

Belgrade, 19 December 2009

Excellency,

On behalf of the Republic of Serbia, and in accordance with Article 49 of the Treaty on European Union, we have the honour to present hereby our application for membership in the European Union.

The enclosed Memorandum of the Government of the Republic of Serbia in Relation to the Application of the Republic of Serbia for European Union membership, affirms the general social consensus regarding the European orientation of the Republic of Serbia and its membership in the European Union.

Please accept, Excellency, the assurances of our highest consideration.

Mirko Cvetkovic

Prime Minister of the Republic of Serbia

Boris Tadic

President of the Republic of Serbia

H.E. Mr. Fredrik Reinfeldt
Prime Minister of the Kingdom of Sweden
Presidency of the European Union



REPUBLIC OF SERBIA

MEMORANDUM

of the Government of the Republic of Serbia in Relation to
the Application of the Republic of Serbia
for European Union membership

Belgrade, December 2009

The decision of the Republic of Serbia to apply for European Union membership results from a solid commitment to the fundamental ideas, attainments and values of the European Union. European Union membership represents a strategic goal of the Republic of Serbia.

The Republic of Serbia has based its decision to apply for membership on several key postulates. The first and essential one represents the genuine intention of Serbia to more fully take part in the fifty-year long efforts of the peoples of Europe to create a Europe of justice, liberty, solidarity and safety. Like other member states of the Union, the Republic of Serbia strives to build a society with key values being pluralism, tolerance, solidarity and the prevention of discrimination.

The national and cultural identity of Serbia is part of the common cultural structure of the EU founded on the motto "united in diversity". At the same time, Serbia nourishes common European values embodied in solid democratic principles.

Through the fulfillment of the requirements of EU membership, Serbia strives to contribute to the creation of a functional, sustainable and efficient system of the EU. In this sense, the process of accession gives a strong momentum to complete political and economic reforms in Serbia.

As part of the Federal Republic of Yugoslavia, Serbia took part in the Stabilisation and Association Process as of November 2000. The Declaration adopted on that occasion in Zagreb confirmed the European perspective of the states included in the Process, as well as the status of potential candidates achieved by these countries at the summit in Santa Maria de Feira in June 2000. The Declaration reiterated that the progress of the countries towards the EU would depend on their individual progress in the fulfillment of the Copenhagen criteria and the implementation of the Stabilisation and Association Agreement, with special emphasis on regional cooperation provisions.

At the Thessaloniki summit of June 2003, it was clearly noted that the future of the Western Balkan countries is in the European Union. This European perspective was confirmed by the conclusions of the European Council of December 2005, December 2006 and June 2008.

The progress of reforms in Serbia has been monitored with particular attention from the moment when the Republic of Serbia demonstrated its intention to become an EU member state, following the changes of 5 October 2000. The Consultative Task Force, as a framework for monitoring the progress achieved, held five meetings in the period from July 2001 to July 2002, which were dedicated to considerations of current, general and sectoral reforms and their compliance with political and economic criteria and European standards.

In July 2003, the FRY-EU Consultative Task Force was succeeded by the Enhanced Permanent Dialogue, as a more convenient framework for political and technical dialogue between the representatives of Serbia/SaM and the European Commission (EC). To date, dozens of plenary and sectoral (thematic) meetings have been held, ensuring constant monitoring of reform processes in the Republic of Serbia.

The decision to open the negotiations for conclusion of the Stabilisation and Association Agreement was passed in April 2005, following the publication of the Feasibility Study, and the adoption of the "twin-track" approach for negotiations with the State Union of Serbia and Montenegro. The negotiations were officially opened on 10 October 2005 and suspended by the decision of the European Commission already in May 2006, due to the estimation that cooperation with the International Criminal Tribunal for Former Yugoslavia was insufficient. Following the formation of the new Government of the Republic of Serbia, and the arrest and extradition of two indictees, the negotiations were resumed and successfully finalized, resulting in the initialing of the Stabilisation

and Association Agreement on 7 November 2007. The Agreement was signed on 29 April 2008 at the meeting of the EU's General Affairs and External Relations Council in Luxembourg. On 9 September 2008, the National Assembly of the Republic of Serbia ratified the Stabilisation and Association Agreement and the Interim Trade Agreement.

Although beginning the implementation of the Interim Trade Agreement and ratification of the Stabilisation and Association Agreement was dependent upon the conclusion of the EU Council of Ministers stating full cooperation of the Republic of Serbia with the ICTY, Serbia chose to implement the Agreement on 30 January 2009. Respecting the positive assessment of the chief prosecutor of the ICTY as regards the achieved level of cooperation with the Republic of Serbia, on 7 December 2009 the EU Council of Ministers adopted a decision on unfreezing the Interim Agreement with the Republic of Serbia. By the same decision, the Council accepted the period of Serbia's Interim Agreement implementation as the commencement of its implementation track record.

The Republic of Serbia made equally important progress towards the free movement of its citizens in the Schengen Agreement countries. Key steps along this road represented the visa facilitation and readmission agreements concluded in May 2007. They were followed by the visa liberalisation dialogue, which involved significant efforts directed at the fulfillment of the Roadmap requirements. The Decision adopted by the EU Council of Ministers on 30 November 2009, enabling visa-free travel for Serbian citizens, represented evident proof that progress is attainable when the requirements are clearly defined and the political will and administrative capacities are in place. For the Republic of Serbia, this decision means much more than the symbolical "fall of the Schengen wall" - it represents a strong signal of political acceptance, certainty of European perspective, and proof that the fulfillment of requirements leads to progress in integration process.

Along with these formal steps towards membership, the internal process of reforms was ongoing in Serbia and the establishment of the consensus necessary for Serbia's EU accession. With a view to achieve national consensus regarding the EU accession, the Government of Serbia established the Council for European Integrations in 2002, as an advisory body representing all segments of Serbian society. Beside the ministers of the Government, Council members include trade union representatives, representatives of employers' union, the Serbian Chamber of Commerce, the Serbian Academy of Sciences and Arts, national minorities, religious communities, non-government sector and universities. At its 7th session in June 2009, the Council welcomed previous efforts by the Serbian Government during the process of pre-accession, and invited the Government to undertake all necessary measures in order to step up the European integration process. In October 2004, the National Assembly adopted the Resolution on the Republic of Serbia joining the European Union, which emphasized Serbia's strategic orientation to achieve European Union membership. In June 2005, the Government of Serbia adopted the National Strategy of Serbia for the Accession of Serbia and Montenegro to the European Union, as an umbrella document for the country's European integration process. This Strategy stipulates the activities that the Republic of Serbia needs to carry out in all segments of the society, politics and law, in order to be prepared by 2012 to undertake the obligations arising from the European Union membership. From 2004 on, the Republic of Serbia has been preparing annual action plans for implementation of the European Partnership agreement. Progressing towards the agreement-based commitment, in 2004 the Republic of Serbia began the process of harmonizing national legislation with EU law, and started adopting annual Action plans for harmonization.

Although a majority of Serbian citizens supported the country's EU accession, the support to this strategic goal, as well as to the implicated economic and political reforms, involved numerous challenges. The prime minister of the first democratic Government, Dr. Zoran Djindjic, who was actively devoted to the transformation of the Republic of Serbia into modern democratic country

with a functioning market economy, capable of facing the serious burden of wars and destruction, was assassinated on 12 March 2003. The Federal Republic of Yugoslavia was transformed in 2003 into the State Union of Serbia and Montenegro. Following a referendum in Montenegro, the State Union ceased to exist and the Republic of Serbia became an independent state in 2006. The territorial integrity of the Republic of Serbia was threatened in February 2008, by the attempted secession of Kosovo and Metohija. Regardless of the severity of this challenge, the Republic of Serbia did not give up its legitimate campaign to preserve its territorial integrity, exclusively by means of legal and diplomatic instruments.

The best proof of the country's European orientation are certainly its elections results: seventeen have been held on different levels after the democratic changes. All elections to date were organized and held in accordance with generally accepted standards, and the political parties promoting Serbia's European future won a majority votes in all of them. The most convincing victory happened in the most challenging year – 2008 – which first saw the presidential and subsequently, in May, parliamentary, provincial and republican elections. Starting with the outstanding victory of President Boris Tadic at the elections in January 2008, the parties and candidates promoting Serbia's European integrations have won significant majorities at all levels of government.

Not accidentally, the period after these elections was marked by the greatest progress in the fulfillment of membership requirements since the beginning of Serbia's European integration process, which was acknowledged in the Progress Report for the Republic of Serbia for 2009, published by the European Commission in October. The report provided positive remarks of the efforts invested by the Government of Serbia in several areas, notably in the implementation of the Interim Agreement and trade liberalization, which represent key parameters for the estimation of Serbia's readiness to enter the next stage of the accession process i.e. for obtaining the status of candidate country for EU membership.

In 2009, when most countries opted for protectionist measures, the Government of Serbia decided to prove its firm orientation towards European Union membership by implementing the Interim Agreement starting from 30 January 2009. By Agreement implementation, the import from the EU was liberalised by the immediate abolishment of tariffs for 63% of tariff lines, which represent 50% of the value of industrial imports. In the area of agriculture, tariffs for 40% of tariff lines were immediately abolished, representing 40% of value of the EU imports. Noting the commitment to the European integration process, in its Enlargement Strategy 2009-2010 the Commission has reaffirmed that Serbia has started to build a track record in implementing the provisions of the Interim Agreement with the EU. Furthermore, the European Commission has, in its Progress Report for 2009, reiterated that Serbia has sufficient administrative capacity necessary for making substantial progress in the European integration process.

By signing the SAA, Serbia has committed itself to gradually harmonise its legislation with the EU *acquis*, as well as to duly implement it. In compliance with this provision, Serbia adopted, in October 2008, the National Programme for Integration of the Republic of Serbia with the European Union (NPI), which outlines a plan of Serbian Government activities in order to prepare Serbia for EU membership by end-2012, in line with the Copenhagen criteria. In the period October 2008 – September 2009, the NPI fulfillment was 81%, as 186 regulations were adopted out of 229 planned, whereas 87 laws were adopted out of 117 planned. The Government of Serbia established a system for preparation of the national version of the *acquis communautaire*. Translation of the primary legislation of the European Union is in its final stage, as well as the translation of the initial set of 10,000 pages of secondary legislation.

By constant enhancement of the state's capacity to undertake the obligations arising from the EU membership, Serbia is oriented to implement the requirements stemming from the Stabilisation and

Association Agreement, as well as to making further progress in the adoption, implementation and enforcement of the EU *acquis*. By signing the Stabilisation and Association Agreement, the Republic of Serbia entered a new stage of its relations with the European Union. For the first time, the overall relations with the European Union are based on this agreement, and Serbia will become an associate country by entry into force of the Stabilisation and Association Agreement.

Along with the process of building a democratic society, implementing political, legal and institutional reforms, Serbia has realized a number of economic reforms in the previous period, that have significantly contributed to the improvement of citizens' living standard.

In the first eight years of transition, from 2001 to 2008, Serbia has implemented economic reforms that have resulted in the increase of gross domestic product, gradual reduction of high inflation rate, employment growth and in increase of foreign direct investments. In this period, the average annual growth of gross domestic product reached 5.4%, and GDP per capita was increased from EUR 1.709 in 2001 to EUR 4.661 in 2008. In 2007 and 2008, for the first time in decades, there were positive signals in the labour market. The unemployment rate of around 22% was reduced to 18.8% in 2007 and to 14.4% in 2008. Inflation rate in the entire period was within the targeted inflation limits, and in 2008 it was 6.8%, which is a significant progress relative to 2001 when the inflation rate was 40.7%. Foreign investments have accumulated to EUR 13.3 billion in this period.

The global economic crisis has negatively affected economic activities in 2009. However, Serbia managed to prevent more significant distortions of the financial and real sector by measures of economic and monetary policy. The Government's measures succeeded in maintaining macroeconomic stability and have mitigated recessionary tendencies, hence the estimations relating to the drop in gross domestic product in 2009 have been revised in a positive sense. This drop was not expected to exceed 3%, which is much better in comparison with other national economies. During the crisis period, Serbia did not encounter serious problems in the banking sector owing to the prompt reaction of the Government and the fact that this sector was successfully reconstructed in the previous period. Based on other macro indicators estimated for 2009 (budget deficit 4.5% GDP, public debt 31.8% GDP), the Serbian economy, in comparison with others, appears to have responded successfully to the challenges of the global economic crisis.

The European Union is Serbia's major foreign trade and investment partner. Only in 2008, 87% of Serbian exports were marketed in present EU member states (54%), or those intending to become members in the near future (CEFTA – 33%). Out of EUR 13.3 billion of investments that entered the country since 2000, more than one half originates from the European Economic Area, a major part of which belongs in the EU. The approaching of the Serbian economy to the EU will certainly contribute to the consolidation of macroeconomic stability and economic development.

Serbia was and will remain fully committed to promoting regional cooperation in the Western Balkans, thus implementing one of key foreign policy priorities. Serbia has proved its commitment to regional cooperation by active participation in numerous regional initiatives and organizations (e.g. Stability Pact for South Eastern Europe, South-East European Cooperation Process, Regional Cooperation Council etc.). The conclusion of the CEFTA 2006 agreement, Treaty establishing the Energy Community and the Multilateral Agreement on the establishment of a European Common Aviation Area has contributed to the increase in cooperation between the signatories, as well as to the promotion of their individual interests. Having in mind its central geographic position, Serbia's contribution will be significant for the future success of regional integration processes stimulated by the EU in the fields of transport and creation of EU strategy for the Danube, which will even more closely connect trans-European transport and energy infrastructure networks.

Challenges have not been totally overcome. Nevertheless, Serbia's responsible treatment of its past problems has made it a reliable and predictable partner. The Republic of Serbia will not abandon the realisation of key national goals, and its efforts will remain democratic and institutional. Based on this assumption, the accession of Serbia to the EU would contribute to regional stability and strengthening of the area of peace and security in Europe.

We are of the opinion that, after almost one decade of preparations, the level of relations has reached a point where it would be possible to enter a new stage with the aim of inclusion and full integration of the Republic of Serbia with the EU. We have therefore decided to submit the application for membership of the Republic of Serbia in the European Union. This decision is adopted in respect to the fulfillment of clear and predefined criteria, with an awareness of the fact that the road towards the membership will neither be easy nor quick, but it represents a substantial way forward for the promotion of the basic interests of Serbian citizens, which is our foremost obligation.