



Republika e Kosovës
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BRUSSELS AGREEMENTS IMPLEMENTATION STATE OF PLAY

1 October 2014 – 20 March 2015

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BY THE GOVERNMENT OF THE REPUBLIC OF KOSOVA

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FOREWORD

As a constructive and serious party of the Brussels Dialogue, the Government of the Republic of Kosovo attaches special importance to the implementation of all Brussels Agreements in last four years.

We are periodically evaluating the state of play in the implementation of agreements reached in the Brussels dialogue, in order to highlight progress and challenges of this process and share our views on the way forward for better progress in implementation. We believe that commitment on implementation of agreements by all parties is the only way to ensure reliability with what was agreed and signed in the Brussels political and technical dialogue.

I hope that this Report (as previous ones) will help to consider further opportunities and incentives for advancing the overall process of implementation of all agreements reached in the technical and political dialogue. A particular focus is placed to the Brussels Agreement on normalization of relations of 19 April 2013.

The Report covers period from 1 October 2014 to 20 March 2015, where different from earlier periods, the implementation process did not make any significant progress. The most important development is the Agreement on Justice Implementation reached on 9-10 February 2015 in Brussels. We hope for its implementation as soon as possible together with others pending implementation.

The Report particularly highlights relevant pending issues: “civil protection” - not yet closed to allow its members to integrate in the Kosovo civil institutions; international dialling code for Kosovo still unresolved since September 2013 when agreement is reached; the barricade/ so-called Peace Park placed on the Bridge in Mitrovica not yet removed; vehicle insurance agreement still pending despite being negotiated for almost two years, etc. The issue of Association remains to be discussed. Kosovo maintains that the issue of Association can be addressed only after implementation of agreements in justice, security, dismantlement of all Serbia’s parallel structures in Kosovo and removal of barricade on the Mitrovica Bridge and others around.

It emphasizes negative trends related to Serbia's continued illegal interferences in Kosovo through keeping its parallel structures, in breach of the Brussels Agreement on normalization of relations between two states. Serbia has been strengthening and expanding further parallel structures in Kosovo, particularly since October last year. This in turn has dramatically undermined the work of legal mayors and municipal assemblies in four northern municipalities in Kosovo, which since 2013 local elections embarked in a legal governance of local affairs. In addition, Serbia interfered to prevent adoption of legal budgets by those municipalities due to political reasons (by trying to prevent education and health sectors to be integrated in the Kosovo system). As a result of non-adoption of legal budgets those municipalities are facing budget cut since 1 March 2015. Moreover, during 2014, Serbia was mostly failing to implement the Brussels agreements and thus creating unnecessary tensions including replacement of one barricade with the other at the Bridge in Mitrovica at the expense of stability and freedom of movement.

The Government of Kosovo strongly believes that implementation process could have progressed more if Serbia would show more political will for the implementation of agreements and refrain from violation or evasion of dialogue obligations.

Kosovo on its part was fully committed to implementation of agreements. Even during the period after national elections and until the establishment of new government, Kosovo remained actively involved in dialogue at the technical level in efforts of making progress in implementation of agreements. This because, we consider seriously relevance of the Brussels dialogue, not only in improving the lives of citizens and bilateral relations between two states, but also because this dialogue is currently most important contributor to peace and stability in the region.

The Government of Kosovo wants to emphasize that implementation of agreements are what counts for full success to this dialogue and provides rationale for its continuation. We highly appreciate the European Union's facilitation and guarantees of the dialogue outcomes as well as the United States full support for it. However, we strongly believe that policies of performance measurement and consequent incentives and conditionality for both states in their euro-integration path, make mechanisms necessary to ensure required progress in the dialogue.

In this regard, deservedly, we expect more support by EU for Kosovo's progress in the EU integration, respectively, signing the SAA agreement in first part of this year and ratification throughout the year and, being given a candidate status in the near future. We also call on five EU member states to recognize Kosovo through which they would directly make contribution for sustainable peace and stability in the region and, particularly in the light of new geopolitical dynamics coming from certain non-western countries.

At the same time, we believe that Serbia should have the political will for implementation of Brussels Agreements. In this regard, we believe the Chapter 35 that conditions Serbia's accession talks with full implementation of Brussels agreements aiming at normalization of neighbourly relations with Kosovo, is one of the most important instruments of conditionality by EU. We call on EU and its member states to support it in the line of Germany's position because it ensures further progress in the normalization of relations between two states, of troubled past.

There is an additional motive to make the Brussels dialogue a success story. This because it can serve as a positive model to be followed in addressing other outstanding issues in the region and beyond.



Edita Tahiri
Minister for Dialogue

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EXECUTIVE SUMMARY

This Report on state of play in the implementation of the Brussels agreements presents the Government of the Republic of Kosovo assessment on this process. It looks at progress and challenges of this process in the period from 1 October 2014 to 20 March 2015. The analyses focus on general evaluation of the implementation process, different levels of implementation of each agreement, outstanding issues and the reasons for such outcomes.

Findings of the Report show poor progress in implementation of agreements in general. Looking at specific agreements it identifies different levels of progress in certain areas and no progress in most of the areas.

Among the factors that have most likely influenced the outcome, two are considered more relevant. First, is the decline in dynamics of dialogue due to elections in Kosovo, Serbia and EU, during 2014. Second, are the reverting moves by Serbia through strengthening its parallel structures in Kosovo, instead of dismantling them in line with the Brussels Agreement on normalization of relations between two states.

The Government of Kosovo believes that new momentum is gained in the Brussels dialogue through resume of high political level meeting this February, raising hopes for more progress in resolving pending issues and in speeding up the implementation of agreements on the ground. The meeting of 9-10 February, between the Kosovo Primeminister Mustafa, Serbia Primeminister Vucic and HR Mogherini that resulted in signed Agreement on Justice Implementation, certainly opens new perspectives for reaching the goals of the dialogue.

In terms of implementation, the state of play is as follows:

GOOD PROGRESS HAS BEEN MADE IN:

- Justice Agreement on implementation – reached on 9-10 February 2015, opening door to practical implementation in establishing Kosovo’s unitary justice system in northern part of Kosovo and integration of Serb judges and prosecutors in Kosovo justice institutions.
- Licensing of companies from north of Kosovo on controlled goods - as part of Custom revenue collection agreement of January 2013, started the implementation on 1 January 2015.

- Liaison Offices – has expanded their responsibilities in administering requests for official visits between two states, implementation stated on 1 December 2015

NO PROGRESS HAS BEEN MADE IN:

- Dismantlement of Serbia's parallel structures in Kosovo – instead of dismantlement, Serbia expanded them, in breach of the Brussels Agreement
- "Civil protection" - not yet dismantled to allow its members to integrate in the Kosovo civil institutions; talks on this issue ongoing since December 2013
- Telecom - international dialling code for Kosovo still unresolved since September 2013 when agreement is reached
- Energy – Kosovo authorities are yet not given control over the Valac power substations. Issue of registration of NewCo has stalled the implementation due to Serbia's tendencies of pushing for distribution of power, in breach of the Brussels Agreement
- Barricade/ so-called "Peace Park" placed on the bridge in Mitrovica - not yet removed, though the agreement is reached in Brussels in July 2014
- Vehicle Insurance Agreement - still pending despite being negotiated for almost two years. Kosovo confirmed acceptance in December 2014 while Serbia delays in acceptance to date. The signing of the Agreement scheduled for mid-January and then for 24 March 2014 is has been again cancelled by Serbian side on 20 March
- The issue of Association remains to be discussed. The Statute of association of Serb majority municipalities will be in line with the existing Kosovo law, as required in the Brussels Agreement of 19 April 2013. It means that Association cannot have any executive and overseeing competences. Kosovo maintains that this issue can be addressed only after implementation of agreements in justice, "civil protection", dismantlement of all Serbia's parallel structures in Kosovo and removal of barricade in the Mitrovica Bridge and others around.

SOME PROGRESS HAS BEEN MADE IN:

- Drafting the implementation plan on the issue of "civil protection" – work in progress since this February 2015
- IBM Permanent Border Crossing – EU has made some progress in efforts of contracting the implementing partner

REGRESSING TRENDS:

Instead of progress, this reporting period is rather marked with negative developments caused by Serbia which revisited support for its illegal parallel structures in Kosovo, most visibly by October 2014 to continue strengthening and expanding them since January this year.

Serbia's support for illegal parallel structures has dramatically undermined a remarkable progress in legal functioning and integration of four northern municipalities in the Kosovo system. Serbia acted further in breach of the Brussels Agreement by instructing those municipalities to not adopt legal municipal budgets by trying to prevent education and health sectors integrate in the Kosovo system. Due to such interference by Serbia, in October 2014 and February 2015, the four northern municipalities are facing budget cut since 1 March this year. Consequences of such obstruction are even bigger when someone looks at the disruptions caused to increasing cooperation between those local authorities and central authorities in Kosovo as well as to the process of restoring trust between Kosovo government and Serb citizens of north that was ruined for many years.

We note with deep concern that tendencies of reverting the achieved progress in dialogue together with failures to implement the agreements at most part, demonstrates Serbia's lack of will for good neighbourly relations with Kosovo. Serbia continued to pose obstacles to Kosovo's membership in regional organizations, even more in cases where Kosovo is already full member, etc.

We would like to consider this period of poor results in the Brussels Dialogue as a singular phase and, certainly is looking forward for a substantial changes towards a new level of dynamics and progress in this process.

The Government of Kosovo acknowledges that EU as a facilitator and guarantor of the agreements has played and will continue to play a key role in our joint work for further progress in the dialogue. We also highly appreciates the role of US in supporting fully this dialogue as well as the increasing support coming from Germany and other EU countries.

1. FRAGILE FUNCTIONING OF NORTHERN MUNICIPALITIES IN KOSOVO – UNDERMINED BY ILLEGAL ONES

Instead of progress in legal functioning of four northern municipalities in Kosovo, the reporting period is rather marked with fragility, because their work has been dramatically undermined by the parallel municipal structures supported by Serbia. By October last year, Serbia revisited support for its illegal parallel structures in Kosovo, to continue strengthening and expanding them since January this year.

Serbia acted further in breach of the Brussels Agreement of 19 April 2013, by instructing those municipalities to not adopt municipal budgets in line with Kosovo, trying to prevent education and health sectors to be integrated in the Kosovo system. As a consequence the four northern municipalities are facing budget cut since 1 March 2015 this year. It is worth mentioning that Kosovo Government has tripled the 2015 budgets for those municipalities, demonstrating its commitment to make up for lost time due to their rejection to integrate in the Kosovo system. Hence, negative consequences caused by Serbia's obstructions are even bigger when someone looks at the disruptions caused to increasing cooperation between those local authorities and central authorities in Kosovo and overall integration of Serb citizens of this part in the Kosovo institutions. These reverting tendencies posed by Serbia are in breach of the Brussels agreement of 19 April 2013 and obstructive to the progress made so far in normalization of relations between both countries as well as normalization of situation in northern part of Kosovo.

The Government of Kosovo has informed EU on these negative developments in continuity. Minister for Dialogue on her letter sent to EU informed in details about these problems and called on EU to engage by asking Serbia to implement the Brussels Agreement.

Legal functioning of four northern municipalities in Kosovo, Mitrovica North, Zvecan, Zubin Potok and Leposavic, has been a direct result of the Brussels Agreement which called for those municipalities to participate in Kosovo local elections in 2013. The official inauguration of the municipal bodies in all four municipalities (11 January 2014) and adoption of the municipal statues (May 16, 2014) in accordance with the Kosovo laws as called for in the Brussels Agreement marked a critical progress in the implementation of the Brussels agreement. It paved the way towards normalization and democratization in this part of our country that was lacking for many years.

Some of main challenges ahead are; adoption of legal budgets by abovementioned municipalities as soon as possible; establishing legal municipal administrative structures; adopting municipal symbols, seals and logos, in accordance with Kosovo Law. As reported, the legal Mayors, has been still using illegal municipal logos and seals as official ones. For example, in the beginning of this year we encountered the case when Municipality of Leposavic attempted to sign a contract with Council of Europe as beneficiary of a particular project by using the illegal seals with description "Republic of Serbia municipality of Leposavic." Such illegal action was duly prevented.

The Kosovo Government believes EU energetic facilitation is required to help resolve the above mentioned problems and other challenges ahead, in order to push forward the progress on normal and legal functioning of those municipalities.

2. SERBIA'S PARALLEL STRUCTURES IN KOSOVO - MUST BE REMOVED

Serbia continues meddling in Kosovo through keeping parallel structure, contrary to the Brussels Agreement on normalization of neighbourly relations between two states. Serbia's parallel structures in Kosovo are the main obstacle in the process of normalization of situation in northern part of Kosovo; hence their dismantlement is crucial for the effective implementation of the Agreement.

We consider that EU intervention in this issue is of paramount importance in order to allow for further progress in the dialogue and in resolving remaining open issues of this Agreement.

According to our evidence, illegal mayors are the ones who garner political support and payment by Serbia and with their informal power largely undermine the work of democratically elected mayors/municipal bodies and their legal work in accordance with Kosovo law.

The parallel municipal structures and appointed people are: for municipality of Mitrovica North, Aleksandar Spirić was appointed as the president of the so-called "interim body of the Kosovska Mitrovica municipal assembly" (he is also a legal Deputy Mayor of Mitrovica North appointed by legally elected Mayor Dragan Rakic). The members of this body were also appointed, namely Dragiša Vlašković, Dragan Radisavljević, and Ninislav Đerić. For municipality of Zvečan, as the president of that illegal body was appointed Vučina Janković (he is also legally elected Mayor of the Zvečan Municipality in the Kosovo Local elections in November 2013). The members of this body are: Dragan

Nedeljković, Ivan Todosijević, Siniša Milosavljević, Milivoje Galjak and Miodrag Acić. For municipality of Leposavic, as the president of that illegal body was appointed Dragan Jablanović (he was elected as Mayor of Leposavic in the Kosovo Local elections in November 2013). The members of that body are: Dobrivoj Đurđević, Zoran Todić, Marka Kuzmanović and Radoš Mihajlović. For Municipality of Zubin Potok, as president of that illegal body was appointed Stevan Vulović (he was elected as Mayor of Zubin Potok in the Kosovo Local elections in November 2013). The members of that body are: Nemanja Jakšić, Dragiša Jovanović, Bojan Perović and Latinka Utvić. Serbia has made these appointments to parallel municipal structures prior to the 3 November 2013 local elections in the Republic of Kosovo, and still continues to support them politically and financially.

On 31 December 2015, the Government of Serbia named Bratislav Nikolić, the legally elected mayor of the municipality of Shtërpce/Strpce in Kosovo local elections in November 2013, in the position of president of the so-called "municipal temporary body" of Shtërpce/Strpce. Likewise, for the members of that body Serbia named Dragan Vleković, Nenad Filipović and Dragan Redzić.

Recently, in 19 February 2015 the Government of Serbia has adopted two decisions in relation to the so-called "National Theatre of Prishtina", in one decision they discharge the board members Marinko Božović, Danica Andrejević, Dušan Čelić, Dzevad Coraj, Vladimir Stanojević and Gulbehar Šabović and by the other decision they appoint new members Maša Mihailović Jelena Knežević, Dragan Petrović, Snežana Zuvic, Dejan Stojanović, Igor Damjanović and Vladislav Đerković.

These decisions have followed the 11 February 2015 Government of Serbia decisions on Amendments to the Decision on the appointment of the chairman and members of the temporary body in municipalities in the territory of Kosovo. The decision is not clear because it does not contain the names of appointed members but only referring to the decisions of the years 2005, 2007, 2008, 2011, 2012, and 2014.

On 5 February 2014, the Government of Serbia has decided to appoint as Acting Director of Health Centre in Peja, Stanislava Radoviqin, and also as Acting Director of Health House in Dragash, Khafcen Sadat. On the same day they took the decision to discharge the Sava Stanojevic from the position of Acting Director of "Health Center in Peja".

3. SECURITY – “CIVIL PROTECTION” - closure still pending

The issue of so called “Civil Protection” is not yet resolved, though negotiations are going on since December 2013, when implementation principles were agreed in Brussels.

Kosovo has shown constant interest in speeding up the implementation plan on dismantlement of “CP” and integration of former members of this structure into the Kosovo institutions. In line with this, Kosovo presented to the EU, a comprehensive plan for integration offering jobs for interested individuals after the dismantlement of “CP”. However, Serbia has constantly delayed to provide the dismantling plan including legal adjustments to formally cease the operation of “CP”. The legal adjustments imply removing “CP” from the Serbia’s Law on Defence and from structural organization of the Ministry of Interior of Serbia.

In the reporting period, there has been some progress in developing the draft implementation plan on “CP”. Intensive negotiations with the EU delegation who came to Prishtina regarding these issues were held on 26 November 2014 and continued this year on 3, 4 and 6 February and 18 March 2013. Likewise, the EU delegation went to Belgrade, since after more than eight months of prolonging, Serbia has shown interest to talk on this topic. From these intensive negotiations, between EU delegation led by Bernd Thran and the Kosovo delegation led by Minister for Dialogue Edita Tahiri, we made significant progress on draft plan implementation.

As agreed the plan will include three components: 1. Dismantlement of the CP structure, 2. Integration of the individuals and 3. Serbia’s legal adjustments.

Closure of CP

Closure of so-called CP will follow the agreed principles in the Prime Ministers Meeting on December 13, 2013. The agreed plan for dismantlement foresees the closure of all premises, offices and warehouses¹ and all of them will be handled to Kosovo institutions. While the delivery of equipment, uniforms and all other elements will follow the model applied in case of closure of former Serb parallel structures in the police (ex-MUP structures).

Legal adjustments by Serbia

Serbia is obliged to undertake legal adjustments for dismantlement of CP-structure in Kosovo and, present official proofs to EU that confirms these legal actions. We also agreed that Serbia should present official proofs to EU about discontinuation of salaries and any financial support to CP through adopting necessary regulation (decrees) to

implement this. Serbia should inform the EU in writing that CP in Kosovo is no longer exist in Serbian system. Kosovo side should be presented these official proofs by EU.

As informed by EU, Serbia is in the process of amending two laws, the Law on Defense and the Law on Emergency Response. Please note that we also required that Serbia needs to amend the organisational structure of its Ministry of Internal Affairs by removing CP from this structure.

Integration of the former CP members into Kosovo institutions

Regarding integration, Kosovo has presented to EU the Kosovo Government Plan for integration of the former CP members into the Kosovo civil institutions last year. We updated further this plan in response to more inclusive approach asked by EU in recent talks this February, namely we have increased the number of jobs that we can offer for those individuals who would be interested to get employed in the Kosovo institutions.

The Kosovo Government Plan for integration provides 550 job positions in total; where 400 persons will be integrated in different Kosovo civil institutions (as per agreed Action Plan principles and time lines) and 50 of them should be included in a waiting list to gradually being integrated within three years' time, while being paid by the Contingency Fund, whereas up to 100 people will be hired through projects funded by the Development Fund. The Kosovo institutions which shall integrate these individuals are the ministries and public agencies which by the law have activities at the local level. They will restart running their operations at four northern municipalities (prevented to do so for many years), while integrating ex-members of CP. The procedures of integration will be in accordance with the Kosovo Law on Civil Servants.

We would like to emphasize that Kosovo has fulfilled the obligation on number of job positions that was agreed with EU. Indeed, we have been rather generous in providing 550 job positions in total and, this has to be appreciated and seen as a true commitment of the Government of Kosovo to integrate Serbs of northern part into the Kosovo system.

On the other hand, the claims of Serbian side for the list of 751 persons to be integrated, as we all know, have been rather exaggerated. In our joint talks, you confirmed that 88 of them will be retired. Furthermore, we have found out that 115 of them are not Kosovo citizens and, as we agreed that all of them who want to be integrated should proof of residency in Kosovo in accordance with the Kosovo Law.

In the letter that Minister Tahiri sent to EU/ Bernd Thran on 13 March 2015, Kosovo confirmed the readiness to finalize the implementation plan on “CP” along with abovementioned lines.

4. JUSTICE – agreement reached - implementation to follow

On justice issues, progress has been with reaching the Implementation Agreement on Justice at the Prime ministers level and HR Mogherini in Brussels on 9-10 February 2015. The Implementation Agreement on Justice foresees implementation of the Kosovo legislation and functioning of the unitary justice system in northern part of Kosovo. Establishment of one Basic Court and one Basic Prosecution Office for Mitrovica region (covering seven municipalities) in accordance with the Kosovo law on Basic Courts. The plan foresees in details procedures of integration of Serb judges and prosecutors into the Kosovo justice institutions, in accordance with Kosovo Law. Concrete detailed aspects include: the basic court president will be Serb, while the president of prosecutor's office will be Albanian; ethnic composition; accommodation of these mechanisms in the buildings; branches of courts in Zubin Potok and Leposavic, Skenderaj and Vushtrri, etc.

Government of Kosovo urged EU to speed up implementation process on the ground and not to allow delays experienced so far in other areas of Brussels agreements. We look forward to effective implementation this agreement that will pave the way to consolidation of the Kosovo unitary justice system in northern part of our country and the integration of Kosovo Serb judges and prosecutors into the Kosovo’s justice system. This will effectively terminate the Serb parallel structures in the area of justice after many years, dismantled in September 2013, but delays in integration have created ambiguous situation.

On 18 February 2015, EU facilitator Alexis Hupin met with Kosovo Minister of Justice Hajredin Kuçi regarding the implementation procedures and timeline on this matter. Kosovo respective authorities will publish positions for the integration purposes on 25 March 2015.

As a background note, the entire implementation process has been developed in two phases. In the first phase (May-September 2013) was reached the agreement on termination of Serb parallel structures of justice In Kosovo. They are dismantled and verified by EULEX in September 2013, although different information has been delivered about this issue given that the process of creation of legal structures was delaying.

In the second phase (December 2013 - February 2015), the agreement was reached on the establishment of Kosovo's unique legal structures in the northern part as well as integration of Serb individuals (judges and prosecutors) in the Kosovo justice institutions.

5. BARRICADE ON MITROVICA BRIDGE – removal delaying

The removal of barricade on Mitrovica Bridge and others around is delaying. The agreement reached in Brussels on 22 July 2014, called for EU to remove it through revitalization of the Bridge. It was also foreseen that other obstacles around to be removed. Minister Tahiri urged EU to speed up with removal for the sake of stability in that part, continuously since the agreement is reached. It was also raised by PM Mustafa in the meeting with HR Mogherini on 9 February 2015

In the meeting between Minister Tahiri and EUSR Zbogor on 18 March 2015, the concrete steps and timeline are discussed again. EU/EUSR promised to move quickly in designing the revitalization plan and start the process within three month time. The proceedings in implementation shall be discussed and agreed in next meeting in Brussels.

6. ASSOCIATION

The issue of the Association of Serb majority municipalities in Kosovo remains to be discussed in the future. Discussion will focus on developing the implementation plan (statute of association).

The Association will follow the model of existing Association of municipalities in Kosovo, based on the existing Kosovo lawas required by the Brussels Agreement of 19 April 2013. In accordance with the Kosovo Law, the Association cannot have any executive and overseeing competences.

Kosovo's position is that discussions on the issue of Association can take place only when some necessary conditions are met. These conditions are:

1. Dismantlement of all Serbian parallel structures in Kosovo
2. Implementation of the Agreement on justice
3. Dismantlement of so called Civil protection
4. Removal of barricade in the Mitrovica Bridge and others around.

The Government of Kosovo has made its position known to EU, in many meetings to date.

7. TELECOM –DIALLING CODE FOR KOSOVO - no progress

There is no progress on international dialling code for Kosovo. The issue is related with some revisions required by Kosovo on the content of the draft text of ITU decision of code for Kosovo and the content of the draft letter for the application of Austria on behalf of Kosovo. Kosovo position is that the two documents have to comply with the Brussels Agreement on telecom of 8 September 2014. Our position has been and remains that the letters must be politically correct and not prejudicial. After the insistence from Kosovo side, the content of the decision of the ITU has made some qualitative changes and it could be acceptable if also the application letter of Austria will be changed in some parts, according to our requirements. Or, other option would be that the ITU decision letter in its content must refer to the Brussels Agreement on telecom of 8 September 2013

8. ENERGY – good progress in some aspects, impasse in others

On energy, progress has been good in some aspects while on others has been blocked.

The implementation process has been blocked due to Serbia's tendencies of pushing for competencies of distribution of power to be attached to a New Co. According to the Brussels Agreement on energy, the New Co can not have competencies over distribution. Further, Kosovo authorities are yet not given control over the Valac power substations, which prevents normalization of energy situation in northern part of Kosovo.

On the aspects of cooperation between transmission authorities of both states, namely KOSTT and EMS, a good progress has been made in signing two agreements:

8.1. Framework agreement between KOSTT-EMS

Framework Agreement regulating operation and market relations between KOSTT (Kosovo) and EMS (Serbia) was signed on 12.02.2014 which is compulsory for the normalization of relations between the two electricity system operators. According to its provisions, further arrangements will be made to ensure that KOSTT becomes an independent regulatory area as part of ENTSO-E, and participates in the European

mechanism of compensation between transmission system operators (ITC).The Agreement is also likely to bring to an end a long-standing dispute between the Secretariat and Serbia in the case of ECS-3/08 in the near future and aims to bring to an end the dispute between KOSTT and EMS in the case of the complaint against Serbia filed at the Secretariat of the committee known as case ECS-3/08.

8.2. Operation Agreement between KOSTT-EMS TSOs

KOSTT (Kosovo) and EMS (Serbia) have signed the so-called Inter-TSO Agreement for network management and system operation on 14 September 2014. The Inter-TSO Agreement and its technical annexes include the legal and technical basis for independent operation of electricity systems of respective countries. The next step is to conclude other agreements related to compensation of past losses and horizontal network use as a result of the transit and allocation of interconnection capacities. Furthermore, this agreement provides that KOSTT and EMS operate as two independent regulatory areas meeting the ENTSO-E requirements, acceptance of KOSTT as a regulatory area (Control Area) and KOSTT membership in ENTSO-E (European Network of Transmission System Operators).

8.3. The problems in Hydro power plant of Ujman

On 5 March 2015, Minister for Dialogue Edita Tahiri got an urgent notice by the Director of Hydro Enterprise "Iber-Lepenci" on irregular stop of work in hydro power plant of Ujman/Gazivoda by parallel director Mr. Srdjan Vulovic. Minister Tahiri immediately requested facilitation from EU/ Nicholas Cendrowicz to resolve the issue. Thanks to EU, immediately few hours after the problem was solved and, hydro power plant has resumed work while avoiding the dangers of uncontrolled growth of the water reservoir. The work is continuing today under the regular plan, however existence of parallel structures make its work uncertain.

9. IBM – CONSTRUCTION OF PERMANENT FACILITES - needs to speed up

Regarding the construction of IBM Permanent Crossing Points between Kosovo and Serbia, Minister Tahiri wrote to EU / Chair of the IBM IG on 9 March 2015, urging to speed up the process of implementation. In the letter, EU was asked to provide a feedback on the process of contracting an implementing partner as well as notified that Kosovo has fulfilled its obligations regarding the preparations for construction and an Action Plan was presented to the EUSR on 27 November 2014.

Kosovo's action plan consists of a number of specific measures, including actions and timelines that each party needs to undertake for the purpose of implementation. These measures are: expropriation of land where the IBM CPs will be built; verifying if there are urban regulatory plans in place for the locations where the IBM CPs will be built; Issuing the construction permits for IBM CPs; verifying the state and condition of supporting infrastructure (electricity, water, sewage and telephone); establishing which buildings need to be removed or demolished in the area; establishing which temporary measures need to be taken in order to maintain the functioning of the existing IBM CPs until the new ones are built etc.

EU was also informed that in the upcoming weeks, Kosovo plans to start with request for land expropriation, a process that will require three to four months to be completed. As for urban planning and building permits, these will be issued by MESP once the contractor prepares a detailed design and apply for such permits.

In order to be able to move in this direction, Minister Tahiri explained that we need to have a feedback from EU regarding the appropriate timing which is related to the process of completing the contract for constructions on the EU part.

Minster Tahiri expressed her concerns on delays in the process of signing the contract between EU and implementing partner UNOPS (as almost four months passed since these negotiations started).

On 13 March 2015, Minister Tahiri met with EUSR Zbogor to discuss this matter and urge for speeding up implementation. On 18 March 2015 talks continued on this matter with EU/Bernd Thran, and concluded in joint commitment to advance the implementation.

Besides speeding up the IBM constructed facilities, in general, it can be said that the IBM Agreement and Technical Protocol are being implemented at a satisfactory level. The IBM authorities of both states are pursuing closer cooperation, in line with the European standards. It can be seen through regular local, regional and central level meetings. The IBM central level meeting held in Prishtina, on 12 March 2015, was evaluated with constructive proceedings, by the EU authorities.

Background note: On September 4, 2014 in Brussels, after a year of negotiations, the agreement on permanent buildings was reached and signed by three parties Kosovo, Serbia and EU. It marked a crucial progress towards full implementation of the IBM Agreement and Technical Protocol. The Agreement foresees construction of the IBM Permanent Border Crossing Points following the agreed design and location, and based on the best European standards and practices. The European Commission/DG

Enlargement has allocated the fund of around 21 million Euros and will be in charge of all procedures for planning and construction. The fund, comprised of IPA funds of both states, has already been earmarked and will be formally allocated in October 2014.

9.1. Phytosanitary Certificates

Similarly, after almost a year of negotiations the agreement on the Veterinary Certificate on Feed was reached in the meeting held on 5 September 2014, in addition to Phytosanitary Certificates agreed at an earlier stage of talks. As a next step, both sides will extend the model and approved language to the Veterinary Certificates for the export of livestock.

9.2. SEED

The electronic exchange of information through SEED has been going well. It takes place as a partial information exchange and, opportunities for a complete information exchange has been explored. This is beneficial to both Customs Administrations to better back up the fight against fraud and facilitate trade. On 26 December 2014, the EU facilitator/Bern Thran has proposed the mutually acceptable language in resolving this issue. Kosovo side confirmed to the EU (via e-mail correspondence) that we welcome the EU proposal on 5 January 2015. However, Serbian side delays the acceptance for almost three months.

10. VEHICLE INSURANCE – NO PROGRESS IN REACHING THE AGREEMENT

Vehicle Insurance Agreement between Kosovo and Serbia is still pending, despite being negotiated for almost two years. Kosovo confirmed acceptance in December 2014 while Serbia delays in acceptance to date. The signing of the Agreement scheduled for mid-January and then for 24 March 2014 is has been again cancelled by Serbian side on 20 March 2015

There were several meetings held in bilateral and trilateral format since November 2014 in efforts to reach this long negotiated agreement. On 4 November 2014, a meeting was held in Brussels between Kosovo delegation and EU facilitators including the representative of the CoB. In this meeting, the draft MoU was agreed in principle between parties, and the issues which have remained unsolved for most of the 2014 were resolved and agreed upon. Based on the outcome of the meeting in Brussels, the draft MoU was presented to the Insurance industry including the Assembly of the Insurers in Kosovo. In the meeting held on 27th of November 2014, between the Kosovo Assembly of Insurers,

the Kosovo delegation for the dialogue and representatives of the EU and CoB, the draft agreement/MoU was approved by the Kosovo Assembly of Insurers. Hence, Kosovo/Kosovo Insurers Bureau officially confirmed acceptance of the draft agreement to EU and CoB.

On the other hand, Serbia/ Serbian Insurers Association kept failing to agree so far. In December 2014 following the acceptance by Kosovo, Serbia came up with additional requests for implementing measures to be included in the annex of draft agreement. After the negotiations held on this issue in tripartite meeting in Brussels, it was finally reached the agreement and the date of the signature had to be scheduled. It has been indeed frustrating that the date of signature has been several times postponed by Serbia starting from mid January 2015 to the last on 24 March 2014, which again was cancelled by Serbia.

The MoU is based on prior examples that Kosovo Insurance Bureau (KIB) has signed with other countries (example of Macedonia) and in general is facilitated and guaranteed by CoB, with sufficient guarantee provided by the respective Kosovo authorities. It envisages free movement of vehicles using Serbian MTPL for Serbia registered vehicles and MTPL Plus for Kosovo registered vehicles and it was envisaged to enter into force in the beginning of 2015.

11. REGIONAL COOPERATION – good progress, though obstacles by Serbia persist

Significant progress has been made in the membership process of Kosovo in the relevant regional organizations where Kosovo has gained the full membership status. These are: Regional Cooperation Council (RCC) and in South Eastern Europe Cooperation Process (SEECP), RESPA, lately to be mentioned the membership in Centre for Security Cooperation (RACVIAC), on 15 October 2014 and International Organization of La Francophonie on 29 November 2014.

However, Serbia's obstacles persist not only in the Kosovo's membership but also where Kosovo is already full member in some regional organizations.

Obstacles are being identified also during the regional initiatives meetings where there are cases when Kosovo is not invited at all or facing difficulties during these activities. Some of examples are: in a regional meeting organized by Civil Aviation of Serbia held in Belgrade on 22-23 January 2015 the Civil Aviation Authority of Kosovo was not invited; regional meeting "Screening and detection at the border - People, Vehicles and

Loads" which was held in Croatia on 9 -13 February 2015 Kosovo was not invited; delegation from Kosovo Cadastral Agency in returning to Kosovo after the end of the workshop 'Metadata and Spatial Data Distribution' held in Belgrade from 16 - 18 December 2014 were stopped by the Serbian police at the border crossing Merdare where they were held for two hours being questioned (regarding the Drone incident occurred during the football game between Albania and Serbia).

Such exclusions do not comply with the Regional Cooperation Agreement and are violating it. Even though Kosovo is member of RACVIAC, the Assembly of the Republic of Kosovo has not been invited to participate in any activity related to RACVIAC/MAG activities. Furthermore, Assembly of the Republic of Kosovo has not been included or even invited to participate in the activities of Cetinje Parliamentary Forum, Parliamentary Dimension of the Adriatic-Ionian Initiative, Parliamentary Assembly of the Union for the Mediterranean, IPU - Inter-parliamentary Union, OSCE - Organization for Security and Co-operation in Europe, Regional Meeting of Foreign Affairs Committees and in Westminster Foundation for Democracy.

Recently in the Sessions of the Commission for Justice, Interior and Security Cooperation of the Parliamentary Assembly of SEECP, which was held on 9 to 10 February 2015 in Istanbul, the Parliamentary Assembly Delegation of Serbia presented several Amendments to Draft document requesting to change the formulation from "SEECP Participants" to "SEECP the participating States and Kosovo *", implying that Serbia wants Kosovo to be treated as special guest and not as a participant with equal rights. This presented double violation, first to the Brussels Agreement on regional cooperation and representation and, second to the Decision of SEECP that admitted Kosova as its full member, which was voted by Serbia as well.

12. LIAISON OFFICES

Good progress has been made on advancement of the liaison officers' responsibilities in administering requests for official visits between two states. On 14 November 2014, The Agreement was reached on arrangements and specific modalities for official visits between representatives of both countries. With this Agreement the two liaison offices, the Office of the Republic of Kosovo in Serbia and the Office of the Republic of Serbia in Kosovo will be in charge to administer the official visits of the respective states.

The requests for visits were previously done through EU Offices in both countries, and it has been transferred to the liaison officers directly. This agreement has entered into force on 1 December 2014 and several visits were administered all in line with the Agreement by using direct channels and respecting all provisions in the agreement.

Likewise, parties agreed having an additional staff in both respective offices (one per each). It remains on EU delegation in both countries to decide if they could provide an additional office space to accommodate this request.

The implementation of the Agreement on Liaison Offices still has pending issues such as official stamps of the respective Liaison Offices, which are still operating without stamps. In the last meeting held in Brussels, March 7, 2014, parties' position has been as follows: Kosovo's position was that the stamp should be same as of the Kosovo's diplomatic missions across the world, with the coat of arms of Republic of Kosovo and outline text which reads: Liaison Office of the Republic of Kosovo in Serbia. The Serbian side has presented its position that stamps should be without symbols and outline text which reads: Liaison Office in Prishtina (for Serbia's office in Kosovo) and the Liaison Office in Belgrade (for Kosovo's Liaison Office in Serbia). The difference of parties over the stamps remains unresolved.

Further, there is still no agreement regarding letterheads for use in official documents. In the last trilateral meeting, parties came to understanding that the formulations and appearance of the letterheads will be same as for stamps definition.

13. CUSTOMS REVENUE COLLECTION

Implementation of the Agreement on this issue is going well. Customs revenue collection at the northern border crossings between Kosovo and Serbia, namely Jarinje and Bernjak, is in line with the Kosovo Law. According to the Kosovo Customs' report, since implementation started (on 14 December 2013), the overall process of collection of revenues at these two border crossing resulted over 5 million Euros to date. The revenues collected are being regularly transferred to the Development Fund, as per the agreement.

13.1. Licensing on controlled goods for the companies operating in north of Kosovo

In the reporting period, there has been good progress regarding licensing on controlled goods for the companies which operate in north of Kosovo. Starting from 1 January 2015,

a licensing regime has been applied to the import of all controlled goods coming through IBM CPs Jarinje and Bërnjak, based on the applicable Kosovo legislation.

Also, intensive consultation meetings were organized between Kosovo respective institutions with the company owners and representatives of business sector from the northern part of Kosovo on licensing process and other issues related to the customs procedures on import/export and licensing process. It is worth mentioning that the climate of mutual respect and cooperation between them is increasing every day. During this phase Kosovo Customs and MNAO and other agencies were working closely with companies from the north explaining their needs and modalities about licensing and this is completed by the 31 December 2014. Until now Kosovo Food and Veterinary Agency has issued 88 licenses, Kosovo Medicine Agency 5, MTI 9.

Regarding the registration process of the companies which operate in northern municipalities of Kosovo, in the MNAO, 633 private businesses were registered under the Kosovo system since 23.04.2013 when MOU with the Ministry of Trade and Industry was signed for the purpose of making possible and accessible to the citizen who wanted this service. Implementation of this Agreement not only helped establishing rule of law in this area and reducing informal economy, but it also provided an additional source for development investments in northern part to which the Government of Kosovo remains committed.

14. DEVELOPMENT FUND

The Development Fund established in December 2014 has already over 5 million Euros in the fund, collected from revenues in two northern border crossings points, Jarinje and Bernjak.

Criteria and Procedures for Project Financing from Development fund has to be agreed.

The Board of Development Fund, composed by the Head of EU office/EUSR, the Kosovo Minister of Finance and a Serb representative from the northern municipalities, is expected to meet during this month to approve the Criteria and Procedures for Project Financing.

15. FREEDOM OF MOVEMENT

On Freedom of Movement, implementation has been satisfactory in general in the reporting period. However, there are some issues yet to be resolved that stand in the way of full free movement, which include: removal of barricade on the Mitrovica Bridge and other remaining barricades, the issues of Vehicle Border Insurance remains to be agreed with no further delays by Serbia, and occasionally unexpected problems arise by violation of the Agreement by Serbia.

Recently we encountered a violation of this Agreement by Serbian side. Serbia shortly launched some unilateral measure on 7 March 2015, which has blocked the free passage of busses and trucks from Kosovo to Serbia, at two border crossings Merdare and Dheu i Bardhë. Serbia justified it based on the decision of Serbian Ministry of Transport that every bus and truck that enters Serbia needs to have a calibration of the tachograph.

Kosovo immediately required EU intervention to remedy this problem. After couple of hours, thanks to EU intervention the problem was resolved and the measures were suspended by Serbia.

Kosovo maintains that whatever new measures introduced on this issue by either party should be in accordance with the Agreement or should be agreed additionally in Brussels.

We value as a good progress, the opening of new transit gates to third countries by Serbia for the citizens of Kosovo has been a good progress in advancement of freedom of movement agreement. This agreement provides free transit movement for Kosovo citizens to Belgrade and Nis airport as well as transit through Serbia to the third countries, including the second border crossings to Croatia and Hungary and the opening of transit border crossings point for Bulgaria and Macedonia. While most land border crossing points have been functioning relatively well, the usage of Airports has been functioning with difficulties. We have been receiving information from Kosovo citizens that the airport personnel are not informed with the agreement therefore they pose difficulties for Kosovo citizens in their travel through and from the airports (mainly Belgrade airport).

We presented to EU a proposal of opening a new border crossing point between Kosovo and Serbia at the gate called "Kapia" which connects respective cities Kamenica and Medvegja. This would shorten the distance between two cities for more than 100 km, easing further free movement.

16. FREE TRADE

The implementation of the Agreement on Customs is going rather well. Occasionally, violations of the agreement by Serbia have been identified in using illegal and provocative stamps (in BCP Merdare and BCP Dheu i Bardhë) as well as double taxation.

Serbia has not yet removed parallel customs from its structures. The Serbian Customs Administration chart (customs offices) still includes Prishtina customs office. This can be seen in the link: <http://www.carina.rs/lat/ONama/organizacija/Stranice/Osnovna.aspx>

Using of this kind of illegal stamps of the parallel institutions, Serbia violates the Customs stamp agreement and additional/Final conclusions of 16 September 2014, reached in Brussels. In the point 2 of the conclusions it says that: “Belgrade party indicated that the layout of customs stamps will be reviewed within one month so as to ensure the use of denomination consistent with the agreement on 17 January 2013”.

16.1 Double taxation

During this period we had few cases of double taxation, in spite that Serbia promised to comply with the Agreement. Serbian side reconfirmed its commitment to the EU for not continuing with double taxation in the last meeting in Brussels on 18 March 2014.

17. LAW ON AMNESTY

Kosovo adopted the Law on Amnesty on 17 September 2013, and it is being implemented consistently in the integration process of Serb citizens into the institutions of Kosovo as provided by the Brussels Agreement.

18. CADASTRE – some progress by both parties

Some progress has been made by both parties.

The Government of Kosovo on 5 February 2015 adopted the New Draft Law for the new technical agency, Kosovo Property Comparison and Verification Agency and proceeded it for approval by Kosovo Assembly.

As it was reported, the EU Delegation in Belgrade provided a grant to the Serbian Republic Geodetic Authority (RGA) in Belgrade to scan the cadastre documentation covered by the Dialogue Agreement. In October 2014 the office has elaborated an Addendum for the RGA Grant to adapt the budget to the situation of cadastre indexing and provide 6 more months to fulfil the contract objective.

According to the latest report from the EUSR/EU office in Kosovo, the EU Delegation in Belgrade is financing a Technical Assistance Team (TAT) to assist the Serbian RGA in its management of the grant and to function as a liaison between Belgrade and Prishtina. The EUSR office in Kosovo plays a facilitating role and actively participates in Project Steering Committee meetings.

Until now some 40% percent of documents are scanned. In concrete figures, 548.000 pages have been scanned from a total of 12 million, using the existing installations.

19. DIPLOMAS – not implemented by Serbia

On the issue of mutual recognition of university diplomas there was no progress at all by Serbian side. In spite that the international certification of diplomas has been conducted by the European Association of Universities (EAU) for around 300 applications, Serbia did not recognize any of them to date.

20. CIVIL REGISTRY

The implementation of this agreement is completed successfully. Kosovo Civil Registry Agency in cooperation with Danish Refugee Council has started the implementation of the EU-funded project of digitalization of certified copies of civil registry books, returned from Serbia to Kosovo. They are now at the beginning of the implementation of project and just published the job announcement for 15 data entry monitors and 100 data entry operators to support the civil registry digitization process.

List of abbreviations

BCP – Border Crossing Point
CEC - Kosovo Central Election Committee
CEFTA - Central European Free Trade Agreement
CP - Civil Protection
EEAS – European External Action Service
EMS - Serbian Transmission System and Market Operator
EU – European Union
EUA - European University Association
EULEX - European Union Rule of Law Mission in Kosovo
EUSR – European Union Special Representative
HR – High Representative of the Union for Foreign Affairs and Security Policy
IBM – Integrated Border Management
IG – Implementation Group
KEDS - Kosovo Electricity Distribution and Supply
KJC - Kosovo Judicial Council
KOSTT - Kosovo Electricity Transmission System and Market Operator
KP – Kosovo Police
KPC - Kosovo Prosecutorial Council
KPCVA - Kosovo Property Comparison and Verification Agency
MARRI - Migration, Asylum, Refugee Regional Initiative
MLA – Mutual Legal Assistance
MLGA - Kosovo Ministry of Local Government Administration
MESP – Kosovo Ministry of Environment and Spatial Planning
MUP - Ministry of Interior Serbia
OSCE - Organization for Security and Co-operation in Europe
PM – Prime Minister
RCC - Regional Cooperation Council
ReSPA - Regional School of Public Administration
SEECF - South-East European Cooperation Process
SELEC - Southeast European Law Enforcement Centre