Deprivation of legal capacity procedures need to be changed to strengthen the position of the individuals concerned, as noted in the 2022 CPT report. Amendments to the family law, aimed at abolishing the existing system of complete deprivation of legal capacity, have yet to be adopted. The delay in adopting the action plan and related funding for the 2022 strategy on deinstitutionalisation is of increasing concern. Women with disabilities in residential institutions continue to face gender-specific forms of violence. Children with disabilities, who are vulnerable to multiple forms of exclusion and abuse, constitute the largest group of children in institutions as they are over-represented (70%) among children living in residential large-scale institutions.

#### LGBTIQ persons

There were no developments on the draft law on same-sex partnerships, nor on regulation of legal gender recognition, as already planned in the previous anti-discrimination strategy. Difficulties remain, especially in smaller municipalities, in implementing amendments to the Law on birth registry, which enable data on gender changes to be entered into the registry. As an observer to the work of the European Union Agency for Fundamental Rights, Serbia was covered by the III LGBTIQ Trust Survey, which found that overall, in Serbia in 2023, 45% felt discriminated against in at least one area of life in the year before the survey (for the EU-27 it was 37%). The implementation of hate crime legislation, including on grounds of sexual orientation, remains inadequate. The premises of the Pride Info Centre in Belgrade were subject to multiple attacks and in September 2024 the Centre closed due to lack of financial and institutional support. The Ombudsman initiated an investigation on alleged excessive use of force by the police against two LGBTIQ persons at their home. The criminal complaint into this case is pending with the prosecution office. LGBTIQ persons, and in particular transgender persons, are vulnerable to violence, abuse and discrimination. Due to a lack of trust in institutions and fear of secondary victimisation, cases of violence and discrimination towards LGBTIQ persons are often unreported. Intersex persons remain invisible both socially and legally.

#### Procedural rights and victims' rights

The legal framework is only partially aligned with the EU *acquis*. Continued efforts are required to establish the national network of general and specialised victim support providers, as well as to allocate appropriate state funding for staffing the general nationwide victim support services at high courts. An effective referral mechanism is lacking. Regarding access to justice, there is a need to improve the capacity of local self-governments dealing with legal aid requests. An

analysis of the necessary amendments to the Law on free legal aid was finalised but adoption is delayed.

### Protection of minorities

The legal framework for respect for and protection of persons belonging to minorities is broadly in place and generally upheld, in line with the Council of Europe Framework Convention on National Minorities. The fourth opinion of the Council's Advisory Committee needs to be taken into account when finalising the new *action plan for the realisation of the rights of national minorities*, which is increasingly delayed. The proper functioning and independence of national minority councils remains important. Members of the Albanian national minority raised concerns about the way police were checking residence status in south Serbia, resulting in the 'passivisation' of certain addresses. There is a need for the authorities to better explain to the public how these checks are being conducted. The implementation of the *action plan for improvements in the representation of Albanians in institutions* needs to be stepped up and lead to tangible improvements. National minorities remain underrepresented in public administration and the police. Progress on printing certain textbooks in minority languages needs to be further intensified, as well as teaching Serbian as an additional language. Access to religious worship in minority languages has yet to be enabled throughout Serbia, as assessed by the Council of Europe. Public broadcasting services in minority languages are still not sufficient, except for some local broadcasters in Vojvodina. There have been instances of hate speech against national minorities in the media and by MPs.

### Roma

Regarding Roma inclusion, robust monitoring and data collection is needed to deliver on the commitments made in the Poznan Declaration. Job descriptions for local Roma coordinators, pedagogical assistants, and health mediators have yet to be unified and become an integral part of local self-government services, with additional financial resources. Most Roma people in Serbia have civil documentation. The procedure for registering all births, regardless of the parents' status, needs to be implemented effectively and monitored. Roma pupils continued to receive scholarships through affirmative measures. School dropout rates remain high, especially for Roma girls. Roma pupils are still over-represented in special-needs schools and classes. Transition from education to the labour market is particularly challenging. Roma people are still under-represented in public administration. The legalisation of Roma settlements needs to be addressed as a matter of priority. Forced evictions are still taking place, which is in breach of the law and international standards. Early and child marriage remains an issue of concern among Roma girls living in settlements. Domestic violence also often goes unreported.

### Refugees and internally displaced persons

As of July 2023, there were 194 171 **internally displaced persons** (IDPs) in Serbia, of whom 68 500 remain vulnerable and with displacement-related needs. The closure of the last collective centre in Bujanovac is ongoing. A new strategy for IDPs needs to be adopted.

### **2.2.2 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, all with the support of the EU Justice and Home Affairs agencies.*

## **Fight against organised crime**

Serbia is yet to finalise ongoing work to align its legal framework on organised crime with the EU *acquis*.

### Institutional set up and legal alignment

The Prosecutor's Office for Organised Crime (POOC) and the Special Prosecutor's Office for Cybercrime (SPOC) lacks sufficient human, material, and technical resources to carry out their tasks. The police services still require a shared case / workflow management system, connecting all institutions and giving them access to a common database. Serbia should continue to work towards ensuring a fully operational national criminal intelligence system. Serbia should take relevant steps to make the Asset Recovery Office fully operational, including by ensuring access to all relevant databases.

Serbia's legal framework on police cooperation and organised crime is not fully aligned with the EU *acquis*. Neither does it guarantee the police's operational autonomy from the Ministry of the Interior during the pre-investigation and investigation phases, to be fully accountable only to the prosecutor. The new Law on internal affairs will have to address both this issue and the recommendations of the Committee for the Prevention of Torture (CPT). Amendments to the Law on organisation and competence of state authorities in suppression of organised crime, terrorism and corruption should be adopted to improve the institutional set up in the fight against organised crime.

Serbia has yet to conduct an analysis of the roles and practices of security services in investigations into serious and organised crime cases. The current criminal procedure code provides for covert interception of communication to be executed also by the Security Information Agency (BIA) and the Military Security Agency. This should be subject to an analysis to see whether it is in line with EU best practices. The use of security services in criminal proceedings should be forbidden or limited to exceptional cases regarding the interception of communications. A clear separation needs to be made between the remits and regulations for criminal investigations and those for security purposes.

Amendments to the Criminal Code to appropriately criminalise the trafficking of weapons were not yet adopted. Alignment of the Law on weapons and ammunitions with the EU *acquis* is also not yet finalised.

Serbia continued to implement the action plan for the strategy against money laundering and financing of terrorism (2020-2024) in a satisfactory manner. Amendments to the Law on the seizure and confiscation of the proceeds of crime are still pending.

In March 2024, Serbia adopted the programme for the fight against human trafficking (2024-2029) and action plan for 2024-2026. A new National Coordinator for the fight against human trafficking was appointed in September 2023. The Council for Combating Trafficking in Human Beings was re-established in July 2023, and held a first meeting in December 2023. Serbia continued to implement the action plan for the strategy for the control of small arms and light weapons (2019-2024). The Firearms Focal Point is fully operational.

The strategy and action plan for the fight against cybercrime expired at the end of 2023. The Criminal Code and the Criminal Procedure Code are not yet harmonised with the Second Additional Protocol to the Council of Europe Budapest Convention on Cybercrime.

In December 2023, Serbia adopted a new SOCTA (Serious and Organised Crime Threat Assessment) to set operational priorities for fighting serious and organised crime for 2024-2027.

### Implementation and enforcement capacity

In 2023, whilst there was a significant increase in the number of individuals indicted for organised crime (251 compared to 132 in 2022), there was a decrease in the number of individuals convicted and of individuals under investigation. The number of cases in final rulings was the same in 2023 as in 2022 at 189, while the number of new investigations remained stable (29 in 2023 compared to 31 in 2022). The use of plea agreements needs to be carefully balanced against the need to avoid any impression of impunity in serious and organised crime cases. The number of proactive investigations, based on intelligence-led policing, focusing on high profile cases aiming at dismantling big and international criminal organisations should be increased.

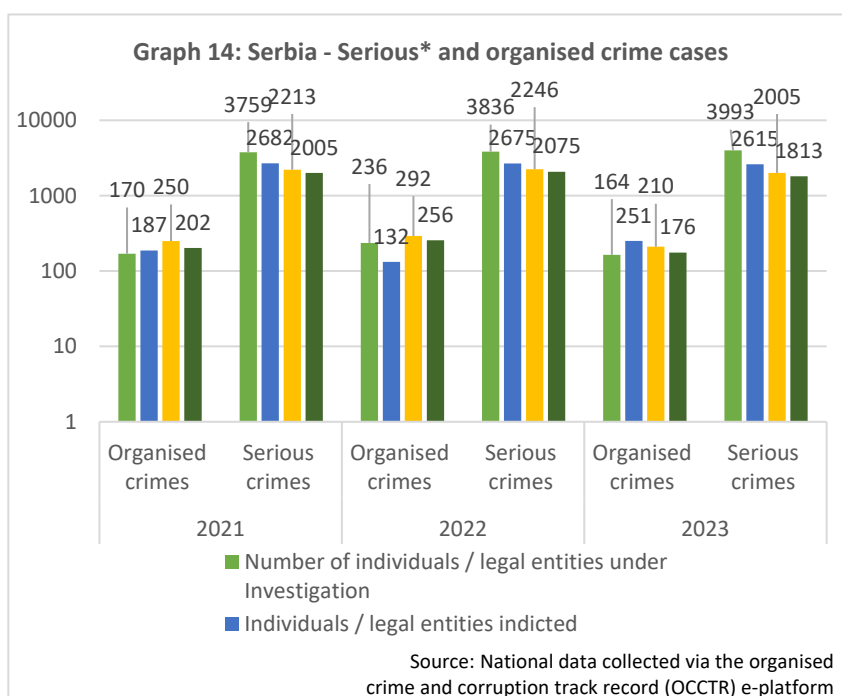
Of the total 21 individuals convicted for **trafficking in human beings**, four individuals were convicted in the context of organised crime (14 in 2022) and 17 under general jurisdiction. Given the migratory flows through its territory, Serbia needs to build the capacity to detect possible third-country victims of trafficking in human beings, including through the abuse of visa-free regimes.

In 2023, the Centre for protection of victims of human trafficking identified 66 victims of human trafficking (62 victims in 2022) and requested the status of an especially

vulnerable witness for all of them. It is essential to provide all victims of human trafficking with proper protection during trials, including granting them the status of an especially vulnerable witness. This is important not only to avoid re-victimisation but also to collect evidence of force, threat or exploitation, as required by the Criminal Code for this offence.

The well-established cooperation with CEPOL, Eurojust, Europol and INTERPOL continued, leading to arrests in serious and organised crime cases, and disruption of organised criminal groups. In 2023, a total of 10 098 messages were exchanged via SIENA (9 156 in 2022). Serbia participates in the European Multidisciplinary Platform Against Criminal Threats (EMPACT).

Following the two tragic mass shootings in May 2023, a voluntary firearms (both legal and illegal) surrender campaign resulted in the collection of approximately 117 000 weapons, 26 000 explosive devices and over 4 million pieces of ammunition in 2023. The ballistic



\*Data on serious crime cases stem from the aggregation of cases of money laundering, cybercrime, production and trafficking of drugs, firearms related offenses, terrorism, trafficking in human beings and smuggling of persons. Corruption cases are showcased in Chapter 23.

laboratory was accredited ISO 17025 norm in November 2023. Serbia continued to engage positively on the implementation of the EU Roadmap on small arms and light weapons control (SALW). However, further efforts are needed in the fight against the storage, sale and ownership of illegal firearms, registration of surrendered weapon and arms' trafficking. In 2023, four individuals were convicted under firearms-related offences in the context of organised crime and four new investigations were initiated.

In 2023, 38 people were convicted for the criminal offence of 'showing, procuring and possession of pornographic material and child pornography' (50 in 2022). Indictments were filed against 34 defendants (40 in 2022).

As regards the fight against money laundering and based on the indictments by the special prosecutor for organised crime, five individuals were convicted in 2023 (three in 2022). In 2023, 41 individuals were convicted (final decision) for money laundering in courts of general jurisdiction. (See also Chapter 4 – Free movement of capital)

Financial investigations that apply a 'follow the money to find the crime' approach, especially in cases of inexplicable wealth, are still not conducted consistently during criminal investigations. Proactive criminal investigations are needed, including pre-seizure planning and a systematic tracking of money flows, aimed not only at asset recovery, but also at gathering circumstantial evidence of inexplicable wealth. In 2023, financial investigations were initiated in 125 cases of serious and organised crime (145 in 2022) and there were temporary freezing and seizure of assets and final confiscations of assets in 20 and 513 cases respectively.

### Cooperation in the field of drugs

Cooperation in the field of drugs is satisfactory.

#### Institutional set up and legal alignment

Serbia's legislative framework for psychoactive substances has been in force since 2021. The Criminal Procedure Code which still requires that the entire seized quantity be kept as material evidence for court proceedings needs to be amended.

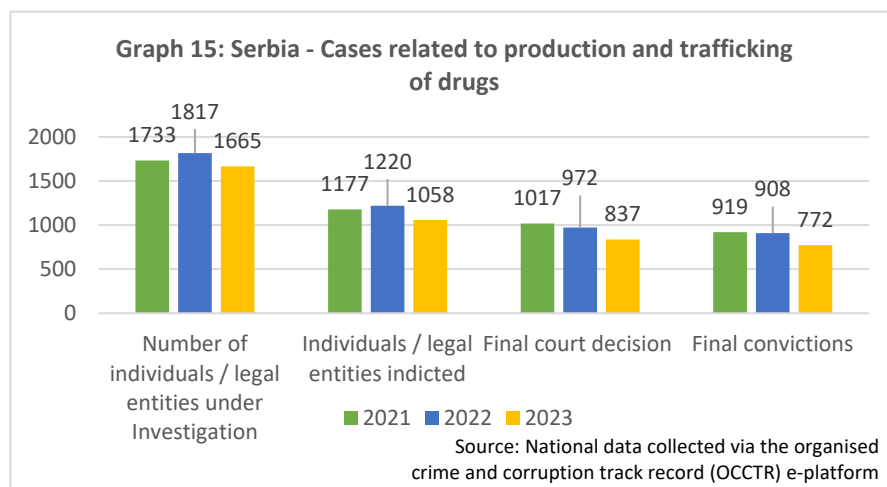
Serbia has a well-established national early-warning system to liaise with the EU Drugs Agency (EUDA) on new psychoactive substances and trends. In 2023, the

list of psychoactive controlled substances was updated once and a total of nine new psychoactive substances were added to the list of banned substances.

Serbia's National Drugs Observatory (NDO) is fully staffed and operational. 73 out of 80 positions within the Drug Combating Service are filled.

The national drug strategy expired in 2021 and a new document is not yet in place.

#### Implementation and enforcement capacity



Of the 772 final convictions in 2023 for drug production and trafficking, six were in the context of organised crime.

## Fight against terrorism

Fight against terrorism needs to be improved.

### Institutional set up and legal alignment

Serbia did not adopt or amend legislation to further align its legal framework with the EU *acquis* on counterterrorism, which overall is largely aligned. Serbia is taking steps to further align its legislative framework on critical infrastructure with the EU *acquis*.

A National Coordinator and the National Coordination Body for the Prevention and Combating of Terrorism was appointed in July 2023. The new strategic document is not yet drafted despite the previous strategy having expired in 2021. Serbia adopted a report on the implementation of the previous strategy in October 2023.

### Implementation and enforcement capacity

Serbia submitted the eighth report on the implementation of the bilateral arrangement in the framework of EU-Western Balkans Joint Action Plan on Counterterrorism for the Western Balkans in February 2024. Serbia has made limited progress in implementing the Joint Action Plan.

The national database for the prevention and fight against terrorism is operational since June 2023.

In 2023, there were no convictions for terrorist offences. The Prosecutors' Office for Organised Crime filed an indictment against one person for the offence of 'public incitement to commit terrorist offences' (Article 391a Criminal Code).

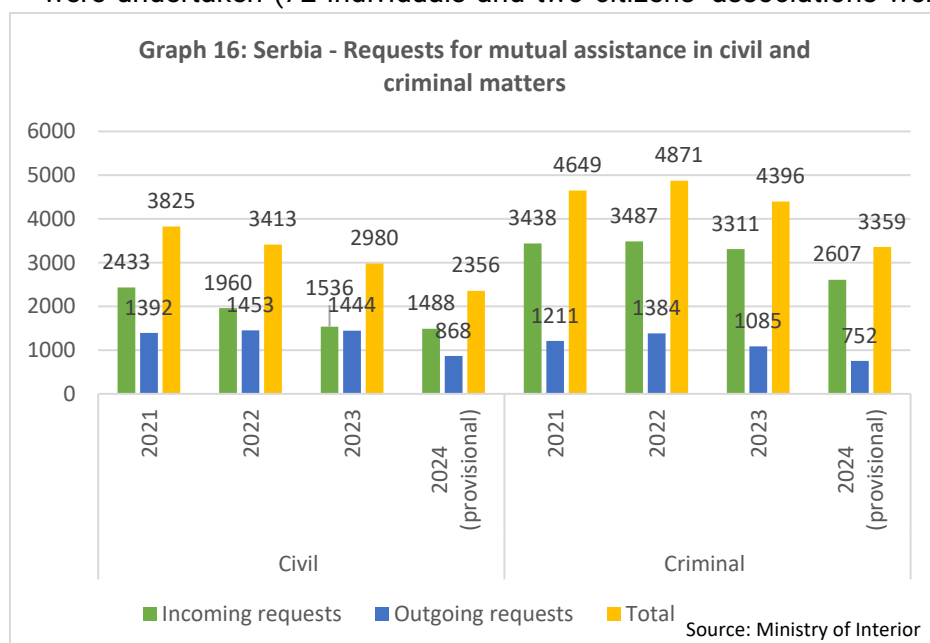
Serbia actively participated in several Europol analysis projects and in CEPOL activities. Serbia also took part in a number of INTERPOL operations and projects (e.g. Hotspot Adriatic 2023).

In parallel to conducting pre-investigative actions aimed at discovering, proving and prosecuting terrorism, pre-investigative actions aimed at discovering and proving the financing of terrorism were undertaken (72 individuals and two citizens' associations were checked). There were no

final convictions for financing of terrorism.

### **Judicial cooperation in civil and criminal matters**

Judicial cooperation in civil and criminal matters needs to be improved. Serbia should reform its legal framework to enable more efficient cooperation and increase institutional





capacity to reduce processing times.

Reporting continued on the implementation of the 2007 Hague Convention on Child Support (HCCH), in force since February 2021.

In 2023, Serbia worked on 2 980 new requests for mutual assistance in civil matters and resolved 4 022 cases (including from the previous period). The average duration of the procedure for providing mutual legal assistance (MLA) was 392 days.

Eurojust and Serbia have continued their good cooperation in criminal matters, notably through the Serbian Liaison Prosecutor. There was one new joint investigation team (JIT) in 2023, in addition to four from the previous period. The draft Working Agreement on cooperation with the European Public Prosecutor's Office (EPPO) is pending the opinion of the Ministry of Justice.

In 2023, Serbia worked on 4 126 new requests for MLA in criminal matters and resolved 4 988 (including from the previous period). The average duration of the procedure for providing MLA was 465 days.

The Criminal Code and Criminal Procedure Code still need to be aligned with the EU *acquis*.

### **Legal and irregular migration**

The management of legal and irregular migration is satisfactory.

#### Institutional set up and legal alignment

The legislative framework for the management of external borders and asylum is largely aligned with the EU *acquis*. However, further alignment, as well as improved implementation, is still needed to ensure fair and fast asylum processing.

Serbia contributed to the management of the mixed migration flows towards the EU and cooperated with the EU, EU Member States, and its neighbours to implement the EU Action Plan on the Western Balkans. Serbia intensified border controls and police operations targeting migrant smugglers. Further alignment with EU visa policy and additional progress along all the pillars of the Action Plan is expected.

Amendments to the Law on foreigners and the Law on employment of foreigners entered into force in August 2023. They extended temporary residence permits from 1 to 3 years and granted holders the right to apply for permanent residence after residing in Serbia for 3-consecutive years (down from 5).

In March 2024, Serbia extended by 1 year the temporary protection it affords to all people having fled Russia's war of aggression against Ukraine. The response plan for the management of mixed migration was updated and approved by the government in March 2024.

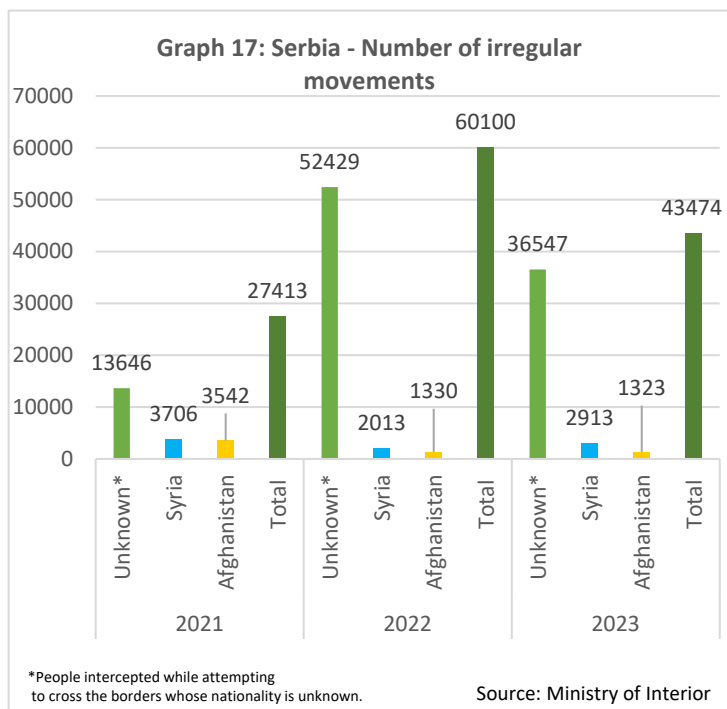
In terms of combating irregular migration, implementation of the integrated border management strategy (2022- 2027) and accompanying action plan (2022-2024) is delayed.

As an observer in the European Migration Network, Serbia organised its first conference in December 2023 focusing on circular migration.

#### Implementation and enforcement capacity

Serbia continues to host a substantial number of third-country nationals with EU support.

Negotiations on readmission agreements are ongoing with Türkiye, Iceland, Argentina, Belarus, Georgia, and Ukraine. Efforts to establish cooperation with countries of origin of irregular migrants continue with Morocco, Bangladesh, Afghanistan, Algeria, Iraq, Iran, and Pakistan.



The number of irregular movements through Serbia fell in 2023 from the previous year (60 100 in 2022 to 43 474 in 2023). The number of smuggling cases rose sharply from 1 909 in 2022 to 4 064 in 2023.

Serbia launched a large-scale police operation in the last quarter of 2023, targeting smugglers and migrants illegally present in the country. In August 2024, due to the significantly lower number of migrants present in the country, the Commissariat for Refugees and Migration decided to reduce the capacity of the reception and asylum system. Seven out of 17 centres are operational at the southern and western borders and near Belgrade. A contingency plan is in place in case of a sudden increase.

Overall, reception capacities are adequate. The police operation and the intensified control of movements continued in the first quarter of 2024.

## Asylum

The management of asylum needs to be improved.

### Institutional set up and legal alignment

Serbia's legal framework is largely aligned with the EU *acquis* but further alignment, as well as improved implementation, is still needed to ensure fair and fast asylum processing.

Serbia has the institutions needed to manage asylum applications. A new Head of Asylum Office was appointed in September 2023 to supervise the work of the asylum and registration officers and to ensure the overall quality of asylum decisions.

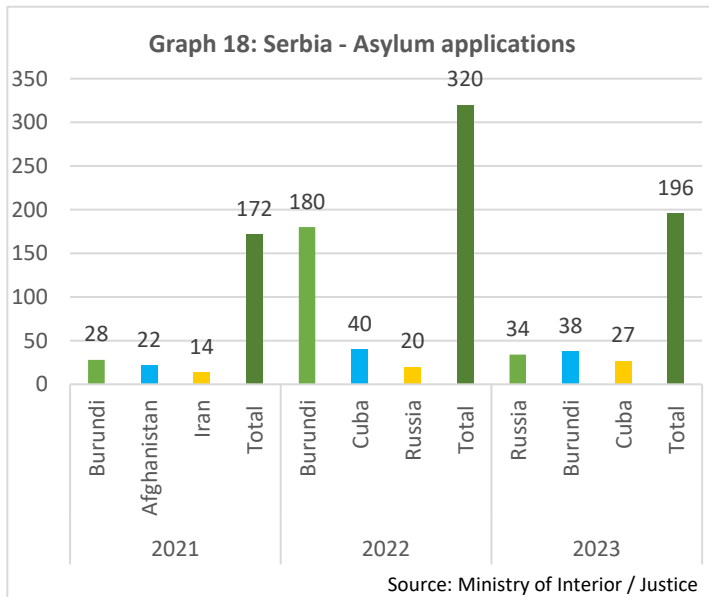
The third roadmap for cooperation (2024-2026) with the European Union Agency for Asylum (EUAA) has been developed and its final endorsement is pending.

A rulebook on the appearance and content of travel document form for refugees was adopted in November 2023, allowing the Asylum Office to issue travel documents to refugees as provided for by the Law of asylum and temporary protection. As of February 2024, the Office started issuing travel documents for refugees.

### Implementation and enforcement capacity

The number of asylum seekers fell in 2023 compared with previous years. Of the 1 654 (4 155 in 2022) individuals who expressed an intention to seek asylum, only 196 lodged an asylum application. The absconding rate remained high, exceeding 50%. In 2023, only seven asylum seekers received refugee status, two received subsidiary protection while 51 had their asylum request denied.

In 2023, Serbia granted 403 Ukrainian citizens temporary protection and extended protection for 743 people.



The quality of asylum decisions needs to be further improved. Efforts have been made to develop the country of origin information functions within the Asylum Department. The Asylum Commission and the Administrative Court need to apply their corrective influence of the Asylum Office's decisions more effectively and review cases based on merit. Further advanced training is needed. The state-funded free legal aid mechanism in the asylum procedure needs to be improved.

The basic legal framework for integration exists, including good practice for individual integration

plans. However, the quality of ID documents to facilitate access to socio-economic rights and services, and the predictability and scope of integration schemes (e.g. for the acquisition of skills, language proficiency, and integration of persons with disabilities) continue to be major obstacles to integration.

### Visa policy

The national visa regime is not yet fully aligned with that of the EU as Serbia still has a visa-free regime with 16 countries that are on the EU list of visa-required countries. Serbia's visa issuing system is partially in line with the EU Visa Code. Serbia did not take steps to further align its visa policy with the EU's list of visa-required countries in the reporting period. However, Serbia's reform agenda committed the country to withdraw visa-free arrangements with at least three countries by December 2024.

In 2023, Serbia further tightened its requirements for obtaining entry visas.

According to Eurostat, 4 635 Serbia nationals applied for asylum in the EU27 in 2023 (compared to 4 220 in 2022).

### Schengen and external borders

The legislative framework for the management of external borders is largely aligned with the EU *acquis*.

#### Institutional set up and legal alignment

Continued efforts are needed to align with and implement EU requirements. Issues relating to national borders are governed by the Law on border control.

Serbian authorities have a well-established cooperation with the European Border and Coast Guard Agency (Frontex). The new status agreement between the EU and Serbia, signed on 25 June 2024, will enable deployment of Frontex standing corps also at third-country borders, once it enters into force.

#### Implementation and enforcement capacity

Significant investment is needed in human, financial and technical resources for border control (second-line checks, border surveillance and equipment for the detection of forged documents), and in infrastructure at border crossing points, in line with EU Schengen requirements. A national coordination centre is not yet established. Serbia should also increase the capacity of all stakeholders in integrated border management (IBM) to achieve interoperability with EU border management information systems. Serbia needs to intensify its efforts to implement the Directive on the obligation of carriers to communicate advance passenger information (API), and the use of passenger name record (PNR) data for the prevention, detection, investigation and prosecution of terrorist offences and serious crime.

Inter-agency cooperation is satisfactory, e.g. between border police and customs at border crossing points. Further improvements are needed on information exchange through mutual access to databases and a formalised and secure information exchange system.

The IBM Coordination Body for monitoring the strategy and action plan was appointed in June 2023 and a first implementation report was adopted in December 2023. Implementation of the IBM action plan is delayed.

An action plan for the accession of Serbia to the Schengen Area was adopted in July 2023. Based on the Police Cooperation Convention for Southeast Europe (PCC SEE), the Ministry of the Interior established a cooperation with all neighbouring countries. Joint patrols with neighbouring countries are ongoing with Hungary, North Macedonia, and Romania.

The Interim Common Crossing-Points (CCPs) between Kosovo and Serbia remain operational. Only two of the six permanent CCPs have been established (Merdare and Mutivodë/Mutivode). Serbia still needs to establish permanent CCPs to be hosted by their side (Jarinje/Rudnica, Končulj/Dheu i Bardhë and Depce/Muçibabë), which led to a suspension of EU funds for a project in July 2018. In addition, Serbia needs to engage constructively to enable the construction of the CCP hosted by Kosovo in the north of Kosovo at Tabavije/Bërnjak-Tabalije/Brnjak. Urgent efforts are required from Serbia to close illegal roads and bypasses to ensure exclusive use of official crossing points for goods and people entering or leaving Kosovo.

An anti-corruption preventive mechanism for authorities involved in IBM has been adopted, but further efforts are needed at regional and local level.

### **Euro counterfeiting (criminal law aspect)**

The relevant legislation is in line with the EU *acquis* on the suppression of counterfeit currency. The National Bank of Serbia conducts technical analysis and provides specialised training for the licensed entities that authenticate euro coins and process euro banknotes. The central bank has formal cooperation agreements with the European Commission on coins and with the European Central Bank on banknotes.

The central bank continued to develop its administrative capacities by participating in several international and domestic seminars, conferences, and workshops, primarily as a follow-up to the Pericles 2020 programme.

*All aspects of customs cooperation are covered in Chapter 29 – Customs Union.*

## 2.3. ECONOMIC CRITERIA

<i>Table 8.1:</i>	2015-20	2021	2022	2023
<b>Serbia - Key economic figures</b>	average			
<b>GDP per capita (% of EU-27 in PPS)<sup>1)</sup></b>	40	44	44	46
<b>Real GDP growth</b>	2.5	7.7	2.5	2.5
<b>Activity rate of the population aged 15-64 (%), total<sup>1)</sup></b>	66.6	69.7	70.9	71.7
<i>female</i>	59.4	62.6	64.0	65.6
<i>male</i>	73.9	76.8	77.8	77.8
<b>Unemployment rate of the population aged 15-64 (%), total<sup>1)</sup></b>	13.7	11.4	9.7	9.7
<i>female</i>	14.4	12.4	10.1	10.2
<i>male</i>	13.1	10.6	9.4	9.3
<b>Employment of the population aged 15-64 (annual growth %)</b>	2.1	2.6	2.3	0.8
<b>Nominal wages (annual growth %)</b>	5.3	9.4	13.8	14.7
<b>Consumer price index (annual growth %)</b>	2.0	4.0	11.9	12.1
<b>Exchange rate against EUR</b>	119.8	117.6	117.5	117.3
<b>Current account balance (% of GDP)</b>	-4.6	-4.2	-6.9	-2.6
<b>Net foreign direct investment, FDI (% of GDP)</b>	6.3	6.9	7.2	6.1
<b>General government balance (% of GDP)</b>	-1.9	-4.1	-3.2	-2.2
<b>General government debt (% of GDP)</b>	59.8	56.5	55.2	52.0

*Notes :*

1) Eurostat

Source: national sources

### 2.3.1. The existence of a functioning market economy

#### Economic governance

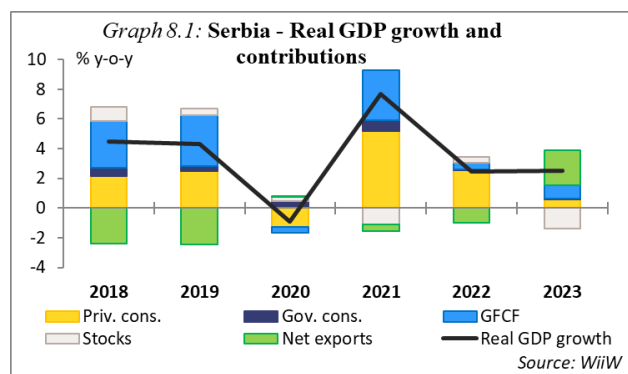
**Serbia's commitment to maintain macroeconomic stability and advance economic reforms has remained relatively strong.** The National Bank of Serbia (NBS) has maintained a tight monetary policy, with the key policy rate raised to 6.5% in July 2023. The easing of inflation, returning to the NBS target range of 3% +/-1.5 pps as of May 2024, enabled the NBS to reduce the reference interest rate by 25 basis points in both June and July 2024 to 6.0% in July 2024. The new domestic fiscal rules are well-designed anchors for fiscal policy. However, the announced weakening of the deficit component of the fiscal rules from 1.5% of GDP to 2.25% for the medium term, in order to allow for ambitious public investment projects, implies backtracking on the fiscal rules. Implementation of the tax administration reform has continued, but with some delays regarding updating IT systems. Long-standing challenges in fiscal governance remain. These include the public wage system, medium-term budgetary planning, public investment management, and the significant presence and governance of SOEs in the economy and the related budgetary costs and risks. Serbia has a standby arrangement with the International Monetary Fund running from December 2022 to December 2024, which has proven crucial in designing and implementing major reforms, including in the energy sector.

**Implementation of the policy guidance set out in the conclusions of the May 2023 Economic and Financial Dialogue has been partial.** Good progress was made in reducing the public deficit, implementing inflation policies, reforming tax administration (apart from IT systems), adopting

the law on SOE management, strengthening risk management frameworks across the banking system, and encouraging the use of the domestic currency in the financial system. However, only partial progress was made in strengthening medium-term budgeting practices and fiscal risk analysis.

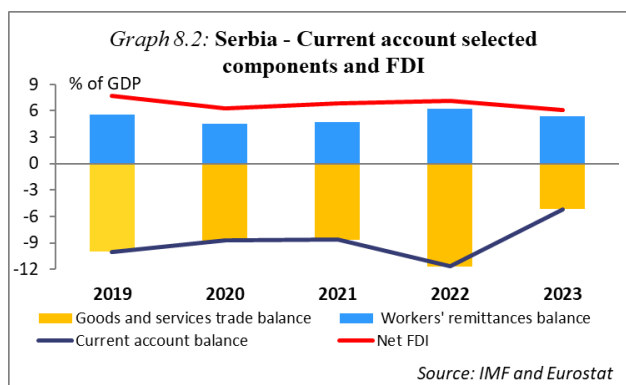
### Macroeconomic stability

**Economic activity has slightly accelerated in recent quarters.** After an average GDP growth rate of 3.2% between 2015 and 2019, post-COVID-19 GDP growth rebounded to 7.7%, followed by a fall to 2.5% in 2023, partially due the economic fallout from Russia’s war of aggression against Ukraine and soaring inflation. However, in the first half of 2024, growth has accelerated to over 4% y-o-y, with investment and private consumption driving growth, helped by strong foreign direct investment (FDI) and rapid real wage growth as inflation has decelerated. Industrial production and exports have also maintained steady growth, but overtaken by imports,



which are boosted by the surging domestic demand. After staying broadly unchanged for most of the last decade, the income gap with the EU has slightly narrowed in recent years as per capita GDP in purchasing power standards rose from 40% on average from 2015 to 2020 to 46% of the EU average in 2023.

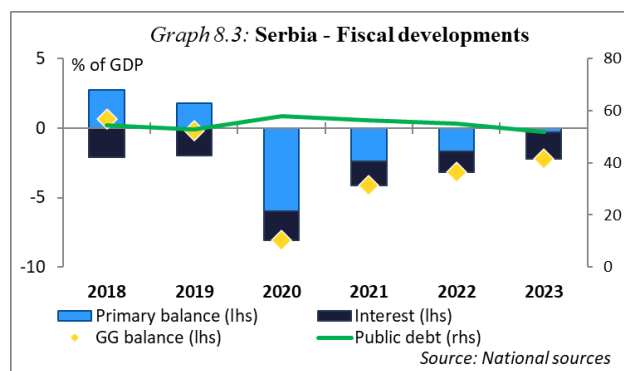
**The current account deficit narrowed sharply in 2023, reflecting the easing of the energy crisis, but has since widened again.** It fell to 2.6% of GDP in 2023, down from 6.9% of GDP in 2022, helped by base effects as electricity imports were extraordinarily high and costly in 2022. In the first half of 2024, the deficit has widened again to 3.5 % of GDP, driven by rebounding imports, slightly higher primary income deficit (mainly reflecting higher outflows of dividend and interest payments) and slightly lower surplus in secondary income (largely reflecting remittances). As in the past years, the surplus in the services trade has a major positive contribution to the current account, reflecting largely the surplus in ICT and business services’ exports. The current account deficit was fully financed by net FDI inflows, which reached 6.1% of GDP in 2023 and have slightly increased to 6.5 % of GDP in the first half of 2024. NBS foreign exchange reserves increased consistently over 2023 and first half of 2024, reaching a new record level of 37.8% of GDP by Q2 2024, , covering 7.2 months of goods and services imports. External financing relying mostly on FDI, coupled with the relatively high level of foreign exchange reserves, helped mitigate Serbia’s vulnerability to external economic shocks.



**Following the surge in inflation in 2022, price pressures gradually abated over 2023 and the**

**first half of 2024, thanks in part to the appropriately tightened monetary policy.** Inflation was still high at 12.1% on average in 2023, mainly driven by food prices, which only decelerated sharply in late 2023 as global commodity prices eased. Large but necessary increases in regulated electricity and gas tariffs (24% and 33% respectively) also fuelled inflation in 2023. The deceleration in inflation continued over the first half of 2024. The latest figures from August indicate 4.3%, which is within the upper limit of the central bank’s target tolerance band of 3% ±1.5 pps.

**The general government deficit decreased from 3.2% of GDP in 2022 to 2.2% in 2023.** The balance has therefore steadily improved since the end of the COVID-19 crisis, and the fiscal outcome in 2023 turned out stronger than the revised target of 2.8% of GDP in the amending budget of September 2023. Revenue, especially from corporate income tax and labour taxes, overperformed in 2023, boosted by an unplanned rise in excise rates and road tolls. While support to SOEs was lower than budgeted, agricultural subsidies were raised, and the overall level of subsidies remained elevated at 2.7% of GDP in 2023. For 2024, the budget targets a deficit of 2.2% of GDP, in line with the formerly defined fiscal rules. Only some relatively small tax adjustments are planned for 2024, concerning income tax scales and excises. On the expenditure side, pensions were raised by 14.8% in January 2024 and the public sector wage bill by 10%. This brought the planned share of the latter to 10% of GDP, the upper limit set by the fiscal rules. Net budget loans to the state-owned energy sector are set to decline by around 0.3% of GDP as the energy crisis is assumed to have relented. Public debt fell to 52.3% of GDP in 2023, continuing the declining trend after the COVID-19 crisis, largely driven by high nominal GDP growth. S&P Global Ratings raised its assessment of Serbia’s foreign-currency bonds by one notch to BBB-. The primary balance was still negative in 2023, adding slightly to the debt burden, but it is set to turn neutral in 2024 under current projections.



**Fiscal governance reforms have generally progressed well, albeit with some challenges and backtracking.** While the fiscal rules were well-designed, challenges have emerged in their interpretation and implementation. In particular, Serbia’s Fiscal Strategy for 2025 announced that the enforcement of the deficit component of the fiscal rules, which targeted 1.5% of GDP, was postponed from 2025 to 2029. This means in practice a new deficit target of 2.5% of GDP for 2025 and 2.25% thereafter until 2029. In addition, the pension expenditure target as the discretionary rise of pensions in 2023 can be seen to go against the spirit of the new fiscal rules. Serbia should increase the transparency of the annual budgets and ensure a more credible and stable medium-term budgeting (including public investments) as these are typically subject to frequent changes. The reform of the public sector wage system has been postponed to 2025, even though the preparatory steps have already been taken. The significant presence of SOEs in the economy creates major fiscal risks, but some progress has been made. In particular, the new law on SOE governance was adopted in September 2023 and energy tariffs were adjusted to better match the cost base. The well-established Fiscal Council has continued

to function properly.

**The macroeconomic policy mix was appropriate.** Monetary policy has reacted appropriately and successfully to surging inflation with gradual monetary tightening, which was loosened slightly only since the middle of 2024. The past fiscal tightening ensured a sustainable fiscal position and helped disinflation. However, the weakening of the fiscal targets compared to what was planned earlier appears pro-cyclical in the context of the projected economic upswing for the coming years. Maintaining fiscal discipline would be important for managing inflationary risks.

### Functioning of product markets

#### *Business environment*

**Despite progress in reducing the regulatory and administrative burden on businesses, there are still weaknesses that have a particular impact on small and medium-sized enterprises (SMEs).** The business environment is hampered by red tape, political interference and the limited efficiency and transparency of the public administration. The Law on foreign exchange transactions is too restrictive and not applied consistently. Serbia ranked 104th out of 180 countries in the 2023 corruption perception index compiled by Transparency International, thus continuing the negative trend since 2018. Particular efforts are being made to reduce the size of the informal economy, but several factors favour its persistence: high taxes and social security contributions on the lowest salaries, parafiscal charges (non-tax charges), hidden tax fees, red tape, and shortcomings in addressing corruption. In addition, there is insufficient capacity in key inspection departments. Further efforts are needed to improve the quality, independence and efficiency of the justice system.

#### *State influence on product markets*

**The legal framework for competition and State aid is broadly in line with the EU *acquis*, but implementing legislation remains to be further aligned and implementation needs to be systemic.** The Commission for Protection of Competition and the Commission for State Aid Control are operating as legally independent bodies. However, the operational independence of the Commission for State Aid Control needs to be demonstrated by a consistent and transparent track record. On State aid, well-defined rules are not always implemented due to strong political pressure to provide financial assistance to SOEs and large foreign investors. The funds involved are often substantial and may have a significant impact on competition. State support is not sufficiently transparent, including in the 2024 budget. While food and energy prices have come down from their peak values, the government has maintained some temporary price caps on basic food and fuel prices and temporary ad hoc trade restrictions continue to be brought in at very short notice and without any clear justification (see also Chapter 30 on external relations).

#### *Privatisation and restructuring*

**The state still has a major role in the economy, which hampers competition.** Serbia's SOEs continue to operate in many structurally important sectors, including energy, transport, manufacturing, telecommunications and finance, and employ a considerable amount of Serbia's total workforce. Their outsized presence affects resource allocation and impedes overall competitiveness. Furthermore, many SOEs still do not apply proper corporate governance rules



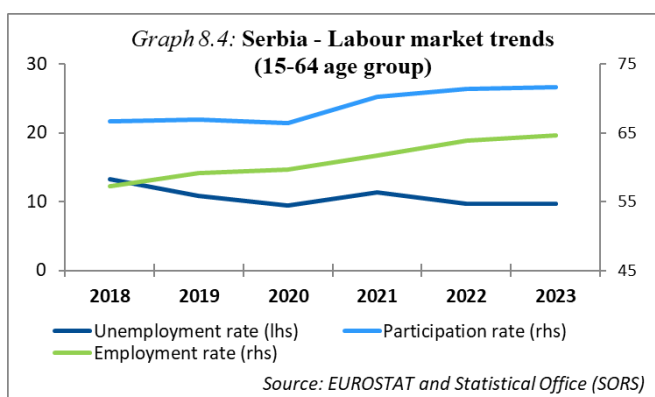
and continue to operate with low efficiency and high costs. They often rely on direct or indirect government subsidies and are subject to strong political influence. Steps have been taken by Serbia to address SOEs' governance issues through the 2021-2027 Strategy on State Ownership and Management of SOEs. Serbia has also taken the first steps to implement the new Law on SOE governance, which started to apply in September 2024, by drafting implementing legislation. Although the strategic and legal framework aims to reform the ownership and management framework of SOEs and set out better corporate governance practices, the reforms are advancing at a slow pace. The issue of irregularly appointing acting managers for extended periods has yet to be addressed in practice. It is critical to ensure sufficient administrative capacity in the institutions charged with the newly centralised ownership responsibilities and improve performance monitoring of SOEs.

### Functioning of the financial market

**Banking sector stability was maintained, and macroprudential indicators remained sound.** The banking sector's aggregate capital adequacy stood at 21.4% at the end of 2023, well above the 8% minimum set by the central bank. Sector-wide liquidity remained high. The profitability of the banking system increased with improved return on assets (2.5% at the end of 2023 compared with 1.9% at the end of 2022). The non-performing loan ratio was stable at 3.2% throughout the last three quarters of 2023. Businesses in Serbia predominantly rely on bank financing. Serbia's bank lending to the private sector amounted to around 40% of GDP in 2022. Credit to households and corporations grew steadily by about 10% on average between 2019 and 2022. In 2023, the growth rate of loans slowed to slightly above zero, impacted by the monetary tightening, higher interest rates and the expiry of some state guarantee schemes. Foreign-owned EU-based banks continued to dominate the financial system, holding around 85% of banking system assets, with the five largest banks holding 61.4% of assets. Non-banking financial institutions continue to be largely absent, and there was no progress in setting out a legal framework for microfinance institutions. Backed by the Capital Market Development Strategy, Serbia is working to further develop the domestic corporate bond capital market. The availability of venture capital in Serbia is very limited.

### Functioning of the labour market

**The labour market has improved in recent years, with the overall unemployment rate down to 8.2% in Q2-2024.** The activity rate increased steadily and stood at 61.9% in Q2 2024. Nominal wage growth accelerated over 2022 and 2023 to about 14%. However, this largely follows inflation, and real wage growth amounted to barely 2% in 2022 and 2023. Despite recent improvements in the activity rate of women, their participation in the labour force lags significantly behind that of men (65.6% and 77.8% respectively in 2023).



Youth unemployment fell sharply to 20.2 in Q2-2024 for the 15-24 age group, down from about 50% a decade ago. Emigration is a long-standing problem also for the labour market which

Serbia has attempted to address by offering incentives such as tax relief for employers who hire highly skilled diaspora. Unemployment benefits and subsidised job activation measures are comparatively low to the EU average. The budget allocated to active labour market measures has stagnated at around 0.1% of GDP in recent years, which limits the number of counsellors available at the National Employment Service and quality of counselling and follow-up services for the unemployed. Undeclared work is a long-term issue, especially in the agricultural sector, but recent legislation on temporary agency employment and seasonal work has gradually lowered the informal employment rate (11.8% in Q2-2024).

### 2.3.2. The capacity to cope with competitive pressure and market forces within the EU

#### Education and innovation

**Despite the ongoing implementation of the education strategy for 2030, the quality of education and training still needs to be improved to meet labour market needs.** The level of public spending on education in Serbia remains below the EU average (3.2% of GDP vs 4.8% in 2022). The enrolment rate in primary education is improving: 97.8% in 2022 compared with 95.7% in 2021. However, the enrolment rate is below 90% in secondary education (87.2% in 2022). According to PISA 2022, Serbia's learning outcomes are behind the OECD average, but at the top in the Western Balkan region. Serbia has made progress in facilitating the school-to-work transition, as evidenced by the 8 percentage-point increase in employment rates of recent graduates over the past 5 years (reaching 72.2% in 2022) and the relatively low youth NEET rate (15.2% in 2023 for people aged 15-29). Nevertheless, there is still room to improve the quality of education, particularly regarding the labour market relevance of VET, the curricula and teaching practices and higher education programmes. The modernisation of vocational education and training (VET) is ongoing. Participation rates in lifelong learning remain low, where the offer should be diversified and better promoted, and reskilling and upskilling should be facilitated. Total expenditure on R&D remained low at less than 1% of GDP in 2022 compared to the EU average of 2.2%. Nevertheless, the percentage of researchers per 1 000 labour force has steadily increased over the last 10 years and is currently at 2.6%, above the EU average. Implementation of the Smart specialisation strategy, the Strategy for the development of a start-up ecosystem and the Law on innovation activity is ongoing.

#### Physical capital and quality of infrastructure

**The level of public investment is high, with significant emphasis on road and rail infrastructure, but infrastructure gaps remain.** In 2023, the share of total investment in the economy amounted to 22.7% of GDP, slightly above the EU average of 22.2% of GDP. The economy is attracting significant FDI inflows, which stood at EUR 4.52 billion, i.e. 6.1% of GDP in 2023 and were largely directed to tradable sectors, most notably manufacturing. Public investment was relatively high at slightly over 7% of GDP in 2023, particularly in railways, roads, energy infrastructure and environmental investments. The public procurement law was amended in 2023, including to introduce obligatory quality criteria as well as ecological criteria for awarding contracts for certain types of goods, services and works. However, both public investment management and public procurement procedures continue to be marked by numerous exemptions from standard procedures, undermining a unified and transparent system for investment planning and management. Continuous monitoring of transport investments' compliance with EU standards is a general challenge. Energy infrastructure is

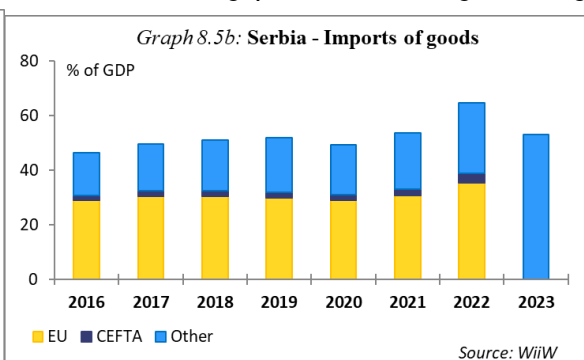
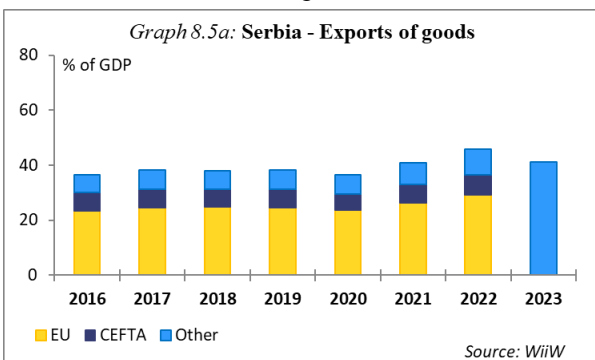
largely outdated, and energy supply continues to rely mostly on coal, which is very carbon-intensive and highly polluting. The regulatory and green transition reforms are progressing slowly, and dependence on Russia in the gas and oil sectors is high, but steps have been taken to diversify import sources. Work on transport connectivity with neighbouring countries is progressing. The Serbian authorities are committed to implementing extensions of the ‘green lanes’ to neighbouring Member States in line with the New Growth Plan for the Western Balkans. Serbia’s digital transformation is well under way. Digital connectivity infrastructure is well-developed in urban areas but underdeveloped in rural areas where commercial operators do not see any economic interest. However, some progress in rural broadband connectivity has been made in recent years and should continue. Digital government services are well developed, already reaching the EU average in many dimensions, and businesses are relatively active in e-commerce.

### Sectoral and enterprise structure

**Services sectors dominate the economy, providing together more than 60% of total value added.** The manufacturing industry, although on a declining trend over the years, continues to be the single largest sector in terms of its share of GDP, at 13.5% in 2022. The weight of the agricultural sector largely stabilised at around 6.3% of GDP, while the share of the construction sector in GDP increased to 5.5% to in 2022, supported by ongoing investments in infrastructure. SMEs are the backbone of the Serbian economy, providing close to 60% of total employment and turnover in the economy and around 50% of the value added. SMEs are particularly active in construction, accommodation and food services, retail and real estate. The authorities are implementing several programmes to support SME development, focusing on boosting innovation, finance and internationalisation. Loans to SMEs accounted for about 60% of total corporate loans in December 2023, but SMEs’ borrowing costs are significantly higher than those of large companies. SMEs often face an uneven playing field as large companies and foreign investors often have direct lines of communication to the government and benefit much more from state subsidies.

### Economic integration with the EU and price competitiveness

**Economic integration with the EU is high.** The EU is Serbia’s biggest trading and investment partner, accounting for 59.7% of its total trade and 48% of FDI inflows in 2023. After the EU, Serbia’s main trading partners in 2023 were Central European Free Trade Agreement (CEFTA) countries (9.3% of total trade), China (8.6%) and Russia (4.1%). FDI inflows have seen a partial shift coming from China, which accounted for around a quarter of the total between 2021 and 2023. There are still significant bottlenecks at border crossing points with neighbouring EU



countries, even with ongoing efforts to improve online health and customs clearance procedures and facilitate transit through international cooperation agreements and the regional green corridors.

**The real effective exchange rate (REER) has been steadily appreciating in recent years.** The dinar-euro nominal exchange rate was broadly stable in 2023 as appreciation pressure on the dinar was successfully countered by the central bank. The Consumer Price Index (CPI)-based REER appreciated by 4.6% cumulatively between 2020 and 2022 and by a further 7.7% in 2023 due to the significant inflation gap between Serbia and its main trading partners. Similarly, the unit labour cost (ULC)-based REER has also been on an appreciating trend in recent years, mostly due to relatively high wage growth in the private sector.

## 2.4. PUBLIC PROCUREMENT, STATISTICS AND FINANCIAL CONTROL

### Chapter 5: Public procurement

*EU rules ensure that the public procurement of goods, services and works in any Member State is transparent and open to all EU companies on the basis of non-discrimination and equal treatment.*

#### Institutional set-up and legal alignment

Serbia is broadly aligned with the EU *acquis*. Amendments to the Law on public procurement (PPL) adopted in October 2023 contributed to further alignment. The Law on public-private partnerships and concessions (PPPs) still needs to be amended to align with the EU Directive on concessions. The public procurement development programme for the period 2024-2028 and its action plan for 2024 were adopted in August.

Serbia has a tendency to circumvent its legislation in this area through intergovernmental agreements and special laws. In July 2023, Serbia adopted a Decree on the selection of a strategic partner for solar power plants, which introduced an exemption from the PPL and the Law on PPPs. Additionally, in October 2023, the Law on special procedures for the implementation of the international specialised exhibition EXPO Belgrade 2027 was adopted, exempting projects from the application of the PPL. In February 2024, Serbia adopted a Decree specifying procurement rules for projects falling under the special law on EXPO that raises concerns with respect to its compliance with the EU *acquis* including as regards legal redress and tender submission deadlines. A new EXPO 2027 module was launched on the public procurement portal in April 2024 with the aim to provide for more transparency of the EXPO-related procurement procedures.

#### Implementation and enforcement capacity

Concerning the **capacity to manage public procurement processes**, the Public Procurement Office (PPO) is slightly understaffed, whereas the capacity of the Commission for Public-Private Partnerships and Concessions needs to be strengthened through additional human resources.

In 2023, the **public procurement market** increased by around 30% in terms of total value of concluded contracts from EUR 5.6 billion in 2022 to EUR 7.3 billion, whereas the average number of bids per tender dropped from 2.5 to 2.4 during the same period. The share of tenders with only one submitted bid remained at around 51%, higher than the 2024 target share of 47%

which Serbia had committed to in the context of the EU Public Finance Management budget support.

On the **monitoring of the contract award and implementation**, the number of public procurement procedures monitored by the PPO increased from 630 in 2022 to 782 in 2023, whereas the number of requests submitted by the PPO to the relevant courts to initiate misdemeanour procedures halved from 429 in 2022 to 218 in 2023. The State Audit Institution found irregularities in cases covering 17.7% of the value of public procurement contracts audited in 2023. These findings raise concerns and need to be closely followed. New functionalities of the public procurement portal were introduced in 2023, with the aim to reflect the latest amendments to the PPL that were adopted in October 2023 and entered into force in January 2024.

The total value of contracts exempted from the application of the PPL increased from EUR 6.4 billion in 2022 to EUR 7.1 billion in 2023, i.e. roughly the same as the total value of the public procurement market in 2023. The most frequently used legal basis for the exemptions were intergovernmental agreements. This was the legal basis in 38% of the exemptions, corresponding to a value of EUR 2.7 billion, to be compared with EUR 33 million in 2022 and EUR 735 million in 2021.

#### Efficient remedy system

Legislation on the **right to legal remedy** is broadly in line with the EU *acquis*, which is enforced by the independent Republic Commission for Protection of Rights in Public Procurement Procedures. The 2023 PPL amendment has introduced the possibility to carry out electronically all communications between the Republic Commission and the parties to the dispute through the public procurement portal.

The Republic Commission solved 714 cases on requests for the protection of rights in 2023. Public procurement procedures were partially or fully annulled in 326 cases (46% of all solved cases). The Republic Commission took decisions in 59 cases on complaints about decisions of contracting authorities in 2023. It imposed three financial fines on contracting authorities not complying with its decisions while annulling one contract in 2023.

Due to limited specialisation and training, the Administrative Court's **implementation capacity** is weak. Exchange of knowledge and information between the PPO and the Republic Commission with the Administrative Court should be further improved.

## Chapter 18: Statistics

*European statistics are developed, produced and disseminated by EU Member States, guided by the principles and quality criteria elaborated in the Regulation on European statistics, such as professional independence, impartiality, reliability, transparency and confidentiality. Common rules are in place for the methodology, production and dissemination of statistical information, which are further specified in sectoral legislation that constitute the EU *acquis* on statistics*

Serbia's legal framework is largely aligned with the EU *acquis* on statistics. Serbia's **statistical infrastructure** is largely in line with European standards and integrates the principles of the European Statistics Code of Practice. A new law on official statistics, which should enhance the professional independence of the Statistical Office of the Republic of Serbia (SORS) and

improve the alignment with the Regulation (EC) No 223/2009 on European statistics was drafted in 2021 but has yet to be adopted. The institutional framework is functional; however, the administrative capacity of SORS still needs to be strengthened.

Concerning **classifications and registers**, the main classifications are aligned with the EU *acquis* and registers are updated regularly. SORS submission of data to Eurostat continues to increase but the coverage of data needs to be further expanded.

Regarding **macroeconomic statistics**, Serbia has improved the level of compliance of its national and regional accounts, but there are still data gaps. As regards government finance statistics (GFS) and excessive deficit procedure (EDP), Serbia should continue efforts to further comply with ESA 2010 and undertake efforts to remove flags preventing publication of some data. Efforts aimed at further progress should also continue for the coverage of the questionnaire related to the excessive deficit procedure notification tables.

Serbia is largely aligned with the EU *acquis* concerning **business statistics**. Serbia transmits structural business statistics data and metadata for publication to Eurostat in good quality and in the required technical format. SORS also submits business demography (BD) data to Eurostat. However, for SBS as well as BD full coverage has yet to be achieved and the punctuality needs to be improved. Serbia is largely compliant in the area of short-term business statistics (STS), but further progress is needed in construction and services producer prices. Serbia should also start the compilation of outward foreign affiliates statistics (outward FATS).

Serbia broadly complies with the EU *acquis* on **social statistics**. However, further progress is still needed to produce statistics on job vacancies and statistics on external migration and asylum are only partly aligned with EU requirements. Serbia transmitted Satellite Health Accounts (SHA) for the first time in 2023. In general, Serbia should improve the collection of data disaggregated by sex.

Regarding **agricultural statistics**, Serbia is largely in line with the EU *acquis*. Serbia is working on developing agro monetary statistics but it is still not in a position to submit them to Eurostat. The agriculture census took place from October to December 2023 in line with EU legislation and international standards. Preliminary results were timely published in January 2024.

Annual and monthly **energy statistics** are produced and sent for all relevant energy sources. In the area of **environmental statistics**, the dataset on number and capacity of disposal landfills is yet to be completed, air emissions are highly compliant for air pollutants but data on greenhouse gases (GHG) are not available. Further efforts are also still needed to improve the quality of environmental accounts data. Serbia's has yet to start submitting data on pesticide statistics, fertiliser consumption and gross nutrient balances.

## Chapter 32: Financial control

*The EU promotes the reform of national governance systems to improve managerial accountability, sound financial management of income and expenditure and external audit of public funds. The financial control rules further protect the EU's financial interests against fraud in the management of EU funds and protect the euro against counterfeiting.*

### Public internal financial control

The **legal, strategic and institutional framework** for public internal financial control (PIFC) is broadly in place. However, Serbia should improve the implementation record and ensure full consistency of the PIFC legal basis with the general legal framework. Weaknesses in performance management and lines of accountability between independent bodies and their parent institutions persist.

The capacities to implement **internal control standards**, including risk management, have to be further increased at both central and local government level and be integrated in the administrative culture. The regulatory framework of irregularity reporting for budget beneficiaries in line with the guidelines on irregularity management is in place, but the system needs to be established in practice. The Ministry of Finance has a successfully centralised budget inspection function that needs to be strengthened. The mapping of the entire national inspection environment and ensuring its proper role and scope remains a priority.

The **internal audit** practice is broadly in line with international standards. However, not all institutions that are required to establish an internal audit unit have done so and many internal audit units do not have a sufficient number of auditors. Amendments to the implementing legislation on internal audit and certification were adopted in October 2023.

The **central harmonisation unit** (CHU) continued to focus on system development and dissemination of methodological guidance.

#### External audit

Serbia's **constitutional and legal framework** provides for the independence of the State Audit Institution (SAI) in line with the standards of the International Organisation of Supreme Audit Institutions. A new SAI Strategic Plan for the period 2024-2028 was adopted in December 2023. The SAI's financial independence was respected during the 2024 budget approval procedure. The SAI's institutional capacity to carry out its core audit tasks is adversely affected by the continued focus on the detection of errors and filing of misdemeanour and economic offence and criminal charges against individuals. The quality of **audit work** is constantly improving. The quality of SAI's audit findings, recommendations and associated follow-up improved, with enhanced communication and improved relations with auditees and general public on conducted audits.

#### Protection of the EU's financial interests

Serbia has achieved a high degree of EU *acquis* alignment, but full **alignment with the EU acquis** on the fight against fraud to the EU's financial interests by means of criminal law still needs to be ensured. The strategic plan for combating fraud and managing irregularities in handling financial resources of the European Union in the Republic of Serbia for the period 2024-2026 was adopted in May 2024. The **anti-fraud coordination service** (AFCOS) in the Ministry of Finance has seven full time employees, falling short of the planned 13.

Serbia continued its good **cooperation with the European Commission** during investigations, including the follow-up of recommendations. Serbia reported 23 cases of irregularities via the Irregularity Management System in 2023. Serbia should maintain its efforts in further developing a solid track record on cooperation in investigations and reporting of irregularities.

#### Protection of the euro against counterfeiting

Serbia achieved a high degree of EU *acquis* alignment. The National Bank of Serbia has formal cooperation agreements with the European Commission on coins and with the European Central Bank on banknotes. Regional cooperation with other central banks is ongoing. NBS continued to develop its administrative capacities.

### 3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION

Good neighbourly relations and regional cooperation form an essential part of Serbia's European integration process. They contribute to stability, reconciliation and a climate conducive to addressing open bilateral issues and the legacies of the past.

Serbia maintained its engagement in a number of regional cooperation initiatives, such as the Central European Free Trade Agreement (CEFTA), the Energy Community, the Transport Community, the South East European Cooperation Process (SEEC) and the Regional Cooperation Council (RCC).

The fourth annual **EU-Western Balkans Summit** took place in Brussels in December 2023, reaffirming the EU membership perspective of the Western Balkans and exploring measures aimed at further advancing gradual integration.

Serbia has actively engaged in the regional dimension of the **Growth Plan for the Western Balkans**, actively participating in both ministerial and leaders' meetings.

On the **Common Regional Market (CRM)**, in October 2023 the Berlin Process summit took place for the first time in the region, in Tirana, adopting an additional agreement on the recognition of professional qualifications, concerning nurses, veterinary surgeons, pharmacists, and midwives. The **roadmap for roaming** between the Western Balkans and the EU entered into the first phase of implementation. Serbia has ratified the first three mobility agreements and has deposited the related notification instruments. Twelve major decisions were agreed at the CEFTA Joint Committee in October 2024. Kosovo's ban on goods of Serbian origin, introduced in June 2023, was lifted in October 2024 and is replaced by a system of manual checks.]

Serbia continued to cooperate closely with Bosnia and Herzegovina, Croatia and Montenegro under the **Sarajevo Declaration Process** to find sustainable solutions for refugees and persons displaced by conflicts in the 1990s.

Serbia continued working with the International Commission on Missing Persons (ICMP) and the International Committee of the Red Cross (ICRC). Belgrade took part in the work of the Western Balkans Missing Persons Group to address unresolved cases of mutual interest and unidentified remains in the morgues. Serbia also joined trilateral meetings to foster cooperation with Bosnia and Herzegovina and Montenegro. No bilateral meeting with Croatia took place after 30 January 2023. In June 2024, the remains of three civilians were handed over by the Pristina delegation to Serbia delegation. In July and August 2024 remains of three missing persons found on their respective territories were handed over between Serbia and Bosnia and Herzegovina. The Belgrade delegation to the ICRC-chaired working group on missing persons remained engaged, including in assessing possible grave sites in Serbia. A joint site assessment was conducted in November 2023 at the Stavalj mine complex in Sjenica, without leading to new findings. A joint forensic inspection also took place in Pristina in August 2023. The mechanism has not met at the Heads of Delegation level since April 2021, due to Kosovo's refusal to engage with the Head of the Belgrade Delegation. In January 2024, an ad hoc meeting of the working group at the level of Deputy Heads of Delegations was held in Geneva and



another in July 2024, allowing to revive the mechanism by agreeing on field work plans. Despite positive developments, Kosovo-Serbia cooperation under the working group remained hampered by unconstructive behaviour of both Parties. Implementation of the Declaration on Missing Persons endorsed at the High-level EU-facilitated Dialogue meeting of 2 May 2023 has not started yet.

Overall, Serbia has remained committed to maintaining good **bilateral relations** with other enlargement countries and neighbouring EU Member States.

Relations with **Albania** remained good overall.

Relations with **Bosnia and Herzegovina** are good and overall stable even though the UNGA Srebrenica resolution has led to political tensions. The two countries still need to reach an agreement on state borders, including on two dams on the Drina River and a part of the Belgrade-Bar railway. As a signatory to the Dayton/Paris Peace Agreement, Serbia respects Bosnia and Herzegovina's sovereignty and territorial integrity while developing and publicly promoting special relations with the *Republika Srpska* entity. Senior Serbian officials attend the unconstitutional entity celebrations on 9 January. Serbia established a joint parliamentary forum with the entity and held an 'all-Serb assembly' in Belgrade in June 2024, whose declaration on 'the common future of the Serbian people' was endorsed by a joint government session of Serbia and of the entity and subsequently approved by both assemblies of Serbia and of the *Republika Srpska* entity.

Relations with **Montenegro** are overall stable; however occasional mutual accusations continued. High-level visits took place and cooperation agreements were signed between the two countries. After a long pause, diplomatic relations were resumed at Ambassador level. The Serbian Ambassador to Podgorica was appointed in February 2024.

Relations with **North Macedonia** are good. The two countries signed memorandums of cooperation for the Skopje-Nis high-speed railway and the establishment of a high-performance railway network.

Relations with **Türkiye** are good. In March 2024, the Serbian Deputy Prime Minister and Minister of Foreign Affairs took part in a diplomatic forum in Antalya and met with the Turkish MFA and the two Presidents have maintained regular contact. There were disagreements over Türkiye's support to Kosovo's membership to the Council of Europe and to the UNGA Resolution on Srebrenica genocide.

Serbia has not joined the sanctions against the Russian Federation. Serbia supports the territorial integrity and sovereignty of **Ukraine** (see Chapter 31). Serbia has continued to provide financial and humanitarian assistance to Ukraine. The two Presidents met for their first in person, bilateral meeting in Tirana in March 2024. A Serbia-Ukraine Business forum was organised in November 2023, during which a Memorandum of Cooperation was signed between the two respective chambers of commerce.

Relations with the **Republic of Moldova** are good. Serbia's relations with **Georgia** are overall good. Trade between the three countries are however underdeveloped.

Relations with neighbouring **EU Member States Romania** and **Bulgaria** are overall good and relations with **Hungary** are very good, with high-level meetings taking place regularly.

Relations with **Croatia** continue to be marked by ad hoc antagonistic public exchanges and diplomatic demarches.

#### 4. NORMALISATION OF RELATIONS BETWEEN SERBIA AND KOSOVO

The EU-facilitated Dialogue on **normalisation of relations between Serbia and Kosovo** continued in the reporting period with regular Dialogue meetings. The latest High-level Meeting between the leaders took place on 26 June 2024.

Following the Chief Negotiators' meeting on 17 September 2024, both Parties officially pledged to engage constructively and to quickly take forward the normalisation process. In this context both Serbia and Kosovo committed to fully implement all of their respective obligations stemming from the Agreement on the Path to Normalisation and its Implementation Annex, as well as all past Dialogue agreements. This follows earlier progress in the normalisation of relations between Serbia and Kosovo, with the milestone **Agreement on the Path to Normalisation** reached in Brussels on 27 February 2023 and its **Implementation Annex** agreed in Ohrid on 18 March 2023, preparatory steps towards establishing the Association/Community of Serb-majority Municipalities in Kosovo; advancements on the implementation of the Energy Roadmap; mutual recognition of licence plates and commitments to addressing the missing persons issue. In line with the Implementation Annex, the Agreement has formally become part of the respective EU accession processes of Serbia and Kosovo.

Both Serbia and Kosovo are expected to implement their respective obligations stemming from the Agreement on the Path to Normalisation. This includes the establishment of the Association/Community of Serb Majority Municipalities (A/CSM). Kosovo is expected to start the process leading to the establishment of the A/CSM based on the European proposal presented to the Parties on 21 October 2023. Serbia is expected to start delivering on its obligations from the Agreement in parallel by initiating the recognition of Kosovo's documents, symbols and institutions. The Agreement is valid and legally binding for the parties and any formalities, including related to its adoption or "formalisation", should not stand in the way of making progress in its implementation. The Parties also have an obligation to fully implement all past Dialogue Agreements. The constructiveness of the Parties will be assessed based solely on their own implementation performance. Normalisation of relations remains an essential condition on the European path of both Parties and both risk losing important opportunities in the absence of progress.

During the reporting period, tensions in the north of Kosovo remained high. Kosovo repeatedly conducted activities contrary to its obligations under the Dialogue, including police operations against Serbia-supported offices and services in the north, the adoption of a regulation by the Central Bank of Kosovo on cash operations banning transactions in any currency other than Euro as of 1 February 2024, as well as the closure of the offices of the Serbian Postal Bank and the Serbian Post in the north of Kosovo. The EU repeatedly expressed concerns about the recurrent lack of coordination by Kosovo and the negative impact on people on the ground, while reiterating that the actions might lead to further escalation of an already volatile situation – most recently in its statement of 30 August 2024. The decision on cash operations effectively prohibits transfers of funds from the Serbian government to Kosovo Serbs and other communities, as well as Serbia-supported offices in Kosovo. Regrettably, a mutually agreeable temporary solution for the people most affected by this regulation could not be found. The normalisation process continues to be impacted by insufficient steps by Serbia to ensure accountability for the violent attack by armed Kosovo Serb assailants against Kosovo Police on 24 September 2023 in Banjska, which constituted the gravest escalation in recent years.

When it comes to the state of play on implementation of all Dialogue agreements:

- The **withdrawal of Kosovo Serbs from Kosovo institutions** in November 2022 and the boycott of local elections in the north of Kosovo in April 2023 violate Serbia's Dialogue obligations and they constitute severe backsliding in Serbia's compliance with the April 2013 "First agreement of principles governing the normalisation of relations" and direct violation of the Justice Agreement of 2015. The 23 April 2024 vote to recall the four Kosovo Albanian mayors of the Kosovo Serb-majority municipalities in the north, which were elected in 2023, could have opened an avenue for the return of Kosovo Serbs to Kosovo institutions. However, the recall vote was boycotted by the Kosovo Serb electorate – inter alia due to the threshold of 50% of all registered voters - the current mayors thus remain in office for the time being. The return of Kosovo Serb officials to Kosovo Institutions and the holding of local elections in the north of Kosovo, called for by Serbia on 13 September 2024, has to be done in accordance with past Dialogue agreements and Kosovo law.
- There has still been no further progress on the implementation of the August 2015 Agreement, which laid down the principles for **establishing the A/CSM**. While the EU welcomed the presentation of a first draft statute of the A/CSM to the High-level Dialogue in May 2023 by the Management Team, the draft was not in line with the relevant Dialogue Agreements. Therefore, a European proposal for the establishment of the A/CSM in Kosovo was presented to the Parties on 21 October 2023. This proposal is based on European standards and best practices and fully in line with the Kosovo constitutional framework. Serbia and Kosovo are now urged to engage constructively on the establishment of the A/CSM with no further delay. This obligation forms a part of the implementation of the Agreement on the Path to Normalisation of Relations, which the Parties are expected to advance on, as recalled by the European Council in October 2023. The issue of Serbia-supported structures in Kosovo needs to be addressed in this same context and not through unilateral and uncoordinated measures.
- Serbia and Kosovo are expected to engage constructively on the **opening of the Mitrovica bridge** for vehicle traffic. During August 2024, Kosovo has insisted on the immediate full opening of the bridge. The position of the EU remains that any decision or action on its opening has to be agreed and coordinated in the context of the Dialogue and with security partners.
- In December 2023, the companies KEDS and Elektrosever signed the commercial agreement necessary for Elektrosever to begin supplying electricity in the four northern Kosovo Serb-majority municipalities. The conclusion of this agreement unblocked the implementation of the **2022 Energy Roadmap** detailing the implementation of the 2013 and 2015 Energy agreements. Billing and energy supply officially started in January 2024. The Parties are encouraged to agree on a transition period to enable a broader coverage of energy billing and payments, as well as necessary infrastructure upgrades.
- As regards the **technical Dialogue agreements** (2011-2012), many are not or only partially implemented. Until sustainable solutions are found, both Parties need to remain committed to the continued implementation of the **Arrangements on Regional Representation and Cooperation**, which enables Kosovo's participation in regional forums. Neither Party should block the work of regional forums over bilateral disputes. The implementation of the **Agreements on cadastre and acceptance of university diplomas agreements** is still pending due to non-implementation by Serbia. Serbia also has yet to address the issue of re-located **Serbian administrative customs structures** with Kosovo denomination that operate from within Serbia.

- On **IBM**, the Interim Common Crossing-Points (CCPs) between Serbia and Kosovo continue to be operational. Only two of the six permanent CCPs have been established (Merdare and Mutivodë/Mutivode). Serbia still has not established permanent CCPs to be hosted by their side (Jarinje/Rudnica, Končulj/Dheu i Bardhë and Depce/Muçibabë), which led to a suspension of EU funds for this project in July 2018. In addition, Serbia needs to engage constructively to enable the construction of the third CCP hosted by Kosovo in the north of Kosovo at Tabavije/Bërnjak-Tabalije/Brnjak. Additional efforts are required from Serbia to close illegal roads and bypasses to ensure exclusive use of official crossing points for goods and persons entering into or leaving Kosovo. Serbia should allow the resumption of the EU-facilitated joint IBM meetings at all levels (local, regional and central).
- On **freedom of movement**, the EU welcomes the phasing out of plates with Kosovo cities' denomination issued by Serbia and the mutual recognition of licence plates, which took place in December 2023 and January 2024. The full implementation of the Freedom of Movement agreements still requires additional steps.
- Both Parties need to fully respect the **Telecoms Agreement** and not put its hitherto successful implementation at risk in any way. The Parties are also expected to engage constructively and find sustainable solutions to the remaining issues such as **frequency harmonisation** and **postal services** through the Dialogue.
- The processing of **mutual legal assistance** requests has been initially stopped by Serbia. Most recently, Kosovo has rejected a request for assistance in the Banjska case. Both Parties should act in accordance with the relevant Dialogue Agreement. Serbia needs to resume the processing immediately and address also pending requests.
- Both Parties need to respect the **Arrangements for Official Visits** more consistently. Both Serbia and Kosovo need to allow the visits of their respective Chief Negotiator and other government officials when they are announced and conducted in line with the Arrangements, which has not always been the case during the reporting period.
- No progress has been made in the implementation of the political Declaration on **Missing Persons** adopted in May 2023. The Parties are encouraged to refrain from politisation of this humanitarian issue and start implementing the declaration immediately by, as the first step, agreeing to the Terms of Reference for the Joint Commission that is to be established as per the Declaration.

Overall, Serbia and Kosovo have participated in the Dialogue, but they need to demonstrate more serious and constructive commitment to advance the normalisation process. Moving forward, Serbia and Kosovo also need to make further substantial efforts to avoid actions that undermine stability and rhetoric that is not conducive to dialogue and reconciliation.

## 5. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

### CLUSTER 2: INTERNAL MARKET

This cluster covers free movement of goods (Chapter 1), freedom of movement for workers (Chapter 2), right of establishment and freedom to provide services (Chapter 3), free movement of capital (Chapter 4), company law (Chapter 6), intellectual property law (Chapter 7), competition policy (Chapter 8), financial services (Chapter 9), and consumer and health protection (Chapter 28).

## 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 rules from creating unjustified barriers to trade.*

### General principles

In October 2024, Serbia adopted strategic documents to implement the EU *acquis* related to this chapter, which remain to be assessed by the Commission. Serbia should start implementing the strategic documents to ensure alignment with and implementation of the EU *acquis* related to this chapter for sectoral ('new approach' and 'old approach') and horizontal legislation. In May 2024, Serbia submitted an application to the Commission to start negotiations on an Agreement on Conformity Assessment and Acceptance covering the EU *acquis* on low voltage devices, electromagnetic compatibility, machinery, and personal protective equipment.

### Non-harmonised area

On horizontal measures, Serbia adopted strategic documents relevant to ensure compliance, alignment with and implementation of EU *acquis* in this chapter in October 2024, which remain to be assessed by the Commission. Serbia should start implementing the strategic documents to ensure compliance with **Articles 34-36 of the TFEU**. Serbia is partly aligned with the EU *acquis* on mutual recognition.

### Harmonised area: quality infrastructure

Serbia possesses a developed quality infrastructure system, overseen by the Ministry of Economy and supported by various key entities and market surveillance bodies. However, all the quality infrastructure institutions have human resources capacity shortages which need to be addressed. On **standardisation**, there was an increase in the number of active national standardisation technical committees in the Institute for Standardisation of Serbia.

The number of **conformity assessment** bodies in Serbia increased to 889. Serbia has now repealed most of the obligations it previously required regarding Serbian certificates of conformity for EU products and now accepts the CE marking as a conformity mark, although it still requires Serbian certificates of conformity on drones, construction products such as cement, steel for the reinforcement of concrete, and specific types of screws.

On **accreditation**, Serbian legislation remains partly aligned with the EU *acquis* **and needs to complete full** alignment in this area, as well as on **metrology**, where there was no progress on alignment with the latest EU *acquis*. On **market surveillance** there has been a reduction in the number of market surveillance staff and in their IT resources. Serbia needs to align with the latest EU *acquis* on market surveillance.

### Harmonised area: sectoral legislation

In May 2024, Serbia submitted an application for Agreement on Conformity Assessment and Acceptance on Industrial Products (ACAA) in the field of low voltage, electromagnetic compatibility, machinery and personal protective equipment legislation.

There was limited progress on alignment with EU '**new and global approach**' product *acquis* notably on transposing relevant standards in the field of eco-design for household washing machines and drying machines, and for cooling devices.

There was no progress on alignment with EU '**old approach**' product *acquis*, and the capacity for implementing the EU *acquis* for vehicle homologation still requires strengthening.

On **procedural measures**, in 2024 Serbia published a national control list of weapons partly aligned with the EU. Serbian legislation remains partly aligned with the EU *acquis* on medical devices.

On anti-corruption, the Law on medicinal products and medical devices and its by-laws contain anti-corruption provisions; however, certain areas such as the promotion or advertising of medicinal products need to be improved.

## 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.*

Regarding **access to the labour market**, the legislative framework is partially aligned with the EU *acquis* as EU citizens are currently covered by rules for third-country nationals. In 2023, a total of 50 397 work permits were issued, of which 2 071 to EU citizens. In July 2023, Serbia amended the legislation on employment of foreigners, which simplified the working permit procedure; the new system has yet to be made fully operational.

Serbia's National Employment Service has continued to carry out preparations for joining **EURES**.

Serbia needs to initiate preparations for joining the **European Labour Authority**.

Regarding the **coordination of social security systems**, bilateral agreements are in place with 20 EU Member States. No new bilateral agreements were concluded. Overall, legislative and technical conditions for social security institutions to cooperate with their counterparts in EU Member States need to be further improved.

There were no developments on the **European Health Insurance Card** (EHIC). Serbia currently applies agreements on the use of EHIC with nine EU Member States.

## 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. EU rules on postal services focus on improving the quality of universal service, gradual market opening to competition, and the establishment of an independent regulator.*

In the areas of the **right of establishment** and **freedom to provide cross-border services**, the legal framework remains to be aligned with the EU *acquis*. The horizontal Law on services, aiming to align with the EU Services Directive, remains to be adopted. The institutional framework needs to be strengthened. A point of single contact has not been established; its establishment and functioning are dependent on the adoption of the horizontal Law on services.

In the area of **postal services**, the legal framework is aligned with the First and Second Postal Services Directives as well as partly with the Third Postal Services Directive. The national legislation remains to be aligned with the Regulation on cross-border parcel delivery services. Serbia should complete the alignment with the EU postal *acquis* and ensure compliance with the new postal market rules. The national regulatory authority is sufficiently staffed to carry out its current tasks related to the postal market. The action plan of the Postal Services Development Strategy for 2021-2025 is implemented.

In the field of **mutual recognition of professional qualifications**, national legislation is largely aligned with the EU *acquis*. A preliminary list of 50 regulated professions, drafted with EU support, is still pending adoption. Further alignment of the relevant sectoral legislation is still needed.

#### Chapter 4: Free movement of capital

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

In the field of **capital movements and payments**, the institutional framework is in place. The legal framework is partially in line with the EU *acquis*. Certain restrictions on capital movements remain. These must be justified, targeted and proportionate and should be gradually lifted. Administrative burden for entities engaging in foreign exchange operations remain significant. EU citizens still do not have equal treatment regarding the acquisition of real estate and agricultural land, which is not compliant with Serbia's obligations under the SAA.

On **payment systems**, some progress was made during the reporting period. In July 2024, amendments to the Law on Payment Services to align with the Payment Services Directive (PSD2) entered into force and will be applicable as of 6 May 2025. The relevant by-laws are to be adopted no later than 8 February 2025. Serbia continued its preparatory work to comply with the Single Euro Payment Area (SEPA) requirements. The Law on multilateral interchange fees and special operating rules for card-based payment transactions is still not aligned with the EU *acquis* and SAA obligations (*See Chapter 8 – Competition policy*).

On the **fight against money laundering and terrorism financing**, the legal framework is in place and partially in line with the EU *acquis*. Serbia continued to implement the 2022-2024 action plan of the national anti-money laundering/countering the financing of terrorism strategy in a satisfactory manner. The institutional framework is in place but needs further strengthening through increased administrative capacity in the Administration for Prevention of Money Laundering (APML).

In October 2023, the Law on prevention of money laundering was amended to include the Central Securities Depository and Clearing House in the list of obliged entities under this law. In December 2023, MONEYVAL concluded follow-up procedures under MONEYVAL's fifth round of evaluations, indicating that Serbia implemented all 40 Recommendations to at least the level of largely compliant. In 2023, 1 464 suspicious transactions were reported to the APML and by September 2024, 1 288 suspicious transactions had been reported, including 768 new cases. In 2024, its administrative capacity remains limited with 30 employees (42 envisaged).

## 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.*

As regards **company law and corporate governance**, Serbia's legislation is largely aligned with the EU *acquis*. Adoption of a new law on takeovers of joint-stock companies and related legislation to align with the EU *acquis* on company takeovers (Directive 2004/25) is still pending. Further alignment is needed with the directives on the use of digital tools (Directive 2019/1151), on cross-border conversions, mergers and divisions (Directive 2019/2121) and on gender balance among directors of listed companies (Directive 2022/2381). Serbia's Corporate Governance Code is based on EU best practice and OECD principles. Company information in the business register is stored electronically in a database, which needs to be technically ready to interconnect with the Business Registers Interconnection System (BRICS) upon EU accession. Serbia's Law on companies defines the formation of a European Company and European Economic Interest Grouping but there is no alignment yet regarding the statute for a European cooperative society.

Regarding **company reporting**, Serbia has yet to align with the 2022 Directive on corporate sustainability reporting and the 2021 Directive on the disclosure of income tax information by certain undertakings and branches. The Law on capital market is partially aligned with the EU Transparency Directive for listed companies.

## Chapter 7: Intellectual property law

*The EU has to a large extent harmonised rules for the legal protection and enforcement of intellectual property rights (IPR), covering notably patents, trade mark and designs, biotechnological inventions and pharmaceuticals, trade secrets, (craft and industrial) geographical indications, supplementary protection certificates, copyright and related rights.*

Work on a new law on **copyright and related rights** is ongoing, with the aim to further align the national legislation with the EU *acquis*, in particular with the EU directives on collective rights management, on orphan works and on certain permitted uses of certain works and other subject matter protected by copyright and related rights for the benefit of persons who are blind, visually impaired or otherwise print-disabled. Serbia has yet to align with Directive 2019/789 on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes, and Directive 2019/790 on copyrights and related rights in the Digital Single Market.

On **industrial property rights**, the legislative framework is in line with the relevant EU *acquis*. The Intellectual Property Office is relatively well staffed and efficient in registering trademarks.

On **enforcement**, a new strategy on development of intellectual property remains to be adopted. Work to further align with the EU Directive on the enforcement of IPR is ongoing. The Intellectual Property Office established an enforcement unit in charge of coordinating the work of the coordination body for the enforcement of IPR, which intensified its work in 2023. However, the electronic platform for information exchange among IPR enforcement institutions remains to be launched. Due to inadequate specialisation and the increasing



number of new cases, the capacity of the judiciary to handle IPR cases remained limited.

Intellectual Property Office has an ongoing, but limited, bilateral collaboration with the European Union Intellectual Property Office in the framework of *inter alia* an MoU, focusing mainly on convergency of common practices, technical and operational support with harmonisation of *acquis* and examination guidelines, as well as integration into EUIPO data bases and networks.

## Chapter 8: Competition policy

*EU rules protect free competition. They include antitrust rules against restrictive agreements between companies and abuse of a dominant position, and rules on concentrations between companies which would significantly impede effective competition. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if restrictive conditions are met, with a view to preventing distortion of competition.*

### Antitrust and mergers

The **legislative framework** is broadly in line with Articles 101 and 102 TFEU and related provisions of the SAA, but needs to be fully brought in line with EU guidelines and communications. Three block exemption regulations remain to be adopted. No progress was made on aligning Article 9 of the Law on multilateral interchange fees and special operating rules for card-based payment transactions with the EU *acquis* and the relevant provisions of the SAA.

Regarding the **institutional framework**, the Commission for Protection of Competition (CPC) has built a reputation as an operationally independent institution over the years. The level of fines in 2023 was three times more than in 2022. Work should continue on sustaining a credible enforcement record, decisions should be systematically published, and the transparency of the institution's work needs to be strengthened.

The **enforcement capacity** of the CPC is adequate. Consulting the CPC on all relevant legislation should continue and its opinions should be systematically taken into account. The CPC should further step up its advocacy activities. The capacity and specialisation of the judiciary to deal with complex competition cases remains modest and needs to be improved significantly.

### State aid

Regarding the **legislative framework** on **State aid**, the Law on State aid control is broadly in line with the EU *acquis* and the relevant provisions of the SAA. However, implementing legislation remains to be further aligned with the EU *acquis*. The existing State aid schemes, most notably the fiscal State aid schemes established by the Laws on corporate income tax, on personal income tax and on free zones, are not yet aligned with the EU *acquis*. The European Commission's comments on the inventory of State aid schemes have not been taken into account and an action plan with a clear timetable for alignment of the schemes identified as incompatible remains to be adopted by the government. Furthermore, the regional aid map still has to be drafted.

On the **institutional framework**, the operational independence of the Commission for State Aid Control (CSAC) needs to be demonstrated by establishing a transparent track record that

shows consistent and satisfactory implementation of the law. CSAC's **enforcement capacity** in terms of staffing should be further strengthened.

The **implementation** of the Law on State aid control should be further improved. In particular, the notification and the standstill obligations are still not respected systematically, and State aid is occasionally provided to economic operators, particularly foreign investors, without prior approval by CSAC. It is important that Serbia ensures that all State aid grantors, including the municipalities, notify State aid *ex ante*. The electronic platform to help monitor compliance regarding the cumulation of aid is not yet completed. CSAC's annual reports on State aid granted should be adopted timely by the government. Advocacy activities among aid-granting authorities need to continue as there is systematic lack of awareness of State aid rules.

On **liberalisation**, the two decrees with the provisions on financing of services of general economic interest need to be further aligned with the *acquis*. Enforcement of competition rules for public companies needs to be intensified. There is no evidence of the existence of commercial monopolies within the meaning of Article 37 TFEU.

## Chapter 9: Financial services

*EU rules aim to ensure fair competition among, 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.*

In the area of **banking and financial conglomerates**, the institutional and legal framework is in place, with a good level of alignment with the previous version of the Capital Requirements Regulation and the Capital Requirements Directive (CRR/CRD). Work needs to be continued to align with the latest versions of CRR/CRD. Regarding bank resolution, Serbia is not yet fully aligned with the revised version of the BRRD, including with parts of BRRD 1, notably on the establishment and use of a dedicated resolution fund financed with contributions from banks.

Serbia is partially aligned with the EU *acquis* regarding **insurance and occupational pensions**. Overall, the sector is underdeveloped, notably in the area of life insurance and a new Law on compulsory traffic insurance is yet to be developed. Preparations for alignment with the Solvency II Directive are ongoing in line with the strategy for implementation. Alignment is still to be completed as regards the Directive on the activities and supervision of institutions for occupational retirement provision in the areas of cross-border activities, investment rules and regulation of technical provisions.

In the area of **financial market infrastructure**, the legal framework is partially in line with the EU *acquis*, notably regarding settlement finality and Central Securities Depositories. The institutional framework is in place but should be further strengthened, notably regarding financial collateral, Securities Financing Transactions and regarding over-the-counter (OTC) derivatives, central counterparties and trade repositories (European Market Infrastructure Regulation). Serbia is implementing its Capital Market Development Strategy 2021-2026, focusing on completing the implementing legislation of the Law on capital market.

On **securities markets and investment services**, Serbia is moderately aligned with the EU *acquis*. The institutional framework in this area needs to be strengthened including the administrative capacity of the Securities Commission in the area of financial instruments.

Serbia has a high level of alignment with the Markets in Financial Instruments Directive (MiFID II), the Prospectus Regulation and the Market Abuse Regulation but the level of alignment with the European Markets in Financial Instruments (MiFIR) framework is low. On investment funds, the Law on open-ended investment funds with public offering is partially aligned with the Directive relating to undertakings for collective investment in transferable securities (UCITS). Further work is needed to fully align with the Directive on alternative investment fund managers (AIFMD), including with the 2024 amendments to AIFMD and UCITS directives.

The legal framework for **sustainable and digital finance** is partially in place whereas the institutional framework needs further strengthening. The NBS and the Securities Commission are the two competent authorities for licensing services related to digital currencies and token in line with the Law on digital assets. Serbia does not have a national strategy on sustainable finance.

## Chapter 28: Consumer and health protection

*EU rules protect consumers' economic interests and 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, as well as medicines for human and veterinary use. The EU also has rules for upholding patients' rights in cross-border healthcare and in preparing for and responding to cross-border health threats including communicable diseases.*

### Consumer protection

On **horizontal aspects**, Serbia's legislation is largely aligned with the EU consumer protection legislative framework, All the remaining implementing legislation for the Law on consumer protection has been adopted during the reporting period; however, the law needs to be updated to align with the latest EU *acquis*.

On **enforcement and redress**, the number of alternative dispute resolution (ADR) bodies in Serbia has increased to 65, and the number of solved cases in ADRs has increased from 1.786 in 2023 to more than 2.424 in 2024. In its capacity as an ADR body in charge of financial institutions, the National Bank of Serbia (NBS) resolved 743 complaints related to banks, and 412 related to insurance companies.

On **product safety**, the sanitary inspection's market surveillance administrative and operational capacities need to be strengthened. On *non-safety-related issues*, Serbia's legislation remains partly aligned with the EU *acquis*.

### Public health

In the area of **public health**, Serbia needs to ensure the sustainability of the public health insurance fund, implement the national plan for human resources in the health sector, and full compliance with EU health indicators. On **eHealth**, although in 2023 Serbia adopted a Law on health records and documentation, this needs to be amended to align it to EU data protection *acquis*, standards and principles.

There was no progress in aligning with the EU *acquis* on **tobacco control**. Serbia should intensify effective inspections in this sector to ensure effective implementation of tobacco control measures.

There was also no progress in aligning with the EU *acquis* on **patients' rights in** cross-border healthcare, and on **blood, tissues, cells and organs**. Surveillance and response capacities for serious cross-border health threats, including communicable diseases, remain limited and in need of modernisation. Serbia needs to increase awareness of the significance of childhood vaccination and implement stricter controls on prescriptions of antibiotics in order to bolster its efforts on antimicrobial resistance. Serbian legislation remains partly aligned with the EU *acquis* on **medicines for human use** and **on medicines for veterinary use**. Serbian legislation remains partly aligned with the EU *acquis* on medical devices. Following the call for interest to join the Critical Medicines Alliance, two entities from Serbia are now participants.

On **preventive measures**, community-based **mental health** services remain underdeveloped, with low accessibility, while the 2019-2026 mental health protection programme remains to be costed and implemented.

There were no new developments on **cancer**, on **nutrition and physical activity**, on **drug abuse prevention and harm reduction**. There were also no new developments on **health inequalities**.

### CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

This cluster covers Chapters 10 (Digital Transformation and media), 16 (Taxation), 17 (Economic and monetary policy), 19 (Social policy and employment), 20 (Industrial policy), 25 (Science and research), 26 (Education and culture), and 29 (Customs).

#### Chapter 10: Digital transformation and media

*The EU supports the proper functioning of the internal market for electronic communications, electronic commerce and audiovisual services. The rules protect consumers and support the universal availability of modern services.*

Regarding **electronic communications**, the full operational and financial independence of the Regulatory Agency for Electronic Communications and Postal Services (RATEL) remains to be ensured, as well as steps to improve the regulator's administrative capacity through staff retention measures such as a revision of the existing salary cap. In August 2024, Serbia adopted a new strategy for development of Electronic Communications systems until 2027.

The ultra-fast broadband communication infrastructure roll-out, connecting households and schools in rural areas, continued. The law on broadband, aiming to align with the Gigabit Infrastructure Act, is still to be adopted.

Serbia has been preparing for the 5G frequency auction and undertook technical steps to create the necessary preconditions for the deployment of 5G technology. However, Serbia is yet to adopt implementing legislation on minimum conditions for issuing individual operator licences for spectrum use for the 5G frequency auction. Serbia is expected to implement the EU 5G Cybersecurity Toolbox before the issuance of operator licences. Regarding regional integration, Serbia has not signed the Memorandum of Understanding on a **5G** roadmap for digital transformation.

The 112 European emergency number calling system has not yet been fully implemented according to EU standards.

Regarding competitive safeguards, RATEL proceeded with market analysis, designating Significant Market Power operators and imposing relevant obligations. Several legal disputes and proceedings are ongoing involving Telekom Srbija and private companies in the context of the high concentration of the media market in Serbia.

Regarding **digital services**, Serbia continued with upgrading the government service information portal and introducing new e-Gov services. Serbia needs to align with the Digital Services and Digital Market Acts.

Regarding **data**, Serbia has not yet fully aligned with the EU's Open Data Directive on the reuse of public sector information data.

Regarding **artificial intelligence**, Serbia has undertaken to align with the newly adopted AI Act by December 2025, following the EU's risk-based approach.

Regarding **digital trust and cybersecurity**, Serbia possesses the relevant legal framework and institutional set-up in the field of information society and cybersecurity. Further legislative alignment with the EU *acquis* on cybersecurity, including with the NIS 2 Directive, is needed. Serbia should align with the new European Digital Identity and Trust services framework, in preparation for the roll-out of an interoperable national digital wallet.

On **media**, the Law on electronic media adopted in October 2023 introduced several legislative improvements, including strengthening the legal framework for the independence and transparency in the work of REM and reinforcing its mandate to tackle threats to media pluralism.

However, the adopted media legislation must be further amended to fully align with the EU *acquis* and European standards. Following the new provisions that allow state-owned companies to be media owners, safeguards to protect media pluralism and editorial independence remain to be improved. It should also be clarified that antitrust and merger control rules apply to the media sector. Despite the new provisions aimed at strengthening REM's independence and efficiency, the regulator failed to exercise its mandate to the full potential and serious concerns regarding its independence in practice persist. In November 2023, REM appointed its new director, as per the adopted law. The procedure to elect a new REM Council by 4 November 2024 has not been launched yet, in breach of the provisions of the Law on electronic media. In June 2024, REM filed an appeal to challenge the constitutionality of the respective provisions, which however should have no suspensive effect on the law's implementation. The competition for the allocation of the fifth frequency for national broadcasting, launched in 2022, remains incomplete without a justified reason. The Law on public broadcasters is yet to be amended to address the shortcomings identified by the media strategy. Serbia is still not fully aligned with the revised European Audiovisual and Media Services Directive, notably with its provisions on audiovisual commercial communication.

## **Chapter 16: Taxation**

*EU rules on taxation cover value-added tax, excise duties and aspects of corporate taxation. They also cover cooperation between tax administrations, including the exchange of information to prevent tax evasion.*

In the area of taxation, the institutional framework is in place.

Regarding **indirect taxation**, the legislative framework is partially aligned with the EU *acquis*. The Law on electronic invoicing and related implementing legislation were amended, aimed at improving the integration between the electronic invoicing and e-fiscalisation systems and streamlining the process of VAT tax returns. The Law on excise duties has yet to be fully aligned with the EU *acquis*. An effective system to control and monitor the movement of excisable products is not yet fully in place.

With regard to **direct taxation**, the legislative framework is partially aligned with the EU *acquis*. Serbia modernised the process of tax returns by personal income tax by implementing a digital system of pre-filled tax returns. The system for tax payments by freelancers was also modernised through the launch of the 'freelancer's portal' which foresees digital calculation and submissions for this category of taxpayers.

The EU cooperates with Serbia through an enhanced dialogue on tax good governance within the framework of the EU list of non-cooperative jurisdictions for tax purposes.

Regarding **administrative cooperation and mutual assistance**, the institutional and legislative framework is largely in place and aligned. Serbia remains committed to automatically exchange financial account information based on the OECD Global Standards.

With regard to **operational capacity and computerisation**, the institutional framework needs to be strengthened. Administrative capacities in the Tax Administration, particularly with regard to enforcement capacities, should be bolstered. Efforts to move forward with improving the IT system were delayed.

## **Chapter 17: Economic and monetary policy**

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

On **monetary policy**, the institutional framework is in place and the legal framework is largely aligned with the EU *acquis*. However, the full functional, institutional, personal, and financial independence of the NBS still needs to be ensured. Work is ongoing to adopt amendments to the Law on the NBS, in line with the EU *acquis*, whereas further amendments will still be needed to the Law on public property.

Regarding **economic policy**, the legal framework is partially aligned with the EU *acquis*. Further alignment with the Directive on requirements for budgetary frameworks is needed through amendments to the Law on the budget system regarding macroeconomic and fiscal projections, a 3-year expenditure perspective, transparency, and accounting and statistical reporting. In September 2023, Serbia adopted an action plan to strengthen the medium-term expenditure framework 2023-2026, including expenditure ceilings for two consecutive years. The alignment of fiscal reporting with the European system of national and regional accounts (ESA 2010) is yet to be fully completed.

The budget procedure, including for amending budgets, needs to be systematically respected and public participation in the budget process and budget oversight by the legislature needs to be improved. Furthermore, the Government occasionally introduces ad hoc extra budgetary

expenditures, such as one-off payments to particular categories of the population and support to state-owned enterprises.

The institutional framework is well-developed, but programme budgeting needs to be strengthened and administrative and IT capacity bolstered.

The government adopted and submitted its 2024-2026 **Economic Reform Programme** (ERP) on time on 15 January 2024. As in previous years, its analytical diagnostics were solid. Core reforms under the ERP continue from the previous programme and are in line with key reforms presented in the Reform Agenda. Macro-fiscal plans provide for some fiscal adjustment in line with the domestic fiscal rules. Implementation of policy guidance set out in the conclusions of the Economic and Financial Dialogue of May 2023 has been partial.

### 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 non-discrimination. They also promote social inclusion and social protection, and social dialogue at EU level.*

In the field of **labour law**, the 2014 law remains only partially aligned with the EU *acquis*. The number of labour inspectors continues to be below the target of the Chapter 19 action plan. The number of child labour cases reported in 2023 by the Labour Inspectorate (0 case) and Centres for Social Work (16 cases) is under-reported, compared with the Labour Force Survey. Serbia has not yet addressed the recommendations of the Council of Europe Group of Experts on Action against Trafficking in Human Beings (GRETA) which called for proactive and thorough investigation of allegations of trafficking for labour exploitation involving foreign workers. The law on inspection oversight does not comply with the International Labour Organisation (ILO)'s conventions ratified by Serbia, notably to ensure that labour inspectors are empowered to enter workplaces freely and without giving notice.

In the area of **health and safety at work**, the Law on safety and health at work from 2023 is partially aligned with the EU *acquis*. The number of reported workplace fatalities decreased in 2023 (to 42 from 56 in 2022), with most cases occurring in the construction industry.

**Social dialogue**, and the involvement of social partners in policy developments relevant to them, remain weak. In September 2024, an agreement was reached within the Economic and Social Council on a 13.7% nominal increase of the minimum wage. A new law on the right to strike has yet to be adopted. No new sectoral collective bargaining agreements were signed. Some complaints brought up to ILO about the infringement of trade union and workers' rights have not been resolved yet. Capacity building of social partners needs to continue.

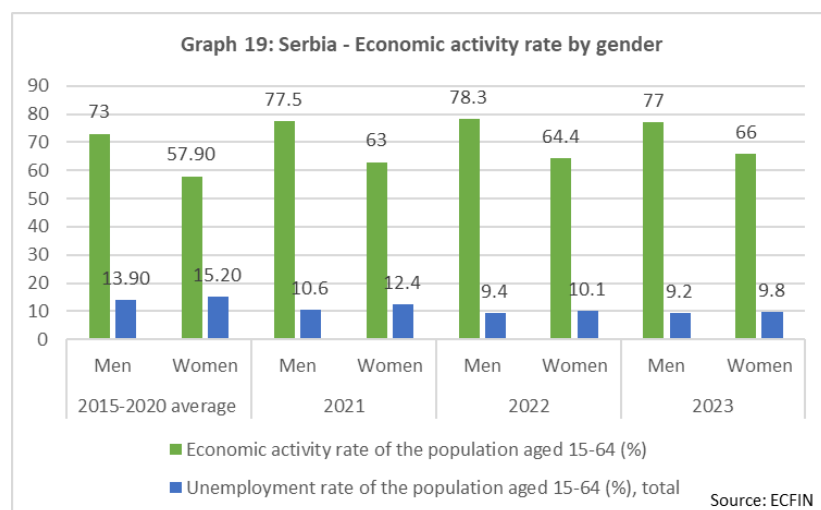
On **employment policy**, budget allocations for active labour market policies in 2024 remained below 0.1% of GDP. The public employment advisers ratio to job seekers is too low. In December 2023, Serbia adopted an implementation plan for the Youth Guarantee covering the 2023-2026 period to reduce youth unemployment (18.5% in 2023) and NEET rate (15.2% in 2023 for people aged 15-29). A Youth Guarantee pilot scheme has started in three employment offices in January 2024.

Regarding **labour force participation** and **unemployment rate** see *the statistical annex and the section on the functioning of the labour market under 2.3 Economic criteria*.

There were no developments as regards preparations for the **European Social Fund** (see also *Chapter 22 - Regional policy and coordination of structural instruments*).

In the area of **social inclusion and social protection**, in 2023, according to the latest survey on income and living conditions (SILC), the at-risk-of-poverty or social exclusion rate was 28.1% (EU-27 21.6%). Public expenditure on social protection and budget transfers as a share of GDP continue to decrease. Concerns remain on the impact of the Social Card on Roma and other vulnerable individuals who risk being unduly excluded from the benefits if their specific circumstances, in addition to the raw data automatically processed by the social card register, are not sufficiently assessed by social welfare staff before a decision being made. The system would benefit from a human rights-based impact assessment and outreach campaigns. A new strategy for social protection and amendments to the law on social welfare are increasingly delayed. Means-tested social assistance programmes, with strict eligibility criteria, do not sufficiently reach the poor; a large share of children living in poverty are not covered by any benefit, and the social protection system remains understaffed. The system of earmarked transfers to the local level is still not implemented systematically and transparently.

In the area of **deinstitutionalisation**, an action plan and funding, to implement the strategy for deinstitutionalisation and development of community-based services adopted in 2022, is increasingly overdue. In the field of **non-discrimination in employment and social policy**, most complaints received by Serbia's Commissioner for the Protection of Equality are related to the area of employment (see also *Chapter 23 – Judiciary and fundamental rights*).



In the area of **equal opportunities for women and men in employment and social policy**, the position of women on the labour market in Serbia remains unfavourable compared to the position of men. The employment rate for men (20-64-year-olds) is 12.5 percentage points higher and their activity rate is 12.8 percentage points higher than those for women. The gender pay gap is 8.8%. 93.7% of

women working part-time reported that the reason for engaging in part-time work is related to "looking after children or persons with disabilities". The gender pension gap stands at 17%. In March 2024, Serbia adopted a regulation on the methodology for calculating unpaid household work. Although the legislation grants both maternity and paternity leaves, gender-based stereotypical preconceptions persist about childcare and household work being a woman's responsibility. Maternity, paternity and parental leave rights in the legislation are not aligned with the EU *acquis*, including the Directive on Work-Life Balance. Serbia has not ratified ILO Convention.



## Chapter 20: Enterprise and industrial policy

*EU industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized enterprises (SMEs).*

Concerning **industrial policy principles**, Serbia's institutional and policy framework is largely in place. Serbia continues to implement its strategy for industrial development 2021-2030 and has started the implementation of the new action plan for 2024-2025, adopted in April 2024.

Regarding **enterprise policy**, reforms concerning the ownership and management of SOEs are advancing but at a too slow pace. Serbia continues to implement its SOE strategy and has started the implementation of the new action plan for 2024-2025 adopted in April 2024. Serbia's new SOE law entered into force in September 2024. However, its proper implementation is dependent on several by-laws, some of which, in line with the new law, have yet to be adopted. Serbia continues to make progress on its privatisation and restructuring process of SOEs. More than 500 companies in the privatisation portfolio have been resolved, whereas 49 companies remain.

Serbia's new SME development strategy for 2023-2027, and the related action plan are being implemented since the end of 2023.

Serbia has been participating in the SME Pillar of the Single Market Programme after having signed the Association Agreement in September 2023.

On combating late payments in commercial transactions, Serbia's legislation is largely aligned with the EU *acquis*. Serbia needs to align its rules on payments, indemnity interest rates, expedited recovery procedures and compensation with the EU Directive on combating late payments in commercial transactions to reach full alignment.

Serbia should continue to improve the predictability of the business environment, with an emphasis on ensuring that all relevant legislation undergoes timely and comprehensive public consultations, including through effective communication of the e-consultation portal.

Serbia has a range of **enterprise and industrial policy instruments** in place to support enterprise and industry, including grants, subsidies, tax exemptions and guarantee schemes. The budget for measures supporting SMEs and entrepreneurship is growing but remains modest. Serbia continues to use budgetary subsidies for newly created jobs as an incentive for foreign direct investments. This approach is not consistent with its industrial policy goal of privileging value added over labour cost, and with the continued need to better integrate SMEs into domestic and international supply chains.

On **sectoral policies**, Serbia has a number of sector-specific strategies including in the areas of energy, transport, education, media, artificial intelligence and tourism. In addition, Serbia is implementing its smart specialisation strategy (see also *Chapter 25 on Science and research*).

## Chapter 25: Science and research

*The EU provides significant support to research and innovation. All Member States can participate in the EU's research and innovation programmes and benefit from them, especially where there is scientific excellence and solid investment in research and innovation.*

The legal framework is in place and partially in line with the EU *acquis* while the institutional framework is functional.

On **research and innovation policy**, Serbia has been implementing its 2021-2025 strategy for development of a start-up ecosystem and its new action plan for 2024. The Science Fund is fully operational as a funding mechanism with an increasing number of funded programmes (from 8 to 11) and of the budget (from EUR 74.5 million to EUR 107.5 million).

The national level of investment in research remains low at 0.97% of GDP in 2022 (0.99% in 2021). Serbia is in the fifth year of implementing its smart specialisation strategy, with the second action plan extending to 2025. With over 70% of the activities from the first action plan successfully implemented, Serbia shows tangible progress in implementing strategic goals.

Serbia takes part in Horizon Europe as an associated country, having received EUR 38.7 million in 2023. Serbia is also successfully participating in EUREKA and the European Cooperation in Science and Technology.

Concerning innovation measures, the Innovation Fund, four science and technology parks and 14 new incubators continue to be active with increasing financial contributions. The Innovation Fund's Katapult accelerator and Serbia Ventures Programme have significant impact on the innovation ecosystem. Further integration into the new European Innovation Agenda and activities of the European Innovation Council is strongly encouraged.

Serbia is an emerging innovator in the European Innovation Scoreboard, with a score of 62.8% in 2024 – above the average of the emerging innovators group. The performance gap with the EU is nonetheless increasing. Private sector research and innovation expenditure remain low.

## Chapter 26: Education and culture

*The EU supports cooperation in education and culture through funding programmes and the coordination of Member State policies through the 'open method of coordination'. The EU and the Member States must also prevent discrimination and ensure quality education for children of migrant workers, including those from disadvantaged backgrounds.*

In the area of **education and training**, the policy framework and the institutional framework are in place. There is a certain vulnerability for corruption in the sector as a whole and for higher education in particular.

Serbia continues to implement its 2030 education strategy and has started the implementation of the new action plan for 2023-2026, which was adopted in October 2023.

The level of public spending on education in Serbia in 2023 was 3.2%, which is below the EU average. The student population continue to decrease due to negative demographic trends and emigration. The coverage of children with early childhood education and care education (ECEC) is slowly increasing (6.2 % in 2023 for age 6 months to 6.5 years). However, further efforts are needed to increase participation in preschool education, including through ensuring equitable ECEC for the most disadvantaged children. The enrolment rate in mandatory ECEC has been broadly stable over the past years oscillating at around 97%, but picked up to 97.9% in 2023. The rate of early school leavers is on a downward path for the past years and reached 5.8% in 2023. Lifelong learning participation is slowly increasing and reached 6.1% in 2023.

Serbia's digital transformation of the education system is ongoing including developing infrastructure and teacher digital competencies. The pre-university level curricula include mandatory subjects to develop digital skills and competencies, including computer science. However, development of the education management information system requires further consolidation. Further efforts are needed to align digital education with the EU Digital Education Action Plan 2021- 2027. Serbia has yet to incorporate green and environmental topics into its curricula.

The Programme for International Student Assessment (PISA) 2022 results published end 2023 were about the same as in 2018 in mathematics, reading and science. The results show higher proportion of students of 15-year-olds failing to demonstrate basic proficiency (level 2) in reading (36%), in maths (43%) and in science (35%) as compared to the OECD average. The relative underperformance of Serbian students in reading is confirmed also by the findings of the latest Progress in International Reading Literacy Study (PIRLS 2021), which show that Serbia's performance in reading is below the international median.

Serbia should commit adequate funding and human resources for sustained participation in international assessments such as the Teaching and Learning International Survey (TALIS) and PISA 2025.

As of the 2023/2024 school year, most VET curricula offered in upper secondary education are based on qualification standards. However, Serbia should continue to modernise the curricula to improve VET relevance and further develop the national work-based learning model for VET. The employment rate of VET graduates (aged 20-34) is low and dropped further to 65.6% in 2023. The lack of opportunities for reskilling and upskilling in Serbia is a structural barrier to youth and adult employment which should be addressed. Work on the recognition of informal and non-formal training is progressing only slowly and is yet to be scaled up systematically.

On quality assurance in higher education, the National Accreditation Body (NAB) is funded also from the state budget since September 2023. This is in line with the European Association for Quality Assurance in Higher Education (ENQA) recommendations. The NAB's membership of ENQA was suspended in 2020, and an application for renewed membership has yet to be submitted. Furthermore, qualification standards for higher education have yet to be developed and linked with quality assurance procedures. The attainment of tertiary level qualifications for persons aged 25-34 reached 34.7% in 2023, which is significantly below the 2030 EU target of 45%. Serbia is a member of the European Higher Education Area (Bologna process).

Measures to reduce drop-out rates and segregation needs to be enforced focusing also on the inclusion of women and girls in education and training. Children with disabilities do not have access to teaching assistants. Free textbooks are provided for an extended number of vulnerable categories of students. The education system has demonstrated flexibility in integrating migrants. The assistive technology resource centres need to become functional to provide the relevant additional support services to ensure inclusive education. Mechanisms for prevention of, and protection against, violence and discrimination need to be fully implemented.

Serbia has been successfully participating in the Erasmus+ programme as an associated country since 2019. In 2023, Serbian organisations participated as applicant or partner in 738 Erasmus+ projects for total contracted grant of EUR 13.85 million.

Regarding **youth**, Serbia is implementing the action plan on the implementation of the youth strategy until 2025, and the Youth Guarantee implementation plan by 2026. Adoption of the revised or new legislation on youth, volunteering and internship is still pending. The national youth council is not regularly convening. Despite increased efforts in the past years, youth policy and support mechanisms are unevenly developed at local level.

On **sports**, Serbia is successfully implementing the second call for proposals for mobility projects in the area of sport, and continued to participate in the European Week of Sport.

Concerning **culture**, Serbia has been implementing its strategic priorities for the development of culture from 2021 to 2025. The strategy for cultural development is pending adoption since 2022. Serbia continues to implement the 2005 UNESCO Convention at national and local levels, and participates fully in the Creative Europe Programme. It actively provides information and conducts capacity building across the country, relying on the partnership with numerous national, local and non-governmental stakeholders. A “Creative Europe Festival” concept has been developed, giving additional promotion and awareness about the programme.

## 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’s **customs legislation** is largely aligned with the EU *acquis*. Serbia is a party to the Common Transit Convention (with a successful transition to NCTS Phase 5 already completed early 2024) and to the PEM Convention on rules of origin. Serbia regularly harmonises its customs tariff nomenclature with the EU combined nomenclature, including for 2024. Serbia has an authorised economic operators programme and has issued a total of 57 certificates for authorised economic operators.

Alignment with the EU *acquis* is still needed concerning free zones and security aspects. Fees are still charged at some border crossing points on lorries entering customs terminals to discharge customs obligations, which is not in line with Serbia’s SAA obligations.

In terms of the **administrative and operational capacity**, the customs laboratory remains under-equipped, and the risk management system must be strengthened. Serbia should consistently carry out pre-arrival/pre-departure risk-based analysis, in line with the EU Customs Code. In 2023, total revenues collected by the customs administration slightly decreased by 3% year-on-year. In addition, the administrative capacity for the control of illicit tobacco trade is insufficient. Serbia is a party to the Protocol to Eliminate Illicit Trade in Tobacco Products but has yet to fully comply with its provisions including by establishing a track and trace system of tobacco products.

Serbia continued to cooperate with the EU Member States and the European Anti-Fraud Office (OLAF) under Protocol 6 of the SAA on mutual administrative assistance in customs matters in particular in order to investigate suspected cases of circumvention via its territory and/or by legal entities registered in Serbia of EU sanctions introduced in the context of Russia’s war of aggression against Ukraine.

## CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

This cluster covers four chapters: 14 (Transport policy), 15 (Energy), 21 (Trans-European networks) and 27 (Environment and climate change).

### Chapter 14: Transport

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

For the **general transport acquis**, an update of Serbia's strategic framework remains overdue. Serbia needs to prioritise its finalisation and adoption while ensuring consultation with all interested stakeholders. Serbia needs to update the general transport master plan and link it to capital budgeting. The improvement of the administrative capacity in the road and rail sector needs to continue. Serbia actively participates in the work of the Transport Community (TCT) and continues with the implementation of the five TCT action plans. For larger transport agglomerations, sustainable urban mobility plans that respect environmental and social standards should be developed following EU practice.

On **road transport**, alignment with the EU *acquis* is at a good level and remains a priority. The institutional framework is in place, but agencies responsible for road maintenance and construction are not independent in performing their mandate. Road maintenance, including its financing, needs to ensure sustainability of investments in road transport infrastructure and follow the 'user pays' principle. Serbia is committed to implement the green corridors/green lanes by renewing working regimes on border crossing points with the EU Member States, extending the border crossing points on the main corridors, including parking places, and promoting the use of digitalised waybills. The Road Safety Strategy for 2023-2030 and a 3-year Action Plan were adopted in September 2023. The first set of disaggregated data on road crashes, fully aligned with the EU CARE protocol, were sent to the Commission. Social and market rules in the field of road transport should be fully transposed. In this regard, the transition to smart tachograph technology is a relevant step.

On **rail transport**, there is a high level of alignment with the EU *acquis*. The institutional framework requires clearer division of responsibilities while the capacity of the Railway Directorate, which performs the functions of a regulatory body, licensing authority and safety authority, should be strengthened. Investment in infrastructure continued to increase; however, work on mitigating measures to prevent delays is needed. Maintenance of railway infrastructure needs to be ensured in a systematic manner. The alignment process with the fourth EU railway package should continue. Formal adoption of the EU technical specifications for interoperability is pending, as is alignment with the rail safety *acquis*. The European rail traffic management system should be applied in full, in a transparent manner.

On **maritime transport**, Serbia is at a high level of alignment with the EU *acquis*. Serbia should continue aligning with international conventions.

Regarding **inland waterway transport**, there is a high level of alignment with the EU *acquis*. The institutional framework is in place; however, vessel traffic services require strengthening. Serbia's operational river information services system is highly interoperable with those of EU

Member States. Serbia should continue to work on fulfilling all the necessary requirements regarding the ongoing process of recognition of certificates in inland waterways.

On **aviation**, Serbia has a good level of alignment with the EU *acquis*. No progress was made regarding lifting the suspension of articles on the licensing of air carriers and the normalisation of the lower airspace regime over Kosovo.

**Multimodal transport** should be promoted in a more systemic and strategic manner. The institutional framework is in place; however, the administrative capacity for multimodal transport needs to be strengthened. In December 2023, a new company in charge of operating the intermodal terminal in Batajnica was established. The terminal was formally inaugurated in May 2024, but it is still not operational.

No progress was made on **EU passenger rights**.

## Chapter 15: Energy

*EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy, nuclear safety, radiation protection and nuclear safeguards.*

Regarding **security of supply**, the legal and institutional framework for the unbundling of the gas sector is in place. However, implementation of the unbundling and certification of Transportgas Srbija, Yugorosgaz and the UGS Banatski Dvor continues to experience a significant delay. Serbia needs to take measures to address the dependence on Gazprom and on Russian majority ownership of Serbia's critical infrastructure and oil industry, as well as opening of the gas market and allowing non-discriminatory third-party access to the gas network. In December 2023, works on the gas interconnector between Serbia and Bulgaria (IBS) were completed, however the launch of commercial operations of the IBS has been regrettably postponed. Serbia should ensure an unrestricted third-party access regime, apply an open capacity-allocation procedure on a non-discriminatory basis and remove any obstacles to new market entrants in compliance with the Energy Community *acquis* and the IPA 2017 Financing Agreement. The Republic Commission for Energy Networks started its work in November 2023. The Serbian energy agency lacks enforcement power. Serbia has further delayed alignment with and implementation of the Gas Storage Regulation, including the development of a Risk Assessment, Preventive Action Plan and Emergency Plan.

Serbia needs to ensure further alignment with the Electricity Regulation 714/2009 in order to enable coordinated cross-border capacity allocation. The full implementation of the Energy Agreements' Implementation Roadmap between Serbia and Kosovo\* is pending. The Serbian electricity transmission system operator EMS did not determine net transmission capacities and capacity allocation at the interconnection with Kosovo.

Serbia maintained a high level of alignment with the EU *acquis* on emergency **oil stocks**.

Concerning the **internal energy market**, the legal and institutional framework is not fully in place. Trading volumes on the organised day-ahead market increased by 46% compared to 2022.

In November 2023, Serbia adopted a revised Decree on energy vulnerable customers, expanding the coverage of energy poverty. The legal and institutional framework on energy poverty needs further improvement.

The legal framework for alignment with the **Hydrocarbons** Licensing Directive is not in place.

On **renewable energy sources (RES)**, Serbia made good progress in the implementation of support schemes promoting RES; however, it failed to comply with the Energy Community RES target by 2030 in its NECP. Further alignment with the Renewable Energy Directive is needed, in particular related to provisions on the sustainability and greenhouse gas emission saving criteria for biofuels and bioliquids. Administrative and institutional capacity of the Ministry and the Regulatory Authority tasked with RES is insufficient and needs to be enhanced.

Serbia continued to align with the EU *acquis* on **energy efficiency**. Further alignment with the Energy Performance of Buildings Directive, Energy Efficiency Directive and Renewable Energy Sources Directive, including implementing legislation for the certification of RES installers, is required. Institutional capacities for implementing energy efficiency measures need to be improved.

On **nuclear energy, nuclear safety and radiation protection**, Serbia's legislation is partially in line with the Euratom *acquis*. In the reporting period, five rulebooks were adopted. The Serbian public utility 'Nuclear Objects' has yet to finalise licensing of two old storage facilities, two research nuclear reactors and an abandoned uranium mine. In May 2023, Serbia signed the European Community Urgent Radiological Information Exchange (ECURIE) Agreement which still has to be ratified in Serbian Parliament. The capacity of the Serbian Radiation and Nuclear Safety and Security Directorate (SRBATOM) needs further strengthening in order to fulfil its future obligations.

On **nuclear safeguards**, upon EU accession, the existing systems of accountancy and control of nuclear materials in Serbia would need to be adapted to accommodate for the safeguards provisions (Chapter 7) of the Euratom Treaty.

## Chapter 21: Trans-European networks

*The EU promotes trans-European networks (TENs) in the areas of transport, telecommunications and energy to strengthen the internal market and contribute to growth and employment.*

**On transport networks**, the legislative framework is partially aligned with the EU *acquis*.

Serbia continues to develop transport projects in the trans-European networks. The preparation of technical and tender documentation for the implementation of TEN-T projects in road and rail needs to accelerate. The Feasibility and Environmental Social Impact Assessment studies should remain key for quality completion of technical project documentation.

Regarding roads, for the works on the Niš-Merdare highway, so far only around 10% of approved EU grant funds have been used and the tendering of the section 4 between Niš and Pločnik is postponed for end of 2024, while tendering of sections 2 and 3 depends on the completion of design documentation. The preparation of missing project documentation on the section Pločnik-Merdare, for which EU funds have also been secured, is long pending.

Regarding rail infrastructure, works related to the modernisation of the Niš–Dimitrovgrad railway line started in November 2023, thus unblocking the long-delayed project. Construction of the Niš railway bypass commenced in July 2024, constituting further progress on the overall Niš – Dimitrovgrad project. Works on the remaining part of the Budapest-Belgrade line (the Novi Sad-Subotica sub-section) are progressing with testing started and completion planned by the end of 2024. The modernisation of the rail corridor X, from Belgrade-Niš to the border with North Macedonia, is currently under preparation, with the launch of works tenders related to the Belgrade–Niš section expected by the end of 2024. The commencement of works on lot 1 of the Stalać-Djunis sub-section, funded by the national budget, is significantly delayed, which has also slowed down the tendering procedure for the EU-funded lot 2.

Serbia is part of the new Western Balkans-Eastern Mediterranean European Transport Corridor set up by the revised TEN-T regulation.

On trans-European **energy networks**, the administrative capacity for alignment with the EU *acquis* remains insufficient. In November 2023, the new Republic Commission for Energy Networks was established, enabling a legal framework for the unbundling of energy system operators.

Serbia continued to develop energy projects in the trans-European networks. Regarding gas infrastructure, Serbia needs to accelerate the permitting process for the gas interconnector between Serbia and Bulgaria and make the interconnector fully operational in line with the Energy Community *acquis*. Regarding the Trans-Balkan electricity corridor, the tendering procedure for the construction of section III from Obrenovac to Bajina Bašta is ongoing. Serbia needs to continue project preparation for section IV between Serbia, Bosnia and Herzegovina and Montenegro.

The revised TEN-E Regulation should be transposed in national legislation until the end of 2024 with the aim to accelerate permitting procedures and enable development of key infrastructure projects with the neighbouring countries.

## Chapter 27: Environment and climate change

*The EU promotes strong climate action, sustainable development and protection of the environment. EU rules contain provisions addressing climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection.*

### Environment

The **institutional framework** is in place but should be improved as the environmental sector competencies are scattered across several ministries. Overall coordination and capacity of local self-governments and public utilities companies, in particular in the water sector, should be enhanced.

In the area of **horizontal legislation**, the legislative framework is well aligned with the EU *acquis*. Progress was made with the adoption of the implementing legislation requiring an EIA procedure to take place before issuing construction permits, as well as the adoption of EIA and SEA legislation by the government. However, Serbia should proceed with parliamentary adoption and swift implementation. The Regulation on Capital Projects adopted in September



2023 strengthens the role of the Ministry of Environmental Protection regarding projects subject to EIA procedure.

Public participation and consultations did not improve compared to the previous reporting period. Serbia should ensure inter-ministerial participation including the Ministry of Finance in the Environmental Protection Strategy/Green Agenda working groups.

Official reports and information about ongoing green investments and their environmental impact should be published by the Ministry of Environmental Protection.

On 19 July 2024, Serbia and the EU signed a Memorandum of Understanding (MoU) launching a Strategic Partnership on sustainable raw materials, battery value chains and electric vehicles. The Partnership aims to support the development of sustainable supply chain in Serbia, creation of new job opportunities in industrial sectors that are crucial for the future. The MoU underlines the importance to promote the highest environmental, social and governance standards.

Transboundary cooperation did not improve during the reporting period. Serbia should continue its efforts to cooperate with its neighbouring countries. Serbia should start implementing activities of the memorandum of understanding on cooperation in the field of environment protection with Bulgaria.

While the number of inspection cases and issuance of offences increased, the alignment with the Environmental Liability Directive remains at an early stage, while alignment with the Environmental Crime Directive and its implementation needs to be further improved. Cases of poisoning wildlife and poaching incidents together with cases of threat against members of civil organisations on social media increased.

In the field of **air quality**, Serbia has a good level of alignment with the EU *acquis*. Serbia continued to exceed EU daily limits of air pollution during the reporting period. The air quality monitoring network was slightly extended with new and upgraded air quality stations. The EU Air Quality Index needs to be adopted. Serbia implemented important measures of the national air quality programme, such as the adoption of the eco-design rulebook in December 2023. Three local air quality plans (Bor, Pancevo, Kraljevo) were adopted.

Regarding **waste management**, Serbia has a good level of alignment with the EU *acquis*. In September 2023, a number of important acts were adopted including the sludge management programme 2023-2032, the Law amending the law on waste management, implementing legislation for management of specific waste streams, as well as the regulation on the manner and procedure of sludge management from municipal wastewater treatment plants.

The level of alignment with the EU *acquis* on **water quality** is moderate. The institutional framework in the water sector is fragmented and not adapted to increasing level of investments. A rulebook on methods and conditions for wastewater quantity measurement and quality testing and the content of the measurement report was adopted in March 2024. Improving local governance, in particular for operating and maintaining water and wastewater facilities, remains a priority.

Alignment in the field of **nature protection**, in particular with the Habitats and Birds Directives, is moderate. Serbia should further pursue the work to identify and pre-designate sites that will be covered by the Natura 2000 network. Serbia should adopt the new nature protection law to fully

align with the EU *acquis*. Institutional and human resource capacity at national and local levels remains weak, in particular as regards enforcement and wildlife trade.

As regards **industrial pollution and risk management**, alignment with most of the EU *acquis* is moderate. In the reporting period 265 companies were assessed against full compliance with the EU Industrial Emissions Directive (IED) and 52 integrated permits were issued. The reporting methodology and revised rulebooks were also adopted.

Serbia has a high level of alignment with the EU *acquis* on **chemicals**. In February 2024, the rulebook on the content of safety data sheet was adopted.

There is some level of preparation with the EU *acquis* on **noise**. The strategic noise map for Novi Sad was adopted in November 2023. Serbia needs to continue preparing noise maps for the city of Belgrade, Subotica, Kragujevac and the Belgrade airport as well as action plans, and enforce noise legislation.

Regarding **civil protection**, Serbia actively participates in the Union Civil Protection Mechanism (UCPM). Serbia has a good legal and policy framework for disaster risk management based on the Law on disaster risk reduction and emergency management. The Disaster Risk Register (in line with the EU INSPIRE Directive and the EU initiative to enhance data interoperability) is updated regularly to better monitor risks, including public health risks, and prevent natural and human-caused disasters.

Being UCPM participating state Serbia should establish trans-European Services for Telematics between Administrations (TESTA) as a precondition for connecting to the Common Emergency Communication and Information System (CECIS).

### Climate change

Serbia has some level of preparation in **climate change legislation**, but enforcement is at an early stage. The action plan to accompany the Low Carbon Development Strategy is not yet adopted. In December 2023, Serbia adopted the Climate Change Adaptation Program for the period 2023-2030, accompanied by an action plan as well as a rulebook on monitoring and reporting of greenhouse gas emissions (GHG). An IT system to facilitate the process of issuing GHG permits was also developed and the national system for a GHG inventory is operational.

Serbia adopted three pieces of implementing legislation necessary to implement the climate law. Monitoring of the implementation of the measures is not in place. Serbia adopted the National Energy and Climate Change Plan (NECP) in July 2024, advanced the implementation of monitoring, reporting, verification, and accreditation (MRVA) package through adopting a rulebook on monitoring and reporting of greenhouse gas emissions (GHG), and increased administrative capacities for various institutions. Serbia is taking steps to introduce a carbon tax by 2027 as a step towards aligning with the EU ETS.

Serbia's draft national spatial plan, based on its energy strategy, includes new thermal power plants. Serbia should set a coal phase-out date as an effective means to comply with Energy Community law and Serbia's Green Agenda commitments on reaching the EU target of climate neutrality. The country should update its Low Carbon Development Strategy to align with the EU's climate neutrality target, prepare and submit new National Determined Contribution under the Paris Agreement, and fully align with EU legislation concerning the emissions from vehicles

and road transport. Consideration ought to be given to aligning with major upgrades of the EU climate policy as a result of the Fit for 55 package.

## CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

This cluster covers Chapters 11 (Agriculture and rural development), 12 (Food safety, veterinary and phytosanitary policy), 13 (Fisheries and aquaculture), 22 (Regional policy and coordination of structural instruments) and 33 (Financial and budgetary provisions).

### Chapter 11: Agriculture and rural development

*The EU's common agricultural policy supports farmers and ensures Europe's food security. It helps tackle climate change and the sustainable management of national resources; maintains rural areas and landscapes across the EU; and keeps the rural economy alive by promoting jobs in farming, agri-food industries and associated sectors. This requires strong management and control systems. There are also common EU rules for marketing standards, quality policy and organic farming.*

Regarding **horizontal issues**, Serbia did not adopt a national programme for agriculture and rural development for the period 2022-2024. A new, national strategy for agriculture and rural development covering the period 2025-2032 remains to be adopted.

Implementation of the action plan on alignment with the EU *acquis* on agriculture and rural development needs to show progress and its updating finalised in 2024. Serbia needs to make progress with the establishment of the integrated administration and control system (IACS) and the transition from manual to electronic processing of aid applications. The development of software for the land parcel identification system (LPIS), a precondition for the start of the IPA 2021 project on the first phase of the establishment of IACS, must be completed without further delays. The sample size and the quality of the data of the established farm accountancy data network (FADN) needs to be further improved. Efforts should be made to extend the collection of data to environmental and social issues in line with the EU *acquis*.

In the area of the **common market organisation** (CMO), there has been no progress, with implementing legislation on marketing standards, public and private storage, and producer organisations still pending and a law on wine remains to be adopted.

On **rural development**, Serbia should engage all efforts to avoid further losses of EU funds from the IPARD II programme in 2024. In parallel, it is important that Serbia starts with the contracting and disbursement of IPARD III funds without delay. It is essential to strengthen the capacity building, using the IPARD 'Technical Assistance' support, to gain entrustment for new measures under IPARD III, and particularly for measure 6 'Investment in rural public infrastructure'. Serbia is encouraged to propose credit guarantee schemes, which will assist non-legal entities and small agricultural holdings with access to IPARD funds.

As regards **quality policy**, the continuing delay in the adoption of legislation on quality schemes for agricultural products and foodstuffs is hindering the sector's development.

For **organic farming**, legislation aligning with the EU *acquis* in the area of organics remains to be adopted.

## Chapter 12: Food safety, veterinary and phytosanitary policy

*The EU food acquis including hygiene rules for foodstuff production ensure a high level of food and feed safety, and a high level of protection of consumers' interests. Animal health and welfare, and the safety of food of animal origin, are safeguarded together with the quality of seeds, plant protection material, the protection against harmful organisms and animal nutrition.*

The legal and institutional framework for this chapter is in place. However, the partially aligned legal framework still needs to be fully harmonised with the EU *acquis*, while the institutional framework requires strengthening.

In the area of **general food safety**, Serbia is yet to adopt a strategy and action plan for alignment with the EU *acquis* while no framework laws have been aligned with the EU *acquis* in the reporting period. Serbia still applies an inefficient risk-based approach and EU companies continue to complain about complicated and costly border controls for imported food which negatively impacts on trade flows and results in increased cost for both businesses and consumers.

On **veterinary policy**, African swine fever outbreaks continued to be periodically reported and caused economic damage to farmers. In addition to the veterinary inspection, the policy and other departments in the Veterinary Directorate require strengthening as a matter of priority, in light of the increasing number of vacancies left unfilled. Additional steps are yet to be taken to meet the remaining requirements for the start of export of fresh poultry meat, eggs, and fresh pork meat to the EU. Serbia needs to align with the EU *acquis* on animal welfare.

Regarding, **placing on the market of food, feed and animal by-products**, following Serbia's categorisation of food establishments for compliance with the EU *acquis*, efforts are now needed in the monitoring and the upgrading of establishments, including through IPARD funds. Considerable further work is still needed to improve intermediary collection of animal waste.

On **food safety rules and specific rules for feed**, Serbia has still to adopt and start implementing the strategy/national programme for improvement of milk quality. No progress was noted on aligning the permitted level of aflatoxins in milk with the EU *acquis*.

In the area of **phytosanitary policy**, the implementation of existing national legislation for the sustainable use of pesticides still needs to be considerably improved, including on mandatory control of pesticide application devices. Policy departments of the Plant Health Directorate remain understaffed. The alignment of national legislation with EU plant health legislation must be enhanced, and surveys, early detection and eradication of pests must be strengthened.

Further work is needed to align its legislation on **genetically modified organisms** with the EU *acquis*, in order to regulate this area in a safer and more transparent manner. This is crucial for further progress in negotiations for membership of the World Trade Organisation and is a prerequisite for opening this chapter.

## Chapter 13: Fisheries and aquaculture

*The common fisheries policy lays down rules on fisheries management, protects living resources of the sea and limits the environmental impact of fisheries. This includes setting catch quotas, managing fleet capacity, rules on control and inspection, rules on markets and aquaculture and support for fisheries and coastal communities. Further, it promotes a sustainable aquaculture.*

While Serbia does not have a coastline, and a large part of the EU legislation on fisheries is not applicable, it still needs to fully develop its currently limited institutional framework to deal with the applicable parts of the EU *acquis* within this chapter. The legal framework is only partially aligned and remains to be fully harmonised with the EU *acquis*. Serbia has still not adopted the action plan for full compliance with the requirements of the EU *acquis* by the date of accession, in particular regarding organisation of markets, aquaculture, data collection and control measures, and IUU fishing.

On **resource and fleet management**, the EU *acquis* applicable to Serbia includes provisions on the European eel, a strictly protected species covered by a permanent fishing ban, which Serbia claims does not exist in its territory.

While the system for **inspection and controls** is generally in place, coordination between the involved state bodies (e.g. Veterinary border inspection, customs) still needs to be improved. Moreover, official controls of fishery products intended for export to the EU need to be fully aligned with the EU *acquis*.

In the field of **structural actions**, the sector is eligible under the IPARD support programme, and a call was launched in February 2024 under Measure 1 – investments in physical assets and agricultural holdings. The implementation of the rulebook on catch certification and fully aligning the legal framework with the EU *acquis* on IUU fishing has been repeatedly postponed.

Legislation on **market policy** remains to be aligned with the EU *acquis*.

There were no significant developments concerning **state aid** and **international agreements**.

## **Chapter 22: Regional policy and coordination of structural instruments**

*Regional policy is the EU's main tool for reducing regional disparities and investing in sustainable and inclusive socio-economic growth. It is operating through 'shared management' between the Commission and EU Member States. The implementation of cohesion policy programmes requires appropriate administrative capacity on programme and project level, the establishment of systems of sound financial management and control and also the fulfilment of other EU *acquis* elements such as environmental or public procurement legislation.*

Serbia's **legislative framework** for IPA III has been adopted, including operational programmes. In September 2024, the Government adopted the Law on cohesion policy, which still requires adoption by the National Assembly. Serbia needs to apply a systematic approach to developing, co-financing and implementing multiannual operational programmes. Increased fiscal decentralisation is needed to give subnational levels of government the autonomy to act as fully-fledged cohesion policy actors. A methodology to track compliance with enabling conditions has been adopted in 2024.

The **institutional framework** for cohesion policy is now largely in place. Indirect management structures need to keep improving with a view to managing IPA programmes in a more timely and efficient manner and to be able to operate in an *ex post* control environment. Responsibility for regional policy is currently scattered among several ministries, and the potential of regional development agencies and local development offices is underused.

As regards the **administrative capacity** of institutions managing EU funds, the picture is mixed. While the total number of staff employed in the structures has notably increased in 2023, understaffing continues to hinder the normal operation of the department for contracting and financing of EU funding programmes and the IPA units of several ministries, including those responsible for managing and implementing multiannual operational programmes. An effective retention policy still has to be adopted. The potential of establishing links to European groupings of territorial cooperation in different policy instruments is not being exploited so far. These groupings can be used as instruments for integrated territorial governance and facilitating the Interreg cooperation programmes.

On **programming**, work has continued towards the adoption of a development plan, which should form the basis for Serbia's regional development policy, acknowledge the development potential of all Serbian regions, and help reduce regional and local disparities. Serbia continues to participate in the Interreg cooperation programmes, the EU Strategy for the Adriatic and Ionian Region and the EU Strategy for the Danube Region.

The **monitoring and evaluation** system functions well for annual programmes under indirect management and is in the process of being adapted to the requirements of operational programmes and, ultimately, cohesion policy. The management information system storing data on IPA III operations has entered into operation.

On **financial management, control and audit**, the National Authorising Officer Support Office, the Audit Authority and the internal audit units of the ministries implementing projects under indirect management are critically understaffed. The fast resorption of the indirect management payments backlog remains an urgent priority.

### **Chapter 33: Financial and budgetary provisions**

*This chapter covers the rules governing the funding of the EU budget ('own resources'). These resources mainly consist of: (i) contributions based on the gross national income of each Member State; (ii) customs duties; (iii) non-recycled plastic; and (iv) a resource based on value-added tax. Member States must have the appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment and control of own resources.*

There was between no to good progress in the underlying policy areas indirectly affecting the own resources system (*for progress in these areas, see Chapters 16 – Taxation, 18 – Statistics, 29 – Customs union, and 32 – Financial control*).

Regarding **traditional own resources**, the customs legislation is largely aligned with the EU *acquis*. However, reporting is manual, and Serbia does not use OWNRES, or any other similar national electronic database, to report on fraud and irregularities for amounts over EUR 10 000. The current accounting system does not use two different accounts, one for collected or secured debts (A account) and the other for uncollected/unsecured debts or secured but appealed debts (B account).

As regards the **VAT-based resource**, sufficient data sources are available for the calculation of the weighted average rate, deriving from the supply and use tables that were published for the first time in 2019.

As regards the **gross national income-based resource**, national accounts are compiled largely in line with the European System of Accounts (ESA 2010). However, continued efforts are needed to produce the complete data required by the ESA 2010 transmission programme.

Regarding **administrative infrastructure**, the capacity of the institutions in the relevant policy areas needs to be further strengthened, and the organisational and procedural links between the institutions involved in own resources should still be developed.

## CLUSTER 6: EXTERNAL RELATIONS

There are two chapters in this cluster: Chapter 30 External relations and Chapter 31 Foreign, security and defence policy.

### Chapter 30: External relations

*The EU has a common commercial policy towards third countries, based on multilateral and bilateral agreements and autonomous measures. There are also EU rules on humanitarian aid and development policy.*

As regards the **common commercial policy**, Serbia has yet to accede to the World Trade Organization (WTO). The process is stalled primarily due to the lack of progress on the adoption of a modified law on trade in genetically modified organisms, and on the completion of market access negotiations with a small number of WTO members. Furthermore, Serbia has yet to achieve full alignment with the EU *acquis* in line with its action plan on remaining preparations for EU accession.

Serbia should continue to play a constructive role in CEFTA and within the Common Regional Market, in line with commitments taken within the Berlin Process.

Nevertheless, in March 2024, Serbia introduced quantitative import restrictions on sunflower oil and margarine. In April 2024, Serbia introduced an import ban on wood pellets that was extended in June for another 90 days. None of these measures have been justified under the SAA, and the requested explanatory data has yet to be received. In addition, there are systematic deteriorating conditions for imports of different types of products primarily of animal origin related to the issuance of import licences and practices of sanitary, phytosanitary and veterinary border inspections in terms of frequency, duration, volume and costs of sampling. Serbia should abstain from introducing unilateral trade restrictive measures without prior consultation of the Commission, in line with its SAA obligations.

Serbia also maintains measures related to the management of wine quotas for import from the EU that create a less favourable trade environment than provided for in the SAA. Serbia is therefore encouraged to restore the first come, first served arrangement.

Serbia has continued to prevent circumvention of the EU restrictive measures introduced in the context of Russia's aggression against Ukraine via Serbian territory and/or by legal entities registered in Serbia. Serbia should continue to step up its efforts to fight sanctions circumvention including concerning the risk of trade triangulation.

On **dual-use goods**, Serbia has yet to achieve full alignment with the latest EU *acquis* in this area, namely Regulation (EU) 2021/821 of May 2021. Serbia regularly adopts a national control

list of dual-use goods aimed at full alignment with the latest Commission Delegated Regulation. Serbia's applications to join the Wassenaar Arrangement and the Australia Group are still under consideration.

Serbia continues to negotiate **bilateral agreements with third countries**. A Free Trade Agreement (FTA) with China was signed in October 2023 and entered into force in July 2024. In July 2024, Serbia also signed an FTA with Egypt which has yet to enter into force. In addition, Serbia is negotiating FTAs with the United Arab Emirates and has announced plans for an FTA with South Korea and Israel. All the FTAs that Serbia negotiates must ensure compatibility with the EU *acquis* and include sunset clauses, which guarantee that Serbia can renounce the agreements upon accession to the EU. Serbia should also ensure that proper cost-benefit analyses are conducted before concluding any negotiations to minimise the risk of negative effects on specific sectors.

Concerning Bilateral Investment Treaties (BIT), Serbia has 46 BITs in force, of which 21 with EU Member States. A BIT with South Korea was signed in September 2023, and the signature of a BIT with Angola is pending. Serbia has announced plans for new BITs with Bahrain, Uzbekistan, India, the Kyrgyz Republic, Equatorial Guinea, Japan and San Marino. Serbia should develop a strategy for amending or terminating BITs that fall short of EU standards and expose the country to risks due to the broad and open language used.

Serbia's institutional framework is in place. However, the administrative capacity should be strengthened concerning trade with the EU and EFTA, related to completing the WTO accession and to collect market statistics.

No substantial progress was made on **development policy** and **humanitarian aid**. Development assistance and humanitarian aid are granted on an ad hoc basis.

### Chapter 31: Foreign, security and defence policy

*Member States must be able to conduct political dialogue under the EU foreign, security and defence policy, align with EU statements, take part in EU actions, and apply agreed sanctions and restrictive measures.*

The **political dialogue** between the EU and Serbia on foreign and security policy continued. In February 2024, Serbia participated in the tenth EU-Western Balkans meeting of Political Directors on CFSP. In June 2024, Serbia participated in the working lunch with members of the Foreign Affairs Council.

The institutional framework enabling Serbia's participation in the EU common foreign and security policy and common security and defence policy is in place.

On the **common foreign and security policy**, Serbia needs, as a matter of priority, to make serious additional efforts on its alignment with the EU CFSP. In 2023, its CFSP alignment with statements by the High Representative on behalf of the EU and Council decisions on sanctions was 54%. As of 30 September 2024, its alignment rate was 51%.

Serbia has not aligned with **restrictive measure** against Russia, nor with the majority of the statements of the High Representative related to Russia and Ukraine. Serbia has also not aligned with a number of other statements of the High Representative on behalf of the EU and



EU restrictive measures linked to Russia, China, Belarus, Iran, the Democratic People's Republic of Korea and Venezuela. It continues to operate flights to Russia, with increased frequency. Close cooperation and exchange of information between the EU and the authorities is ongoing at technical level on sanctions circumvention and Serbia should continue stepping up its efforts in this field.

Serbia continued to develop **intense relations and strategic partnerships with a number of countries worldwide**. High-level bilateral contacts with Russia were maintained, albeit at reduced frequency, raising questions about Serbia's strategic direction. These included, amongst others, the former First Deputy Prime Minister / Minister of Foreign Affairs in the capacity of acting Prime Minister travelling to Moscow in March 2024, the new Deputy Prime Minister visiting Moscow in June, August and September 2024 and the Russian Deputy Minister of Foreign Affairs visiting Serbia in July 2024. High-level contacts were also maintained with Ukraine, including a visit of the Ukrainian First Lady and Minister of Foreign Affairs to Serbia in May 2024. Serbia supported the territorial integrity of Ukraine and continued providing humanitarian and financial assistance. Serbia participated in the Summit on Peace in Ukraine hosted by Switzerland.

There was a further intensification of relations with China, including a high-level Serbian delegation at the Belt and Road summit in October 2023, at which 18 agreements were signed, including a Free Trade Agreement which entered into force in July 2024. During a visit of the Chinese President to Serbia in May 2024, the countries issued a statement on upgrading their bilateral strategic cooperation and signed 28 bilateral cooperation documents. Serbia acceded to the Treaty of Amity and Cooperation with the South-East Asian block in September 2023.

Serbia continued to engage actively with **international organisations**. Serbia does not have bilateral immunity agreement granting exemptions from the jurisdiction of the International Criminal Court and complies with the EU common positions on the integrity of the Rome Statute together with related EU's guiding principles on bilateral immunity agreements. In September 2024, at the UN General Assembly Serbia did not join the EU and like-minded partners in a crucial vote to avoid the derailing by Russia of the Pact for the Future and in the margin awarded medals, including to the Russian representative, in connection with the UNGA Resolution on Srebrenica.

Serbia continued supporting EU measures and documents on **conflict prevention**. The third Action Plan for the Implementation of UN Security Council Resolution 1325 on Women, Peace and Security for the period 2024-2026 remains to be adopted.

As regards **non-proliferation and disarmament**, Serbia is implementing its 2023-2025 strategy and action plan for the fight against proliferation of weapons of mass destruction. As regards conventional weapons, Serbia continued to implement and engage positively on the Western Balkans Regional Roadmap for a sustainable solution to the illegal possessions, misuse and trafficking of Small Arms and Light Weapons (SALW) and their ammunition. Serbia should consider ratifying Protocol V on Explosive Remnants of War of the Convention on Certain Conventional Weapons (CCW).

Serbia is a member of the Nuclear Suppliers Group but not yet of any other multilateral export control regimes. Alignment with the EU Common Position 2008/944 is ongoing. A draft revised

Law on export and import of arms and military equipment was prepared in 2023 but the legislative process has not started yet.

Serbia has a transparent reporting system on its strategic exports controls but allegations of corruption in arms trade deals need to be investigated. Serbia is a party to the Arms Trade Treaty but further measures to prevent diversion of arms and ammunition should be developed to support compliance. Serbia has not aligned with EU statements agreed in the Organisation for the Prohibition of Chemical Weapons (OPCW) Conference of States Parties and Executive Council meetings in recent years and with related EU restrictive measures. In 2023 and 2024, Serbia also did not systematically align with EU statements in the context of the UN Conference on Disarmament and the UN General Assembly First Committee and sometimes supported positions that were opposed by the EU.

In terms of **security measures**, Serbia continued implementing its security of information agreement with the EU on procedures for exchanging and protecting classified information.

On **common security and defence policy (CSDP)**, Serbia continued to actively participate and contribute substantially to **EU military crisis management missions and operations**, and joined the European Union Training Mission in Mozambique in March 2024. The law on participation of civilians in international missions and operations adopted in 2023 will make Serbia eligible to contribute to civilian CSDP missions, once the implementing by-laws and institutional framework are in place. Serbia continued to participate in the roster of the EU Battle Groups. Serbia contributes to regional cooperation in military medicine through the Balkan Medical Task Force (BMTF). Serbia also contributed to four UN peacekeeping missions and maintained its cooperation with NATO and its members.

On **hybrid threats**, foreign information manipulation and interference (FIMI), including disinformation remain matters of concern to be urgently addressed. Serbia did not align with EU Declarations and restrictive measures in reaction to cyber-attacks in 2023 and 2024.

## ANNEX I – RELATIONS BETWEEN THE EU AND SERBIA

As part of the **accession negotiations**, 22 chapters have been opened, two of which have been provisionally closed (chapters 25 and 26). In line with the revised enlargement methodology, which Serbia accepted, negotiation chapters are grouped in six thematic clusters, and negotiations should be opened for each cluster as a whole – after fulfilling opening benchmarks – rather than on individual chapters. All chapters of cluster 1 (fundamentals) and cluster 4 (green agenda and sustainable connectivity) have been opened. Cluster 3 (competitiveness and inclusive growth) is the most advanced after those and in line to be opened next. Serbia tabled its negotiating positions on chapters 2, 3, 10, and 28.

Serbia is participating in the **Stabilisation and Association Process**. Serbia continued to build a track record in implementing the obligations of the Stabilisation and Association Agreement (SAA). However, Serbian legislation still does not comply with the SAA in a number of areas, including on restrictions on the acquisition of real estate and on discriminatory practices in issuing payment cards by banks. Furthermore, Serbia has in place a number of temporary trade restrictions on a without having provided sufficient justifications or followed the procedures set out in the SAA. On public procurement, intergovernmental agreements concluded with third countries and their implementation do not follow the EU principles of equal treatment, transparency, non-discrimination and competition for the majority of the value of public procurement contracts. As a result, EU companies are prevented from participating in large-scale infrastructure projects in the country.

Regular political and economic dialogue between the EU and Serbia has continued. Subcommittee meetings were held, together with a meeting of a special group on public administration reform. Serbia also participates in the ministerial dialogue between the economic and finance ministers of the EU and candidate countries, where joint recommendations are adopted. The most recent meeting was held on 14 May 2024.

**Economic integration with the EU** is strong. The EU is Serbia's main trading partner. In 2023, the EU accounted for 59.7% of Serbia's total trade. EU-Serbia trade decreased somewhat in 2023 by around 2%, whereas Serbia's trade deficit with the EU decreased to EUR 5.1 billion in 2023, down from 6.3 billion in 2022. In comparison, Serbia's trade with its second largest trading partner, CEFTA, accounted for around 9.3% of total trade. Serbia's total trade in 2023 was worth EUR 65.4 billion.

Serbia's pattern of alignment with **EU common foreign and security policy** positions remained largely unchanged. Serbia continued to participate actively in EU crisis management missions and operations under the common security and defence policy.

The Balkans Medical Task Force, in which Serbia participates, benefits from a EUR 6 million 2022 support measure under the European Peace Facility.

**Visa-free travel** for citizens of Serbia travelling to the Schengen area has been in force since December 2009. A **readmission** agreement between the EU and Serbia has been in force since 2008. The Commission's October 2023 sixth report under the visa suspension mechanism concluded that Serbia continues to meet the visa liberalisation requirements.

Under the **Instrument for Pre-accession Assistance 2021 – 2027 (IPA III)**<sup>6</sup> a financing decision was adopted amounting to EUR 83.4 million, providing EU support in the areas of rules of law, good governance and acquis alignment, as well as education and economic development. Furthermore, financing decisions were taken for two operational programmes 2024-2027 on (i) environment and energy, with EUR 240 million in EU support, as well as on (ii) employment, skills, and social inclusion, providing EUR 100 million in EU support. This complements EUR 450 million in IPAIII support provided under financing decisions adopted in 2021, 2022, and 2023.

This set of programmes are complemented by a significant package of multi-country programmes as well as the rural development programme, IPARD III; the latter comprises EUR 288 million in EU support. This is a significant contribution to kick-start implementing the Economic and Investment Plan for the Western Balkans and the Green Agenda. The new activities add to ongoing programmes under **IPA II** (2014-2020), which are still providing significant support to the social and economic development of the country and contributing to key reforms in the rule of law, public administration reform and other sectors.

Serbia continues to benefit from support under the IPA multi-country and regional programmes, including the Western Balkans Investment Framework. Additionally, Serbia participates in three **cross-border cooperation programmes** with neighbouring Western Balkan countries and in transnational cooperation programmes with Member States under the European Regional Development Fund and the IPA Adriatic cross-border programme.

Under the **Reform and Growth Facility**, Serbia could benefit from an indicative allocation of EUR 1.586 billion, to be channelled via a Reform Agenda covering key reforms in four policy areas: business environment and private sector development; green and digital transition; private-sector development and business environment; human capital development; and fundamentals / rule of law. Disbursement of Union support will be conditional on compliance with the preconditions – including, for Serbia and Kosovo, constructive engagement in the normalisation of their relations with a view to fully implementing all their respective obligations stemming from the Agreement on the Path to Normalisation and its Implementation Annex and all past Dialogue Agreements and engage in negotiations on the Comprehensive Agreement on normalisation of relations.

Serbia participates with IPA support in the following EU programmes: Horizon Europe, the Competitiveness of Enterprises and Small and Medium-Sized Enterprises programme (COSME), the European Cooperation in Science and Technology (COST), Erasmus+ and Creative Europe, the Citizens, Equality, Rights and Values programme (CERV), Employment and Social Innovation, EUREKA and the Digital Europe programme. To improve green budgeting practices, Serbia is participating, as observer, in a pilot project under the Technical Support Instrument.

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<sup>6</sup> Official Journal L 330, 20.9.2021.

## ANNEX II – STATISTICAL DATA

### STATISTICAL DATA (as of 5/09/2024)

#### Serbia

Basic data	Note	2011	2018	2019	2020	2021	2022
Population (thousand)		7 252 bi	7 001 i	6 964 i	6 927 i	6 872 i	6 797 i
Total area of the country (km <sup>2</sup> )		77 601 w	77 594 w	77 594 w	77 594 w	77 594 w	77 539 w

National accounts	Note	2011	2018	2019	2020	2021	2022
Gross domestic product (GDP) (million national currency)		3 612 267	5 072 932	5 421 851	5 504 430	6 271 988	7 097 629 p
Gross domestic product (GDP) (million euro)		35 432	42 892	46 005	46 815	53 345	60 427 p
GDP (euro per capita)		4 900	6 140	6 620	6 790	7 810	9 070 p
GDP per capita (in purchasing power standards (PPS))		10 239	12 013	12 803	12 818	14 235	15 553 p
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		39.8	39.6	40.8	42.5	43.4	43.7 p
Real GDP growth rate: change on previous year of GDP volume (%)		2.0	4.5	4.3	- 0.9	7.7	2.5 p
Employment growth (national accounts data), relative to the previous year (%)		- 6 p	1 p	2 p	0 p	3 p	2 p
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)		9 p	3 p	2 p	- 1 p	5 p	1 p
Unit labour cost growth, relative to the previous year (%)		2 p	3 p	3 p	9 p	6 p	7 p
**3 year change (T/T-3) in the nominal unit labour cost growth index (2015 = 100)		14.3 p	11.5 p	12.9 p	15.0 p	18.0 p	22.4 p
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		54 p	45 p	46 p	47 p	47 p	46 p
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)		8.8	7.7	7.2	7.6	7.6	7.7 p
Industry (%)		27.1	25.4	24.0	23.4	23.0	23.9 p
Construction (%)		4.5	5.4	6.9	6.6	7.3	6.6 p
Services (%)		59.6 i	61.6 i	61.9 i	62.4 i	62.2 i	61.9 pi
Final consumption expenditure, as a share of GDP (%)		94.5	86.0	84.8	84.1	82.8	84.5 p
Gross fixed capital formation, as a share of GDP (%)		17.5	20.0	22.5	21.4	23.3	24.2 p
Exports of goods and services, relative to GDP (%)		33.0	50.4	51.0	48.2	54.9	63.8 p
Imports of goods and services, relative to GDP (%)		45.8	59.1	60.9	56.5	62.9	74.8 p
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)		:	:	:	:	:	:

Business	Note	2011	2018	2019	2020	2021	2022
Industrial production volume index (2015 = 100)		97.5 w	110.7 w	111.0 w	111.5 w	118.6 w	:
Number of active enterprises (number)		84 570 w	87 407	88 224	90 111	:	:
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)		9.3 w	10.0	10.1	8.6	8.2 w	:

Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)		10.3 w	6.1	11.5	6.9 p	6.7 w	:
People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)	1)	60.0 iw	59.0 iw	58.5 iw	58.7 iw	66.9 biw	:
Value added by SMEs (in the non-financial business economy) (EUR million)	1)	6 278 iw	9 165 iw	10 540 iw	12 245 iw	15 940 biw	:
Total value added (in the non-financial business economy) (EUR million)		13 041 w	18 047	20 093	21 833	:	:

<b>Inflation rate</b>	Note	2011	2018	2019	2020	2021	2022
Consumer price index (CPI), change relative to the previous year (%)		11.2 d	2.0 d	1.9 d	1.8 d	4.0 d	11.7 d

<b>Balance of payments</b>	Note	2011	2018	2019	2020	2021	2022
Balance of payments: current account total (million euro)		- 3 657.0	- 2 092.0	- 3 273.0	- 2 034.0	- 2 296.0	- 4 139.0
Balance of payments current account: trade balance (million euro)		- 5 495.0	- 5 244.0	- 5 680.0	- 5 200.0	- 5 923.0	- 9 352.0
Balance of payments current account: net services (million euro)		154.0	1 093.0	1 012.0	1 101.0	1 399.0	2 315.0
Balance of payments current account: net balance for primary income (million euro)		- 1 369.0	- 2 067.0	- 2 478.0	- 1 529.0	- 2 059.0	- 3 013.0
Balance of payments current account: net balance for secondary income (million euro)		3 055.0	4 126.0	3 873.0	3 594.0	4 287.0	5 913.0
Net balance for primary and secondary income: of which government transfers (million euro)		92.0	251.0	276.0	252.0	294.0	553.0
**3 year backward moving average of the current account balance relative to GDP (%)		:	- 4.6	- 5.7	- 5.4	- 5.3	- 5.2
**Five year change in share of world exports of goods and services (%)		:	26.1	30.8	37.9	30.1	33.9
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)		3 319.6 w	3 156.5 w	3 551.1 w	2 938.5 w	3 656.9 w	4 328.2 w
Foreign direct investment (FDI) abroad (million euro)		224.9 w	307.9 w	264.2 w	100.4 w	229.1 w	104.2 w
of which FDI of the reporting economy in the EU-27 countries (million euro)		77.7 w	95.5 w	124.0	C	- 43.0	- 38.0
Foreign direct investment (FDI) in the reporting economy (million euro)		3 544.5 w	3 464.5 w	3 815.3 w	3 038.9 w	3 886.0 w	4 432.5 w
of which FDI of the EU-27 countries in the reporting economy (million euro)		2 724.5 w	1 932.9 w	2 310.0	C	1 758.0	1 392.0
**Net international investment position, relative to GDP (%)		:	87.6 w	88.0 w	90.3 w	83.0 w	81.6 w
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)		:	:	:	:	:	:

<b>Public finance</b>	Note	2011	2018	2019	2020	2021	2022
General government deficit / surplus, relative to GDP (%)		:	:	:	:	:	:
General government gross debt relative to GDP (%)		:	:	:	:	:	:
Total government revenues, as a percentage of GDP (%)		:	:	:	:	:	:
Total government expenditure, as a percentage of GDP (%)		:	:	:	:	:	:

<b>Financial indicators</b>	Note	2011	2018	2019	2020	2021	2022
Gross external debt of the whole economy, relative to GDP (%)	2)	68.1 iw	62.2 iw	61.4 iw	65.8 iw	68.4 iw	69.3 iw
Gross external debt of the whole economy, relative to total exports (%)		216.5 w	126.0 w	121.0 w	138.2 w	126.6 w	110.2 w
Money supply: M1 (banknotes, coins, overnight deposits, million euro)	3)	2 806.7 w	6 703.6 w	7 684.2 w	10 376.6 w	11 915.9 w	12 237.3 w
Total credit by monetary financial institutions to residents (consolidated) (million euro)		18 995.1 w	24 605.8 w	26 743.3 w	30 621.0 w	33 158.9 w	34 716.0 pw
**Annual change in financial sector liabilities (%)		:	12.7 pw	11.2 pw	12.3 pw	11.0 pw	:

**Private debt, consolidated, relative to GDP (%)	:	:	:	:	:	:
Interest rates: day-to-day money rate, per annum (%)	8.46 w	2.43 w	1.06 w	0.08 w	0.23 w	4.00 w
Euro exchange rates: average of period (1 euro = ... national currency)	101.950	118.272	117.852	117.578	117.573	117.459
Trade-weighted effective exchange rate index, 42 countries (2015 = 100)	:	:	:	:	:	:
**3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2015 = 100)	:	:	:	:	:	:
Value of reserve assets (including gold) (million euro)	1 802.0	1 089.0	1 873.0	271.0	2 620.0	2 919.0

<b>External trade in goods</b>	Note	2011	2018	2019	2020	2021	2022
Value of imports: all goods, all partners (million euro)		13 706	20 211	22 401	21 482	27 332	36 739
Value of exports: all goods, all partners (million euro)		8 058	15 758	16 977	16 464	21 053	26 354
Trade balance: all goods, all partners (million euro)		- 5 648	- 4 453	- 5 425	- 5 019	- 6 279	- 10 386
Terms of trade (export price index / import price index * 100) (number)		96.1 iw	98.1 iw	98.9 iw	103.4 iw	106.1 iw	102.0 iw
Share of exports to EU-27 countries in value of total exports (%)		61.3 iw	67.0 iw	66.3 iw	66.2 iw	65.8 iw	66.0 iw
Share of imports from EU-27 countries in value of total imports (%)		54.6 iw	55.9 iw	54.7 iw	55.6 iw	53.9 iw	51.9 iw

<b>Demography</b>	Note	2011	2018	2019	2020	2021	2022
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		- 5.2 b	- 5.4	- 5.3	- 8.0	- 10.9	- 6.9
Infant mortality rate deaths of children under one year of age (per thousand live births)		6.3	4.9	4.8	5.0	4.7	4.0
Life expectancy at birth: male (years)		72.0 b	73.5	73.4	71.6	70.0	72.7 b
Life expectancy at birth: female (years)		77.2 b	78.4	78.6	77.5	75.7	77.9 b

<b>Labour market</b>	Note	2011	2018	2019	2020	2021	2022
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)		64.1	72.5	72.9	72.5	75.0 b	76.4
*Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)		49.3	63.1	65.2	65.9	66.7 b	69.3
Male employment rate for persons aged 20–64 (%)		57.0	70.5	72.1	72.9	74.2 b	76.2
Female employment rate for persons aged 20–64 (%)		41.7	55.8	58.2	58.9	59.3 b	62.3
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)		31.4	46.5	50.2	52.2	51.4 b	54.6
<b>Employment by main sectors</b>							
Agriculture, forestry and fisheries (%)		21.3 i	15.9 i	15.6 i	14.6 i	15.0 bi	14.8 i
Industry (%)		21.5 i	22.5 i	22.6 i	22.6 i	23.7 bi	24.0 i
Construction (%)		5.3 i	4.4 i	4.8 i	5.4 i	6.0 bi	5.9 i
Services (%)		51.9 i	57.2 i	56.9 i	57.5 i	55.3 bi	55.3 i
People employed in the public sector as a share of total employment, persons aged 20–64 (%)		31.5 w	27.3 w	26.6 w	26.4 w	25.8 w	:
People employed in the private sector as a share of total employment, persons aged 20–64 (%)		68.5 w	72.7 w	73.4 w	73.6 w	74.2 w	:

Unemployment rate: proportion of the labour force that is unemployed (%)		23.1	12.8	10.5	9.1	11.1 b	9.4
Male unemployment rate (%)		22.5	12.1	10.0	8.8	10.2 b	9.1
Female unemployment rate (%)		23.9	13.8	11.2	9.5	12.1 b	9.9
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)		50.9	29.7	27.5	26.6	26.4 b	24.4
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)		16.3	6.7	5.5	4.5	4.9	3.8
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)		21.5	13.4	11.4	9.6	14.0 b	12.2
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)		14.9	10.6	8.1	7.6	8.4 b	6.2

<b>Social cohesion</b>	Note	2011	2018	2019	2020	2021	2022
Average nominal monthly wages and salaries (national currency)	4) 5)	52 733 w	68 629 bw	75 814 w	82 984 w	90 784 w	103 316 w
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)		103 w	105 w	114 w	123 w	129 w	131 w
GINI coefficient		:	:	:	:	:	:
Poverty gap		:	37.4	32.1	27.1	28.3	25.7
*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 (%)		8.5	6.8	6.6	5.6	6.3 b	5.0

<b>Standard of living</b>	Note	2011	2018	2019	2020	2021	2022
Number of passenger cars relative to population size (number per thousand population)		231.3 biw	287.0	301.0	315.0	329.0	352.0 b
Number of mobile phone subscriptions relative to population size (number per thousand population)		1 407.5 w	1 207.5 w	1 217.2 w	1 192.6 w	1 250.8 w	1 465.2 w
Mobile broadband penetration (per 100 inhabitants)		:	:	:	:	:	:
Fixed broadband penetration (per 100 inhabitants)		:	30 w	28 w	34 w	35 w	35 w

<b>Infrastructure</b>	Note	2011	2018	2019	2020	2021	2022
Density of railway network (lines in operation per thousand km <sup>2</sup> )		49.2 iw	48.5 iw	48.5 iw	43.2 iw	43.4 iw	43.6 iw
Length of motorways (kilometres)		595 w	782 w	928 w	928	928	941

<b>Education, innovation and research</b>	Note	2011	2018	2019	2020	2021	2022
Public expenditure on education relative to GDP (%)		4.2 iw	3.6 iw	3.6 iw	3.5 iw	3.3 iw	3.2 piw
*Gross domestic expenditure on R&D relative to GDP (%)		0.68	0.92	0.89	0.91	0.99	0.97
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)		:	0.37	0.40	0.46	0.42	0.39
Percentage of households who have internet access at home (%)		:	72.9	80.1	81.0	81.5	83.2

<b>Environment</b>	Note	2011	2018	2019	2020	2021	2022
*Index of greenhouse gas emissions, CO <sub>2</sub> equivalent (1990 = 100)		83.4 w	77.4 w	76.5 w	78.0 w	75.8 w	76.4 w



Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)		467.7	394.5	375.4	392.0	370.3	365.2
Electricity generated from renewable sources relative to gross electricity consumption (%)		27.5	28.7	30.1	30.7	29.9	30.1
Road share of inland freight transport (based on tonne-km) (%)		:	55.5 w	68.0 w	64.9 w	62.0 w	62.5 w

<b>Energy</b>	Note	2011	2018	2019	2020	2021	2022
Primary production of all energy products (thousand TOE)		11 169	10 025	10 219	10 968	10 186	9 621
Primary production of crude oil (thousand TOE)		1 122	976	941	921	894	881
Primary production of solid fuels (thousand TOE)		7 825	6 609	6 826	7 205	6 282	5 979
Primary production of gas (thousand TOE)		405	358	349	325	288	261
Net imports of all energy products (thousand TOE)		4 970 i	5 385 i	5 497 i	4 795 i	5 652 i	7 381 i
Gross inland energy consumption (thousand TOE)		16 325	15 528	15 417	15 955	16 237	16 432
Gross electricity generation (GWh)		38 600	37 426	37 600	37 956	38 236	35 510

<b>Agriculture</b>	Note	2011	2018	2019	2020	2021	2022
Agricultural production volume index of goods and services (at producer prices) (2015 = 100)		98.2 w	109.8 w	113.3 w	116.0 w	110.2 w	101.4 w
Utilised agricultural area (thousand hectares)		3 549.1	3 486.9	3 481.6	3 506.5	3 506.1	3 488.8
Livestock numbers: live bovine animals (thousand heads, end of period)		937.0	878.0	898.0	886.0	860.0	799.8
Livestock numbers: live swine (thousand heads, end of period)		3 287.0	2 782.0	2 903.0	2 983.0	2 868.0	2 667.0
Livestock numbers: live sheep and live goats (thousand heads, end of period)		1 699.0 i	1 908.0 i	1 833.0 i	1 887.0 i	1 890.0 i	1 912.5 i
Raw milk available on farms (thousand tonnes)		:	1 590.0	1 597.0	1 583.7	1 563.5	1 512.1
Harvested crop production: cereals (including rice) (thousand tonnes)		9 538.5	10 529.1	10 436.4	11 447.6	10 236.4	8 012.9
Harvested crop production: sugar beet (thousand tonnes)		3 004.2	2 325.3	2 305.3	2 018.2	2 048.2	1 667.1
Harvested crop production: vegetables (thousand tonnes)		1 023.6	829.8	738.5	720.1	795.7	815.8

Source: Eurostat and/or the statistical authorities in Serbia

: = not available

b = break in series

C = confidential value

d = definition differs

p = provisional

i = Eurostat estimate

w= data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and adherence to EU statistical methodology

\* = Europe 2020 indicator

\*\* = Macroeconomic Imbalance Procedure (MIP) indicator

Footnotes:

- 1) From reference year 2021, a part of unincorporated enterprises which provide annual financial report are included, as well as NACE Rev. 2 Sections B to N (except K), P to R, and Divisions S95 and S96. This should be taken into account when comparing with data for previous years.
- 2) Official external debt of the Republic of Serbia.
- 3) 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.
- 4) Wages and salaries paid to employees of legal entities and of unincorporated enterprises.
- 5) Wages and salaries are obtained from administrative sources (tax administration records). Average earnings are calculated on the basis of the total amount of accrued earnings for the reporting month and the number of full-time equivalent (FTE) employees.

