INFRASTRUCTURE

ENERGY SECTOR 2.13

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Electricity				
Regulation of electricity prices to be abandoned (but vulnerable customers to be protected), allowing new investments in the modernisation and revitalisation of coal and electricity production.	2016		√	
Continue work on creating the necessary conditions for the introducing carbon pricing instruments.	2020		√	
Prescribe targeted energy savings, as required by Directive 2012/27/EC and its amendment 2018/2002/EC. The preparation of proposals for the revision of energy efficiency targets in terms of their increase is underway. It is also necessary to anticipate the reduction of "specific consumption" of energy, i.e. consumption per unit of product.	2021			√
Introducing a mechanism requiring investors to provide a security instrument, such as a bank guarantee or deposit, when reserving a grid connection, with the aim of preventing queues for connections that block available capacity	2024	√		
Further harmonization of the regulations related to the calculation of VAT on consumer invoices.	2022	√		
Renewables				
Bylaws which will regulate the incentives in more detail should be tailored to accelerate investments in the renewables sector and follow the EBRD and Energy Community policy guidelines.	2021	√		
Adjust the regulation and methodology for determining the maximum price at auctions so that it more closely reflects the impact of the market price of electricity	2022	√		
It is necessary to adopt the final proposal for the amendments to the Energy Law without delay. However, it is essential to pay attention to the following:	2024	√		
• the amendments to the Energy Law should not introduce additional conditions for obtaining an energy license. Unpredictable and insufficiently clear conditions that would be introduced through these amendments (primarily the proposal to assess compliance with long-term strategies) could pose a serious problem for legal certainty and the predictability of project development;	2024			√
• it is crucial to avoid solutions that establish unequal business conditions for the same activities among different market participants, such as prioritizing a strategic partner when defining connection conditions over previously submitted requests;	2024	√		
• While it is justified to relieve the transmission system of blocked capacities that will not be realized, the proposal to retroactively impose obligations for connection procedures cannot be considered a fair solution. We emphasize the need to acknowledge the differences between projects—in terms of those within the incentive system and those in a mature phase, compared to those that have not yet started development.	2024		√	

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
• until the amendments to the Energy Law are adopted, it is necessary to publish accompanying changes to subordinate legislation and other laws that need to be aligned, so that the industry has a complete understanding of how the "active customer" concept will be applied and how it will affect planned investments in the development of their own renewable energy generation capacities.	2024			√
Energy Effciency				
Adoption of a functional model contract to govern energy supply contracting.	2017			√
Improvement of capacities of the PPP Commission and other notable public stakeholders with respect to both energy performance contracting and energy supply contracting projects involving the public and private sectors.	2017		√	
Enhancing the institutional readiness of local governments to organize energy management within their territories and to carry out tasks defined by the Law	2024		√	

CURRENT SITUATION

Electrical energy

The legal framework for electricity in Serbia is given in the Law on Energy from 2014, with amendments adopted in 2021 and 2023. The last comprehensive amendments to the Energy Law were adopted in 2024, which, in accordance with the obligations under the Energy Community Treaty and Ministerial Council Decision 2022/03/MC-EnC, aligns the regulatory framework in the field of energy with the European Union regulation while at the same time achieving greater energy security and encouraging further transition to renewable energy sources.

The concept of an active customer has been introduced, who generates electricity within his facility and then uses or stores that electricity, or sells it on the market or participates in flexibility services or energy efficiency measures. It is possible to combine more active customers in order to increase efficiency, i.e. to unify more remote places of consumption and production through an aggregation model into a single system. The energy activity of electricity storage (which will require an energy license) is regulated, which allows the postponement of the final use of electricity until a certain moment after production, or the conversion of electricity into a form of energy that can be stored, and further storage of such energy and subsequent conversion into electricity or its use in the form of another energy source. An energy permit, as it is now explicitly regulated, is not required for the construction of energy facilities for electricity storage. Electricity system operators may not own, develop or operate electricity storage facilities. Exceptionally, system operators may own, develop or operate energy storage facilities, if the electricity storage facilities are integral parts of the network, which is approved by the Agency and subject to the fulfilment of the conditions set out in the Law.

Conditions have also been created for the provision of auxiliary services required for the operation of the transmission or distribution system, which include auxiliary services for balancing purposes and non-frequency auxiliary services. The concept of redispatching, as a measure activated by the operators of the transmission or distribution system by changing the production pattern, the consumption pattern or both, in order to change the physical flows in the power system and reduce physical congestion or in some other way to guarantee the security of the system, is now regulated and harmonized with the EUR regulation. Finally, the further development of peacetime application of nuclear technologies in Serbia has been enabled, which will be implemented in three phases. Serbia received the first preliminary technical study on the application of nuclear energy, which analyzed the various technologies available on the market as well as their technical and commercial maturity (including both traditional nuclear plants and small modular reactors).

The amended law also provides for the adoption of a program for the development and use of hydrogen, and signif-

icant changes also apply to the nominated electricity market operator (NEMO), i.e. SEEPEX a.d. Belgrade ("SEEPEX"), which will accelerate the implementation of the merger of organized markets in the Republic of Serbia with neighboring organized electricity markets (and with the single European organized electricity markets).

The main bodies responsible for this sector are: (i) the Government of the Republic of Serbia; (ii) the Ministry of Mining and Energy ("MRE"); (iii) the Energy Agency; and (iv) the Republican Energy Networks Commission. There are also other bodies such as the Energy Efficiency Financing and Promotion Authority.

State-owned companies – Elektromreža Srbije (EMS), Electric Power Industry of Serbia (EPS) and EPS Distribution, remain the dominant players in the sector, together with the electricity market of SEEPEX a.d. Belgrade. EMS is a transmission system operator. EPS is engaged in the production, wholesale and supply of electricity. EPS's former subsidiary, EPS Distribution, distributes and manages the distribution system. Also, the transformation of EPS from a public company into a joint-stock company was carried out, and a new supervisory board was appointed, which took important steps towards the professionalization of the management of this company.

The electricity market is fully liberalised. Households and small customers, for the time being, have the right to be supplied at regulated prices (unlike other customers, who are not entitled to regulated prices). There is an intention to displace the regulated supply of electricity. The amended Energy Law introduces for the first time dynamic tariffs related to electricity prices as a result of compliance with the European Directive (EU) 2019/944.

Despite liberalization, EPS remains the most dominant supplier with around 97% share of the open market.

The day-ahead and intraday markets are managed by the South East European Power Exchange (SEEPEX).

The amendments to the Law on Energy do not bring essential novelties when it comes to connection to the transmission system, because the solutions from the Regulation on Conditions of Supply and Supply of Electricity have been practically applied. This primarily refers to the possibility of connection to the grid, which is conditioned by the construction of the missing infrastructure, where the transmission system operator would be the investor on whose behalf and on whose behalf the applicant for connection would develop the missing infrastructure at its own expense.

The amendments stipulate that a connection study is not required for power plants with an installed capacity of less than 50 kW. In addition, a bank guarantee is required to be provided for power plants with an installed capacity of more than 400 kW within 30 days of the submission of the connection study. Elektromreža Srbije AD has published a public consultation on the draft of the new Rules on the Operation of the Electricity Market, which is expected to be adopted in the coming period.

Given that the amended Energy Law has brought changes in terms of issuing energy permits, the assessment of the full implementation of the changes will be possible after the adoption of bylaws, i.e. the Rulebook on Energy Permit. The issue of legal certainty in terms of legal regulation and issuance of energy permits is significant because the energy permit is issued at a later stage of project development when significant investments have already been made.

Renewable energy sources

A number of provisions from the latest amendments to the Law on Energy are important for the further development of renewable energy projects in the Republic of Serbia.

As for projects in which the connection process has been initiated in accordance with the previous regulatory framework, i.e. prior to the amendments to the Energy Law, i.e. connection permits issued before the date of entry into force of the amendments to the Energy Law, may be extended once in two years, but an additional extension is also possible until the issuance of the act on permanent connection if the approval for temporary connection of the facility for which the trial operation has been approved is obtained within the validity period of the connection permit.

Projects for which a request for the preparation of a connection study has been submitted before April 30. 2021, but have not obtained a connection approval by the date of entry into force of the Amendments, are obliged to obtain it within three years from the entry into force of the Amendments. Thereafter, the approval shall be valid for three years and may be renewed once for a maximum of two years, provided that the holder of the approval obtains a certificate of completion of the foundations of the build-

ing to be attached before its expiry. Projects that have acquired the right to a market premium at the first auction are not subject to these validity period restrictions.

On the date of entry into force of the amendments to the law, the provision of Article 46 of the Law on the Use of Renewable Energy Sources ceases to be valid. In practice, this means that the requirement that producers of electricity from renewable sources must have a license for electricity supply in the context of concluding a contract for the purchase of electricity from renewable energy sources with the end customer on a market basis no longer applies. That is why, in the case of concluding a contract on the purchase of electricity from renewable sources, a third party, ie a supplier, is introduced as an intermediary between the electricity producer and the end customer. The law did not further specify the role of the supplier, other than to supply the missing amount of electricity to the final customer.

By abandoning the incentive system in order and introducing auctions, the opportunity for a new cycle of investments and achieving a competitive price for the purchase of electricity has been opened. The auction procedure is digitized, which ensures fast and efficient implementation of the process. The first auctions were held in June 2023 for the allocation of market premiums for renewable energy sources - wind power plants (400MW) and solar power plants (50MW), and the second auctions were also successfully held in November 2024 - wind power plants (300MW) and solar power plants (124.8MW). The prices offered at other auctions amount to EUR 53.5/MWh for wind power plants and EUR 50.9/MWh for solar, which is significantly below the market level. The total capacity of the power plants that received incentives is 645 MW with a total planned investment value of EUR 782 million. The ranking in this year's auctions, in addition to the financial criterion, also included a non-financial criterion - the amount of the percentage of the auction participant's power plant capacity offered to the guaranteed supplier for the needs of the guaranteed supply and/or to the end customer through the contract on the purchase of electricity from renewable sources. The introduction of this criterion ensures that the energy produced in power plants that received incentives is consumed in the Republic of Serbia, which has positive effects in increasing the share of renewable energy sources in the total final consumption of electricity, reducing electricity costs and diversifying the offer for end consumers.

The successful implementation of the auction process, for the second time in a row, is an important step in the process of switching to cleaner energy sources, increasing electricity production and achieving greater security of supply to citizens and businesses.

A market premium is an incentive for the production of electricity by which the state protects the producer from a change in market prices in relation to the price offered by the producer at auction by paying the difference between the auction price offered and the market price. If the market prices are higher than the manufacturer's auctioned price, the manufacturer will pay the difference to the state. According to current projections, the state will generate revenue through the first auctions, at the level of several million euros per year, in addition to all the other benefits that auctions bring.

Energy Efficiency

In April 2021, a new Law on Energy Efficiency and Rational Use of Energy was adopted, which aims to create a legal framework for measures that will increase the efficiency of use and reduce energy consumption. The Law upgraded the existing basis of the Law on Efficient Use of Energy with new energy policy objectives established by the European Union regulations (amended Energy Efficiency Directive and the Energy Performance of Buildings Directive, Eco-Design Directive as well as relevant EC Regulations).

The Directorate for Financing and Promotion of Energy Efficiency within the MRE has been established, the purpose of which is to provide funds for the fulfilment of the objectives of the law, and two new decrees have been adopted regulating the financing of measures to improve energy efficiency and the use of funds for the implementation of energy efficiency measures.

As with previous laws in this area, it specifically defines an energy service company (ESCO) and sets rules regarding energy contracting in accordance with the EU, with the aim of providing a complete legal framework for energy efficiency arrangements.

In order to enable the implementation of these general possibilities, the Energy Service Contract Regulations (ESCO Regulations) were adopted in 2022.

The ESCO Regulation provides for two models of ESCO contracts, one for public buildings and one for public lighting. It requires the establishment of a public-private partnership

between a specific public partner (i.e. a municipality, a public company, the state) and a relevant private partner (i.e. a public partner). ESCO companies) on a long-term basis.

The energy efficiency market continues to evolve. The implementation of Energy Performance Contracting (EnPC) projects in the field of public lighting has begun in a significant number of local self-governments.

Energy Supply Contracting (ESC) has begun to function, primarily with regard to public sector assets such as schools and hospitals, as a major point of interest.

The most significant difference between ESC and EnPC is that EnPC implies project support with guaranteed savings, as opposed to ESC which is focused on re-arrangement in terms of energy supply, where the private partner guarantees the continued provision of a certain minimum amount of energy. It is envisaged that, once the ESC model is also regulated, much of the necessary certainty will be in the sector, which allows for cooperation between the public and private sectors.

Energy efficiency of buildings is covered in a separate chapter that prescribes obligations for publicly owned buildings, new buildings and buildings used for non-residential purposes. Publicly owned buildings with a total usable area of more than 250 m^2 used by state administration bodies and other public sector bodies and organizations, as well as public services, are required to have a certificate of energy performance, and the obligation of energy rehabilitation has been introduced for buildings used by central government bodies. The obligations of investors in new buildings in terms of equipment with devices for regulation and measurement of the amount of heat energy handed over, and where there is also domestic hot water, have also been specified. In June 2024, the Administration for Financing and Promoting Energy Efficiency was formed.

POSITIVE DEVELOPMENTS

Electrical energy

SEEPEX membership grew to 46 members.

The new Energy Law paved the way for the development of power generation projects for industry and plants over 150 KW after the model ceased to be available through the manufacturer's customer concept after June 2024. The transposition and anticipated implementation of the active customer will make this possible, as well as various other activities such as aggregation, electricity storage, flexibility services and ancillary services.

Given that the Law envisages the adoption of public policies in the field of hydrogen development, and has removed the moratorium on the use of nuclear energy, a further possibility for the production of green electricity has been opened.

In the coming period, it is expected that the merger of organized markets in the Republic of Serbia with neighboring organized electricity markets (and with the single European organized electricity markets) will be implemented.

A significant improvement is the adoption of the new Regulation on Conditions of Supply and Supply of Electricity ("Official Gazette of the Republic of Serbia", No. 84/2023) in October 2023, with amendments from 2025.

The aim of the new regulation is, among other things, to regulate in more detail the conditions for the issuance of approval for connection to the transmission system, i.e. distribution system, by detailing the mandatory preparation of a study for connection to the transmission system and part of the distribution system managed by the transmission system operator, as well as by determining the obligation to submit proof of depositing funds for the costs of preparing the study, i.e. attaching a bank guarantee in favor of the transmission system operator.

Renewable energy sources

A legal framework for a new package of incentive measures for the production of electricity from renewable energy sources has been adopted, which provides for a competitive incentive rewarding process. The adoption of a completely new law indicates that priority is given to the sustainable production of electricity from renewable energy sources, which is extremely important in the long term in order to avoid paying high fees for the production of CO2 emissions, which will be increased in the European Union in the coming years.

A number of bylaws have been adopted:

- Decree on Market Premium and Feed-in Tariff ("Official Gazette of the Republic of Serbia", No. 112/2021 and 45/2023 - other regulation);

- Decree on Model Market Premium Contracts ("Official Gazette of the Republic of Serbia", No. 112/2021);

- Decree on the quota in the market premium system for wind farms ("Official Gazette of the Republic of Serbia", No. 90/2024);

- Decree on the Conditions and Procedure for Acquiring the Status of Privileged Electricity Producer, Temporary Privileged Producer and Producer of Electricity from Renewable Energy Sources ("Official Gazette of the Republic of Serbia", No. 56/2016, 60/2017, 44/2018 - other law, 54/2019 and 112/2021 - other Regulation)

- Decree on Criteria, Conditions and Method of Calculation of Receivables and Liabilities between Buyer – Producer and Supplier ("Official Gazette of the Republic of Serbia", No. 83/2021 and 74/2022);

- Decree on the Assumption of Balancing Responsibility and the Model Agreement on the Assumption of Balancing Responsibility (Official Gazette of the Republic of Serbia, No. 45/2023)

- Rulebook on the manner of keeping the register of customers-producers connected to the transmission, distribution, i.e. closed system and the methodology for the estimation of electricity produced in the production facility of the customer-producer ("Official Gazette of the Republic of Serbia", No. 33/2022)

- Rulebook on the allocation of non-refundable incentive funds for co-financing the implementation of projects for the implementation of renewable energy sources in public facilities ("Official Gazette of AP Vojvodina", no. 53/2024).

The Decree on the Conditions, Manner and Procedure for Granting State-Owned Agricultural Land for Use for Non-Agricultural Purposes was also adopted, which prescribes exceptions when it is possible to use state agricultural land for non-agricultural purposes, in accordance with the Law on Agricultural Land. This decree enables the construction of energy production facilities using renewable wind and solar energy sources and on publicly owned agricultural land, which creates an even more favorable environment for investors.

At the beginning of June 2023, the Government of the Republic of Serbia adopted the Plan of Incentives for the Use of Renewable Energy Sources for the period 2023-2025, according to which the total capacity for which the right to incentives in the market premium system can be acquired in the next three years is 1,000 MW for wind farm technology and 300 MW for solar power plant technology.

In addition, in June 2023, the Low-Carbon Development Strategy of the Republic of Serbia for the period from 2023 to 2030 was adopted, with projections until 2050 ("Official Gazette of the Republic of Serbia", No. 46/2023). During July 2023, a public consultation was held for the Integrated National Energy and Climate Plan (INEKP), which was adopted in July 2024 to ensure consistency with the long-term relevant policy objectives at the level of the European Union, the UNFCC and the Energy Community.

In June 2023, the new Regulation on Energy Vulnerable Customers came into force, which was amended in 2025, and it represents the basis for progress towards exiting price regulation, i.e. an additional incentive for the energy transition, decarbonization and development of energy production from renewable sources. In addition to assistance in the procurement of electricity and gas, energy-vulnerable customers in the field of heat supply are also envisaged. According to the Regulation, poor electricity consumers in Serbia have the right to reduce their electricity bills, i.e. they have the right to receive a certain amount of electricity for free on a monthly basis.

The state itself, i.e. the Electric Power Industry of Serbia (EPS) has continued to build capacity from renewable energy sources, primarily the Kostolac Wind Farm and the Petka Solar Power Plant. And over the next three years, the construction of 1 GW of self-balancing solar power plants with battery storage will continue with strategic partners.

Energy Efficiency

A revision of the model contracts for energy performance contracting (EnPC) is underway based on comments from representatives of ESKO companies, banks and local self-government units with experience in the implementation of such projects. Active work is being done on the preparation of the model Energy Efficient Delivery Contracts (ESCs) with the aim of increasing investments in energy efficiency and enabling the transition to renewable fuels or fuels with lower greenhouse gas emissions, while taking into account the interest of the public sector. The ESC model has been agreed with the EBRD and its final proposal is expected to be adopted soon.

Experience with energy performance contracting has shown that the contract model has contributed to the development of the market and provided guidance and certainty to the public sector to use this innovative way to attract private sector investment in public sector energy efficiency.

REMAINING ISSUES

Electrical energy

Coal remains the dominant source for electricity generation – more than 70% of annual production comes from coal-fired power plants.

It can often be heard that the increase in the price of electricity in Serbia will be justified, but that vulnerable customers must be protected.

Given that various institutes and business models such as the active customer, aggregation, auxiliary services market, flexibility market, consumption management have been conceived or developed for the first time through the amendments to the Law on Energy, it is necessary to enable the development of the aforementioned markets as soon as possible by passing by-laws as well as the implementation of the aforementioned institutes in practice. Also, it is necessary to adapt the rules on the operation of system operators so that they can support the development of new business activities introduced by regulations. Finally, we lack public policies in the field of developing projects related to the utilization of hydrogen and the use of nuclear energy for the production of electricity in order to successfully and in accordance with the adopted strategies pave the way for the replacement of coal with the production of energy from clean sources.

Renewable energy sources

The finalization of the regulatory framework is necessary in order to enable the further development of projects from renewable sources.

Joint work of the economy with institutional support in the development and implementation of contracts on the purchase of electricity from renewable sources (corporate PPA). The development and practical implementation of this contractual instrument would enable the necessary dynamics in the RES sector and make RES projects more bankable and easier for financing by commercial banks and international financial institutions.

Although the amendments to the Energy Law were adopted in 2024, the accompanying amendments to bylaws and other laws that need to be harmonized have not yet been implemented, so that the economy has a full understanding of how the new institute of "active buyer" will be applied and how it will affect the planned investments in the development of its own capacities for the production of energy from renewable sources.

The Law on Energy requires the issuance of an energy license to meet the goals set in the Energy Development Strategy as well as the goals set in INEKP. However, the assessment of the possibility of compliance with the stated conditions will be known only after the amendments to the Energy Permit Rulebook, which will more precisely determine the criteria that will be used to assess the fulfillment of the stated conditions.

Energy Efficiency

In energy performance contracting, in addition to the need to have a consistent practice in the formal preparation of projects in full compliance with ESCO by-laws and public-private legislation, further challenges include the need to reduce subsidies, which keep electricity prices at a certain level, and, also, it remains to introduce additional, sector-specific, incentives for energy efficiency projects in certain regulations (especially those related to legal relations and taxes) and further increase the awareness of financiers about feasibility ESCO projects.

When contracting the supply of energy, it is necessary to adopt a model contract by the relevant authority. The public sector is still too cautious in considering potential projects. This is particularly true of the lack of understanding of public budgeting procedures, with some significant projects involving hospitals and schools in Serbia still lagging behind as a result.

The challenges related to both EnPC and ESC arrangements remain the same and require continuous work:

- Strengthening and supporting the exchange of knowledge and existing know-how between different public entities (especially in the case of smaller municipalities in Serbia);
- Improving the practical implementation of the rules relating to the determination of project value relating to PPP.

FIC RECOMMENDATIONS

Electrical energy

- Continue work on creating the necessary conditions for the introduction of instruments of compensation for the use of coal (Carbon prining);
- Prescribe targeted energy savings, as Directive 2012/27/EC and its amendment 2018/2002/EC provide for this. Preparation of a proposal for the revision of energy efficiency goals in terms of their increase is underway. It is also necessary to foresee the reduction of "specific consumption" of energy, ie. consumption per product unit;
- Adoption of rules on the work of system operators that will be adapted to the newly introduced institutes in the Law on Energy;
- Further regulatory elabouration of institutes and business models recognized by the new Energy Act;

Renewable energy sources

- By-laws that will more closely regulate the successful organization of the third round of auctions after the check should adopt the following incentive system plan that would provide for the further distribution of quotas through auctions with properly defined criteria;
- Conclusion of Renewable Energy Purchase Agreements (Corporate PPAs) in practice;
- It is necessary to implement accompanying amendments to bylaws and other laws that need to be harmonized, so that the economy has a full understanding of how the institute of "active buyer" will be applied and how it will affect the planned investments in the development of its own capacities for the production of energy from renewable sources;
- Harmonize the Regulation on the conditions, method and procedure of granting agricultural land in state ownership for use for non-agricultural purposes, thus enabling that agricultural land of the 4th and 5th class can be used for the purpose of producing electricity from renewable sources of wind and solar energy by building wind power plants and solar power plants;
- Adopt amendments to the Rulebook on Energy Permit that will more precisely define the criteria that will be used to assess the fulfilment of the conditions for obtaining an energy permit;

Energy Efficiency

- Adoption of a functional contract model that will regulate energy supply;
- Capacity building for the Commission for Public-Private Partnerships and other significant public entities, in terms of contracting and use of energy and energy supply, including the public and private sector;
- Improving the institutional readiness of local governments to organize energy management in their territory and to perform the tasks defined by the Law on the Efficient Use of Energy.

TRANSPORT 1.29

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Introduce additional incentive measures for the construction of infrastructure for the use of electric vehicles. Also, it is necessary to provide an adequate regulatory framework that will enable the development of this sector and that takes into account the constructive recommendations of relevant stakeholders.	2024		√	
Adapt the Law on Energy so that it recognizes and encourages the use of electricity in the transport sector.	2024			√
Increase material quality control and inspection supervision during the performance of works; implement international standards of quality and project management in the public sector as well.	2024		√	
Enter into public-private partnerships in areas of transportation that are vital, and which are not reserved for the state, and which the state is not able to independently train, restructure or modernize, that is, for which it is more optimal and efficient to do so in partnership with the private sector.	2024			√
Additionally, work on opening the market in railway traffic, with the aim of establishing the necessary institutional structures. The application of European standards in the implementation of technologies on the railway network, for the sake of interoperability and smooth traffic with neighboring countries in order to increase transport through Serbia, is crucial in this regard.	2024		√	
Implementation of measures that will improve the characteristics of combined transport within the Serbian transport system. (1)	2024			√
Conclusion of new and amendments to existing bilateral agreements in the field of air transport in order to increase Serbia's connectivity with Asia and North America.	2024			√
Making the most of the European Open Skies Agreement to improve connectivity in the region.	2024			√
Construction of (railway) infrastructure in order to connect the airport with the center of Belgrade in a better way.	2024			√
Stimulating investments in the reduction or complete elimination of waste generated during production processes, consumption and daily activities.	2024		√	
Temporary reduction of customs on electric vehicles to zero, regardless of their origin.	2024			√
Establish a clear legal framework for charging energy consumed at electric vehicle charging stations per kilowatt hour (kWh).	2024			√
Urgent investment in electric vehicle charging infrastructure and the development of sustainable transport options is recommended, with strict enforcement of regulatory measures encouraging the reduction of greenhouse gas emissions in the transport sector.	2024		√	

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Introducing cheaper or free parking options for electric vehicles in certain city areas.	2024	√		
Consider the introduction of incentives for the import of used electric cars, as part of a broader strategy to diversify the offer of electric vehicles on the market.	2024			√
Introduce subsidies for setting up private charging infrastructure, especially for charging stations.	2024		√	
According to the legislation in force in the Republic of Serbia, there are no special license plates for electric vehicles, which would prevent privileged access to certain parts of the city, including "yellow" lanes intended for faster movement. Related to this is the lack of cheaper or free options for parking electric vehicles in certain city areas, in order to facilitate their use and reduce congestion.	2024			√
Cyber security in transport: With the increasing number of electric vehicles and their connection to the grid, it is crucial to include cyber security standards in the legislation. It is necessary to define obligations to protect charging data, manage the risks of cyber-attacks on the charging infrastructure and ensure that all relevant actors are involved in data protection and network security.	2024			√
It is necessary to develop and implement standards for the management of risks related to cyber-attacks, especially on critical infrastructure. The above includes: 1. Risk assessment: Mandatory risk assessment of cyber-attacks and development of strategies to mitigate identified risks. 2. Infrastructure Protection: Implementation of advanced technologies and safeguards for critical infrastructure, including redundancy and resilient systems. 3. Incident response plans: Developing and testing incident management plans to minimize the impacts of cyber-attacks. Therefore, it is necessary to legally oblige transport market participants to regularly assess risks and implement appropriate protection measures for critical infrastructure, and to develop and test incident management plans.	2024			√
It is necessary to ensure that all relevant actors, including state institutions, the private sector and non-governmental organizations, are involved in data protection and network security, including:	2024			√
– Coordination and cooperation: Creating platforms for coordination between different actors in order to improve cooperation and exchange of information on cyber threats.	2024			√
– Regulatory oversight: Introducing mechanisms for monitoring compliance with legislative standards and sanctioning violators.	2024			√
– Support and resources: Providing resources and support for small and medium-sized enterprises so that they can align their security practices with the standards.	2024			√
It is necessary to introduce legal provisions that oblige all relevant actors to coordinate and cooperate in the field of data protection and network security, while establishing regulatory oversight and providing resources to support compliance with standards.	2024			√

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Autonomous vehicles and drones: As the technology of autonomous vehicles and drones advances, the legislative framework needs to be adapted to regulate their testing, use and integration into the traffic system. This includes defining standards for safety, liability in the event of accidents and ensuring that autonomous vehicles and drones comply with national regulations.	2024			√
The role of AI in logistics: The development of artificial intelligence (AI) in logistics brings opportunities for more efficient management of transport networks, route optimization and cost reduction. The legislative framework should support the development and application of AI technologies, while ensuring the ethical use of data and the protection of privacy.	2024			√
It is necessary for the Government to ensure understanding and synchronization with the governments of neighboring countries in activities aimed at improving efficiency and flow at border crossings.	2024			√
In order for the supply chain to function on the international market, the Ministry of Construction, Transport and Infrastructure should provide a greater number of transport permits, that is, consider abolishing the permit system.	2024			√

CURRENT SITUATION

When it comes to all types of transport, the importance of the Republic of Serbia is undeniable, both for the countries of the Balkans and for the region of Southeast Europe, but also beyond. The best way to consider the improvement of transport would be through five modes of transport: road, rail, air, water and intermodal.

There is a tendency to approach the development levels of the European Union in this segment, which is primarily reflected in the implementation and harmonization of Serbian positive regulations with European regulations. The basis for these activities is certainly the General Master Plan of Transport in Serbia, from 2009, which contains guidelines and plans for the road, rail, water, air and intermodal transport sectors, ending in 2027. The General Master Plan of Transport in Serbia also represents the basis for existing and future projects, which will be financed from EU pre-accession and accession funds, as well as other sources of financing. The draft of the new General Master Plan for the period after 2027 is still not being prepared, although the currently valid one was adopted in 2009.

When it comes to legal regulations, the road transport sector is the most extensive, given that road transport is the most represented in relation to other modes of transport. Of the 5000 kilometers of roads in Serbia, 1100 kilometers have been designated as a high priority for rehabilitation, in accordance with the Transport Strategy and the General Master Plan. In road transport, progress has been achieved by adopting regulations in the field of dangerous goods and transport licenses, while regulations related to the transport of goods are harmonized with European regulations.

The railway sector is the sector in which the need for modernization is the highest right now, which has been intensively worked on in the last few years. In the field of rail transport, where there is progress, it is necessary to continue to open the market to private operators and ensure the viability of the reformed railway companies.

Air traffic in the Republic of Serbia is characterized by the constant growth of air traffic in the period after the COVID-19 pandemic, the signed Agreement on Accession to the Common European Aviation Area, compliance with European regulations, the modernization of Nikola Tesla Airport and Konstantin Veliki Airport, and the development of destinations and the fleet of the national airline company AIR SERBIA. When it comes to regulation, the basic document is the Air Traffic Act, and many by-laws issued by the regulatory body - the Directorate of Civil Aviation of the Republic of Serbia emerge from it. The most important subjects of air transport are the Ministry of Construction, Transport and Infrastructure, the Directorate of Civil Aviation of the Republic of Serbia, airlines, airport operators and the Air Traffic Control Agency.

The waterways are not used enough, nor is their potential in the context of Serbia's international connectivity. Another burning issue, which occurs in this sector, is the financing of both reconstruction and modernization of water transport. The funds required for the improvement of ports, waterways and support systems, as well as their maintenance, are large. The changes in terms of regulations governing water transport introduce amendments to the Law on Navigation and Ports on Inland Waters from 2021.

The intermodal form of transport, with three partially built terminals, is a form of transport that is still in its infancy, with a tendency to develop in the coming period.

The three main characteristics of the state of transport in the Republic of Serbia are the current maintenance of the existing infrastructure, investment, i.e. its modernization and harmonization with European standards. Investing in infrastructure, investing and maintaining the existing traffic network are the goals to be pursued.

POSITIVE DEVELOPMENTS

In previous years, the improvement of all types of transport continued, not only in the technical sense, but also in the sense of concluding contracts and negotiations with the executive authorities of the surrounding countries, as well as foreign investors.

Part of the projects where certain delays were observed during implementation are the construction of the Belgrade-Budapest railway, the construction of the Nis-Merdare-Pristina highway, the reconstruction of the Belgrade-Bar railway, and the project documentation for the Belgrade-Sarajevo highway is being prepared. However, it should be noted that significant works have been carried out when it comes to the construction of the Belgrade-Budapest railway, especially bearing in mind that the high-speed railway Belgrade-Novi Sad, as well as Novi Sad-Subotica, has been built, while the completion of the complete railway is announced and expected prior to publishing of this White Book edition. When it comes to the construction of the Nis-Merdare-Pristina highway, at the end of July 2023, the first section of the Nis-Merdare road, 5.5 kilometers long, was completed.

In the road sector, the emphasis is placed on the construction of Corridors 10 and 11. The construction of the Preljina-Požega section of Corridor 11 began in May 2019, and completion is expected within 36 months. However, this deadline was not met and in July 2025, this section has been put into trial operation.

The construction of Corridor 11 branch Požega-Boljare is also planned, as part of the road corridor Belgrade-South Adriatic. For the section of the Požega-Boljare Corridor, a Memorandum of Understanding was signed between the Republic of Serbia and the People's Republic of China, and the Spatial Plan of the Special Purpose Area is currently being prepared. However, no information is yet available when the works on these sections are expected to be completed.

The project to build a new port in Belgrade, whose completion is planned for December 2023, and which is included in the Single Project Pipeline as a project of exceptional strategic importance, has not yet been completed and there is no information on when it will be.

The railway sector continued its cooperation with regional countries. Documentation is being prepared for the initiation of the tender procedure for the reconstruction of the Nis-Dimitrovgrad railway, which is significant, since this part of the railway connects the Republic of Serbia and the Republic of Bulgaria, and the completion of which is planned for the end of 2027 according to the latest statements of the President of Serbia. The modernization project of the Belgrade-Budapest railway is also underway. This project is of exceptional strategic importance, since it represents part of the basic traffic transversal of the Republic of Serbia, connects three of the five largest cities in the Republic and forms part of the Pan-European Corridor X.

In air traffic, the further investments in improvement of "Morava" Airport in Kraljevo are planned. For the "Konstantin Veliki" Airport in Nis, the addition of the terminal building and the renovation of the runway are planned.

Since the end of 2018, Belgrade Nikola Tesla Airport has been managed by a foreign concessionaire - part of the French Vinci Group. In accordance with the Concession Agreement, the airport operator has fully delivered the following works in the previous period of six years from the date of commencement of the concession:

- A completely new inserted runway and new taxiways with a new light marking system on them were built.
- The existing runway has been completely renovated.

- New navigation equipment for the instrument landing system on the inserted runway has been installed, with associated energy and telecommunication installations and new meteorological equipment,
- Platform E was built and a new asphalt service road was built,
- Platforms B, C and platforms for deicing and relocation of deicing facilities have been expanded,
- New roads and parking lots have been built in front of the terminal and in the vicinity of the airport,
- A new heating plant and new waste and wastewater treatment plants were built.

With the reconstruction and expansion of the Terminal building, the surface area of the Terminal was increased to over 93 thousand square meters, and the number of waiting rooms was increased from 19 to 31. Through the project, the airport operator ensured the separation of passengers (departure / arrival / transfer), centralized security check of passengers, control of passengers in the transfer without interference, improved the control of passage from the public to the restricted zone of the facility by abolishing certain passages and introducing new ones.

The number of destinations has increased to 142 in 2024, and the number of passengers to over 8.4 million.

Work is currently underway on the commercial premises in the terminal building.

An in-depth reconstruction of the main runway was also carried out and a new, second, 3.5 km runway was built with additional taxiways. Ahead of the 2024 summer season, capacity has been increased at key passenger flow points, such as check-in counters, passport and security checks, and the baggage management system has been improved.

In addition, and in line with VINCI Airports' policy of aiming for net zero CO2 emissions by 2050, the airport has reduced CO2 emissions by 22% since 2018, increased the waste recycling rate to over 70%, and efficiently treats the sanitary wastewater generated at the airport complex. A solar power plant with a capacity of 1 MWp was also built, which produces electricity for the airport, approximately 1,130,000 kWh of electricity per year, which represents 10% of the airport's electricity needs.

Considering all ongoing projects, it is evident that investing in traffic infrastructure is a priority.

In March 2020, the Government of the Republic of Serbia adopted its first Regulation on subsidizing the purchase of new electric vehicles, which directly encourages the use of an environmentally friendly form of transport. Subsidy amounts are 250 and 500 euros for electric motorcycles and between 2,500 and 5,000 euros (depending on the type of drive) for electric cars. Subsidies are awarded through the Ministry of Environmental Protection. In addition, by amending the law (on taxes on the use, holding and carrying of goods), owners of hybrid vehicles are exempted from paying the tax on the use of motor vehicles.

Also, in 2024, the Government of the Republic of Serbia passed a Regulation on the conditions and method of implementing the subsidized purchase of new vehicles with an exclusively electric drive, which encourages the purchase of new vehicles with an exclusively electric drive in order to encourage an environmentally friendly form of transport.

In the light of supporting the transition to sustainable mobility, it is necessary to adopt a series of regulations and measures that would improve the conditions for the use of electric vehicles, both those concerning the construction and the regime of importing electric cars and charging for the energy used to charge them. Changes in regulations in this direction and additional measures should aim to create more favorable conditions for electric vehicles in the city, encourage the market of sustainable vehicles and contribute to the reduction of harmful gas emissions in urban areas.

Finally, subsidies for the installation of private charging infrastructure, especially for charging stations, to support the growth of the charging network and facilitate the charging of electric vehicles in urban areas are also missing from the current regulation of the Republic of Serbia.

The combination of electric vehicles with renewable energy sources would represent a key step towards a sustainable future. By using solar panels, wind turbines and other renewable sources to produce electricity, vehicles can be powered in an environmentally friendly way. This approach reduces dependence on fossil fuels and encour-

ages the transition to clean energy, thereby protecting the environment and contributing to global efforts to reduce emissions.

The initiative at the level of the Western Balkans with regard to the adoption of a detailed plan for the improvement of the Green Corridors also brings significant progress.

The comprehensive plan for the improvement of Green Corridors, improved customs cooperation and modernization of border/crossing points details initiatives aimed at facilitating trade and increasing efficiency between the Western Balkans and the EU. Established during the COVID-19 pandemic, the Green Corridors Initiative has proven successful in preserving trade flows and speeding up the customs clearance process for essential goods. Using the Electronic Data Interchange System, pre-arrival information sharing among customs and other inspection agencies is facilitated, benefiting trade within CEFTA and between the EU and the Western Balkans.

Key development steps include the expansion of the initiative to EU member states (Greece, Italy, Croatia) through a Memorandum on Data Exchange, with further phases planned. The plan emphasizes infrastructure improvement, digitization and capacity building at border crossings, with the aim of reducing waiting times, improving transparency and simplifying customs procedures. Coordination is entrusted to the EU-Western Balkans/CEFTA Green Belt Committee, supported by continuous EU initiatives and cooperation with regional partners. Future activities are aimed at improving the legal framework, expanding data exchange and implementing joint risk management strategies, all with the aim of encouraging economic growth and integration.

When it comes to the Transport Communities of the Western Balkans, this community focuses on the integration of the region into the European transport market through the operationalization of the new transport corridor Western Balkans-Eastern Mediterranean. This corridor connects eight EU member states with the Western Balkans, forming a single European transport network for the first time.

The main goal of the Transport Community is the complete harmonization of the transport markets of the Western Balkans with the EU, including the adoption of European standards and the organization of traffic. The revision of the Regulation on the Trans-European Transport Network, achieved at the end of 2023, is crucial for the integration of the Western Balkan partners in the newly established corridor.

The Next Generation Action Plans for the period 2025-2027 were adopted with the aim of responding to the needs of the region in the development of transport, directly supporting and aligning with the Growth Plan for the Western Balkans, accelerating reforms in the transport sector and the development of infrastructure necessary for regional integration and faster EU rapprochement.

Funding remains a key issue, given that current funds are insufficient to cover infrastructure needs. In this context, the New EU Growth Plan represents an important support mechanism for reforms in the area of transport in the Western Balkans, with an emphasis on European funding as a key factor for effective implementation of projects and reducing the risk of corruption, so it remains to be seen how this issue will be resolved on EU level.

Also, the board of directors of the Forum of Chambers of Commerce of the Adriatic-Ionian countries adopted the initiative of the Chamber of Commerce of Serbia and the Croatian Chamber of Commerce to speed up the flow of goods at border crossings between the EU and the Western Balkans in the Adriatic-Ionian region. The average waiting time for freight vehicles at the border is 10 hours, with a maximum recorded waiting time of 36 hours, which creates kilometer-long lines of vehicles and disrupts the safety and flow of passengers. These delays significantly reduce the competitiveness and economic development of the region, estimating losses of 130 million euros per year for transport companies. Improving rail infrastructure is key to reducing congestion at road crossings and emissions, which supports intermodal connections and economic growth.

REMAINING ISSUES

Traffic safety is the most important issue when it comes to transportation problems. The number of injured and deceased persons is increasing, which is contrary to the goals of the Road Traffic Safety Strategy 2023-2030. The ever-present problem of road traffic is also financing - funds from state income, as well as foreign investments, are not sufficient for maintenance, repair and construction of new roads, and the aggravating circumstance is the fact that this problem is directly related to traffic safety.

One of the outstanding issues is the lack of adequate infrastructure for the use of electric vehicles, which may become a

significant obstacle to the country's green energy agenda and may threaten the strategic importance of Corridors 10 and 11. On the other hand, it is encouraging that the Ministry of Construction, Transport and Infrastructure has recognized the need to improve this issue (the obligation to install chargers on roads of the first A1 order is regulated in the Law on Planning and Construction), and electric charging stations have been installed in certain places on Corridor 10. In addition to the fuel supply stations (SSG) located on Corridors 10 and 11, some large oil companies have also installed chargers for electric vehicles at their SSG's outside the highway network. However, there are several regulatory issues that need to be resolved in order to encourage this trend, as one of the obligations towards the EC and the EU is to achieve a certain share of energy from renewable sources in the transport sector.

Bylaws that were adopted in 2019 with companies that trade in fuels as taxpayers have not yet been fully implemented. In addition, they are not sufficient since the obligation of the Republic of Serbia is to transpose the Infrastructure Regulation for all alternative fuels (electricity; hydrogen; biogas and biofuels; transitional fossil fuels - natural gas in gaseous form as compressed natural gas and in liquid form as liquefied natural gas; liquefied petroleum gas; synthetic and paraffinic fuels derived from renewable energy sources and synthetic and paraffinic fuels obtained from non-renewable energy sources). In 2024, a draft law on the introduction of alternative fuels infrastructure was drafted, so far there is no information on when the adoption of this law is planned.

Modernization is the biggest problem of the railway sector. It is necessary to work on the improvement of this mode of transport, because a large number of railways are not used, while the speed of trains is not satisfactory on certain sections. Attention should be paid to the long-term plan for the development of rail transport and its harmonization with road transport, with the aim of increasing intermodality. Another one of the problems is the image of the railway, which should be actively changed in the eyes of public opinion, by changing the marketing policy.

The usefulness of other airports, besides Belgrade and Nis, should be increased, and a long-term strategy for the use of the entire Serbian aviation infrastructure should be devised.

When it comes to water transport, the biggest problem is financing - large funds are needed just to rebuild the infrastructure, which dates back to the period of the former Yugoslavia. Modernization and maintenance of the water transport system costs a lot. It is encouraging that the investment in the coming years in the total amount of 31 million euros has been announced, which will be aimed at the development of river transport and the protection of the natural features of the Danube. One of the positive examples is the reconstruction of the port of Smederevo.

Transport has become one of the burning issues of the green transition due to its significant role in greenhouse gas emissions, although other sectors have made progress in reducing emissions. According to estimates, the transport sector could account for as much as 44% of total EU greenhouse gas emissions by 2030, despite expected slight declines. This would significantly exceed the EU's emissions reduction target of -55% compared to 1990 levels.

Reasons for the rise in traffic emissions include increased human mobility, longer car journeys and significant growth in aviation emissions. Freight transport emissions are also on the rise, further contributing to the high level of emissions in the sector.

Although technological solutions such as electric cars are available, their wider implementation takes time, given the long lifespan of the existing European vehicle fleet. Although the number of new fully electric cars increased in 2024, this number is still very small, which shows the need for an accelerated transition and regulatory measures to support the transition to a more sustainable transport system

The European Union's initiative to regulate company cars as a means of increasing demand for electric vehicles is one step in that direction. This issue is the focus of an informal meeting of EU transport ministers in Brussels, where strategies for "green transport" and the fight against climate change in the transport sector are discussed.

Regarding the electricity consumed by EVs, the situation is as follows: it remains problematic that the electricity consumed when charging electric cars still cannot be charged, because no one has the permission/consent of the Electricity Supplier and Distribution System Operator for retail electricity trading. Therefore, those liable for the share of RES in transport, in addition to not being able to charge for this electricity, cannot prove that they have met part of their obligations for RES through electricity placed in the transport sector. Although a directive that foresees additional benefits if the merchant/owner of SSG obtains the

electricity used by EVs from their own production of electricity from renewable sources was passed at the EU level back in 2018, this directive has not yet been transposed into the legal framework of the Republic of Serbia.

International truck transport and the capacities of border crossings are another problem.

- In addition to attempts to improve the situation (Open Balkans, establishment of green corridors, integrated border crossing with North Macedonia), the fact is that the EU is the most important foreign trade partner, which is why the efficient development of transport with EU countries is of crucial importance. In this sense, the three border crossings to the EU are the most significant (Horgos and Kelebija to the Republic of Hungary and Batrovci to the Republic of Croatia). The usual time for a truck to stay at a border crossing ranges from 12 to 24 hours, depending on the period of the year, day of the week, etc., observed per truck tour of 24-48 hours. In addition to the direct negative effects on the transport industry itself, the indirect negative effects on the entire economy are reflected in extended delivery times, reductions in available transport capacities which are problematic anyway due to some other factors already mentioned in the document, the final prices of goods that are the subject of transport...
- International road transport takes place on the basis of permits issued annually by the Ministry of Construction, Transport and Infrastructure based on negotiations with the authorities of other countries. For years now, especially with countries with which there is an intensive exchange of goods, there was a noticeable lack of transport permits, especially in the last quarter. Transports to and from Austria, Italy, Poland, Spain, Greece are particularly problematic and there is regularly a problem of the available number of permits.

FIC RECOMMENDATIONS

- Introduce additional incentive measures for the construction of infrastructure for the use of electric vehicles. Also, it is necessary to provide an adequate regulatory framework that will enable the development of this sector and that takes into account the constructive recommendations of relevant stakeholders.
- Increase material quality control and inspection supervision during the performance of works; implement international standards of quality and project management in the public sector as well.
- Enter into public-private partnerships in areas of transportation that are vital, and which are not reserved for the state, and which the state is not able to independently train, restructure or modernize, that is, for which it is more optimal and efficient to do so in partnership with the private sector.
- Additionally, work on opening the market in railway traffic, with the aim of establishing the necessary institutional structures. The application of European standards in the implementation of technologies on the railway network, for the sake of interoperability and smooth traffic with neighboring countries in order to increase transport through Serbia, is crucial in this regard.
- Implementation of measures that will improve the characteristics of combined transport within the Serbian transport system.
- Conclusion of new and amendments to existing bilateral agreements in the field of air transport in order to increase Serbia's connectivity with Asia and North America.
- Making the most of the European Open Skies Agreement to improve connectivity in the region.

- Construction of (railway) infrastructure in order to connect the airport with the center of Belgrade in a better way.
- Temporary reduction of customs on electric vehicles to zero, regardless of their origin.
- Urgent investment in electric vehicle charging infrastructure and the development of sustainable transport options is recommended, with strict enforcement of regulatory measures encouraging the reduction of greenhouse gas emissions in the transport sector. It is necessary to complete and adopt the Law on the introduction of infrastructure for alternative fuels
- Introducing cheaper or free parking options for electric vehicles in certain city areas.
- Consider the introduction of incentives for the import of used electric cars, as part of a broader strategy to diversify the offer of electric vehicles on the market.
- Introduce subsidies for setting up private charging infrastructure, especially for charging stations.
- According to the legislation in force in the Republic of Serbia, there are no special license plates for electric vehicles, which would prevent privileged access to certain parts of the city, including "yellow" lanes intended for faster movement. Related to this is the lack of cheaper or free options for parking electric vehicles in certain city areas, in order to facilitate their use and reduce congestion.
- Cyber security in transport: With the increasing number of electric vehicles and their connection to the grid, it is crucial to include cyber security standards in the legislation. It is necessary to define obligations to protect charging data, manage the risks of cyber-attacks on the charging infrastructure and ensure that all relevant actors are involved in data protection and network security.
- It is necessary to develop and implement standards for the management of risks related to cyber-attacks, especially on critical infrastructure. The above includes:

    1. Risk assessment: Mandatory risk assessment of cyber-attacks and development of strategies to mitigate identified risks.
    2. Infrastructure Protection: Implementation of advanced technologies and safeguards for critical infrastructure, including redundancy and resilient systems.
    3. Incident response plans: Developing and testing incident management plans to minimize the impacts of cyber-attacks.

- Therefore, it is necessary to legally oblige transport market participants to regularly assess risks and implement appropriate protection measures for critical infrastructure, and to develop and test incident management plans.
- It is necessary to ensure that all relevant actors, including state institutions, the private sector and non-governmental organizations, are involved in data protection and network security, including:

    1. Coordination and cooperation: Creating platforms for coordination between different actors in order to improve cooperation and exchange of information on cyber threats.

2. Regulatory oversight: Introducing mechanisms for monitoring compliance with legislative standards and sanctioning violators.

3. Support and resources: Providing resources and support for small and medium-sized enterprises so that they can align their security practices with the standards.

- It is necessary to introduce legal provisions that oblige all relevant actors to coordinate and cooperate in the field of data protection and network security, while establishing regulatory oversight and providing resources to support compliance with standards.

- Autonomous vehicles and drones: As the technology of autonomous vehicles and drones advances, the legislative framework needs to be adapted to regulate their testing, use and integration into the traffic system. This includes defining standards for safety, liability in the event of accidents and ensuring that autonomous vehicles and drones comply with national regulations.

- The role of AI in logistics: The development of artificial intelligence (AI) in logistics brings opportunities for more efficient management of transport networks, route optimization and cost reduction. The legislative framework should support the development and application of AI technologies, while ensuring the ethical use of data and the protection of privacy.

- It is necessary for the Government to ensure understanding and synchronization with the governments of neighboring countries in activities aimed at improving efficiency and flow at border crossings.

- In order for the supply chain to function on the international market, the Ministry of Construction, Transport and Infrastructure should provide a greater number of transport permits, that is, consider abolishing the permit system.

TELECOMMUNICATIONS 2.27

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Excluding mobile telecommunications facilities from List 2 of the Regulation on establishing the List of Projects Requiring a Mandatory Impact Assessment and List of Projects that May Require an Environmental Impact Assessment, so that instead of making an environmental impact assessment for each individual base station, it would be sufficient to provide the competent authority with a notification on the installation of the base station together with relevant technical data on the base station, as well as measurement after its commissioning, where the local self-government has the possibility of inspection supervision.	2021	√		
Abolition of spatial restrictions for the construction and installation of mobile telecommunications infrastructure from spatial regulation plans, in terms of determining the minimum height of antennas and the minimum distance where base stations can be installed in relation to neighboring buildings, given that there is no comparative practice of EU countries for this, nor grounding in regulations and science.	2021			√
Amendments to the Rulebook on the limits of exposure to non-ionizing radiation in order to harmonize the reference threshold levels with the ICNIRP recommendations.	2023	√		
Amendments to the Rulebook on sources of non-ionizing radiation of special interest, types of sources, manner and period of their examination for the purpose of changing the definition of the term "source of special interest", bearing in mind the negative interpretation unjustifiably related exclusively to radio base stations, yet they are not the only sources of radiation as well as in terms of defining the decision-making process of the competent authority based on the Expert Assessment of Environmental Load, without initiating the environmental impact assessment procedure.	2021	√		
Education of expert departments, in cooperation with relevant ministries and RATEL, at the level of local self-governments on the impact of telecommunications devices on health and the environment and the application of special regulations relevant to the construction of radio base stations.	2021			√
Establishing a unified electronic procedure for reporting the installation of radio base stations and confirming compliance with prescribed requirements, as well as creating a single point of contact in the form of a public portal for all relevant stakeholders.	2019		√	
Conducting a public auction of radio frequency spectrum to renew the rights to use existing spectrum and to acquire new radio frequency spectrum for 5G technology by no later than the end of the first half of 2025. Operators propose and advocate for a straightforward auction model, with a price that will facilitate the seamless development of new technology and its rapid implementation, in line with positive examples from the region.	2021	√		

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Continuing the existing positive practice of involving the Foreign Investors Council and operators in the drafting of bylaws in accordance with the new Law on Electronic Communications through a transparent procedure, aimed at defining an optimal regulatory framework that will contribute to the further development of the electronic communications market.	2023	√		
Adoption of the new Law on Broadband Infrastructure (aligned with the Gigabit Infrastructure Act (2024/1209/EU), as well as with Directive 2018/1972 on the European Electronic Communications Code, which will define in detail the rights to use and access the infrastructure.	2021	√		
When negotiating international agreements in the field of electronic communications (particularly regarding roaming), it is necessary to organize a process of public consultations and include industry representatives in order to consider the technical specifics, deadlines and financial implications, aimed at increasing business predictability	2019		√	
Through the planned amendments to the Law on Copyright and Related Rights, establish a more transparent relationship between organizations and fee payers due to the identified risk of unlimited growth in flat-rate tariffs charged by the incumbent and the establishment of new organizations for the collective exercise of copyright	2023			√

The focus remains on the harmonization of the market with the regulatory framework brought by the new Law on Electronic Communications[1], especially with regards to the creation of conditions for conducting an auction for the issuance of individual licenses for the use of radio frequency bands for the implementation of public mobile electronic communications networks and services and the introduction of new technologies in order to further develop the electronic communications industry in the Republic of Serbia. Activities related to the improvement of regulations in the field of construction of telecommunications infrastructure and environmental protection have been initiated and partially implemented. Activities have begun on the drafting of the text of the Law on Measures to Reduce the Costs of Deploying Very High Capacity Electronic Communication Networks in order to improve regulations in the field of construction and installation of electronic communication networks, and significant steps have been made in terms of bylaws regulating the field of non-ionizing radiation. In 2025, the registration of prepaid users in the Republic of Serbia was successfully carried out.

CURRENT SITUATION

In February 2025, the Government of the Republic of Serbia adopted the Decree on Reducing Security Risks Associated with the Introduction of Fifth-Generation Mobile Networks[2], which fulfilled the legal and security prerequisite for the introduction of the new 5G technology. In May 2025, the Rulebook on Minimum Requirements for the Issuance of Individual Licenses on the Basis of a Public Bidding Procedure in the 700MHz, 900MHz, 1800MHz, 2100MHz, 2600MHz and 3.4-3.8GHz Radio Frequency Bands entered into force[3]. At the beginning of June 2025, the Regulatory Authority for Electronic Communications and Postal Services (hereinafter: RATEL) issued a Decision to initiate a public bidding procedure for the issuance of a maximum of three individual licenses for the use of the radio frequency spectrum in the aforementioned bands for the provision of public electronic communications services for the territory of the Republic of Serbia, for the period of validity until 5 March 2047. Shortly after the adoption of the aforementioned Decision, in July 2025, RATEL organized public

1 Law on Electronic Communications (Official Gazette of RS 35/23)

2 Decree on Defining Measures to Reduce Security Risks Related to the Introduction of Fifth Generation Mobile Networks (Official Gazette of the Republic of Serbia 17/25)

3 Regulation on minimum requirements for the issuance of individual licenses for the use of radio frequency spectrum on the basis of a public bidding procedure in the radio frequency bands 694-790 MHz, 880-915/925-960 MHz, 1710-1785/1805-1880 MHz, 1920-1980/2110-2170 MHz, 2500-2690 MHz and 3400-3800 MHz (Official Gazette of RS 44/25)

consultations regarding the documentation for the public tender for the allocation of individual licenses for the use of the radio frequency spectrum in the radio frequency bands 700 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2600 MHz and 3500 MHz. The Foreign Investors Council expects that the conditions defined in the tender documentation will be based on regulatory predictability, in order for the three existing mobile operators to ensure the continuity of electronic communications services and justify their previous investments in the market of the Republic of Serbia.

The Ministry of Information and Telecommunications, in cooperation with the Ministry of Environmental Protection, RATEL, and business entities registered for performing electronic communications activities, has initiated work on developing the specification for the Central Information System for Sources of Non-ionizing Radiation (CISIN). The system is intended to enable users to efficiently submit, track, and process relevant information and reports concerning sources of non-ionizing radiation in public areas. These are areas for which, in accordance with regulations, an environmental impact assessment procedure is not carried out and for which an expert assessment of environmental burden is submitted electronically to the competent environmental protection authority for exposure records.

In cooperation with the line ministries, the need to harmonize the bylaws of the Republic of Serbia related to non-ionizing radiation with the regulations of the European Union was recognized, taking into account the development of technology in the field of electronic communications and the increasing use of electronic communications services, and so in February 2025, new bylaws came into force: the Rulebook on Limits of Exposure to Non-Ionizing Radiation[4] and the Rulebook on Sources of Non-Ionizing Radiation of Special Interest[5], and after 15 years a major shift in this area has been made. One of the most important improvements to the new Rulebook is the fact that closed spaces of residential, business, school and other buildings are considered as the zone of increased sensitivity. In this way, the problem of the earlier definition of the zone of increased sensitivity was overcome, due to which every urban environment automatically had this status, as a result of which a maximum limit of 10% of the already restrictive values of the permissible level of electromagnetic fields was applied. This limitation has been one of the key barriers to enabling mobile signal capacity and coverage in urban areas.

In addition, in March 2025, the Ministry of Environmental Protection initiated the formation of a working group for the development of the Draft Law on Protection against Non-Ionizing Radiation in order to overcome the challenges that have been observed in the work of business entities so far on the basis of the existing Law on Protection against Non-Ionizing Radiation and make the entire system more efficient.

Also, in March 2024, the Ministry of Construction, Transport and Infrastructure issued an Instruction on the implementation of the provisions of the Law on Planning and Construction relating to the conditions for the installation of cable and wireless electronic communications infrastructure.

Prior to the publication of this year's edition of the White Book, the Law on Information Security was adopted with the aim of harmonizing with the EU Cyber Security Act and the EU NIS-2 Directive, which foresees measures for a high common level of cyber security within the single European digital market. Also, the Law on Information Security foresees the establishment of the Office for Information Security and the relocation of the national CERT from RATEL to the Office for Information Security.

Activities have begun on the drafting of the Law on Measures to Reduce the Costs of Deploying Very High Capacity Electronic Communications Networks, within the framework of a working group whose work includes representatives of the Foreign Investors Council and Operators. The adoption of this law will further improve the legal framework that will ensure a more efficient construction of electronic communications infrastructure necessary for further digital transformation of the Republic of Serbia. The adoption of the Law on Measures to Reduce the Costs of Deploying Very High Capacity Electronic Communications Networks is another step towards the approximation and harmonization of business operations with the regulations of the European Union, given that this Law provides the harmonization of operations with the Regulation on Gigabit Infrastructure (2024/1309/EU) Directive 2018/1972 and the European Electronic Communications Code. This law is expected to be adopted by the end of 2025. The Foreign Investors Council expects that the activities on the Law drafting will be carried out in a transparent and efficient

4 Regulation on Limits of Exposure to Non-Ionizing Radiation (Official Gazette of RS 16/25)

5 Regulation on Sources of Non-Ionizing Radiation of Special Interest, Types of Sources, Method and Period of Their Testing (Official Gazette of RS 16/25)

manner in order to create optimal conditions for sustainable construction and investment in telecommunications, and especially in 5G infrastructure throughout Serbia.

In February 2025, the Ministry of Information and Telecommunications conducted a Public Call for participation in the implementation of the Program for the Development of Broadband Communication Infrastructure in Rural and Underdeveloped Areas of the Republic of Serbia for the period 2024-2026. years for the areas for which the economic entities have not expressed investment plans.

By amending the Rulebook on Technical Conditions for Registration of Prepaid Services (Official Gazette RS 10/25), the deadline for registration of existing prepaid users has been extended until April 10, 2025, while for new prepaid users, the deadline for mandatory registration has remained February 10, 2025. Users of prepaid electronic communications services have the opportunity to register physically, at the operator's points of sale, but also online, using the basic level of reliability electronic identification scheme. This completes a whole series of activities related to the mandatory registration of prepaid users and the Republic of Serbia is included in the list of countries where this obligation already exists.

In November 2024, a new Rulebook on Access to Emergency Services came into force[6], and activities on the establishment of the National 112 System are expected in the coming period. 112 is the European emergency number used within the European Union. Although it is possible to call this number in the Republic of Serbia, the current situation is that after calling this short code, the Police Directorate (192) is obtained, which further redirects the call to the emergency service that the user needs.

In December 2024, the Rulebook on information on the terms of the contract that the provider of publicly available electronic communications services is obliged to publish, the manner of their publication and deadlines, the form of the summary of the contract and the content of the notification of the intention to unilaterally change the terms of the contract and the right of the end user to terminate the contract before the expiry of the period for which it was concluded (Official Gazette of the Republic of Serbia 98/24) entered into force with the application which was supposed to be from 1 July 2025. However, with the Rulebook on Amendments to the said Rulebook (Official Gazette RS 45/25), the originally defined deadline for implementation has been postponed to September 1, 2025. The postponement of the implementation deadline was based on the operator's initiative to enable a longer deadline due to the complexity of implementation and additional development on telecommunications systems.

At the end of May 2025, the Rulebook on Establishing the Numbering Plan came into force[7], which, among other things, introduces a novelty regarding the regulation of short SMS codes, and business entities were given a deadline of December 31, 2026 to harmonize their business, i.e. short SMS codes to be harmonized with short SMS codes as regulated by the said Rulebook on the establishment of the Numbering Plan. Also, from the date of entry into force of this Rulebook until July 1, 2027, the length of the subscriber's geographic number may be five digits. After the expiration of this period, compliance with the Rules in this area must be carried out.

In July 2024, the Rulebook on the Out-of-Court Dispute Resolution Procedure before the Regulatory Authority for Electronic Communications and Postal Services was adopted[8], and its implementation began at the beginning of 2025. The Rulebook has further improved the level of protection of end users and provided an efficient and simple mechanism for resolving disputes before RATEL, further strengthening its role and importance in the electronic communications market. This further emphasized the need for efficient and reliable communication between RATEL and operators, so that the digitization of communication (instead of printing and sending documents by mail) would bring added value, bearing in mind that RATEL has already made significant progress in digitalization in the exercise of its other competencies in relation to operators and end users.

It is also important to note that at the end of 2024, bylaws related to the joint use of the electronic communications network as well as the installation of the electronic communication network to the premises of the end user during the construction or reconstruction of business and residential buildings came into force. Also, in July 2025, the implementation of a new bylaw related to the conditions, manner of change and obligations of Internet access service providers began. These bylaws bring improvements from the point

6 (Official Gazette of RS 87/24)

7 (Official Gazette of RS 44/25)

8 ("Official Gazette of the Republic of Serbia", No. 58 of 5 July 2024)

of view of end users in terms of the possibility of choosing a service provider as well as from the point of view of competitiveness in the market.

In March 2025, the implementation of the new Rulebook on the conditions for the assignment and use of the radio frequency spectrum began. Instead of the current practice of submitting applications for the issuance of individual licenses for the use of frequencies for radio base stations and the issuance of licenses, this Regulation introduces the procedure of recording radio base stations after commissioning. In this way, administrative obligations are significantly reduced, as well as the time required to meet the conditions before the source is put into operation.

Also, in May 2025, the provisions of the Law on Payment Services[9] concerning the operation of operators of public mobile telecommunications networks and services related to services provided by operators as additional services began to be implemented. These provisions define certain financial limits in terms of the maximum amounts of a single transaction, i.e. the total value of all individual transactions carried out in a given calendar month.

Joint meetings of the EU-WB Declaration signatories to the Roaming Declaration continued in 2025. Based on RATEL data on the traffic of users of mobile operators operating in the territory of the Republic of Serbia, the traffic of both users in the country and traffic during their stay in roaming is continuously increasing, which is a direct consequence of lowering the prices of roaming services. It is also important that all three mobile operators operating in the Republic of Serbia continuously invest significant efforts in improving the offer of roaming services to their customers, both in terms of quality and quantity of content, as well as from the point of view of cost-effectiveness and accessibility.

The work on the Law on Measures to Reduce the Costs of Installing Very High Capacity Electronic Communications Networks[10], a regulation that should enable the facilitated installation of new telecommunications infrastructure, has reopened the discussion on the problem of damage to existing optics during construction works. Namely, the spread and routes of parts of the operator's infrastructure are not known in advance to construction investors, who often cut the fiber optics during construction work, thereby causing damage not only to the operator but also to the end users who are left without service.

This refers to the so-called "mapped" lines of optical cables, i.e. optical fibers for which the operators have duly submitted documentation for registration in the Cadastre of Lines, but for which the Republic Geodetic Authority has not carried out the procedure to the end. As a result, this optics is visible in some form in the Cadastre of Lines, but there is no data on their ownership. The current procedure based on the Law on Planning and Construction, which implies that the local self-government determines the status of the holder of public authority, is not effective because these requests often remain unanswered.

Therefore, it is necessary to solve this problem as soon as possible in cooperation with the ministries responsible for construction and telecommunications, so that operators can participate in the issuance of conditions in the process of determining location conditions and thus prevent damage to the telecommunications infrastructure.

POSITIVE DEVELOPMENTS

Communication with the Ministry of Information and Telecommunications, the Ministry of Environmental Protection and RATEL is transparent, with two-way communication, which has resulted in successfully implemented activities in various areas of cooperation and the expectations of the Foreign Investors Council are to continue positive practice through open dialogue, with the application of expert knowledge and involvement of the economy, following the example of positive examples from practice and implement with solutions that can provide the best results.

Accordingly, it is expected that the process and format of public bidding for the allocation of individual licenses for the use of radio frequency spectrum in the radio frequency bands 700 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2600 MHz and 3500 MHz will be successfully implemented by the end of 2025, taking into account the needs of the market and the business continuity of existing mobile operators in accordance with the Regulation on minimum requirements for issuance of individual licenses for the use of radio frequency spectrum on the basis of a public bidding procedure in the radio frequency bands 694-790 MHz, 880-915/925-960 MHz, 1710-1785/1805-1880 MHz, 1920-

9 (Official Gazette of RS 139/14, 44/18 and 64/24)

10 The new name of the law is - Law on Measures to Reduce the Costs of Deploying Very High Capacity Electronic Communication Networks

1980/2110-2170 MHz, 2500-2690 MHz and 3400-3800 MHz (Official Gazette of RS 44/25).

This year, we emphasize the importance of the support of the relevant Ministry to the activities of the Foreign Investors Council and Operators to improve regulations in the field of environmental protection, in order to improve the process during the construction of base stations. In this regard, the Foreign Investors Council welcomes the support of the competent Ministry in the activities aimed at pointing out to the Ministry of Environmental Protection the need to amend bylaws governing the field of non-ionizing radiation, i.e. harmonization of the acts in question with the comparative practice of the European Union and generally accepted international standards. The result is the adoption of a new Rulebook on Limits of Exposure to Non-Ionizing Radiation[11] and Rulebook on Sources of Non-Ionizing Radiation of Special Interest, Types of Sources, Method and Period of Their Testing[12]. It is also important that activities are underway to establish the Central Information System for Non-Ionizing Radiation Sources (CISIN) and that activities have begun on the drafting of the Law on Protection against Non-Ionizing Radiation.

With the successful registration of prepaid users, a higher level of security and prevention of misuse of electronic means of communication by anonymous use of prepaid services has been achieved, following the example of the positive practice of mandatory registration of these users in Europe and the world.

Generally, the previous period was marked by a number of activities related to the drafting of bylaws by RATEL, harmonized with the new Law on Electronic Communications, which are aimed at greater rights and protection of users, as well as on encouraging competition and equal treatment of market participants.

REMAINING ISSUES

Although significant progress has been made, the problem of setting up radio base stations and the issue of implementing protection environmental regulations represent a significant barrier to the construction of telecommunications infrastructure in practice, and it is necessary to intensify activities based on the conclusions of the Expert Group for the Reduction of Administrative Barriers to the Installation of Mobile Radio Base Stations and to start the implementation of the reform of this area as soon as possible, which will enable more efficient installation of base stations as a prerequisite for the implementation of 5G technology in the Republic of Serbia. It is also important to plan and implement education programs on this topic, to begin with employees in the state administration and then beyond, in order to include the widest possible range of citizens of the Republic of Serbia.

It is necessary to continue activities related to the drafting and adoption of the Law on Measures to Reduce the Costs of Deploying Very High Capacity Electronic Communications Networks, which should be harmonized with the Gigabit Infrastructure Act (2024/1209/EU), as well as with Directive 2018/1972 on the European Electronic Communications Code), which will specifically regulate issues such as the facilitated procedure for obtaining all necessary permits, coordination of ongoing and planned construction works and public publication of real-time data on works through a single information point (a public portal under the jurisdiction of public sector bodies); regulating the rights of access of operators to publicly owned facilities and the conditions of use of public facilities and public infrastructure for the purpose of accommodating telecommunications infrastructure (e.g. short-range wireless access points (WAS/RLAN networks); as well as defining in detail the rights of use and access to infrastructure. These activities are expected to be implemented by the end of 2025, bearing in mind that this would create conditions for additional investments in the field of telecommunications and at the same time ensure quality Internet access to all citizens in our country.

Also, it is necessary to undertake certain activities in the upcoming period to overcome the existing problems observed during the issuance of location conditions and building permits for the purpose of laying fiber optic cables, especially in terms of breaking the deadlines defined by regulations in the field of planning and construction.

It is also necessary to harmonize the urban and spatial plans of local self-government units with the provisions of the new Law on Planning and Construction as soon as possible, especially in the part related to the correction of restrictions that currently negatively affect the functioning and further development of the mobile network.

11 (Official Gazette of RS 16/25)

12 (Official Gazette of RS 16/25)

Of particular importance is to amend the Decree on the Establishment of the List of Projects for which an Impact Assessment is Mandatory and the List of Projects for which an Environmental Impact Assessment may be required - in the sense that radio base stations are not of importance when it comes to projects for which an Environmental Impact Assessment may be required - because all relevant information is contained in the Expert Environmental Impact Assessment.

Once again, we would like to point out that the introduction of CISIN is a necessary condition in order to be able to establish an electronic procedure on the registration of radio base stations, instead of the existing administratively extremely demanding and lengthy procedure that lasts for several months and cannot follow modern trends in the development of telecommunications.

We welcome the introduction of electronic records of radio stations (ERS), which RATEL introduced instead of the previous procedure for issuing individual licenses for each radio base station, but we also draw attention to the fact that before the release of the 5G spectrum, it is necessary to introduce CISIN – as an electronic procedure that monitors the ERS from the environmental perspective. Otherwise, we draw attention to a potential problem, as the current administration will not be able to support plans for the 5G network in real time.

A significant problem, which is increasingly coming to the fore with the establishment of new organizations and the activities of existing ones, are the disproportionately high fees of organizations for collective protection of copyrights towards the telecommunications industry.

In 2023, the Intellectual Property Office adopted the Uniform Tariff for the Exercise of the Right to a Special Fee, which determines the amount of the special fee on the import, i.e. sale of new technical devices and blank sound, image and text carriers that can be reasonably assumed to be used for the reproduction of copyright works and objects of related rights. The single tariff was adopted after unsuccessful negotiations between collective organizations for the exercise of copyright and related rights and manufacturers and importers of technical devices and the aforementioned blank carriers. The manufacturers and importers of technical devices and the aforementioned carriers are liable to pay the fee.

In July 2023, the Association of Authors – Organization of Creators of Fine Arts ("AA"), i.e. an organization for the collective management of copyright property rights of visual artists, began its work. Negotiations between AA and operators of electronic communications services providing media content distribution services on the tariff of fees for cable retransmission were unsuccessfully concluded at the end of 2023. AA proposed that the amount of the fee should be 2.37% of the operator's revenues from the distribution of media content, which is a disproportionately high fee compared to the importance that the exploitation of protected subject matter has for the operator's activity and revenues. At the beginning of 2024, the operators turned to the Intellectual Property Office, pointing out the inadequacy of the tariff proposal by AA, but as of the date of compilation of this report, the outcome of the procedure for determining the tariff of fees initiated by AA before the Office during 2024 is unknown.

Based on the above facts, it can be concluded that in the past period there has been a significant increase in the number of organizations for collective management of copyright and related rights and the adoption of new tariffs (the tariff of AA fees has yet to be determined), which has led to an increase in the administrative and financial burden for users of protected subject matter. Such trends further point to the importance of ensuring an appropriate degree of transparency in the establishment of collecting societies and the adoption of their tariffs, as well as the need for efficient, continuous and transparent control of the work of collecting societies.

In this regard, we would like to point out that the Draft Law on Copyright and Related Rights does not contribute to the creation of conditions for a better balance of power between organizations and fee payers, and that there is a risk of further unlimited growth of the flat-rate tariffs of the existing and the establishment of new organizations for the collective management of copyrights. In addition, there is no indication in which direction the activities on this issue will proceed, which introduces a certain level of uncertainty from the point of view of the amount of costs that may arise from these fees.

FIC RECOMMENDATIONS

- Exclusion of telecommunications mobile telephony facilities from List 2 of the Regulation establishing the list of projects for which an impact assessment is mandatory and the List of projects for which an environmental impact assessment may be required, so that instead of preparing an environmental impact assessment for each individual base station, it would be sufficient to submit a notification on the installation of the base station to the competent authority before its commissioning, together with the relevant technical data on the base station, as well as measurement after the station is put into operation, whereby the local self-government has the possibility of inspection supervision. A draft regulation that was subject to public consultation in June 2025 provides for this repeal.

- Abolition of spatial restrictions for the construction and installation of mobile telecommunications infrastructure from spatial regulation plans, in terms of determining the minimum height of antennas and the minimum distance where base stations can be placed in relation to neighbouring facilities, given that there is neither comparative practice of EU countries nor grounding in regulations and science.

- Drafting of the Law on Protection against Non-Ionizing Radiation through a transparent process of involving all relevant stakeholders in its drafting and adoption of the new law.

- Education of professional services, in cooperation with line ministries and RATEL, at the level of local self-governments on the impact of telecommunication devices on health and the environment and the implementation of special regulations relevant to the construction of radio base stations.

- Establishment of a single electronic procedure for reporting the installation of radio base stations and confirmation of compliance with the prescribed conditions, and the establishment of a single point of contact in the form of a public portal for all relevant stakeholders.

- Holding a public tender of the radio frequency spectrum in order to renew the right to use the existing spectrum, as well as the acquisition of a new radio frequency spectrum that will be used for 5G technology by the end of 2025 at the latest. The operators propose and advocate a simple auction model at a price that will enable the smooth development of new technology and its rapid implementation, in accordance with positive examples from the environment.

- Adoption of the new Law on Broadband Infrastructure (harmonized with the Gigabit Infrastructure Act (2024/1209/EU), as well as with Directive 2018/1972 on the European Electronic Communications Code, which will define in detail the rights of use and access to infrastructure by the end of 2025.

- When negotiating international agreements in the field of electronic communications (especially regarding roaming regulation), it is necessary to organize a process of public consultations and involve industry representatives in it, in order to consider the technical specifics, deadlines and financial implications to increase business predictability.

- Introduction of a digital communication process between RATEL and the operator in the exercise of RATEL's competencies (especially in terms of resolving out-of-court disputes, submission of petitions and letters) in order to achieve greater efficiency, safety, savings and environmental protection.

- The planned amendments to the Law on Copyright and Related Rights should establish a more transparent approach in the relationship between organizations and fee payers due to the perceived risk of unlimited growth of flat-rate tariffs of existing and the establishment of new organizations for collective management of copyright in order to establish regulatory predictability.

- It is necessary for the competent authorities to solve the problem regarding the inefficiency of the procedure for acquiring the status of the holder of public authority at the level of local self-governments, in accordance with the Decree on Location Conditions ("Official Gazette of the Republic of Serbia", No. 87/2023), in order to enable the granting of conditions in the procedure for issuing location conditions through the unified procedure through the acquisition of the said status.

DIGITALIZATION AND E-COMMERCE 2.50

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Increase information security within public administration and state-owned enterprises to ensure the uninterrupted functioning of these entities and prevent the misuse of citizens' data.	2024		√	
Enact a new Law on Information Security and align it with the EU's NIS2 Directive.	2024	√		
Pass a Law on Artificial Intelligence that will regulate the application of this technology in a way that promotes innovation while respecting human rights and freedoms. Establish mandatory risk assessment mechanisms and prior testing of systems used in critical infrastructure sectors, as well as in sensitive areas such as healthcare.	2024		√	
Enable the development and introduction of second-generation video identification through biometric protection as part of client verification processes, with the goal of further improving client security and fostering the continued development of digitalization in Serbia.	2020	√		

CURENT SITUATION

In 2025, artificial intelligence (AI) continues to be the driver of digital transformation, with a significant expansion of its application in the economy as well as everyday life. In the telecommunications sector, AI is used to improve network efficiency, automate customer support, and predictively maintain infrastructure. The financial sector is introducing AI solutions to combat fraud, analyze credit risk, and personalize services. The manufacturing industry is implementing AI in smart factories for quality control and supply chain optimization.

The most pronounced technological trend in the past year is the accelerated commercialization of the so-called agent AI systems – autonomous software agents that can plan and execute complex tasks on behalf of users. These systems are moving beyond the passive role of existing models and are increasingly taking an active part in decision-making, which raises new questions in terms of accountability, security and transparency.

At the regulatory level, 2025 is the year in which the European Union's AI Act begins to be put into practice. National legislators, including Serbia as a candidate for EU membership, have begun to align the domestic legal framework with this regulatory model, which, in addition to risk classification, now also includes specific obligations related to testing, documentation, human oversight and transparency of high-risk systems. Special emphasis is placed on the so-called "foundation models" – large language and multimodal models, which are subject to additional obligations due to their systemic impact. In the field of regulation, the implementation of the AI Act of the European Union began in 2025. Since February, AI systems with unacceptable risk have been banned, and since August, *the General Purpose AI systems Codes of Practices* have been implemented, based on Foundation models, trained on large amounts of data, which perform a wide range of different tasks, including high-risk *use-cases*.

At the proposal of the Ministry of Science, Technological Development and Innovation, in January 2025, the Government of the Republic of Serbia adopted the Strategy for the Development of Artificial Intelligence for the period from 2025 to 2030. The strategy was created as a result of a wide range of consultations with the expert community with the expert opinion of the Government Council for Artificial Intelligence. It is a continuation of the previous strategy (2020-2025) and aims to improve AI in key areas such as education, science, economy, public sector, while taking into account the ethical and safety aspects of its use. The Artificial Intelligence Act is being drafted. Serbia has positioned itself as a leader in the region, which has been

recognized through its chairmanship of the Global Partnership for Artificial Intelligence.

Through the programs of the Science Fund and the Innovation Fund, additional investments in computer infrastructure and the National Platform for Artificial Intelligence are envisaged - a supercomputer installed in the state Data Center in Kragujevac, given free of charge to all technical faculties, institutes and science and technology parks and start-ups operating within the parks. In the year behind us, the trend of growth in the use and reliance on information and communication technologies in everyday life and business continued. According to the Statistical Office of the Republic of Serbia[1] from October 2025, over 89% of people in the Republic of Serbia use the Internet several times during the day in 2025. In 2025, 24.8% of the internet population used the internet to print official forms from a public administration website or app. In the last three months, 53.6% of internet users have purchased/ordered goods or services online.

In the previous three editions of the White Book, we pointed out that since the epidemic period, there have been trends of increasing the volume of trade via the Internet. A similar trend has continued in the past. According to data from the National Bank of Serbia (NBS)[2], in the first quarter of 2025, significant growth in online shopping continued. In the first quarter of 2025, the total number of online purchases increased by 40.1% compared to the same period last year. There were 23.6 million online purchases, of which 16.5 million on domestic websites and 7.1 million on foreign websites. The most common currencies are the dinar, the euro and the dollar. Of all online purchases made in the first quarter of 2025, more than two-thirds (69.8%) were made in the domestic currency.

The new Strategy for the Development of Artificial Intelligence in Serbia for the period 2025-2030 is a step forward towards positioning Serbia as a regional leader in digital transformation. It is encouraging that key areas of AI application – healthcare, agriculture, education, biotechnology and cybersecurity – have been clearly identified, which opens up concrete opportunities for the development of the private and public sectors. We also commend the focus on technical infrastructure, including the expansion of supercomputing capacities and the National Artificial Intelligence Platform, as well as the continuous digitalization of public administration with the notable contribution of the Office for IT and eGovernment. Education occupies one of the central places in the Strategy, which is crucial for the development of domestic staff. However, given the large number of areas covered, it will be important to define clear priorities and focus resources on their implementation in the coming years.

The government has also formed a working group tasked with proposing a draft law on artificial intelligence.

In the previous period, work began on amendments to the Law on E-Government, which, among other things, should regulate the concept of smart cities, as well as the use of cloud technologies in public administration.

In the coming period, further work is expected on amendments to the Law on Electronic Document, Electronic Identification and Trust Services in Electronic Business, with the aim of harmonizing this regulation with the eIDAS 2 Regulation of the European Union. This regulation introduces digital wallets for the secure storage of certificates and digital identities, as well as the wider use of electronic identification schemes in the private and public sectors.

In September 2024, the number of almost 2.6 million citizens who have an account on the eGovernment portal was reached, while 1.2 million have the Consent ID application installed. This is contributed by the fact that the number of services supported by eGovernment is continuously increasing, making it easier for citizens to use numerous services both in the domain of the state and in the domain of the private sector.

POSITIVE DEVELOPMENTS

The year behind us was marked by the massive use of digital identity for the purpose of registering prepaid mobile phone numbers. Citizens had at their disposal electronic identification schemes of operators based on video identification, as well as a scheme based on an eGovernment account. In addition to comparison with a photo of a personal document, the aforementioned video identification includes modern biometric solutions that use the phone's camera to check facial expressions and confirm the presence of the user at the time of identification (the so-called liveness). In this way, user identification is completely relia-

1 https://www.stat.gov.rs/sr-latn/vesti/20251024-upotreba-ikt-a-pojedinci-2025/?s=2702

2 https://www.nbs.rs/sr/scripts/showcontent/index.html?id=20697

ble, and the new generation of video identification brings great potential for concluding contracts. Liveness has also found application in banking, where one of the country's leading digital banks has already integrated this functionality into its banking app. The Council expects that after confirming all the advantages of this technology, it will be possible to open an account in this way.

The Government of the Republic of Serbia and the Office for IT and eGovernment, as the central authority in charge of coordinating activities in the field of e-government, management of public IT infrastructure and information security, continue to implement the Digital Agenda.

In addition to the projects that have already come to life, a number of ambitious initiatives should be emphasized, mainly developed by the Office for IT and eGovernment, and the implementation of which will bring significant improvements in the interaction of citizens and the economy with the state in the coming period.

In cooperation with the Ministry of Finance, a Register of Fees and Charges is being prepared, which will enable unified monitoring, electronic payment and updating of all state taxes and parafiscal charges, modeled on the existing system in the Ministry of the Interior. This reform should ensure greater transparency and simpler collection of non-tax revenues

The eSickness project is also being developed, which aims to connect health institutions, the National Health Insurance Fund and employers. With the introduction of electronic communication between these entities, the need for the submission of paper remittances by employees would be abolished, and the system could provide insight into the statistics of the use of sick leave in Serbia.

The Office is also working on the formation of a national application eSrbija, which would integrate services such as eGovernment, eMailbox and Expo 2027. The FIC is particularly interested in the idea that there is an eMailbox application, which could eventually become a central place for receiving all official notifications and decisions of state bodies and institutions on the requirements and rights of citizens. Such a service would be complementary to electronic payment services as well as a digital wallet service, which is also planned. Namely, following the development of the so-called eIDAS 2.0 EU Regulation, among the strategic projects developed by the IT Office is a digital wallet. It is an application that has the purpose of storing electronically signed documents, driver's and traffic licenses, birth certificates and other personal documents that would be available to citizens at any time.

These projects demonstrate the Office's clear commitment to digital transformation and open up space for us to see progress in the years to come through concrete results and wide application in practice.

In previous years, some of the key state institutions and public companies such as the Real Estate Cadastre (RGZ) and the Electric Power Industry of Serbia (EPS) have been the subject of hacker attacks that have led to significant problems in their functioning and providing services to citizens. By depositing the source software code of EPS in the State Data Center, a positive step forward has been made, because now EPS will have a backup copy of its information systems that are reliably kept, which will enable business continuity and a better reaction in the event of new unforeseen circumstances. The Law on Infromation Security was adopted, which represents a significant step forward in the regulation of digital security. The law clearly defines ICT system operators of special importance, divided into priority and important, with the obligatory strengthening of inspection supervision, stricter penalties and expansion of the competences of the National CERT. It is envisaged to establish the Information Security Office, which will become the holder of CERT functions and the central instance for coordinating the protection of ICT systems in the transitional period under the auspices of the Office for IT and eGovernment, and the planned date of independent start of work is January 1, 2027.

In order to raise the quality and availability of digital services, the first AI-chat bots have been introduced, which enable citizens to provide interactive support in state processes.

A digital assistant based on artificial intelligence has been implemented on the eGovernment portal, which uses everyday language to direct citizens to the desired service and make navigation through the portal faster and easier. In the next phase of development, it is planned to move from informative to transactional functionality – such as scheduling appointments, filling out forms and automating various administrative actions. Also, a Virtual Assistant for the Alimony Fund has been created, provides answers to questions related to the right to temporary maintenance and guides users through the necessary procedures.

These initiatives represent a concrete step forward in the integration of artificial intelligence into government services and open the perspective for further development of interactive, transactional AI tools in e-government.

Shortly before the end of this edition of the White Book, the Law on Information Security was adopted, the effects of which we will comment on in the next edition.

In the financial services sector, the trend of further development of digital services and regulatory solutions has continued, enabling further modernization and digitalization. More details are provided in the texts of this edition of the White Book "Payment Services" and "Protection of Financial Services Users"

REMAINING ISSUES

Following the successful implementation of the project "My Data for My Bank" based on the exchange of data between the public and private sectors, the Telecommunications and Digital Economy Committee sees an opportunity for further digitalization of business in new initiatives of this type.

Procedures in public administration have been significantly accelerated by the integration of state institutions and the automatic exchange of documents. We believe that similar cooperation between banks, mobile operators, insurance and other business entities with state authorities can contribute to greater efficiency and security of business. Exchanging data with the Tax Administration, the Social Insurance Registry and the Credit Bureau in order to assess real creditworthiness and protect against fraud, enabling the verification of the validity of the ID card through the Ministry of the Interior when concluding a contract, or using the e-Government mailbox for the delivery of documentation, are just some of the examples in which we see this potential.

Over the past five years, there has been a lot of progress when it comes to e-commerce regulations. However, regulations governing other areas are often a barrier to the digitalization of business. These regulations are not easy to change, given that they are often based on the wrong paradigm that paper is a more secure and transparent form of document compared to an electronic document.

In conclusion, we note that a great effort and progress has been made in order to enable further digitalization of the economy and the public sector in the past period, and that the readiness of all state institutions to continue in this spirit in the coming period is noticeable.

FIC RECOMMENDATIONS

- Increasing the information security of the state administration and public companies in order to enable the smooth functioning of these entities and prevent the misuse of citizens' data.
- Adoption of the Law on Artificial Intelligence, which will regulate the application of this technology in such a way as to enable further development of innovations while respecting human rights and freedoms. It is necessary to regulate the mechanisms of mandatory risk assessment and pre-testing of systems used in critical infrastructure sectors, as well as in sensitive areas such as healthcare.
- To enable the development and introduction of the second generation of video identification in the form of biometric protection as part of the customer verification process, with the aim of further improving customer security and encouraging further development of digitalization in Serbia.
- Adoption of the Law on e-sickleave, which provides for the electronic exchange of medical and other documentation between the health institution – employer – the National Health Insurance Fund, with the aim of abolishing paper remittances submitted by employees to the employer.