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SERBIA AND WORLD TRADE ORGANISATION

by

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PART 1

INTRODUCTION

Since the dissolution of the Socialist Federative Republic of Yugoslavia (SFRY), its succeeding countries have been experiencing difficulties with (re)joining various international organisations. Serbia was one of them- first as part of the Federative Republic of Yugoslavia (FRY), then within the State Union of Serbia and Montenegro and finally as the Republic of Serbia. If we take as example the United Nations, we can notice that Serbia was a member providing that is was an integral part of the Socialist Federative Republic of Yugoslavia from 1945 until the collapse of the SFRY. Serbia was readmitted to the UN on November 1, 2000 as part of the Federative Republic of Yugoslavia and in 2003 as Serbia and Montenegro. Lastly, on June 3, 2006, the President of the Republic of Serbia informed the UN Secretary-General that the membership of Serbia and Montenegro was going to be continued as the Republic of Serbia.

If we speak of the World Trade Organisation (WTO), the situation is more or less the same. The SFRY was a Contracting Party of the GATT 1947 from 1966 until 1993, therefore so was Serbia. However, after the dissolution of the SFRY, the GATT Council decided that none of the new states could remain in the Organisation as a successor country. The FRY (Serbia and Montenegro) unsuccessfully applied twice in 1996 and a third time in 2001 when the application was accepted. Officially, the negotiations started in 2004 for the Republic of Serbia. Even though the SFRY was not part of the European Union (the European Community, at the time) wars and subsequent political and economic instability also slowed down this accession process. Some of the former Yugoslav countries have overcome these problems faster but some are still struggling.

The specific historical background of Serbia influenced its status in the international community significantly. The purpose of this dissertation is to elaborate on the position of Serbia in the international trade community. Serbia is still not a member of the World Trade Organisation; it has the status of an observer country. It has been nine years since the Republic of Serbia started adjusting its political environment and economy. However, these adjustments are not aimed only at the WTO standards, but also at opening the Serbian economy to the rest of the world. In this paper, I shall try to explain why it is taking so many years for a small country with a weak economy to reach all the benefits that the WTO can offer and provide. I shall tackle some of the multilateral obstacles and some of the bilateral ones. Furthermore, one part of this work will be dedicated to the EU integration for the following reason. Joining the European Union is one of the main Serbian foreign policy goals. Conveniently, one of the EU’s requirements is WTO membership. This is why one accession cannot go without the other. This intertwining could be useful for Serbia as it saves time. Unfortunately, time is not an ally to Serbia- as time goes by it is getting harder to become a member state of the European Union. Furthermore, the WTO’s Ministerial Conference, a perfect time for official accession of new members, is due for
December 2013. Regardless of the December outcome, Serbia has achieved a lot lately when it comes to the liberalisation of its market and harmonisation of its trade-related laws and regulations.

In the next part of the dissertation, the reader will be familiarised with the canons of the World Trade Organisation and the details of the accession procedure. The reader will learn about the Marrakesh Agreement and its Article XII. In addition, he or she will read about the WTO’s organisational structure.

The following part will start with the benefits of being a WTO member. Then, the reader will learn about the history of Serbian applications and the following negotiations. Both multilateral and bilateral negotiations will be presented in depth- firstly the multilateral with its problems and hindrances and secondly bilateral ones with the requests from particular countries. The Serbian Ministry of Foreign and Internal Trade and Telecommunications kindly provided the majority of this data to me, so throughout the work I shall not refer back to this fact.

The conclusion would be the final part with my expectations on the negotiations and the outcome of the WTO Conference at the end of the year. I shall present the pros and cons of a positive outcome for Serbia.
PART 2

2.1 WORLD TRADE ORGANISATION

“...In brief, the World Trade Organisation (WTO) is the only international trade organisation dealing with the global rules of trade between nations. The main function is to ensure that trade flows as smoothly, predictably and freely as possible.” [World trade Organisation, 2009]

This should be reason enough for a country to be part of the WTO. Would it be logical for every single country to be a member of the WTO? Should the WTO just embrace every country or other international organisation or custom union? On the other hand, does it make more sense that there are certain criteria that have to be met in order to be part of the contractual world trade?

This paper will try to present the benefits that one country can gain from the accession. Furthermore, the accession requirements will be presented on the particular case of the Republic of Serbia.

Nevertheless, a brief summary of the WTO is necessary. The World Trade Organisation is one of the youngest international organisations that started operating in 1995. The WTO is a successor of the General Agreement on Tariffs and Trade (GATT) that was established after the Second World War. This being said, it could be concluded that a multilateral trading system existed before the specific organisation on the subject was founded. The system was developed through sets of negotiations or rounds, and the Uruguay Round (1986-1994) generated the WTO as we know it today.

If we go back to the first quotation, it comes naturally to wonder how fair and free trade can be assured. The answer is simple- by negotiating rules and abiding by them. Nowadays, the GATT represents the WTO’s fundamental rules on trade. Besides, during and after the Uruguay Round a set of rules was added on services, intellectual property rights, the trade policy review and the dispute settlement system. The period from 1947 to 1994 covered almost all rules on goods trade and cancelling trade barriers. Today, the GATS (General Agreement on Trade in Services) enjoys the same principle of free and fair trade as it applies to the goods. The GATS comprises three pillars. The first one focuses on basic obligations for all WTO members, the second deals with national schedules of commitments and the third one is made up of a number of annexes (on movement of labour, financial services, telecommunications, air-transport services). Moreover, the Intellectual Property Rights Agreement was introduced with the intention of designing rules of trade related to ideas and creativity. It addresses the basic
applicability of the GATT principles and relevant international intellectual property agreements, provision of effective enforcement measures, multilateral dispute settlement and transitional agreements\(^1\). When it comes to the Trade Policy Review, its purpose is to improve transparency and assess policy impact. A significant part of the WTO is taken up by the dispute settlement mechanism. The Dispute Settlement Understanding is a mechanism that ensures that trade runs smoothly. Any country that feels its trade-related rights are violated can bring up its case to the WTO. A specially appointed expert group is formed to solve the dispute\(^2\). Countries are advised to settle their disputes through consultations before taking a case to the Organisation itself.

In order to achieve free, predictable, transparent and smooth trade the WTO performa the following functions:

- Administering trade negotiations
- Acting as a forum for trade negotiations
- Settling trade disputes
- Reviewing national trade policies
- Cooperating with other international organisations
- Assisting developing countries in the trade policy.

The organisational structure that enables the above-mentioned is constituted by the member countries (157 in 2012) which are represented by the Ministerial Conferences on the top level of decision-making. The Conference is held at least once in two years. The next level is the General Council that meets several times a year in the Geneva Headquarters. This is the highest-level decision-making body of the WTO and it is composed of ambassadors (or equivalent) of every member state. An important role of the Council is that it can act on behalf of the Ministerial Conference. The GC is also present as the Dispute Settlement Body and Trade Review Policy Body. Both bodies have their own chairperson and they establish their rules of procedure. The following instance is the Goods Council, Services Council and Intellectual Property Council. The Council on Trade in Goods oversees the functioning of the Multilateral trade Agreement, while the Council on Trade in Services oversees the functioning of the General Agreement on Trade in Services. The Council for Trade-Related Aspects of Intellectual Property Rights operates under the guidance of the General Council and supervises the Agreement on the Trade-Related Aspects of Intellectual Property Rights (TRIPS). All three councils operate under the assignment of the General Council and in accordance with the appropriate agreement. Councils meet as necessary

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\(^1\) [http://www.wto.org/english/docs_e/legal_e/ursum_e.htm#mAgreement](http://www.wto.org/english/docs_e/legal_e/ursum_e.htm#mAgreement)

\(^2\) Dispute settlement system is based on clearly defined rules with timetables for completing every stage of the case. First rulings are made by the panels (body similar to a tribunal) and endorsed or rejected by the WTO’s full membership. Appeals are possible.

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and membership is open to all representatives of the member states. The Council on Goods, Council on Services and Council for TRIPS can establish subsidiary bodies as required. In addition, there are the Committee on Trade and Development, Committee on Balance-of-Payments Restrictions and Committee on Budget, Finance and Administration, established by the Ministerial Conference. Finally, there is the Secretary of the WTO with the main duty of the technical support and technical assistance to the various councils, committees, conferences. Additionally, the Secretary provides legal assistance in the dispute settlement processes and to the accessing countries. The Director General who is appointed by the Ministerial Conference heads the Secretary. The Director General appoints members of the staff and regulates their duties. The responsibilities of the DG and his staff are exclusively international in character, id est no instructions from any government are to be taken into account. There are 629 regular member staff and a substantial number of personnel working in the support services. They are all multicultural high-qualified individuals and their working languages in the Secretary are English, French and Spanish. They provide top-quality independent support to the WTO member governments on activities carried out by the WTO. On top of what has already been said, the Secretariat monitors and analyses developments in the world trade, provides information to the media and the public and organises Ministerial Conferences.³

³ *Understanding the WTO, 5th Edition, Written and published by the World Trade Organization, Information and External Relations Division, 2011*
WTO structure
All WTO members may participate in all councils, committees, etc., except Appellate Body, Dispute Settlement panels, and plurilateral committees.

Source- www.wto.org
The WTO contracts are lengthy and complex and may seem rather disparate. However, there are some fundamental principles that are to be found in every WTO legal document-

- the non-discrimination principle- meaning that a country should not discriminate among its trading partners
- more openness- meaning lowering the trade barriers
- the principle of predictability and transparency- encouraging any foreign investor to enter and compete in a given country
- more competitiveness- discouraging “unfair” practices and how governments should respond to them
- more benefits for the developing countries
- and recently, the principle of environmental protection.

All the above mentioned is reached primarily through trade negotiation. The WTO agreements broaden liberalisation and allow exceptions; they set procedures for the dispute settlement. The agreements are not static; they take into consideration every single country and its commitments, they renegotiate the out-of-date measures. On the contrary, all the member states of the WTO have to undergo periodical scrutiny of their trade policy and practice. Numerous committees and councils monitor the implementation of the WTO’s agreements. On top of everything, the WTO meets with NGOs, other international organisations, parliaments and media aiming at spreading its cooperation.

As one of the WTO’s goals is to make the conditions of trade available known to every trade participant, regulations on this subject are to be of utmost transparency. The Organisation accomplishes this in two ways- governments have to submit ‘notifications’ informing WTO and other member states of their specific measurements, laws or policies. On the other hand, the WTO conducts regular reviews of countries’ trade policies. The review focus is on a member state’s trade policy and practice, but it takes into consideration the broader picture of a country’s political situation as well as global economic trends. WTO members are submitted to regular scrutiny and the frequency of the reviews depends on the member’s size. Every review contains a policy statement issued by a particular government and a report written independently by the Secretariat.
2.2 ARTICLE XII

As generally applies to the WTO, the answer to the question of accession can also be found in the agreements. In this particular case, Article XII of the Marrakesh Agreement Establishing the World Trade Organisation is to be applied-

1. Any State or separate customs territory possessing full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement and the Multilateral Trade Agreements may accede to this Agreement, on terms to be agreed between it and the WTO. Such accession shall apply to this Agreement and the Multilateral Trade Agreements annexed thereto.

2. Decisions on accession shall be taken by the Ministerial Conference. The Ministerial Conference shall approve the agreement on the terms of accession by a two-thirds majority of the Members of the WTO.

3. Accession to a Plurilateral Trade Agreement shall be governed by the provisions of that Agreement.

More in-depth requirements and information are to be found in the Procedure for Negotiations under Article XII, Note by the Secretariat- a guide for delegations of the WTO and acceding state or separate custom territory, prepared by the Secretariat. The accession procedure involves an analysis of the foreign trade régime of the applicant, negotiations and the establishment of a schedule of commitments to the GATT and GATS, Report of the working party and Decision and Protocol confirming the terms of the accession. [WT/ACC/1, 24 March 1995]
2.3 ACCESSION PROCESS

The first step towards the accession is the Applicant’s submission of the communication to the Director-General of the WTO, indicating the desire to accede. The communication is then circulated to all members. Next, the General Council considers the applications and forms a working party. The working party should “examine the application for accession to the WTO under Article XII and to submit to the General Council/Ministerial Conference recommendations which may include a draft Protocol of Accession”. Any member country of the WTO can be in the working party. The Chairperson of the General Council conducts consultations with the Applicant and the members of the WP and afterwards appoints the Chairperson of the Working Party. When the working party is established, the Secretariat informs the Applicant of the procedure and requirement to submit the Memorandum on its Foreign trade Régime. As already stated, the Secretariat provides the technical assistance, but at this point, it can also be provided by any individual member of the WTO. A suitable amount of time is to be provided in the preparatory stage so both the Applicant and working group can prepare themselves for the future meeting. The date of the meeting(s) is set after an informal consultation during which an agenda is set.

In the second stage, the Applicant submits to all members the Memorandum with all the details on its foreign trade régime and relevant statistical data. Simultaneously, the Applicant provides the members of the working party with its current tariff schedule in the harmonised system (HS) nomenclature and other laws and regulations that are relevant for the accession process. The translated texts are circulated to the members of the working party and the original is kept in the Secretariat. Having received the Memorandum, members of the working party can submit questions in a written form with the intention of clarifying certain points. The answer is also submitted in written form. There may be more than one round of questions and answers before the first meeting of the working party. During the first meeting, the Applicant and members of the working party go further in clarifying the content of the Memorandum and later submitted answers. At the end of a meeting, the chairperson summarises the current situation and states what should be done until the next meeting. Preparations for the next meeting can be done informally with the members of the WP and the Secretariat. When the examination of the foreign trade régime reaches a certain level, the members of the working party can initiate bilateral market access negotiations on goods and services. A small remark is necessary at this point: the fact-finding work on the foreign trade régime and the negotiations can overlap.

Further steps are conducted bilaterally-

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4 HS is internationally standardised product nomenclature. It is used by the WTO members in their schedules of concessions in definitions of product coverage in agreements.
as far as services are concerned, when the Applicant tables the draft Schedule of Specific Commitments.

When the bilateral negotiations are concluded between the interested members and the Applicant, the Schedule of Concessions and Commitments to GATT 1994 and the Schedule of Specific Commitments to the GATS are prepared. Both Schedules are then reviewed multilaterally and annexed to the draft Protocol of Accession.

The final step begins when a summary of the discussion in the working party is put together in the Report of the working party to the General Council/Ministerial Conference together with a draft Decision and Protocol of the Accession. Usually, some of the accession commitments are included in the Report. The Protocol itself contains the terms of accession and provisions agreed upon by the Applicant and members of the WP. The working party submits its Report, draft Decision and Protocol of Accession when it has completed its mandate to the General Council/Ministerial Conference. When the General Council/Ministerial Conference adopts the Report of the WP and when a two-thirds majority of the WTO members approves the draft Decision, the Protocol of Accession enters into force. More precisely, the Protocol enters into force thirty days after acceptance by the Applicant.

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5 That is, when the negotiations on schedules on goods and services are done.
PART 3

3.1 HISTORICAL BACKGROUND

Accession to the World Trade Organisation is a grand opportunity for Serbia. However, the process has not gone smoothly. Serbia started negotiating actively in 2005. Since then, the conclusion of the negotiations was expected in 2011, then 2012, early 2013 and finally in the autumn or by the end of 2013. There was a good chance for Serbia to end this prolonged process in 2011 and 2012, thus if we learned from the past one should not expect too much from year 2013. By the end of 2011, all members of the Working Party had expressed their support for Serbian admission, only a few issues were left for clarification. In order to obtain the admission, the applicant has to encourage WP members to accept its offer on tariff levels or market access. Nevertheless, it is the bilateral part of the negotiation process that is slowing down Serbia. On January 11, 2011, Serbia concluded the most important bilateral agreement with the European Union. The others were concluded with no particular problems except for the one with the USA, that is still ongoing and not so problematic and the one with Ukraine that represents the real distress for the Serbian negotiation team. Generally, Ukraine has the reputation of a tough negotiator in the WTO. They held up Montenegro’s accession for two years over a market access issue. When it comes to Serbia, among all the other demands, they ask Serbia to lift all tariffs and related restrictions on steel imports. Serbia is refusing to do so, since it wants to protect what is left of its steel industry. It is obvious that Ukraine cannot stall the negotiations forever, but this definitely represents a significant delay for Serbia. One of the gains that Serbia could have obtained years ago is the status of Most Favoured Nation (MFN) - WTO members would have been able to discriminate against Serbia in trade matters. In addition, membership in the WTO would lower tariffs of other members on Serbian goods and provide guarantees of market access. On top of all, it would protect Serbia from anti-dumping measures. However, one should be realistic about WTO membership impacts. The accession would have a small impact on short-term trade in Serbia, but could have a big one on future foreign investments. Furthermore, the import tariffs in the EU (one of Serbia’s main trade partners) are already low - the Stabilisation and Accession Agreement (2008) provides Serbia with duty-free access to almost all non-agriculture EU markets. This being said, WTO membership would have marginal impact on agriculture-related export.

No matter what has been done and what is left to be done, time is of the essence for Serbia. The next WTO Ministerial Conference is due for December 3-6, 2013 in Bali, Malaysia. This would be a perfect occasion for Serbia to become a WTO member state. However, this is not a certain scenario for Serbia. Firstly, it is not only up to Serbia to finish with the remaining

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6 Sanitary and Phitosanitary measurements, intellectual property rights and regional trade agreements.
7 Serbia is trying to find buyer for its steel plant in Smederevo, preferably a Russian buyer.
documents. Other countries influence the negotiations as well. On the other hand, the conclusion of multilateral negotiations takes time to be processed in Geneva Headquarters. Finally, the politicians are not consistent in their statement on this topic. In their opinion, the negotiation will be finalised either in autumn, and September has passed, or by the end of the year. Given that the Ministerial Conference is scheduled for the beginning of December, there is no room for inconsistency.

Prior to stating the chronological facts on Serbia’s accession process to the WTO, let us remember why one country would aspire to be a member of this organisation. Merely the fact that a country started the accession negotiations sends a positive signal to potential foreign investors. For them this means that a country is heading towards a trade policy founded on transparency, rule of law, predictability; that is- implementing all the principles of the WTO’s institutional framework. Furthermore, membership status enables a country to open up and spread its trade. Additionally, only member states have access to the mechanism of dispute settlement. Finally, it acquires the rights that are granted only within the WTO system.

One of the most important implications of being a WTO member is the legal reform that is due to be conducted by Republic of Serbia, or any other candidate country. By harmonising its laws and accompanying legal rules, a country is entitled to use the dispute settlement system provided by the WTO. Hence, a breach of rules is practically impossible. This gives a positive signal to the potential investors, since they know that Serbia would not break the rules of the game, as well as that it would be assured that other member countries would not function outside the given framework. Nonetheless, the economic implications are all but insignificant. The membership opens up access to the markets and enhances conditions for export, as WTO members encompass 95% of the world market. This is achieved by acquiring the status of most favoured nation and by acquiring national treatment status, by predictability of the duties and taxes. The protection that the Dispute Settlement System provides is of high importance to Serbia since it has a small negotiation power in bilateral disputes. In addition, there are political implications- the necessity of Serbia becoming a WTO member in order to become a European Union member state, but also some other ones. In view of the fact that the decisions in the WTO are reached by consensus, Serbia’s voice would be as important as any high-power country. This gives more political significance to Serbia. Moreover, Serbia would influence the decision-making process as well as the accession of the new members. In this way Serbia, or any other country, could conduct its political and economic agenda, by organising informal blocks to protect certain interests with the help of other (more powerful) member states.

On November 19, 2004, the Serbian Government decided to apply for WTO membership. However, that was not the first time. The Socialist Federative Republic of Yugoslavia (SFRY) was a Contracting Party of the GATT 1947 from August 25, 1966 until June 16, 1993. As Serbia was a part of the SFRY, it also had certain benefits from the SFRY’s status. On the other hand, after the dissolution of the SFRY, the GATT Council adopted a decision stating that none of the
new states could be treated as successors of the SFYR. Hence, at that time five countries had to submit separate formal requests for accession. The Federative Republic of Serbia (founded in 1992 by the Republic of Serbia and the Republic of Montenegro) applied for WTO membership three times- two times in 1996, September and November, and in January 2001. Both times in 1996 it was rejected as FRY applied on the grounds of being a successor country of the former SFYR. In 2001 the formal request was accepted as it was submitted in accordance with Article XII of the Marrakesh Agreement. A Working Party was formed in February 2001 and following FRY submitted Memorandum of the Foreign Trade Regime. However, the following month brought new distress. The FRY stopped existing, the emerging State Union of Serbia and Montenegro was created. The WTO succession process was blocked due to the fact that the State Union did not have a common foreign trade and customs tariff policy. Fortunately, the EU’s attitude to the State Union of Serbia and Montenegro helped resolve the WTO hindrance. In October 2004, the European Union adopted the “twin-track” approach, that is two separate (simultaneous) processes for joining the EU. Consequently, on December 7, the WTO received three formal requests- for the withdrawal of the FRY/State Union’s request to join the WTO, a request for the accession of the Republic of Serbia and the same request for the Republic of Montenegro. The General Council accepted the requests in February 2005. This day can be taken as a starting point for Serbia’s WTO accession as the whole process was not affected by the dissolution of the State Union in June 2006.

Accordingly, Serbia’s application was received in December 2004. The next step, the circulation of the Memorandum of Foreign Trade Régime, was conducted on March 4 2005. The first meeting of the Working party was held on October 7 2005, with the aim to negotiate rules, market access and concession among other issues. The countries interested in Serbia’s accession were the USA, Australia, Canada, China, Japan, Croatia, FYROM, Norway, Switzerland, Turkey, Ukraine, Malaysia, South Korea, Vietnam, Taiwan, India, Haiti, Ecuador, Panama, Brazil, Hong Kong and the EU. On the behalf of the Republic of Serbia, the Ministry in charge appointed a Commission for the Coordination of WTO Accession at that point. Up to this point, the conclusion is that the process of accession was carrying on fast. However, the bilateral market access negotiations based on revisited offers on goods and services are still under way, seven years after, and the multilateral part is proceeding based on a revisited draft Working Party Report. The Working Party met for the 11th time in September 2011. In the meantime, Montenegro’s Accession Package was approved in 2011. Apart from the Working Party documents, twenty-two more were issued by the end of 2011 as additional questions and replays. [WT/ACC/11/Rev.10, 2012]

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8 It was Ministry for Economy and Regional Development, but since last year, it is Ministry of Foreign and Internal Trade and Telecommunications.

9 Some of the submitted documents are Initial Schedule of tariff Concessions for Goods (April 2006), Initial Schedule on Specific Commitments in Services and Information on Agriculture (April 2006), Checklist on TRIPS, SPS/TBT, Revisited Schedules, Legislative Action Plan (April 2008), its revision etc.
3.2 MULTILATERAL NEGOTIATIONS

The 12th Working Party meeting was held in March 2013. Let me state some of the outcomes. The issues discussed during the plurilateral negotiations were Technical Barriers to Trade (TBT)\(^{10}\), Sanitary and Phitosanitary Standards (SPS)\(^{11}\) and agricultural subventions; and mostly they are all solved now. In general, so far over 1500 issues have been resolved and agreed upon and after 7 years, the number of crucial issues has been minimised. Major trade policy reforms were conducted and executed in the domain of import quotas elimination, custom rules, reduction of tariff and non-tariff barriers and many others. New laws have been passed- the Law on Foreign trade operations\(^{12}\), on Customs\(^{13}\), Food safety, Intellectual property rights and many others. It is certain that Serbia is in the last phase of the accession. There are only three issues left to be dealt with- Genetically Modified Organisms, copyright-related problem- “muzicki dinar” as it is called in Serbia and issues on excises.

Merely for the purpose of clarification, multilateral negotiations are not negotiations per se. It is more of a meticulous scrutiny of the harmonisation process. During this period, a country has to coordinate its legislative system with the WTO’s, viz. a number of laws, accompanying rules are to be altered, and new ones passed. This procedure is indeed the core of the accession process. Progress depends exclusively on the candidate country and the speed of the reforms. Not until every national norm is coordinated with the WTO’s can the multilateral negotiations be concluded. Year 2009 was a milestone for Serbia as the Law on Standardisation was passed. The objectives of the Law are the improvement of international trade, elimination of unnecessary trade barriers, advancement of the quality of products and services, their classification and compatibility and improvement of the protection of life and health of humans, animals and plants. The Government of Serbia established the Institute for Standardisation as a national standardisation body in order to accomplish these goals. The Institute will ensure the compliance of Serbian standards with international and European standards. In addition, it will cooperate with the international and EU organisations for standardisation that are signatories of relevant agreements in the area of standardisation.\(^{14}\)

Now, back to the GMO issue- a very hot topic in Serbia. The WTO definition is “GMOs are created by transferring genetic material from one organism to another. This process is called

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\(^{10}\)Technical regulations and product standards are different in different countries. Agreement on TBT tries to make sure that regulations, standards, certifications do not create obstacle to the free trade.

\(^{11}\)Agreement on SPS is an agreement on how countries can apply food safety measures. It allows countries to set they own standards, but the regulations must be exclusively scientifically based.

\(^{12}\)Low on Foreign Trade comprises rules on import/export of goods, national treatment, anti-dumping measurements, quantitative limitations etc. It is based on the principles of competition and transparency.

\(^{13}\)The Custom Law was passed in 2010, it is based on the EU standards, and its purpose is to simplify the customs procedures. There is also the Custom Tariff Law that deals with custom rates.

\(^{14}\)Law on Standardisation, Official Gazette of Republic of Serbia, 36/2009, particularly Articles 5, 6 and 7.
genetic engineering, or biotechnology." Trade problems occur when countries have different regulations on testing and approval procedures necessary to place GMOs on the market. Another problem is also the labeling of GMOs and products containing them. Every country intends to protect its citizens’ health and environment, but countries do not agree on the same method. Since Serbia is simultaneously working on accession in the WTO and the EU, I would also address the EU’s policy towards GMOs. One has to bear in mind that the WTO does not demand a turnover of GMO products in a certain country. The demand of the WTO is just a free trade among its members, without barriers, quotas and other kinds of restrictions. This principle also includes trade with GMOs. However, the EU has very strict regulations on GMO turnover. Every GMO seed and product is subject to extensive, singular, scientific food evaluation conducted by the European Food Safety Authority (EFSA). EFSA then reports to the European Commission and the EC drafts a proposal on whether to allow or reject the authorisation of a particular GMO question. The average time for GMO authorisation is 45 months. The European Union allowed trade on only 48 GMO products. One more fact that shows how food safety is important to the EU is that the only GMO seeds allowed for cultivation are potato and corn. However, there is a safeguard clause for the EU member states that they can invoke to restrict or forbid use and/or sale of the GMOs within their territories. So far, eight countries explicitly prohibited GMO turnover- Austria, Bulgaria, France, Germany, Greece, Hungary, Poland and Luxembourg. In the EU’s opinion, the biggest proponent of GMOs is the USA. The biggest GMO-related companies are situated in the States. The USA’s concern is the EU’s system. In USA’s opinion, it takes too long to gain the authorisation of the European Commission. Furthermore, they think that a GMO that is declared safe in the States should not be submitted to additional (EU) analysis. Those products should be de facto safe to consume. In addition, the USA is against labeling rules and tracing rules since preceding procedures are expensive.

In Serbia, there are no rules on labeling as GMO seeds and food produced from GMOs is forbidden. However, in accordance with EU standards, there is a clause saying the presence of GMOs lower than 0.9% is tolerated in a product. The liberalisation of the rules on GMOs is a very serious problem for the Serbian government. The scenario of neighbouring Croatia is more than possible. One of the main problems of Serbia is that people are uninformed, even the ones that belong to the intelligentsia. Even though representative of the Ministry of Foreign and Internal Trade and Telecommunications emphasised more than once - the GMO issue is part of multilateral negotiations and multilateral negotiations are not negotiable. However, members of

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15 SPS Agreement Training Module: Chapter 8, Current issue.
16 German company in charge of modified potatoes and so far, it has shown to be a commercial failure. The leading USA company, Monsanto, is dealing with the corn and at the moment they are waiting for the renewal of their license.
17 Serbian newspapers-
18 Citizens were explicitly against GMOs, however the Government suddenly allowed GMOs and that caused great anger in Croatia.
the WTO can impose measurements that would restrict the entry of GMOs. GMO skeptics argue that Serbia does not have to accept GMOs - they use the example of Russia and how GMOs were not a problematic issue when they were accessing the WTO. Nevertheless, once again, every accession is different. Russia did accept the WTO regulations and afterward introduced its own measurement. GMO skeptics also say that GMOs are not only a health issue, but also an economic one. Cultivating GMO seeds is much cheaper and Serbian agriculture would be distorted by the entry of GMO seeds. The Minister of Foreign and Internal Trade said in 2012 that no one asks more from Serbia more than from any other accessing country. Serbia has to change its law provision on the trade in genetically modified food and then later deal with the issue internally. In any case, dual opinions are still present in Serbia. In September 2013, a few protests were held in Belgrade and Novi Sad. The protestors even signed a Declaration against GMOs stating all the catastrophic consequences on health, agriculture, seed industry and economy. To summarise, GMO liberalisation is more important for WTO accession than for EU accession. However, food safety is a very important item for the EU. No matter what, the crucial thing for Serbia is to have a law that does not forbid GMO trade.

3.3 BILATERAL NEGOTIATIONS

On the bilateral level, things are rather clear. Negotiations are concluded with the EU, Japan, Norway, Honduras, Korea, Canada, Switzerland, China, Ecuador, México, Dominican Republic, and Panama. Ongoing negotiations are with the USA, Brazil, India and Ukraine. The case of India is the least problematic, there is only one minor Indian demand about services that has to be resolved soon. USA’s and Brazil’s demands concern agriculture- meat, to be more specific frozen meat, and sugar. Brazil insists on certain tariffs related to meat and sugar trade. Serbia has sent a new offer and now it is waiting for the answer. USA’s demands are also related to the tariffs on meat. However, they are ready to give up this demand if Serbia passes the law that regulates this issue, aiming at GMO-related issues.

The real problem, if I may say so, that hinders the accession process and that jeopardizes Serbia’s accession in December is Ukraine and its demands. Ukraine demands lower customs duties for more than half of the goods that are part of the custom tariff system. In addition, they want complete liberalisation of a wide range of sectors and subsectors in service. Consultations on the conclusion of a bilateral Agreement on Free Trade started in September 2011 with the aim of easing the situation. A few rounds have been held since; the last two were in Belgrade in April and in Kiev in September 2013. Unfortunately for Serbia, Ukraine introduced a new demand - 0% of customs duties for agricultural and industrial products. This kind of treatment Serbia has not given to any country with the exception of Russia. Videlicet, in the domain of agriculture, Russia is not seen as competition (or threat) to Serbia and that is why Russia enjoys 0% on duties treatment. Bearing this in mind, it is more probable that Ukraine is asking for this additional point out of political, not economic, reasons. The ongoing silent hostility between these two countries is inappropriately affecting Serbia’s progress towards the WTO. Moreover, Ukraine is also asking for the same “0% treatment” for services. What can be noted is that Ukraine expresses no understanding for the economic (and political) situation in Serbia. There has been no compromise attitude demonstrated in recent times. Evidently, there is no economic rationale behind the Ukraine’s demands.

However, if we look back, from 2011 (when the FTA talks started) onwards there is a positive atmosphere noted on both sides. There have been a couple of official visits between Serbian and Ukrainian high officials, meetings of the Chambers of Commerce and WTO related sittings. In 2011, both Presidents stated that they thought that the FTA would be signed in

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20 Broadly speaking, until this point Serbia faced similar challenges and demands as any other accession country. However, relating to the Ukrainian problem- according to the 2009 date Serbia had already had low level average applied tariffs for both agricultural (14%) and non-agricultural goods (6%). Those tariffs in combination with additional liberalisation would expose Serbian economy to a severe competition in the international market. And as Serbia is a transitional economy this is not an easy change.

21 The upcoming information is stated in both Serbian and Ukrainian newspapers, on the site of the Serbian Chamber of Commerce and official sites of the states.

http://voiceofserbia.org/content/serbia-and-ukraine-underexplored-potentials
2012. They said that even though there was a constant drop in economic relations between these two countries due to the global economy crisis, they could forecast an increase in 2012, when the FTA would be operating. Apart from economic aspects, the two countries agreed on better cooperation in the defense and diplomatic spheres. The year 2012 brought a more specific meeting when it comes to economy and trade between Serbia and Ukraine. Both Chambers of Commerce organised Forums. I shall focus on the one held in Belgrade. In June 2012, the Serbian Chamber of Commerce organised a Forum on Russia, Belorussia and Ukraine. The Ukrainian Ambassador stated that both countries should remove barriers and obstacles to more open trade. He explained that Ukraine had removed almost all barriers in order to have better cooperation with businesspersons from Serbia. No visa regime for both countries should enhance business cooperation. The Serbian Assistant Minister in the Ministry of Economy and Regional Development explained that for Serbia it is rather difficult to have two complex negotiations simultaneously- with Ukraine and the WTO. She stated that negotiations on the content of the FTA with Ukraine were done and that concessions on goods and services were the issue to be set in the future rounds of negotiations. At that point, Serbia was not ready to open up its market as much as the Ukrainian side desired. The protection of goods was already low and the position of Serbia was more delicate than it was in Ukraine. The other hot issue was the list of sensitive goods. Unfortunately, the lists were the same for both countries- sugar, cigars, cereals and edible oil. The prediction of the Serbian Assistant Minister was that the negotiations would be done by the end of the 2012. Obviously, it did not happen. The promised support by Ukraine in the WTO was still on hold due to the unsigned Free Trade Agreement. Year 2013 is a progressive one when speaking about Serbian WTO accession process. In January 2013, the Serbian Chamber of Commerce held a section meeting on Russia, Belorussia, Kazakhstan and Ukraine. The chairperson said that he expected the FTA to be concluded by the end of the year. The Ukrainian Ambassador explained that after the fifth round, the issue of the country of origin was concluded and the fact that the FTA is not yet signed does not imply bad cooperation between Serbia and Ukraine. In April, the Office of the Vice Prime Minister published a press release stating that stability and consistency of Serbian - Ukrainian relations does exist. The Ukrainian Vice PM and Serbian Deputy PM agreed on enhancing bilateral cooperation in trade and investment, energy sector, transport, tourism and agroindustry complex. So far, the exchange was in these sectors-Ukraine exported ore, slag, ashes, base metals and base metal products, wood and wood products to Serbia, whereas Serbia was exporting plastic, polymeric materials, seeds, pharmaceutical products, copper and copper products\(^{23}\). One more point that should be taken into account is the Ukrainian interest in the Serbian steel plant Smederevo. In June, when the two Presidents met, part of the discussion was about the steel business environment. Ukraine is one of the world’s


Zorana Josic
top ten steel industries. On the other hand, the Smederevo steel mill is experiencing hard times. For the past eight years, the U.S. Steel Corporation has owned it. However, due to the crisis in January 2012, the state of Serbia bought back the steel plant for $1 in order to prevent it from shutting down. The plant was loss making, but the State saved 5000 jobs. The Ukrainian potential investor is interested in a controlling stake. They still do not have a final decision about the strategic partnership. They are waiting for experts to rate the condition of the steel plant. Ukraine has necessary raw materials (coal, ore), but Smederevo’s output is not enough for the Ukrainian market. Modernisation is necessary, and the cost of new technology is what concerns the Ukrainian investor. Overall, the summer of 2013 passed in positive reviews on the FTA negotiations. The presidents met, a Business Forum was held, and ministers from both countries met. The media evaluation had a positive tone. The dialogue improved on many levels, both Presidents are assured that the FTA is going to be signed by the end of the year, as it is the core of economic bilateral relations. This may be justified by the simple fact that time is slipping away. Additionally, whether the FTA is signed in autumn or winter is highly important. The Ministerial Conference is in December and a mere adoption of the Agreement is not enough. There is preparatory administrative work to be done in Geneva prior to the Ministerial Conference. In this light, it is a misfortune that Serbian politicians take for granted the date of Agreement signing. The population of Serbia has no perspective of how important it is to sign the FTA as soon as possible. In any case, Serbia chose to sign the Free trade Agreement with Ukraine, as it is not going to affect the rest of the WTO members. However, a rather odd offer was given by the Ukrainian delegation- by adopting the FTA, the ongoing negotiations in the WTO that are of the same level would be concluded consequently. Since time is of the essence, Serbia may pause the negotiations with Ukraine until the conclusion of multilateral negotiation with the WTO and the remaining bilateral ones.

At this point, I would like to demystify the official content of a concluded bilateral negotiation. The example I will use is with one of the above-mentioned countries, but I shall not unveil which one precisely, for the reason that not all outcomes of the bilateral negotiations are available to the public. The official title is “The Protocol of Bilateral Negotiation between the Republic of Serbia and the country in question on the accession of the Republic of Serbia to the World Trade Organisation”. Then, it is stated that the delegations of Serbia and the other country are informing the Director General of the WTO that “they have concluded their bilateral market access negotiations on trade in goods and trade in services in the context of the accession of the accession of the Republic of Serbia to the WTO”. The following paragraph concentrates on annexes- numerates them and describes their content- e. g. a list of Tariff Concessions that Serbia grants and additional specific commitments and exemptions (that are, usually, to be undertaken upon the accession). The Protocol ends simply with the place of the signing, number of copies of the Protocol and in which language, and naturally the signatures and finally the Annex(es).

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24 Smederevo produces 800000 tons of steel annually, while Ukraine produces 35 million.
Some of the recent official WTO statements suggest that Serbia is on a good way to becoming a member. For year 2013, the prospects of achieving progress on several accessions were positive- Yemen, Kazakhstan, Serbia. The technical assistance and outreach activities will continue to help in building capacities. The statements specified in the WTO Accession Newsletter for year 2013 and Serbia’s progress is sadly repetitive. In the February issue, the conclusion was that the remaining work is exclusively domestic. At that time, the WTO had not received relevant inputs on legislative and bilateral developments. In the March issue, the information was that Serbia submitted revised Legislation Action Plan, while on the other hand the other documents were still pending. The April issue focused on a big multilateral topic that Serbia had not yet resolved- GMOs. The WTO’s concern is that Serbia needs to adopt outstanding legislation on GMO regulation.
Apart from the desire to become a member of the WTO, Serbia is also working diligently on becoming a part of the European Union. It could be said that EU’s candidate status certainly represents a higher priority for the Republic of Serbia at this moment. However, by aiming to meet the EU’s standards, Serbia is simultaneously implementing the WTO’s standards given that the European Union is a member organisation of the WTO. All the trade obligations imposed to Serbia by the EU are in accordance with the GATT and GATS. Thus, Serbia is indirectly working on its WTO accession.

To be precise, the WTO accession is de facto a condition for joining the European Union. All of the EU member states first had to be WTO members in order to later become EU ones. The purpose of this procedure is legislative coordination and harmonisation with the WTO and later the EU. Today, there are only three countries outside of the WTO system in Europe-Belarus, Bosnia and Herzegovina and of course Serbia. Given that WTO member states constitute 97% of global trade, 90% of financial transactions, 92% of telecommunication and IT and 97% of all intellectual property rights, the stakes are high for all three countries and time is running low. Is stated even the first official study on the topic conducted by the Serbian Parliament in 2009 how important is the WTO membership. At that time, joining the WTO was a key step towards Serbian integration into the modern international economic relations. At the same time, it is an important supporting element of domestic economic reformations. Moreover, it was argued how WTO membership represents necessary step towards joining the European Union. However, those accessions are not of the highest importance to Serbia only. They are a highly significant part of the developing strategy of any and every transitional and developing country. A responsibility of the accessing country is to provide political support for the ongoing process and to create a national consensus on how important it is to join the WTO or any other international organisation in fact, as soon as possible. Serbia’s goal is to conduct foreign trade-related reforms as well as to create in general a legislative system and market economy comparable to other developed countries. Membership in the WTO and European Union was targeted as the foreign economy priority in the Study. However, there are remarks that EU and WTO accessions are not directly linked trade-wise. For example, tariff concessions for goods and concessions for trade in services will be negotiated and applied separately. Membership in the WTO is EU’s precondition; that is it is not a simple voluntary act of one state. On top of this, the influence of “two liberalisations” would be strong for Serbian economy. Whatever the case may be, the outcome of EU membership is a regulation of trade relations with other member states. On the other hand, the outcome of WTO membership should be the regulation of trade relations with all WTO members, including the EU as a single member. Once Serbia becomes an

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25 The EU has been a member of the WTO since January 1995, but until November 2009, it was recognised as the European Communities.
EU member state, the level of tariff concessions for goods and concessions for trade in services will have to be adjusted to the EU level that is applied to all other WTO members.

Year 2011 brought the signing of a bilateral agreement between Serbia and the European Union on Serbia’s accession to the World Trade Organisation. The Serbian Minister of Economy and Regional Development and EU Commissioner for Trade signed the Agreement. The Agreement is comprised of provisions on tariffs for trade in goods and a reciprocal opening of the partners’ respective services markets. Those provisions are to be embodied in the future Protocol of Accession of the Republic of Serbia to the World Trade Organisation. The Serbian Minister explained that Serbia invested serious effort in order to become part of the WTO family. He also said that if all the other negotiation partners were as constructive as the EU, Serbia would have concluded the WTO negotiations by the end of 2011. As it turned out, some of the remaining partners were much more demanding negotiators (some of them still are). Bilateral trade commitments between Serbia and the EU are also embodied in the Stabilisation and Accession Agreement (SAA), which was signed in 2008. Some of the SAA provisions are that all tariffs and quantitative restrictions on import and export between Serbia and the EU are to be abolished. The aim of this kind of provision is to revitalise the economy not only of Serbia, but also of the Western Balkan region. Other provisions included in the Agreement are duties on industrial and agricultural products, trade in services, intellectual property rights, competition etc. The commissioner stated that Serbia made remarkable progress in preparing for the WTO entry.

When we speak of the SAA, I have to mention that the EU has a particular policy towards Free Trade Agreements, as the SAA is one of them. Lately the EU has started having signed FTAs with different regions, separately. Some of the motives for this are political, some are commercial and some are related to integration promotion. If one takes into consideration the Accession Agreements and Euro-Med Partners FTAs, it is clear that they are motivated by the EU’s desire to promote/maintain economic development and political stability in its neighbourhood. In the FTAs, the EU sought tariff free trade for 90% of the trade with preferential partners. In the Commission’s view, this is necessary in order to avoid challenges under Article XXIV of the GATT 1994. However, the EU does reveal flexibility as the 90% threshold is not a fixed reference. Nowadays, the FTAs by the EU have taken the form of AAs. Nevertheless, the EU has a shorter leash in the FTA negotiation process than the WTO where the de jure decision-making process needs a qualified majority vote.

At this point, I would like to use the example of the Czech Republic to explain in more detail WTO –EU intertwining as it can be complex to understand the trade system of a WTO member that is at the same time an EU member state. When the Czech Republic became an EU member state in 2004, its WTO membership changed. The multilateral agreements were still binding for Czech Republic, as well as the duties and rights that come out of the agreements. On

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26 Article XXVI deals with Territorial Application, Frontier Traffic, Customs Unions and Free Trade Areas.
27 The adoption of a FTA in the EU requires the Council’s unanimity and assent of the Parliament.
28 1995
the other hand, the Czech Republic did not lose its own trade interests when it adopted the EU common trade policy. It just had to coordinate them with the rest of the EU member states. When it comes to the actions and measurements towards third countries, EU member states fulfill their interests only as one entity- as the European Union. Therefore, the Czech Republic has to accomplish all EU obligations in the WTO. By becoming part of the EU Czech trade became more open; however, from time to time trade partners can meet tough trade barriers.

The European Commission deputy DG for trade, Peter Balas, recently visited Serbia. His main concern is the time aspect. He said that in case Serbia wants to be accepted in December, it has to adopt and conclude the remaining legal aspects of the accession process by September. This is due to the time-consuming administrative work that is to be completed in Geneva. As expected, Mr. Balas emphasised the need for resolving negotiations with Ukraine. He expressed his understanding that certain WTO requirements are more complex to deal with, e.g. GMOs, however some of the requirements are not negotiable.

Let us examine a case of the WTO, EU and Serbia’s intertwining.

It is a Report of the EU to the WTO from December 2000 on the EU preferences for Albania, BiH, Croatia, FYROM, Montenegro, Serbia and Kosovo. In December 2000, the EU was guaranteed a waiver from its obligations under Article I of the GATT 1994 to the extent necessary to allow the EU to afford duty-free or preferential treatment to eligible products originating from the above-stated Western Balkan countries, without being required to extend the same treatments to similar products of any other member. This waiver expired in December 2006. Bearing in mind certain intentions (that are to be described); EU asked for two more waivers that were adopted by the WTO General Council in 2006 and 2011. The final waiver is to expire in December 2016. Under the terms of the Waiver, the EU is obliged to submit an annual report on the preferences and duty-free treatments to the General Council.

The Western Balkans enjoyed a high rate of liberal trade towards the EU even before 2000. However, the EU decided to extend the duty-free access to the EU market for the products of this particular area. The motive for this extension was the fact that even with all the given benefits, the overall level of imports form the Western Balkans was very low (less than 1% of all EU imports). Thus, the Union decided to go one step further and remove the remaining tariff ceilings for industrial and some agricultural products. One of the aims of this kind of EU policy was also to enhance political and economic stabilisation in the region. Moreover, market liberalisation is one of the features of the Stabilisation and Association Agreements (SAA) that the EU concluded with the Western Balkan countries. The purpose of the SAA is similar to the European Agreements that were signed with the candidate countries of Central Europe- to improve economic development and political stabilisation in the region. The objective of the SAA is a free-trade area for goods among the parties over a transitional period in line with Article XXIV.

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of the GATT 1994 and it forecasts a progressive liberalisation of the trade in service as well. In 2010, 97.5% of the EU tariff lines were duty-free for Serbia and by the end of 2014 Serbia is to liberalise 95.1% of its tariff lines for imports from the EU. Moreover, the FTA does not cover only tariffs and trade barriers, it also includes provisions concerning competition matters, protection of intellectual property rights and enhancement of cooperation in customs matters.

However, no given benefits have made any significant progress. The trade balance between the EU and the Western Balkans is still low. The global economic crisis made the balance even worse.

Source: [http://ec.europa.eu](http://ec.europa.eu)
### Tariff elimination commitments under the Agreement and corresponding average trade

#### EU

<table>
<thead>
<tr>
<th>Duty phase-out period</th>
<th>Number of lines</th>
<th>% of total lines in EU’s tariff schedule</th>
<th>Value of EU’s imports from Serbia (2007-2009) in million Euros</th>
<th>% of EU’s total imports from Serbia 2007-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFN duty free (2010)</td>
<td>2,337</td>
<td>24.7</td>
<td>1,466.8</td>
<td>38.7</td>
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<tr>
<td>2010</td>
<td>6,870</td>
<td>72.8</td>
<td>2,165.8</td>
<td>37.2</td>
</tr>
<tr>
<td>Remain dutiable</td>
<td>236</td>
<td>2.5</td>
<td>153.2</td>
<td>4.0</td>
</tr>
<tr>
<td>Total</td>
<td>9,443</td>
<td>100.0</td>
<td>3,785.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note: Based on HS 2007 nomenclature.

Source: WTO estimates based on data provided by EU.

#### Serbia

<table>
<thead>
<tr>
<th>Duty phase-out period</th>
<th>Number of lines</th>
<th>% of total lines in Serbia’s tariff schedule</th>
<th>Value of Serbia’s imports from EU (2007-2009) in million Euros</th>
<th>% of Serbia’s total imports from EU 2007-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applied duty free (2009)</td>
<td>109</td>
<td>1.1</td>
<td>215.5</td>
<td>1.8</td>
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<tr>
<td>2009</td>
<td>5,759</td>
<td>57.7</td>
<td>5,947.2</td>
<td>49.4</td>
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<tr>
<td>2010</td>
<td>3</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>2011</td>
<td>733</td>
<td>7.3</td>
<td>1,307.0</td>
<td>10.8</td>
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<tr>
<td>2012</td>
<td>6</td>
<td>0.1</td>
<td>9.3</td>
<td>0.1</td>
</tr>
<tr>
<td>2013</td>
<td>1,319</td>
<td>13.2</td>
<td>2,847.1</td>
<td>23.6</td>
</tr>
<tr>
<td>2014</td>
<td>1,556</td>
<td>15.6</td>
<td>1,618.2</td>
<td>13.4</td>
</tr>
<tr>
<td>Remain dutiable</td>
<td>450</td>
<td>4.9</td>
<td>101.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Total</td>
<td>9,975</td>
<td>100.0</td>
<td>12,046.1</td>
<td>100.0</td>
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</tbody>
</table>

Note: Value of imports excludes tariff lines beyond HS chapter 97.

Source: WTO estimates based on data provided by Serbia.
Serbia: Merchandise imports from and exports to world and EU, 2004-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Imports</th>
<th>Imports from EU</th>
<th>Total Exports</th>
<th>Exports to EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>9.0</td>
<td></td>
<td>10.0</td>
<td></td>
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<tr>
<td>2005</td>
<td>10.0</td>
<td></td>
<td>11.0</td>
<td></td>
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<tr>
<td>2006</td>
<td>12.0</td>
<td></td>
<td>13.0</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>15.0</td>
<td></td>
<td>16.0</td>
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<tr>
<td>2008</td>
<td>17.0</td>
<td></td>
<td>18.0</td>
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<tr>
<td>2009</td>
<td>18.0</td>
<td></td>
<td>19.0</td>
<td></td>
</tr>
</tbody>
</table>

Note: No trade data with Serbia prior to 2004. Source: EU authorities based on UNSD, Comtrade database.

EU and Serbia: product composition of merchandise trade, annual average (2007-2009)

Per cent

EU's imports from Serbia

- Articles of wood: 2.1
- Minerals: 2.5
- Footwear: 3.3
- Vehicles: 8.8
- Prepared foods: 5.5
- Chemicals: 3.4
- Textiles: 8.3
- Plastics: 0.8
- Vegetables: 0.4
- Other: 8.4

Total: €3.6 billion

Serbia's imports from EU

- Articles of stone, plaster, cement: 1.9
- Prepared foods: 1.7
- Wood pulp: 4.1
- Textiles: 4.5
- Plastics: 7.0
- Minerals: 7.9
- Base metals: 11.0
- Vehicles: 11.9
- Machinery: 20.5
- Chemicals: 12.1
- Other: 11.7

Total: €7.4 billion
EU: Indicators of Applied rates and preferential rates for imports from Serbia

<table>
<thead>
<tr>
<th>Origin of goods</th>
<th>Year</th>
<th>ALL PRODUCTS</th>
<th></th>
<th></th>
<th>Agricultural products</th>
<th></th>
<th></th>
<th>Non-agricultural products</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Average applied tariff</td>
<td>Share of duty-free tariff lines</td>
<td>On dutiable</td>
<td>Average applied tariff</td>
<td>Share of duty-free tariff lines</td>
<td>On dutiable</td>
<td>Average applied tariff</td>
</tr>
<tr>
<td>MFN</td>
<td>2010</td>
<td>4.9</td>
<td>6.6</td>
<td>24.7</td>
<td>8.9</td>
<td>12.1</td>
<td>18.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Serbia</td>
<td>2010</td>
<td>0.1</td>
<td>13.1</td>
<td>97.9</td>
<td>0.2</td>
<td>11.7</td>
<td>91.1</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>0.1</td>
<td>12.1</td>
<td>97.9</td>
<td>0.2</td>
<td>11.7</td>
<td>91.1</td>
<td>0.1</td>
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<tr>
<td></td>
<td>2012</td>
<td>0.1</td>
<td>11.2</td>
<td>97.9</td>
<td>0.2</td>
<td>11.7</td>
<td>91.1</td>
<td>0.1</td>
</tr>
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</table>

Note: For tariff lines subject to TRQs only the out-of-quotas duty is included in the tariff-related calculations; for tariffs with non ad valorem components, only the ad valorem part of the rate was included in the calculation of the tariff averages.

Source: WTO Secretariat estimates based on data provided by EU.

Serbia: Indicators of Applied rates and preferential rates for imports from EU

<table>
<thead>
<tr>
<th>Origin of goods</th>
<th>Year</th>
<th>ALL PRODUCTS</th>
<th></th>
<th></th>
<th>Agricultural products</th>
<th></th>
<th></th>
<th>Non-agricultural products</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Average applied tariff</td>
<td>Share of duty-free tariff lines</td>
<td>On dutiable</td>
<td>Average applied tariff</td>
<td>Share of duty-free tariff lines</td>
<td>On dutiable</td>
<td>Average applied tariff</td>
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<tr>
<td>Applied rate</td>
<td>2009</td>
<td>8.7</td>
<td>8.8</td>
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<td>17.7</td>
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<td>EU</td>
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<td>4.7</td>
<td>11.3</td>
<td>58.8</td>
<td>11.6</td>
<td>20.3</td>
<td>43.9</td>
<td>2.9</td>
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<td></td>
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<td>3.9</td>
<td>9.4</td>
<td>58.9</td>
<td>10.1</td>
<td>17.7</td>
<td>43.0</td>
<td>2.2</td>
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<td></td>
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<td>2.9</td>
<td>8.7</td>
<td>66.2</td>
<td>8.4</td>
<td>14.8</td>
<td>43.0</td>
<td>1.5</td>
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<tr>
<td></td>
<td>2012</td>
<td>2.1</td>
<td>6.4</td>
<td>66.3</td>
<td>6.8</td>
<td>12.0</td>
<td>43.3</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>1.3</td>
<td>6.6</td>
<td>79.5</td>
<td>5.3</td>
<td>9.3</td>
<td>43.4</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>0.7</td>
<td>14.3</td>
<td>95.1</td>
<td>3.4</td>
<td>14.3</td>
<td>76.5</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Note: For tariff lines subject to TRQs only the out-of-quotas duty is included in the tariff-related calculations; for tariffs with non ad valorem components, only the ad valorem part of the rate was included in the calculation of the tariff averages.

Source: WTO Secretariat estimates based on data provided by Serbia.
PART 4

CONCLUSION

I have stated all the facts that are available to the public and concern an accession in the progress. More elaboration would be possible only after the accession is concluded. A reader should have acquired a deeper insight on the subject and ability to comment on the Serbia’s accession to the WTO with more facts that can rely on.

The outcome of the December Meeting is uncertain. Serbia started speeding up the resolution of the remaining issues late. It has been last weeks of October that the Minister of the Ministry of Foreign and Internal Trade and Telecommunications started appearing in public explaining the importance of amending the law concerning the turnover of the GMO, for example. It is now that he warns the auditorium that if Serbia misses this December chance it will pass one more year to have the same chance of ending the accession. However, the citizens of Serbia and relevant intelligentsia once more avalanched anti-GMO campaigns. Once again, the importance of the WTO membership was left in the shadow. Even in the latest report of the European Commission on Serbia, it is highlighted the importance of conclusion of the WTO negotiations.

Having in mind the time that has left until the Bali Ministerial Conference, the author is not convinced that Serbia has enough time to coordinate remaining legislation and regulation with the WTO requirements. As I have already stated, there is also a procedure that has to be finished in the WTO headquarters before forwarding the final act to the Ministerial Conference. In addition to those more technical lacks, the bilateral hindrances with the United States and Ukraine are not solved yet. Objectively, there is still significant job to be done and it is almost impossible to finish it before the December 3 2013. However, the World Trade Organisation accession is not only an economic accession; it is also a political one. If the political arguments prevail, the end of the negotiations for the Republic of Serbia is possible in December.


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