

Serbia believes that the EU sanctions against Russia unfairly impact candidate countries, and have an adverse effect on its own accession process.

Serbia, a candidate country since 2012, claims that its companies are disadvantaged in comparison to EU firms when dealing with Russian entities targeted by the EU sanctions. Candidate countries are not legally obliged to align with the sanctions regime imposed on Russia as a response of the destabilisation of Ukraine. But, Montenegro and Albania, both candidates, have adopted the sanctions.

Serbia considers itself the candidate country most affected by the European Union's sanctions against Russia, although Belgrade has refused to implement them.

The 24-pages document is branded as a government paper, although its authors work for NIS, Serbia's largest energy company, majority-owned by Russia's Gazprom, and in which the Serbian government also has a stake.

According to the authors, Belgrade believes that the adverse effects of the EU financial restrictive measures regime on Serbia were not foreseen at the time of drafting of the sanctions rules, most likely because EU candidate countries were not sufficiently consulted or considered during the discussions and drafting of the text of the EU Regulation of 31 July 2014.

Since their imposition in August and September 2014, the EU sanctions impacted NIS jsc, and 2 Serbian banks, Sberbank Serbia and VTB Serbia, which are in fact subsidiaries of Russian banks Sberbank and VTB (Vneshtorgbank), which are subject to sanctions.

The paper explains that the possibility of NIS securing credit and financing has been adversely affected by the sanctions.

"This indirect effect of EU sanctions causes irreparable damage to NIS and places it at an unfairly disadvantageous position in comparison to any of its competitors in the EU, including those who are controlled by listed entities. Indeed, subsidiaries of listed entities within the EU are not subject to such restrictions", the paper says.

Another argument contends that destabilising the Serbian economy is contrary to the EU's commitment of cooperation to achieve reform under the EU-Serbia Stabilisation and Association Agreement.

By not allowing companies based in Serbia to have the same treatment as the EU-based subsidiaries of the sanctioned entities, the EU unintentionally destabilises the Serbian economy and goes against this commitment of cooperation to achieve economic reform, as enshrined in the Stabilisation and Association Agreement, the paper says.

One more argument used is that Serbia will not be able to meet the obligations arising from the Energy Community Treaty and the EU Accession Process.

"If Serbia's largest energy company is unable to meet its EU obligations in good time, which would require a total investment of around €550 million, accession plans in the field of energy and environment might be derailed," says the document.

Serbia proposes that any exemption that applies to the EU-registered subsidiary companies of the Russian entities listed in the sanctions legal texts should be extended to the subsidiary companies registered in candidate countries as well.

In the absence of such an agreement, the papers proposes as an alternative that the EU would allow certain specific authorisations to be granted by the member state competent authorities, in order to permit companies such as NIS to raise funding within the EU capital markets.

EurActiv asked the Commission to comment. The brief answer it gave is that decisions regarding restrictive measures (meaning sanctions) are taken by the member states by unanimity. This implies that candidate countries are not consulted in the process.

source: euractiv.com