

May 2023

**SERBIA**



# The Staged accession model in practice

## Identifying the key challenges facing Serbia

**Author:** Miloš Pavković, Researcher – CEP

**Contributor:** Strahinja Subotić, Senior researcher - CEP

### Introduction

The perspective of Serbian membership in the EU was born after the Thessaloniki<sup>1</sup> Summit in 2003, but almost twenty years afterwards, it remains an unfinished project. In the case of Serbia, several issues that prevented the accession process from ending successfully can be identified. On the one hand, there are internal problems that prevented or slowed down Serbia from progressing on the path towards membership. Cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY), the disintegration of the State Union of Serbia and Montenegro, the secession of Kosovo, the inability to strengthen the rule of law, and the democratic backsliding are the main developments that characterise Serbia in the previous 20 years. On the other hand, in the same period, the EU was faced with absorbing 13 new Member States, the global economic crisis, terrorist threats and attacks, the migration crisis, BREXIT, democratic backsliding in Member States, the Covid-19 pandemic and the war in Ukraine. Many of mentioned challenges are shared challenges for Serbia and the EU, such as global economic crisis, migration crisis, pandemic, and the war in Ukraine. All these events have clearly affected the EU enlargement policy, which has not been as successful as it had been before 2004.

1 A European Commission, “Eu-Western Balkans Summit Thessaloniki Declaration”, C/03/163, (2003), Thessaloniki, available at: [https://ec.europa.eu/commission/presscorner/detail/en/PRES\\_03\\_163](https://ec.europa.eu/commission/presscorner/detail/en/PRES_03_163)

The road of Serbia toward full membership has been bumpy to date, marked by lack of progress and a troubled relationship between the two parties. The Model of staged accession was proposed in October 2021 to help re-dynamize the EU accession process for the candidates, while simultaneously enabling the EU to conduct internal reforms without the need to postpone a new round of enlargement. This paper aims to provide an in-depth view of how the Model, if applied, would affect Serbia's EU accession process. Therefore, it analyses how the Model could be practically implemented by identifying the drawbacks in the EU's current approach to enlargement, pin-pointing the country-specific concerns when it comes to the potential application of the Model, providing stakeholder analysis, assessing the level of preparedness for the membership by quantifying ratings of the 2022 Annual Commission report, and identifying what needs to be done for Serbia to progress per stage.

## Identifying the Drawbacks of EU's Overall Approach to Enlargement

The EU Enlargement policy has been under a lot of criticism in recent years, having been described as a "demise"<sup>2</sup> and "running out of steam"<sup>3</sup>, or being perceived as a "bogeyman"<sup>4</sup>. The common assessment of all these critics has been that a new approach to the enlargement is necessary to make the policy's less intimidating for EU Member States and give political elites ammunition to mitigate their own national public's resistance. Although the revised methodology<sup>5</sup> attempted to overcome these issues, it has hitherto failed<sup>6</sup> to deliver in terms of EU's transformative power, while its aim of accelerating the whole process can hardly be assessed as accomplished. The revised methodology was officially adopted in 2020, yet it took a year and a half to organise the first "political" Intergovernmental Conference (IGC) with Serbia, and additional six months to open a single new cluster, having none of the chapters closed.<sup>7</sup> For comparison purposes, accession negotiations with Croatia<sup>8</sup> were opened in 2005 and closed in 2011 when the Accession Treaty was signed. While Croatia's negotiations took less than seven years to complete Serbia has been negotiating for eight years without coming close to the end of the process.

So far, the EU has not fully implemented the revised methodology. In fact, two key elements are still missing. In the first place, as the core of the revised enlargement methodology, "phasing-in" was supposed to enable institutional integration and participation of the candidate countries in the EU-level policy-making. However, thus far, neither the Commission nor the Council have produced a clear roadmap on how to proceed with the institutional phasing in of the Western Balkan countries. "Increased funding and investment" is the second critical element that has not led to genuine commitments to provide more tangible financial assistance in order to bridge the socio-economic

2 Axel Walldén, "The demise of EU enlargement policy", Hellenic Foundation For European and Foreign Policy, January (2017), available at: <https://www.eliamep.gr/wp-content/uploads/2017/03/Enlargement-policy-1701-fin.pdf>

3 Florian Bieber, 'Why the EU's enlargement process is running out of steam', EUROPP, (October 2020), available at: <https://blogs.lse.ac.uk/europpblog/2020/10/12/49895/>

4 Milena Lazarević, "Away with the enlargement bogeyman: Reforming the EU Enlargement Policy for a prompter acceptance of the Western Balkans", European Policy Centre, (July 2018), available at: [https://cep.org.rs/wp-content/uploads/2022/10/Away-with-the-Enlargement-Bogeyman\\_CEP-1.pdf](https://cep.org.rs/wp-content/uploads/2022/10/Away-with-the-Enlargement-Bogeyman_CEP-1.pdf)

5 European Commission, "Enhancing the accession process - A credible EU perspective for the Western Balkans", COM(2020), (2020), available at: [https://neighbourhood-enlargement.ec.europa.eu/enhancing-accession-process-credible-eu-perspective-western-balkans\\_en](https://neighbourhood-enlargement.ec.europa.eu/enhancing-accession-process-credible-eu-perspective-western-balkans_en)

6 European Commission, "Enhancing the accession process - A credible EU perspective for the Western Balkans", COM(2020), (2020), available at: <https://doiserbia.nb.rs/img/doi/0025-8555/2022/0025-85552203339K.pdf>

7 European Commission adopted the revised methodology in February 2020, and the first IGC between the EC and Government of Serbia according to the new methodology was organised in June 2021, with no new chapters or clusters opened. The Cluster 4 was officially opened in the next IGC in December 2021.

8 European Neighbourhood Policy and Enlargement Negotiations (DG NEAR), "Croatia – Membership Status", available at: [https://neighbourhood-enlargement.ec.europa.eu/croatia\\_en](https://neighbourhood-enlargement.ec.europa.eu/croatia_en)

development gap during the accession process. The IPA III<sup>9</sup> and, specifically, its component the Economic and Investment Plan<sup>10</sup> does not significantly differ from previous assistance in terms of overall grants available. Considering the large difference between the member states' allocations from the EU budget and the current IPA III envelope<sup>11</sup>, the existing development gap between the Western Balkans and the rest of the EU can only be expected to widen in the coming years.<sup>12</sup> Considering that the revised methodology principles are political steer, a more credible, dynamic and predictable accession process, it is important for the EU to take steps to address these shortcomings. The Staged accession model<sup>13</sup> stands out as a viable solution for addressing the identified drawbacks as it offers a detailed approach for gradually integrating the candidate countries to the EU in stages.

## Staged accession model – addressing the risks and embracing the opportunities

The introduction and development of the Staged accession model by CEP and CEPS has to a large extent influenced the European Council's conclusion<sup>14</sup> to call for gradual integration. Yet, even though the Template for Staged accession (presented in October 2021) offered a detailed proposal for reforming the enlargement policy, it did not provide a full picture of how it could work in different national contexts. When it comes to Serbia-specific issues, there are several that should be recognised in order to properly implement the staged integration. Firstly, having in mind the country's democratic stagnation and even backsliding<sup>15</sup>, it is uncertain whether and to what extent the Model could address and reverse this trend. Secondly, as Serbia is still nurturing close relations with Russia and China, there is a fear it might use the Model to purposefully reach and remain at Stage II, where significant funds are envisaged, without the necessity to complete all the reforms. Finally, as the EU-facilitated Dialogue between Belgrade and Pristina lacks meaningful progress, it is questionable how the Model can assist in yielding better results. The following sections explore each of these issues and assess whether and to what degree the Model has the possibility of addressing them effectively.

### Issue 1: Democratic backsliding

Although Serbia has been on the EU path for 20 years already, its democracy is still underperforming. Recognising the gravity of the issue, in its latest report<sup>16</sup>, the Commission highlighted that the proper functioning of democratic processes is “a central pillar” of Serbia's future member-

9 European Commission, DG NEAR, “Overview - Instrument for Pre-accession Assistance”, available at: [https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/overview-instrument-pre-accession-assistance\\_en](https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/overview-instrument-pre-accession-assistance_en)

10 European Commission, “Western Balkans: An Economic and Investment Plan to support the economic recovery and convergence”, Press Release, Brussels, (October 2020), available at: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1811](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1811)

11 Dušan Reljić, “The EU's quest for strategic autonomy in the Western Balkans: Why it flopped?”, Istituto Affari Internazionali, (2021), available at: [https://www.swp-berlin.org/publications/products/fachpublikationen/The\\_EU%E2%80%99s\\_quest\\_for\\_strategic\\_autonomy.pdf](https://www.swp-berlin.org/publications/products/fachpublikationen/The_EU%E2%80%99s_quest_for_strategic_autonomy.pdf).

12 The Reljić's analysis shows that in the 2021-2027 period the “density” of allocations to Member States in Southeast Europe (Bulgaria, Croatia, Greece, Hungary, Romania and Slovenia) from the structural and other EU funds will be up to 11 times higher in comparison with the funds allocated to the Western Balkans through IPA. In addition, EU Member States will receive additional financial support from the Recovery and Resilience Facility, which has not been made available for the candidate countries.

13 Michael Emerson, et al. “A Template for Staged Accession to the EU”, CEPS and European Policy Center, (October 2021), available at: <https://cep.org.rs/wp-content/uploads/2023/01/A-Template-for-Staged-Accession-to-the-EU.pdf>

14 European Council, “European Council meeting (23 and 24 June 2022) – Conclusions”, EUCO 24/22, Brussels, (2022), available at: <https://www.consilium.europa.eu/media/57442/2022-06-2324-euco-conclusions-en.pdf>

15 Antonino Castaldo, “Back to Competitive Authoritarianism? Democratic Backsliding in Vučić's Serbia”, Europe-Asia Studies, (October 2020), available at: <https://www.tandfonline.com/doi/abs/10.1080/09668136.2020.1817860>

16 European Commission, “Serbia 2022 Report”, SWD(2022), Brussels, October (2022), available at: [https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2022\\_en](https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2022_en)

ship prospects. Serbia 2022 Report noted a number of shortcomings when it comes to organising general elections, political and media landscape, domination of the ruling party and the incumbent president, and the offensive language used against political opponents during the election campaigns. This negative trend has also been confirmed by various democracy indices such as Freedom House<sup>17</sup>, V-Dem<sup>18</sup>, and Economist Democracy Index<sup>19</sup>. Coming from various sources, the concerns regarding the state of democracy in Serbia are showcasing that further stagnation or potential backsliding in this area threatens to jeopardise its accession process.

Recognising the severity of the situation, it is warranted to explore the Model's potential to be used as a guide for the development of democracy. By building upon the revised methodology, the idea behind the Model is to generate<sup>20</sup> the political will necessary for implementing reforms by offering clear institutional and financial benefits for the candidate countries. These benefits, however, would be directly linked with fulfilling the benchmarks in all clusters, without which progressing through stages would not be possible. Unlike the current approach which lacks clear and transparent criteria for assessments and subsequent decisions to advance the accession process or withhold progress, the Model entails quantification of membership preparedness across all clusters as a basis for stage progression, while emphasising and giving a greater weight to the Fundamentals cluster. Simultaneously, any stagnation or backsliding could trigger the enhanced reversibility mechanism<sup>21</sup> envisaged in the Model similarly to the revised methodology. Thus, a larger "carrot", offered through the specifically designed institutional and financial benefits in each stage, would give credibility to the "stick", i.e. it would increase the cost of noncompliance and raise the opportunity costs for those who fail to abide by their commitments. The Staged accession model provides special attention to the functioning of democratic institutions as part of Fundamentals with the aim to facilitate democracy development with the it's system of benefits and sanctions.

## Issue 2: Abusing the Model

Since the Staged accession model offers tangible benefits as a stimulus for conducting reforms and increasing the overall preparedness for membership, it is possible to imagine that a candidate country's government may use the benefits of certain stages of accession without the intention to complete the demanding reform agenda necessary to finish the integration process. Reaching the Stage II in the accession process comes with a considerable amount of financial support from the EU budget and overall institutional participation in the observer status, which could lead to an intentional political decision to stay at this stage instead of pursuing further reforms to enter the final stages and join the EU. The potential for the Model to be misused as described above was one of the key concerns identified by various stakeholders.<sup>22</sup>

Serbia could become a stark example of such a scenario manifesting itself, for several reasons. Firstly, it nurtures very good diplomatic and economic relations with some of the key EU rivals in the region: China, Russia, and the United Arab Emirates. By not being a member state of the EU,

17 Nikola Burazer, "Serbia : Nations in transit 2022", Freedom House, 2022, available at: <https://freedomhouse.org/country/serbia/nations-transit/2022>

18 Vanessa A. Boese, et al. "Autocratization Changing Nature? Democracy Report 2022", Varieties of Democracy Institute (V-Dem), (2022), available at: [https://www.v-dem.net/documents/19/dr\\_2022\\_ipyOpLP.pdf](https://www.v-dem.net/documents/19/dr_2022_ipyOpLP.pdf)

19 Economist Intelligence Unit, "Democracy Index 2021: the China challenge." (2021), available at: <https://rb.gy/dwqtg>

20 Milena Lazarević & Miloš Pavković, "The staged accession proposal: Breaking the spell of the sleeping EU enlargement", *Bled Strategic Times*, Official Gazette of the Bled Strategic Forum, (2022): 12-14, available at: [https://q2s5p4q8.rocketcdn.me/wp-content/uploads/2022/09/bsf-Times-2022\\_v08-compressed.pdf](https://q2s5p4q8.rocketcdn.me/wp-content/uploads/2022/09/bsf-Times-2022_v08-compressed.pdf)

21 Michael Emerson, et al. "A Template for Staged Accession to the EU.", CEPS and European Policy Center, (October 2021), available at: <https://cep.org.rs/wp-content/uploads/2023/01/A-Template-for-Staged-Accession-to-the-EU.pdf>, p. 17

22 Some of these concerns have been already answered in the separate analysis, see more at: Milena Lazarević & Strahinja Subotić, "The Model of the Staged Accession to the European Union: Addressing the Four Key Concerns", (2022), available at: <https://cep.org.rs/wp-content/uploads/2023/01/The-model-of-staged-accession-Addressing-the-four-key-concerns.pdf>

Serbia has been able to avoid full alignment with the EU's Common Foreign and Security Policy (CFSP), which includes adoption and enforcement of resolutions against these countries. Considering the persistent efforts of the Serbian leadership to avoid aggravating its non-EU partners, there is a reasonable risk that they might decide to reap the significant benefits of the two pre-accession stages, without the intention of completing the process which requires maximum alignment with the CFSP. Secondly, signing trade agreements with third parties, such as the Eurasian Economic Union Free Trade Agreement which allows free access to the EAEU market, questions<sup>23</sup> Serbia's EU orientation. Lastly, differing travel (visa) policies<sup>24</sup> have been criticised<sup>25</sup>, while there is a concern these can be maintained during the pre-accession stages. These examples are showcasing the potential opportunities for abusing of pre-accession stages, and that this issue should be dealt with in the Template 2.0.

The Model anticipates such a risk by envisaging access to the benefits as conditional on recording progressive advancement in preparedness for EU membership, in the absence of which the enhanced reversibility mechanisms apply. Namely, the revised methodology introduced simplified procedures for putting on hold or suspending negotiations overall in case of backsliding or stagnation in reforms by allowing for such measures to be taken based on reversed qualified majority procedure.<sup>26</sup> Building upon the revised methodology, in the case of evidenced backsliding or even stagnation<sup>27</sup>, the Model emphasises the need to apply this simplified reversibility mechanism to withdraw funding or even reverse the status of the acceding country to a lower stage. The possibility of having the previously gained financial and institutional benefits taken away would therefore serve to dissuade local leaders from reform stagnation.

### Issue 3: The Kosovo issue

Serbia's EU path is particularly complex due to specific political issues of relevance for its future membership, such as the Belgrade-Pristina dialogue. The unilateral declaration of independence of Kosovo in 2008 was not recognised by Serbia, while the EU took the role of mediator via the Brussels Dialogue.<sup>28</sup> More importantly, the process of normalisation of relations between Serbia and Kosovo<sup>29</sup> became part of the accession negotiation framework<sup>30</sup>. It was listed in Chapter 35: *Other issues*, at the same time becoming a blocking chapter<sup>31</sup>, meaning that if progress in the normalisation of relations with Pristina significantly lags behind the overall pace of negotiations, no other clusters will be opened nor chapters closed. The fact this issue has remained unresolved for

23 Hans Von Der Burchard, "Serbia stands by plans to extend Russia trade ties despite Brussels' warning", Politico, (August 2019), available at: <https://www.politico.eu/article/serbia-stands-by-plans-to-extend-russia-trade-ties-despite-brussels-warning/>

24 Serbia has a visa-free regime with states such as China, Russia, India etc. In case of joining the EU, Serbia would need to align its travel policies with the rest of the EU.

25 Alexander Ratz, et al. "Serbia must adapt to EU visa policy to join bloc - German interior minister", Reuters, (October 2022), available at: <https://www.reuters.com/world/europe/serbia-must-adapt-eu-visa-policy-join-bloc-german-interior-minister-2022-10-14/>

26 Reverse qualified majority voting has been introduced by the revised methodology and can be initiated by only one Member State, while according to the old methodology, the Commission or 1/3 of Member States could initiate the procedure that requires qualified majority voting.

27 Transparent and precise quantification of the preparation level for each chapter is proposed against clear requirements for advancing through the stages.

28 European External Action Service (EEAS), "Belgrade-Pristina Dialogue", Strategic Communications, available at: [https://www.eeas.europa.eu/eeas/belgrade-pristina-dialogue\\_en](https://www.eeas.europa.eu/eeas/belgrade-pristina-dialogue_en)

29 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.

30 Conference on Accession to the European Union -Serbia, Intergovernmental Conference, CONF RS 1, Brussels, (January 2014), available at: <https://data.consilium.europa.eu/doc/document/AD%201%202014%20INIT/EN/pdf>

31 Conference on accession to the European Union – Serbia, European Union Common Position, Brussels, (November 2015), available at: [https://www.mei.gov.rs/upload/documents/pristupni\\_pregovori/pregovaracke\\_pozicije/ch35\\_common\\_position\\_eu.pdf](https://www.mei.gov.rs/upload/documents/pristupni_pregovori/pregovaracke_pozicije/ch35_common_position_eu.pdf)

decades and presents a continuous challenge sends a stark reminder that the future success of enlargement policy will also depend on the EU's ability to effectively secure peace and stability in its courtyard.

Although the Model does not provide a specific fix for this problem, its integral incentive structure promises to support EU's efforts to ensure long-term normalisation of Serbia-Kosovo relations. While the year 2022 saw the lowest level of relations between Belgrade and Pristina, resulting in the two sides being on the verge of conflict,<sup>32</sup> the EU, with support of the USA, has managed to motivate the leaderships to accept the Agreement on the path to normalisation (EU Proposal)<sup>33</sup>, which strongly refers to the EU accession process as the framework for the normalisation process. Therefore, the concrete incentives which the EU will be able to propose to the two governments will likely play a decisive role in determining the political will behind the implementation of this agreement. There is a dose of perplexity when it comes to the Staged accession model implementation since it does not directly address the problem of bilateral issues between (potential) candidates. However, although the resolution of territorial issues goes beyond the original Template's scope,<sup>34</sup> the incentives envisioned by the Model can nevertheless assist in creating a conducive environment for future dialogue on this important matter. Short of membership, for which neither Serbia nor Kosovo are sufficiently prepared,<sup>35</sup> the benefits of the first and second stages of the Model can play the crucial part in motivating future progress.

## Stakeholder Mapping

Although the Model's operationalisation depends on the EU's endorsement and official acceptance of the staged accession, its implementation also requires strong ownership in each candidate country. In that context, various actors within the candidate country and the EU, referred to as stakeholders, are very important and may have a decisive influence and impact for implementation of the Staged accession model. This section aims to identify key stakeholders in Serbia that could push forward the integration in stages or obstruct its implementation.<sup>36</sup> The Stakeholder mapping chapter will provide an overview of relevant political actors such as institutions, political parties, NGOs, regional and intergovernmental organisations and their quintessential arguments for or against the staged accession to the EU. Therefore, it is critical to identify and understand what argumentations would motivate these stakeholders to influence decisions on whether to im-

32 In November 2022, Serbian policemen, judges and prosecutors, administrative personnel, Members of Parliament, mayors, and ministers in the Kosovo Government withdrew from and started boycotting Kosovo's institutions, which resulted in ever-high tensions between Belgrade and Pristina. See more at: Xhorxhina Bami & Milica Stojanović, "Serbs Stage Mass Resignation from Kosovo State Institutions", BIRN, (2022), available at: <https://balkaninsight.com/2022/11/05/serbs-stage-mass-resignation-from-kosovo-state-institutions/> Jack Butcher & Daniel Boffey, "Tensions rise at Kosovo border as number plate row escalates", The Guardian, (2021), available at: <https://www.theguardian.com/world/2021/oct/02/tensions-rise-at-kosovo-serbia-border-as-number-plate-row-escalates>

33 European Extern Action Service (EEAS), "Belgrade-Pristina Dialogue: EU Proposal - Agreement on the path to normalisation between Kosovo and Serbia", (February 2023), available at: [https://www.eeas.europa.eu/eeas/belgrade-pristina-dialogue-eu-proposal-agreement-path-normalisation-between-kosovo-and-serbia\\_en](https://www.eeas.europa.eu/eeas/belgrade-pristina-dialogue-eu-proposal-agreement-path-normalisation-between-kosovo-and-serbia_en)

34 CEP and CEPS realise the importance of the issue and will therefore work on a separate paper analysing whether and how the Model can assist in managing the bilateral disputes.

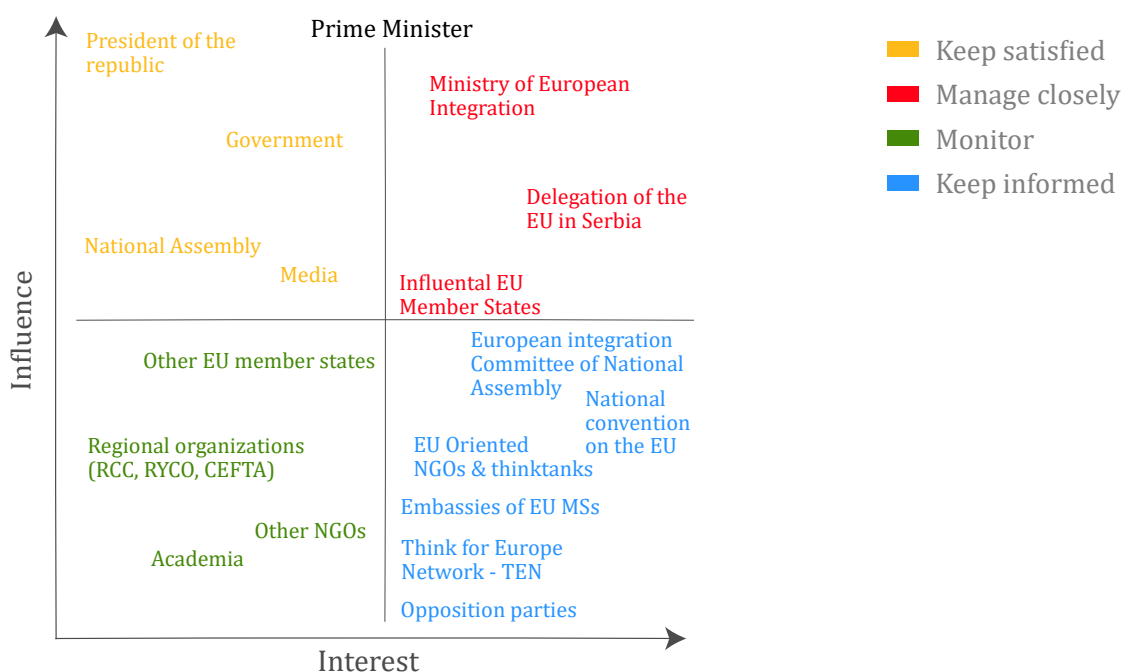
35 Current level of preparedness for membership in the EU of Serbia is 3.04 across all clusters, while the in the case of Kosovo it is 1.67 on a 1-5 scale.

36 The stakeholder mapping is conducted using a power-interest matrix. The *power* reflects the ability of an actor to affect, stop or change the primary direction and approve the Model entirely. The *interest* describes the size of overlap between stakeholders and the Model's aims – how engaged the stakeholder needs to become vis-à-vis the outcomes of the Model. The analysis identifies stakeholders and determines which are crucial for aligning the project's aims. The stakeholder matrix differentiates four categories: 1) high-power and high-interest stakeholders, 2) high-power and low-interest stakeholders, 3) low-power and high-interest stakeholders, and 4) low-power and low-interest stakeholders.

plement the Model in Serbia or to oppose it.<sup>37</sup> Employing the stakeholder mapping tool is a crucial step and a litmus test for the staged accession application.

Neutral to positive attitudes towards the staged accession can be identified in Serbia at first glance. For instance, it can be expected that the civil-society organisations and think-tanks, especially those whose work is EU-oriented, would be affirmative towards the idea of staged accession to the EU. On the other hand, the stance of key state institutions such as the Government, the President, the Ministry of European Integration, and the National Assembly remains unknown. Furthermore, the EU Delegation to Serbia and influential EU Member States have been showing an increasing interest in the staged accession, especially following the June European Council's Summit and its Conclusions<sup>38</sup> calling for *gradual integration* of the Western Balkan region. Lastly, the role of media might be very important, as they can boost statements of the actors supportive of staged accession, but they can also amplify concerns that might strike as a critique of the model. Therefore, the detailed analysis of the most powerful and influential stakeholders in Serbia will be provided in the following paragraphs.

Figure 1: Stakeholder Matrix – Serbia



This analysis pinpoints three key actors as the **most influential and at the same time the most interested stakeholders**. The Ministry of European Integration (MEI) is definitely a stakeholder whose goal and existence are closely tied to Serbian EU membership and it is to be expected that the Ministry will prove supportive of the model which is to revive the EU membership perspective via financial and institutional benefits. The fact that the newly appointed Minister of the European integration is a renowned expert and former Serbian Chief Negotiator with EU, speaks in favour of the fact that there is plenty of room for constructive dialogue. Following MEI, the most influential and at the same time the most interested stakeholders are the Delegation of the EU in Serbia (DEU)<sup>39</sup>, the Council Presidency, and the influential EU Member States such as Germany, France,

37 For example, fear it would create second-class member states, that it could become a substitution for a conventional membership, that it would prove impossible to implement, etc.

38 European Council, "European Council meeting (23 and 24 June 2022) – Conclusions", (June 2022), available at: <https://www.consilium.europa.eu/media/57442/2022-06-2324-euco-conclusions-en.pdf>

39 In case of Member States officially endorsing the Staged accession model, the EU Delegation would be an important actor in the process.

and the Netherlands. MEI, DEU and influential EU Members States' support or refusal of the Model could be decisive for the staged accession of Serbia and therefore should be actively safeguarded and closely managed as they are likely to have the ability to "make or break" the Model.

This analysis identified four key stakeholders with very **high influence and lesser degree of interest** in staged accession. The President of the Republic as the key political figure in the country represents the most important stakeholder and, therefore, his endorsement of staged accession would certainly 'green-light' all other state institutions to embrace it. To continue, although often in the shadow of the President who is at the same time the leader of the biggest political party in the country providing parliamentary support to the Government, the Government of the Republic of Serbia itself is still highly influential in political life. Recently formed, the Government includes some new faces and ministers which tend to be technocratic rather than political figures which opens space for at least non-partisan members of the Government to endorse proposals coming from the civil society. Having in mind the influence of the executive branch of the government institutions, their needs will have to be anticipated and communication towards them well planned and thought-out.

This leads to the National Assembly as the third most influential state actor with a limited interest in staged accession. Keeping in mind that the National Assembly's role has been diminished in recent years, even reduced to one of a mere stamping machine for the Government's laws, all the while it has been boycotted by the opposition parties, its influence lies much below the Government's, let alone the President's. However, in 2022 the opposition returned to the Parliament making the National Assembly an important stakeholder in the process as speeches and statements made in the plenum reach media – the fourth highly influential stakeholder. The media's role is an obvious one, but their interest in the staged accession will depend mostly on the most influential stakeholders' moves. The media have the potential to significantly popularise the Staged accession model and, at the same time, amplify the voice of critics that may arise. Same as with the Government and the President, communication towards the National Assembly and the media should be well devised and thought-through in order to get positive response.

A group of stakeholders with **high interest, yet somewhat less influence** may be of particular importance for the potential implementation of the Staged accession model in Serbia. The Parliament's European Integration Committee is perceived as slightly less influential compared to the National Assembly as a supreme representative body, but is understandably expected to be more interested in considering Serbia's staged integration into the EU. The Committee oversees Serbia's EU accession activities, including the realization of the EU accession strategy, coordinates negotiating activities and co-operates with the MEI and the Stabilisation and Association Council (SAC). According to the Parliament's Resolution<sup>40</sup> from 2013, the National Assembly, the European Integration Committee included, will co-operate with civil-society organisations, experts and other interested parties on achieving the fastest possible integration to the EU. Having in mind the Committee's role in the enlargement process, it will be important to gain its support in promoting the country's staged accession. To that end, it is necessary to secure regular communication with the Committee, keep it informed and address quickly any issues raised by its members.

The National Convention on the EU (NCEU) represents an alliance of civil society organisations that closely monitor the enlargement negotiations and the Serbian accession to the EU in general. The NCEU stands out as a natural ally that can easily comprehend the benefits of the staged accession. With a network of 750 member organisations, NCEU represents the largest organised support for the Serbian accession to the EU. NCEU closely monitors negotiations in all 35 chapters

40 Narodna skupštine Republike Srbije, "Rezolucija o ulozi Narodne skupštine i načelima u pregovorima o pristupanju Republike Srbije Evropskoj uniji", (December 2016), available at: <http://www.parlament.gov.rs/aktivnosti/evropske-integracije/dokumenta.2188.html>



within its working groups, publishes a book of recommendations annually, and keeps the public informed. Having in mind its goals and mission, it is fair to expect high interest in staged accession. The same applies to EU-oriented individual civil society organisations, think-tanks and regional networks of EU-oriented organisations. Important stakeholders in this group would also be pro-EU opposition political parties in Serbia as they can promote the Model in the National Assembly and public space and thus should be regularly informed about the activities in relation to the Staged accession Model.

Lastly, there are stakeholders with **low influence and low interest** in the enlargement process or, more specifically, in the Staged accession model. These should not be overlooked as they still have a role to play in the enlargement process overall. Although not all EU Member States are as influential and interested in the enlargement as Germany, France and the Netherlands, they should not be disregarded as, at the end of the day, when it comes to development and implementation of the Staged accession model, having as many as possible Member States on board would be highly advantageous. Additionally, regional organisations such as the Regional Cooperation Council (RCC), Regional Youth Cooperation Office (RYCO), Central European Free Trade Area (CEFTA), support countries on their path towards the EU, in direct or indirect manner. Lastly, all other NGOs as well as academia should be consulted and informed periodically about the staged accession proposal, as they might grant support to the Model.

## Towards Practical Application

The value of the Staged accession model is reflected in the fact that it determines criteria for advancing through the stages and achieving financial and institutional benefits in a clear and transparent manner. Accordingly, by quantifying the latest Commission's Report on Serbia, it is possible to determine the country's current position when it comes to the stages of integration. A detailed overview of each Fundamentals chapter and sub-area will allow insight into where and how much work is left to be done. This section analyses Commissions' assessments for 33 negotiating chapters as well as benchmarks for their closing in order to provide an estimation of how the Staged accession model could be practically implemented, and how fast Serbia would be able to progress through stages. With that aim, the annual report's findings are quantified on a 1-5 scale, followed by the analysis of average grades per chapter/cluster, and in the end, recommendations for different policy outcomes are provided for Serbia's advancement through the stages.

*Table 1: Quantification of the Commission's assessments per chapter*

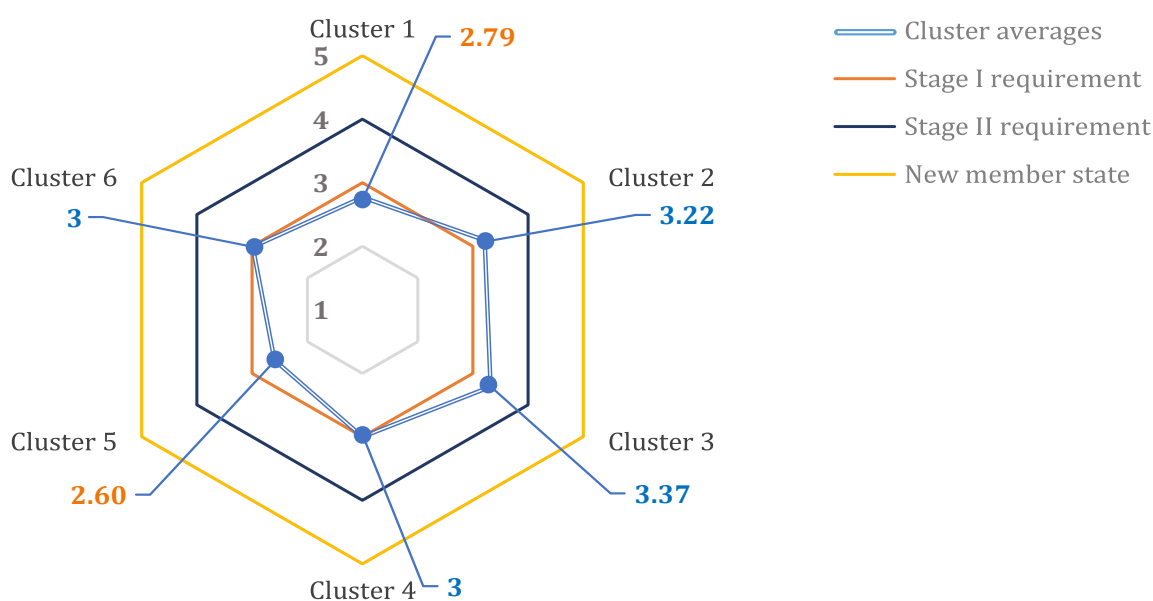
Level of preparedness	Rating
Early stage of preparation	1
Some level of preparation	2
Moderately prepared	3
Good level of preparation	4
Very advanced stage of preparation	5

Table 2: Assessment of Serbia's level of preparedness for the membership based on the 2022 Country Report

Cluster	Rating	
1. Fundamentals	2.79	Some level of preparation
2. Internal Market	3.22	Moderately prepared
3. Competitiveness and inclusive growth	3.37	Moderately prepared
4. Green agenda and sustainable connectivity	3.00	Moderately prepared
5. Resources, agriculture and cohesion	2.60	Some level of preparation
6. External relations	3.00	Moderately prepared
<b>Average:</b>	<b>3.04<sup>41</sup></b>	

As displayed in Table 2, altogether, Serbia is moderately prepared for EU membership. As the Staged accession model envisages moderate preparation across all clusters as the minimum requirement for a state to enter Stage I, at the first glance, it appears Serbia is ready to access the initial stage. However, that is not the case, due to the fact that all cluster averages must be at least 3, with the exception of Cluster 1 where *all* chapters and sub-areas need a minimum rating of 3.<sup>42</sup> Table 2 indicates that Serbia shows only some level of preparation in **Fundamentals** (Cluster 1) and **Resources, agriculture and cohesion** (Cluster 5). Consequently, in order to reach the level of moderate preparedness and access Stage I, Serbia needs to improve its ratings in these two clusters. Detailed analysis of the necessary improvements is provided in the following sub-chapter.

### Graph 1 Applying the Model to Serbia



41 The total average is calculated based on the assessments of 33 chapters plus the Public administration reform (PAR), Functioning of democratic institutions, and Economic criteria.

42 This requirement was added after the publication of the original Template, based on the numerous discussions with stakeholders from across the EU, in order to strengthen the focus on the Fundamentals, in line with the "fundamentals first" approach.

## Stage I – So close and yet so far

According to the original Template<sup>43</sup>, for a country to reach Stage I, moderate ratings of minimum 3 for cluster averages are needed. Looking at specific clusters, Fundamentals require “special treatment” as a rating of minimum 3 is requested for *each* chapter (and sub-areas), whereas all other clusters ask for an *average* of 3 (with no individual chapter below the rating of 2). In order to reach the necessary threshold for entering Stage I, Serbia needs to improve ratings in Cluster 1 and Cluster 5, which are at the moment below the average of 3. Cluster 1 in particular requires attention, due to its special treatment and the resulting added weight. More specifically, **chapters 23 and 24** require improvement to at least *moderately prepared* in order for the entire cluster to achieve the satisfactory rating for Stage I. These are serious, fundamental reforms that are difficult to demonstrate in a short period, especially as some of them like freedom of media, have been repeating for years. Therefore, if there is a real political will, these reforms can be implemented relatively quick, but the slow advancement so far is showcasing that the political will lacks in Serbia.

Table 3 Cluster 1 – Fundamentals, chapters and sub-areas ratings

Chapter	Level of preparedness	Rating	Necessary for Stage I
5 - Public procurement	Moderately prepared	3	3
18 - Statistics	Moderately prepared	3	3
23 - Judiciary and fundamental rights	Some level of preparation	2	3
24 - Justice, freedom and security	Some level of preparation	2	3
32 – Financial control	Moderately prepared	3	3
Functioning of democratic institutions <sup>44</sup>	Moderately prepared	3.1	3
Economic criteria	Moderately prepared	3.25	3
Public Administration Reform	Moderately prepared	3	3

There are three key European Commission (EC) recommendations for Serbia regarding the **Chapter 23**. The first one is to give practical effect to the constitutional amendments in the rule of law area. As the Constitution was successfully amended, operationalising the reforms was supposed to be conducted through adoption of additional judicial laws, which happened in February 2023, and their implementation. The aim of amendments and recently adopted laws is to increase safeguards against potential political influence and contribute to impartiality, accountability, efficiency, and professionalism of the judiciary. Secondly, as the fight against corruption is an essential element of **Chapter 23**, Serbia has to prepare a new anti-corruption strategy accompanied by an action plan. Finally, since in its last report EC noted no progress in the media freedom area, Serbia needs to improve overall freedom of expression environment and ensure timely implementation of media strategy which would enable strengthening of media pluralism and functioning and mandate of

43 Michael Emerson, et al. “A Template for Staged Accession to the EU”, CEPS and European Policy Center, (October 2021), available at: <https://cep.org.rs/en/publications/a-template-for-staged-accession-to-the-eu/>

44 Having in mind that EC does not provide an assessment of the Functioning of democratic institutions, the interim solution was introduced for the purpose of this analysis. This score is calculated using a special formula that incorporated the assessment of the Freedom House Nations in Transit report, for National Democratic Governance (3.25), Electoral Process (4.25), Civil Society (5.25) and Local Democratic Governance (4.0). Since the scores of the Freedom House report are presented on a scale of 1-7, the mean score for the political criteria area was calculated by adjusting the scores to a scale of 1-5 using the following formula:  $x5 = (x7 - 1)(4/6) + 1$ .

Regulatory Body for Electronic Media (REM). These reforms are essential for reversing democratic backsliding mentioned in the Section 3, thereby sending a strong message that Serbia is serious in its intentions, not only to achieve benefits of Stage I, but to credibly pursue membership in the EU.

As **Chapter 24** also requires improvement for reaching different stages of accession, Serbia needs to take into account four key proposals provided the EC. To begin with, Serbia needs to further increase the technical, financial, and human capacities of Prosecutor’s Office for organised crime. Next, Serbia needs to amend the Law on internal affairs to make the police fully autonomous from the Ministry of the Interior and, during the pre-investigation and investigation phases, entirely accountable only to the Prosecutor’s Office. Also, Serbia needs to adopt the Schengen action plan and ensure effective detection and prevention of migrant smuggling. Lastly, Serbia needs to take concrete steps to fully align with the EU’s list of third countries whose nationals are required to hold a visa. This would affect the visa-free regime that Serbia currently enjoys with the Russian Federation, the People’s Republic of China, the Republic of India, and some African countries. As highlighted by the key EC recommendations, there is a lot of work to be done. These are complex reforms which require utmost attention as well as time, and without which Stage I cannot be achieved.

**Cluster 5** is the second cluster where Serbia is lagging behind when it comes to entering Stage I. As it can be seen from the Table 4, **chapters 11** (Agriculture and rural development) and **33** (Financial and budgetary provisions) are assessed by the Commission at *some level of preparation*. The simplest option for the Serbian government would be to work on the implementation of the EC recommendations in the two chapters rated at *some level of preparation*, although work should continue in the other chapters, too. Therefore, improving the ratings in the chapters rated as *moderately prepared* would also help achieve the necessary average rating for this cluster.

*Table 4 Ratings for chapters in Cluster 5 - Resources, agriculture and cohesion*

Chapter	Level of preparedness	Rating	Necessary for Stage I
11 – Agriculture and rural development	Some level of preparation	2	3
12 – Food safety, veterinary and phytosanitary policy	Moderately prepared	3	3
13 - Fisheries	Moderately prepared	3	3
22 – Regional policy and coordination of structural instruments	Moderately prepared	3	3
33 – Financial and budgetary provisions	Some level of preparation	2	3

Opting for the most reasonable strategy to improve the lowest scored chapters, the following would be the key recommendations for Serbia to fulfil, the first three in relation to the **Chapter 11**. Firstly, Serbia should take measures<sup>45</sup> to improve implementation and avoid further loss of IPARD<sup>46</sup> II funds. Secondly, it needs to ensure the smooth roll-over of entrusted IPARD measures to the 2021-2027 period and prepare new measures for entrustment. Thirdly and finally, Serbia must update and continue implementation of the action plan for EU *acquis* alignment in agriculture and rural development. Agriculture is the policy where EU provides the most subsidies, how-

45 European Commission, “Serbia 2022 Report”, SWD(2022), Brussels, (October 2022), available at: [https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2022\\_en](https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2022_en)

46 Instrument for Pre-Accession in Rural Development

ever, in 2021 Serbia used<sup>47</sup> only one third of IPARD funds. Implementing these recommendations for **Chapter 11** will help Serbia to align with the EU *acquis* in agriculture and rural development, secure funding, and improve its overall performance in the EU integration process.

In order to enter Stage I, Serbia also lacks improvement within the **Chapter 33** (Financial and budgetary provisions) which covers the rules concerning the financial resources necessary for the funding of the EU budget (own resources) after the membership. To increase its rating in this chapter, Serbia needs to strengthen the capacity of institutions such as tax authority, central bank, customs etc., develop organisational and procedural links between these institutions, and step-up preparations to meet the specific administrative conditions for own resources<sup>48</sup> as laid down in the regulations. While Chapter 33 reforms are necessary for closing the accession negotiations and preparing for membership, they are not an urgent priority in the earlier pre-accession stages. Therefore, the Serbian government could in the short run decide to prioritize achievement of higher ratings in other chapters in Cluster 5 which are already ranked as “moderately prepared”. By achieving a rating of 4 (good level of preparation) in any of these other chapters, the average rating of the entire cluster would go up.

### Stage II as a possible mid-term perspective

Reaching Stage I for Serbia is attainable with the improvements of four chapters within the **Cluster 1** and the **Cluster 5**. However, if it is to access Stage II, Serbia needs to invest significantly more efforts in carrying out reforms. More specifically, Serbia will have to achieve a mix of *moderate (3)* and *good (4) levels of preparedness* for membership across clusters, except for Fundamentals where all chapters (and three sub-areas) must reach the good level of preparation. Having in mind that Serbia currently has only six out of 33 chapters assessed with a *good level of preparation* (none of them pertaining to the **Cluster 1**), Serbia will need to improve ratings in at least 25 chapters and 3 sub-areas.<sup>49</sup> Such an endeavor would be attainable in a mid-term perspective for Serbia, depending on commitment to reforms.

Table 5 Average ratings per cluster compared to necessary average ratings for entering Stage II

Cluster	Rating	Necessary for Stage II
1. Fundamentals	2.79	4
2. Internal Market	3.22	4
3. Competitiveness and inclusive growth	3.38	4
4. Green agenda and sustainable connectivity	3.00	4
5. Resources, agriculture and cohesion	2.60	4
6. External relations	3.00	4

47 Ekapija, “Srpski poljoprivrednici iskoristili samo 47 mil EUR iz IPARD programa - Iskustvo Hrvatske značajno za buduće bolje korišćenje sredstava”, (2021), available at: <https://www.ekapija.com/news/3411554/srpski-poljoprivrednici-iskoristili-samo-47-mil-eur-iz-ipard-programa-iskustvo-hrvatske>

48 The term *own resources* refers to the contribution to the EU budget. These resources mainly consist of: (i) gross national income-based contributions; (ii) customs duties; (iii) national contribution based on the amount of non-recycled plastic packaging waste; and (iv) Value-Added Tax (VAT)-based own resource.

49 Supposing that Serbia aims to record progress of one grade up (as well as two-grade progress in several chapters), it needs to improve ratings in five Cluster 1 chapters, seven Cluster 2 chapters, six Cluster 3 chapters, three Cluster 4 chapters, three Cluster 5 chapters, and one Cluster 6 chapter.

As necessary improvements and recommendations for two Cluster 1 chapters (**Chapter 23** and **Chapter 24**) are already enlisted in the previous section of this paper, the following paragraph will offer required policy actions for the rest of this cluster's chapters, as well as for the three sub-areas (PAR, Economic criteria, and Functioning of democratic institutions). As it can be seen from Table 5, in order to reach the threshold for advancing to Stage II, Serbia needs additional improvement in all five chapters and three sub-areas. As the Staged accession model envisages minimum *good ratings* [4] across all chapters and subsections, there are no other policy options available.

When it comes to the Public Procurement (**Chapter 5**), Serbia is moderately prepared; however, it has been stagnating<sup>50</sup> on this level of preparedness by not being able to meet<sup>51</sup> the interim benchmarks for **Chapter 5** for five years now. In order to ensure procurement of goods, services and work according to EU standards, Serbia needs to repeal the law on special procedures for linear infrastructure projects, ensure full alignment with the 2014 EU Directives on public procurement, and continue to strengthen the capacity of the Public Procurement Office.

A similar stagnating trend can be identified within the **Chapter 18 - Statistics**, as the level of preparation remains<sup>52</sup> the same ever since 2016. Actions necessary to improve state of play in this chapter include adoption of the new statistical law, carrying out the population and housing census in line with the relevant EU legislation, and continuing to improve compilation of macroeconomic statistics in line with ESA<sup>53</sup> 2010.

Lastly, Serbia is moderately prepared in the financial control area (**Chapter 32**). It should ensure full coherence of PIFC<sup>54</sup> legal basis with the horizontal legal framework, extend implementation of peer reviews of the quality of the internal audit function within public funds beneficiaries and ensure sustainability by adopting a regulation to facilitate and standardise the process international standards, as well as establish an effective internal audit function in all central budget institutions. Recommendations for these three chapters show the complexity of the systems of public procurement, statistics and finance on the EU level, and, at the same time, how much work on reforms needs to be carried out in Serbia in order to reach the target standards.

Second part of the Fundamentals cluster demonstrate preparedness in **functioning of democratic institutions, economic criteria, and public administration reform** areas, and, similarly to other chapters in this cluster, require additional improvement for Serbia to reach Stage II of integration. When it comes to functioning of democratic institutions, the state of play is alarming. A tendency of backsliding in this area prevents any progress in the accession process. As per Freedom House reports Serbia records a constant declining<sup>55</sup> of its democracy score from 2015 hitherto. Freedom House even moved Serbia from a category of semi-consolidated democracies to transitional or hybrid regime, but Serbian democracy score continue declining even after that. Furthermore, OSCE/ODIHR evidenced<sup>56</sup> number of shortcomings resulting in uneven playing field favouring the incumbents in Serbia's 2022 presidential, parliamentary and local elections. These

50 Strahinja Subotić, et al. "Preparation and progress of Serbia toward EU membership 2022", European Policy Center, (2022), available at: <https://cep.org.rs/wp-content/uploads/2022/12/Preparation-and-progress-of-Serbia-towards-EU-membership-2022.pdf>

51 Miloš Pavković, "Public Procurement: A Brake or a Step Forward in the European Integration of Serbia", European Policy Center, (2022), available at: <https://cep.org.rs/en/blog/public-procurement-a-brake-or-a-step-forward-in-the-european-integration-of-serbia/>

52 Strahinja Subotić, et al. "Preparation and progress of Serbia toward EU membership 2022", European Policy Center, (2022), available at: <https://cep.org.rs/wp-content/uploads/2022/12/Preparation-and-progress-of-Serbia-towards-EU-membership-2022.pdf>

53 European System of Accounts.

54 Public internal financial control.

55 Misha Savic, "Serbia : Nation in transit 2015", Freedom House, (2015), available at: <https://freedomhouse.org/country/serbia/nations-transit/2015>

56 OSCE/Office for Democratic Institutions and Human Rights, "ODIHR Election Observation Mission Final Report – Republic of Serbia", (April 2022), available at: [https://www.osce.org/files/f/documents/0/0/524385\\_0.pdf](https://www.osce.org/files/f/documents/0/0/524385_0.pdf)

are critical deficiencies that require immediate attention because as part of the Fundamentals cluster they will be assessed firstly. It should be clear to Serbian Government that a country categorised as a hybrid regime will not be allowed to join the EU.

The second sub area, **economic criteria**, consists of two categories: 1) the existence of functioning market economy; and 2) the capacity to cope with competitive pressure and market forces within the EU. In the first category, Serbia's level of preparation is ranked between *moderate* and *good* (3.5), while in the second it has been assessed as *moderately prepared* (3). In order to improve its score in these areas, Serbia needs to adopt a credible and binding system of fiscal rules to enter into force in 2023, contain overall spending on wages as a percentage of GDP and take preparatory steps towards implementing an appropriately designed reform of the public sector wage system, improve management of state-owned enterprises, harmonise cost-benefit approach for all public infrastructure investments, as well as advance in green energy transition and decarbonisation. Since Serbia needs to prepare its economy for entering the Single Market, these recommendations can be used as guidelines for a stable and competitive economy. Having in mind that Serbia managed to **preserve**<sup>57</sup> the macroeconomic stability during the pandemic and war in Ukraine, it has a good starting position to implement reforms necessary for entering Stage II.

Finally, the **public administration reform** sub-area needs a rating improvement from the current level of *moderate preparedness* [3] to *good level of preparation* [4], necessary for accessing Stage II. Since it has been stagnant in terms of level of preparedness since 2016, the EC proposes three key recommendations: (1) reduce the excessive number of acting positions, and allocate sufficient resources for effective, merit-based recruitment processes; (2) ensure strong quality control role of the Public Policy Secretariat to ensure effective implementation of the Law on the planning system; (3) put in place a unified, comprehensive and transparent system for capital investment planning and management. Good public administration is a *conditio sine qua non* of any reform process; by implementing public administration reforms, Serbia will be in position to carry out reforms in all other chapters and areas.

*Table 6 Ratings for chapters within Cluster 1 - Fundamentals*

Chapter	Level of preparedness	Rating	Necessary for Stage II
5 - Public procurement	Moderately prepared	3	4
18 - Statistics	Moderately prepared	3	4
23 - Judiciary and fundamental rights	Some level of preparation	2	4
24 - Justice, freedom and security	Some level of preparation	2	4
32 – Financial control	Moderately prepared	3	4
Functioning of democratic institutions	Moderately prepared	3.1	4
Economic criteria	Moderately prepared	3.25	4
Public Administration Reform	Moderately prepared	3	4

<sup>57</sup> National Bank of Serbia, "Macroeconomic Developments in Serbia", (May 2023), available at: [https://www.nbs.rs/export/sites/NBS\\_site/documents-eng/finansijska-stabilnost/presentation\\_invest.pdf](https://www.nbs.rs/export/sites/NBS_site/documents-eng/finansijska-stabilnost/presentation_invest.pdf)

As demonstrated in the table below, Serbia needs to make improvement in at least three out of nine chapters within **Cluster 2**. Since **Chapter 6** and **Chapter 7** are already assessed with a good level of preparation, it is necessary to improve other chapters' rating to fulfil the requirement for reaching Stage II. Possibly, the best strategy for Serbia would be to improve all *moderately prepared* chapters as showed in the Table 7.<sup>58</sup>

*Table 7 Ratings for chapters within Cluster 2 - Internal Market*

Chapter	Level of preparedness	Rating	Necessary for Stage II
1 – Free movement of goods	Moderately prepared	3	4
2 – Freedom of movement for workers	Moderately prepared	3	4
3 – Right of establishment and freedom to provide services	Moderately prepared	3	4
4 – Free movement of capital	Moderately prepared	3	4
6 – Company law	Good level of preparation	4	4
7 – Intellectual property law	Good level of preparation	4	4
8 – Competition policy	Moderately prepared	3	4
9 – Financial services	Moderately prepared	3	4
28 – Consumer and health protection	Moderately prepared	3	4

*Table 8 Ratings for chapters within Cluster 3 - Competitiveness and inclusive growth*

Chapter	Level of preparedness	Rating	Necessary for Stage II
10 – Information society and media	Moderately prepared	3	4
16 – Taxation	Moderately prepared	3	4
17 – Economic and monetary policy	Moderately prepared	3	4
19 – Social policy and employment	Moderately prepared	3	4
20 – Enterprise and industrial policy	Good level of preparation	3	4
25 – Science and research	Good level of preparation	4	4
26 – Education and culture	Good level of preparation	4	4
29 – Customs union	Good level of preparation	4	4

<sup>58</sup> The detailed recommendations for entering Stage II per each chapter are provided in Annex II of the paper.



**Cluster 3 - Competitiveness and inclusive growth** encompasses 8 chapters out of which three are currently assessed with a *good level of preparation* [4] rating, while in other five Serbia is perceived as *moderately prepared*. Serbia's average preparedness grade in this cluster is 3.38, thus requiring some necessary improvement in order to reach an average of 4, as stipulated by the Staged accession model. The best policy option for Serbia would be to improve ratings in five chapters assessed as *moderately prepared* [3], as showed in Table 8.

*Table 9 Ratings for chapters within Cluster 4 - Green agenda and sustainable connectivity*

Chapter	Level of preparedness	Rating	Necessary for Stage II
14 – Transport policy	Good level of preparation	4	4
15 – Energy	Moderately prepared	3	4
21 – Trans-European Networks	Moderately prepared	3	4
27 – Environment and climate change	Some level of preparation	2	4

**Cluster 4** contains four chapters that regulate the **Green agenda and sustainable connectivity** areas. Serbia's current average rating in this cluster is 3, thus needing the improvement in at least three out of four cluster chapters to be ready to enter Stage II of accession. The first and dominant strategy presented in Table 9 would be for Serbia to make one-grade progress in **chapters 15** and **21**, as well as a two-grade advancement in **Chapter 27**. Having in mind the state of play and the huge gap between the EU and Serbia when it comes to the environment, this chapter requires enhanced effort for aligning with the *acquis* and standards in this area.

*Table 10 Ratings for chapters within Cluster 5 - Resources, agriculture and cohesion*

Chapter	Level of preparedness	Rating	Necessary for Stage II
11 – Agriculture and rural development	Some level of preparation	2	4
12 – Food safety, veterinary and phytosanitary policy	Moderately prepared	3	4
13 - Fisheries	Moderately prepared	3	4
22 – Regional policy and coordination of structural instruments	Moderately prepared	3	4
33 – Financial and budgetary provisions	Some level of preparation	2	4

The **Cluster 5 - Resources, agriculture and cohesion**, comprising the policies linked to the EU structural funds and development of the capacities to assume responsibilities of a future Member State, statistically represents Serbia's weakest cluster. This cluster also entails some of the key policy areas, crucial for ensuring sustainable food systems and helping rural communities to develop and diversify economically. Serbia needs improvement in at least two chapters just to be able to enter Stage I, as showed in the previous sub-chapter of this analysis. In order to access Stage II, Serbia is to additionally progress in two already analysed chapters, plus to make at least one-grade progress in the remaining three chapters within the cluster.<sup>59</sup>

<sup>59</sup> Since Chapter 11 and Chapter 33 are analysed in the previous part of the paper, recommendations for the remaining chapters will be presented in Annex II.

Table 11 Ratings for chapters within Cluster 6 - External relations

Chapter	Level of preparedness	Rating	Necessary for Stage II
30 – External relations	Moderately prepared	3	3
31 – Foreign, security and defence policy	Moderately prepared	3	5

Finally, **Cluster 6 - External relations** consists of only two chapters: External relations (**30**) and Foreign, security and defence policy (**31**). Having in mind that Serbia is ranked as *moderately prepared* [3] in both of these chapters, it has to improve in at least one of them by two grades, or to show progress in both by one grade up in order to fulfil the prerequisite to enter Stage II. Since for the advancement in **Chapter 30** Serbia needs to accede the World Trade Organisation (WTO), which it has not been able to do for more than 15 years, perhaps a dominant strategy would be to concentrate on **Chapter 31**, as shown in Table 11. Having in mind that in their latest report the Commission evidenced backsliding in this particular chapter, and that the level of compliance with the EU Common Foreign and Security Policy has dropped to a historical minimum (45%), there is plenty of space for Serbia to achieve progress and up its rating in this chapter.

The EU expects the candidate countries to align their foreign policies and apply agreed sanctions and restrictive measures. Serbia is yet to meet these expectations, mostly due to the government's decision not to align with the sanctions against the Russian Federation following Russia's military aggression against Ukraine. When Serbia became a candidate for the membership in 2012, its level of harmonisation<sup>60</sup> with the CFSP was 99%, which proves that harmonisation of Serbia with the EU and progress in Chapter 31 is a matter of political will. By fully aligning with CFSP, Serbia would not only fix the assessment in Chapter 31 but restore the trust and prove itself to be a credible partner of the EU. Lastly, the EU was clear that without the CFSP alignment<sup>61</sup>, none of the countries will be able to proceed on its integration path, which confirms that the progress in Cluster 6 is closely linked to the Chapter 31.

To sum the previous sub-chapter on Serbia's perspective to reach Stage II, it is evident that there is a lot of work ahead for one of frontrunners in the EU accession process. Serbia needs to record substantial progress in at least 25 chapters across six clusters. With strong political steer and commitment from the Government, combined with the EU's renewed interest in the enlargement, Stage II looks like an attainable mid-term perspective for Serbia. However, having in mind how many obligations there are and how challenging they can be, the timeline for reaching Stage II will heavily depend on the development of the administrative capacities and on the strength of political commitment.

## Reaching Stage III by the end of the decade

As is visible from the previous part of the analysis, there is a lot of work ahead for Serbia, even for reaching Stage II. Logically, one could think that Stage III is lightning years away and out of reach at the moment, especially having in mind the condition of achieving mainly *good* [5] ratings across all six clusters, 33 chapters and the three Fundamentals' sub-areas. However, the most challenging is breaking out of the current *status quo*, which is why stages I and II are particularly important.

60 European Commission, "Serbia 2012 progress report", SWD(2012), Brussels, (October 2012), available at: [https://neighbourhood-enlargement.ec.europa.eu/system/files/2018-12/sr\\_rapport\\_2012\\_en.pdf](https://neighbourhood-enlargement.ec.europa.eu/system/files/2018-12/sr_rapport_2012_en.pdf)

61 European Council, "European Council meeting (23 and 24 June 2022) – Conclusions", COEUR21 CONCL5, (June 2022), available at: <https://www.consilium.europa.eu/media/57442/2022-06-2324-euco-conclusions-en.pdf>

Once reforms across all clusters are set in motion with clear political will and encouragement coming from the key political figures in the state, there is a potential that a reform swing can and should be used to drive Serbia towards Stage III. This means that countries that had reached Stage II have already solved critical issues and that they would be ready to deliver the rest of reforms and accede the EU.

The main driving force behind reaching Stage III for Serbia, and for the other countries as well, is that it represents the point of accession to the EU. According to the Model, by entering Stage III, a country would close all negotiating chapters and sign the Treaty of Accession which would contain provisions on temporary derogations. Stage III represents the point of candidate country's official accession to the EU and, at the same time, offers historical changes as a country becomes a new member state without obtaining the veto rights in the Council for a previously agreed time period. Furthermore, Stage III opens up an opportunity for full participation in the EU policies and a possibility to accede to Schengen Area and Eurozone on standard conditions. Taking into account the incentives Stage III provides, as well as the frequent calls for a Joint European Integration Plan 2030<sup>62</sup>, Serbia reaching Stage III by the end of this decade represents an optimistic scenario.

## Conclusion

This paper provided an overview of the key drawbacks of the current enlargement policy, potential roadblocks to implementing the Staged accession model in Serbia, a mapping of relevant stakeholders, and the Model's practical implications on Serbia's accession path. Drawing on the preceding sections, the paper then developed and presented a roadmap for the subsequent reform steps to be taken in order for Serbia to progress from one stage to another, with full membership as the ultimate goal of the overall efforts. A closer look at the roadmap vividly illustrates the complexities of Serbia's accession process. While Serbia may appear close to attaining Stage I from a technical perspective by making further progress in only two out of six clusters, two key political hurdles pose challenges in accessing the proposed gradual institutional and financial benefits.

Firstly, the analysis underscores the necessity for Serbia to make a qualitative leap forward within Cluster 1, as the country has thus far demonstrated a lack of political will to conduct comprehensive and tangible reforms. Given the foundational importance of this area and close interconnection with other chapters/clusters, progress (or lack thereof) holds the potential to significantly determine the pace of negotiations and ultimately facilitate or hinder the country's path to EU membership. As implementation of the relevant reforms requires both time and resources, the Model's proposal to introduce gradual institutional and financial benefits could serve as an apt incentive for the Government to show genuine commitment to securing meaningful improvements in the area of the rule of law, functioning of democratic institutions, fight against crime and corruption, and freedom of expression. In other words, only by demonstrating a strong political commitment to reforms Serbia would gain the opportunity to bridge the gap from the current Commission's ratings to the ratings required to enter Stage I.

Secondly, the analysis warns that any reform process undertaken by Serbia needs to be accompanied by simultaneous alignment with the EU's Common Foreign and Security Policy (CFSP). The outbreak of the war in Ukraine in 2022 has practically turned Chapter 31 into a "blocking chapter", significantly straining Serbia's attempts to sustain its traditionally amicable relations with Russia and casting doubt on its prospects for membership. Under current circumstances, Serbia risks facing "backsliding" in this chapter in the 2023 Commission's report, which would further

62 Srđan Majstorović, "Joint European Integration Plan 2030", European Policy Center, (2022), available at: <https://cep.org.rs/en/blog/joint-european-integration-plan-2030/>

confirm the negative trend already observed in the previous year. Moreover, any potential effort to change foreign policy course in the following period will also hinge upon the effectiveness of the Belgrade-Pristina normalisation dialogue, which continues to have a spill-over effect on Serbia's foreign policy and its relationship with Russia. Recognising the increased importance of foreign policy as an essential tool for demonstrating the overall commitment to EU membership, any further setbacks in this area would critically impair Serbia's progress towards Stage I and its associated benefits.

By explicitly recognising the key identified hurdles in the case of Serbia as preconditions for entering Stage I, the paper emphasises that the Staged accession model cannot and should not be perceived as a means to simply expedite the accession process without regard for merit-based criteria. While refuting any concerns that it might serve as a shortcut for countries, it insists that demonstrating genuine commitment to the membership path requires both implementing reforms per cluster/chapter and accounting for ongoing political developments on the ground in the wider geopolitical context. Consequently, although Serbia is on average moderately prepared across clusters, and despite the fact the numbers show that most of the work across all clusters has been fulfilled for it to enter Stage I, it risks a standstill if no progress is made to leap the hurdles in the aforementioned areas.

Looking forward, to enter Stage II, Serbia would need to make notable advancements in 25 chapters and three fundamental sub-areas. Although this might imply that this stage is far out of Serbia's reach, sound prioritisation of reforms and mobilisation of administrative capacities would allow for this work to be completed in the medium term of a single government mandate. As progress in all clusters is contingent upon overcoming previously identified blocking areas, demonstrating political will in a convincing manner that assures the EU of Serbia's commitment to fostering a renewed relationship could encourage the acceleration of progress in other areas. With swift advances in that direction, it is even possible that Serbia could be poised for membership before the end of the decade, i.e., to enter Stage III.

In pursuing the goal of Serbia's EU membership, the role of the EU itself holds immense importance. Game-changing moments and significant progress are unlikely to materialise without a credible membership perspective and additional incentives along the way. Recognising the pressing need to take action, the Staged accession model emerges as a pivotal and compelling pathway to complete Serbia's accession process successfully. By embracing a structured and predictable merit-based incentive framework, the EU can play a proactive role in assisting Serbia in navigating the complexities of the accession process, overcoming the identified challenges, and achieving tangible advancements. These efforts could ultimately allow Serbia to earn a reputation as a credible candidate for EU membership.

## Annex I: Overview of the state of play with ratings for the level of preparation in all chapters

*Table 12 Overview of the level of preparedness across chapters*

Chapter	Chapter Title	Cluster	Rating	Description
1	Free movement of goods	II	3	Some progress, further alignment necessary.
2	Freedom of movement for workers	II	3	Some progress on previous recommendations, continued enhancement of cooperation and coordination of social security systems with other Member States necessary.
3	Right of establishment and freedom to provide services	II	3	Mainly stagnation, with limited progress. Further legislative alignment and harmonization on mutual recognition of professional qualifications required.
4	Free movement of capital	II	3	Stagnation, last year's recommendations repeated.
5	Public procurement	I	3	Stagnation, too many exemptions from the application of PPL. The Law on special procedures for linear infrastructure projects not in line with the acquis.
6	Company Law	II	4	Some progress achieved through the adoption of the Law on the capital market and of amendments to the Law on companies. Nevertheless, further alignment is needed in the company law area.
7	Intellectual property law	II	4	Good level of preparation, necessary to further harmonize with EU directives and strengthen enforcement.
8	Competition policy	II	3	Limited progress, previous recommendations still in place.
9	Financial services	II	3	Limited progress with the adoption of the Law on the capital market. Necessary alignment with the Solvency II directive and continue implementing Basel III standards.
10	Information society and media	III	3	Stagnation, with the limited progress in the area of e-Government and aligning to EU digital service objectives.
11	Agriculture and rural development	V	2	Stagnation in terms of preparedness for membership. Necessary to avoid further loss of IPARD II funds, ensure the smooth roll-over of entrusted IPARD measures to the 2021-2027 period and prepare new measures for entrustment, and continue alignment with the EU acquis in the area of agriculture and rural development.

Chapter	Chapter Title	Cluster	Rating	Description
12	Food safety, veterinary and phytosanitary policy	V	3	Stagnation since 2016. Serbia needs to strengthen capacities of Directorates and inspection services, and further align with the EU acquis in this area.
13	Fisheries	V	3	Stagnation, previous recommendations repeated, further alignment with the EU acquis necessary.
14	Transport policy	IV	4	Last year's recommendations remain in place. Serbia needs to strengthen railway safety system, and improve strategic framework on transport sector general.
15	Energy	IV	3	Mainly stagnation, diversification of energy sources necessary and adoption of the National Energy and Climate Plan (NECP).
16	Taxation	III	3	Limited progress in tax administration reform, necessary further legislative alignment in areas of VAT and direct taxation, and implementation of the tax administration reform programme.
17	Economic and monetary policy	III	3	Mainly stagnation, with limited progress in the budgetary procedure. No progress on previous recommendations.
18	Statistics	I	3	Census completed, new statistical law necessary.
19	Social policy and employment	III	3	Last year's recommendations have been partially met, necessary further legislative and policy alignment with the EU.
20	Enterprise and industrial policy	III	3	Some progress was made by adopting an action plan for the strategy on state ownership and management of business entities owned by the state, and by creation e-Consultations portal. New SME and entrepreneurship policy strategy required.
21	Trans-European networks	IV	3	Some progress made overall, including on infrastructure upgrading, the construction of the gas interconnector with Bulgaria and on last year's recommendation on Serbia's strategic framework for the transport sector.
22	Regional policy and coordination of structural instruments	V	3	No progress, last year's recommendations remain valid.
23	Judiciary and fundamental rights	I	2	Constitutional amendments adopted, stagnation in other areas.
24	Justice, freedom and security	I	2	Some progress, good management of migration, necessary further alignment with common visa policy, and continue fight against organized crime.

Chapter	Chapter Title	Cluster	Rating	Description
25	Science and research	III	4	Good level of preparation, three recommendations for further advancement in this area.
26	Education and culture	III	4	Good level of preparation, Covid-19 affected implementation of previous recommendations. Last year's recommendation partly implemented, remain valid.
27	Environment	IV	2	Limited progress including on last year's recommendations. Required to increase environmental funding and investments, improve trans-boundary cooperation and develop its national energy and climate plan. The adoption of important legislation and strategic documents is pending.
28	Consumer and health protection	II	3	Limited progress in digitalisation of the health sector and in the increase of healthcare professionals. Previous recommendations remain valid.
29	Customs union	III	4	Good level of preparation but overall limited progress, and no progress on last year's recommendations.
30	External relations	VI	3	No progress, accession to WTO required. Export restrictions on a number of products added without presenting sufficient justifications, nor following the procedures set out in SAA.
31	Foreign, security and defence policy	VI	3	Backsliding, Serbia reached the historical minimum alignment with the EU CFSP.
32	Financial control	I	3	Moderately prepared, several key reforms pending.
33	Financial and budgetary provisions	V	2	Limited progress on addressing previous recommendations, further administrative reforms and preparations necessary for accession to the EU budget.
	Functioning of democratic institutions	I		Presidential, parliamentary, and local elections held in 2022. Procedural democracy, unfair elections.
	Economic criteria	I		Overall good economy, necessary further alignment with the EU standards and preparation of market pressures from entering the Single Market.
	Public administration reform	I		Reform ongoing, excessive number of acting positions.

## Annex II: Recommendations for Stage II

### Cluster 2

To transition to a tier II of accession to the EU, all clusters must have an average rating of 4, which can be achieved by having all chapters in a cluster earn a 4 rating. Chapters 6 (Company Law) and 7 (Intellectual property Law) already have a score of 4, therefore these two can be skipped in further analysis. Starting with the Free movement of goods (Chapter 1), Serbia must adopt a new action plan and strategy that aims to fully implement the EU *acquis* in this area in both horizontal legislation and sectoral. The country must also repeal all transitional provisions made in regard to the Serbian conformity mark. For the horizontal measures, the state must ensure that articles 34-36 of the Treaty on the Functioning of the European Union (TFEU) are fully adopted.<sup>63</sup> Upon complying with these recommendations, Serbia may expect to receive a higher grade from the Commission.

Moving on to the Chapter 2 which covers freedom of movement for workers, Serbia's main focus regarding this chapter is further cooperation with the EU concerning social security networks. Consequently, EC provided three key recommendations in this regard. First, procedures for issuing work permits to EU citizens must be further simplified, as currently they are still considered as third country nationals within Serbian legislation. Second, Serbia must resume and subsequently acquiesce to negotiations on the electronic exchange of social security data with several EU member states. Third, Serbia must also continue with negotiations concerning the European Health Insurance Card with the rest of EU (currently the country has agreements with only 9 other members). In order to be fully ready to establish freedom of movement for workers between the other Member States and its own workers, Serbia absolutely must implement these three recommendations.

Since the freedom of movement of people is one of the basic EU values, Serbia needs to prepare to secure this freedom on its territory and all following regulations. As it is currently moderately prepared in this chapter [3], Serbia will need to show some improvement in this area. 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. In line with this, Serbia needs to adopt the horizontal law on services, complete alignment of sectoral laws with the horizontal law and the EU *acquis* and establish a Point of Single Contact via a portal that offers online information to service providers, including on all relevant administrative procedures. Parallel with it, Serbia needs to continue making progress on the alignment of national legislation with the EU postal *acquis* and further strengthen the capacity of the postal services inspectorate. Furthermore, in order to enable full right of establishment and freedom to provide services, Serbia needs to continue harmonisation on mutual recognition of professional qualifications. By making these steps, Serbia will find itself closer to Stage II and its overall objective – membership in the EU.

Free movement of capital is one of the several main principles the EU is founded on. When capital and investments are able to move from state to state without restriction, a space for money-laundering is opening. That is why Serbia needs to improve its cross-border payment control and apply certain rules for fight against money-laundering and terrorist financing. As Chapter 4 is moderately prepared per Commissions' latest report, there are two key recommendations for Serbia to move up in this chapter. It needs to demonstrate, through a track record, increasing effectiveness in monitoring, supervision, financial intelligence, investigation and reporting. This is in line the money tracking rules, while the second recommendations reminds Serbia on one previous com-

<sup>63</sup> These are only some of recommendations by the Commission for the Chapter 1, for more detailed list of recommendations please check the 2022 EC annual report on Serbia.



mitment. Namely, Serbia needs to liberalise capital movement in line with its obligations under the Stabilisation and Association Agreement (SAA), in particular restrictions on the acquisition of agricultural land. Fulfilling these two recommendations will provide enough evidence for the Commission to evidence Serbia's progress in this chapter in forthcoming reports.

EU rules protect free competition with anti-trust rules and a system of State aid control. Under Chapter 8 (Competition policy) Serbia needs to align with these anti-trust rules and State aid control policies that are set out at the EU level. As it is currently moderately prepared when it comes to this area, Commission provided three recommendations for further approximation with the EU standards and policies. First, Serbia should align the existing fiscal state aid schemes and work towards aligning the Law on multilateral interchange fees and special operating rules for card-based payment transactions with the EU *acquis* and SAA obligations. Second, it must ensure that the notification and the standstill obligations are systematically respected for all state aid measures and provide a solid track record in the implementation of laws on protection of competition and state aid control. Third and last, Serbia needs to finalise the inventory and define an action plan for the alignment of all existing aid schemes identified as incompatible with the SAA obligations. By showcasing clear alignment and improvement following these three recommendations, Serbia can earn better grade for the chapter concerning free competition.

Financial services is another important policy area of the EU with the goal of ensuring fair competition and stability of financial institutions including banking, insurance, supplementary pensions, investment services, and securities market. In order for Serbia to secure good level of preparation [4] it needs to implement two key recommendations of the European Commission. First, it needs to continue implementation of Basel III standards<sup>64</sup> in line with their finalisation and introduction at EU level. Second, Serbia needs to continue to work towards full alignment with the Solvency II directive<sup>65</sup> in the area of insurance. Continuous alignment in this area will not only bring better assessment, but the better and safer overall business environment in the area financial services for Serbian citizens and businesses.

Consumer and health protection as constitutive parts of Chapter 28 include wide variety of rules and regulations with the aim of protecting consumers' health and economic interests. The EU also ensures high common standards for upholding patients' rights in cross-border health-care which are also encompassed in Chapter 28. Alongside of great deal of details in this extensive policy areas, Serbia needs to pay particular attention to ensure the necessary institutional, administrative and technical capacity to implement the EU *acquis* under this chapter. Serbia particularly needs to further align its legislation on substances of human origin, on patients' rights in cross-border healthcare, on tobacco control, and on medicines for human and for veterinary use. Furthermore, Serbia needs to strengthen the overall managerial capacity, human resources and financial sustainability of the public health insurance fund, and on the relevant authorities for consumer protection, market surveillance and sanitary inspection. All afore mentioned tasks in front of Serbia represent a demanding challenge and a maturity test for the membership in the EU.

### Cluster 3

Following the dominant strategy of improving all the moderately prepared chapters within Cluster 3, Serbia needs to start with Chapter 10 – Information society and media. Under this chapter the EU support the proper functioning of the internal market for electronic communications, electron-

<sup>64</sup> Basel 3 is a set of international banking regulations developed by the Bank for International Settlements in order to promote stability in the international financial system. Basel III regulation is designed to decrease damage done to the economy by banks that take on too much risk.

<sup>65</sup> European Parliament and Council, "Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)", Official Journal of the European Union, November (2009), available at: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32009L0138>

ic commerce and audio-visual services. Rules in this policy area as well cover media consumer protection and universal availability of modern services. Therefore, for further adjustments with the EU, Serbia needs to align the electronic communications legislation with the updated EU regulatory framework, including the new European Electronic Communications Code and the Cost Reduction Directive. Furthermore, it should ensure full financial and operational independence of the regulators for electronic communication and postal services (RATEL) and for electronic media (REM) in compliance with the EU *acquis* and boost their capacity to work proactively. The work of REM has been particularly criticised<sup>66</sup> in recent years, meaning that additional emphasis must be placed on this recommendation. Last, Serbia needs to ensure implementation of competitive safeguards and market operators' access to the relevant infrastructure, in particular at a local government level. Having in mind assessment<sup>67</sup> of highly polarised political space and fragmented media market, combined with REM's unsatisfactory work, Serbia has a difficult task ahead of it.

Taxation represents crucial policy for the budget and financial stability of each state. Chapter 16 of accession negotiations covers EU rules on taxation such as value-added tax (VAT), excise duties and corporate taxation. It also deals with cooperation between tax administrations, including the exchange of information to prevent tax evasion. In order to improve the grade for Chapter 16, Serbia needs to follow two key recommendations provided by the European Commission. First, it should continue with implementation of the tax administration reform programme in order to streamline the Tax Administration's activities while ensuring sufficient human and IT resources for this purpose, improve tax collection and combat the informal economy. Second, Serbia needs to make progress towards legislative alignment in the areas of VAT, excise duties and direct taxation. Finishing the tax administration reform and legislative alignment will certainly bring Serbia improved rating for Chapter 16.

EU Member States coordinate their economic policies and are subject to fiscal, economic and financial surveillance, while those who are part of the Eurozone share common monetary policy. That is why Chapter 17 is entitled "Economic and monetary policy" and covers previously mentioned policy areas. There are three main prerequisites for Serbia to record progress in this chapter. First, Serbia needs to further align the legislation on National Bank of Serbia with the EU *acquis* to ensure its full independence. Second, it needs to strengthen fiscal rules by making them more binding and capable of anchoring fiscal policy. Third, Serbia needs to further align the budget system law with Directive 85/2011<sup>68</sup> in the field of macroeconomic and fiscal projections, three-year expenditure perspective, transparency and accounting and statistical reporting. Complying with these requirements will demand increased administrative activity of the relevant Serbian institutions.

Social policy and employment are intertwined policy areas that are covered in Chapter 19. As the Commission assessed Serbian preparation in this chapter as moderate, with a limited progress over last year, it provided three key recommendations for Serbia on how to improve state of play in this chapter. First, Serbia should ensure adequate financial and institutional resources for employment and social policies to more systematically target the young, women and long-term unemployed; in particular, take further steps to start piloting the Youth Guarantee in Serbia. Second, Serbia needs to ensure timely implementation of the action plan for Chapter 19, in particular by adopting a new law on health and safety at work and by conducting consultations on a new labour law, including provisions on foreign seconded workers, in line with the EU *acquis*. Third, it should

66 Pavol Szalai, "Serbian media regulator must defend media pluralism and independence, RSF says", Reporters without borders, (2022), available at: <https://rsf.org/en/serbian-media-regulator-must-defend-media-pluralism-and-independence-rsf-says>

67 Reporters Without Borders, "Serbia", available at: <https://rsf.org/en/country/serbia>

68 Council of European Union, "Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States", Official Journal of the European Union, (2011), available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32011L0085>

as well improve the coverage and adequacy of social benefits for people below the poverty threshold, including financial social assistance (FSA) and child allowance, and address the issue of the high caseload of social welfare centres. These are all complicated tasks that require some time and a high level of dedication from Serbia to be completed.

EU Enterprise and industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium size enterprises (SMEs). This EU policy is encompassed under Chapter 20 where Serbia is moderately prepared [3] according to the EC's assessment. The Commission recommended Serbia to continue efforts to further improve the predictability of the business environment, with the emphasis on ensuring direct involvement of businesses in the process of regulation and to adopt a new SME and entrepreneurship policy strategy. Serbia should also reallocate budgetary resources for foreign direct investment incentives to financial and technical support to SMEs following the Commission's advice. Small and medium size enterprises can be as important as big companies for domestic economy. Having in mind that the EU Single Market is very competitive, it is of utmost importance for any acceding country to prepare well for its entry to this market.

## Cluster 4

Energy became a matter of highest importance for every European country with the respect to recent developments in Ukraine. EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy, nuclear safety and radiation protection. Since Serbia does not produce nuclear energy, it needs to align with the EU in the remaining areas and improve its level of preparation in this chapter from 3 to 4 to be able to enter Stage II. In order to achieve the desired rating of 4, Serbia needs to finalise and implement the National Energy and Climate Plan (NECP) and Energy Sector Development Strategy in accordance with the Green Agenda for the Western Balkans<sup>69</sup> and the obligations from the Energy Community Treaty, but it also needs to advance on the green energy transition by increasing the share of renewables, strengthening capacity to manage larger energy efficiency programmes and launching the first auction for renewables in 2022. Furthermore, Serbia needs to accelerate the implementation of action plans and finalise unbundling the gas sector, certify Transportgas and provide effective third party access to all gas entry points, further diversify natural gas transportation routes and sources to decrease its energy dependence on Russia, in line with the REpowerEU<sup>70</sup> communication. Lastly, the final recommendation states that in the context of establishing a regional electricity market, determine net transmission capacities and capacity allocation with all neighbouring control blocks. As it is evident from previous lines, there are a lot of job for Serbian government in the area of energy which will probably require a considerable amount of time and commitment to be fulfilled.

The history of EU is the history of uniting and connecting in every sense. That is why The EU promotes trans-European networks in the areas of transport, telecommunications and energy to strengthen the internal market and contribute to growth and employment. In order to maintain and increase the level of connectivity with the EU, Serbia needs to continue to modernise its transport and energy infrastructure connections in line with the EU's and the Western Balkans' sustainable and smart mobility strategies. Furthermore, it should focus on its part of the Trans-European network and prioritise connections, which reduce Serbia's dependency on Russian energy sources in line with the REpowerEU communication. Last, but not less important, is for Serbia to continue

69 European Commission, "Guidelines for the Implementation of the Green Agenda for the Western Balkans", SWD(2020), Brussels, October (2020), available at: [https://neighbourhood-enlargement.ec.europa.eu/system/files/2020-10/green\\_agenda\\_for\\_the\\_western\\_balkans\\_en.pdf](https://neighbourhood-enlargement.ec.europa.eu/system/files/2020-10/green_agenda_for_the_western_balkans_en.pdf)

70 European Commission, "REpowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition", Press release, (May 2022), available at: [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_22\\_3131](https://ec.europa.eu/commission/presscorner/detail/en/IP_22_3131)

to build the Serbia-Bulgaria gas interconnector within the shortest possible period. As Serbia has been already working on all afore mentioned recommendations, its competition can be expected in the forthcoming years.

Environment and climate change seated in Chapter 27 is one of the hardest chapters for Serbia with the longest list of obligations. At the same time, it is the chapter where Serbia made very little progress over the past decade with only some level of preparation [2]. The EU promotes strong climate action, sustainable development and protection of the environment. EU law contains provisions addressing climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection. The European Commission identified and proposed a wide variety of recommendations in the area of environment and climate change for Serbia. Serbia should considerably step up ambitions towards a green transition and focus on the following recommendations. It should adopt and start implementing an ambitious national energy and climate plan through transparent consultative procedures, consistent with the European Green Deal's zero emission target for 2050 and the Green Agenda for the Western Balkans.

Moreover, Serbian needs to intensify implementation and enforcement work, such as ensuring strict adherence to rules on environmental impact assessment, closing non-compliant landfills, increasing investing in waste reduction, separation and recycling, improving air and water quality including through phasing out coal, further intensifying trans-boundary cooperation, improving law enforcement by inspectorates and judiciary, adopting Serbia's river basin management plan 2021-2027 and continue preparing for Natura 2000. Additionally, it needs to enhance administrative and financial capacity of central and local authorities, in particular in the Serbian Environmental Protection Agency and environmental inspectorates, by further improving inter-institutional coordination, further raising staff levels, continuing to raise environmental investments as well as further improving strategic investment planning and management including transparency of procedures. A coordinated, institutional structure is required to deliver the size and quality of the investments that Serbia needs. All these measures require a lot of financial investment which Serbia is not able to secure by itself. For that reason, support and guidance from the EU is indispensable, all the while years, if not decades, will take Serbia to close the gap and catch up with the rest of the EU.

## Cluster 5

The EU has set high standards for food safety, veterinary and phytosanitary policy, that Serbia is negotiating under the framework of Chapter 12. As it currently stands, Serbia is moderately prepared [3] in this chapter, and if it wants to reach a good level of preparation [4] it will need to do the following homework. First, Serbia must adopt a comprehensive strategy and action plan for alignment, implementation and enforcement of the EU *acquis* on food safety, veterinary and phytosanitary policy. Simultaneously, it needs to continue strengthening the capacities of the line Directorates and inspection services (Veterinary, Agricultural, Phytosanitary, and National Reference Laboratories), where required, through recruitment of new staff to compensate for those leaving the service, and develop retention policies for skilled staff. Lastly, Serbia needs to improve the risk-based approach to official controls for imports. When these measures are completed, Serbia will get the higher assessment grade in this chapter.

Although Serbia is a landlocked country, it still needs to align its regulation with the EU in the area of fishing and fish import and export. Therefore, Chapter 13 (Fisheries) that is currently assessed by the Commission as moderately prepared [3] needs to be improved to the good level of preparation [4] in order for Serbia to enter Stage II of integration with the EU. Simultaneously, this would be third out of many prerequisites for Serbia to enter Stage II and unlock all the benefits envisaged by this phase of integration, such as: access to more EU funds and a more substantial participation in EU institutions that would include speaking rights. In order for this to happen, there are two

main recommendations for advancing the state of play in Chapter 13. First, Serbia should adopt an action plan for full compliance with the requirements of the EU *acquis* by the date of accession, in particular regarding organisation of the markets, agriculture, data collection, and control measures, also fight against illegal unreported and unregulated fish. Second, Serbia should address the severe understaffing of competent authorities responsible for policy formulation and anti-fraud controls for fisheries (including border controls). Both of the recommendations can be more or less easily addressed, especially having in mind the fact that Serbia does not have a coastline, a large part of the EU *acquis* is not applicable to her.

Regional policy tied together with the coordination of structural instruments is very important for Serbian integration process and is part of Chapter 22. Regional policy is the EU's main tool for investing in sustainable and inclusive economic growth. Member States bear responsibility for its implementation, which requires adequate administrative capacity and sound financial management of projects' design and execution. That is why Serbia needs to urgently implement its action plan on cohesion policy, including nominating institutions in line with planning; in particular, to ensure timely preparation and implementation of IPA III multiannual operational programmes under indirect management. As well, Serbia needs to further improve capacity for indirect management of IPA programmes, and guarantee that key positions are permanently filled, while retaining key staff. Lastly, it needs to ensure that all instruments are compliant with EU requirements in terms of programming and partnership principles and factor in the requirements of the future structural/cohesion funds in the institutional set-up. All these Serbia needs to uphold while nurturing good regional cooperation.

## Cluster 6

Member States must be able to conduct political dialogues under the foreign, security and defence policy, align with EU statements, take part in EU actions, and apply agreed sanctions and restrictive measures. Serbia's current level of alignment with the EU's foreign policy is at an all-time low – 44%<sup>71</sup>. However, having in mind that in 2012 Serbia was aligned with 99%<sup>72</sup> of the EU's foreign policy, there is a plenty of space for improvement in this area and return to 2012 level of alignment. Besides improving its alignment with the EU Common Foreign and Security Policy (CFSP), Serbia needs to implement the action plans for the implementation of new national security and defence strategies in a manner fully reflecting Serbia's EU orientation in these areas, and to adopt a law allowing the participation in civilian CSDP missions. By completely carrying out these obligations, Serbia will be able to reach the higher grade for Chapter 31 in the coming years.

71 Igor Novaković, et al. "Analiza usklađenosti Srbije sa spoljnopolitičkim deklaracijama i merama Evropske unije: Polugodišnji pregled za 2022.", International and security affairs center, (September 2022), available at: <https://www.isac-fund.org/wp-content/uploads/2022/09/ISAC-Analiza-ZSBP-2022.pdf>

72 European Commission, "Serbia 2012 progress report", SWD(2012), Brussels, October (2012), available at: [https://neighbourhood-enlargement.ec.europa.eu/system/files/2018-12/sr\\_rapport\\_2012\\_en.pdf](https://neighbourhood-enlargement.ec.europa.eu/system/files/2018-12/sr_rapport_2012_en.pdf)

## Bibliography

- Bami, Xhorxhina & Stojanović, Milica “Serbs Stage Mass Resignation from Kosovo State Institutions”, BIRN, (2022)
- Bieber, Florian, ‘Why the EU’s enlargement process is running out of steam’, EUROPP, (October 2020)
- Boese, Vanessa. A, et al. “Autocratization Changing Nature? Democracy Report 2022”, Varieties of Democracy Institute (V-Dem), (2022)
- Burazer, Nikola, “Serbia: Nations in transit 2022”, Freedom House, (2022)
- Butcher, Jack & Boffey, Daniel “Tensions rise at Kosovo border as number plate row escalates”, The Guardian, (2021)
- Castaldo, Antonino, “Back to Competitive Authoritarianism? Democratic Backsliding in Vučić’s Serbia”, Europe-Asia Studies, (October 2020)
- Conference on accession to the European Union – Serbia, European Union Common Position, Brussels, (November 2015)
- Conference on Accession to the European Union -Serbia, Intergovernmental Conference, CONF RS 1, Brussels, (January 2014)
- Council of European Union, “Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States”, Official Journal of the European Union, (2011)
- Economist Intelligence Unit, “Democracy Index 2021: the China challenge.” (2021)
- Ekapija, “Srpski poljoprivrednici iskoristili samo 47 mil EUR iz IPARD programa - Iskustvo Hrvatske značajno za buduće bolje korišćenje sredstava”, (2021)
- Emerson, Michael, et al. “A Template for Staged Accession to the EU.”, CEPS and European Policy Center, (October 2021)
- European Commission, DG NEAR, “Overview - Instrument for Pre-accession Assistance”
- European Commission, “EU-Western Balkans Summit Thessaloniki Declaration”, C/03/163, Thessaloniki, (2003)
- European Commission, “Enhancing the accession process - A credible EU perspective for the Western Balkans”, COM(2020), (2020)
- European Commission, “Guidelines for the Implementation of the Green Agenda for the Western Balkans”, SWD(2020), Brussels, October (2020)
- European Commission, “REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition”, Press release, (May 2022)
- European Commission, “Serbia 2012 progress report”, SWD(2012), Brussels, (October 2012)
- European Commission, “Serbia 2022 Report”, SWD(2022), Brussels, October (2022)
- European Commission, “Western Balkans: An Economic and Investment Plan to support the economic recovery and convergence”, Press Release, Brussels, (October 2020)

- European Council, “European Council meeting (23 and 24 June 2022) – Conclusions”, EUCO 24/22, Brussels, (2022)
- European External Action Service (EEAS), “Belgrade-Pristina Dialogue: EU Proposal - Agreement on the path to normalisation between Kosovo and Serbia”, (February 2023)
- European External Action Service (EEAS), “Belgrade-Pristina Dialogue”, Strategic Communications
- European Neighbourhood Policy and Enlargement Negotiations (DG NEAR), “Croatia – Membership Status”
- European Parliament and Council, “Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)”, Official Journal of the European Union, November (2009)
- Lazarević, Milena, “Away with the enlargement bogeyman: Reforming the EU Enlargement Policy for a prompt acceptance of the Western Balkans”, European Policy Centre, (July 2018)
- Lazarević, Milena & Pavković, Miloš, “The staged accession proposal: Breaking the spell of the sleeping EU enlargement”, Bled Strategic Times, Official Gazette of the Bled Strategic Forum, (2022)
- Lazarević, Milena & Subotić, Strahinja, “The Model of the Staged Accession to the European Union: Addressing the Four Key Concerns”, (2022)
- Majstorović, Srđan, “Joint European Integration Plan 2030”, European Policy Center, (2022)
- Narodna skupštine Republike Srbije, “Rezolucija o ulozi Narodne skupštine i načelima u pregovorima o pristupanju Republike Srbije Evropskoj uniji”, (December 2016)
- National Bank of Serbia, “Macroeconomic Developments in Serbia”, (May 2023)
- Novaković, Igor, et al. “Analiza usklađenosti Srbije sa spoljnopolitičkim deklaracijama i merama Evropske unije: Polugodišnji pregled za 2022.”, International and security affairs center, (September 2022)
- OSCE/Office for Democratic Institutions and Human Right, “ODIHR Election Observation Mission Final Report – Republic of Serbia”, (April 2022)
- Pavković, Miloš, “Public Procurement: A Brake or a Step Forward in the European Integration of Serbia”, European Policy Center, (2022)
- Ratz, Alexander, et al. “Serbia must adapt to EU visa policy to join bloc - German interior minister”, Reuters, (October 2022),
- Reljić, Dušan, “The EU’s quest for strategic autonomy in the Western Balkans: Why it flopped?”, Istituto Affari Internazionali, (2021)
- Reporters Without Borders, “Serbia”
- Savic, Misha, “Serbia : Nation in transit 2015”, Freedom House, (2015)
- Subotić, Strahinja, et al. “Preparation and progress of Serbia toward EU membership 2022”, European Policy Center, (2022)
- Szalai, Pavol, “Serbian media regulator must defend media pluralism and independence, RSF says”, Reporters without borders, (2022)

Von Der Burchard, Hans, "Serbia stands by plans to extend Russia trade ties despite Brussels' warning", Politico, (August 2019)

Walldén, Axel, "The demise of EU enlargement policy", Hellenic Foundation For European and Foreign Policy, January (2017)





**OPEN SOCIETY  
FOUNDATIONS**  
WESTERN BALKANS



The **National Issue Paper Series** was developed within the project “**Support for further development of the model of the Western Balkans staged accession to the European Union**” implemented by the **European Policy Centre (CEP – Belgrade)** and the **Centre for European Policy Studies (CEPS – Brussels)**. The essence of the Project has been to focus on operationalising the **Staged accession model**, co-designed by CEP Belgrade and CEPS Brussels. In order to achieve the set goal, the Project has been supporting the research and analysis needed to develop a series of 14 issue papers. **Six national issue papers** have been created on potential application of the Staged accession model in each of the Western Balkan countries, with a focus on the political and economic specificities of each WB country, the potential implementation dynamics at national level, the stakeholder analysis, as well as the analysis of opportunities and risks that should be considered in the context of the potential model application.

The national issue paper series will directly contribute to the full elaboration of **the Staged Accession Model 2.0** and showcase its application in practice in all the countries in the region.

The core project team has also counted on the valuable expertise of **prominent regional researchers**, as well as individual members of the **Think for Europe Network (TEN)**, such as the **European Policy Institute (EPI – Skopje)**, **Institute Alternative (IA – Podgorica)**, and **Foreign Policy Initiative Bosnia and Herzegovina (FPI BH – Sarajevo)**.

The Project is funded by the **Open Society Foundations (OSF)**. The responsibility for content and information in this publication rests solely with the European Policy Centre and the Centre for European Policy Studies. Opinions expressed in this publication do not necessarily represent those of the Open Society Foundations.



institut alternativa



[www.cep.org.rs](http://www.cep.org.rs)

[www.ceps.eu](http://www.ceps.eu)

All rights reserved. Photo credit: iStock (Belgrade)