

Chapter 30: External relations

The *acquis* in this field consists mainly of directly applicable EU legislation which does not require transposition into national law. This EU legislation results essentially from the EU's multilateral and bilateral commitments in the trade field, as well as from a number of autonomous trade measures. In the area of export credits and dual-use goods, some directives require transposition into national legislation.

In this context, applicant countries are required to progressively align their policies towards third countries and their positions within international organisations (particularly WTO) with the policies and positions adopted by the European Union and its Member States.

In the area of development policy and humanitarian aid, Member States need to comply with EU legislation and international commitments and ensure the capacity to participate in the EU's development and humanitarian policies.

I. COMMON COMMERCIAL POLICY

WTO and other horizontal aspects

A. Most Favoured Nation Trade

1. In order to have a complete picture of the differences between your trade regime and the EU trade regime, could you please provide us with:

a) legal act defining the trade policy;

The Law on Foreign Trade Transactions (“Official Gazette of RS”, No. 36/09), which was adopted in May 2009, is the umbrella law governing foreign trade transactions in the Republic of Serbia. This Law, which is in compliance with the rules of the World Trade Organization, prescribes the basic elements and rules of the foreign trade policy that is conditions under which it is possible to introduce the measures affecting foreign trade transactions. The text of the Law is provided in Annex 30. We would like to point out that the foreign trade circulation of specific types of goods can be regulated in special regulations, in accordance with the rules of the World Trade Organization and the EU regulations, whereby the provisions of the Law on Foreign Trade Transactions and by-laws adopted based on that Law must be observed.

b) your national tariffs (preferably all in one excel document in electronic format. See also Chapter 29 on customs union);

Please find Customs tariff in Annex 30 in chapter 29 Customs union.

c) quantitative restrictions applicable in your country, if any.

The cases when it is permitted to introduce quantitative restrictions on importation and exportation in Serbia are prescribed in the Law on Foreign Trade Transactions (“Official Gazette of RS”, No. 36/09), in accordance with the rules of the World Trade Organization. However, currently in Serbia there are no quantitative restrictions on importation and exportation in force, except for the substances damaging the ozone layer and narcotics in accordance with the relevant international conventions (Single Convention on Narcotic Drugs, Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer).

- 2. In case you are in possession of a comparative study between your and the EU's import regime, please provide us with the summary findings of the study.**

Serbia is not in a possession of a Competitive study between Serbia's and the EU's import regime.

- 3. Please supply us with your latest trade data (import and export) in electronic format.**

Please find statistical trade data in Annex 30. Data is provided both by special trade system - soften definition, and the general system of trade (data had been collected by special trade system until 2006, and by general system of trade from 2007.). Detailed trade analysis between Serbia and the world, and Serbia and the EU, both by trade partners and trade structure, is given in Economic criteria (answer under question 27).

- 4. Please supply us with an overview of the state of play of Serbia's WTO accession file, including your latest official offer in goods and services and draft Working Party Report**

Serbia was still part of the Federal Republic of Yugoslavia at the time of application for accession to the WTO in 2001. In December 2004, Serbia and Montenegro notified the WTO Secretariat of the new constitutional agreement that has been reached by the two Republics, by which they agreed to maintain separate customs and trade regimes and decided to apply individually for accession to the WTO. Republic of Serbia applied for WTO membership in December 2004 on the basis of Article XII of the WTO Agreement.

The WTO General Council accepted Serbia's application and established a Working Party (WP) for Serbia at the meeting held on February 15, 2005. In March 2005, Memorandum on the Foreign Trade Regime was circulated to WTO members.

Domestic preparatory process and activities

- Ministry of Economy and Regional Development (MoERD) is the chief coordinator of the WTO accession process (Department for Multilateral and Regional Trade Cooperation, WTO Division).
- Commission for Coordination of WTO Accession Process (established in March 2002)

Consists of representatives of 15 ministries, National Bank of Serbia, Serbian European Integration Office, Intellectual Property Office, Standardization Institute, Accreditation Body and other relevant bodies

The Commission is divided into three (3) Working Groups each responsible for relevant areas of negotiations (answers to questions, preparation of goods and services offers, and compliance of regulations):

- WG for Non-agricultural goods
- WG for Services
- WG for Agriculture (in the competence of the Ministry of Agriculture)

In addition, MoERD has created a network for cooperation with representatives of industry and economy, as well as professional association's representatives. They are included in all segments of accession process.

Multilateral negotiations between Serbia and interested WTO member countries took place at nine WP meetings that were held so far:

1. First meeting on October 7th 2005
2. Second meeting on June 8th 2006
3. Third meeting on December 6th 2006
4. Fourth meeting on November 27th 2007
5. Fifth meeting on May 8th 2008
6. Sixth meeting on December 17th 2008
7. Seventh meeting on July 8th 2009
8. Eight meeting on March 5th 2010
9. Ninth meeting on October 20th 2010

As of November 2008, the multilateral negotiations are also proceeding on the basis of a Draft WP Report on Accession of Serbia to the WTO, which has been compiled by the WTO Secretariat. The Draft WP Report contains information about all aspects of Serbia's foreign trade regime.

In the course of the negotiations for the accession to the WTO, in addition to replies to the questions of WTO members, Serbia has submitted to the WTO Secretariat the following documents: ACC/4 (information on domestic support programs and export subsidies in agriculture), ACC/8 (checklists in the areas of sanitary and phytosanitary measures and technical barriers to trade), ACC/9 (overview of regulations in the area of trade related intellectual property rights), Legislative Action Plan (containing list of the WTO relevant pieces of legislation recently adopted and those that remain to be adopted by the end of the accession process, with indication of the timeframe for their adoption), Licensing Action Plan (Plan adopted by the Government containing timeframe for amending or adopting WTO compliant legislation related to import and export licensing), Import Licensing Questionnaire (accession document providing detailed information on import licensing procedures for 14 groups of products).

Significant progress on the multilateral negotiations was made during 2009 with the adoption of a great number of WTO relevant laws by the Serbian Parliament. Subsequently, a number of by-laws needed for implementation of the abovementioned laws were adopted by the Government. In 2010, 18 WTO important laws were adopted, among those: Law on Competition set of laws regarding intellectual property, Customs law, Law on Pharmaceuticals, Law on Metrology, Law on E-commerce and Law on Protection of Geographical Indications.

Last meeting of the Working Party for the Accession of the Republic of Serbia, held on October 20th 2010, had resulted with the following:

- WTO Members will send additional questions and requests for clarification on Draft WP Report on Accession of Serbia to the WTO by December 1st 2010
- Republic of Serbia will submit updated Legislative Action Plan till next WP meeting
- Depending of the results of bilateral negotiations, next WP meeting is planned for the beginning of 2011

Republic of Serbia negotiates bilaterally market access for goods and services with interested WTO members, based on the Offer on Goods and Offer on Services.

Republic of Serbia has concluded bilateral protocols on goods and services with Norway, Honduras, Japan, Republic of Korea, EU and Canada, and is still negotiating with:

- USA – negotiations regarding bound tariff rates for industrial goods are finished, regarding agricultural goods there is an improvement, while a significant number of tariff lines are still open. In services negotiations Serbia fulfilled over 80% of US requests. Negotiations are underway in the areas sensitive to the EU (Horizontal exemption of the activities that may be subject to public or private monopolies, horizontal exemption that is related to categories of supply of services by natural persons, definition and transition period for telecommunication services, allowing branches of financial institutions commercially established outside of Serbia, decrease of the MFN exemption list).
- Brazil - Republic of Serbia has concluded bilateral negotiations regarding services and industrial goods, while there are still certain open issues regarding agricultural goods.
- Ecuador – Republic of Serbia has concluded bilateral negotiations with Ecuador regarding industrial goods, while there are a modest number of open issues regarding agricultural goods.
- Ukraine – Ukraine's request for liberalization is the most demanding. Negotiations for both goods and services are underway.
- El Salvador – After the second round of bilateral goods negotiations, Serbia accepted initial negotiating right (INR) for 77% of requested products, but the negotiations are still in process
- Switzerland – Serbia concluded and initiated the goods part of the negotiations, and for services the process is near closure.

Enclosed in Annex 30:

- Latest official Offer on Goods
- Latest official Offer on Services
- Draft WP Report on Accession of Serbia to the WTO

B. Generalised System of Preferences (GSP)

5. Does your country apply a GSP scheme?

Serbia does not apply a GSP scheme.

If yes:

- a) Please supply the date of the first GSP scheme implementation and of subsequent extensions or renewals, periodicity of validity, duration of the present scheme and the legal procedure for adoption/extension of schemes.
- b) What is the product coverage and what are the preferential duties applied?

- c) Please list the top 10 beneficiary countries.
- d) Is there any graduation mechanism applied?
- e) Can you please provide the list of beneficiaries and the text on the rules of origin applied to GSP imports?
- f) Have you already excluded some countries, and if so, on which basis (sanction, level of development...)?
- g) Do you have a specific GSP safeguard clause?
- h) How many different GSP regimes (i.e. general arrangement, LDCs ...) exist in your country's GSP scheme?
- i) Do these regimes have specific incentives (like our labour/environmental clause)?
- j) What is the share of GSP in the total of imports from third countries?
- k) To the best of your knowledge, what are the main differences between your country's GSP scheme and the EU's scheme?

If no:

What would, in your opinion, be the impact on your country of the adoption of the EU's GSP scheme?

To consider the impact of the EU's GSP scheme on Serbia, a special study would be required. Republic of Serbia is ready to undertake the study, but this kind of analysis requires time and additional resources to hire EU experts who would participate in this project.

C. Trade Defence Instruments

- 6. Please provide copies (in one of the official EU languages) of the relevant legislation in force in your country concerning anti-dumping, anti-subsidy and safeguard measures.**

In Republic of Serbia following by-laws concerning Trade Remedies are in force:

- Regulation on detailed conditions for implementation of anti-dumping measures (OG RS112/09)
- Regulation on detailed conditions for implementation of countervailing measures (OG RS112/09)
- Regulation on detailed conditions for implementation of safeguard measures (OG RS112/09).

All three Regulations are in accordance with relevant WTO Agreements and EU Regulations.

Copies of Regulations in English language are given in Annex 30.

- 7. If no such legislation exists yet, please describe the current plans to adopt it, if any.**

Please see previous answer.

D. Services

- 8. Please provide us with any legal act(s) defining your trade in services policy, including any legislation defining the trade-related aspects of a specific services sector.**

List of legal acts defining trade in services policy is given in Annex 30, as well as the copies of these legal acts available in English at this moment.

- 9. Taking into account that Serbia is during its accession process to the WTO, please inform to what extent are your draft GATS commitments in line with those of the EC?**

In its accession process to the WTO the Serbia negotiating team holds permanent consultations with the representatives of DG Trade in Brussels and with the representatives of the Permanent Delegation of the European Union to the International Organizations in Geneva. Before each round of GATS negotiations, both Revised Services Offer and answers to the WTO Members' questions and requests are delivered to DG Trade in Brussels for verification purposes, prior to sending them directly to the interested WTO Members or to the WTO Secretariat. Thus, Serbia draft GATS commitments are fully in line with those of the EC.

- 10. When Serbia becomes a Member State of the EU, the Commission will have to consolidate Serbian GATS commitments with the existing EU commitments. What consideration has been given to the work (compensation) needed to bring your country's commitments in line with those of the EU? Please identify any commitments you have undertaken or intend to undertake which will need to be brought in line with the commitments undertaken at EU's level (in the WTO). Please provide the summary findings of any work on this issue.**

Since the Serbia WTO negotiating team is fully aware of the need to consolidate the Serbia GATS commitments with the existing Community commitments in WTO after Serbia becomes the Member State of the EU, we give the full consideration to the work necessary to bring all our commitments in compliance with those of the Community, taking into account the above mentioned procedure for developing our position and strategy before each round of GATS negotiations. In line with that, we would like to inform you that there are no GATS commitments undertaken or planned to be undertaken by Serbia that would need to be brought in line with the GATS commitments undertaken at EU's level.

- 11. Do you have any agreements providing for market access/national treatment for trade in services? Please provide for each agreement the following information: nature of the agreement (e.g. preferential trade agreement, commercial co-operation agreement, other - please specify), date of ratification, date of entry into force, initial term of agreement, automatic renewal procedure, period for which acquired rights exist. Please provide copies (in one of the official EU languages) and indicate clearly which procedures are foreseen in each agreement for its amendment or termination, to achieve its compatibility with the EU *acquis*. Which sensitive sectors are normally excluded (e.g. aviation, maritime transport, audiovisual, etc.) from such agreements? Do any of these agreements include a regional economic integration organisation clause (specifying the possibility to**

grant privileged access to investors or investments of other countries, which belong to the same regional integration organisation as the contracting party)?

a) Ministry of Mining and Energy

1. Treaty establishing the Energy Community between the European Community on the one hand and the following Contracting Parties on the other hand: the Republic of Albania, the Republic of Bulgaria, Bosnia and Herzegovina, the Republic of Croatia, the former Yugoslav Republic of Macedonia, the Republic of Montenegro, Romania, the Republic of Serbia (hereafter referred to as the Adhering Parties) and the United Nations Interim Administration Mission in Kosovo pursuant to the United Nations Security Council Resolution 1244

Ratified: July 14th 2006 (Official Gazette of the Republic of Serbia 62/06)

Entered into force: July 1st 2006, for the Republic of Serbia on July 22nd 2006

With this Treaty Signatory Parties established an Energy Community with the task to organise the relations between the Parties and create a legal and economic framework in relation to Network Energy (the electricity and gas sectors falling within the scope of the European Community Directives 2003/54/EC and 2003/55/EC). Article 41 provides for the free flow of Network Energy among Parties. This Treaty is concluded for a period of 10 years from the date of entry into force. The Energy Community Ministerial Council, acting by unanimity, may decide to extend its duration. Any party may withdraw from this Treaty by giving six months notice, addressed to the Energy Community Secretariat.

2. Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Russian Federation on cooperation in building of gas pipeline on the territory of the Federal Republic of Yugoslavia

Ratified: August 29th 1996 (Official Gazette of the Federal Republic of Yugoslavia 4/96)

Entered into force: September 9th 1996

With this Agreement Signatory Parties established joint company between Gazprom and one Yugoslav company. The aim of this company is to facilitate cooperation in building and exploitation of gas pipeline in the territory of the Federal Republic of Yugoslavia and realization of shipments of Russian natural gas. This Agreement is concluded for a period of 25 years from the date of entry into force. Its duration may be extended by consensus of both Parties.

3. Agreement between the Government of the Republic of Serbia and the Government of the Russian Federation on cooperation in the area of oil and gas industry

Ratified: September 10th 2008 (Official Gazette of the Republic of Serbia 83/08)

Entered into force: September 20th 2008

With this Agreement Signatory Parties agreed to cooperate in the design, building and usage of the facilities within the realisation of the following projects: transit gas pipeline from the Russian Federation thru Black Sea toward third European countries; underground gas storage "Banatski Dvor" (60km northeast of Novi Sad, Republic of Serbia); reconstruction and modernization of technological facilities of the Serbian company "Naftna industrija Srbije". This Agreement is concluded for a period of 30 years from the date of entry into force. Its duration is extended automatically on following 5 year periods, if one Party does not inform the other Party at least 9 months before the end of the respective period about the intention to terminate the Agreement.

b) Ministry of Infrastructure (Air transport)

1. Multilateral Agreement among the European Community and its Member states, the Republic of Albania, the Republic of Bulgaria, Bosnia and Herzegovina, the Republic of Croatia, the former Yugoslav Republic of Macedonia, the Republic of Island, the Republic of Montenegro, Kingdom of Norway, Romania, the Republic of Serbia and the United Nations Interim Administration Mission in Kosovo pursuant to the United Nations Security Council Resolution 1244 on establishing European Common Aviation Area

Ratified: May 13th 2009 (Official Gazette of the Republic of Serbia 38/09)

2. Other bilateral agreements with non EU countries are listed in the answer on the question 61 in Chapter 14 – Transport policy

c) Ministry of Infrastructure (Road transport)

1. Agreement between the Government of the Republic of Serbia and the Government of the **Islamic Republic Iran** on international road transport of passengers and goods

- ratified: May 5th 2010 (Official Gazette of the Republic of Serbia MU 1-10)

- entered into force: July 27th 2010

Licences for transport of goods are valid for 13 months, from the beginning of each year until the January 31st of the following year. This Agreement is concluded for a period of 3 years from the date of entry into force. Its duration is extended automatically on following 3 year periods, if one Party does not inform the other Party at least 6 months in advance about the intention to terminate the Agreement.

2. Agreement between the Government of the Republic of Serbia and the **Federal Council of Switzerland** on road transport of passengers and goods

- ratified: May 5th 2010 (Official Gazette of the Republic of Serbia MU 1-10)

- entered into force: July 10th 2010

Carrier can temporarily import empty and loaded vehicle for performing of transport of goods between the place in the state territory of one Signatory Party and place in the state territory of other Signatory Party, in transit across the state territory of other Signatory Party, from the state territory of other Signatory Party to third countries and from the third countries to the state territory of other Signatory Party. This Agreement is concluded for an indefinite period. Its duration is terminated at the end of the year in which one Party informs the other Party at least 90 days in advance about the intention to terminate the Agreement.

3. Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Council of Ministers of the **Bosnia and Herzegovina** on international road transport of passengers and goods

- ratified: February 17th 2005

- entered into force: June 12th 2005

Validity period of licence for line transport of passengers is 5 years

This Agreement is concluded for an indefinite period. Its duration is terminated 6 months after one Party informs the other Party about the intention to terminate the Agreement.

4. Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the **Republic of Belarus** on international road transport of passengers and goods

- ratified: August 29th 1996

- entered into force: September 19th 1996

This Agreement is concluded for a period of 1 year from the date of entry into force. Its duration is extended automatically every year, if one Party does not inform the other Party at least 90 days before the end of the calendar year about the intention to terminate the Agreement.

5. Agreement between the Council of Ministers of the Parliament of the Socialist Federal Republic of Yugoslavia and the Government of the **Peoples Socialist Republic of Albania** on international road transport of goods

- ratified: March 17th 1983

- entered into force: May 23rd 1983

This Agreement is concluded for a period of 1 year from the date of entry into force. Its duration is extended automatically every year, if one Party does not inform the other Party at least 3 months before the end of duration period about the intention to terminate the Agreement.

6. Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the **Republic of Bulgaria** on international road transport of passengers and goods

- ratified: January 30th 2003

- entered into force: April 18th 2003

Validity period of licence for line transport of passengers is 5 years. Validity period of licence for transport of goods is 13 months from the beginning of each calendar year.

This Agreement is concluded for an indefinite period. Its duration is terminated 6 months after one Party informs the other Party about the intention to terminate the Agreement.

7. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the **Government of the United Kingdom** of Great Britain and Northern Ireland on international road transport of goods

- ratified: July 16th 1969

- entered into force: January 1st 1970

This Agreement is concluded for a period of 1 year from the date of entry into force. Its duration is extended automatically every year, if one Party does not inform the other Party at least 6 months before the end of duration period about the intention to terminate the Agreement.

8. Agreement between the Federal Government of the Federal Republic of Yugoslavia and the **Government of the Republic of Greece** on international road transport of passengers and goods

- ratified: January 30th 2003

- entered into force: March 19th 2004

Validity period of licence for line transport is maximum 3 years and for alternating transport is maximum 1 year.

This Agreement is concluded for a period of 2 years. Its duration is extended automatically every year, if one Party does not inform the other Party at least 6 months before the end of duration period about the intention to terminate the Agreement.

9. Agreement between the Socialist Federal Republic of Yugoslavia and the **Kingdom of Denmark** on international road transport

- ratified: December 11th 1968

- entered into force: May 19th 1969

This Agreement is concluded for a period of 1 year from the date of entry into force. Its duration is extended automatically every year, if one Party does not inform the other Party at least 3 months before the end of duration period about the intention to terminate the Agreement.

10. Agreement between the Council of Ministers of the Parliament of the Socialist Federal Republic of Yugoslavia and the **Government of Ireland** on international road transport of goods

-ratified: May 16th 1990

-entered into force: August 23rd 1990

Validity period of licence for transport is maximum 3 months and it can be used only for one round trip.

This Agreement is concluded for an indefinite period. Its duration is terminated 6 months after one Party informs the other Party about the intention to terminate the Agreement.

11. Agreement between the Federal People's Republic of Yugoslavia and the **Republic of Italy** on regulation on road transportation of passengers and goods,

- ratified on November 8th 1960,

- initial term of agreement is one year, starting from the date of entering into force, and has an automatic renewal procedure for every year, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least three months prior to expiry of its validation,

12. Agreement between the Federal Executive Council of the Parliament of the Socialist Federal Republic of Yugoslavia and the Government of the **Republic of Cyprus** on international road transportation of goods,

- ratified on March 19th 1981,

- entered into force on October 10th 1982,

- licences are valid for one returnable journey, with time of expiry - maximum two months from the date of issuance,

- Agreement has automatic renewal procedure, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least six months in advance,

13. Agreement between the Federal Executive Council of the Parliament of the Socialist Federal Republic of Yugoslavia and the Government of the **Grand Duchy of Luxembourg** on international road transportation of goods,

- ratified on March 20th 1986,

- entered into force on June 18th 1987,

- licence's time of expiry of the is maximum two months from the date of issuance,

- Agreement has automatic renewal procedure, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least six months in advance,

14. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the **People's Republic of Hungary** on international bus transportation of passengers,

- ratified on April 7th 1965,
- entered into force on June 17th 1965,
- initial term of agreement is one year, starting from the date of entering into force, and has an automatic renewal procedure for every year, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least three months prior to expiry of its validation,

15. Agreement between the Government of Federal People's Republic of Yugoslavia and the Government of the **People's Republic of Hungary** on regulating road transportation of goods by cargo vehicles, as well as customs procedure related to this kind of transportation,

- ratified on May 21st 1962,
- amendments of this agreement are ratified on December 9th 1982,
- entered into force on February 11th 1963,
- amendments of this agreement entered into force on July 1st 1983,
- initial term of agreement is one year, starting from the date of entering into force, and has an automatic renewal procedure for every year, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least three months prior to expiry of its validation,

16. Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the **Republic of Macedonia** on international road transportation of passengers and goods,

- ratified on September 27th 1996,
- entered into force on January 30th 1997,
- initial term of agreement is one year, starting from the date of entering into force, and has an automatic renewal procedure for every year, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least three months prior to expiry of its validation,

17. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the **Federal Republic of Germany** on cross border road transportation of passengers and goods,

- ratified on July 17th 1964,
- Initial term of Agreement was from August 1st 1964. until December 31st 1965. The Agreement has an automatic renewal procedure for every calendar year starting from January 1st 1966, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least three months prior to expiry of its validation,
- amendments of this agreement were ratified on October 28th 1976,
- entered into force on December 3rd 1976,
- licences for transportation of goods are issued as a licence for a specific time period, valid for non limited number of journeys, but for a particular period not shorter than one

calendar day and not longer than one year, or as a licence for only one journey, valid for two months maximum.

18. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the **Kingdom of Norway** on international road transportation of passengers and goods,

- ratified on May 31st 1972

- entered into force on June 26th 1972,

- Agreement is signed for an indefinite period of time. Each Contracting Party can terminate the Agreement at least three months before the end of a calendar year, and in that case all obligations from the Agreement expire at the end of the year,

19. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the **People`s Republic of Poland** on international road transportation,

- ratified on June 24th 1970,

- entered into force on July 2nd 1970,

- initial term of agreement is one year, starting from the date of entering into force, and has an automatic renewal procedure for every year, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least three months prior to expiry of its validation,

20. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the **People`s Republic of Romania** on international road transportation,

- ratified on April 8th 1964,

- entered into force on May 13th 1964,

- initial term of agreement is one year, starting from the date of entering into force, and has an automatic renewal procedure for every year, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least three months prior to expiry of its validation,

21. Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the **Russian Federation** on international road transportation,

- ratified on December 24th 1999,

- entered into force on February 9th 2000,

- Agreement is signed for an indefinite period of time, and will be terminated 90 days after one Contracting Party by diplomatic ways informs the other Party of its decision to terminate the Agreement,

22. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the **Union of Soviet Socialist Republics** on international road transportation,

- ratified on August 26th 1970,

- entered into force on October 20th 1970,

- Agreement is signed for an indefinite period of time, and will be terminated 90 days after one Contracting Party by diplomatic ways informs the other Party of its decision to terminate the Agreement,

23. Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the **Republic of Slovenia** on international road transportation of passengers and goods,

- ratified on July 2nd 2002,
- entered into force on July 25th 2002,
- licence for line transportation of passengers is given for time period up to five years,
- Agreement is valid until one of the Contracting Parties informs the other Party of its decision to terminate the Agreement, via diplomatic means, by sending a written notice. Agreement is terminated three months after the date of receiving this notice.

24. Agreement between the Socialist Federal Republic of Yugoslavia and the **Kingdom of Belgium** on road transportation of passengers and goods, done by commercial vehicles,

- ratified on October 9th 1963,
- entered into force on December 20th 1963,
- validity of licences for transportation of goods can be one, three, six or twelve months,
- initial term of agreement is one year, starting from the date of official exchange of ratification instruments between the Contracting Parties, and has an automatic renewal procedure for every year, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least three months prior to expiry of its validation,

25. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the **Republic of Turkey** on international road transportation,

- ratified on June 26th 1968,
- entered into force on March 7th 1969,
- initial term of agreement is one year, starting from the date of entering into force, and has an automatic renewal procedure for every year, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least three months prior to expiry of its validation,

26. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the **Republic of Finland** on international road transportation,

- ratified on April 19th 1978,
- licences for transportation of goods expire six months after the date of issuance,
- initial term of agreement is one year, starting from the date of entering into force, and has an automatic renewal procedure for every year, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, six months in advance,

27. Agreement on international road transportation between the Socialist Federal Republic of Yugoslavia and the **Republic of France**,

- ratified on April 7th 1965,
- entered into force on July 1st 1965,
- initial term of agreement is one year, starting from the date of entering into force, and has an automatic renewal procedure for every year, unless one of the Parties sends notification to other Contracting Party informing it about its decision to terminate the Agreement, at least three months prior to expiry of its validation,

Ministry of Infrastructure

28. Agreement between the Socialist Federal Republic of Yugoslavia and the **Kingdom of Holland** on international road transport,

- ratified on March 8th 1967,
- entered into force on April 4th 1967,
- supplement to this Agreement was ratified on October 3rd 1973,
- supplement to this Agreement entered into force on November 15th 1973,
- Initial term of the Agreement is one year, starting from the day of entering into force and shall thereafter be automatically extended for successive periods of one year unless either Contracting Party notifies to the other Contracting Party its decision to terminate the Agreement at least six months prior to its date of expiry.

29. Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the **Republic of Croatia** on international road transport of goods and passengers,

- ratified on March 3rd 1998.
- entered into force on April 11th 1998,
- Licenses for line transportation of passengers are issued for the same time period, but not longer than five years,
- License is valid only within the validity of contingent and for one more month, unless Joint Commission decides differently,
- Either Contracting Party can notify to the other Contracting Party in writing, through diplomatic channels, its decision to terminate the Agreement. The Agreement is terminated six months after acceptance of this notification.

30. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the **Czech Socialist Republic** on international road transport,

- ratified on January 22nd 1963,
- entered into force on July 12th 1963,
- Agreement on Amendments and Supplements is ratified on September 19th 1980,
- Agreement on Amendments and Supplements entered into force on October 16th 1980,
- Initial term of the Agreement is one year, starting from the day of entering into force and shall thereafter be automatically extended for successive periods of one year unless either Contracting Party notifies to the other Contracting Party its decision to terminate the Agreement at least three months prior to its date of expiry,

31. Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the **Kingdom of Sweden** on international road transport,

- ratified on May 20th 1970,
- entered into force on June 29th 1970,
- Initial term of the Agreement is one year, starting from the day of entering into force and shall thereafter be automatically extended for successive periods of one year unless either Contracting Party notifies to the other Contracting Party its decision to terminate the Agreement at least three months prior to its date of expiry,

32. Agreement between the Federal Executive Council of the Assembly of the Socialist Federal Republic of Yugoslavia and the **Government of Spain** on international road transport of goods and passengers,

- ratified on April 27th 1989,
- entered into force on June 25th 1989,
- Licenses for transportation of goods are valid for two months, as the longest allowed period, from the date of issuance,
- Initial term of the Agreement is one year and shall thereafter be automatically extended for successive periods of one year unless either Contracting Party notifies to the other Contracting Party its decision to terminate the Agreement at least three months prior to the end of the current calendar year.

12. Are you currently negotiating or have you entered into a commitment to negotiate any new services agreements? Please provide details regarding the current status and any intermediate results arising from any such ongoing or proposed negotiations.

Agreement on Establishing Transport Community between European Commission and countries of South East Europe.

The Agreement is intended for creation of the unique transportation market within the region of South East Europe and its integration within the transport market of the EU on the basis of relevant EU legislation, as well as development of the transportation network. It is expected to reach the agreement that would liberalize the market of the rail transport for other operators, first nationally, and then regionally which would consequently lead to full market liberalization for Contracting Parties.

Inland Waterways Transport and Safety of Navigation:

- Agreement between the Government of the Republic of Serbia and Council of Ministers of Bosnia and Herzegovina on Navigation within the Internal Waterways and Technical Maintenance,
- Agreement between the Government of the Republic of Serbia and the Government of Russian Federation on Cooperation in Maritime Traffic,
- Agreement between the Government of the Republic of Serbia and the Government of Russian Federation on Cooperation in Inland Waterways Traffic (Ministry of Foreign Affairs of Serbia has submitted the first draft of the Agreement to the Russian Federation; no feedback received),
- Agreement between the Government of the Republic of Serbia and the Council of Ministers of Ukraine on Cooperation in Maritime Transport (first draft of the Agreement was submitted by the Ukraine; in the process of preparation of proposal basis and Serbian alternate).

Rail and Intermodal Transport:

- Agreement between the Government of the Republic of Serbia and the Government of the Republic of Macedonia on Customs Control in Rail Traffic,
- Agreement between the Government of the Republic of Serbia and the Government of the Russian Federation on Cooperation in Rail Traffic,
- Agreement between the Government of the Republic of Serbia and the Government of the Russian Federation on Cooperation in the area of Traffic Infrastructure,

- Agreement between the Government of the Republic of Serbia and the Council of Ministers of Ukraine on Cooperation in Rail Transport

Air Transport

Agreements of which the text was initialed:

- Agreement on Air Transport between the Government of the Republic of Serbia and the Government of Canada, draft text initialed on December 7th 2006.;
- Agreement on Air Transport between the Government of the Republic of Serbia and the Government of Russian Federation, draft text initialed on June 18th 2009.;
- Agreement on Air Transport between the Government of the Republic of Serbia and the Government of United Arab Emirates, draft text initialed on November 15th 2009.;

Agreements which are in the process of negotiations:

- Agreement on Air Transport between the Government of the Republic of Serbia and the Government of Australia, draft text is in the final phase, final confirmation from the side of Australia is expected;
- Agreement on Air Transport between the Government of the Republic of Serbia and the Government of the State of Kuwait, draft text is in the final phase, final confirmation from the side of Kuwait is expected;
- Agreement on Air Transport between the Government of the Republic of Serbia and the Government of Syria Arab Republic, Government of Serbia has adopted the draft text and passed it to the other side; feedback expected;
- Agreement on Air Transport between the Government of the Republic of Serbia and the Government of the Republic of Jermaine; Government of Serbia has adopted the draft text and passed it to the other side; feedback expected;
- Agreement on Air Transport between the Government of the Republic of Serbia and the Government of the People's Republic of China, draft text is under consideration;
- Agreement on Air Transport between the Government of the Republic of Serbia and the Government of USA, draft text is under consideration;
- Agreement on Air Transport between the Government of the Republic of Serbia and the Government of Azerbaijan, draft text is under consideration;

Road Transport

1. Agreement between the Government of the Republic of Serbia and the Government of Montenegro on transport of goods and passengers in international road transport; Budva, August 28th 2010. („Official Gazette of RS“, No 1/10). The Agreement has not entered into force, since the feedback from the side of Montenegro is still expected.

2. Draft Agreement between the Government of the Republic of Serbia and the Government of the Republic of Macedonia on transport of goods and passengers in road transport; agreed in principles at a meeting of the Joint Commission for International Road Transport in Skopje on September 24th and 25th 2009,

3. Draft Agreement between the Government of the Republic of Serbia and the Government of Republic of Tunis on transport of goods and passengers; agreed and initialed during negotiations between delegations of the Republic of Serbia and the Republic of Tunis in Belgrade on May 20th and 21st 2009,

4. Agreement on international road transport between the Government of the Republic of Serbia and the Government of Kingdom of Belgium, Brussels, March 5th 2010. Confirmed on December 15th 2010, but not published in “Official Gazette of RS – International Agreements“. In the process of entry into force of this Agreement.

5. Draft Agreement between the Government of the Republic of Serbia and the Government of **Russian Federation** on international road transport; agreed and initialled during negotiations between delegations of the Ministry of Infrastructure of the Republic of Serbia and the Ministry of Transport of the Russian Federation on the issues of international road traffic; Moscow, June 8th and 9th 2010. The Government of Serbia has adopted the report from this negotiations.

6. Draft Agreement between the Government of the Republic of Serbia and the Council of Ministers of Ukraine on road transport of goods and passengers; agreed during negotiations between delegations of the Republic of Serbia and the Ukraine on the issues of international road traffic of goods and passengers in Kiev, July 20th and 21st 2010,

7. Draft Agreement between the Government of the Republic of Serbia and the Government of the Republic of Austria on transport of goods in international road and combined traffic; agreed and initialled during negotiations in Vienna on November 9th and 10th 2010.

8. Draft Agreement between the Government of the Republic of Serbia and the Government of the Slovak Republic on international road transport of goods and passengers, agreed and initialled during negotiations in Belgrade on November 18th and 19th 2010,

9. Draft Agreement between the Government of the Republic of Serbia and the Government of Federal Republic of Germany on transport of goods and passengers in international road transport - in the final phase of harmonization,

10. Agreement between the Government of the Republic of Serbia and the Government of the Republic of Latvia on international road transport; agreed and initialled during negotiations in Riga on May 17th and 18th 2010.

Bilateral Agreement on Road Traffic is in the final phase of harmonization with competent authorities of the Republic of Hungary

E. Administrative Capacity

13. Please provide information on administrative structure and functioning of your national authority dealing with Commercial Policy, describing the following:

a) staffing numbers in the various departments, including, if possible, a detailed organisation chart,

According to the Law on Ministries (“Official Gazette” No. 73/10), the Ministry of Economy and Regional Development (MoERD) covers the following scope of

responsibilities: economy and the privatization process, international economic relations, regional development and entrepreneurship, employment and tourism.

The new Rulebook on internal organization and job classification in the Ministry of Economy and Regional Development, adopted on the 28th of January 2010, envisages three core Departments that deal with issues related to trade, namely: Department of Bilateral Economic Cooperation, Department for Quality Infrastructure and Department of Multilateral and Regional Economic and Trade Cooperation. It should be noted that the Department for Foreign Trade Regime under the new Rulebook has ceased to exist, and the jurisdiction over foreign trade system and safeguard measures has been delegated to the Department of Multilateral and Regional Economic and Trade Cooperation, while the creation and implementation of foreign trade policies related to arms, military equipment and dual use goods has been transferred to the Department for Industrial Development Management, with in Section for the Agreements on Mutual Promotion and Protection of Investments, Concessions and Foreign Trade in Controlled Goods.

Out of total of 315 working positions in MoERD's Regulation, 59 working positions are related to foreign trade (around 19 % of total number of employees).

Department	Number of employees in MoERD engaged on activities related to trade issues – by Departments (according to the Regulation)
Department of Bilateral Economic Cooperation	14+1 Assistant Minister
Department of Multilateral and Regional Economic and Trade Cooperation	17+1 Assistant Minister
Department for Quality Infrastructure	20+1 Assistant Minister
Department for Industrial Development Management (Section for the Agreements on Mutual Promotion and Protection of Investments, Concessions and Foreign Trade in Controlled Goods)	4+1 Assistant Minister
Total Number:	59 (55 + 4 Assistant Ministers)

Organizational scheme of Ministry of Economy and Regional Development is in Annex 30.

b) measures to ensure co-ordination of actions across the various departments involved in the implementation of trade policy, particularly co-ordination mechanisms with the departments responsible for customs administration,

Coordination of trade policies by the Government of the RS takes place through obligatory harmonization of positions at inter-ministerial level prior to the adoption of regulations by the Government.

Before the law is adopted by the Government, all institution proposing the law must fill "a table of compliance" with the relevant EU law, which the Office for European Integration verifies. From July 1st 2011 this obligation extends to the by-laws.

In order to improve the business environment, on October 9th 2008 Serbian Government has adopted Decision on the establishment of the Comprehensive Regulatory Unit (CRU) and on November 18th 2010 the Regulation on the establishment of the Office for Regulatory Reform and Regulatory Impact Analysis. This regulation stipulates that the Office carries out tasks related to the implementation of regulatory reform and analysis of the effects of regulations proposed by the Ministries and special organizations, as well as providing initial opinion regarding on the need of regulatory impact analysis for legislation drafts, on the request of the institution proposing the legislation (for details, see the answer to question 26. under the Economic criteria).

Commission for the coordination of the WTO accession, formed by the new Government of the RS, also provides a harmonization framework for trade policy issues for various ministries and other authorities in the Government.

When it comes to implementing legislation or international trade agreements, in addition to daily communications with individual ministries on specific issues (involving the Department of Customs in the Ministry of Finance), intergovernmental meetings are organized. At these meetings, ministries take position on open issues, and these positions are being implemented by bodies authorized by the Law on Ministries for each specific issue.

c) decision making mechanisms, for instance concerning the introduction or modification of trade measures.

Decisions related to the trade policy are adopted by the Government of Serbia, on the proposal of the competent ministry. Jurisdiction of the ministries concerning trade matters is determined in the Law on Ministries ("Official Gazette of RS", No. 65/08, 36/09 and 73/10). Law proposals and other legal acts are submitted to the Government, upon inter-ministerial harmonization of opinions.

The Government adopts regulations and other legal acts (except laws) and enacts law proposals, which, upon enactment by the Government, are submitted to the National Parliament for adoption.

The procedure for imposition of new trade measures is prescribed by the Law on Foreign Trade Transactions ("Official Gazette of RS", No. 36/09) and by-laws adopted on the basis of that Law. The Government introduces trade measures on the proposal of the competent ministry or on the initiative of the industry submitted through the competent ministry.

14. Are there any trade and trade-related trainings foreseen in the short-term and long-term perspective?

In the process of the WTO accession Republic of Serbia is a beneficiary of the permanent technical assistance from the WTO Secretariat. RS representatives participate on regular bases in regional training courses on WTO Trade Policy whereas various seminars and conferences are organized in the country, with participants coming from public administration, economy, media and academia.

Starting 2014 Serbia is using technical assistance from Swiss Government in WTO accession process regarding creation of trade policy, through Geneva based WTO trainings for civil servants.

Also, the RS uses technical assistance given by the EC and bilateral assistance from the EU member states in specific areas of trade policy, in the form of numerous seminars and workshops.

Regarding various trade areas covered by the CEFTA Agreement, OECD organizes round table discussions on CEFTA issues. In the future we expect these activities to continue.

Dual use goods

15. Do you apply and how do you apply export controls on dual use goods?

The Republic of Serbia implements an export control system that is applied on weapons and military equipment, on one side, and dual use goods on the other side. In this field the Law on foreign trade of weapons, military equipment and dual use goods ("Official Journal of Serbia and Montenegro", no.7/05 and 8/05) has been implemented, by which the export procedure of controlled goods is prescribed. The Republic of Serbia fully respects its international obligations and standards concerning export of controlled goods.

The term Dual-Use Goods is defined in the Articles 3. and 4. of the Law on foreign trade of weapons, military equipment and dual use goods and it also covers "catch-all" clause. Besides that, in accordance with the international obligations of the Republic of Serbia the provision of Article 5. of above-mentioned Law prescribes that "Foreign trade, transportation, transit, possession, use of nuclear, chemical or biological weapons and means of their launching, especially for terrorist purpose, shall be prohibited to every non-state actor." This formulation is in accordance with UN Security Council Resolution 1540.

16. Please provide the Commission with the texts of the relevant legislation (in one of the official EU languages).

Law on foreign trade of weapons, military equipment and dual-use goods in English language is in Annex 30.

17. Please explain what items fall under your dual use legislation and on which basis you compile this list.

The Republic of Serbia ratified international conventions and agreements concerning export control of dual use goods, and the United Nations Security Council Resolution 1540 (UNSCR 1540) is fully implemented. The Government of the Republic of Serbia adopted National Control List of dual-use goods in 2009 ("Official Gazette of RS", no.60/09) which is harmonized with the EU List of that items. Before starting the procedure necessary for issuing the license for foreign trade with dual-use goods, authorized Ministry (Ministry of Economy and Regional Development) check whether the item is on the list or not. If it is not, Ministry can ask for their opinion experts in concerned areas trying to deduce whether such goods can treat as dual use or not.

For establishing better control system, during the license issuing process as well as during the export (import) procedure, the information exchange and cooperation between licensing (Ministry of Economy and Regional Development) and enforcement authorities (Customs Office) is ensured. Customs authorities play important role in the enforcement of export and transit control. Customs officers should determine that the exporter has a valid license and all other required documentation; the goods are quantity in accordance with the license; the export documentation is consistent with the license etc.

18. What are the control procedures?

By the above mentioned Law from 2005, license for foreign trade with dual-use goods is issued by the Ministry of Economy and Regional Development. Only registered legal persons can apply for license. The Register of persons authorized for foreign trade of controlled goods is at the competence of the Ministry of Economy and Regional Development. Before starting the procedure, it checks each application and the goods concerned whether it is on the National Control list of dual use goods, or at the National Control List of armaments and military equipment that Government adopted in 2009 (harmonized with EU lists) or not. If it is on the List, the procedure for getting the license is prescribed by Law. That means the final decision depends on approvals and agreements of other relevant bodies: Ministry of Defence, Ministry of Foreign Affairs and Ministry of Interior. After getting the approvals from all above mentioned ministries, Ministry of Economy and Regional Development issues a license for export of concrete goods. If only one opinion is negative, the license should not be issued.

19. Has there been any global analysis by your national authorities of the differences between your legislation and that of the European Union? What are the main differences? If there is no analysis, is such an analysis planned? Please provide any relevant details of such plans.

The Republic of Serbia is an important producer and exporter of conventional armament, but it is not a great exporter in the field of dual use goods. The legislation of the Republic of Serbia concerning export control of these items is completely harmonized with the EU legislation and international conventions in this area.

Export credits

20. What are the institutions providing the credits/insurances? Please present the methodology for defining the risk factor in export credit/insurances? How does this methodology take into account the OECD arrangement?

AOFI (Serbian Export Credit and Financing Agency), was established by special Law on AOFI in 2005 as an export support institution.

AOFI carefully reviews and manages the assumed risk. Risk assessment and risk management start with careful underwriting, using the best available information on the buyers/borrowers/guarantors/countries, and appropriate risk assessment techniques using scoring and rating systems.

The OECD Arrangement framework has long provided a useful tool for assessing and classifying country/sovereign risk.

AOFI actively monitors and manages risks in its portfolio through increasingly sophisticated monitoring system, and by means of reinsurance and/or market protection tools.

AOFI manages claims and recoveries in a professional manner, while constantly recognising the insured's and buyer's rights, and also maintains special reserves to cover potential losses.

AOFI also share information with other ECAs, Berne Union, Prague Club, members concerning exposure, payment delays, defaults and recoveries.

Assessment, underwriting and management of risks in all relevant segments of commercial risk and country and political risk constitute the core business of AOFI.

AOFI is committed to run a financially sustainable business and established premium rates that cover long term operating costs and losses and assure a level playing field in the industry.

21. Do the institutions providing credits/insurances also cover short term exports to EU countries and OECD countries covered by Commission Communication pursuant to Article 113 of the Treaty on the Functioning of the European Union (TFEU) applying Articles 92 and 93 of the Treaty to short-term export credit insurance (OJ C 281 of 17 September 1997)?

AOFI covers short-term support for export to the EU and OECD Countries, but still isn't applying the abovementioned Commission Communication.

Republic of Serbia is 100% owner of AOFI.

AOFI has a mandate, given by special Law on AOFI, to cover non-marketable commercial and political risks on state account.

Short term export credit insurance (ST) and Medium/Long term export credit insurance (MLT) for commercial and political marketable risks AOFI insure on its own account using all market mechanisms to place risks on the market.

Credit insurance market in Serbia is not developed, and therefore AOFI is the only insurer of credit risks on Serbian market, unfortunately without any competition at the moment.

AOFI has a mission to develop local market and to bring to Serbia the best market practice in credit insurance.

22. Do you foresee any problems with regard to the implementation of Council Directive 98/29/EC on harmonisation of the main provisions concerning export credit insurance for transactions with medium and long-term cover?

No, we do not foresee any problems with regard to the implementation of Council Directive 98/29/EC, having in mind that:

In spite of the fact that Serbia is not OECD member country, AOFI - as a member of Berne Union, Prague Club, follows Berne Union General Understanding, guidelines and the major principles of the OECD Arrangement concerning down payments, starting points of credit, lengths of credit and instalments.

AOFI follows Berne Union Guiding Principles for the activities of its membership in Short term export credit insurance (ST) and medium/long term export credit insurance (MLT).

It is useful to point out that AOFI as the universal legal successor of Serbia and Montenegro Export Credit Agency (SMECA), successfully implemented World Bank export support project and as a member of Berne Union, Prague Club, from 2004. promotes export credit that reflect sound business practice by applying terms and conditions that reflect best market practice leading to sound underwriting.

AOFI conducts its business in an ethical manner and in a way that is intended to discourage unlawful behaviour.

AOFI is sensitive about environmental issues and takes such issues into account in the conducting of its business.

II. PREFERENTIAL TRADE AGREEMENTS

23. What preferential trade agreements does your country have with third countries? Please provide copies (in one of the official EU languages) of such agreements. (Texts can be copied on a CD-ROM)

Republic of Serbia has following preferential trade agreements (copies of these Agreements are provided in Annex 30):

1) CEFTA 2006 was signed by Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia and the United Nations Interim Administration Mission in Kosovo (UNMIK) on behalf of Kosovo in accordance with United Nations Security Council Resolution 1244 in Bucharest on December 19th 2006. CEFTA 2006 entered into force for all CEFTA Parties on 22nd November 2007.

The governing body of CEFTA is a Joint Committee. To date three sub-committees have been established: on Agriculture including Sanitary and Phytosanitary Issues, on Customs and Rules of Origin and on Technical Barriers to Trade and Non Tariff Barriers. The CEFTA Secretariat headquarters is in Brussels and it started functioning in September 2008 by providing technical and administrative support to the Joint Committee, to any subcommittee or other body established by the Joint Committee. The Secretariat is currently financed jointly by the CEFTA Parties and by the EU, including a number of other donors. EU provides technical assistance on different aspects of the Agreement.

This comprehensive Agreement's main objectives are, inter alia, to expand trade in goods and services and foster investment by means of fair, stable and predictable rules, to eliminate barriers to trade between the Parties, to provide appropriate protection of intellectual property rights in accordance with international standards and to harmonize provisions on modern trade policy issues such as competition rules and state aid. It also includes clear and effective procedures for dispute settlement and facilitates the gradual establishment of the EU-Western Balkan countries' zone of diagonal cumulation of origin. The Agreement fully conforms to the WTO rules and procedures and EU regulations. The agreement is concluded for an indefinite period of time, where Article 51 envisages that in the event of any eligible Party becoming a member of EU, that party will withdraw from CEFTA. Withdrawal shall take place at the latest the day before membership takes effect and without any compensation to the other Parties subject to the altered conditions of trade.

Trade between CEFTA Parties in industrial goods is fully liberalized and further, agreed liberalization of agricultural trade should start with implementation in the first half of 2011.

After the EU, CEFTA is the second most important foreign trade partner of Serbia. The share of Serbian trade with CEFTA Parties from the creation of CEFTA is about 16% of

total trade with the World, with the share of exports from 33% to 35% and imports around 8%. The most significant CEFTA Parties for Serbian export are Montenegro, Bosnia and Herzegovina and Macedonia. Regarding the imports the first ranking is Bosnia and Herzegovina, followed by Croatia and Macedonia. Serbia has an overall positive trade balance with CEFTA Parties. From the total trade with CEFTA Parties 75% are industrial goods and the rest are agricultural goods. The share of industrial goods in Serbian exports is 66% and in imports 77%.

Republic of Serbia took the chairmanship over CEFTA Agreement on 1 January 2010 from Montenegro. In accordance with the key priorities during its presidency Serbia was focused in pursuing following objectives:

- Opening of the services market,
- Complementing the trade liberalization gains with the investment opportunities,
- Opening the governments' procurement markets
- Achieving competition and trade liberalization coherence
- Further liberalization of agricultural trade
- Establishment of CEFTA Trade Portal
- Access to the EUROSTAT COMEXT data base.

At the Joint Committee meeting 12th November 2010 in Belgrade ministerial conclusions were adopted and a number of decisions important for functioning of the agreement such as:

- Decision to prolong the mandate of the CEFTA Secretariat for the period 1st September 2011 to 31st August 2014
- Decision on financial contribution to the CEFTA budget for the period 1st September 2011 to 31st August 2014

It was also agreed that interested CEFTA Parties will pursue with agreed liberalization in agricultural products in line with Vienna Convention on international Treaties.

2) Serbia has signed the free trade agreement with countries of the **European Free Trade Association (EFTA)**, i.e. Iceland, Lichtenstein, Norway and Switzerland on the 17th of December 2009. Agreement was ratified in the National Parliament of Serbia on 26th of May 2010. Due to the specific ratification procedure it came into effect on 1st October 2010 between Serbia and Switzerland and Lichtenstein, while ratification in the Parliament of Norway and Iceland is still pending and expected to be in early 2011. The agreement with EFTA is yet another step towards the better economic position of Serbia. This agreement is important to Serbia not only because in this way it will increase trade exchange with EFTA members, but also because these countries are among leading investors to Serbia. Serbia exported in 2009 66 million EUR to the EFTA states and imported 189 million EUR. Agreement with asymmetrical model of liberalization would enable the export of Serbian products to EFTA markets without custom duties, with possibility of using cumulation, which will enable Serbian export products to be more competitive on the EFTA state markets. Serbia will have free access to the markets of EFTA countries for industrial products and for agriculture goods almost the same treatment as the EU members.

Each Party may withdraw from this Agreement by means of a written notification to the Depositary. The withdrawal shall take effect six months after the date on which the notification is received by the Depositary. If Serbia withdraws, this Agreement shall expire when its withdrawal becomes effective.

3) The Free trade agreement with Turkey was signed on June 1, 2009 and entered into force on September 1, 2010.

For all **industrial products** with origin, asymmetrical model of liberalization on the benefit of the Serbian Party is agreed and it implies zero import duty rate to Turkey. On the other hand, import to Serbia of such products originating from Turkey, will have reduced rate of duty during the transitional period of two, four or five years, depending on the sensitivity of specific products, starting from September 1st 2010, until January 1st 2015., when the import of all industrial products from Turkey will have zero customs duty rate. This method of trade liberalization in industrial goods is taken from the SAA with the EU, with the fact that Agreement with Turkey provides better protection for certain textile products and products of ferrous and non-ferrous metallurgy.

The liberalization of trade in **agricultural products** applies only to plant origin products, and will be carried out within the quantitative quotas, with a preferential in quota custom duty rate. Trade in agricultural products which are not covered by quotas will be carried out in the regime of applied custom duties.

Preferential rules of origin within the FTA with the Republic of Turkey are included in the Protocol II on definition of the concept "originating products" and methods of administrative cooperation. Rules of origin are based on the pan-European rules of origin. Details of the preferential rules of origin for the implementation of this agreement are given in the questionnaire for chapter 29 – question 7.

This Agreement is concluded for the unlimited time period.

Each Party may withdraw from this Agreement by a written notification to the other Party. The termination shall take effect on the first day of the seventh month following the date on which the notification was received by the other Party.

In case of accession of one of the Parties to this Agreement to the European Union, the Agreement will be terminated on the previous day before the date of the accession to the EU.

4) Free Trade Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Russian Federation was signed on August 28, 2000. Abolishment of customs duties for the majority of products with origin in the Republic of Serbia and the Russian Federation enabled better conditions for long-term forms of cooperation in all economic fields. An integral part of this Agreement is the Protocol on exemptions from free trade regime. Rules of Origin were exchanged among Contracting Parties. According to the Agreement, Protocols on exemptions from free trade regime shall be done every year (products to which customs duties are applied). Only one change of exemptions from free trade regime was done on April 3, 2009.

The Agreement was ratified by the Federal Assembly of the Federal Republic of Yugoslavia on May 9, 2001 by the Serbian side (Official Gazette of the Federal Republic of Yugoslavia – International Agreements No. 1/2001), but it has not been ratified by the Russian side.

The Agreement is implemented temporarily from the date of signing, but it has not entered into force (Article 21 of the Agreement).

The Agreement was concluded for an indefinite period and shall be terminated six months after either Contracting Party notifies the other, in writing, of the intention to terminate the Agreement.

Contracts concluded within this Agreement, which have not been implemented until the moment of cessation of its validity, shall remain in power until their full execution.

Protocol between the Government of the Republic of Serbia and the Government of the Russian Federation on exemptions from free trade regime which replaced the previous Protocol to the Agreement was signed in Belgrade on April 3, 2009. This document replaced the Protocol to the Agreement done on August 28, 2000. This document liberalized approximately 99% of trade with the Russian Federation. Customs duties on imports into Russia are applied only to a few products originating in Serbia, such as: sugar, starches, meat and edible offal of the poultry, glucose syrup, sparkling wine, indented ethyl alcohol, cigarettes, cotton yarns, fabrics of cotton, carpets, motor cars, compressors used in refrigerating equipment, cash registers, monitors, projectors, tractors and wooden furniture. Customs duties on imports into Serbia are also applied to following products originating in Russia: taps, tractors, motor cars and motor vehicles for the transport of goods.

The Protocol is ratified by the National Assembly of the Republic of Serbia on December 16, 2009 (Official Gazette of the Republic of Serbia – International Agreements No. 105/2009), but it has not been ratified by the Russian side.

The Protocol is implemented temporarily from the date of signing (April 3, 2009), but it has not entered into force.

5) Agreement between the Government of the Republic of Serbia and the Government of the Republic of Belarus on free trade between the Republic of Serbia and the Republic of Belarus was signed in Minsk on March 31, 2009. The Agreement envisages mutual reciprocal abolishment of customs duties and other charges (taxes) for about 99% of all products within the Customs Tariff. Customs duties on imports/exports are to be paid only for a few products: sugar, alcohols, cigarettes, used cars, used tractors, used busses and pneumatic tires (retreaded and used).

Rules of origin for determination of country of origin are based on the principle of 50% rule, i.e. value of all non-originating materials within the final product does not exceed 50% of ex-works price.

The Agreement was ratified by the National Assembly of the Republic of Serbia on December 16, 2009 (Official Gazette of the Republic of Serbia – International Agreements No. 105/2009), but it has not been ratified by the Belarusian side.

The Agreement is implemented temporarily from the date of signing (March 31, 2009), but it has not entered into force, since the Belarusian side has not notified of the ratification of the Agreement (Article 24, Paragraph 1 of the Agreement).

This Agreement is concluded for a period of five years and shall be automatically renewed for an indefinite period unless either Contracting Party notifies the other, in writing, of its intention to terminate it at least twelve months prior to the expiry of the five-year period. In the case of the extension of the validity of this Agreement for an indefinite period, the Agreement may be terminated twelve months following the date of notification of either Contracting Party of its intention of termination the Agreement (Article 24, Paragraph 2 of the Agreement).

In case of termination of this Agreement, its provisions shall continue to apply to all contracts concluded during the period of its validity, until full fulfilment of the obligations under such contracts (Article 24, Paragraph 3 of the Agreement).

6) Agreement on free trade between the Government of the Republic of Serbia and the Government of the Republic of Kazakhstan was signed in Astana on October 7th 2010. The Agreement abolishes customs duties on imports, taxes and charges, having an

equivalent effect for approximately 99% of all products within the Customs Tariff originating in the two countries.

Customs duties on imports shall apply to a few products (alcohol, sugar, certain kinds of cheese, motor cars, all kinds of used vehicles and tires).

Contracting Parties shall apply import customs duties, taxes and charges having an equivalent effect to customs duties to products exempted from free trade regime in respect with the Most Favoured Nation treatment and in accordance with their respective legislation (Article 2 of the Agreement).

According to the Article 9 of the Agreement, the origin of goods shall be determined in accordance with the Protocol on Determination of the Country of Origin of Goods and Methods of Administrative Cooperation. The principle of “50% rule” shall be applied, i.e. the value of non-originating materials or materials originating in other countries (raw materials, semi-products and final products) used in the production process does not exceed 50% of ex-works price. Cumulation of origin is provided, i.e. goods shall be considered to originate in the countries of the Contracting Parties, if the goods are obtained in their territory and contain materials originating from the Republic of Serbia, Republic of Kazakhstan, Republic of Belarus and Russian Federation (Article 5 of the Protocol).

The Agreement was ratified by the National Assembly of the Republic of Serbia on November 30, 2010, but it has not been ratified by the Kazakh side. The Agreement shall be implemented temporarily from January 1, 2011, and it will enter into force after the exchange of ratification documents (Article 25, paragraph 1 of the Agreement).

The Agreement is concluded for a period of five years and shall be renewed automatically for an indefinite period, unless either Contracting Party notifies the other, in writing, of its intention to terminate the Agreement at least twelve months prior to the expiry of the five-year period (Article 25, paragraph 2 of the Agreement).

In case of the extension of the validity of this Agreement for an indefinite period, the Agreement may be terminated six months following the date of notification of either Contracting Party of its intention to terminate the Agreement (Article 25, Paragraph 3 of the Agreement).

In case of termination of this Agreement, its provisions shall continue to apply to all contracts concluded during the period of its validity, until full fulfilment of the obligations under such contracts (Article 25, Paragraph 4 of the Agreement).

Customs Union of the Russian Federation, Republic of Belarus and Republic of Kazakhstan

The Russian Federation, Republic of Belarus and Republic of Kazakhstan established the Customs Union, under the Eurasian Economic Community. The Customs Union is a form of economic integration, which envisages the substitution of customs territories of member countries by a common customs territory. The Customs Union also will have common customs tariff, common foreign trade policy toward third countries, common system of customs regulation and a supranational body, which will define common foreign trade policy and make decisions related to the Customs Union.

In order to provide conditions for regular trade relations between the Republic of Serbia and the Customs Union of those three countries, with which we have already concluded free trade agreements on bilateral basis, it is necessary for the Republic of Serbia to comply protocols on exemptions from free trade regime, as well as protocols on rules of origin with every member of the Customs Union.

The Agreement on free trade between the Government of the Republic of Serbia and the Government of the Republic of Kazakhstan, signed in October 2010, is complied with principles of the Customs Union.

Bilateral negotiations on amendments to the other documents with the Russian Federation and the Republic of Belarus have being finalized. Protocol between the Government of the Republic of Serbia and the Government of the **Russian Federation** on exemptions from the free trade regime and rules of origin, as well as Protocol between the Government of the Republic of Serbia and the Government of the Republic of **Belarus** on amendment to the Agreement between the Government of the Republic of Serbia and the Government of the Republic of Belarus on free trade are to be signed and will comply trade relations between the Republic of Serbia and these two countries with principles of the Customs Union.

It is important that cumulation of origin is provided in both the Republic of Serbia and the members of the Customs Union, i.e. the goods shall be considered originating from the countries of the Contracting Parties, if the goods are obtained in their territory and contain materials originating from the Republic of Serbia, Republic of Kazakhstan, Republic of Belarus and Russian Federation.

Note: Rules of origin related to the FTAs are explained in detail in the answer under question No.7, Chapter 29. on preferential rules of origin applied in the Republic of Serbia in accordance with bilateral and multilateral free trade agreements.

- 24. Please provide, for each agreement, the following information: nature of the agreement date of ratification, date of entry into force, initial term of the agreement, automatic renewal procedure, period for which acquired rights exist and indicate clearly what are the modalities foreseen in those agreements for their amendment or termination, to bring them in line with the EU *acquis*.**

Please see the answer under question 23.

- 25. Has there been any global analysis by your national authorities of the differences between these agreements and those that the European Union might have with the same third countries? If yes, please provide us with the findings of such analysis. If no, is such analysis planned? Please provide any relevant details of such plans.**

So far, Serbia hasn't undertaken any global analysis of the differences between these agreements due to different trade regimes between the EU and abovementioned trade partners. CEFTA 2006 covers parties from SEE region, which are in Stabilisation and Association Process to the EU. Turkey and the EU have established customs union, and EU and EFTA (excluding Switzerland) form European Economic Area (EEA). With Russia, Belarus and Kazakhstan EU hasn't signed free trade agreements.

- 26. Do you plan to negotiate any new preferential trade agreements?**

The Republic of Serbia is planning to conclude free trade agreements with Ukraine and the Arab Republic of Egypt. Under negotiation are :

- The Protocol between the Government of the Republic of Serbia and the Government of Russian Federation on Exceptions from Free Trade Regime to the Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Russian Federation on Free Trade between the Federal Republic of Yugoslavia and Russian Federation dated 28th August 2000

- The Protocol between the Government of the Republic of Serbia and the Government of the Republic of Belarus on Amendments to the Agreement between the Government of the Republic of Serbia and the Government of the Republic of Belarus on Free Trade between the Republic of Serbia and the Republic of Belarus.

These documents are not new free trade agreements, but nevertheless they are listed here, as these amendments to free trade agreements in force, will produce considerable changes in the conditions under which trade in goods with the respective countries is to be performed.

III OTHER TRADE-RELATED AGREEMENTS

27. Please provide a list of all your international agreements on economic/technical cooperation and integration, or any other agreements relevant for trade matters.

The Republic of Serbia is implementing one hundred twenty five different intergovernmental agreements on trade or economic cooperation. The Republic of Serbia is the signatory of only a few, while most of them are under implementation on the basis of the Republic of Serbia being the legal successor of the Principedom of Serbia, Kingdom of Serbia, Kingdom of Serbs, Croats and Slovenians, Kingdom of Yugoslavia, Federal Peoples Republic of Yugoslavia, Socialist Federal Republic of Yugoslavia, Federal Republic of Yugoslavia and Serbia and Montenegro. The list of all international agreements on trade and economic cooperation (with the exception of free trade agreements) as of December 31st 2010, listed by the date of coming into force, in the order from the most contemporary to the oldest, is attached in Annex 30.

The list provides in separate columns: title of the agreement, nature of the agreement, date of ratification, date of entry into force, initial term of the agreement, automatic renewal procedure, period for which acquired rights exist, the modalities foreseen in those agreements for their amendment or termination.

The listed intergovernmental agreements have been concluded in a time span of over one hundred and thirty years and most of them, especially those concluded after the Second World War, beside provisions concerning improvement of trade relations, include the clause of “Most Favoured Nation Treatment” towards custom duties, taxes, charges.

Most of the listed agreements have provisions for establishing of mixed, joint intergovernmental working bodies to monitor its implementation.

With the exception of those concluded with a in definitive validity period, all others incorporate the procedure of automatic renewal for a period of one to five years if before the expiry date one of the contracting parties does not inform a written notification of cancelation. The cancelation period varies from sixty days to a full year with six month period being the most common.

28. Please provide, for each agreement, the following information: nature of the agreement date of ratification, date of entry into force, initial term of the agreement, automatic renewal procedure, period for which acquired rights exist and indicate clearly what are the modalities foreseen in those agreements for their amendment or termination, to bring them in line with the EU *acquis*

Please see previous answer.

29. Do you plan to negotiate any new economic/technical cooperation and integration agreements or any other agreements relevant for trade matters?

Under the course of negotiation are following agreements:

- Agreement between the Government of the Republic of Serbia and the Government of the Republic of Indonesia on Trade and Economic Cooperation
- Agreement on Trade and Economic Cooperation between the Republic of Serbia and the Republic of Tunisia,
- Agreement on Trade, Economic and Technical Cooperation between the Government of the Republic of Serbia and the Government of the State of Qatar
- Trade Agreement Cooperation between the Government of the Republic of Serbia and the Government of the State of Kuwait,
- General Agreement on Economic, Scientific, Technical and Cultural Cooperation between the Government of the Republic of Serbia and the Government of the Republic of Angola,
- Agreement between the Government of the Republic of Serbia and the Government of the Syrian Arab Republic on Trade, Economic and Technical Cooperation.

IV. BILATERAL INVESTMENT AGREEMENTS

30. In order to have a complete picture of the differences between your investment regime and investment regimes in the EU, could you please provide us with any legal act(s) defining your investment policy, including any legislation defining the investment-related aspects of a specific sector?

Republic of Serbia adopted in 2006 national Strategy of promotion and development of foreign investments ("Official Gazette of RS" no. 22/06) by which attracting and retaining foreign direct investments is defined as the main intent of its economic development. In the investment area, Law on foreign investments ("Official journal of FRY", no. 3/02, 5/03) is in force, by which national treatment is guaranteed for foreign investors, as well as full legal protection and security of its rights based on the investment (Articles 8. and 9.), and free transfer of its assets. In this area, in force is also Regulation on conditions and modalities of attracting direct foreign investments ("Official Gazette of RS", no. 34/10, 41/10) by which the investments of tremendous amount (over 200 million Euros) that provides at least 1000 new employees in the period of three years from the date of the commencement of the investment, in the certain areas of industry (automotive industry, electronic and information technology industry) are especially stimulated.

31. With which countries have you concluded bilateral investment agreements? Please provide for each agreement the following information: nature of the agreement (e. g. bilateral investment treaties, commercial cooperation agreements, other, (please specify), scope (covering market access, non-discrimination, protection, promotion etc) date of ratification, date of entry into force, initial term of agreement, automatic renewal procedure, period for which acquired rights exist. Please provide copies (in one of the official EU languages) and indicate clearly what are the modalities foreseen in those agreements for their amendment or termination, to bring them into line with the European Union *acquis*. Does any

agreement include a regional economic integration organisation clause (possibility to grant privileged access to investors or investments of other countries, which belong to the same regional integration organisation as the contracting party)? Which sensitive sectors are normally excluded (e.g. aviation, maritime transport, fishing, audiovisual, etc.) from such agreements?

OVERVIEW OF THE SERBIAN BILATERAL AGREEMENTS ON PROMOTION AND PROTECTION OF INVESTMENTS

	COUNTRY	SIGNED	RATIFIED	ENTERED INTO FORCE	TITLE
1.	The Republic of France* ¹	28.03.1974.			Convention between Government of SFRY and the Government of the Republic of France on protection of investments
2.	Federal Republic of Germany*	10.07.1989.	28.06.1990.(„Official Journal of SFRY intern.agreements“no.7/90	25.10.1990.	Agreement between SFRY and FRG on reciprocal protection and promotion of investments with Protocol
3.	Russian Federation	10.10.1995.	20.12.1995.(„Offic.Journ. of FRY- int.agreem.“no.3/95)	19.07.1996.	Agreement between Federal governm. Of the FRY and the Government of RF on promotion and reciprocal protection of investments
4.	The Republic of Romania	28.11.1995.	29.08.1996.(„Offic.Journ. of FRY int.agreem.“no.4/96)	16.05.1997.	Agreement between Federal governm. of the FRY and the Government of the Republic of Romania on reciprocal promotion and protection of investments
5.	China	18.12.1995.	29.08.1996. („Offic.Journ. of FRY int.agreem.“no.4/96)	12.09.1996.	Agreement between Federal governm. of the FRY and the Government of the Republic of China on reciprocal promotion and protection of investments
6.	The Republic of Slovakia	30.01.1996.	29.08.1996.(„Offic.Journ. of FRY int.agreem.“no.4/96)	15.07.1998.	Agreement between Federal governm. of the FRY and the Government of the Republic of Slovakia on promotion and reciprocal protection of investments
	Amended	11.09.2004.	29.06.2005.(„Offic.Journ. of SM int.agreem.“no.6/05)	13.10.2005.	Agreement on amendments

¹ * Applicability of the agreement with the French Republic and the Republic of Germany was enlarged by special Agreement on succession of bilateral treaties signed by ministries of foreign affairs of two countries.

7.	The Republic of Bulgaria	13.02.1996.	29.08.1996.(„Offic.Journ. of FRY int.agreem.“no.4/96)	09.01.1997.	Agreement between Federal governm. of the FRY and the Government of the Republic of Bulgaria on reciprocal promotion and protection of investments
8.	The Belarus Republic	06.03.1996.	29.08.1996.(„Offic.Journ. of FRY int.agreem.“no.4/96)	25.01.1997.	Agreement between Federal governm. of the FRY and The Belarus Republic on reciprocal promotion and protection of investments
9.	The Republic of Poland	03.09.1996.	27.12.1996.(„Offic.Journ. of FRY int.agreem.“no.6/96)	23.01.1997.	Agreement between Federal governm. of the FRY and the Government of the Republic of Poland on reciprocal promotion and protection of investments
10.	FYR Macedonia	04.09.1996.	27.09.1996.(„Offic.Journ. of FRY int.agreem.“no.5/96)	22.07.1997.	Agreement between Federal governm. of the FRY and the Government of the FY Republic of Macedonia on reciprocal promotion and protection of investments
11.	Zimbabwe	19.10.1996.	26.06.1997. („Offic.Journ. of FRY int.agreem.“no.2/97)		Agreement between Federal governm. of the FRY and the Government of the Republic of Zimbabwe on reciprocal promotion and protection of investments
12.	Guinea	22.10.1996.	03.03.1998. („Offic.Journ. of FRY int. agreem.“no.2/98)	15.07.1998.	Agreement between Federal governm. of the FRY and the Government of the Republic of Guinea on reciprocal promotion and protection of investments
13.	Greece	25.06.1997.	03.03.1998. („Offic.Journ. of FRY int.agreem.“no.2/98)	08.05.1998.	Agreement between Federal governm. of the FRY and the Government of the Republic of Greece on reciprocal promotion and protection of investments
14.	Czech Republic	13.10.1997.	03.03.1998. („Offic.Journ. of FRY int.agreem.“no.2/98)	29.01.2001.	Agreement between Federal governm. of the FRY and the Government of the Republic of Greece

	Amended	4.6.2010.	23.11.2010. („Offic.Journ. of FRY int.agreem.“no. 10/10)		on reciprocal promotion and protection of investments Agreement between the Govern. Of the Rep.of Serbia and the Governm. Of the Czech Rep. On the amendments on the Agreement betw. Fed. Gov. Of the FRY and the Govern. of the Czech Rep. On the prpmotion and protection on invest. Signed on October 13, 1997.
15.	Croatia	18.08.1998.	05.11.2001.(„Offic.Journ. of FRY int.agreem.“no.10/01)	31.o1.2002.	Agreement between Federal governm. of the FRY and the Government of the Republic of Croatia on reciprocal promotion and protection of investments
16.	Korea	26.08.1998.	24.12.1999. („Offic.Journ. of FRY int.agreem.“no.1/99)	14.08.2000.	Agreement between Federal governm. of the FRY and the Government of the Peoples Democratic Republic of Korea on reciprocal promotion and protection of investments
17.	Ghana	25.04.2000.	30.06.2000. („Offic.Journ. of FRY int.agreem.“no.1/2000)		Agreement between Federal governm. of the FRY and the Government of the Republic of Ghana on reciprocal promotion and protection of investments
18.	Cuba	28.08.2000.	Not ratified		Agreement between Federal governm. of the FRY and the Government of the Republic of Cuba on reciprocal promotion and protection of investments with Protocol
19.	Ukraine	09.01.2001.	22.06.2001. („Offic.Journ. of FRY int.agreem.“no.4/01)	14.08.2001.	Agreement between Federal governm. of the FRY and the Cabinet of Ministers of Ukraine on reciprocal promotion and protection of investments
20.	Italy	11.12.2000.	09.05.2001.(„Offic.Journ. of FRY int.agreem.“no.1/01)		Agreement between Federal governm. of the FRY and the Government of the Italian Republic on reciprocal promotion and protection of investments with Protocol
21.	Turkey	02.03.2001.	22.06.2001. („Offic.Journ. of FRY int.agreem.“no.4/01)	10.11.2003.	Agreement between Federal governm. of the FRY and the Government

					of the Republic of Turkey on reciprocal promotion and protection of investments
22.	Hungary	20.06.2001.	05.05.2004. („Offic.Journ. of SM int.agreem.“no.9/04)	30.03.2005.	Agreement between Federal governm. of the FRY and the Government of the Republic of Hungary on reciprocal promotion and protection of investments
23.	Austria	12.10.2001.	16.01.2002. („Offic.Journ. of FRY int.agreem.“no.1/02)	01.08.2002.	Agreement between Federal governm. of the FRY and the Government of the Republic of Austria on reciprocal promotion and protection of investments
24.	Bosnia and Herzegovina	18.12.2001.	16.12.2002. („Offic.Journ. of FRY int.agreem.“no.12/02)	25. 08.2004.	Agreement between Federal governm. of the FRY and the Government of the Republic of Bosnia and Herzegovina on reciprocal promotion and protection of investments
25.	Netherlands	29.01.2002.	16.12.2002. („Offic.Journ. of FRY int.agreem.“no.12/02)	01.03.2004.	Agreement between the FRY and the Kingdom of Netherlands on promotion and reciprocal protection of investments
26.	Nigeria	01.06.2002.	30.01.2003. („Offic.Journ. of FRY int.agreem.“no.3/03)		Agreement between Federal governm. of the FRY and the Government of the Federal Republic of Nigeria on reciprocal promotion and protection of investments
27.	Slovenia	18.06.2002.	26.03.2004. („Offic.Journ. of SM int.agreem.“no.6/04)	01.05.2004.	Agreement between Federal governm. of the FRY and the Government of the Republic of Slovenia on reciprocal promotion and protection of investments
28.	Spain	25.06.2002.	05.03.2004. („Offic.Journ. of SM int.agreem.“no.3/04)	31.03.2004.	Agreement between the FRY and the Kingdom of Spain on promotion and reciprocal protection of investments
29.	United Kingdom of Great Britain and Northern Ireland	06.11.2002.	05.05.2004. („Offic.Journ. of SM int.agreem.“no.10/04)	03.04.2007.	Agreement between Federal governm. of the FRY and the Government of the United Kingdom of Great Britain and Northern Ireland on reciprocal promotion and protection of investments
30.	Albania	26.11.2002.	05.05.2004. („Offic.Journ. of SM int.agreem.“no.10/04)	06.07.2004.	Agreement between Federal governm. of the FRY and the Council of

					ministers of the Republic of Albania on reciprocal promotion and protection of investments
31.	India	31.01.2003.	22.09.2004. („Offic.Journ. of SM int.agreem.“no.23/04)	24.02.2009.	Agreement between Federal governm. of the FRY and the Government of the Republic of India on reciprocal promotion and protection of investments
32.	Iran	05.12.2003.	21.03.2005. („Offic.Journ. of SM int.agreem.“no.2/05)	06.07.2006.	Agreement on reciprocal promotion and protection of investments between Serbia and Montenegro and the Islamic Republic of Iran
33.	State of Kuwait	19.01.2004.	21.03.2005. („Offic.Journ. of SM int.agreem.“no.2/05)	25.05.2006.	Agreement between Serbia and Montenegro and the State of Kuwait on reciprocal promotion and protection of investments
34.	Belgium	04.03.2004.	22.09.2004. („Offic.Journ. of SM int.agreem.“no.18/04)	13. 08.2007.	Agreement between Serbia and Montenegro and the Union of Belgium and Luxembourg on reciprocal promotion and protection of investments
35.	State of Israel	28.07.2004.	22.12.2004. („Offic.Journ. of SM int.agreem.“no.23/04)	07.02.2006.	Agreement between Serbia and Montenegro and the State of Israel on reciprocal promotion and protection of investments
36.	Libya	18.02.2004.	22.10.2005. („Offic.Journ. of SM int.agreem.“no.10/05)	23. 04 2008.	Agreement between Serbia and Montenegro and the Great Socialistic peoples Libyan Arab Jamahiriya on promotion , guarantee and protection of investments
37.	Lithuania	29.03.2005.	22.10.2005.(„Offic.Journ. of SM int.agreem.“no.10/05)	02.12.2005.	Agreement between Council of ministers of Serbia and Montenegro and the Government of the Republic of Lithuania on reciprocal promotion and protection of investments
38.	Arabian Republic of Egypt	24.05.2005.	22.10.2005. („Offic.Journ. of SM int.agreem.“no.10/05)	20.03.2006.	Agreement between Council of ministers of Serbia and Montenegro and the Government of the Arabian Republic of Egypt on reciprocal promotion and protection of investments
39.	Finland	24.05.2005.	22.10.2005. („Offic.Journ. of SM int.agreem.“no.10/05)		Agreement between Serbia and Montenegro and the Republic of Finland on reciprocal promotion and protection of investments

40.	Cyprus	21.07.2005.	01.12.2005. („Offic.Journ. of SM int.agreem.“no.14/05)	23.12.2005.	Agreement between Serbia and Montenegro and the Republic of Cyprus on reciprocal promotion and protection of investments
41.	Swiss Confederation	07.12.2005.	11.05.2006. („Offic.Journ. of SM int.agreem.“no.3/06)	20.07.2007.	Agreement between Serbia and Montenegro and the Swiss Confederation on reciprocal promotion and protection of investments
42.	Denmark	16.05.2009.	16.12.2009. (“Official gazette of RS no. 105/09)	28. 01.2010.	Agreement between the Republic of Serbia and the Kingdom of Denmark on promotion and reciprocal protection of investments.
43.	Portugal Republic	16.09.2009.	5. 5.2010. (“Official gazette of RS int. agreem”. no. 1/10)	24.7.2010.	Agreement between the Republic of Serbia and the Portugal Republic on promotion and reciprocal protection of investments.
44.	Montenegro	29.10.2009.	5. 5.2010. (“Official gazette of RS int. agreem”. no. 1/10)		Agreement between the Republic of Serbia and Montenegro on reciprocal promotion and protection of investments.
45.	Republic of Malta	2.7.2010.	23.11.2010. („Offic.Journ. of FRY int.agreem.“no. 10/10)		Agreement between the Governm. Of the Rep. Of Serbia and the Governm. Of the Republ. Of Malta on promotion and protection of investments.
46.	Republic of Kazakhstan	7.10.2010.			Agreement between the Govern. of the Republic of Serbia and the Govern. of the Republic of Kazakhstan on Reciprocal Promotion and Protection of Investments

The List of Serbian bilateral investment treaties is attached. It explicitly enumerates the concluded agreements, the Contracting Parties, title of each Agreement, the date of its signing, ratification and of its entering into force. Each of them contains the provision concerning the automatic renewal procedure, and the period for which acquired rights exist. Most of them stands that ”the Agreement is concluded for a period of ten years and shall thereafter be automatically extended for successive periods of five years unless either Contracting Party notifies to the other Contracting Party in writing its decision to terminate the Agreement at least twelve months prior to its date of expiry. With respect to investments made prior to the date of termination of the Agreement shall remain in force for a further period of ten years from the date of the realization of investment.” For entering into force: “Each Party will notify in writing the other Party about the completion of its internal constitutional procedures for entering into force of the Agreement. The Agreement shall enter into force on the date of the receipt of the second of the two notifications.”

Concerning the amendment or termination of the agreement, Serbian draft model of the Agreement on promotion and protection of investment (adopted by the Government in

October, 2007), recognizes the main principles of the Vienna Convention on Law on Treaties from 1969 and prescribes that “Agreement can be amended by mutual consent of the Contracting Parties and that amendments would enter into force in accordance with the same procedure necessary for entering into force the original agreement.”

Serbian draft Agreement on promotion and protection of investments, as well as the texts of 46 till now concluded bilateral agreements of this type, does not provide any pre-establishment access to investments. The provisions of the Agreement, concerning National and Most Favoured Nation Treatment “shall not oblige neither of the Contracting Parties to extend to the investors of the other Contracting Party, the benefit of any treatment, preference or privilege which it may grant to any third state pursuant to its agreement or membership in economic union, free trade zone, monetary union or similar international agreement establishing such unions or other forms of regional cooperation to which either of the Contracting Parties is or may become a party.” (Article 3. of the draft Agreement)

The only sector exceptions and limitations for foreign investors in Serbia exist in manufacturing and trade of weapons, broadcasting, piloting, towing and ship rescue. The Law on Foreign Investments (“Official Gazette of the Republic of Serbia”, no. 3/02, 5/03) as the law which regulates foreign investments in the Republic of Serbia and legal status of foreign investors, provides that foreign investors may establish and/or invest in companies registered to carry out all pecuniary gain activities, unless otherwise defined by this law. Article 19 Paragraph 1 of the Law on Foreign Investments specifies that foreign investor, alone or together with another foreign investor, may not establish a company for the manufacturing and trade of weapons in the Republic of Serbia or in an area which is under this law determined as restricted zone. The same article further explicitly prescribes that in the previously mentioned areas foreign investor may establish a company together with the domestic legal person or invest in a company, but may not acquire a majority share in the management of such company. If a foreign investor intends to take part in the establishment of a company and/or invest in a company for manufacturing and trade of weapons, in case as defined in Paragraph 2 of the same Article, he must obtain approval from the republican body authorized for matters of defence.

Article 41 Paragraph 2 of the Broadcasting Law (“Official Gazette of the Republic of Serbia”, no. 42/2002, 97/2004, 76/2005, 79/2005, 62/2006, 85/2006, 86/2006 and 41/09) states that “a domestic legal person whose founders are foreign legal persons registered in the countries in which, according to the internal regulations of those countries, it is not permitted or possible to determine the origin of the founding capital, may not participate in the public tender for broadcasting licenses.” Article 41 Paragraph 3 of the Broadcasting Law provides that “a foreign legal or natural person may have a share of a maximum 49% in the overall founding capital of the broadcasting license holder unless otherwise envisaged by international agreements ratified by the Republic of Serbia.

The following activities: piloting, towing and ship rescue can only be performed by domestic natural or legal persons.

- 32. Does any of such agreement contain a free transfer clause that provides for the unrestricted transfer of any capital and payment related to an investment? If so, are there any exceptions or safeguard clauses that would limit such a free transfer clause? What is the scope of these exceptions and how are they triggered?**

The Law on Foreign Investments (“Official Gazette of the Republic of Serbia”, no. 3/02, 5/03) prescribes the right of foreign investor to free transfers of amounts to money related to its investment, including not only the basic capital but also the returns from the investment, upon payment of all obligations in accordance with the national legislation (fiscal, etc.) By this law, as well as by any other legislation in force in the Republic of Serbia, there is no limitation to free transfer of foreign investor's assets. The most of the concluded bilateral agreements on promotion and protection of investments contains the “free transfer clause”.

33. Have you carried out an analysis to identify any differences between these agreements and those that the EU may have with the same third countries? If yes, please provide us with the findings of such an analysis. If not, is such an analysis planned? Please provide any relevant details of such plans.

The draft Agreement on the promotion and protection of investments adopted by the Government of the Republic of Serbia (attached), as a basis for all bilateral negotiations with other countries, is based on the OECD model agreement and it does not include great differences compared to the models of EU countries. In the previous period the harmonization with the EU legislation in this area has been done, by amending the agreements with some countries that became the members of the EU in the meantime (Republic of Slovakia, Czech Republic, Romania, and Republic of Bulgaria). Bilateral investment treaties are harmonized in the area of free transfer of payments “without prejudice to measures adopted by EU”, as well as amended by Articles that provided fulfilment of all the essential security interests of the country (“Nothing in this Agreement shall be construed to prevent any Contracting Party from taking any actions that it considers necessary for the protection of its essential security interests”) and the minimum of internationally recognized standards in labour and environmental protection area. Therefore, the analysis has been carried out and already applied on these agreements.

34. Are you currently negotiating or have you entered into a commitment to negotiate any new bilateral investment agreements? Please provide details regarding the current status and any intermediate results arising from any such ongoing or proposed negotiations.

The Republic of Serbia recently (in October 2010) agreed and initialled the text of the Agreement on promotion and protection of investments with the Belgium-Luxembourg economic Union and its signing is expected soon. Besides, it is also agreed text of letters by which exchange would be amended the Agreement on promotion and protection with the Republic of Finland and its signing is expected soon. In addition, during 2009 and 2010 are agreed and initialled the texts of the agreement on promotion and protection of investments with Algeria, Tunisia, Syria and Indonesia, but the date of its signing is not arranged yet.

35. Do you plan to negotiate new bilateral investment agreements?

In the following period the negotiations on bilateral investments treaties is expected with USA, Canada, as well as with some EU countries – France, Germany, Italy (depending on new common investment policy from 2011 and its consequent to member states). Concerning non-member states, the amendments on the original

Agreement on promotion and protection of investments with Russian Federation and the Belarus Republic is planned, as well as negotiation and conclusion bilateral Agreements with Morocco and Azerbaijan.

IV. DEVELOPMENT POLICY AND HUMANITARIAN AID

Development policy

36. Is there a policy framework or any kind of regulation on development cooperation/aid?

There are no policy frameworks or regulations on development cooperation aid. The Republic of Serbia plans to adopt a Law on Development Cooperation and Humanitarian Assistance to the effect of creating a legal framework for providing development and humanitarian support to developing countries in the future.

37. Is your country bound by co-operation, trade, or other agreements with developing countries (whether African, Caribbean and Pacific, Latin American, Asian or Mediterranean countries)?

Agreements on cooperation with developing countries are envisaged in Annex Q24 MERD.

38. Does your country apply a preferential trade policy (irrespective of the agreements mentioned above) vis-à-vis certain developing countries? If so, what are the form and details of such policy/policies?

The Republic of Serbia does not apply any preferential trade policies to developing countries.

39. Does your country have a developing country aid budget? What is the size of the budget and how is it allocated? Which amount, if any, was spent for humanitarian aid to third countries during the last 3 years? Do you measure your budget contributions according to Official Development Assistance (ODA) methodology?

The Republic of Serbia does not have a developing country aid budget nor does it have a methodology for measuring budget contributions. In cases of humanitarian disaster, humanitarian aid is granted to third countries from budget reserves. During the last three years (2008-2010), around 6.9 million dinars were spent on humanitarian aid which was granted to Haiti following the earthquake in 2010.

40. What are the projects, if any, on development aid assistance carried out by your country during the last two years?

During the last two years, Serbia has not carried out any development aid assistance project.

41. Does your country have future commitments on development aid assistance or on development aid?

As there are still no legal grounds for extending development aid assistance or development aid, the Republic of Serbia, at present, does not have any plans or future commitments regarding development aid assistance to third countries.

42. Administrative capacity: is there a Ministerial service/Agency for development co-operation, or are there specific projects of assistance to third countries managed by

Ministries other than the Ministry of Foreign Affairs? If yes, how are they organised?

There is no Ministry service/Agency for development cooperation or any special sector in charge of development cooperation. Plans have been made to establish, in line with the future Law on development cooperation and humanitarian assistance, a Development Cooperation Section within the Ministry of Foreign Affairs.

43. To what extent are the EU development strategy, objectives, common values and principles, as outlined in the European Consensus on Development (December 2005, http://ec.europa.eu/development/policiesgen_en.cfm) incorporated into your national foreign policy?

Serbia's National strategy for sustainable development was adopted in May 2008 as a comprehensive multi-sectoral development strategy, fully embracing EU development strategy objectives, values and principles. The Strategy lays out a vision of sustainable development until 2017 whereby Serbia will become an institutionally and economically developed country with an adequate infrastructure in line with the EU standards and with a knowledge-based economy, an efficient use of natural resources, greater efficiency and productivity, a larger number of educated people, a country which ensures protection of the environment, historical and cultural heritage and where there are partnerships in private, public and civil sectors, which can offer equal opportunities to all of its citizens.

Major national priorities of the Republic of Serbia whose fulfilment will ensure the implementation of the sustainable development vision by 2017 are:

- 1) EU Membership – developing stable institutions guaranteeing democracy, rule of law, as well as respect and protection of human and minority rights, development of a competitive economy, harmonization with EU *acquis* and assumption of responsibilities based on membership.
- 2) Developing of a competitive market economy and a steady economic growth – introducing innovations; establishing better links between science, technology and entrepreneurship; capacity-building for research and development, including new ITC.
- 3) Developing education, increasing employment and social inclusion – creating new jobs, attracting experts, improving quality through the flexibility of the workforce, greater investment in human resources.
- 4) Developing infrastructure and promoting an equal regional development – promoting the country's attractiveness, provision of equal quality and level of services through the expansion and promotion of transport and public utility infrastructure, reducing regional differences and poverty, providing various possibilities for cooperation between public and private sectors, adequate use of space, sustainable development of energy infrastructure and rural development.
- 5) Protecting and promoting the environment and rational use of natural resources – preserving and promoting the environment, reduction of pollution and its environmental impact, using natural resources in such a way as to ensure availability to future generations.

National Strategy for Sustainable Development of the Republic of Serbia is based upon the globally accepted principles defined in the Johannesburg Declaration on Sustainable Development, UN Millennium Development Goals and EU Sustainable Development Strategy.

Other development and sectoral strategies supporting the objectives, values and principles of the EU Development Strategy are: National Programme of Integration of the Republic of Serbia (NPI 2008, 2009), National strategy for the accession of Serbia and Montenegro to the European Union (2005), Poverty Reduction Strategy (2003), National Strategy of Serbia's Regional Development for the Period 2007-2012 (2007), National Environment Programme (2010), Waste Management Strategy 2009-2017 (2010), as well as other sectoral strategies in the areas of economic development, energy, agriculture, state administration, social and health protection, local development, education, human rights, social inclusion, etc..

44. Does your country subscribe to the Millennium development goals? Where do you stand in fulfilling the goals?

As the 189th Member State of the United Nations, the Republic of Serbia adopted UN Millennium Development Goals.

The Millennium Development Goals have been included in the National Poverty Reduction Strategy, adopted in 2003. In 2004, the Government established a working group for the implementation of the UN Millennium Declaration goals and targets, which adapted the MDG and national development priority indicators and harmonized them with the existing national development strategies and regulations. In 2006, the Government adopted the Review of MDG Implementation in the Republic of Serbia in the previous period.

The Government adopted the latest Review of MDG Implementation in the Republic of Serbia in early 2010, which embraces the review of the progress made in MDG implementation in Serbia for the period 2005-2008.

The report contains conclusions and recommendations regarding measures to be taken for the purpose of MDG achievement. Furthermore, the recommendations take into account the need for monitoring new measuring indicators where there are available data and the need for additional research with the aim of a better progress monitoring regarding fulfilment of goals.

The greatest progress in the implementation of MDGs has been made on ending poverty and hunger, bearing in mind that the overall poverty rate in 2007 was halved in comparison to its 2002 level (it dropped from 14 per cent to 6.6 per cent), whereas extreme poverty rate was almost at zero target level already in 2007. The declining indicator levels as a result of the economic crisis reflect the possibility of the emergence of new poverty. The Government set up a Social Inclusion and Poverty Reduction Team in 2009, entrusting it with the task of coordinating social inclusion policies aimed at improving the situation of the most vulnerable population group.

As to education, the relevant legislation has been enacted making educational system equal, accessible and universal to all. Introduction of compulsory and free preschool preparatory programmes in 2006 had a positive effect upon the number of children included in the general population. However, indicators of coverage and completion of, primary education are less satisfactory in respect of rural and Roma children.

The analysis of trends related to gender equality has shown that within the economic inequality of the sexes there has been some progress regarding inclusion of women in the labour market, decision-making, their protection against violence, etc. Nevertheless, gender inequality still prevails and it is, therefore, necessary to complete the initiated process of putting in place institutional gender equality mechanisms and step up the application of measures in this field.

The Republic of Serbia has recorded progress in cutting infant mortality rates, thus making realistic the reaching of the target of halving their mortality rate by 2015. As regards maternal health, some steps have been made such as reducing maternal mortality due to various causes, including malignant diseases. Significant results have been achieved in combating HIV/AIDS, tuberculosis and other diseases. Activities undertaken with large support of international institutions have resulted in lower incidence of AIDS and TB as well as in reducing mortality rate caused by these diseases.

The achievement of the MDGs related to environmental sustainability has been improved significantly with the adoption of a strategy for sustainable development and a set of laws harmonised with the EU legislation, whose implementation is extremely important in relation to halting dwindling resources, waste disposal management and promotion of recycling, reducing air pollution and managing chemicals.

In the period 2005-2008, the Republic of Serbia registered dynamic economic growth, high growth rate of export, a significant inflow of FDI and an improved economic efficiency.

However, in order to achieve results in the development of partnership with the European Union and countries in the other regions it is necessary to adjust economic policy the needs of expanding export-oriented sectors, in particular with regard to the methods of maintaining macro-economic stability.

45. In which International Agreements dealing with development are you participating?

The Republic of Serbia has around twenty bilateral development partnerships, among which nearly half base development cooperation on the relevant framework agreements signed and ratified through parliamentary procedure.

Otherwise, Serbia has signed memoranda of understanding or financial arrangements whereas with a number of development partners the cooperation has been defined on the basis of separately confirmed projects/programmes in accordance with which adequate agreement/contract have been signed. Cooperation for development of the Republic of Serbia, as the recipient country, has been maintained with the countries indicated below²:

AUSTRIA: Agreement between the Republic of Serbia and the Republic of Austria on the General Conditions of Cooperation for Development. The Agreement was signed on 6 February 2009 and upon its ratification in the Parliament became an integral part of

² In agreements where the State Party is Yugoslavia or the State Union of Serbia and Montenegro, the Republic of Serbia is the legal successor State according to the legislation in force.

the Republic of Serbia's legal system under the Law on the ratification of the Agreement between the Republic of Serbia and the Republic of Serbia on the General Conditions of Cooperation for Development (*Official Gazette of the RS 105/09, 11 December 2009*).

SWISS CONFEDERATION: *Agreement on Technical and Financial Support between the Federal Republic of Yugoslavia and the Swiss Confederation* was signed on 23 February 2003 and ratified according to the relevant Ratification Law ("Official Gazette of SCG – International Treaties", No. 6/2003). The Agreement is concluded for a five-year period with a possibility of being renewed. Its implementation in the future is made conditional on common consent of the Parties.

JAPAN: *Technical Cooperation Agreement between the Council of Ministers of Serbia and Montenegro and the Government of Japan* was signed on 30 November 2006 and ratified under the relevant Ratification Law.

SLOVAK REPUBLIC: *Framework Agreement for Development Cooperation between the Government of the Republic of Serbia and the Government of the Slovak Republic* was signed on 3 December 2007 and ratified under the Law on the Ratification of the Agreement on Development Cooperation between the Government of the Republic of Serbia and the Government of the Slovak Republic (*Official Gazette of the RS 105/09, 11 December 2009*). Special financial agreements are signed on annual basis, indicating exact annual amounts of Slovak development assistance to Serbia as well as the terms and procedures for implementation of development assistance.

KINGDOM OF SWEDEN: *Agreement between the Republic of Serbia and the Kingdom of Sweden on General Conditions for Development Cooperation*, signed on 29 January 2007, was ratified by the relevant Law on Ratification (*Official Gazette of RS 105/09, 11 December 2009*), thus forming an integral part of the legal system of the Republic of Serbia.

REPUBLIC OF TURKEY: *Agreement between the Government of the Republic of Serbia and the Republic of Turkey on Technical and Financial Cooperation* was signed on 27 October 2009. The Agreement is currently in parliamentary procedure and the adoption of the relevant Law on Ratification is expected by the end of May 2010.

REPUBLIC OF ITALY: The previous legal framework for cooperation and assistance to Serbia, established by the Law No. 84/2001 – has been planned for the reconstruction of the projects in the Balkans which are mainly executed by the Ministry of Finance - and by the Law No. 49/1987 on cooperation for development through the Ministry of Foreign Affairs. As regards new projects and programmes, it is necessary to sign special financial arrangements without a special legal framework or general agreement on development cooperation.

FEDERAL REPUBLIC OF GERMANY: *Agreement on Cooperation between the Council of Ministers of Serbia and Montenegro and the Government of the Federal Republic of Germany on Technical Cooperation and Assistance*, signed on 13 October 2004 and ratified subsequently by the relevant Law on Ratification. "Notes on discussions concerning the work done" is a document signed on an annual basis between the German Federal Ministry for Economic Cooperation and Development and

the Ministry of Finance of the Republic of Serbia and it incorporates the plan and explanation for annual disbursements of development assistance provided by the Federal Republic of Germany to the Republic of Serbia. Executive agencies responsible for the implementation of approved projects in the private sector are normally KfW (Credit Bank for Reconstruction) and GTZ (the German Agency for Technical Cooperation).

KINGDOM OF NORWAY: *Memorandum of Understanding between the Government of the Kingdom of Norway and the Republic of Serbia* is signed on an annual basis and refers to packages of development assistance approved for each year.

LUXEMBURG: In the methodology of the development assistance provided by Luxembourg to Serbia there is no single bilateral agreement and the activities of the Luxembourg Agency for Development are based on a Grant Agreement signed for every individual programme/project.

CANADA: In the case of Canadian development assistance to Serbia, there is a bilateral framework agreement providing a legal basis for cooperation through the signing of a relevant Memorandum of Understanding. MoUs have been signed in the field of health care and justice since 2009. The Canadian International Development Agency (CIDA) ended its mandate in the Republic of Serbia on 1 March 2010.

UNITED KINGDOM: Memoranda of Understanding or Financial Arrangement are concluded separately for each approved support project.

KINGDOM OF THE NETHERLANDS: *Memorandum of Understanding between the Government of the Republic of Serbia and the Government of the Kingdom of the Netherlands* is signed on an annual basis in respect of the following programmes: G2G (Government-to- Government Technical Support Programme; PSO-M (support to developing markets – assistance to enterprises) and MEC (educational seminars /courses held in the Netherlands). The most recent Memorandum of Understanding was signed in December 2009.

SPAIN: Programme of Cooperation and Technical Support between the Ministry of Foreign Economic Relations of Serbia and the Ministry of Foreign Affairs of Spain; Financial Cooperation Programmes between the Council of Ministers and the Government of Spain; Programme of Financial Cooperation between the Republic of Serbia and the Government of Spain.

REPUBLIC OF KOREA: The Republic of Korea provides development assistance to the Republic of Serbia through individual projects and trainings, by exchanging relevant verbal notes through diplomatic channels and subsequently by signing individual grant agreements.

KINGDOM OF DENMARK: Draft Framework Agreement between the Republic of Serbia and the Government of the Kingdom of Denmark on Development Assistance is under preparation. With regards to special cooperation programmes – the Government of the Republic of Serbia and the Kingdom of Denmark signed the Memorandum of Understanding on the Implementation of the Programme of Local Economic Development in the Balkans, on 7 September 2006, according to which the Government

of Denmark undertook to provide financial assistance to Serbia for the programme of local economic development.

CZECH REPUBLIC: There are no special documents which form the basis of development cooperation between the two countries.

Humanitarian aid

- 46. How do you define humanitarian aid? Does your country accept the principles of needs-based aid in line with the humanitarian principles enshrined in the EC Humanitarian Aid Regulation (EC 1257/96) and the European Consensus on Humanitarian Aid with respect to external humanitarian assistance? In particular, attention is drawn to the principle of non-discrimination whereby assistance is awarded to victims, without discrimination on the grounds of race, ethnic group, religion, sex, nationality or political affiliation and must not be guided by, or subject to, political considerations.**

According to the Law on Grant Aid/Donations and Humanitarian Aid, grant aid/donations and humanitarian assistance can be rendered in goods, services, money, securities, property or other rights. Recipients of aid can be public authorities “public enterprises, local self-government, public institutions and non-governmental organisations (NGOs) as well as domestic and foreign humanitarian organisations”.

The said piece of legislation governs the framework and various kinds of humanitarian aid provided to the Republic of Serbia but not the grants of humanitarian aid that the Republic of Serbia has provided to other countries. As indicated in the answer to the question 36 in this Chapter, there is still no legal framework for dispatching humanitarian aid but the Republic of Serbia plans to adopt a law on development cooperation and humanitarian aid. In drafting this law, the principles enshrined in the EC Humanitarian Aid Regulation 1257/96 and the European Consensus on Humanitarian Aid will be taken into consideration, whereas special attention will be drawn to the principle of non-discrimination. The Republic of Serbia supports the EU development policy which is aimed at poverty reduction, sustainable development and achievement of Millennium Development Goals (MDGs). The Republic of Serbia supports the principles of aid enshrined in the EC Humanitarian Aid Regulation (EC 1257/96) and the European Consensus on Humanitarian Aid, particularly regarding poverty reduction, support to countries based on national procedures and support to the participation of all segments of society, in particular economic and social stakeholders such as employers’ associations, commercial associations, private sector, NGOs and other organisations playing significant roles in the promotion of democratic values.

- 47. Does your country have a recognised framework for national non-governmental organisations who aim to provide assistance, whether development or humanitarian, in third countries? Please explain.**

The Law on Associations (Official Gazette 51/09, 7 August 2009) regulates the legal status and establishment of non-governmental organisations who aim to promote and realize common and general interests. Every association establishes the scope of its activities, part of which is related to humanitarian work.

48. Do you have an organisation or section of government administration which monitors and provides relief in the event of natural and man-made disasters? Is the possibility of such disasters monitored on a continuous basis? If yes to either, what immediate assistance and resources are available and have been provided in the event of such happenings? Is such assistance given solely internally or is it available for the benefit of third countries?

In 2009 the Serbian government conducted a radical change of the Serbia's protection and rescue system. Instead of earlier, heterogeneous system, which was present in several ministries, a single, legal, normative and organizational system of protection and rescue and disaster management was established. In this sense, a special department was formed - (in further text referred to as Department) within the Ministry of Internal Affairs, as a government authority competent for the development of protection and rescue policies.

From the 1st of July 2010, the Department of Emergency Management works in full organizational form, which is composed of the following organizational units:

a) the Head Office in Belgrade: Department for Preventive Protection, Department of Fire and Rescue Unit, Department of Risk Management, Directorate for Civil Protection and National Training Center;

b) Organization outside the Departments Head Office: organized in 27 organizational units in the rank of divisions and departments. Sector has four Emergency Bureaus in the largest cities (Belgrade, Novi Sad, Nis and Kragujevac) and 23 Divisions of Emergency Management at the administrative districts. Managers of all organizational units of the Department of Emergency Management are directly responsible to the Chief of Department, who is also deputy minister for internal affairs. In accordance with the Law on Emergency Situations adopted on 29/12/2009, published in the Official Gazette No. 111/10 from 30.12.2009, the Division coordinates the activities of all state institutions involved in the system of protection and rescue in emergency situations.

This Law regulates action, announcement and management of the emergency situations, the system of protection and rescue of people, material and cultural resources and the environment from natural disasters, technical and technological accidents and catastrophes, a consequence of terrorism, war and other major disasters (in further text referred to as natural and other disaster), the competence of state bodies, autonomous regions, local authorities and the interaction between police and the Army of the Republic of Serbia regarding protection and rescue; rights and obligations of citizens, companies, other legal persons and regarding emergency situations, organization and civil defence operation in order to protect, rescue and remove consequences of natural and other disasters; financing; inspection and supervision, international cooperation and other issues of importance to organization and functioning of the protection and rescue.

The main tasks of protection and rescue system, according to this law are: programming and planning of measures and activities regarding protection and rescue; protection, as a set of preventive measures aimed at strengthening the resilience of community; elimination of possible causes of threats, reduction of the impact of natural disasters and other accidents in case they do occur, reduction of their consequences; coordination in establishing, developing and implementing the National Strategy for protection and

rescue; rescuing and providing help by undertaking operational activities in order to save human lives, material goods and the environment; decreasing and eliminating immediate consequences of natural disasters and other catastrophes, by undertaking measures and activities in order to establish the necessary conditions for the lives of citizens in disaster area, organizing, equipping and training of search and rescue forces, government authorities, companies, other legal entities and entrepreneurs for the protection and rescue; organizing and training citizens for personal, mutual and collective defence; providing and seeking assistance and cooperation with other countries and international organizations; administration, management and coordination of actors and forces of protection and rescue in emergency situations, and other activities and tasks of protection and rescue.

Regarding damages, assistance and compensation for natural disasters, in accordance with this Law, local governments determine damage from the effects of natural and other disasters, and within 60 days from the date of the disaster a report is submitted to the Government.

Republic of Serbia participates in providing assistance to local municipality for elimination of damage from large scale natural disasters and other accidents. The large-scale damage is defined as damage of the amount exceeding 10% of national income earned in the municipality in the previous year.

Government decides on the provision, type, method and amount of assistance and adopts further regulations on defining and recording the amount of damage, the type, amount and way of providing and using the aid in local municipalities for the damage of large scale natural disasters and other accidents.

Protection and rescue system is financed from the budget of the Republic of Serbia, budget of territorial autonomy and local municipalities' budgets; other revenues in accordance with the Law and other regulations.

In case of major disasters such as earthquakes in Haiti, floods in Pakistan, the Republic of Serbia may decide to send assistance to affected countries. The Government of Serbia, after the proposals from the ministries, makes decision about the type, value, quantity of the assistance (financial or in goods) which will be given.