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## **Overview of the Stabilization and Association Agreement (SAA) and the Interim Agreement on Trade And Trade-Related Matters signed between Serbia and EU**

Stabilization and Association Process (SAP) is a special kind of regional approach of the European Union (EU) to the Western Balkan countries which aims to bring them progressively closer to the EU. The SAP provides an opportunity and basis for Serbia, Montenegro, Albania, Bosnia-Herzegovina and FYR Macedonia, Croatia to become fully fledged members of the EU. Regional approach set up in this way is characterized by its adaptability to a country-specific situation.

The SAP was established with the aim to strengthen the existing regional approach of the EU, and sets the framework for the EU negotiations with the Western Balkan countries, all the way to their eventual accession. It has three aims:

- **stabilizing** the countries and encouraging their **transition to a market economy**;
- promoting regional cooperation;
- eventual **membership in the EU**.

The process helps the countries concerned to build their capacity to adopt and implement EU law, as well as European and international standards, and offers:

- trade concessions (Serbia has benefited from EU autonomous trade measures since 2000);
- economic and financial assistance;
- assistance for reconstruction, development and stabilization (CARDS)
- **stabilization and association agreement** - contractual relationship with the EU, prescribing mutual rights and obligations.

Stabilization and Association Agreements (SAA) were made for each country separately and take into account respective specialties of each country. The SAA focuses on compliance with key democratic principles of the EU, and countries should direct their political, economic and institutional development towards the models of the EU, namely: democracy, human rights and market economy. The SAA provides for the establishment of free trade areas, in manner consistent with relevant WTO provisions. Through a free trade area with the EU and the associated disciplines (competition and state aid rules, intellectual property etc), benefits and through reforms designed to achieve the adoption of EU standards, this process allows the economies of the region to begin integration in the EU.



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The Stabilization and Association Agreements (SAA) and Interim Agreement On Trade And Trade-Related Matters (which provides for implementation of the provisions of the SAA governing trade and trade matters) were signed on 29 April 2008, between Serbia and EU. These Agreements provide basis for the EU and Serbia to gradually establish a **bilateral free trade area** over a period lasting a **maximum of six years starting from the entry into force of the** Agreements.

Serbian National Parliament has ratified both agreements during 2008, thus enabling the application of the Interim Agreement On Trade And Trade-Related Matters by Serbia. Starting from **1 February 2009, Serbia has been unilaterally implementing the Interim Agreement.**

The EU could not apply the Interim Agreement, due to the objections from Netherlands which found that Serbia did not achieve full cooperation with the International Tribunal in the Hague. On December 7, 2009, the EU made a decision on unfreezing the Interim Trade Agreement with Serbia, and that the Agreement should be applied as soon as possible. The ratification of the SAA by EU member states is expected in the course of next year.

The Interim Agreement:

- Provides for the establishment of a free trade area between the EU and Serbia;
- Guarantees that EU market will remain fully open to almost all Serbian products (the Agreement also incorporates the trade concessions that the EU granted to Serbia since 2000);
- Ensures the definite and predicable legal framework for Serbian producers and international investors to plan their business; as well as for Serbian producers to conduct trade with EU member countries without customs duties;
- Provides for the gradual opening of the Serbian market for EU products over the 6-year period (February 1, 2009 to 2014), allowing market participants the necessary time to adjust to the new market conditions;
- Based on the Interim Agreement, companies from Serbia will be allowed to export to the EU products that are processed or produced partly in Serbia and partly in other countries of the region having a free trade agreement with the EU;
- Enables potential increase of Serbia's export opportunities;
- Increases competition in the Serbian market, since products originating from the EU will be cheaper for the customs duties that were reduced or abolished;
- Allows Serbian consumers to have access to a larger range of products;
- Provides an opportunity for Serbia for alignment with EU rules on competition and gradual transposition of rules on state aid.



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The application of the agreement signed between the EU and Serbia, also provide basis for Serbia to apply for the EU candidate country status (at present Serbia is potential candidate country, e.g. – has been promised the prospect of EU membership as and when demonstrates readiness).

### **Links to the Text of the Interim Agreement:**

English version:

[http://ec.europa.eu/enlargement/pdf/serbia/key\\_document/interim\\_agreement\\_trade\\_en.pdf](http://ec.europa.eu/enlargement/pdf/serbia/key_document/interim_agreement_trade_en.pdf)

Serbian version:

[http://kzpeu.seio.gov.rs/dokumenti/ssp/ssp\\_prelazni\\_potpisani\\_bez\\_aneksa\\_sr.pdf](http://kzpeu.seio.gov.rs/dokumenti/ssp/ssp_prelazni_potpisani_bez_aneksa_sr.pdf) or  
Official Gazette of the Republic of Serbia, International Agreements, No 83/2008

### **Selected Articles of the Interim Agreement governing Serbian Trade Concessions for Product Originating from the EU:**

**Industrial products:** Article 6 and Annex 1

**Agricultural products:** Article 12 and Annex 3 (Annex 3A – custom duties for prescribed products are to be abolished from the date of entry in to force; Annex 3B - custom duties for prescribed products are to be abolished progressively; Annex 3C - custom duties for prescribed products are to be reduced progressively)

**Processed agricultural products:** Article 10 and Protocol 1

**Wine and spirit drinks:** Article 13 and Protocol 2

**Fish and fishery products:** Article 15 and Annex 5