

Dr. Franz Schausberger

## “Present Status on Serbia’s way to Europe”

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Yesterday there was the inauguration-ceremony of your new president. Many high-ranked representatives of several countries took part at this ceremony. The European Commission was represented by Johannes Hahn, Commissioner for Enlargement Negotiations and Neighborhood Policy. When Mr. Vucic was sworn in on 31<sup>st</sup> of May, he highlighted his priorities:

- EU path and reforms
- Good relation with Russia and China
- Peace and stability in the Western Balkans

(Dialogue with Kosovo and domestic dialogue on Kosovo, dialogue with neighbors)

- Military neutrality though strengthening of defense capacities,
- Wider debate on Constitutional reforms.

Serbia is recognized and accepted as an important part of Europe, is successfully on the European path, but there are still a lot of serious challenges to be solved till the aim of EU-membership can be reached.

Visa liberalization for citizens of Serbia travelling to the Schengen area has been in force since December 2009. The European Council granted Serbia the status of **candidate country** in 2012. The **Stabilization and Association Agreement (SAA)** between Serbia and the EU entered into force in September 2013. **Accession negotiations** were launched in January 2014. Ten chapters are now opened (5, 20, 23, 24, 25, 26, 32, 35) including chapter 35 dealing with normalization of relations between Serbia and Kosovo and the rule of law chapters 23 and 24. Two of these chapters, 25 and 26 are closed. A few days ago chapter 7 on intellectual property law and chapter 29 on customs union were opened. I think, very soon discussion on further two or three chapters (6, 30, 33) can start. They will be ready for opening under the Estonian presidency.

Serbia remained committed to its strategic goal of EU accession. It continued to implement the Stabilization and Association Agreement, SAA. It is implementing an ambitious political and economic **reform agenda**. Serbia played and still plays a constructive role in the whole Western Balkans. It remained committed to the

normalization of its **relations with Kosovo**. It has also played a very constructive role in managing mixed **migration flows**.

As regards the **political criteria**, the national elections, held in April 2016 together with provincial and local elections, took place in a calm atmosphere.

The new government program included Serbia's EU accession as a priority goal. Involvement of parliament and stakeholders, including civil society, in the accession process, was further enhanced.

However, **transparency and quality of law-making** need to be further improved, and the use of urgent procedures limited. **Constitutional reforms** are needed for alignment with EU standards in some areas. There is scope for improved cooperation between the executive and independent regulatory institutions.

Serbia is moderately prepared in the area of **public administration reform**. Good progress was achieved with the adoption of the public financial management reform programme, strategies on e-government and on regulatory reform and policy-making, and of new laws on administrative procedures, public salaries and local and provincial civil servants. Serbia needs to implement its reform targets, professionalize and depoliticise the administration and make recruitment and dismissal procedures more transparent, especially for senior management positions.

The **judicial system** has reached some level of preparation. Some steps were taken to promote a merit-based recruitment system. Further steps are needed to tackle political influence. The quality and efficiency of the judiciary and access to justice remain unsatisfactory.

Serbia has some level of preparation in preventing and fighting **corruption**. But corruption still remains a serious problem.

Serbia has some level of preparation in the fight against **organized crime**. Some progress has been made in adopting a new police law, reorganizing the Ministry of the Interior and in adopting the first serious and organized crime threat assessment (SOCTA) using Europol methodology.

The legal and institutional framework for the respect of **fundamental rights** is in place. Consistent implementation across the country needs to be ensured, including as regards protection of minorities.

No progress was made to improve conditions for the full exercise of **freedom of expression**, where Serbia has achieved some level of preparation. Serbia was the first enlargement country to introduce the EU Index of Gender Equality. Further sustained efforts are needed to improve the situation of persons belonging to the most discriminated groups.

Serbia participated constructively in **regional initiatives** and worked to improve its **bilateral relations** in a spirit of reconciliation, good neighborly relations. The signature in June of a joint declaration with Croatia tackling certain bilateral issues was a positive development. Such an approach is key for reconciliation, peace and cooperation in the region, and should be pursued consistently.

Under the **negotiating framework**, the overall pace of negotiations depends in particular on Serbia's parallel progress on

- Rule of law issues, and
- The normalization process with Kosovo.

### **Rule of Law**

Rule of law should be among Serbia's first political priorities. It is essential to keep accession process moving forward. What is expected is **implementation** now. Lack of progress in this field could block negotiations (Judicial independence, media freedom, protection of minorities).

A rule of law system aligned with EU standards provides the **legal certainty and predictability** that strategic **investors** are looking for. At the same time, an efficient rule of law system also means equal opportunities and equal treatment for all, irrespective of gender, origin, religion, or ethnicity.

Finally, strengthening rule of law helps fight corruption. This is why we are putting so much emphasis on chapters 23 (Judiciary and fundamental rights) and 24 (Justice, freedom and security) in our negotiations with Serbia.

### Dialog with Kosovo

Regarding the **normalization** of relations with Kosovo, Serbia remained committed to the implementation of the agreements reached in the EU- facilitated dialogue. Positive was the start of the work on the Mitrovica bridge and freedom of movement. Continued efforts are needed now to implement the agreements already reached with Kosovo. The steps taken should have a positive and concrete impact on the everyday life of citizens in both Serbia and Kosovo.

Following the two High Level Dialogue meetings on 24 January and 1 February 2017 not much progress has been made. This was due to the presidential elections in Serbia in April and the parliamentary elections in Kosovo on 11 June.

Serbia rightly complains that all efforts to convince Kosovo to start the establishment of the Association of Serb majority municipalities have not yet brought results. We all are looking with concern at the coming up government in Kosovo. But in any case, the dialog has to be continued.

### Economic situation

As regards the economic criteria, Serbia is moderately prepared in developing a functioning **market economy**. Good progress was made to address some of the policy weaknesses, in particular with regard to the **budget deficit** and **restructuring of publicly-owned enterprises**.

Still, important challenges remain. In view of the still high level of **government debt** (72 % of GDP), **fiscal consolidation** needs to be sustained. The restructuring of large state-owned utilities is still to be completed. **Unemployment** remains high, particularly among youth. Further expansion of the private sector is hampered by weaknesses in the rule of law.

Serbia needs to continue improving the **business environment**. While private investment has increased, public investment remains very low. Serbia needs to speed up and priorities the implementation of public infrastructure projects.

To assume the obligations of membership, Serbia has continued to align its legislation with the EU acquires across the board. Adequate financial and human resources and sound strategic frameworks will be crucial to maintaining the pace of reforms.

Serbia has a good level of preparation in areas such as company law, intellectual property, science and research, education and culture and customs. Serbia needs to further improve investment planning and strategically important infrastructure projects notably on energy and transport.

Serbia continued to be affected by the **migration crisis**. This created a substantial burden on its asylum and migration system. Serbia continued to cooperate with neighboring countries and Member States, ensured the effective screening of refugees and migrants, and made substantial efforts to provide shelter and humanitarian supplies, with EU support as well as the support of others. It is important that Serbia remains engaged.

Be sure, that the EU recognizes Serbia's important contribution to the **stability of Western Balkans**. If Serbia is not stable, the whole Western Balkan is not stable. And Serbia is a factor of stability in this moment. This was not always the fact in your history. As **Commissioner Hahn** at his recent visit (it was his 9th visit) in Belgrade underlined, the EU will continue to provide assistance in all key areas of the relations between EU and Serbia. **The EU is by far Serbia's first political, trade, economic and assistance partner**. It is also Serbia's „number one“-Partner in supporting development and reforms. Two thirds of Serbia's trade – imports and exports – is with the EU. And the EU has provided to Serbia some 2 billion € in direct grants in the last ten years. Under IPA II, Serbia continues to benefit from pre-accession assistance with a total indicative allocation of EUR 1.5 billion for the period 2014-2020.

In this respect, EU tries to understand and respect special links with Russia but Serbia's balancing act should not be too much one sided. We have always to reassure EU-Member States that Serbia is firmly committed to defending EU's interests and values. The Serbian politicians should also be clear about this to their citizens.

In conclusion I am convinced that Serbia's and Western Balkans EU-path is firm and unequivocal.

Latest polls from May 2017 show that the general attitude towards the EU-membership is stable with 50 % pros and 43 % contras. Support for Belgrade-Pristina dialog is around 60 %.

The country's future and potential depends on its youth. Youth holds the key to Serbia's future and prosperity. How dynamic and prosperous your country will be, depends on

you. Your talents, skills and creativity are crucial for Serbia's growth and competitiveness.

### **EU invests in Serbia's education and future**

That is why support for education is an essential part of our enlargement agenda. It is an investment in the young generation and in our joint future, because Serbia belongs to the EU family.

A few weeks ago Commissioner Hahn together with President Vučić, they signed an agreement which will see **EUR 80 million** being provided to support the **transformation of Serbia's public administration**, to make it more efficient and transparent and, thus, improve the quality and speed of the services delivered to the education sector amongst others.

Next year, the EU also plans to invest **EUR 27 million in the Serbian education sector**. Last year, almost 2,000 Serbian students and teachers were able to visit or study in the EU under the **Erasmus program**.

Similarly, following the designation of **Novi Sad as the 2021 European Capital of Culture**, the organizers have proposed to connect their capital of culture with culture providers from the region and from the European Union. As these ideas are coming from the same people who prepare the EXIT summer festival every year, I have no doubt that the European Capital of Culture will be a big success for Novi Sad and for the region. All the more so as Novi Sad will also be the European Youth Capital in 2019.

### **Decentralisation**

As regards local self-government, the law on Vojvodina's resources still needs to be adopted as prescribed by the constitution. Implementation of the laws on local self-government and on municipal finance remains limited. It should be done as soon as possible. A positive step forward was the adoption of the law governing the civil service at provincial and local level. Because local administrative capacity is weak and significant disparities between municipalities persist. Responsibilities continue to be borne at local level without proper analysis of the capacity or resources required. Transfers provided by ministries need to be allocated in line with the law on municipal

finance. Consultation with local authorities on new legislation with local implications has improved but it remains an optional practice.

After the Government took office in 2016, a draft activity plan for the Strategy on decentralization has been developed. However, other issues of higher priority were addressed at this session of the Public Administration Reform Council so decentralization could not be included in the agenda. But a number of consultations with interested actors for the decentralization process happened and a documentation basis was prepared for development of the Decentralization Strategy."

Serbia is moderately prepared with the reform of its public administration. Good progress has been achieved with adoption of the public financial management reform program, e-government strategy, a strategy on regulatory reform and policy-making, new laws on general administrative procedures, public salaries and civil servants at provincial and local government level. However, implementation of the public administration reform action plan has been slow in some areas, and no progress was made with amending the legal framework for central government civil servants.

A lot has to be done; many challenges are waiting for Serbia. You are doing all these – sometimes unpopular – reforms not for the EU; you are doing it for Serbia and its people. Serbia is on a good European way, please don't stop it.