



Republika e Kosovës
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BRUSSELS AGREEMENTS IMPLEMENTATION STATE OF PLAY

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BY THE GOVERNMENT OF THE REPUBLIC OF KOSOVA

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FOREWORD

This periodical report presented by the Government of the Republic of Kosovo provides an assessment on the state of play in Brussels Dialogue for the last six months from March to September 2015.

In general terms, the Government of Kosovo considers that the Brussels dialogue has made a very good progress in this reporting period because there were number of agreements reached in important topics and, the implementation process has been progressing in some of them.

Obviously, the end to an electoral transition in both states Kosovo and Serbia, as well as the new EUHR provided a new momentum for a fresh and energetic resume of dialogue. There have been intensive meetings at political level between Prime ministers of both states and at technical level.

The report highlights the progress and challenges of the Brussels dialogue in the reporting period and looks at pending issues while presenting ideas and recommendations for the way out.

The agreements reached include topics such as: justice, civil protection closure, association, removal of barricade from Mitrovica Bridge and vehicle insurance. Also, there were two breakthrough deals on energy and telecom in order to start making progress again towards the implementation of the 2013 respective agreements. The only and most important topic that remains to be agreed in this second phase of dialogue is the removal of Serbia's parallel structures in Kosovo.

The findings of this report show good progress in different areas including, justice, civil protection closure, vehicle insurance; progress in implementation of the agreements has been good in some areas such as justice, whereas, in other areas progress seems limited. The package agreement reached on 25 August 2015 on energy, telecom/dialling code for Kosovo, association and removal of barricade, are at initial phase of implementation.

The implementation process continued to face challenges and paradoxes that stand in the way of effective and true implementation of the agreements. I want to highlight here the main paradox that comes from Serbia's doubtful approach to this dialogue. This because, Serbia on one hand works for implementation of the Brussels agreements while on the other hand continues to support its illegal parallel structures in Kosovo. This detrimental approach of Serbia has led to paradoxical situation where both legal and illegal municipal structures operate in northern part of Kosovo and beyond. Hence, while Serbia presents itself before EU as a party which respects Brussels agreements, on the ground however continues interferences in Kosovo.

The Government of Kosovo has reported to EU on the above mentioned paradoxes, and made it clear that establishment of association can only take place after all Serbia's illegal structures in Kosovo will be fully terminated. EU has responded positively to this request, hence the tripartite Working Group will convene in Brussels to resolve this issue. The work on drafting the statute of association and work on termination of parallel structures will be simultaneous.

The Government of Kosovo wants to emphasize that the implementation of agreements is what counts for full success to this dialogue and provides rationale for its continuation. We consider that full and true implementation of Brussels agreements free of any double standards, can bring the real progress to this dialogue. We believe that consistency and commitments must be kept for more progress in this important peace and good neighbourly relations process that helps both states get closer to EU and reinforces regional peace and stability.

The Government of Kosovo remains fully committed to the Brussels dialogue because of its importance in multiple levels, in normalization of situation in northern Kosovo, in speeding up the full integration of Serb community in the Kosovo system and in normalization of bilateral relations between both states, Kosovo and Serbia. In the light of EU integration process, this dialogue contributes to good neighbourly relations and regional stability, both relevant criteria for EU accession of both states, Kosovo and Serbia.

The Government of Kosovo has demonstrated clear active commitment for the Brussels dialogue and effective implementation of the agreements. The Republic of Kosovo has also made a considerable and measurable progress in the European and Euro-Atlantic reforms. Therefore, we expect deserved concrete progress for Kosovo in the EU integration process. Kosovo expects from EU to finally take a decisions on signing the Stabilization Association Agreement (SAA) with Kosovo and visa liberalization for Kosovo citizens as soon as possible.

The Government of Kosovo highly appreciates the role of the European Union and particularly the European External Action Service in facilitating the dialogue, as well, as the US full and active support in this dialogue along with the increasing support coming from Germany and other EU countries.



Edita Tahiri

Minister for Dialogue

Chief Negotiator at the Brussels Technical Dialogue

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EXECUTIVE SUMMARY

This report of the Government of Republic of Kosovo on the state of play in the implementation of the Brussels dialogue is presented to EU on regular basis for the purpose of advancing the quality and effectiveness of this process. It covers the period from March 2015 to September 2015.

The report analyses the progress and challenges of the overall Brussels Dialogue in last six months, placing particular focus on the implementation process in general and, on each agreement in particular, while highlighting outstanding issues and factors impacted by such outcomes.

Progress is measured on the basis of reached agreements, effective implementation of agreements and ongoing implementation process. The evaluation of progress is clustered in three levels: good progress refers to agreements reached and implemented or are in a good way of implementation, some progress refers to reached agreements that waits implementation, and no progress refers to situations of no agreements on the topics that are already in the agenda of dialogue.

Looking at the factors that have most likely influenced the outcome, three are considered more relevant. First, the increase of dialogue's dynamics since the new EUHR Federica Mogherini has assumed the role. Second, clear and active commitment of Kosovo towards advancing the progress in this dialogue. And third is Serbia's doubtful approach in the dialogue through working on agreements but lacking the will to end the interferences in Kosovo, demonstrated through strengthening its parallel structures in Kosovo.

Based on proceedings on the ground, the state of play in the Brussels dialogue is as follows:

GOOD PROGRESS HAS BEEN MADE IN:

Justice - implementation of Agreement on justice reached on 10 February 2015 has made an important progress in establishing Kosovo's unitary system of justice in northern part of Kosovo as well as in the integration of Serb judges and prosecutors in the Kosovo justice institutions. Some pending issues needs to be resolved.

"Civil protection" closure - the agreement on closure of "Civil Protection (CP)" is reached on 26 April 2015 after almost two years of negotiations. The implementation process has made substantial progress, soon to be finalized. The dismantling of "CP" is almost completed except for handover of premises to the Kosovo institutions. The

integration of former members of “CP” has been completed over 90% (for total 383 persons), the recruitment panel is working to finalize this process.

Energy – the breakthrough deal on energy / agreed conclusions reached on 25 August 2015 helped start making progress again in implementation process. As the result, the Kosovo/KOSTT signed connection agreement with ENTSO-E and its members, given that Serbia withdraw filed complaint against Kosovo in line with the 2013 energy agreement. The process of registration of two new companies, one for energy trade and the other for energy supply and distribution services, will be completed immediately by Kosovo Agency on Business Registration, once these new companies revise the application in accordance with Kosovo law as stipulated in the energy agreement.

Vehicle insurance agreement – finally reached on 23 June 2015 and implementation started on 12 August 2015. It calls for mutual recognition of vehicle insurance cards between two states, and it is being implemented at satisfactory level.

SOME PROGRESS HAS BEEN MADE IN:

Dialling code for Kosovo – the breakthrough deal reached on 25 August 2015 has reinforced implementation of the 2013 Telecom agreement for Kosovo to be granted the dialling code 383 by ITU. In a corresponding manner to this, Kosovo will implement the temporary authorization of limited scope for mobile telephony activities to a new company, a subsidiary of Serbian company, registered in Kosovo under Kosovo Law. Given the deadline on these steps is on 15 January 2016, an effective implementation remains to be evaluated

The Association – the agreement on main principles of establishing the Association of municipalities with Serb majority in Kosovo was reached on 25 August 2015. The Association will not have executive competences and will not be a third layer of governance in Kosovo. Its role will be to help its member municipalities and help Serb community to fully integrate in the Kosovo system. The process of implementation involves several steps including the drafting of statute of Association. Kosovo maintains that establishment of the Association requires appropriate conditions on the ground implying dismantlement of Serbia’s parallel structures in Kosovo.

Removal of barricade on Mitrovica Bridge – the breakthrough deal is reached in 2015, in support of the agreement reached last year. The barricade will be removed on 15 October 2015, through the revitalization of the bridge carried out by EU. The agreement also addresses the issue of illegal construction of political nature by Serbia through supporting the Memorandum of Understanding between Kosovo’s Ministry of Urban

Planning (MESP) and two municipal mayors of Mitrovica on the Municipal Development Plan, in compliance with administrative boundary lines of cadastral zones of both these towns, as stipulated by laws of the Republic of Kosovo.

IBM permanent border crossing – there has been some progress in terms of financing by EU, though it has not yet signed the contract with the implementing partner for construction. Kosovo Government has taken all necessary decisions on the issue of expropriations, for the three IBM CPs where Kosovo is a hosting party.

Liaison Offices – progress has been made in the issue of administering of mutual official visits (initially done by EU delegations in both countries). Pending issues include lack of progress in high level meetings of Kosovo Liaison officers with Serbia's officials, while Kosovo has been cooperative in this issue. Also, the issue of stamps and letterheads to be used is pending.

Regional representation of cooperation agreement – some important progress has been made in Kosovo's membership in the regional organizations and initiatives. However, Serbia continues to violate this agreement by posing obstacles to Kosovo, for which EU has to engage in helping breakthrough; the latest example being the case of KOSTT – ENTSO-E where Serbia had to drop its complaint.

NO PROGRESS HAS BEEN MADE IN:

Dismantlement of all Serbia's parallel structures in Kosovo – no progress has been made so far. As agreed in Brussels, the tripartite working group has to be convened to start the talks on this issue, and its implementation has to be completed prior to establishment of the Association.

PARADOXES THAT STAND IN THE WAY OF EFFECTIVE IMPLEMENTATION

In this reporting period, the negative developments caused by Serbia continued. Paradoxically, Serbia at one hand works for implementation of the Brussels agreements while on the other hand continues to support its illegal parallel structures in Kosovo. This detrimental approach of Serbia has led to paradoxical situation where both legal and illegal municipal structures operate in northern part of Kosovo and beyond. The paradoxes are more clearly pictured in legal and illegal municipal structures operating in parallel in four northern municipalities, though the phenomena are spread throughout Kosovo. As agreed in Brussels, four northern municipalities in Kosovo participated in Kosovo local elections in 2013, however until now their legal functioning is fragile and far from being fully operational. This, because Serbia's illegal municipalities in Kosovo

continued to operate impeding the work of legal ones. While Serbia has agreed to respect the agreement on one hand, it has continued to support illegal mayors and illegal structures on the other hand. For instance after the inauguration of legally elected municipal mayors and assemblies, Serbia appointed some of the same people as mayors of illegal municipal bodies (mayors of Leposavic and Zubin Potok are legal and illegal mayors at the same time) whereas illegal mayor of Mitrovica north is the legal deputy mayor of Mitrovica North. This paradoxical situation prevails throughout Kosovo. Hence, while Serbia presents itself before EU as party which respects Brussels agreements, on the ground continues interferences in Kosovo.

Detailed state of play in implementation in all areas covered by the Brussels dialogue is presented below.

1. FRAGILE FUNCTIONING OF FOUR NORTHERN MUNICIPALITIES IN KOSOVO – DUE TO INTERFERENCES BY SERBIA

In the reporting period the fragility of legal functioning of four northern municipalities in Kosovo has continued. Almost two years after the local elections, in northern municipalities Mitrovica north, Leposavic, Zubin Potok and Zvecan there are still difficulties to implement the Republic of Kosovo laws and standards. While the cooperation at political level between mayors of those municipalities and Government of Kosovo has been improving, it is not being translated on the ground in terms of full implementation of Kosovo law.

As reported by respective institutions, the difficulties include: lack of progress in functioning and operation of legal municipal authorities due to obstructions by parallel structures, problems with municipal staff wage processing, failure of municipal authorities to provide services to citizens, as stipulated by the Kosovo Law, budget planning problems revisited, issue of legal official symbols remains unresolved, population census for these municipalities (as they rejected the 2011 population census) is underway if no obstacles emerge.

Functioning the legal municipal authorities obstructed by Serbia

The main reason of lacking progress in the functionalization and operation of these municipal legal authorities is because their work is continually obstructed by the parallel interference of Serbia. This paradoxical situation when legal and illegal municipal structures operate in parallel, obviously could not lead to progress in legal functioning of municipalities. Serbia continues to support illegal parallel structures politically and financially, hence the illegal mayor's informal powers undermine largely the work of legal municipal structures. In fact the phenomena of Serbia's parallel structures stretches throughout Kosovo. Although Serbia claims respect for the Brussels agreement on this issue, immediately after the legal municipal structures has been elected in 2013 Kosovo elections, Serbia renewed appointments for parallel structures, namely appointed heads and officials of so-called 'temporary bodies of municipality'. For more on this please see the next section of the report.

Municipality authorities have largely failed to offer services to the citizens

Due to interferences and parallelism coming from Serbia, four northern municipalities have failed to offer services to the citizens as foreseen in Kosovo Law, specifically, offering services on 28 field of their own competencies and 4 delegated and 2 enhanced

competences. Instead of them, services are being offered illegally by illegal municipal structures. Kosovo regularly reported to the EU on these problems.

Budget planning problems revisited

Regrettable, the budget planning seems that will be a problem also for the next year therefore also the adoption of the legal municipal budgets for 2016 by four northern municipalities will face same difficulties. The problem is of political natures and relates to Serbia's interferences to these four municipalities by preventing them to accept the Kosovo's budgeting on education and health sector. (While other six Serb majority municipalities in Kosovo accept all budget).

The issue of legal official symbols pending

The four northern municipalities still operate without legal official symbols and occasionally even use illegal symbols. The legal official symbols of municipalities, namely logos, stamps and flags, are still unsolved, therefore mayors are continuing to refuse using of Kosovo's coat of arms in their official documents, instead for the communication with central institutions they are using blank papers.

The population census to be held

The population census to be held in four northern municipalities is another important step in improving local democratic governance, unless any obstructions come in its way. In the beginning of 2014, in the talks held between then Deputy Prime Minister Edita Tahiri and elected mayors of these municipalities, with the presence of EU office and American Embassy in Kosovo, it was agreed on census conducting the census given that those municipalities rejected to participate in 2011 Census. Since then respective institutions of Kosovo in cooperation with international partners have been working to prepare legal and technical process on census. On 22 September 2015, the EU informed Government of Kosovo that they decided to support the project of Population Census in four northern municipalities of Kosovo that did not participate in 2011 Population Census. In the other hand Government of Kosovo has prepared the first draft- Law on this partial Census and expectations are that by the end of this year in expedited procedure to be adopted by the Kosovo Assembly. The Census will help the municipalities and the Government of Kosovo on enhanced planning. Reliable, accurate and detailed information on the population in Kosovo's northern municipalities will make accurate delivering of funds from the general grant of Kosovo's Budget for municipalities, also the specific grants for education and health and the number of

employees in administration and these sectors. The census will finally define also the number of the seats in the Municipal Assemblies.

2. SERBIA'S PARALLEL STRUCTURES IN KOSOVO – YET NOT REMOVED

Serbia continues meddling in Kosovo through supporting parallel structures, 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 implementation of Brussels agreements. As reported, these structures operate illegally throughout Kosovo, though more aggressively in northern part of Kosovo. Therefore, their dismantlement is crucial for the effective implementation of the agreements and normalization of the situation in northern part of Kosovo.

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 work in accordance with Kosovo law.

The illegal parallel structures of Serbia operate all over Kosovo. Some of them are removed or being removed following implementation of the Brussels agreements, though most still operate despite the agreements. We have not been able to track down detailed evidence. Below you will find the evidence we possess:

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 Ačić. For municipality of Leposavić, as the president of that illegal body was appointed Dragan Jablanović (he was elected as Mayor of Leposavić 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 Damnjanović 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, Xhafcen 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. "CIVIL PROTECTION" - CLOSURE AND INTEGRATION OF ITS MEMBERS

The implementation of the Agreement on the issue of so called civil protection (CP) has made an important progress and at this time of reporting it has reached the final stage. Progress and stalemates has been noted during the implementation of the Agreement which foresees dismantlement of the so-called 'civil protection' that has been illegally formed by Serbia and has operated in Kosovo as paramilitary structure unit for almost sixteen years. The Agreement is reached on 26 March 2015 after almost two years of negotiations. It was signed by all parties, the Kosovo Chief negotiator on Technical Dialogue, Minister Edita Tahiri, Serbia Chief negotiator Marko Djuric, and the EU facilitator Bernd Thran.

The Agreement foresees the components: (1) full dismantlement of the so-called 'civil protection', (2) integration of its members into the civil institutions of the Republic of Kosovo and (3) Serbia's legal adjustments to terminate the operation of this illegal structure in Kosovo.

1. Integration of former CP members in the Kosovo civil institutions

The process of integration of former CP members (in total 483) is taking place in line with Kosovo Law on Civil Service, as foreseen in the Agreement. Government of Kosovo has taken decision to integrate them in the Ministries and agencies that carry local operation, but were unable to operate to date, due to Serbia's interferences. The jobs positions are offered to 433 individuals, while 50 positions will be covered by contingency fund for interim period, meaning that they would receive salaries but final workplaces would be determined in the public sector within 3 years.

The dynamics of recruitment process has been progressing as required in the Agreement, with occasional delays caused by the representative of ex-CP in the panel who would need time for "consultation with Belgrade." All integrated personnel presented before the panel the job applications as per vacancy announced by Kosovo Government institutions, in addition they presented valid personal document of the Republic of Kosovo. Kosovo Police together with EULEX did the security checks for all of them and found that 50 persons of the list has criminal records and the same need to get clearance proofs by the Kosovo Justice institutions and to show them before the panel.

The first 105 contracts were signed as per agreement, 80 persons are now employed in Emergency Management Agency and signed their contract on 1 July 2015 and other 25

are integrated in the Correctional Service of Kosovo. According to the Head of integration process, Besnik Osmani, permanent secretary of MLGA, thanks to the ongoing recruitment process the number of selected persons has reached 437, while the recruitment of the rest of 46 persons will be finalized by the end of September. The 50 will be accommodated in Contingency Fund, hence resulting in total number of 483. The recruitment process will be completed in September 2015 as per agreement.

Integration plan and dynamics of implementation

	INSTITUTION	Planned	Done	In process
1.	EMERGENCY MANAGEMENT AGENCY	80	80	0
2.	KOSOVO CORRECTIONAL SERVICE	25	25	0
3.	MINISTRY OF LABOUR AND SOCIAL WEALTHIER	25	25	0
3.	MINISTRY OF ENVIRONMENT AND SPATIAL PLANNING	20	20	0
4.	MINISTRY OF EDUCATION AND SCIENCE AND TECHNOLOGY	30	30	0
5.	MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	4	4	0
6.	AGENCY FOR AGRICULTURAL DEVELOPMENT	6	6	0
7.	AGENCY FOR FORESTRY PROTECTION	20	18	2
8.	TAX ADMINISTRATION OF KOSOVO	20	7	13
9.	MINISTRY OF HEALTH	20	20	0
10.	MINISTRY OF INFRASTRUCTURE	30	30	0
11.	MINISTRY OF CULTURE, YOUTH AND SPORTS	20	20	0
12.	MINISTRY OF TRADE AND INDUSTRY	25	24	1
13.	MINISTRY OF ADMINISTRATION LOCAL GOVERNMENT	12	12	0
14.	AGENCY FOR INFORMATION SOCIETY	16	5	11
16.	AGENCY OF STATISTICS	10	10	0
17.	AGENCY OF STATE ARCHIVES	10	9	1
18.	KOSOVO CADASTRAL AGENCY	6	6	0
19.	AGENCY OF FOOD AND VETERINARY	20	6	14
20.	KOSOVO CUSTOMS	20	20	0
21.	AGENCY FOR PROTECTION OF ENVIRONMENT	10	10	0
22.	MINISTRY OF EUROPEAN INTEGRATION	4	0	4
22.	CONTINGENCY FOUND	50	50	0
	TOTAL	483	437	46

2. Dismantlement of “CP”

The Agreement foresees dismantlement of “CP” implying the closure of all premises, offices and warehouses as well as observation points and removal of equipment and uniforms. All of them to be handed over to Kosovo institutions.

Handover of premises of former CP to Kosovo Government

The handover of “CP” premises has not yet taken place, though the deadline has passed. The agreement anticipated that handing over of the premises will start after the panel will verify to the EU facilitator full integration of 105 members of the CP. The process will be gradual, concluding not later than 20 July 2015. But this point of the agreement is still unimplemented, the EU facilitator has officially confirmed on September 18, 2015 to Government of Kosovo that other party failed to fulfil their obligation stemming out of the agreement.

On August 5, 2015 was organized joint visit in northern municipalities to verify the premises used by former CP, in the visit participated representatives of the Government, Besnik Osmani, Dren Zeka, Fitim Sadiku, Naim Rexha and Hajdar Pacarada. According to the list submitted by the EU it has been identified that CP has been used 15 premises (offices and warehouses) in 7 different locations, five offices and one warehouse in Leposavic, five offices and one warehouse in the northern municipality of Mitrovica, two offices in Zvecan and one in Zubin Potok municipality.

According to the EU facilitator, the other side claims that premises of former CP belong to northern municipalities hence “CP” has no right to hand them over. We consider this justification as ungrounded because they should have known this issue earlier and disclose it during the negotiations. In sign of understanding, we have asked for proof on such claim, and then address possible solutions. The handover of premises is very important part of implementation of this Agreement, because it was agreed to use them for the offices of different Kosovo institutions that are employing ex-CP staff.

Handover of equipment of former CP to Kosovo Government

The handover of equipment of the former CP to Kosovo Government has been completed on August 25, 2015. The equipment were handed over to Kosovo Emergency Management Agency.

Removal of observation points

Three observation points on the road between Mitrovica and Jarinje had to be removed on 20 April 2015, they were removed with two month delay on 11 June 2015.

The observation point located on the main bridge of Mitrovica was handed-over to Kosovo Police on 13 August 2015 and, completely removed by Kosovo Police and EULEX on 14 September 2015, with delay of about five months, since the deadline was 20 April 2015.

According to the Head of dismantlement process, Dren Zeka, the implementation process has been completed for most of the part, except for handover of premises, followed by delays in each of the actions envisaged by the agreement.

3. Serbia's legal adjustments to terminate the operation of this illegal structure in Kosovo

As reported by the EU facilitator, Serbia has informed on the following:

On 22 July 2015, the EU facilitator Bernd Thran confirmed the receipt of the written letter of confirmation by Serbia that the CP staff will no longer wear the uniforms/jackets with Serbian CP insignia, particularly, discontinuation of official use of them. The agreement envisaged that it will take place after integration of first 105 persons, signing of the contracts took place between 1 and 10 July 2015 (EMA on 1 July, KCS on 10 July 2015). With small delays Serbia confirmed no use of jackets of CP any longer.

On 29 April 2015, the EU facilitator confirmed the receipt of written confirmation by Serbia concerning points 19 and 20 on discontinuation of paying salaries and providing financial means for the CP in Kosovo by 1 September 2015. The cease of salaries by Serbia should be in synchrony with the start of salaries being paid by Kosovo. It will be taking place in accordance with time when allocation from the Kosovo's budget will start.

On 29 April 2015, Serbia informed the EU facilitator officially in writing that CP in Kosovo will no longer exist within the Serbian system from 1 September 2015.

The above mentioned confirmations remains to be verified, once the implementation of integration process is completed and issue of handover of premises be resolved.

4. JUSTICE

The implementation of Justice Agreement reached on 9 February 2015, has made a remarkable progress, though some pending issues needs yet to be resolved. This agreement entailed a series of actions to be undertaken with the aim of establishing the Kosovo unitary system of justice in northern part of Kosovo as well as meeting the conditions and requirements stipulated on the agreement, aimed at integrating the Serbs on the north, namely judges and prosecutors into the Kosovo Judicial System.

The Ministry of Justice who is in charge of implementation, in its detailed report on state of play in implementation provides as follows:

To meet the agreement, several steps were necessary to be undertaken in order for a full implementation of the agreement, including but not limited: announcement of the vacancies for the judges, prosecutors and support staff, defining the clear positions and conducting the selection process per these vacancies, to be concluded with the appointment by the President for the positions of Judges and prosecutors; making all the arrangements for the functionalization of the buildings designated for the prosecution and the court.

The process of the full functionalization of the court and prosecution office in the north is yet to be finalized, there has been extensive efforts by the Kosovo institutions to meet the obligations. There has been significant progress in meeting the obligations. Nevertheless the process has been prolonged in few aspects for reasons beyond the control of the stakeholders.

Progress on Specific issues:

Recruitment process of Judges and Prosecutors

a. Agreement on the numbers and positions for the judges and prosecutors - Following the conclusion of the agreement on the 9th of March, discussions took place on the distribution of the positions and call for announcements to be made for the entire territory of Kosovo. Following the discussion and the requests, the final announcements were made for 48 Judges and 15 prosecutors for the entire territory of Kosovo.

b. Announcing of the vacancies and the selection process- As per the oral agreement the vacancies were announced on the 25th of March by both Councils, on the website and other means, inviting eligible candidates to apply for the positions. The announcements were opened for 2 months, until 25th of May, a period which was considered reasonable for the applicants. The selection process has gone smoothly, the candidates have undergone through the process, which was carried out with the help of EULEX.

c. Appointment of the Judges and Prosecutors – As an end result of the selection process, the 34 judges and 9 prosecutors, who as the result of the selection process meet the criteria required per the announcement. The names of the said candidates following endorsement by KCJ and KPC were sent to the President for Appointment as Judges and Prosecutors.

d. Re-announcement of the vacancies for the positions that were not filled - In a meeting that took place on Brussels between the Kosovo representatives (KJC and KPC) and EU representatives, the latter raised the issue of the positions that were not filled due to lack of suitable candidates. The request of the EU was to re-publish the vacancies in the same manner as the first time, for the purpose on integration. The Kosovo side, contended that this was a onetime exercise, thus any further steps thus must be carefully analysed before taking any actions. The EU requested that the vacancies be opened in the same manner as the first one for the purpose of integration, thus same procedures, EULEX selection panels and others, and possibly the appointment to be done at the same time. To this regard, both the KJC and KPC have adopted the respective regulations on written exam as separate legal criteria foreseen with amendments on the Law on Courts and Law on State Prosecutor.

e. The Kosovo institutions have agreed to the republishing of the positions yet to be filled – 14 for judges and 6 for prosecutors.

f. The announcement will be done once there is a confirmation of the proposal on the administrative staff.

Support Staff

As per the agreement concluded on February, the Kosovo Institutions have been ready to announce the calls for vacancies with the description of the positions in its entirety on April.

Moreover, the Kosovo institutions have immediately offered the lists of the Serb people working on the court and prosecution offices in Kosovo, with the aim of identifying clearly who are the individuals on the system, that are suitable for the integration, in order not to avoid dulcification. Nevertheless, such act was never done by the Serbian side, to provide the exact lists of the individuals for the purpose of the integration.

Nevertheless, the EU, on the basis that the announcement for judges and prosecutors has been published for the entire Kosovo territory, has suggested that the support staff number needs to be increased. The request is for a number of 168 support staff, and initially also to for the Administrator of the court to be a Serb, in addition to the agreed proposal that the administrator of the prosecutor to be a Serb. Moreover the Serbian side has also requested in alternative 3 managerial positions.

The Kosovo institutions have offered a final position with regards to the staff numbers. Also that the position of the Administrator of the Prosecution office to be a Serb, and also deputy administrator of the Court to be a Serb, and a deputy administrator for the Division of the Appeals, and a head of the registry office.

The Serbian side have insisted on the number to be higher and the position of the Administrator of the court to be a Serb. Such proposal was not accepted by the Kosovo Side.

The above Kosovo proposal stands on the table, and there is no response by the Serbian side yet. The acceptance of such proposal would paved way not only for the publishing of the vacancies for the support staff but also for the re-publishing of the vacancies for the remainder of the positions for judges and prosecutors. (See Annex the Proposal from Kosovo institutions).

Premises

With the aim of ensuring a proper and timely functional start of the work of the court and prosecution office , Kosovo institutions have undertaken various measures, to ensure that the facilities designated by the agreement be ready for use on time. There have been obstacles on this process, and attempts to overcome these obstacles. There is positive achievements on that regard, with challenges still to be overcome in part. In more detail:

a. Building of Yugobanka

As per the agreement the former building of Yugobanka, is designated to be used as the premises for the Court. In order to ensure that steps were undertaken to facilitate the communication with the Privatization Agency, and as a result KJC has concluded a renting agreement, renting the place from 1st July onwards. Following that it has hired a company to do the deep cleaning of the facilities. The cleaning process has been finished and the building is at its final stages of preparation to use, after the furnishing.

EULEX has committed to giving a donation of 300 computers, to help start the work. The issue has been put on hold until further developments on the integration process.

b. Building of Mitrovica North Administrative Office (MNAO)

Similarly, the Kosovo institutions have undertaken the measures to ensure that the building where the MNAO is located be vacated for the purpose of the usage as the Prosecution office.

The process has been stalled, due to lack of positive response by Mayor in the North to relocate the staff to a different building following a request sent by the Chief State prosecutor. The issue was raised in many forums, as concerning, die to the fact that without the mayor's willingness the staff cannot be relocated to another premise. Thus there continued to be efforts to talk to the mayor.

After the refusal of the Mayor to relocate the staff to another building due to the inability to do so because of the system equipment that is installed in the current building, with the help of the Ministry of the Local Administration, another building was identified close by the MNAO building with the purpose of being used for the prosecution office, relying on the clause of the agreement "... or any other premise agreed by the parties". As per a report of the Ministry, this would be temporary, given the projects for new buildings to be constructed. There was a joint visit to the building, and the process is awaiting confirmation by the Serbian side.

c. Zubin Potok and Leposavic

The building in Leposavic is ready for use, although at the moment the building is occupied by the Serbian judges to be integrated.

The building of the Zubin Potok has been vacated by the staff of the local medical center, who were occupying the premises (mid-September). KJC will open the re-tendering process for the court to be renovated. The plans are taking place.

Similarly to staff, Serbia needs to pass a Law through which it is closing down the courts and prosecution offices which it has been funding in Kosovo.

Pending issues:

- According to the Agreement reached the selected judges and prosecutors, before being appointed must prove that they no longer undertake any functions as judges and prosecutors under Serbian Authority. On this matter Serbia was obliged to approve a Special Law, through which the said judges and prosecutors will be included in their earlier retirement scheme, and no longer acting. Thus far there is no info that such law has been approved.
- The Kosovo Proposal on the issue of the Administrative/Support Staff is on the table. When such proposal is accepted by the Serbian side, the Kosovo institutions can move forward with the announcement of the vacancies for the remainder of the positions for judges and prosecutors and the support staff. In addition the Serbian side needs to provide the lists with the exact number of people for the purpose of integration.
- Pending confirmation from the Serbian side on the issue of the premises for the prosecution office as per the non-possibility of the MNAO to be used for such purpose.
- Passing a law by Serbia to formally close the connections to the court and prosecution office

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. (for more information please refer the government official website <http://www.kryeministri-ks.net/?page=2,252>). In the second phase (December 2013 - February 2015), the agreement was reached on the establishment of Kosovo's unitary 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

The agreement on removal of barricade from the Mitrovica Bridge reached on 25 August 2015, will finally end tensions and frustration created by this barricade for more than fifteen years and renewed tensions since last year when this barricade instead of being removed was replaced with a new one called softly “peace park.” The agreement stipulates following actions:

On 15 October 2015 shall be removed the barricade (so called “peace park”) from the Bridge of Iber river in Mitrovica by the EU. The revitalization of the bridge shall be implemented and funded by the EU in accordance with agreed symmetric plan in both sides of the river Iber. The bridge will be opened for free movement of vehicles and pedestrians no later than June 2016. This agreement ends the division of Mitrovica, because 15 years after the war in Kosovo, this bridge from a dividing one shall be turned into a uniting bridge for the citizens, city, and Kosovo.

This agreement ends informal construction and intentions of Serbia to change the ethnic structure in the villages of Suhadoll and Kroi i Vitakut, through supporting the Memorandum of Understanding between and Kosovo’s Ministry of Urban Planning (MESP) and two municipal mayors of Mitrovica on the Municipal Development Plan, in compliance with administrative boundary lines of cadastral zones of both these villages, as stipulated by the laws of the Republic of Kosovo.

EU and the Working Group, in cooperation with both municipal mayors, shall regularly monitor the political and security situation during the revitalization process

6. ASSOCIATION OF SERB-MAJORITY MUNICIPALITIES IN KOSOVO

The Agreement on basic principles of establishment of the Association of municipalities with Serb majority in Kosovo was reached on 25 August 2015 in Brussels.

The Agreement is in compliance with the Constitution of the Republic of Kosovo and its laws. The Association will not have executive powers and will not be a third layer of governance in the Republic of Kosovo.

The Association will be a structure comprised of municipalities with Serb majority, which will act in full accordance with laws of the Republic of Kosovo assisting municipalities in

accomplishing their local issues. The Association is not entitled to take decisions for municipalities nor on behalf of its member municipalities, as according to the Kosovo Law, the municipalities have exclusive competencies for local issues and these competencies cannot be transferred to the Association. The Association will not have civil servants but only ordinary employees. The Association will not be able to provide services to citizens but only to its member municipalities. Kosovo Law enables the creation of more association of municipalities in the state of Kosovo; hence, the creation of this association is in compliance with the laws of our state and European Charter for Local Government.

Through this agreement, Kosovo will strengthen its sovereignty as a unitary state in accordance with its Constitution. The Constitution defines the Kosovo's political system in two government levels, central and local level. Based on the agreement, the Association will contribute to the full integration of Serbs into the constitutional and legal system of the Republic of Kosovo, which will result with the dismantlement of all Serbia's local parallel structures in Kosovo. Serbia agreed to establish the Association of Serb majority municipalities in Kosovo in full compliance with the Constitution of the Republic of Kosovo and its legislation.

The Association will not be a budgetary organization of the Republic of Kosovo. It can benefit from the internal and external funds, same as another existing Association of municipalities of Kosovo. The Association shall be subject to audit and procurement laws of the Republic of Kosovo. Any of its funding and expenditure will be within provisions of the applicable legislation of the Republic of Kosovo. The Association has no mono-ethnic character because it is the Association of Serb majority municipalities and based on the official data they are represented with 15 % from the Albanian majority community and other communities. Multi-ethnic character of these municipalities will also reflect in the composition Association structure; the same applies to its symbols which should be in compliance with the legislation of Kosovo and reflect its multi-ethnic character.

Bodies of this Association will be similar to the existing Kosovo Municipality Association and as such, this Association will not perform other functions but those stipulated under Kosovo laws. Its role will be only to represent and facilitate the normal functioning of Serb majority municipalities in Kosovo. The Association protects and promotes the interest of its members. In relation to central institutions it also promotes the rights of communities. Their protection and promotion is on the interest of the institutions of Republic of Kosovo. All tasks and objectives of the Association are limited to the general

overview on local issues, without having the possibility of obtaining authorization in managing the local issues and neither of affecting the normal functioning of public authorities in central and local level of Republic of Kosovo. The public authority remains exclusive to the Government of Republic of Kosovo or to municipalities depending on the type of public competencies. Decisions of Association shall not be binding for its member municipalities. Municipalities have the competencies and responsibilities provided by law and regarding their provision they are reliable within the system of administrative supervision from the Government in accordance with the law.

Association can own movable or immovable assets under the same terms and rules as the existing Association of Kosovo Municipalities, but by no means shall be the owner of public assets in Kosovo whether central or local level assets. Association shall not have any role in managing natural assets and resources of Kosovo. Association might be exempt from taxes in accordance with the Kosovo relevant laws that regulate this matter. Association is represented by its bodies within and outside Kosovo, in same manner as the existing association, in accordance with the Kosovo law. The membership of municipalities in the Association is done on voluntary basis, as well as their withdrawal. Therefore, it's about an organization of voluntary nature, as it was promoted by the European Charter of Local Self-Government.

Implementation process includes following steps

Kosovo government adopts decree for establishing procedures of the Association subject of review by the Constitutional Court of Kosovo. It is followed by the process of drafting the statute by the management team and Ministry of local governance of Kosovo (MLGA) within four months, facilitated by EU. In the same period, the process of dismantlement of Serbia's parallel structures in Kosovo will take place facilitated by EU. It will provide necessary conditions under which the Association can be established. The statute will be endorsed by decree of Kosovo Government upon agreement in the Dialogue. Any possible new amendments presented by the Association will be endorsed by the Government decree and will be reviewed by the Constitutional Court of Kosovo.

7. TELECOM – COUNTRY CODE FOR KOSOVO

The telecom implementation agreement namely the Telecom Action Plan was reached and signed on 25 August 2015. The Agreement provides for as follows:

Country code for Kosovo

Kosovo is allocated the country code 383 from the ITU (International Telecommunication Union) on 15 January 2016. Austria will apply on behalf of Kosovo to request from the ITU to allocate the Country code to Kosovo on 15 November 2015. Kosovo shall have all the country rights to administer its own Country Code as all other countries. Kosovo Telecom Regulatory Authority (RAEPC) will cooperate with the ITU for implementation of the Country Code for Kosovo. From now on Kosovo will have only one dialing code. All other existing codes 381, 377, 386 will cease existing as they will be converted into 383 code.

On mobile telephony – a temporary authorization of limited scope for a new company

A temporary authorization for a limited scope of activities on mobile telephony will be offered to a new company that will be registered under the Kosovo law on 15 January 2016.

It will not be a third mobile operator in Kosovo, because in order to do so international tendering of multiple bidders is required as provided by legislation of the Republic of Kosovo. This temporary authorization for this company will expire after the end of the international tender for a third mobile operator.

On fix telephony- a full license for a new company

The new company will be offered a license on fix telephony as provided by the Kosovo Law

Business registration of a new company

The process of business registration of a new company with Kosovo Business Registration Agency (KBRA) is underway. The application documents were submitted by the new company, a subsidiary of Serbian company, on 2 September 2015. After reviewing the application, on 4 September 2015, KBRA informed the official representative of new company about some irregularities and provided written instructions for required revisions on application for compliance with the Kosovo Law, as stipulated in the Brussels agreement on telecom. Minister of Dialogue have regularly informed EU on this

process while urging for revisions to be done duly. On 11 September 11, 2015 we have received the revised application of the new company, which has been mostly revised correctly except for the term “a subsidiary” for which the company used the term “dependent company”, which is not in accordance with Kosovo Law. We continued consultation with EU in order to sort out the problem, and EU suggested that terminology should be taken from the Kosovo Law on business registration, the official translation in Serbian language. In this line, KBRA required from new company to amend the application documents on 11 September 2015 while promised that after receiving those revisions will immediately issue a business certificate for the new company.

On 17 September 2015, KBRA sent a reminder to new company, however until now there has been no response by them.

Illegal operators will be terminated

All Serbia’s illegal operators of mobile and fixed telephony in Kosovo will be terminated, after 15 years of illegal operation since the end of war in Kosovo in 1999. Calls from Kosovo to Serbia and vice versa will be international calls.

Kosovo sent duly the first set of technical data

As required in the point 2.2 of the Telecom Action Plan, on 18 September 2015, Kosovo sent the first set of technical data to EU for the purpose of exchange between Kosovo and Serbia.

Other relevant issues

There will be a roaming and interconnection agreement between the two countries, respectively between the mobile operators of both countries, in order to lower the price of services for the citizens and increase of general income for our country.

The obstacles for changing from analogue to digital transmission will be resolved, where the Republic of Kosovo will open its path for allocation of channels in sufficient transmission points, for covering the entire territory of the country without obstacles and interferences.

The agreements paves the way toward achieving the technical agreement in postal services.

The implementation of Energy Agreement of 2013 has stalled for more than a year because Serbia, in violation of this agreement, has been standing in the way of KOSTT for establishing operational relations with ENTSO-E, and also trying to deviate from the agreement claiming that the distribution of energy is not foreseen in the agreement.

The Agreement/Conclusions of 25 August 2015 serves as a breakthrough deal in order to resume progress in implementation of 2013 Energy Agreement. This Conclusions have once again made clear that Serbia must respect the Agreement on energy of 2015. The signatures of Prime ministers of both states and HR Mogherini demonstrated renewed commitment to deliver what was agreed in 2013.

KOSTT relations with ENTSO-E

In violation of this agreement, Serbia had blocked the Kosovo transmission system operator (KOSTT) to sign the connection agreement with ENTSO-E allowing for Kosovo to become an independent regulatory zone in the European transmissions system. Kosovo side reported regularly to EU on these obstacles and urged to unblock the process but unfortunately without success. Serbia's obstacles were of political nature as it was refusing to accept the internationally established electric border for transmission of energy between Kosovo and Serbia. Moreover, it tried and lobbied to push electric border further inside territory of Kosovo, trying to keep its energy control in northern part of Kosovo. Kosovo has been firm to not give up to such negative tendencies by Serbia, while urged EU to support implementation of 2013 energy agreement that confirms electric border between Kosovo and Serbia equivalent to borderline between two states.

On 9 July 2015, ENTSO-E voted in favour of Kosovo/KOSTT connection agreement with ENTSO-E, however Serbia filed a complaint against such decision.

However, thanks to Conclusions on energy reached on 25 August 2015, requiring from Serbia to remove the abovementioned obstacles and respect the 2013 Agreement on energy, Serbia has finally conceded with the agreement by withdrawing its complaint.

On 16 September 2015 in the next ENTSO plenary meeting has been reached sufficient progress where Serbia has agreed to withdrawal its complaint concerning the decision of ENTSO to accept KOSTT and is ready to sign the Connection Agreement immediately.

As a result, on 1 October 2015, KOSTT and ENTSO-E signed the connection agreement preceded by the bilateral agreements between KOSTT and TSO's 30 countries, among them Serbia as well.

This agreement ends any interferences of Serbia towards Kosovo energy transmission system, and requires from Serbia to pay for using Kosovo transmission routes and congestions in accordance with the Athens Energy Treaty.

Business registration of two new companies, under Kosovo Law

The energy agreement foresees registration of two new companies, one for energy trade and the other for energy supply and distribution services (distribution services imply billing, collection, maintenance and physical connection for new customers to four northern municipalities). The process of business registration of the two new companies, subsidiaries of Serbian companies, with Kosovo Business Registration Agency (KBRA) is underway. The application documents submitted by the new companies have been reviewed by KBRA and instructions for required revisions for compliance with the Kosovo Law have been sent to new companies. After receiving the legally compliant application, KBRA will immediately issue the certificate of registration.

The representatives of new companies submitted applications for registration of their business with KBRA on 4 September 2015 violating points 2 and 6 of the conclusions of 25 August 2015 where it is stated that applications should be submitted no later than the end of August 2015.

After the review of these two applications by the KBRA it has been concluded that the application documentation does not comply with Kosovo law and Brussel agreement, because the language was politically provocative and legally incorrect. KBRA requested revisions of the documents through a letter of instructions and explanations for required revisions sent duly to new companies on 9 September 2015 (within the official timetable of 7 days for business registration by Kosovo Law). Since then, representatives of new companies did not answer creating delay in completing this implementation action.

Ministry of Dialogue have regularly informed EU/Nicholas Cendrowicz on the proceedings of the business registration, and delays by Serbian side on this issue.

Business licences for two companies

The two new companies shall be entitled to receive operation licenses by the Kosovo regulatory authority on energy, in accordance with Kosovo regulatory framework. Kosovo's open market on energy supply and trade will enable the two new companies registered in Kosovo to be granted a license for operation, in accordance with the Kosovo Law.

Termination of illegal operators

By signing the Agreement, Serbia reconfirmed its commitment to dissolve all its energy operators which illegally operate in north of Kosovo, an obligation that was delayed since September 2014, respectively upon signing the implementation action plan on energy.

Access to data and assets - still pending

The agreement provides for access to data and assets by KOSTT and distribution operator of Kosovo - KEDS. This issue is still pending and it has to be implemented via EU facilitation.

Access to data and assets will enable normalization of Kosovo energy system operation in northern part of Kosovo, which has been impeded by Serbia's illegal operators in Kosovo. This is very important process because, among others, will help to achieve service contracts for services between KEDS and the NewCo for energy supply and distributions services (Electrosever) as well as for necessary measures for the networks of transmission and distribution systems which can provide access to effective Third Party Administrator (TPA) for the NewCo power supply business.

Other relevant issues

There will be a tripartite arbitration commission which will address the issue of financial compensation in the energy field, including arrangements for transit and interconnection allocation from 2004 to 2014 and from 2014 until the end of 2015.

9. IBM – Permanent facilities and other issues

Implementation of the Agreement on Integrated border management (IBM) of 2012 is at a satisfactory level in general terms, including the constructive cooperation between the border authorities of both states as well as opening of two new border crossings.

The Agreement on IBM permanent facilities reached on 4 September 2014 is in the process of implementation, though with significant delays.

In other relevant issues some gaps still remains, especially on implementation of the SEED, in terms of full scope of electronic exchange of information between parties, and on Mutual Legal Assistance.

IBM permanent facilities

Significant delays are marked in the context of starting the building of the Permanent IBM facilities between Republic of Kosovo and Serbia, the agreement was achieved on 4 September 2014.

EUSR contract with implementation partner almost reached

EUSR is in the process of signing the contract with implementing partner for the construction of facilities which is likely to happen soon, according to the last update received by EUSR. Kosovo side in several meetings with EUSR has urged to speed up this process.

With the view of speeding up the implementation, on 19 June 2015 was held a meeting between the representatives of the Government, EU (Office in Kosovo) and UNOPS (EU contractor for constructing the permanent BCP's), where by the dynamics of constructing the permanent BCP's was presented.

The EU Office/European Commission announced that the agreement with UNOPS will be signed at the latest on August 2015, and upon the signing of the contract, the preparation of project/designs (according to models agreed in Brussels) shall commence. The initial idea is to start the construction of the BCP in Merdare, and after three months in Mutivoda, and after 3 other months in Bernjak. The project will be finalized for 3 and a half years, construction will be completed in 2 and a half years whereas the last year

will be the "warranty" period, whereby the assessment will be conducted, potential errors will be rectified, etc.

Expropriation issues

On its part, the Government of Kosovo has approved all necessary decisions on expropriation issue. In three different meetings the initial (on 27 May 2015), the preliminary (on 5 August 2015) and the final (on 16 September 2015) decision on expropriation of parcels affected by the construction of permanent buildings of integrated border management (IBM).

In addition to the actions undertaken for the expropriation of the land, the Government of Kosovo has prepared the action plan with all the measures to be taken

EU IPA funds for construction

On 29 June 2015 in Brussels, the Steering Committee of the Instrument for Pre-Accession Assistance (IPA) funds of the European Committee approved the funding for constructing permanent border-crossing points in the border between Kosovo and Serbia. On 23 September 2015, the Government of Kosovo has adopted the amendment of the IPA Framework Agreement 2012-2013 which paves the way for the European Commission to reallocate the funding, respectively support the construction of the IBM Crossing Points in Merdare, Bernjak and Mutivode.

The permanent IBM BCP's in Merdare, Bernjak and Mutivode shall be constructed from the Kosovo IPA funds, whereas the BCP's in Jarinje, Dheu i Bardhe and Mucibabe will be constructed by the Serbia IPA funds, whereby the total amount of this investment will be 21 million Euros.

SEED

The agreement on the full scope of SEED is pending for a year, because Serbia lacks readiness to accept the agreement. The idea of advancing cooperation in electronic exchange of data (SEED) by having full scope of exchange serves better control by Custom authorities of both states. The last issue to be agreed was the terminology to be used, to which Kosovo side answered positively on 5 January 2015. In the last meeting in Prishtina on 31 July 2015, the EU Chair of IBM IG announced that Serbian side indicated readiness to accept the agreement, however the true acceptance was never confirmed, hence, SEED in full scope has not taken place yet.

MLA

Same situation of stalemate is with the agreement on Mutual Legal Assistance (MLA). It was agreed in January 2013 but the implementation most of the time failed by Serbian side. It was completely cut in October 2014 when the EU transferred competencies from the EULEX to EUSR, because Serbian side didn't like intermediary role of EUSR in transmitting MLA requests and responses between Kosovo and Serbia. On last IG meeting on 21 May 2015, the EU confirmed Serbia's failure of to implement MLA. Later in July 2015, it confirmed that Serbian side promised to restart the implementation of MLA but until today no official confirmation has come from them.

IBM - Customs related issues

Kosovo Customs has deployed customs officers at BCP Mutivode since 15 June 2015 as per agreed conclusions from last IG meeting on 21 May of 2015 which calls for presence of Kosovo Custom during summer time. Kosovo Customs has extended the presence of customs officers until the end of this year.

On the last Central Level Meeting, "parties agreed that the Exchange of Information Mechanism has improved lately. EULEX suggested that Serbian side should use a Customs specific e-mail address in order to ensure better communication (a new e-mail address in addition to the generic MUP one already in use). This will reduce the chances of miscommunication that arise from e-mails not reaching the intended recipient (Serbian Customs). This would be in line with the Kosovo side, where an IBM-Customs specific e-mail address is already in operation. Serbia agreed on implementation. EULEX also suggested that the exchange of information only takes place in English - both Parties agreed".

Some technical difficulties are still continuing in the Serbian side hosted IBM BCP, the air-conditioners at BCP Muçibabe/Depce are out of functions, and the generator at Konculj/Dheu i Bardhe is almost always with technical problems.

Opening of two new border crossing points

In terms of further facilitation of freedom of movement, Kosovo requested to open a new border crossing point at the location Kapia e Svirces, which would shorten the distance (about 100 km) for the Albanians of Presheva Valley to travel to Kosovo. This request was also endorsed by the Mayors of both municipalities, of Kamenica and Medvegja, who also wrote to their respective authorities on this issue.

In the meeting in Brussels, on 21 May of 2015, Kosovo and Serbia agreed to open two new IBM border crossings points, one close to Presheva Valley/Medvegja municipality and the other in the northern part of the border. It was agreed that the hosting party in the IBM BCP Kapia/Vrapce to be Kosovo and, in the BCP Rajetici/Izvor to be Serbia. These BCPs will be open 24/7 with customs presence during day-time only. Both Kosovo and Serbia agreed to request that the European Commission consider including the two new BCPs for funding of permanent facilities.

In implementation terms, on 9 June 2015, a joint visit has taken place between delegations of Kosovo, EU and Serbia in BCP in Rajetici/Izvor, whereas, the visit in BCP in Kapia/Vrapce was conducted on 10 June 2015. During this visit, three parties signed the respective design models for both BCPs, and both parties committed to fulfil their obligations in a timely manner on this regard.

10. VEHICLE BORDER INSURANCE

After long and difficult negotiations for about two years, finally the Agreement of vehicle border insurance was reached on 23 June 2015. The Agreement, namely, the Memorandum of Understanding (MoU), facilitated by EU and CoB, provides for mutual recognition of vehicle border insurance between two states, Kosovo and Serbia. It is a very important agreement for the benefit of citizens because it removed additional payments that citizens had to pay for insuring their vehicles on crossing in another country. The ceremony of signatures was witnessed by two Prime ministers, that of Kosovo and Serbia, and EU HR Ms. Mogherini. The MoU could not enter into force as required by its last article, due to Serbia's inability to comply with certain parts of the MoU, but instead it entered into force on 12th of August 2015. On 5 August 2015, the implementation meeting took place in Brussels at CoB headquarters to check on all necessary technical preparations for starting the implementation. Both parties reported they have finished all necessary preparations.

On 12 August 2015, the MoU has been implemented in all the IBM border crossing points between Kosovo and Serbia and Kosovo side made the necessary arrangements for its full implementation through Kosovo Police in all the border controls and through the KIB personnel being present in all the border crossing points.

Serbian side has not fully functionalized the IBM BCP in Bernjak and Merdare. However, the process of implementation showed that Serbian side, despite reported preparations before CoB, in fact failed at some aspects of implementation. It was observed that **not all the IBM border crossing points were functionalized as per the MoU by Serbian side.** The IBM CP in Bernjak and Merdare were not functionalised, whereby Jarinje had a sale point for insurance and payment of the “proba” plates more than 2 km away from the IBM CP. Drivers were required to park their vehicles in the IBM CP and walk for about 2 km and procure the required insurance or payments and come back to the IBM and present the necessary paper to the Serbian authorities.

11. REGIONAL REPRESENTATION AND COOPERATION

The implementation of this agreement continues with partial progress, because Serbia has not stopped yet with obstacles in violation of the agreement. In the process of Kosovo's membership in relevant regional organizations, in the reporting period Kosovo has been admitted in the following organizations: Basketball Federation of Kosovo (FBK) is admitted in the International Federation of Basketball (FIBA) on 14 March 2015, the Regional Initiative for Migration, Asylum and Refugees (MARRI) on 10 June 2015. In addition, Kosovo on 16 July 2015 applied for membership in UNESCO and it is intensively lobbying in this direction. In November of this year it is expected to become a member in this very important organization.

Cases of violation of the agreement by Serbia

There are still obstacles coming from Serbia, not only in preventing Kosovo's membership but also in organizations where Kosovo is already an equal member. These are some examples:

In the ministerial regional meeting in Budva on 11 September 2015, hosted by Montenegro Foreign Ministry, Serbia objected the presence of Kosovo flag displayed along with flags of other states. The Minister of Dialogue, Edita Tahiri, who represented

Republic of Kosovo in that meeting, quoted the provision of the Agreement which refers to equality of displaying symbols. As a result, flag of Kosovo remained displayed.

KOSTT faced obstacles in establishing operation relationship with ENTSO-E, because of Serbia's direct interference. Thanks to the agreement of 25 August 2015 on implementation issues on energy and EU contribution, the obstacles were removed and KOSTT signed the agreement on connection with ENTSO-E.

The Assembly of the Republic of Kosovo after two years still continues to face obstacles in obtaining the member status with equal rights as other members in the Parliamentary Network of Western Balkan countries, remaining with observer's status. These obstacles are being made by Serbia and Bosnia/Republika Srpska being in violation with the Brussels Regional Cooperation Agreement, particularly with points 1, 2, 4, 8, 9, 10 of the Agreement.

Energy Regulatory Office of the Republic of Kosovo for more than two years continues to have obstacles regarding their representation in the Association of Regional Energy Regulators where ERO is still being represented by UNMIK, instead of Kosovo as agreed, and in this case we are dealing with the violation of the points 2, 3, 4, and 6 of the Agreement.

The agreement implementation must progress further because it will enable Kosovo's participation and its membership in important regional organizations, exchange of practices and experiences in the field of economy, social, cultural as well as other areas. It is also contributing in building good neighbourly relations, stability in the region and the path towards European integration, where the state of Kosovo continues to be dedicated and committed regarding the particular agreement.

Improvements can be made through increased commitment from the EU as mediator in this process to make pressure to Serbia to respect the Agreement. Similarly, the commitment of the leadership of the regional organizations to respect the agreement is necessary.

12. LIAISON OFFICES

There has been an important progress in the work of the both liaison offices (LOs), particularly on handling the request for official visits, also in conducting different issues related to daily work. However, still some of the essential aspects of operationalization of the Liaison Offices are unsolved such as: no meetings were held between Kosovo LO and ministers and Prime minister of Serbia even after two years of operation, while Serbian LO met several Kosovo ministers; stamps, letterheads issue are pending etc. Kosovo LO in Belgrade has administered more than 100 official visits since the agreement is in place.

The communication between Republic of Kosovo Liaison Office and the Serbian institutions seems to be improved lately, but that largely depends on the individual officials' readiness while no ministerial meetings were held, which suggests the lack of willingness of the Government of Serbia to implement this aspect of the agreement. In addition, both LOs have discussed with the EU representatives the possibility of holding meetings with the respective Prime Ministers of two states, but there are no results yet in this issue. Despite the fact that Kosovo showed readiness, the other side has not replied. We considered that these are very important meetings to take place, because by this an important message will be sent to all other institutions that must communicate and cooperate much more with both LOs.

The official letterheads and stamps remain unresolved. In absence of mutual recognized letterheads and stamps, particularly Serbian Government is very reserved to partake official communications with Kosovo LOs except the exchange of e-mail on the requests for official visits.

Despite the fact that both states in the last meeting in November 2014 agreed to increase number of staff in the respective LOs, it has not yet been implemented because of the limited space in the actual premises used by both LOs, located within the EU delegation offices.

Cases of violation of the agreement by Serbia

The implementation of the agreement was seriously harmed by Serbian side on 14 August 14 2015, when regardless of the fact that Kosovo Government has refused the request of Mr. Marko Djuric (director for Kosovo in the Government of Serbia) to enter Kosovo, he

entered without permission. This was most obvious case, but not the only one. Since the agreement on Arrangement of Official Visits was reached on 14 November 2014, other similar cases were observed, including the Serbia's Minister of Labour, Employment, Veteran and Social Policy Aleksandar Vulin who also entered Kosovo without permission at least twice. In the second case, on 6 May 2015, he not only entered without permission by going in municipality of Dragash, but he also inaugurated Serbia's illegal parallel employment office there.

Kosovo Government considers that most extreme violation of this agreement occurred by inappropriate statements of Serbia's officials, on 16 April 2015, who declared that Kosovo's Deputy Prime Minister and Minister of Foreign Affairs Mr. Hashim Thaçi would be arrested if he enters Serbia to attend the regional conference on reconciliation in Belgrade organized by the Belgrade-based Youth Education Committee. This was very unscrupulous reply by Serbia on our request for official visit. Four days later on 20 April 2015 the Kosovo's Liaison Officer in Serbia Mr. Valdet Sadiku was publicly threatened by so-called Serbian People's Youth Movement - 1389 in Serbia; the death threat was published on their Facebook page.

13. CUSTOMS REVENUE COLLECTION

There is a very good progress in implementation of the Customs Revenue Collection agreement in the border crossings in Jarinje and Bernjak, in accordance with the Kosovo Law. This agreement is further reinforced with the agreement reached on Licensing on controlled goods for the companies operating in north of Kosovo, entering into force on 7 April 2015. The implementation of this agreement required coordination with all agencies that issue licences and companies that needed such service, while Kosovo customs adopted required measures. Implementation results are as follows:

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

On 7 April 2015, Kosovo Customs in line with the agreement applied the revised operational plan of Kosovo Customs for the collection of customs revenue at Jarinje and Bernjak BCPs. Until now there were no problems or obstacles reported. All processing information goes directly from ASYCUDA system to the Tax Administration Office for information.

In the system of Kosovo Customs, there are already 439 companies registered for export and import of goods from the four northern municipalities and, all documents presented by those companies to the Kosovo Customs are in line with Kosovo law. Out of 439 companies, nearly 200 of them are active companies in procedures for import/export. Around 98% of these companies were also equipped with Kosovo fiscal numbers.

Regarding licenses, until now there were 195 licenses/permissions and authorizations issued by Kosovo Agencies regarding procedures for export/import for those companies in the northern part of Kosovo (185 are from Kosovo Veterinary Agency, 7 from Kosovo Medicine Agency and 1 from Ministry of Trade and Industry).

14. CERTIFICATES OF PHARMACEUTICAL PRODUCTS (CPP)

The Agreement on CPP (certificates of pharmaceutical products) was reached in principle during dialog in Brussels on 21 May 2015, while the confirmation of acceptance was made on 27 June 2015. The Agreement provides for reciprocal recognition of Certificates for Pharmaceutical Products between two states, Kosovo and Serbia, which helps normalization of trade in the field of medical products between two countries.

The CPP agreement means that pharmaceutical products produced in Serbia that were circulating in Kosovo without registration procedures from now on will undergo this procedure and will be placed in Kosovo market in accordance with our country's legislation in force. Also, the producers from Kosovo will be able to place their products in Serbia's market, through corresponding procedures in accordance with their law. As a result of reciprocal recognition of CPPs each medical product for which is applied will be registered in the other country.

The agreement on CPP specifically addressed and defined the licensing process in the field of pharmaceuticals, which includes:

1. Licensing of institutions (retail pharmacies, wholesalers and manufacturers)
2. Licensing of medical products
3. Import of medicines in Kosovo
4. Import of donations in Kosovo

Regarding point 1 there is progress at some point even though lately this process is slowed down and not concluded as expected. Not all the pharmacies have applied for

licensing and those that didn't have licenses *can be in danger to be closed by the pharmaceutical inspectorate!!!*

Solution for point 1: encourage the remaining pharmacies to finish this process.

The table below represents licensed pharmacies and wholesalers in the four northern municipalities of Kosovo. These institutions have applied at the time of negotiations where there was some attempt to convince them for starting the process of licensing with Kosovo Medicines Agency.

Wholesalers	Location	Validity of the license
Farmalogist Conect	Zvecan	2020
PM-Pharm Plus	Zvecan	2020
Veledragorija Panta Rei	Mitrovica	2020
NG International 2014 - 1	Leposavic	2020
Retail Pharmacies	Location	Validity of the license
Moć Prirode 1	Mitrovica	2019
Moć Prirode	Zvecan	2019
In the final procedure	Location	Validity of the license
Tilia	Leposavic	2020

Regarding point 2 there is no progress at all. We still don't have any application for registration of medicines that are manufactured in Serbia due to the lack of CPPs. The CPP issue was part of the agreement and the Agency in Serbia still did not issue the CPPs even though we have the official information that some of them have applied in June with the Medical Agency in Belgrade and still don't have the positive answer. Note: if these four wholesalers apply for registration with CPPs for those products than they can make the import.

Solution for point 2: encourage the Agency in Serbia to issue CPPs in order for the wholesalers or representatives of the manufacturers in Serbia to make the registration of those medicines.

Regarding point 3 **there is no progress at all**. This is linked to point 2. Import cannot be done without registration which cannot be done without CPP.

Solution for point 3: if the point 2 will be done than the companies will make the registration and the import will be just an automated reaction of the businesses.

Regarding point 4 **there is progress made** since the process is going well. There were some issues in some of the applications for donation but solved at the last minute. To remind about this point, the application should be done in Ministry of health at least 10 – 14 days before the donation is to be delivered since it might take time to evaluate the donation in the commission of the Ministry. After the commission finishes the evaluation, the KMA issues import license.

Solution for point 4: just applying 2 weeks before for donation with the Ministry of Health with necessary documents.

15. DEVELOPMENT FUND

The Development Fund has been growing continually. In this reporting period there are approximately 7.2 million euros collected in the account of the Development Fund, in accordance with the Agreement on revenue collections in the BPCs of Jarinje and Bernjak, which says that taxes collected in the two BCPs from the companies operating in northern municipalities and for the goods designated to citizens there, will be allocated to the Development Fund for northern municipalities.

The process of distribution of funds has started. The Management Board of the Development Fund in the meeting held on 18 September 2015 decided to finance 1.5 million Euros for three projects submitted by the Municipality of North Mitrovica that aim to support the socio-economic development of the municipality. The funds will be used for building a fire brigade centre, supporting small and medium size enterprises (SMEs) development, as well as for the expropriation of land for constructing a new municipality building. The distribution process will continue as per submitted projects by those municipalities.

16. FREEDOM OF MOVEMENT

On the issue of the Freedom of Movement, the functioning has been rather satisfactory in general. The opening of two new border crossing points as requested by the Kosovo delegation, have helped improving freedom of movement and, we have not received any complain in this issue. Similar, good functioning has continued throughout all other six BCPs.

Some issues yet remain to be tackled in a more accelerated manner in order to facilitate a meaningful freedom of movement for citizens of both countries and enable implementation of FoM agreement. These issues include: (I) Removal of interim measures, applied unilaterally by Serbia (“proba plates” for RKS licence plate, entry-exit documents and fees for Kosovo citizens), which has been burden and frustration to Kosovo citizens and, (II) Occasional negative practices by Serbia to block the freedom of movement for political purposes.

The following issues have been raised continuously by our delegation and have been linked to other agreements as well, but since no meeting has taken place in almost two years, these issues were unable to be resolved.

I. Removal of interim measures - “proba” plates, entry-exit document and fees

1. The issue of non-acceptance of RKS vehicle registration plates and the requirement to switch them with PROBA plates upon entry in Serbia - This practice has been a constant impediment to freedom of movement since the entry into force of the agreement. This is particularly problematic in the peak season when our diaspora massively visits Kosovo. The requirement to remove RKS plates and change them with a PROBA takes every driver an approximately 30 min to undergo the procedure along with the associated papers. On top of this, this exercise requires monetary repayment in order to procure the PROBA plates.

Furthermore, since the agreement on mutual acceptance of vehicle insurance cards between two states this year and, the recognition of the Republic of Kosovo documents for freedom of movement since 2011, the non-recognition of RKS plates makes no sense. In addition, every PROBA plate has a monetary reimbursement against its usage, therefore violates the MoU on mutual acceptance of vehicle insurance.

Thus, this practice creates unnecessary burden to the Kosovo drivers with a RKS plates, it creates a long queues in the border therefore increasing the potential for bribes and

corruption (a practice continuously reported by Diaspora members), and violates the very core of the MoU on mutual recognition.

Finally it is our firm position that application of PROBA plates has to be removed by Serbia.

Alternatively, we reserve the right under the agreement in FoM to reciprocate the practice, which we will do in absence of understanding. Kosovo's position is in accordance with the Agreement and Final operational conclusions of 29 November 2011 on freedom of movement implementation, which in the point 16 stipulates that: **"The Kosovo side reserves itself the right to, after consultation with the EU, apply a temporary vehicle license plate regime as well."**

Kosovo considers that interim measure period has ended. Four years has been enough given that the FoM agreement was reached on 2 July 2011. In addition many other agreements between two sides that are being implemented or on their way to implementation, helped advance the goal of normalization of neighborly relations between two states. Therefore, Serbia should recognize Kosovo RKS plates, or be ready for reciprocity.

2. Entry Exit Document - continues to be practiced by Serbian side and every person entering the Serbian territory is required to receive one such document, including here minors as well. This practice has been implemented since the beginning of the implementation of the agreement with the sole reason of not accepting and recognizing the Republic of Kosovo ID card. Since it was the beginning, we were understandable to this practice, but with the time passing, other agreements were reached - whereby the acceptance of each other legal jurisdictions has become a reality, the document does not constitute any security measure, and it continues to burden the freedom of movement through the un-necessary time consuming.

The Serbian side has to remove the application of such document immediately.

Alternatively, we will reciprocate with the practice - as we did in the beginning of the agreement.

3. Illegal vehicle registration plates of former Yugoslavia - Serbia continues to issue vehicle registration plates of former Yugoslavia for the territory of Kosovo (KM, GL, PR etc.). Although this act is in violation of all the relevant agreements, in contradiction with the CoB regulations, yet the practice is continued today. The usage of illegal plates, most of which are unregistered and uninsured creates a financial burden to Kosovo Central Bank as the guarantor of the insurance and the insurance industry in Kosovo, for which the Government has received several letters of complaint by Kosovo Bureau of Insurance.

The Government of the Republic of Kosovo has taken several steps to facilitate a smooth transition to legal (KS or RKS) plates by providing flexibility in the due process; flexibility such as time, free transition to legal plates, acceptance of one customs payment (which was presumed to already be done in Serbia) etc. Substantial number of Kosovo citizens of different ethnicities but mostly Serbs have replaced the illegal vehicle registration plates with legal ones. However, most of the residents of four northern municipalities have continued to use the illegal plates.

The Serbian side has to stop issuing such plates for the territory of the Republic of Kosovo municipalities. If such a measure is undertaken, with a firm guarantee by the EU, our position should be that we do not take any step but wait a gradual phase out of the illegal plates.

Alternatively, we have to undertake measures in order to remove the illegal plates from the streets of the RKS.

II. Issue of blocking the freedom of movement for political purposes by Serbia - case of local elections in Medvegja

In recent period we have noted with concern the phenomena of blocking the freedom of movement for political purposes by Serbia, in the case of Mutivoda BCP on the local Election Day in Medvegja (on 13 September 2015). Serbia has violated the FoM Agreement by closing several times the Mutivoda BCP or slowing the border checking process in order to prevent Medvegja municipality eligible voters who were travelling from Kosovo to Medvegja to exercise their democratic right for voting. This problem was largely resolved thanks to Minister of dialogue Edita Tahiri and her team, LO Valdet Sadiku and the EU facilitator Alexis Hupin who have been all day in interactive communication to be able to remove Serbia's obstacles, so the voters can pass the border. We want to emphasize that EU must be more firm in asking Serbia to stop violating the Brussels agreements and EU standards.

The whole picture of obstacles are presented in the letter of Minister Tahiri written to EU/ Alexis Hupin on same day, 13 September 2015:

It is since the morning that we are working with you EU and EULEX to try to remove Serbia's violation of the Freedom of Movement agreement at Mutivode BCP. Different kinds of obstacles were used by Serbia to prevent the Albanians of Presheva Valley in particular of Medvegja municipality to go from Kosovo to Serbia for the purpose of voting in today's local elections in Medvegja. Working jointly with you and thanks to your intervention with Serbia we could occasionally unblock the situation or speed up this process, however in general there were and are still many people waiting to pass the

border, and tensions were present during the whole day. Serbia clearly doesn't want to allow Albanians of Presheva Valley and in particular of Medvegja municipality who live in Kosovo (lacking the perspective there) to go there to vote.

At this moment of writing to you (and sms-ed some minutes ago), Serbia again is back to slow procedures in BCP Mutivode, which clearly shows that many of Albanians will not be able to reach polling stations to vote. The Albanian political leaders there has announced that if this will not be fixed, they will stop voting process. For your information, this situation was predictable because Serbia's PM Vucic himself made his intentions known for this kind of political game and discrimination policies against Albanians of Medvegja, inter alia he said: Let's see who is going to win in Medvegja, Thaqi, Rama or me. (see the link: <http://www.balkanweb.com/site/vucic-ironizon-kush-do-te-fitoje-ne-medvegjen-me-7-shqiptare-rama-apo-thaci/>). For your information, Serbia succeeded to ethnically cleanse Medvegja in recent years, this city who was until recently with large number of Albanians has remained almost empty, because they fled to Kosovo due to discrimination and lack of perspective. Related to discriminatory policies is also the failure of Serbia to implement the agreement on mutual recognition of diplomas, which would be quite beneficial to the Albanians of Presheva valley and making them stay in their ethnic territories rather than flee as it happened. Hope you/EU can do something more today, it is 5:20 pm and polling stations close at 7pm. There should be measures taken to ensure that those eligible will be able to vote today. Otherwise, the election process can fail, said Minister Tahiri in the letter.

17. FREE TRADE

In general the agreement has been well implemented. However, the main concern remains the use of parallel customs stamps by Serbian side, for which Kosovo reported regularly to EU and issue was also discussed in the meetings in Brussels.

Serbia violates the agreement by still using parallel stamps for customs

In accordance with the conclusion reached in Brussels on 16 September 2014, it was required that practice of parallel stamps has to be removed within a month. Until now nothing has been changed and, Serbian Customs continue using such illegal stamps. Based on daily reports from the BCP Merdare and BCP Dheu i Bardhe, goods arriving at these BCPs, in customs documents for goods that are destined for Kosovo, Serbian Customs authorities still continue to place the parallel institutions stamps with inscriptions of so-called "carinaranica pristina & kosovska mitrovica" (Prishtina and

Kosovo Mitrovica Customs). Moreover, the Serbian Customs Administration chart (customs offices) still includes Prishtina in customs office. (please see www.carina.rs/lat/ONama/organizacija/Stranice/Osnovna.aspx)

The issue of mutual recognition of the International carriage of dangerous goods by road (ADR) certificate - needs to be agreed.

The lack of mutual recognition of certificates of ADRs has posed obstacles for free trade of goods that fall under the international categorization of dangerous goods.

On 27 August 2015 the inspectors of the Serbia Ministry of Infrastructure in highway Nish - Belgrade have stopped two trucks with Kosovo registration plates which transports gas from Serbia to Kosovo. They required from this company to have an International Carriage of Dangerous Goods by Road (ADR)^[1] certificate issued by Serbia authorities in order to move freely in territory of Serbia because they do not accept the Kosovo ADR certificate. This case happened for the first time.

After three weeks involvement of the office of Minister for Dialogue, Brussels, EULEX and our Liaison Officer in Serbia, finally the goods were released but the solution is not stable in a long-term. For this reason we as Kosovo Government have asked the Brussels to initiate a working group which will address the issue of mutual recognition of this certificate, but also the other road transportation certificates.

18. CADASTRAL RECORDS

The Brussels Agreement on Cadastre Records reached on 2 September 2011 calls for return to Kosovo of the cadastral documents taken by Serbia during the war in 1999. The Operational Conclusion was also agreed in Brussels on 21 October 2011. The Agreement required from Kosovo side the promulgation of the law on the Kosovo Property Comparison and Verification Agency (KPCVA) and its establishment. In parallel, it

^[1] International Carriage of Dangerous Goods by Road (ADR) certificate explanations: Moving dangerous goods by road is governed by international regulations and is strictly policed. Most European countries are signed up to the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR).

required that the Serbian side carry out the scanning of cadastral documents which will be returned to Kosovo via the EUSR.

Implementation of the Agreement pending

The implementation of this Agreement has not yet started.

Kosovo side has not yet adopted the law on a new technical agency - Kosovo Property Comparison and Verification Agency (KPCVA) - although it has passed for the second time the first reading in the Parliament of Kosovo on 27 April 2015. On the other hand, Serbia has partly done the scanning process. The Serbian Constitutional Court had canceled the Agreement then the stalemate was overcome through their government decree and they have continued scanning.

Kosovo side has to speed up the adoption of Law on technical agency KPCVA by the Kosovo Assembly. The reason why the Assembly refused to adopt this law is because of the international presence in the new technical agency given that Kosovo passed the period of supervised independence, hence, the role of internationals in Kosovo institutions was over. This obstacle was removed following the exchange Letters between Kosovo President and EU HR Ashton that was approved by the Kosovo Assembly as an International Agreement. We consider that sufficient political support has been developed among PMs and respective committees in favour of adoption. The Minister for Dialogue Edita Tahiri also participated at the hearing session before the Committee for Legislation in Kosovo Assembly on 1 July 2015. She argued the importance of the adoption of this draft law by the Kosovo Assembly

After adoption of this Law, we will also establish this technical agency in a hastened mode.

Serbian side has to speed up the scanning process given that there is a lot to be done in this process. The EU delegation in Serbia is financing the project of scanning of cadastral documents.

Until now there are 2,556,934 images from 190 books scanned. Estimated total number of images to be finalized is 4,037,264 from 300 books in total. During this period pre-pilot indexing of all scanned documents also started. Since the beginning of March 2015 until now there were 78,663 images indexed plus from 8 of May until 22 July 2015 there were indexed 40,722 images.

EU will have the role in the technical agency, in accordance with the agreement and implementation plan.

The Kosovo law on Technical agency, includes following main elements:

The Technical Agency Board shall consist of five (5) members. Appointment of Board members is done in accordance with Kosovo Law No. 04 / L-274 on Exchange Letters between EU HR Ashton and President of Kosovo and in the draft law it is accommodated under Article 6. Two members will be appointed by the Kosovo Assembly as proposed by the Prime Minister. Three members shall be appointed by the European Union Special Representative (EUSR). The Executive Secretariat has one Director and Deputy Director. The Director and Deputy Director shall be appointed by the Kosovo Assembly on proposals by the Prime Minister and in the draft law it is accommodated under Article 7. The First instance of the adjudication mechanism is defined by Brussels Agreement on Cadastre Records and in the Draft law it is also mentioned as a Property Verification and Adjudication Commission (PVAC) (point 5 of the agreement): The PVAC shall be consisted of five (5) members. Two (2) members of PVAC shall be appointed by the Assembly of the Republic of Kosovo upon the nomination of the President of the Supreme Court of the Republic of Kosovo, while three (3) other members of Commission, including one (1) representative of non-majority communities, shall be appointed by the EUSR. In the draft law this is accommodated under Article 9. The Second instance of adjudication mechanism is also defined by the Brussels Agreement on Cadastre (point 6) and in the draft law is accommodated under Article 15 - The Right of Appeal. The Supreme Court shall decide on appeals in a panel of three (3) judges. Two members shall be appointed pursuant to the provisions of Kosovo Assembly on proposals by the Prime Minister in accordance with Kosovo Law No. 04 / L-274 on Exchange Letters between EU HR and President of Kosovo (2013) and one member shall be appointed on the proposal of the Kosovo Judicial Council and approval by the President of the Republic of Kosovo. (Point 8)

19. DIPLOMAS

This agreement has completely failed, because Serbia never recognized any of around 400 diplomas that were certified by European Association of Universities (EAU), as required by the Agreement. In addition, the Serbia's Constitutional Court verdict against the agreement on Diploma recognition further complicated the process of implementing this agreement.

Kosovo considers that Serbia's refusal to recognize the Kosovo university diplomas coincides with its discriminatory policies against the Albanian community of the Presheva Valley. It is known that most of the Albanian students from this region are graduates from the universities of Kosovo.

The failure of this agreement was raised and reported continuously by our side to the EU.

Four years after, on 28 and 29 September 2015, there were discussions renewed on this problem, and parties agreed a new agreement on mutual recognition of diplomas between two countries. The new agreement specifies further procedures, employs the criteria of academic and professional recognition, and includes all levels of university degrees, including vocational ones as well as high school diplomas. It also requires the recognition of the EAU certified diplomas to be recognized by Serbia within 5 months, and 14 by Kosovo, and continue implementation as per agreed provisions.

It remains to be seen, if Serbia will deliver what has agreed upon, given that it failed for four years.

Serbia blocked the Kosovo text books sent to Albanians of Preshevo Valley

In the field of education, the problems of cooperation between the two states also include sending of the text books to minorities in the other state. While Kosovo was flexible in this regard, Serbia has blocked the sent text books by Kosovo Ministry of Education, Science and Technology (MEST) to the Albanians of Preshevo valley. The text books are sent a month ago, and are still not being allowed to be distributed and have been blocked in the customs terminal in Preshevo, under the justification of required procedures to be applied.

The issue was raised in the tripartite meeting in Brussels on 28 September 2015, as well, and Serbia promised to answer in two days. The deadline already passed with no answer yet.

(End)

For more information on this process, agreements and earlier periodical reports, please refer to the official website of the Kosovo Government: <http://www.kryeministri-ks.net/?page=2,252>

List of abbreviations

ASYCUDA - Automated System for Customs Data
BCP - Border Crossing Point
CEC - Kosovo Central Election Committee
CEFTA - Central European Free Trade Agreement
CP - so-called 'Civil Protection'
CPP - Certificate of Pharmaceutical Product
CRB - Civil Registry Book
DRC - Danish Refugee Council
EEAS - European External Action Service
EED - Entry Exit Document
EMS - Serbian Transmission System and Market Operator
ENTSO - European Network of Transmission System Operators for Electricity
ERO - Kosovo Energy Regulatory Office
EU - European Union
EUA - European University Association
EULEX - European Union Rule of Law Mission in Kosovo
EURS - European Union Special Representative
FBK - Basketball Federation of Kosovo
FIBA - International Basketball Federation
GOK - Government of Republic of Kosovo
HR - High Representative of European Union for Foreign Affairs and Security Policy
IBM - Integrated Border Management
IG - Implementation Group
IPA - EU Instrument for Pre-accession Assistance
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
LO - Liaison Officer
MARRI - Migration, Asylum, Refugee Regional Initiative
MESP - Kosovo Ministry of Environment and Spatial Planning
MLA - Mutual Legal Assistance
MLGA - Kosovo Ministry of Local Government Administration

MNAO - Mitrovica North Administrative Office
MoU - Memorandum of Understanding
OSCE - Organization for Security and Co-operation in Europe
PM - Prime Minister
RAEPC - Regulatory Authority of Electronic and Postal Communication of Kosovo
SEED - System for Exchange of Excise Data
SPARK - Dutch non-government organisation
TSO - Transmission system operator
EUA - European University Association
UNESCO - United Nations Educational, Scientific and Cultural Organization
UNMIK - United Nation Mission in Kosovo
UNOPS - United Nations Office for Project Services
KPCVA- Kosovo Property Comparison and Verification Agency
ADR- European Agreement on International Carriage of Dangerous Goods by Road
RKS - Republic of Kosovo
TPL - Third Party Liability Insurance
FoM- Freedom of Movement Agreement
SME - Small Size Enterprise
KMA - Kosovo Medical Agency
KEDS - Kosovo Energy Distribution Services