



Key findings of the 2022 Report on Serbia

Brussels, 12 October 2022

As regards the **political criteria**, all relevant political actors took part in the early parliamentary elections on 3 April 2022, which resulted in a more pluralistic Parliament. However, the political and media landscapes remained polarised and continued to be dominated by the Serbian Progressive Party (SNS) and the incumbent President. Offensive language continued to be used against political opponents, both in Parliament and during the electoral campaign. Prior to the elections, a broad range of political actors engaged in the Inter-Party Dialogue, facilitated by the European Parliament.

The April 2022 presidential and early parliamentary elections were held in a generally calm and peaceful atmosphere and fundamental freedoms were largely respected. However, international observers noted a number of shortcomings. According to the final report of the International Election Observation Mission, these shortcomings resulted in an uneven playing field favouring the incumbents. It is crucial that outstanding and new recommendations from the Office for Democratic Institutions and Human Rights (ODIHR) and Council of Europe bodies are fully implemented, in a transparent process, well ahead of any new elections and with the involvement and upon consulting expert civil society organisations.

A new, more pluralistic Parliament was constituted on 1 August 2022. Due to significant delays in finalising the election results, there was no parliamentary activity, other than the inauguration of the President, for a period of over five months. The previous Parliament engaged constructively in the Inter-Party Dialogue and in implementing the measures identified therein. The use of urgent procedures remained at around 9%. The code of conduct still needs to be used more effectively in preventing and sanctioning the use of offensive and inappropriate language in Parliament.

Further efforts are still needed to ensure systematic cooperation between the government and **civil society**. An enabling environment for developing and financing civil society organisations still needs to be created on the ground, as verbal attacks and smear campaigns against such organisations continued.

Serbia is moderately prepared as regards **public administration reform**. Overall, limited progress was made in this area during the reporting period, when the start of implementation of the new strategic framework began. On human resources management, roughly half of senior manager positions are still filled on an acting basis. As regards policy development and coordination, no mechanism is yet in place to verify that the Public Policy Secretariat's comments have been incorporated into the final draft versions of laws and policy documents submitted for government approval. On public financial management, action is still needed to fully implement the recommendation for a single mechanism for prioritising all investments regardless of type and source of financing.

Serbia has some level of preparation when it comes to its **judicial system**. Overall, some progress was made during the reporting period. Serbia took an important step towards strengthening the independence and accountability of the judiciary with the approval of relevant amendments to the Constitution in February 2022, together with the constitutional law setting out the steps and the deadlines for their implementation. The Venice Commission was consulted twice during the drafting process. It found that the process of public consultations was sufficiently inclusive and transparent. Most of the Venice Commission's specific recommendations were addressed. The amendments provide that all judicial appointments (with the exception of the future Supreme Prosecutor) will be the competence of either the future High Judicial Council or the High Council of Prosecutors, increasing safeguards against potential political influence. In order to give practical effect to the constitutional amendments the relevant implementing legislation needs to be adopted as a next step. According to the constitutional law, this legislation should be adopted within 1 year for judicial laws and within 2 years for the alignment of all other relevant legislation. Two expert working groups (one for prosecutors, one for courts) were established in April 2022 and tasked with the drafting of the implementing legislation. A first set of draft judicial laws were finalised in September 2022 and shared with the Venice Commission for opinion. The new human resources strategy and implementing action plan were adopted in December 2021. Their implementation is pending.

Serbia has some level of preparation in the **fight against corruption**. Overall, some progress was made during the reporting period, including on last year's recommendations. The recommendation on prevention of corruption has been further implemented, and the Council of Europe's Group of States against Corruption (GRECO) concluded in March 2022 that the adoption of amendments to the Law on prevention of corruption had addressed the previously identified shortcomings and was sufficient to strengthen the framework aimed at preventing and combating conflicts of interest of members of Parliament, judges and prosecutors. Serbia has still to prepare a new anti-corruption strategy and action plan, and establish an effective coordination mechanism to operationalise prevention and repression policy goals and thoroughly address corruption. The number of indictments and first-instance convictions in high-level corruption cases has increased slightly. Serbia should further step up the prevention and repression of corruption. In particular, it should increase the final confiscation of assets linked to these cases. Those sectors most vulnerable to corruption require targeted risk assessments and dedicated action.

In the **fight against organised crime**, Serbia has some level of preparation. Limited progress was made over the reporting period. The number of new investigations and final convictions increased in 2021 compared to 2020, however the number of indictments and first instance convictions decreased. The number of cases involving seizure and final confiscation of assets is still limited. Extended confiscation is not systematically applied. However, the level of understanding and the investigation approach have improved, which should lead to better results in the future. Serbia should move from a case-by-case approach to a strategy against criminal organisations, and from focusing on cases of low or medium importance to high-profile cases, aimed at dismantling big internationally spread organisations and seizing assets.

Serbia's legislative and institutional framework for upholding **fundamental rights** is broadly in place. Serbia adopted new strategies on anti-discrimination and Roma inclusion, as well as action plans on gender equality and Roma inclusion. Action plans, and related funding, in other areas were due in July 2021 (violence against women) and April 2022 (anti-discrimination; de-institutionalisation) and are now overdue. More efforts are needed to comply with the Law on the planning system, which requires that action plans are adopted within three months of the adoption of related strategies. Serbia needs to strengthen human rights institutions by allocating the necessary financial and human resources and by putting in place procedures to ensure compliance with the European Court of Human Rights' measures, including interim measures. In September 2022, Europride was hosted for a first time in the Western Balkans, in Belgrade. The Europride route was banned, and the holding of the march was uncertain until the very last moment. The authorities claimed safety concerns related to threats by extreme right groups as the basis for their decision. An anti-Europride and, anti-Western demonstration was also banned. Finally a march, via a shorter route took place on 17 September 2022, without major incidents. A high number of law enforcement officers protected it, nevertheless, some instances of violence against the participants were reported. The period prior to the march was marked by legal and political uncertainty. The communication of the authorities was contradictory, with high level announcements that the march would be banned altogether and a subsequent ban issued by the Ministry of the Interior on the route of the march. Other high level politicians addressed the Europride Human Rights Conference and held a reception before the march. While the authorities maintained contacts with the organisers to find a solution, they remained non-committal about the parade going ahead with an official permit.

Regarding **freedom of expression**, no progress was made in the reporting period. The two working groups on the safety of journalists continued to meet. In several cases of attacks and threats, the police and the prosecution reacted swiftly, also thanks to the coordination facilitated through those groups. However, cases of threats and violence against journalists remain a concern and the overall environment for the exercise of freedom of expression without hindrance still needs to be further strengthened in practice. Implementation of the media strategy experienced increasing delays, affecting even the most important measures such as amending the Law on public information and media and the Law on electronic media. In July 2022, the Regulatory Body for Electronic Media (REM) awarded all four national frequencies, for a period of eight years, to the same television channels as in the previous period, during which all of them had received warnings from REM due to violation of their legal obligations. A call for a fifth licence was published in August 2022; the process should be handled in a transparent manner, respecting the principle of media pluralism in the Audiovisual Media Services Directive. In its final report of 19 August 2022 on the April elections, ODIHR found that 'the national public broadcasters had covered the campaign activities of all contestants equitably but provided extensive uncritical news coverage to public officials who were also candidates. Private broadcast media with national coverage presented the election campaign without meaningful editorial input and focused their news coverage on state officials.' ODIHR also found that 'despite its mandate to oversee the broadcast media, REM remained overall passive in the campaign period.'

On the **economic criteria**, Serbia is between a good and moderate level of preparation and has

made some progress in developing a functioning market economy. After a relatively mild contraction in 2020, the Serbian economy rebounded strongly in 2021 followed by some deceleration in the first half of 2022. After decreasing in 2020, external imbalances started to widen in the second half of 2021, in particular due to high energy imports. Consumer price inflation surged in the second half of 2021, mostly driven by energy and food prices, which led the central bank to start tightening its policy stance. Banking sector stability was preserved and lending growth remained robust despite the phasing-out of liquidity-enhancing measures. The economic rebound and the reduction of fiscal support measures helped to substantially improve the budget balance in 2021, despite a further increase in capital spending. A slight increase in the unemployment rate in 2021 reflected in particular a rising labour market participation as part of the rebound from the COVID-19 crisis.

There has been some progress with tax administration reforms and the privatisation of state-owned enterprises. However, other major structural reforms of public administration and of the governance of state owned enterprises (SOEs) continued to advance slowly, prolonging long standing inefficiencies and increasing fiscal pressure. There has been no progress in strengthening fiscal rules to anchor fiscal policy. The state retains a strong footprint in the economy and the private sector is underdeveloped and hampered by weaknesses in the rule of law, in particular corruption and judicial inefficiency, and in the enforcement of fair competition. Last year's recommendations have been partially implemented.

Serbia is moderately prepared and has made some progress in **coping with competitive pressure and market forces within the EU**. The structure of the economy improved further and economic integration with the EU remained high. However, despite some progress, the quality and relevance of education and training does not fully meet labour market needs. Public investment has continued to increase with the aim of addressing serious infrastructure gaps after years of underinvestment. Small and medium-sized enterprises (SMEs) still face a number of challenges, including an uneven playing field as compared to large companies and foreign investors. Last year's recommendations have been partially implemented.

On **good neighbourly relations and regional cooperation**, Serbia remained committed overall to improving bilateral relations with other candidate countries, potential candidates and neighbouring EU Member States. However, relations with Croatia are increasingly under strain, with occasional political altercations. Relations with Montenegro remain challenging but both sides have signalled greater willingness to reset relations and work toward addressing open issues. In general, Serbia actively participates in regional cooperation.

The EU-facilitated Dialogue on the **normalisation of relations with Kosovo** continued throughout the reporting period with regular monthly meetings on the level of Chief Negotiators and a High-level meeting in Brussels on 18 August 2022. No further concrete progress was yet achieved in the negotiations on the comprehensive and legally-binding normalisation agreement, while in the High-level meeting President Vučić and Prime Minister Kurti agreed to regular meetings on the level of Leaders to take the negotiations forward. Kosovo and Serbia are now urged to engage constructively and advance the negotiations on the comprehensive, legally-binding normalisation agreement with no further delay. Reaching such an agreement is urgent and crucial so that Kosovo and Serbia can advance on their respective European paths.

Regarding Serbia's **ability to assume the obligations of EU membership**, the country continued the work on alignment with the EU *acquis* in many areas, particularly on company law, intellectual property rights, research and innovation and financial control.

The **internal market** cluster is key for Serbia's preparations for the requirements of the EU's internal market and is highly relevant for early integration and the development of the Common Regional Market. Progress was achieved in several areas within the cluster, particularly on legislative alignment on company law; freedom of movement for workers through coordination of social security systems; and legislative alignment on the free movement of goods.

The **competitiveness and inclusive growth** cluster has significant links to Serbia's Economic Reform Programme. Progress was achieved in some areas under this cluster, particularly: social policy and employment through steps towards establishing the Youth Guarantee scheme; economic and monetary policy through improvements of the budget process; enterprise industrial policy through an action plan for the strategy on state ownership and management of business entities owned by the Republic of Serbia, and the creation of the e-consultation portal; scientific and technological development through the new strategy for developing start-up ecosystem; and education through steps towards ensuring compliance of the quality assurance system in higher education with the recommendations of the European Association for Quality Assurance in Higher Education (ENQA).

The **Green agenda and sustainable connectivity** cluster is at the heart of the Green Agenda for

the Western Balkans and closely linked to Serbia's Economic Reform Programme and the Commission's Economic and Investment Plan. The cluster and all related chapters were opened in December 2021, after Serbia had fulfilled the remaining requirements, namely the adoption of action plans on oil stocks and on gas unbundling. Limited progress was achieved overall with the exception of Trans-European networks, where Serbia advanced on upgrading its infrastructure, with works starting on the Serbia-Bulgaria gas interconnector, a strategically highly important project for Serbia and Europe.

The cluster on **resources, agriculture and cohesion** comprises policies linked to EU structural funds and to developing capacity to assume the responsibilities of a future Member State. It also comprises some of the key policy areas crucial for ensuring sustainable food systems and helping rural communities to develop and diversify economically. Two out of five chapters are open (Chapters 13 and 33) with closing benchmarks still to be fulfilled in each chapter. The Commission has assessed that the opening benchmarks have been met for Chapters 11 and 22, while Serbia still has to meet all three opening benchmarks for chapter 12. Limited progress was achieved in some areas, e.g. submission of the IPARD III programme for 2021-2027; adoption and implementation of the law on plant protection products; classification of food establishments and establishments handling animal by-products; financial and budgetary provisions as regards the underlying policy areas affecting the correct functioning of the own resources system; and regional policy as regards financial management.

On the **external relations** cluster, Serbia is yet to finalise its accession to the World Trade Organization which is one of the opening benchmarks for chapter 30. Serbia should also abstain from introducing unilateral trade restrictive measures without prior consultation of the Commission, in line with its SAA obligations. Following Russia's unprovoked and unjustified aggression against Ukraine, Serbia did not align with the EU restrictive measures against Russia and majority of Declarations by the High Representative on behalf of the EU on this matter. Serbia's alignment rate with relevant High Representative declarations on behalf of the EU and Council Decisions therefore dropped from 64 % in 2021 to 45 % in August 2022. A number of actions and statements by Serbia went against EU foreign policy positions. Serbia is expected, as a matter of priority, to fulfil its commitment and progressively align with the EU Common Foreign and Security Policy, including with EU restrictive measures, in line with EU-Serbia negotiating framework.

Serbia continued to contribute to the management of the mixed **migration** flows towards the EU by cooperating effectively with its neighbours and EU Member States. Efforts continued to host and accommodate substantial numbers of third-country nationals, with EU support. Serbia decided on 17 March 2022 to grant Ukrainian nationals having fled Russia's war on Ukraine temporary protection for 1 year. It also continued to implement the integrated border management strategy and its action plan effectively. Serbia took no steps to align with the EU's list of visa required third countries, in particular with those third countries which present irregular migration or security risks to the EU, as recommended in the Commission's visa suspension mechanism report of August 2021.

Key dates

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

April 2008: The EU-Serbia Stabilisation and Association Agreement is signed and enters into force provisionally.

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

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

March 2012: The European Council grants Serbia candidate status for EU membership.

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

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

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

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

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

May 2018: EU-Western Balkans Summits are relaunched, starting with a Summit held in Sofia, during which leaders confirmed the European perspective of the region and set out a number of concrete actions to strengthen cooperation in the areas of connectivity, security and the rule of law.

February 2020: Revised methodology, presented by the Commission, to drive forward the enlargement process with a stronger political steer and in a more credible, predictable, dynamic way.

October 2020: The European Commission adopts an Economic & Investment Plan to support and bring the Western Balkans closer to the EU.

June 2021: The first political Intergovernmental Conference under the revised enlargement methodology is held to provide political steer to the accession process.

December 2021: Opening of cluster 4 on Green agenda and sustainable connectivity (comprising of 4 negotiating chapters: chapter 14 - Transport policy, chapter 15 - Energy, chapter 21 - Trans-European networks, and chapter 27 - Environment and climate change).

By December 2021, 22 out of 35 chapters have been opened (including all chapters under cluster 1 on the fundamentals of the process and cluster 4 on Green agenda and sustainable connectivity), two of which are provisionally closed.

For More Information

[Serbia Report 2022](#)

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COUNTRY/22/6089

Press contacts:

[Zoï MULETIER](#) (+32 2 299 43 06)

[Ana PISONERO-HERNANDEZ](#) (+32 2 295 43 20)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)