

# EC/Serbia agreement: Stabilisation and Association Agreement

2007/0255(NLE) - 20/11/2007 - Preparatory document

PURPOSE: to conclude a Stabilisation and Association Agreement (SAA) with Serbia.

PROPOSED ACT: Commission and Council Decision.

BACKGROUND: in April 2005, the Commission presented its Feasibility Report on an SAA with Serbia and Montenegro. It concluded that Serbia and Montenegro was sufficiently prepared to negotiate an SAA. The Council decided on 3 October 2005 to authorise the Commission to negotiate a Stabilisation and Association Agreement with Serbia and Montenegro. The negotiation for a Stabilisation and Association Agreement with Serbia and Montenegro was launched on 10 October 2005.

As Serbia did not fulfil the conditionality set in the Council Conclusion of 3 October 2005, to fully cooperate with the International Criminal Tribunal for the former Yugoslavia (ICTY), the Commission decided on 3 May 2006 to **call off** the SAA negotiations

Following a referendum in May 2006, the Montenegrin Parliament adopted on 3 June 2006 a Declaration of Independence and the Republic of Montenegro withdrew from the State Union of Serbia and Montenegro. Consequently, amended Negotiating Directives for Serbia were adopted on 24 July 2006

The improvements in the cooperation with the ICTY that the new Serbian Government was able to demonstrate in May and June 2007 enabled the Commission to resume negotiations on 13 June. These negotiations were finished on 10 September 2007 and after consultations with the EU Member States, the Stabilisation and Association Agreement was initialled on 7 November 2007.

The final decision to sign the SAA remains subject to Serbia meeting the political conditionality established when the Council adopted the negotiating Directives – the full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY).

The present proposal does not prejudice the assessment of Serbia's compliance with its obligations in this regard.

At the adoption of the negotiating Directives in October 2005, the Commission and the Council jointly declared that before the final decision can be taken:

1. the Commission will report on the political conditionality to the Council and that;
2. the Council and Commission will jointly review the progress made by Serbia.

Consequently, the Commission will, in due time and in line with the joint declaration, report to the Council and will jointly review progress with the Council before the final decision can be taken to sign the SAA with Serbia.

CONTENT: the Stabilisation and Association Agreement is in line with those already concluded or proposed with Croatia ([AVC/2001/0149](#)); the former Yugoslav Republic of Macedonia ([AVC/2001/0049](#)); Albania ([AVC/2006/0044](#)); and recently Montenegro ([AVC/2007/0123](#)). It focuses on the following main elements:

- provision for political dialogue with Serbia;
- provisions on enhanced regional co-operation, including the perspective of establishing free trade areas between the countries of the region;
- the perspective of the establishment of a free-trade area between the Community and Serbia within 5 years of the entry into force of the Agreement;
- provisions on the movement of workers, freedom of establishment, supply of services, current payments and movement of capital;
- the commitment by Serbia to approximate its legislation to that of the EC, notably in key areas of the internal market;
- provisions on co-operation with Serbia in a wide range of fields, including justice, freedom and security;
- provision for the establishment of a Stabilisation and Association Council which supervises the implementation of the Agreement, of a Stabilisation and Association Committee and a Stabilisation and Association Parliamentary Committee.

It should be noted that this proposal states that the commercial provisions contained in this agreement are of an exceptional nature, connected with the policy implemented within the framework of the stabilisation and association process and will not constitute, for the European Union, any precedent in the commercial policy of the Community with regard to third countries other than those of the Western Balkans.

As a prerequisite for the entry into force of the Agreement, the European Parliament must give its assent and it should be ratified by all Member States.

The procedures for the signature and the conclusion of the Agreement are different for the two European Communities: (the European Community and the European Atomic Energy Community):

a) as regards signature, the first indent, first sentence of Article 300 (2) of the EC Treaty provides for a separate Council Decision concerning the signing of the Agreement on behalf of the European Community; similar acts are not required under the EAEC Treaty;

b) as regards conclusion of the Agreement:

- the Council concludes the Agreement on behalf of the European Community, after having received the assent of the European Parliament, by virtue of Article 310 of the Treaty;

- the Council approves the Agreement on behalf of the European Atomic Energy Community by virtue of the second paragraph of Article 101 of the EAEC Treaty and the Agreement is then concluded by the Commission.

The Commission requests the Council to decide, as soon as the Council and Commission reach a positive joint review of the political conditionality to sign the Agreement on behalf of the European Community; to conclude the Agreement on behalf of the European Community and to give its approval for conclusion by Euratom.