



**REPUBLIC OF SERBIA
GOVERNMENT**

**OFFICE FOR KOSOVO AND METOHIJA
AND
OFFICE FOR THE COORDINATION OF AFFAIRS
IN THE PROCESS OF NEGOTIATION WITH THE PROVISIONAL
INSTITUTIONS OF SELF-GOVERNMENT IN PRIŠTINA**

**PROGRESS REPORT ON THE DIALOGUE
BETWEEN BELGRADE AND PRIŠTINA
(October 2015 – April 2016)**

April 2016

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Introduction

The key feature of this reporting period in the EU-facilitated dialogue between Belgrade and Priština was the evasion of the Provisional Institutions of Self-Government (PISG) in the Province to honour the substantive commitments they undertook under the First Agreement and the arrangements made on 25 August 2015. Such attitude on the part of Priština resulted in a serious hold-up in the dialogue and delays in implementing the agreed, most notably in terms of establishing the Community of Serbian Municipalities as the single most important issue for us. Various measures aimed at preventing the movement of people and goods, unilaterally taken by Priština during the same period on several occasions, did not help the process of the dialogue either.

Nevertheless, Belgrade remained committed to normalizing relations with Priština. Moreover, the Serbian government continued to address all outstanding issues, responsibly and in the spirit of cooperation, never desisting from asserting the need to abide by all hitherto made agreements. This approach on the part of Belgrade brought about resolution of a number of issues outstanding in the framework of the Dialogue.

Belgrade still regards the process of normalizing relations with the Provisional Institutions of Self-Government in Priština primarily as a framework mechanism for safeguarding our vital national interests in the Province, while recognizing the need to create more favourable circumstances for the historic reconciliation of the Serbian and Albanian peoples.

Consequently, Belgrade has continued to view the dialogue with Priština both as an incentive to the EU integration of the Republic of Serbia and as a guarantee of stability for the entire region. Probity of such an approach has been acknowledged by the European Union, which formally initiated accession negotiations with the Republic of Serbia on 14 December 2015.

Present report, covering the period from October 2015 to April 2016, comprehensively portrays the course of dialogue. A detailed overview of what has been agreed and implemented so far is segmented to three parts: the first comprises the issues and processes resulting from the First Agreement of Principles Governing the Normalization of Relations; the second comprises issues arising from the so-called technical agreements reached under the EU facilitation; and the third covers issues deriving from the arrangements made in order to overcome other, no less significant issues, which hamper further normalisation of relations.

A) Social and political situation in Kosovo and Metohija

In the reporting period, the socio-political situation in Kosovo and Metohija remained unstable due to the prolonged political crisis which escalated between the opposition and the government. The three opposition parties (Self-Determination Movement - PS, the Alliance for the Future of Kosovo - ABK and the Initiative for Kosovo - IK) managed to postpone or interrupt several Assembly sessions by using tear gas, after which the government resorted to repressive measures. Several opposition MPs, members of the PS, were detained and sentenced to a month's house arrest. In addition, the opposition MPs who activated tear gas were banned from attending Assembly sessions, which enabled the ruling coalition to carry out the minimum legislative work (e.g. adopt the provincial budget for 2016).

Political opposition staged protests in Priština and other major cities in the Province, which, at times, turned violent. Protesters repeatedly assaulted individual public servants in the Priština administration, including Mr. Isa Mustafa. However, silent confrontation between the PS and the ABK concerning the lead role in the opposition bloc resulted in postponing the announced joint anti-governmental protests scheduled for 26 March 2016, allegedly due to the disagreements over the method of political action. In this context, the ABK advocated suspension of all violent activities and boycott of the operation of the Assembly, whereas the PS insisted on continued application of violence for the purpose of achieving political goals. Most likely, this division will continue to form the foundation of the discord in the opposition bloc in the coming period, and the ruling coalition will most likely endeavour to make use of it in order to mitigate the effects of the political crisis.

At the same time, the central issue that the ruling coalition had to tackle during the reporting period was the election of the President of the Provisional Institutions of Self-Government. Having failed to ensure the required majority in the first two rounds, Hashim Thaçi was appointed to the function only after the third round of voting, held on 26 February, by means of the votes of PDK, the majority of the LDK members, as well as minority and independent MPs.

It may be asserted that the overall political climate in the Province has deteriorated since the previous reporting period. Internal tensions within the Albanian political electorate have led to an increased dissatisfaction aimed at the Serbian community, which is more or less directly blamed for the bad situation in the Province.¹ Due to the overall situation, the authorities demonstrated a diminished sensitivity to the issues of interest to the Serbian community, such as ensuring their political rights provided for by the First Agreement and related arrangements, protection of the security of person and property, as well as of the constitutionally guaranteed rights of the Serbs and other minorities in the electoral process in the Province.

B) Security situation in Kosovo and Metohija

The prolonged crisis in provincial institutions, the escalation in the ethnically motivated attacks on the Serbs and the increased presence of the radical Islamist factor, all have resulted in unstable security situation in Kosovo and Metohija.

Same as in the previous reporting period, a pronounced institutional crisis and resorting to violence in the Assembly, have led to a perceptible increase in the inter-ethnic tensions, so much so that certain Albanian factors often accused the Serbian community in the province of "sabotaging"

¹ This fact was particularly highlighted during Priština's attempts to become a member of UNESCO, where justified opposition by the prominent Serbs in the Province was publicly characterized as a hostile and subversive act.

and attempting to destabilize the PISG. In conditions of an inflated political crisis, such acts have resulted in a substantial surge in the volume and intensity of the ethnically motivated attacks on the Serbs and their property. The authorities failed to exert sufficient efforts to prevent these attacks and punish the perpetrators in a more decisive manner, presumably so as to avoid further “treason” charges from the opposition.

The reporting period also saw intensified spreading of alarm among the Albanian population in the Province that so-called parallel structures intend to lead the north of Kosovo and Metohija to secession from the Province. This situation, aggravated by a further deterioration in the socio-economic living conditions for the bulk of the citizens, were conducive to the increasingly self-assured actions undertaken by the Albanian extremists, disgruntled with the formation of the Special Court for the crimes committed by the terrorist KLA. The fact that the Albanian media recently showed footage of a group of members of the terrorist organization ANA making open threats of violence against the Serbs in the region of Kosovska Mitrovica is also suggestive of this. In addition, the media are openly reporting about the already perpetrated executions of some of the potentially protected witnesses who were supposed to testify about the KLA crimes before the Special Court.

The security situation in the province also deteriorated owing to the efforts of the local authorities to transform the so-called Kosovo Security Force into the “Kosovo Armed Forces”. Although this is in full contravention of the international agreements pertaining to the Province and amplifies the feeling of insecurity among the minority communities, the authorities in Priština have announced taking action on this issue in the coming period.

Over the past six months, strengthening of the radical Islam was registered in Kosovo and Metohija, and it is likely that this process would continue given the difficult economic situation in the province. Under the influence and in coordination with the Islamist circles, so far some three hundred Albanians from Kosovo have engaged in the conflict areas in the Middle East. Most of them take part in the military operations of the terrorist “Islamic State in Iraq and Syria”, where they acquire a credible combat experience. The return of these persons to Kosovo and Metohija would certainly pose a direct security threat. The scale of this threat was clearly evident in the attempted organized assault on the Monastery of Visoki Dečani by an armed group of radical Islamists, which was prevented on 20 January 2016 owing to KFOR intervention.

Illustrating the described security situation is the fact that 40 ethnically motivated attacks were perpetrated on Serbs in the reporting period. The largest number of attacks involved the returnee settlements and villages in the municipalities of Klina, Prizren, Istok, Orahovac and Peć. In particular, we emphasize that an attempt was made to prevent the celebration of Christmas in Đakovica again, and that stones were pelted at the worshippers and the Orthodox churches in Orahovac. All attacks were duly reported to the Kosovo Police.

For the purposes of the present report, below is a selection of assaults perpetrated on the Serbs, their property, spiritual, cultural and historical heritage, in the reporting period:

October 2015:

- In the village of Gornje Kusce in the Gnjilane municipality, a group of Serbian boys was physically assaulted by a group of Albanian boys. V. P. sustained three stabs with a knife, two in the head and one in the shoulder, while A. Marčić sustained minor injuries in the right leg.
- Stones were pelted at the bus carrying worshippers from central Serbia; the incident took place in the downtown of Peć, outside the Church of St. John.

- Stones were pelted at the dispensary of the Health Centre located in the Serbian part of the village of Suvi Do, Municipality of Kosovska Mitrovica.
- Stones were pelted at the Orthodox Church of the Dormition of the Mother of God, located in the “Serbian Street” in Orahovac. Stones were pelted by ethnic Albanians, after the Sunday service had ended, while the parish priest and believers were still in the church.
- In the village of Zočište, Municipality of Orahovac, ethnic Albanians spray-painted “KLA” and other intimidating graffiti on the outside enclosing wall the Monastery of Holy Healers Kozma and Damyan.

November 2015:

- The intimidating graffiti “ISIS” (the Islamic State of Iraq and Syria) were spray-painted on several locations in “Bosniak Mahala”, the multi-ethnic town block in Kosovska Mitrovica.
- In the village of Siga, Municipality of Peć, unidentified persons set fire to the house of the returnee D. Jašović.
- Stones were pelted at the family house of Ž. Mazić in Klina.

December 2015:

- In the town of Goraždevac, Municipality of Peć, ethnic Albanians carried out several organized armed assaults against the local Serbs and their property. On that occasion, several shots were fired at the family houses owned by S. Petrović and S. Kolašinac. All members of the Petrović family were at home at the time of the attack.
- In the town of Goraždevac, Municipality of Peć, shots were fired at the kiosk owned by the Vuksanović family, resulting in the damage to the kiosk.
- In the village of Srbobran, Istok municipality, an armed attack was carried out on a shop – kiosk. At the time of the attack, I. Dubić and D. Simonović were present in the kiosk.
- In the town of Goraždevac, Municipality of Peć, shots were fired at the monument commemorating the Serbian victims of the NATO bombing and the children killed in the terrorist attack which took place by the Bistrica River on 13 August 2003. The monument was then demolished by large boulders.

January 2016:

- In the village of Berkovo, Municipality of Klina, armed assaults were carried out on two houses owned by the Serbian returnees, while all members of both families were at home.
- On 6 January 2016, approximately 50 displaced persons of Serbian nationality, arrived by bus to Đakovica, in order to celebrate the Christmas Eve and enter the Yule Log into the Monastery of Dormition of the Holy Mother of God. On that occasion, the citizens of Albanian nationality staged protests against the presence of Serbian worshippers, which is why this group of displaced persons had to be secured by a significant police force.
- On 31 January, four Islamic extremists arrived at the entrance to the Monastery Visoki Dečani, in a vehicle with Uroševac licence plates, and were arrested by the Kosovo police after the KFOR intervened. The vehicle was searched and an automatic rifle with three rounds of ammunition and a handgun were found, along with radical Islamist literature.

February 2016:

- In the village of Donji Petrić, Municipality of Klina, property of the returnee K. Grujić was stolen.
- In the village of Koš, Municipality of Istok, family houses owned by I. Obradović and Z. Obradović were burglarized.
- Stones were pelted at the family houses of Serbian returnees Ž. Mazić and V. Radosavljević, located in the St. Sava Street in Klina. Mr. Radosavljević was at home at the time.
- Stones were pelted at the family hose of I. Krstić in Prizren.

- In the village of Pasjan, Municipality of Gnjilane, populated by the Serbs, an explosive device was thrown at the family house of S. Jancić. At the time of the assault, the owner and his wife were at home.

March 2016:

- Family houses owned by persons of Serbian nationality were burglarized in the town of Banjska, the municipality of Vučitrn.
- In the Serbian part of Orahovac, the family home of T. Baljošević was torched. *Nota bene*: the Baljošević family was kidnapped by the KLA in July 1998, whereupon T. Baljošević and his son were killed, while the rest of the family (wife, daughter-in-law and grandson) were freed in an exchange. Since the KEK (Kosovo Electric Company) from Orahovac took the Baljošević family house off the electrical grid, the possibility of faulty wiring as a cause of fire was excluded.
- In the ethnically mixed village of Sinaje, Municipality of Istok, fire was set to the house yard of P. Zuvic. The fire destroyed approximately 1,000 bales of straw.
- On the wall of the Church of St. Nicholas in Priština graffiti “ISIS is coming” were spray-painted in English. The graffiti were spotted by members of Italian KFOR, patrolling the area twice a week.
- In the village Berivojce, Municipality of Kosovska Kamenica, N. Stanojević was physically attacked outside his house. A group of four ethnic Albanians used metal bars and leather straps to repeatedly beat him on the head and other parts of his body. His son, M. Stanojević and his wife were also assaulted, and both sustained serious injuries.
- In the village of Čitak, Municipality of Srbica, inhabited exclusively by the Albanian population, stones were pelted at a bus owned by V. Repanović, carrying Serbian returnees from Belgrade to Goraždevac.

C) Obligations stemming from the First Agreement

1. Community of Serbian Municipalities

Almost no progress has been made regarding the establishment of the Community of Serbian Municipalities (CSM) since the agreement on the *General Principles/Key Elements* was made on 25 August 2015. The responsibility for this situation lies entirely on Priština, which refuses to uphold and implement the agreed within the framework of the Dialogue, and seeks in every way to discredit and delay the process of establishing the Community.

Priština’s failure to comply with their commitments is by far most evidently reflected in the fact that, in accordance with Point 2 of the General Principles, Priština should have adopted a Decree to introduce the Community into the legal system of Kosovo*, which was then to be confirmed by the so-called Constitutional Court. This should have laid down the conditions for the Management Team to start its work on the Statute of the CSM, which, as provided for by the General Principles, should have been presented to the high-level dialogue no later than 25 December 2015.

Although it has been nearly eight months since this agreement was reached, the obligations have still not been discharged. The situation is further complicated by the fact that the so-called Constitutional Court ruled that the General Principles of 25 August 2015 are not fully compatible with the spirit of the Constitution of Kosovo*, to the extent that the future Degree and Statute of CSM must seek to overcome this incompatibility.

We have pointed out repeatedly that the decision of the so-called Constitutional Court was unacceptable and that its effects would be conducive to a dangerous precedent that could seriously

undermine the process of the Dialogue and implementation of all other agreements. It was therefore pointed out to the EU representatives that the Management Team would draft the Statute solely on the basis of the First Agreement and the General Principles of 25 August 2015, since to approach it any differently would mean to accept Priština's unilateral amendments to the agreement.

At the same time, Belgrade has made appropriate preparations and analysed the necessary steps to be taken in order to draft the Statute and constitute the Community.

It should be noted that the constitution of the Community would solve a number of problems in various areas which are currently discussed in the framework of the dialogue, or are to be discussed subsequently, such as property issues, economic development, education, urban and rural planning. For this reason, the Serbian side has repeatedly urged the EU mediators to ensure Priština's consistent compliance with the commitments taken on and agreements reached, as well as to forthwith initiate activities aimed at establishing the CSM. However, the start of the operation of the Management Team continues to be delayed, while Priština continues to publicly condition the start of work on the Draft Statute on resolving issues that were not part of any agreements made so far.

2. Police

The past period was marked by intense discussions aimed at having Priština fulfil its obligations concerning the integration of the remaining 149 former employees of the Ministry of Interior of the Republic of Serbia into the Kosovo* structures.

The only step forward in this matter was the integration of 77 former administrative staff of the MoI. An agreement was made to establish a special Panel for the integration of these persons, which should have started working in November 2015. However, due to the obstructions of Priština, it actually started working as late as in February 2016. So far, the Panel has held three meetings, which resulted in a general proposal made by Priština to integrate all 77 former administrative staff. According to this proposal, 32 persons were to be integrated in civil registration offices within the Kosovo Police, while the remaining 45 were to be employed with the civil registration offices in Serbian municipalities in the north of Kosovo and Metohija.

In the matter of the remaining categories of former members of the MoI, there was no significant change. In the reporting period, the Kosovo side kept refusing to start the integration of 34 non-integrated fire fighters (out of 64 in total).

In addition, Priština maintained that it would not integrate 23 former police officers who allegedly failed to obtain "security clearance". We insist that Priština provides specific reasons justifying its position, since we hold that such "accusations" are mostly of political nature and that Priština is obligated to integrate them.

Similar can be said for 15 persons formerly employed with the Food and Accommodation Directorate within the MoI of the Republic of Serbia. Namely, Priština refuses to integrate them by claiming that the positions are not part of the staffing table in its institutions, and that such work is outsourced to private companies.

Further to this, problems concerning harmonization of the applicable legislation on the Police in Kosovo and Metohija remain unresolved, thus preventing the official appointment of the Regional Commander in the Police Directorate Kosovska Mitrovica North. The position is still held by Acting Regional Commander, and the conditions for his official appointment will only be created upon the

establishment of the Community of Serbian Municipalities, in compliance with Point 9 of the First Agreement.

It is important to call attention to recent Priština's evident attempts aimed at undermining the operation and the very existence of the Police Directorate Kosovska Mitrovica North, in terms of its organization and personnel. Namely, the Directorate leadership is being threatened by political charges of war crimes, while on the other hand the leadership's requests for certain staffing decisions remain overlooked. We are worried by the fact that Priština is violating Article 9 of the First Agreement, which stipulates that the KP composition in the North should reflect the ethnic composition of the four Municipalities mostly populated by the Serbs. More specifically, Priština has already deployed several units in this region comprising around or over 50% of Albanians, which is a substantially higher percentage than their share in the population of these municipalities. Defying rules of procedure, Priština keeps those units beyond the chain of command of the Directorate, thus introducing a dangerous practice that could easily be conducive to abuses. The engagement of these units without the approval of the Regional Commander could have an adverse impact on the overall security, which is obviously in nobody else's interest, but Priština's.

3. Judiciary

According to the Agreement on Judiciary, the entire integration process and the adaptation of facilities intended for courts and prosecutors' offices should have been completed by 1 September 2015.² However, due to numerous problems and primarily due to procrastination on the part of Priština, the implementation of this Agreement has not been completed yet.

Over the previous period, the key problem concerned striking a deal on managerial administrative positions in courts and prosecutors' offices, and re-advertising vacancies for judges and prosecutors.

Priština agreed to re-advertise vacancies for judges and prosecutors in order to fill all positions reserved for the Serbs, pursuant to the Agreement, which had remained vacant after the first vacancy announcement. To this end, it was agreed to also allow the expert associates to apply for the advertised positions. On the other hand, in the matter of managerial administrative positions, Belgrade accepted the allocation of the following positions to the members of Serbian community: Deputy Secretary in the Appellate Court – Department in Mitrovica, Deputy Secretary in the Basic Court in Mitrovica, and Secretary in the Basic Prosecutor's Office in Mitrovica. Belgrade also accepted the proposal of EU representatives to have two registrar positions in the Basic Court in Mitrovica, one for an Albanian and the other for a Serb.

After reaching agreement on other outstanding issues, on 29 March 2016, Priština re-advertised vacancies for the integration of judges and prosecutors, and vacancies for administrative staff in courts and prosecutors' offices.

² In line with the Agreement, it was agreed that members of the Serbian community were to be allocated 48 judge positions (29 positions in the North and 19 positions in the South), 15 prosecutor positions (9 positions in the North and 6 positions in the South), and 148 administrative staff positions (115 in courts and 34 in prosecutors' offices). On the other hand, upon the completion of integration, the Republic of Serbia was to adopt appropriate legislation to regulate the termination of funding of all integrated persons. Further, the Agreement set forth that both sides were to ensure and adapt certain facilities for courts and prosecutors' offices.

These announcements are expected to fill 14 judge positions and 6 prosecutor positions.³ In terms of administrative staff, vacancies were advertised for 115 administrative staff positions in courts and 34 administrative staff positions in prosecutors' offices.

The deadline to apply is one month. It is expected that the implementation of the Agreement on Judiciary will be finally completed after the vacancies are filled.

4. Energy

Implementation of the Energy Arrangement of 8 September 2013 is still ongoing, as well as of the Conclusions of the EU facilitator on the implementation of the 2013 Energy Arrangement dated 25 August 2015.

On 9 September 2015, Priština refused to register *EPS Trgovina* Ltd. for trading in electrical energy and *Elektrosever* Ltd. for supply and distribution services, citing numerous objections of both political and technical nature, whereupon Belgrade requested from the EU facilitator to find an appropriate solution to enable Priština to honour its assumed obligations.

In the meantime, the Republic of Serbia fulfilled all its obligations provided for under said Arrangement. Accordingly, PC *EMS* retracted its appeal to ENTSO-E, and the Connection Agreement was signed on 1 October 2015. It provides for KOSTT to become a separate control area but under the condition that *Elektrosever* Ltd. first obtains the license for power supply and that it becomes operational.

The implementation of the provisions of the Connection Agreement has yet to commence, as the main precondition concerning the incorporation of the two companies *EPS Trgovina* and *Elektrosever* has still not been met. On 25 February 2016, PC *EPS* submitted the documentation for the third time to register the two companies, but the requests were again refused. The explanation was that the detailed itemizing of business activities with specific business activity codes - as was agreed with the EU facilitators and Priština - was unacceptable, and that the preamble of the submitted Statute failed to invoke the Energy Arrangement and the so-called Kosovo legislation.

It is expected that the EU facilitators should find a suitable solution to register these companies and issue necessary operating licences, enabling full implementation of the Arrangement and the Conclusions.

5. Telecommunications

The implementation of the Action Plan to implement the Telecommunications Arrangement of 25 August 2015 is currently underway.

In accordance with the Action Plan, the subsidiary of *Telekom Srbija* Jsc. (*mts* Ltd) should have been registered by 31 August 2015. However, owing to Priština's unjustified and repeated rejections of the documentation submitted, *mts* Ltd. was registered as late as on 13 October 2015. For that reason, the start of the implementation of the Action Plan was postponed until 15 October 2015, and all deadlines to comply with obligations were pushed forward for six weeks.

³ In the previous vacancy announcement for judges and prosecutors advertised in March 2015, 34 candidates for judges and 9 candidates for prosecutors were found eligible.

As part of implementing the Action Plan, on 30 December 2015, *mts* Ltd. applied for a fixed telephony licence and for a temporary authorization for mobile telephony. On the same day, the EU facilitator was presented with the Draft Plan for the incorporation of *mts* Ltd. Given the need to resolve numerous outstanding issues regarding the incorporation of the company, said Draft Plan was not approved by the highest political representatives on both sides, even though it was supposed to be approved by 15 January 2016, in accordance with Point 3.1 of the Action Plan.⁴

The most contested issue in the process of the company incorporation is certainly the issue of its infrastructure.⁵ The infrastructure of *Telekom Srbija* mobile network in Kosovo and Metohija is located in 72 sites with poles for setting up radio-base stations. In accordance with the situation on the ground, *mts* Ltd submitted a request for the allocation of frequencies, but Priština deems that the company can be allocated frequencies only for the active infrastructure on the ground.⁶ Such argumentation of Priština is completely unacceptable to us, having in mind that the entire infrastructure in the 72 sites had functioned normally until 2010, when it was damaged by force by Albanian extremists, and especially due to the fact that *Telekom Srbija* has valid contracts signed for the lease of space or land in all the sites, and that it regularly meets its obligations.

In order to resolve the issue of the infrastructure, as well as other contested issues regarding the process of incorporation of *mts* Ltd⁷, representatives of the Republic of Serbia provided the EU facilitator with a list of seven documents for Priština to consent to, and then present the contents and form in which they will be passed, as well as with the Draft Conclusions on the implementation of the Telecommunications Arrangement and the Action Plan, which is to be initialled by top political representatives of both parties and the EU facilitator. Priština's adoption of the documents in this list and the initialling of the Conclusions are preconditions for the finalization of the process of incorporation of *mts* Ltd.

During the implementation of the Action Plan, also discussed were the identification and exchange of technical data in order to harmonize the use of radio-frequency spectre between the regulatory bodies. Both parties agreed that the process of identifying and exchanging the technical data will take place in accordance with EU regulations, and that the principle of equitable access to the spectre in the zones of harmonization will be applied.

It was agreed that the talks on the issuance of the fixed telephony licence and the temporary authorization for mobile telephony, as well as on granting consent for the allocation of the three-digit dialling code for the geographic area of Kosovo* may only resume once a sustainable and functional company has been established.

⁴ Point 3.1 of the Action Plan stipulates that the two sides must harmonize the process of defining the new telecommunications company, i.e. that they must reach agreement on the issues of inventory, provision of services, infrastructure, network expansion, manner of functioning and the incorporation process.

⁵ Construction facilities for equipment storage, cable ducts, poles for setting up radio-base stations and radio-relay links.

⁶ According to Priština's allegations, only 31 base stations are active on the ground, located in 22 sites.

⁷ The remaining contested issues are: amendment to the certificate of being entered into the register of operators, leaving an additional deadline to *mts* Ltd to harmonize with the regulatory framework in Kosovo and Metohija, allocation of appropriate frequency ranges and permits for the use of frequencies in 158 base stations placed in 72 sites, approval to use the numeration range and permits for the use of numeration which *Telekom Srbija* currently uses in Kosovo and Metohija, approval for the *mts* Ltd network to continue using core elements and IT subsystems centralized in certain locations in *Telekom* network outside Kosovo and Metohija.

6. European integration

Chapter 35 entitled *Other Issues* and pertaining to the full normalization of relations with Priština, was opened at an Intergovernmental Conference in Brussels on 14 December 2015. This is the first chapter opened in the process of negotiations on the accession of the Republic of Serbia to the European Union.

The main recommendation given to the Republic of Serbia when Chapter 35 was opened was to continue to implement the agreements reached on 25 August 2015 and in April 2013, and to remain involved in the process of reaching new agreements, with the aim to fully normalize the relations between Belgrade and Priština. During the process of accession to the EU, Serbia is expected to be continuously committed to a visible and sustainable improvement of relations with Priština.

Chapter 35 contains interim benchmarks for each area, which the Republic of Serbia must meet in the process of EU accession. The interim benchmarks are defined in accordance with the current state of affairs in the Dialogue. This further means that it is almost certain that, to reflect the progress made in the Belgrade-Priština Dialogue, the Republic of Serbia will be presented with new benchmarks, introducing new obligations.

The interim benchmarks are divided into three groups: the first group covers the implementation of the First Agreement and the Implementation Plan, as well as the Agreements on Energy and on Telecommunications; the second group pertains to the implementation of technical agreements reached in 2011 and 2012; the third group refers to future agreements and progress in the normalization of the relations.

The European Commission and the High Representative of the EU will monitor the process of meeting the interim benchmarks and will report thereon twice a year. The EC (or a third EU member state) may recommend suspending a decision on opening and closing of any chapters in the negotiations if progress in the normalization of relations between Belgrade and Priština falls behind due to failure of representatives of the Republic of Serbia to honour their obligations.

D) Obligations stemming from Technical Agreements

1. Cadastre

With respect to the implementation of the 2011 Agreement on Cadastre, in the previous period the Republic of Serbia discharged its obligations regarding the digitization of cadastral records removed from Kosovo and Metohija in 1999⁸.

On the other hand, the issue of establishing the bodies envisaged by the Agreement which are to compare cadastral records and adjudicate in disputable cases⁹ has been discussed in Brussels on several occasions, but no visible progress has been made.

⁸ Within the EU-funded project *Exchange of Cadastral Records between Belgrade and Priština*, the total of 3,765,830 images were scanned from October 2013 to March 2016.

⁹ The Agreement provides for the establishment of the following bodies:

1. Technical Agency envisaged by Point 2 of the Agreement, whose members are to be selected by the EU with the consent of both parties, and which is to be in charge of comparison of cadastral records;
2. The Tripartite Implementation Group, as envisaged by Point 2 of the Agreement, whose role is to oversee the operation of the Technical Agency and which is to involve, under the Agreement, cadastral experts from both sides, headed by the EU;

The Serbian party has been very constructive in finding appropriate solutions to enable the implementation of the Agreement. With that aim, cadastral records from Kosovo and Metohija have been analyzed in detail, and in line with that analysis, a comprehensive proposal of the structure and method of operation of the bodies has been prepared, in full compliance with the provisions of the Agreement. The main requirements of the Serbian party are that all the bodies envisaged by the Agreement remain outside Priština's legal system, as well as that the Serbs take equal part in deciding on every case considered before those bodies.

As opposed to that, the representatives of Priština showed a lack of willingness to implement the Agreement reached, explaining that it is an internal issue of theirs and that all the bodies envisaged by the Agreement must function in line with 'Kosovo' laws. Accordingly, a new version of the Draft Law on Property Verification and Comparison has been prepared in collaboration with EU representatives, which is supposed to enable the implementation of the Agreement. The representatives of Belgrade, the Serbian community in Kosovo and Metohija and associations of internally displaced persons have not been involved in the preparation of the Draft, even though the said Law is of vital importance to solving the issue of property of the Serbian people in Kosovo and Metohija.

The said Draft Law is unacceptable to us since its provisions are in every way contrary to the Agreement on Cadastre. For that reason, we will continue insisting on finding a comprehensive solution in line with the Agreement, involving equally the representatives of Belgrade, Priština and the EU.

2. Civil registry books

The Republic of Serbia fully discharged its obligations stemming from the Agreement on Civil Registry Books.

3. Customs stamp

The Agreement on Customs Stamp is fully implemented. Solutions specified under this Agreement are used in all documents related to the movement of goods (veterinary certificates, phytosanitary certificates, etc.).

4. University diplomas

In the previous period, the implementation of the 2011 Agreement on the Recognition of University Diplomas was one of the main themes of the Dialogue between Belgrade and Priština.

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3. The first instance in the adjudication mechanism, i.e. the Commission consisting of international and Kosovo cadastral and property experts, most of which are to be appointed by the Special Representative of the EU, taking into account the interests of all concerned communities. In line with Point 4 of the Agreement, the said Commission decides on the correct cadastral record, in case where the comparison shows records not to be the same;
 4. Special Panel within the Kosovo Supreme Court which is to consist mostly of international judges and which is to act as the second-instance mechanism on the appeal of interested persons against the decisions of the Commission (first-instance decisions).

The standstill in the implementation of the Agreement was caused due to Priština's refusal to implement the Agreement¹⁰ and termination of the Implementation Partner's¹¹ operations.

In order to overcome the said problems, on 21 January 2016 the wording of the Conclusions on Mutual Diploma Recognition based on the Agreement on Mutual Diploma Recognition (the Conclusions) was agreed.

The Conclusions provided for the continued implementation of the 2011 Agreement. In addition to the recognition of university diplomas, the Conclusions provided for the recognition of primary and secondary school diplomas, and the deadlines to act upon those requests. It was agreed that a new Implementation Partner be engaged via which recognition requests shall be submitted. Further, it was envisaged that the parties exchange lists of accredited university study programmes, information on the procedures for the recognition of higher education documents, as well as primary and secondary school diplomas. The implementation of the Agreement should be monitored by the Tripartite Implementation Group, comprising the representatives of Belgrade, Priština and the EU.

After reaching the Agreement, the parties exchanged all the necessary information regarding the procedures for the recognition of diplomas and accredited university programmes. It was agreed that the competent ministries of each party decide on the previously submitted requests for the recognition of diplomas certified by the European University Association (EUA), as well as to start receiving new requests as of 4 April 2016. To that end, the Ministry of Education, Science and Technological Development created a special e-mail address for the submission of recognition requests by the appointment of a new Implementation Partner. Until then, a body should be established which would be in charge of certifying primary and secondary school diplomas. Apart from that, the competencies of the Tripartite Implementation Group (TIG) were defined. It is to monitor the implementation of the Agreement on Diplomas and the Conclusions.¹²

It should be underlined that the issue of recognition of diplomas issued by the University of Priština, temporarily seated in Kosovska Mitrovica, is still pending. Namely, Priština states that the Agreement and the Conclusions shall not apply to the diplomas of the said University, even though it is accredited within the educational system of the Republic of Serbia. It is of utmost importance for us to have this issue resolved, given that it mostly affects the Serbian population in Kosovo and Metohija.¹³

¹⁰ Since the entry into force of the Agreement, 28 recognition requests with the EUA certificate have been granted by the institutions of the Republic of Serbia. By contrast, Priština has not recognized any of the 13 submitted requests for the recognition of diplomas issued by the accredited universities in the Republic of Serbia and certified by the EUA, despite being bound by the Agreement to do so.

¹¹ In order to facilitate the implementation of this agreement, the EU contracted NGO *Spark* in February 2012, and requests for the issuance of EUA certificates were submitted via this NGO. In July 2014, *Spark*'s mandate expired.

¹² Competent Ministries of each party as well as the Implementation Partner shall report regularly to TIG on the number of submitted, accepted and rejected recognition requests, as well as the reasons for their rejection. TIG shall also be entitled to ask for information on disputable cases and suggest measures for resolving potential disputes regarding the implementation of the Agreement and the Conclusions.

¹³ With the intention of legally regulating this issue, in late December 2015 Priština adopted the Rules of Procedure which treat the University of Priština temporarily seated in Kosovska Mitrovica as part of their education system (under the name the University of Mitrovica North), and which is to enable the recognition of diplomas of this University for the purpose of gaining employment in public institutions of the PISG in Priština. The Rules of Procedure have numerous shortcomings since they limit the submission of requests to the period of the following year, and contain other limitations such as the requirement that the applicant must have the citizenship of Kosovo* and that the subject diploma must be issued after 2001.

The implementation of the Agreement and the Conclusions is expected to finally begin upon the designation of the Implementation Partner, which is anticipated in May.¹⁴

5. Freedom of movement

In the previous period, the freedom of movement regime was followed in line with the Agreement on Freedom of Movement.

The Agreement is still applied at 6 common crossing points and the following border crossings: Preševo, Gradina, Batrovci, Šid, Kelebija, Horgoš, Belgrade Airport and Niš Airport.

Priština requested that our party enable unhindered movement for the vehicles with RKS licence plates in central Serbia, i.e. that those licence plates are not replaced by “PROBA” plates upon crossing the administrative boundary line. In addition, Priština requested that the use of personal documents issued by the “Republic of Kosovo” be allowed upon crossing the administrative boundary line. We explicitly rejected the said requests of Priština since they are contrary to the Constitution and legislation of the Republic of Serbia.¹⁵

In addition, Priština constantly requests that the Republic of Serbia stop issuing licence plates for vehicles from Kosovo and Metohija, which is done by police departments temporarily relocated from Kosovo and Metohija to central Serbia. We insist that this issue be discussed in the upcoming period, alongside with the issue of extending the validity of “KS” licence plates, which, pursuant to the Agreement, expire in November 2016.¹⁶

In the previous period, one of the pressing issues was the issue of re-registration of 2,000 vehicles owned by the Serbs in the Kosovo Morava Basin Region and bearing provisional “RP” licence plates. Even though it was agreed at the high-level meeting in January 2016 that Priština should re-register these vehicles to “KS” plates without delay, it has not been done yet.

With respect to the abuse of the freedom of movement right, the reporting period saw a drastic reduction in the number of persons from Kosovo and Metohija trying to illegally cross the state border, so as to enter the countries of the European Union. During 2015, a total of 2,080 persons from the Autonomous Province of Kosovo and Metohija were prevented from crossing the border of the Republic of Serbia illegally, while in the period from 1 January to 31 March 2016 a total of 78 persons were prevented. In the period from 1 October to 31 March 2016, criminal charges were brought against three persons from the AP of Kosovo and Metohija for “unauthorized state border crossing and human trafficking”.

On the basis of the Agreement signed between the Republic of Serbia and the Republic of Hungary on 22 October 2015, 26 persons from Kosovo and Metohija have been transferred.

¹⁴ With a view to harmonising the existing regulations to the provisions of the Conclusions, the Government of the Republic of Serbia adopted the Regulation to Amend the Regulation on the Special Method of Recognition of Higher Education Documents and Valuation of Study Programmes of the Universities in the Territory of the Autonomous Province of Kosovo and Metohija Operating in accordance with the United Nations Security Council Resolution 1244 (*Official Gazette of the Republic of Serbia*, No. 16/2016).

¹⁵ The introduction of a “sticker regime” was suggested as a possible solution (a sticker that would cover status symbols on licence plates) or the introduction of trial licence plates by Priština for vehicles with licence plates of the Republic of Serbia (as a form of reciprocal measures).

¹⁶ Our request is that the validity of these plates be extended for a period of at least 5 years, or for an indefinite period, if possible.

It is important to mention that Priština constantly requests that the Republic of Serbia stop issuing ID cards in police departments of the Ministry of the Interior temporarily relocated from Kosovo and Metohija to central Serbia. Even though this issue is not regulated by any of the agreements reached in the course of the dialogue, Priština attempts to classify this issue under the Agreement on Freedom of Movement, which our party explicitly refused. In the previous period, Priština prohibited persons with these ID cards from crossing the administrative boundary line without any justification and legal grounds on two occasions, and the problem was solved only with the facilitation of the EU, by agreeing not to take any unilateral action on this issue.

6. Regional representation

Pursuant to the Agreement on Regional Representation (the Agreement), the Republic of Serbia has been making a continuous effort to intensify all forms of regional cooperation, which is conducive to the stability of the region. In the past period, the representatives of the PISG in Priština were enabled to participate in numerous regional conferences and forums.¹⁷

With respect to that, it should be noted that the Agreement on the Establishment of the Western Balkans Fund was signed on 13 November 2015, with the participation of the representatives of the Republic of Serbia and the representatives of the PISG in Priština.¹⁸ The purpose of this fund is to finance projects and programmes aimed at promoting regional cooperation.

In addition, the representatives of Belgrade and Priština jointly attended numerous meetings of regional initiatives and organizations. Some of them include: the meeting of the Board of the Regional Cooperation Council on 15 October 2015; the meeting of Political Directors of the South-East European Cooperation Process in Sarajevo on 23 November 2015; MARRI Committee meeting in Danilovgrad on 10 December 2015; the meeting of Political Directors of the South-East European Cooperation Process in Sofia on 1 February 2016; the Informal Meeting of the Ministers of Foreign Affairs of the South-East European Cooperation Process in Sofia on 2 February 2016; the meeting of Ministers of Foreign Affairs of the Western Balkans Six in Drač from 30 to 31 March 2016.

A particularly important aspect of regional cooperation is the participation of the PISG in Priština in the meetings of organizations in the area of security. The most important ones include meetings within RACVIAC, the Meeting of Political Directors of the Ministries of Defence of Western Balkans in Dubrovnik on 22 October 2015, the Meeting of Ministers of Defence of the American-Adriatic Charter (A-5) in Mostar from 9 to 10 December 2015, the Meeting of the Ministers of Defence of the South-East European Cooperation Process and the NATO School Annual Planning Conference in Oberammergau (the Republic of Germany) on 17 February 2016.

The Republic of Serbia will continue to advocate adherence to the provisions of the Agreement and further promotion of regional cooperation in the following period, as well.

¹⁷ In accordance with the Agreement on Regional Representation, the designation “Kosovo*” is used within the framework of regional cooperation for representatives of the PISG in Priština with a footnote which reads, “This designation is without prejudice to positions on status, and is in line with UN Security Council Resolution 1244 and the Opinion of the International Court of Justice on the Kosovo Declaration of Independence”.

¹⁸ The idea for the establishment of this fund was generated at the Annual Meeting of Ministers of Foreign Affairs of the Višegrad Group and Ministers of Foreign Affairs of Western Balkans of 13 November 2015. The Western Balkans Fund has a founding budget of EUR 800,000 and the funds will be used to finance projects and programmes in different fields. States, NGOs, students and experts in the region will be eligible to apply for these funds.

7. Integrated Boundary Management (IBM)

The Republic of Serbia fully observes the agreed Conclusions on the IBM and the Technical Protocol on the Implementation of IBM.

The functioning of all six common crossing points (CCPs) is successful. The Republic of Serbia takes all the necessary measures to enable functioning of all crossing points and increase the efficiency of associated services.

In the past period, a central-level meeting was held in Belgrade on 27 November 2015 to discuss various issues regarding the implementation of the Agreement on IBM. It was concluded that numerous procedures envisaged by the Technical Protocol on the Implementation of IBM had been improved and that it was necessary to continue the activities to that aim.

In addition, an IBM Implementation Group meeting was held in Brussels on 7 and 8 March 2016. The meeting discussed various issues of interest to both parties. It was concluded that all contentious issues discussed at the previous IBM Implementation Group meeting¹⁹ were successfully settled. The issues are as follows:

- The schedule of local and regional meetings was altered, with the consent of both parties;
- The electronic correspondence between the Customs Administration of the Republic of Serbia and the so-called Kosovo Customs was simplified and is now done via the EU IBM Facilitation Office, without the mediation of the Ministry of Interior of the Republic of Serbia;
- Full implementation of the SEED system started, enabling systematic electronic exchange of data between the Customs Administration of the Republic of Serbia and the so-called Kosovo Customs for all kinds of goods transferred across the administrative boundary line;
- After receiving an official confirmation from the EU of the amendment of Mutual Legal Assistance Procedures, the Ministry of Justice of the Republic of Serbia continued to handle these cases;
- Certificate of Pharmaceutical Product (CPP) was agreed. In December, competent institutions in Priština issued medicine manufacturers with the first registration decisions on medicine marketing in Kosovo and Metohija;
- As of 21 September 2015, the Republic of Serbia started issuing entry/exit documents and temporary "PROBA" licence plates valid for 60 days and allowing multiple crossings at CCPs;
- Customs officers of both parties at the Mutivode CCP work seven days a week from 08:00 to 20:00 hours;
- Veterinary certificates for livestock were agreed.²⁰ Milk and dairy product certificates and certificates for products of animal origin are being agreed;
- The agreed phytosanitary certificate is successfully implemented at all administrative crossing points where commercial transport takes place.²¹

In addition, the aforementioned meeting discussed the establishment of new administrative crossing points Rajetići/Izvor and Kapija/Vrapce²² and the expansion and reconstruction of the existing administrative crossing points. It was concluded that certain procedural reasons delayed associated activities, but that both parties made effort to meet the agreed deadlines.

¹⁹ The previous IBM Implementation Group Meeting was held in Brussels on 21 May 2015.

²⁰ Certificates for livestock (apart from certificates for breeding cattle) became effective on 1 March 2016.

²¹ Commercial transport takes place at the following crossing points: Rudnica/Jarinje, Merdare and Končulj/Bela Zemlja.

²² Construction of the said administrative crossing points was agreed at the previous IBM Implementation Group meeting.

8. Official visits and Liaison Officers

In line with the Agreement on Official Visits, 101 visits of Serbian officials to Kosovo and Metohija were successfully conducted in the course of the reporting period, despite frequent obstructions by Priština.

With a view to furthering the process of normalization of relations and more relaxed organization and conduct of official visits, it was agreed on 15 October 2015 to extend the Agreement by including a special provision enabling regular and simplified visit regime for one official of each party, for whom the parties will provide logistical information only in order to facilitate the preparation of the visits. It was agreed to conduct the visits of these officials in a way that would further the process of normalization of relations or contribute to the overall work in the context of the EU facilitated dialogue.

Despite the agreement reached, Priština repeatedly violated the said provision on simplified regime of visits of Serbian officials, without providing any explanations. In order to resolve the said problem, representatives of the Republic of Serbia constantly insist on European facilitators taking necessary measures so that Priština would meet the obligations it assumed.

On the other hand, the system established in terms of the exchange of Liaison Officers functions successfully. Liaison Officers maintain good cooperation, both mutually and with the institutions and international missions in Belgrade and Priština.

In order to solve everyday problems of citizens, the Liaison Officer is in constant communication with representatives of EULEX, Provisional Institutions of Self-Government in Priština, and missions of other countries in the AP of Kosovo and Metohija.

The Liaison Officer has spoken to representatives of EULEX on several occasions regarding the detention of the Serbs by order of EULEX Prosecutor's Office, and he was also engaged in providing necessary assistance to Oliver Ivanović and Dragoljub Delibašić during the court proceedings instituted against them in Kosovo and Metohija.

It should be added that the Liaison Officer, in cooperation with other state authorities, took necessary measures in the case of unlawful detention of employees of PC *Šar Planina National Park*, which resulted in releasing the persons from detention.

Furthermore, the Liaison Officer was in constant communication with representatives of foreign missions in the AP of Kosovo and Metohija in October and November 2015, discussing the issue of Kosovo* request for UNESCO membership.

The Liaison Officer also participates in the organization of the parliamentary election in Kosovo and Metohija on 24 April 2016 by being in constant communication both with the Provisional Institutions of Self-Government in Priština and the OSCE Mission in Kosovo and Metohija.

E) Other topics

1. Collection of customs duties

The Republic of Serbia discharges all assumed obligations and collects all duties in accordance with the Agreement on Customs.

2. Development Fund for Northern Kosovo

During the reporting period, there was progress in terms of allocation of funds in the Development Fund for Northern Kosovo and Metohija. Since October 2015, the northern municipalities mostly populated by the Serbs have been allocated over EUR 4.4 million from the Fund on two occasions. The municipality of Mitrovica North was awarded around EUR 1.3 million out of this amount, the municipality of Leposavić around EUR 1.1 million, the municipality of Zubin Potok around EUR 1 million and the municipality of Zvečan EUR 950,000.²³

It is expected that the funds raised will continue to be allocated in the following period with a view to supporting social and economic activities in the four municipalities in the north of Kosovo and Metohija.

3. Vehicle insurance

The Memorandum of Understanding on vehicle insurance has been implemented since 23 June 2015.²⁴

Numerous problems arose in the reporting period concerning the implementation of the Memorandum. The Association of Serbian Insurers (UOS) showed outstanding cooperativeness as regards solving all problems within their responsibility, whereas solutions to most problems concerning direct violation of the Memorandum by the Kosovo Insurance Bureau (KIB) have still not been found.²⁵

The greatest problem are still the claims that UOS made on behalf of its members for the nomination of correspondents for the analysis, handling of claims, and payment of compensation in Kosovo and Metohija. The claims were dismissed on the pretext that KIB disposes of sufficient resources and that it would handle all the claims itself. This refusal on the part of KIB constitutes a direct violation of the provisions of the Memorandum (Section V, Point 3), stipulating that each party shall be entitled to independently request correspondent nomination, while the other party shall accept the request automatically.²⁶ This prevents insurance companies of both parties from establishing direct cooperation and protecting their interests. Despite the fact that the problem was brought to the attention of both European facilitators and representatives of the Council of Bureaux on several occasions, an appropriate solution has still not been reached.

²³ A total of approximately EUR 8.3 million has been collected in the Fund to date, and approximately EUR 6.6 million has been allocated to the municipalities so far.

²⁴ The Memorandum provides for mutual recognition of insurance policies for all vehicles entering central Serbia from Kosovo and Metohija and vice versa. The Memorandum was concluded between the Association of Serbian Insurers (UOS) and the Kosovo Insurance Bureau (KIB), and became effective on 12 August 2015.

²⁵ The only problem overcome successfully concerns the use of inappropriate terms that are not status-neutral in compensation claims on the part of KIB ("Republic of Kosovo").

²⁶ The request of *UNIQA Insurance* to nominate its subsidiary *Sigal UNIQA* as its correspondent in Kosovo and Metohija was rejected first. The request of *SAVA Insurance* to nominate its subsidiary *Illyria Life* as its correspondent in Kosovo and Metohija was rejected next.

In addition, KIB refused to reimburse a payment to *UNIQA Insurance* in March, also in breach of the provisions of the Memorandum, claiming that the official bank statement does not constitute valid evidence of payment effected. Such claims on the part of KIB are entirely groundless, in view of the fact that an official bank statement is considered credible evidence of payment of funds in the entire Green Card system.

It is important to emphasise that no conditions have been provided yet for the establishment of the insurance policy electronic verification system at the administrative boundary line, as provided for under the Memorandum, so policies are still only visually inspected.²⁷

All current problems concerning the implementation of the Memorandum are expected to be overcome in the upcoming period.

4. Free trade

Free trade between Belgrade and Priština is conducted in accordance with the Central European Free Trade Agreement (CEFTA). Also vital for this area is the Customs Stamp Agreement and the Technical Protocol on the Implementation of the IBM, as part of which the Customs Agreement was reached, as well.

Concerning the trade with the Republic of Serbia, it should be noted that the Provisional Institutions of Self-Government in Priština continue to act in contravention of the provisions of the CEFTA.

Namely, the problem of inappropriate determination of the customs basis for the collection of duties for building material (thermal blocks) has not been solved yet. The so-called Kosovo Customs still refuse to set the customs basis against the transaction value, which considerably increases the price of products and reduces the competitiveness of Serbian goods. Despite the fact that repeated promises were made at CEFTA meetings that the problem of determining the customs basis would be solved, this has not happened to date.

Further, in contravention of the CEFTA and EU regulations and practice, Priština continues to insist that veterinary certificates for mixed products accompany the products containing not only plant ingredients but also animal ingredients in a certain (minimal) percentage. Representatives of the Republic of Serbia continue to oppose this request of Priština's, underscoring that the movement of these products does not need to be accompanied by any certificates, particularly because this only slows down the process of exchanging goods additionally and increases the cost of products.

The issue of transporting non-hazardous waste (paper, glass, scrap metal) is still present. With a view to finding an appropriate solution, the Ministry of Agriculture and Environmental Protection prepared Draft Procedures for the Movement of Waste from the Republic of Serbia outside the AP of Kosovo and Metohija to the AP of Kosovo and Metohija and vice versa, which is expected to be adopted in the following period.

Serbian economic operators and businesses from the north of Kosovo and Metohija are still facing numerous problems. Serbian economic operators cannot conduct trade in Kosovo and Metohija unless they are registered with Priština's competent institutions, and businesses from the north of Kosovo and Metohija cannot import products from Serbia to the north of Kosovo and Metohija unless

²⁷ The insurance policy electronic verification system would ensure a greater security in compensation of damage, and a reduced opportunity for vehicle smuggling.

they possess an appropriate licence. Moreover, entrepreneurs from the north of Kosovo and Metohija not registered with competent authorities may only sell their goods to end users (customers), given the fact that they are not part of the fiscal system of Kosovo*.

5. Bridge and “Peace Park” in Kosovska Mitrovica

The Conclusions of 25 August 2015 stipulated that the issue of demarcation between Mitrovica North and South in the area of Brđani and Suvi Do was to be settled by 10 October 2015 by relevant ministries and the two municipalities signing the Memorandum of Understanding on Municipal Development Plans (MoU), the municipal zoning maps and detailed regulatory plan. Only afterwards, by 15 October 2015, was it foreseen to start revitalising the bridge and making it fit for traffic. At the same time, Kralja Petra Street was to be reconstructed and turned into a pedestrian zone. The entire work was to be completed by the end of June 2016.

Shortly after the Conclusions were signed, problems arose about the demarcation between Mitrovica North and South in the area of Suvi Do. The maps to provide the basis for the demarcation of the municipalities turned out to be the main point of contention.²⁸

During the reporting period, we insisted on the map issued by the Kosovo Cadastral Agency, according to which the Ibar River is the administrative boundary between the municipalities of Mitrovica North and South. Even though this is an official map of the PISG based on which the latest local elections in 2013 were held, Priština denied its validity, explaining this was a “mistake”. This is why Priština requested that the municipalities be demarcated on the basis of the so-called Ahtisaari Maps.

Although no understanding was reached on the issue, a fence was placed on the northern and southern side of the bridge (on all 4 sides of the Peace Park) within the deadline set, on 17 October 2015, which marked a formal announcement of the beginning of its revitalisation. The beginning of work itself was postponed until 2016, once the demarcation of the municipalities has been agreed.

In the meantime, the Albanians resumed illegal construction work on 17 November notwithstanding the fact that the area of Brđani is undeniably in the territory of the municipality of Mitrovica North. By jeopardising the stability and security of the citizens in the north of Kosovo and Metohija, they resumed work without obtaining appropriate construction permits, which could only be issued by the municipality of Mitrovica North. It was by a decisive intervention with the Special Representative of the EU in Priština that we managed to avert an escalation, and the illegal work was then stopped.

The impasse in the implementation of the Conclusions concerns a delay in signing the MoU, which was to be the basis for the administrative demarcation between Mitrovica North and South in the area of Suvi Do. The crucial problem is that the two parties differ in construing provision 3.3 of the provincial Law on Administrative Municipal Boundaries (Law No. 03/L-041), which stipulates, “The boundary between the Municipality of North Mitrovica and Municipality of South Mitrovica shall be the line delineated upon the splitting of the cadastral zone of Suvi Do”.²⁹ Since the Law specifies that Suvi Do is part of Mitrovica South, we insist on demarcation by dividing the cadastral

²⁸ During this period, both parties agreed there were no problems about the demarcation in the area of Brđani as both maps show that the area belongs to the municipality of Mitrovica North.

²⁹ The Law details which cadastral zones are comprised in each municipality in Kosovo and Metohija. Accordingly, the Municipality of Mitrovica North comprises three cadastral zones: 1. Mitrovica North, 2. Gornji Suvi Do, and 3. Donji Suvi Do, while Mitrovica South comprises 40 cadastral zones, including Suvi Do.

zone to have the Albanian part of the settlement of Suvi Do administratively linked to Mitrovica South and the Serbian part to Mitrovica North.

Priština refuses the solution, claiming the demarcation had already been carried out by way of passing Law No. 03/L-041. Namely, Priština claims that the term “Suvi Do” in the Law does not refer to the cadastral zone currently bearing this name and belonging to Mitrovica South, but to the cadastral municipality previously specified under UNMIK Regulation No. 2000/43 from 2000.³⁰ As Priština states, the cadastral zone was divided into the current cadastral zones of Suvi Do, Donji Suvi Do and Gornji Suvi Do under this law passed in 2008, so there is no room for any further division.

This comes down to fundamental disagreement between the two parties, and the Special Representative of the EU, as a mediator in the negotiations, holds the same view as representatives of Priština. All this leads to a conclusion that it will be difficult to settle the issue in the upcoming period.

There has been some information recently that bridge revitalisation could commence soon despite the fact that no agreement has been reached on the demarcation of the two municipalities. We have opposed this as it is in direct contravention of the Conclusions, which clearly specify the sequence of all associated activities.

It is expected to continue discussing the matter of demarcation between the two municipalities in the following period.

6. Civil Protection

Although the implementation of the Agreement on Civil Protection was to complete by 1 September 2015, there are still some problems about the process of integration of the former members of the Civil Protection (CP) into the PISG structures in Priština.

Following a delay of several month, 378 former members of the CP signed employment contracts on 11 January 2016, which formally marked the end of the last integration stage.³¹ Since February 2016, integrated members of the CP have been undergoing various types of training in order to be able to work in Priština's institutions.

Regardless of the above, integrated CP members have come across various problems which primarily concern the provision of workspace for them, as well as the payment of their salaries. Out of 483 integrated CP members in total, only 94 have been provided with workspace, whereas 160 of them have not received one or more salaries. We have continuously been presenting these problems to European facilitators, insisting that they be solved.

In line with the Agreement, the Republic of Serbia, for its part, prepared a Draft Law on ceasing to pay salaries and provide any financial support to CP members in Kosovo.³² Nevertheless, this draft cannot be adopted until Priština discharges the obligations assumed, and starts paying salaries to integrated CP members regularly.

³⁰ The cadastral zone of Suvi Do specified under this UNMIK Regulation comprised three cadastral zones currently called as follows: 1. “Suvi Do” (within Mitrovica South), 2. “Gornji Suvi Do”, and 3. “Donji Suvi Do” (within Mitrovica North).

³¹ The Agreement provides for the integration of 483 former CP members in total. Only 105 former CP members were integrated last year, and they signed employment contracts on 1 July 2015.

³² Law on Special Requirements for the Eligibility of Civil Protection Employees in the municipalities of Zvečan, Zubin Potok, Kosovska Mitrovica and Leposavić to Pension and Health Insurance.

7. Agreements and the dialogue between the Chambers of Commerce

With the facilitation of the EUROCHAMBRES, the Chamber of Commerce and Industry of Serbia (CCIS) and the Kosovo* Chamber of Commerce (KCC) continued the practice of holding regular meetings with a view to improving economic cooperation. The cooperation between the two chambers is based on the Memorandum of Understanding between CCIS and KCC dated 24 July 2013, as well as on the annexes on arbitration in case of disputes and on institutional capacity building.

During the reporting period, the cooperation of the chambers of commerce continued via a sectoral meeting of electromechanical engineering businesses of the two parties. The meeting was held in Belgrade in mid-October 2015 and it was agreed to set up a joint operational team of 8 members to select joint projects in this field and work towards putting together documentation required for the allocation of funds to implement each and every one of them.

On 21 December 2015, the cooperation in this area resulted in signing the Agreement on Cooperation in the Sector of Electromechanical Engineering. At a business forum held in Belgrade on the very same day, the two chambers also signed the Agreement on Cooperation in the field of Construction and Industry of Building Material.

One of the major achievements in the dialogue between the chambers of commerce during the reporting period concerns agreeing on the need for further harmonisation of veterinary certificates, as well as settling the issues relating to the marketing of goods subject to excise duty and registration of medicines and medical devices.

8. Carriage of dangerous goods

The carriage of dangerous goods between Belgrade and Priština went smoothly until August 2015, when several vehicles with “KS” licence plates were stopped by the competent inspectorate in central Serbia. It was then determined that the vehicles did not have appropriate ADR certificates and that they did not meet required technical standards.³³ Vehicle and driver certificates presented were issued by Priština's institutions, which are not responsible for their issuance in accordance with the ADR as Kosovo* is not a contracting party to the international agreement.

In order to solve this problem and ensure free trade between Belgrade and Priština, an opportunity was provided to certificate these vehicles and drivers in accordance with the ADR regulations during a four-month transitional period (by 31 December 2015). A number of companies from Kosovo and Metohija had their vehicles and drivers certificated with the competent authorities of the Republic of Serbia during this time. However, some companies did not obtain the required certificates either because the vehicles did not meet the technical requirements for the carriage of

³³ The carriage of dangerous goods by road is regulated by the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR), the depositary of which is the United Nations Organisation (associated technical activities are carried out by the Working Group of the United Nations Economic Commission for Europe – UNECE, headquartered in Geneva). According to the ADR, two types of certificates are required in order for a vehicle or a driver to be involved in the carriage of dangerous goods by road: 1. Certificate of approval for a vehicle carrying dangerous goods, which confirms that the vehicle meets all necessary technical requirements for the carriage of these goods (provision 9.1.3.1 of the ADR), and which may only be issued by a competent authority of a contracting party to the ADR in which the vehicle is registered (provision 9.1.3.2 of the ADR), and 2. Certificate for the driver of a vehicle carrying dangerous goods, which confirms that the driver meets all specified requirements for operating a vehicle carrying these goods (provision 8.2.1.1 of the ADR), and which may be issued by a competent body of any contracting parties to the ADR. Each contracting party to the ADR shall accept this certificate (provision 8.2.1.6 of the ADR).

dangerous goods or because they did not want to obtain the certificates from the competent authorities of the Republic of Serbia.

With a view to finding a solution when the transitional period ended, EU facilitators proposed that we should enter into a bilateral agreement providing for mutual recognition of certificates for the carriage of dangerous goods issued by the competent institutions of both parties.

We dismissed this possibility, highlighting that Kosovo* is not a contracting party to the ADR, so the certificates issued by Priština's institutions cannot be held valid.³⁴ The recognition of these certificates would result in departing from and violating the ADR, which could have negative consequences for the Republic of Serbia and its international reputation in this field. In addition, it was assessed that some vehicles possessing Priština's certificates had major technical deficiencies according to the ADR standards, and, as such, presented a threat to the safety of people and the environment in the Republic of Serbia.

In response to the situation, Priština decided to impose “reciprocal” measures to the Republic of Serbia on 21 March 2016, i.e. not to recognise ADR certificates for vehicles and drivers (involved in the transport of oil and gas) issued by the Republic of Serbia. The decision entails the implementation of the measures by the so-called Kosovo Customs at the administrative boundary line, i.e. not allowing vehicles and drivers possessing ADR certificates issued by the Republic of Serbia to cross the administrative boundary line.

The talks aimed at settling the issue resumed in April, and an arrangement was made at the meeting on 19 April providing for the carriage of dangerous goods across the administrative boundary line in compliance with all standards under ADR conventions.

Conclusion

Notwithstanding the problems described in this report, the Government of the Republic of Serbia still holds that the Brussels Dialogue with the Provisional Institutions of Self-Government in Priština is the only way to solve numerous problems burdening citizens in Kosovo and Metohija. Belgrade strongly believes that the process provides a promising basis for creating conditions for the reconciliation of the Serbian and Albanian peoples in the Balkans, as well as for lasting peace and stability of the entire region. This is why Belgrade will continue to hold out the hand of cooperation to the provincial institutions that represent the local Albanian majority. Despite Priština's refusal to discharge its portion of obligations under the agreements concluded, Belgrade hopes that the dialogue will not turn into yet another missed chance in the relations between the Serbian and Albanian peoples, and will make every effort to prevent that from happening.

Hence, the Government of the Republic of Serbia regrets to conclude that the negative trends described in the previous report continued in this reporting period. This primarily relates to the established practice of Priština not meeting its deadlines, but also to its attempts to modify as much as possible the essence of what was agreed by adopting a selective approach to the process of agreement implementation. This is particularly the case with the problems about Priština's obligations deriving from the First Agreement and the Agreement of 25 August 2015.

³⁴ Certificates issued by the competent institutions in Priština are not valid in the Republic of Serbia or in any other contracting parties to the ADR.

The first and foremost issue in the context is the establishment of the Community of Serbian Municipalities, where Priština's failure to honour the obligations assumed is the most evident. This is clear in view of the fact that Priština violated Point 2 of the General Principles, whereby it made a commitment to adopt a Decree to introduce the CSM into its legal system. Then it was foreseen for the decree to be confirmed by the so-called Constitutional Court, which in turn would create conditions for the Management Team to start drafting the Statute of the CSM and, as stipulated under the Agreement, present it in the course of the high-level dialogue no later than 25 December 2015.

Priština did not meet all these obligations. Instead, by referring the Agreement of 25 August to its so-called Constitutional Court for review, it sought to modify its essence. Although the Court decided that the General Principles of 25 August were not in compliance with the spirit of the Constitution of Kosovo*, and that the future Decree and Statute of the CSM had to address the non-compliance, Belgrade will continue to insist that the Community of Serbian Municipalities be established exactly according to the letter of the First Agreement and the Agreement on Principles of 25 August 2015. In other words, the Serbian side finds unacceptable every attempt of unilateral modification of substantive provisions of the agreements concluded.

Apart from the problems related to the establishment of the CSM, the Republic of Serbia deems it necessary to emphasise problems related to the implementation of the Agreement on Police. Even though Priština has been avoiding its obligations in terms of integration of former members of the Ministry of the Interior of the Republic of Serbia, Belgrade will definitely continue to insist on the integration of all remaining 149 members of the Ministry into relevant Kosovo* structures. Belgrade would also like to warn of the security risks of Priština's actions in the context of its publicly declared intention to call into question the existence of the Kosovo Police Directorate Mitrovica – North, as well as the attempts to exclude Acting Regional Commander and his associates from the chain of command of the Directorate.

Further, the Government of the Republic of Serbia expects that Priština will not continue to stall on the fulfilment of its obligations in terms of the integration of judges, prosecutors and administrative staff, as well as in terms of procedures for the incorporation of *mts Ltd* and implementation of the energy agreement.

Given that the negative dynamic in Priština's actions is also noticeable in terms of the obligations stemming from technical agreements, the Serbian side underlines that it will resolutely stand against each and every attempt to reshape the agreements made in the course of their implementation.

This is especially true of the 2011 Agreement on Cadastre, which Priština actually tried to amend on several occasions. The latest attempt of that nature is the recent referral to the Assembly for consideration of the new version of the Draft Law on Property Verification and Comparison, which is in direct contravention of the aforementioned Agreement. We will not agree to this practice and we will strive to find a comprehensive solution that will be in keeping with the Agreement and that will equally involve representatives of Belgrade, Priština and the EU.

In terms of the implementation of the agreement on recognising university diplomas, which provides for the recognition of diplomas certificated by the European University Association in Brussels and their use in Kosovo and Metohija, it has to be reiterated that Priština has not recognised a single diploma to date. However, we would like to believe this practice will stop once an Implementing Partner is appointed, which is expected to happen in May and which ought to finally bring about the implementation of the Agreement on Diplomas.

With respect to problems about freedom of movement, Belgrade will continue to insist on dealing with urgent matters, such as the problem of re-registering 2,000 vehicles with “RP” provisional licence plates owned by the Serbs from the Kosovo Morava Basin Region. Despite the fact that Priština made a commitment as early as in January 2016 to re-register the vehicles to “KS” plates without delay, this has still not taken place. We expect that other contentious issues pertaining to the freedom of movement will be settled within the framework of the Dialogue and without resorting to harmful unilateral actions.

It is Belgrade's deeply held belief that, in order to foster the normalisation of relations, Priština should also stop the practice of violating agreements pertaining to the streamlined scheme of visits of Serbian officials to the Province. On several occasions, the Government of the Provisional Institutions of Self-Government in Priština prevented Belgrade's high-ranking officials from visiting the Province without any explanations. This is why in the future we will continue to urge European facilitators to take action to prompt Priština to discharge the obligations assumed.

When it comes to the so-called other issues, we would first like to stress the problems concerning the implementation of the Agreement on Civil Protection. Priština ought to realise that it is not possible to finalise the integration of former CP members unless it fulfils its obligations within a reasonable time in terms of providing workspace to the integrated CP members and paying their salaries.

With a view to unhindered continuation of the normalisation of relations between Belgrade and Priština, it is also important that the other party should abandon the practice of requesting that certain issues that were not considered as part of the Dialogue be “included” in the scope of the agreements already reached. One of the issues is certainly Priština's request that police departments of the Ministry of the Interior of the Republic of Serbia temporarily relocated from Kosovo and Metohija to central Serbia cease issuing identity cards to the citizens of Kosovo and Metohija. Priština has been trying to categorise the issue under the Agreement on Freedom of Movement, which we will not allow in the upcoming period either, as it has not been regulated by any agreements within the framework of the Dialogue.

In view of the above, we believe there is reason to conclude that the high degree of understanding for Priština's actions often shown by influential international stakeholders has proved to be entirely counterproductive. This is particularly evident in situations when Priština resorts to blackmail and unilateral actions on the ground, most often by imposing various blockades at administrative crossings with an aim to impose topics in the dialogue. The situation is no better when it comes to the increasingly frequent usurpation of the property of the Republic of Serbia, its economic operators and citizens in Kosovo and Metohija, as well as the aggressive attempts to take possession of the monuments of spiritual, cultural and historic heritage of the Serbian people.

It certainly has to be concluded in this context that the security of the Serbian community and other non-Albanian communities deteriorated during the reporting period. By blaming it for the provincial institutional crisis, the authorities in Priština directed the political discontent to the Serbian community, presenting all democratic rights of the Serbs as endangerment to the Kosovo* statehood, national interests and deceleration of economic prosperity and European perspective of “the state of Kosovo”. Such social climate and especially the benevolent attitude to the factors behind extremist and violent action result in a significant increase in the volume and intensity of ethnically motivated assaults on the Serbs and their property. A lack of physical, legal, political and any other security seriously affects the survival and persistence of the Serbs in the Province, calling into question any possibility for the return of the displaced and banished. An increased presence of Radical Islam and

direct threats of eliminating the Serbs and their heritage from the area pose an additional direct security threat in a situation of general insecurity and physical danger. This situation limits the scope for the normalisation of relations between Belgrade and Priština, making representatives of the Provisional Institutions of Self-Government in the first place responsible for the security of person and property of the Serbs and other non-Albanians. It is their obligation to promptly identify and punish the perpetrators of the recent attacks on the Serbs presented in the report, as well as hundreds of other ethnically motivated assaults that have remained unsolved since 1999, and thus contribute to the normalisation and co-existence of all citizens of Kosovo and Metohija.

Despite all the problems listed, Belgrade believes that the hitherto results of the Brussels Process fully justify its continuation. Consequently, the Government of the Republic of Serbia will maintain its responsible attitude to all contentious issues in the relation with the institutions in the Province, and will remain committed to the full implementation of the agreements made or to be made in the process of negotiations under the auspices of the EU. Belgrade is convinced that Priština will also adopt this attitude eventually, realising that unilateral actions and imposed solutions cannot solve problems in the Serbian-Albanian relations. Cautiously optimistic that the problems will be overcome in the following period after all, Belgrade will continue to participate in the Dialogue, make substantial contribution to the European integration in the region, and strive for the improvement of the living conditions in Kosovo and Metohija and historic reconciliation of the Serbian and Albanian peoples.

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DIRECTOR

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