



**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 2016 – April 2017)**

April 2017

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Introduction

During the reporting period, from 1 October 2016 to 31 March 2017, Belgrade continued to play a constructive role in the Dialogue with the Provisional Institutions of Self-Government in Priština, under facilitation of the European Union. Our side has maintained an exceptionally high level of commitment to this process, regarding it not only as a mechanism for the protection of vital national interests in the Province and the normalization of relations with the local Provisional Institutions of Self-Government, but also as a fair chance for the historic reconciliation of the Serbian and the Albanian peoples, and consolidation of lasting and sustainable peace in the region. Such an approach of Belgrade over this period has, undoubtedly, served to contribute to the strengthening of the regional European integration processes, which was corroborated on the part of the European Union, by opening four new chapters over the reporting period in the process of EU accession negotiations with Serbia.

The intensity of the Dialogue in this reporting period was much higher than it had been in the previous six months. The 15 meetings held from 1 October 2016 until 31 March 2017 speak in favour of this. However, said intensity was marked by a pronouncedly unbalanced dynamics and a complete lack of dialogue in 2017.

Namely, during the first part of the reporting period, from 1 October to 15 December 2016, very intensive talks took place in the framework of the Dialogue, aimed at implementing the agreements reached. The total of 11 meetings were held in this period, mainly dominated by topics pertaining to the so-called political agreements reached within the Dialogue, i.e. the agreements stemming from the First Agreement on Principles Regulating the Normalization of Relations (the First Agreement). These mainly concern the issues related to continuing the implementation of the Agreement on Telecommunications, which was again the dominant topic in the dialogue, as well as the issues related to the implementation of the Agreement on Justice. In addition to these two topics, the talks in the reporting period also covered the issues of freedom of movement, recognition of diplomas, integrated boundary management and freedom of movement in the area of the main Bridge on the Ibar River in Kosovska Mitrovica.

Our party's key achievement in this period are certainly the two agreements reached in the field of telecommunications, titled Conclusions of the EU Facilitator on Telecoms dated 13 November 2016 and Addendum to Conclusions of the EU Facilitator on Telecoms dated 18 November 2016. Under these agreements, the newly established company "mts" d.o.o. was granted 8 additional locations south of the River Ibar, in addition to 22 active locations, and its customers have been allowed to continue using their existing telephone numbers during the migration period of two years. In addition, all property of "Telekom Srbija" was transferred under these agreements to the "mts" d.o.o., free of charge.

As to the issue of judiciary, on 30 November 2016 the talks on this topic resulted in harmonizing the Conclusions of the EU Facilitators on Judiciary, intended to ensure adequate legal protection for all Serbian natural and legal entities in Kosovo and Metohija. On 19 October 2016, an important agreement was reached in the field of freedom of movement as well, reaffirming the obligation of Priština, assumed under the Arrangement of 14 September 2016, to extend the validity of status-neutral "KS" license plates for additional five years. Regretfully, the reached agreements have not resulted in their full implementation, the fault for which lies with Priština. This is demonstrated by the fact that Priština openly admitted being responsible for the delays in discharging obligations it assumed under the Agreement on

Freedom of Movement. In addition, Priština has officially requested from the EU to postpone the deadlines for the implementation of the agreements on justice, without any further explanation and without any hints as to when their implementation would start. Our side has repeatedly protested with EU facilitators against such behaviour, requesting consistent implementation of those agreements.

In parallel, in each meeting throughout this reporting period our party raised the issues of establishing the Community of Serbian Associations, implementation of the Agreement on Cadastre, property (private, socially- and state-owned), status and property of the Serbian Orthodox Church, and observance of human rights and freedoms of the Serbs in Kosovo and Metohija, as the issues of pivotal importance for the Serbian community in the Province. However, other parties in the negotiations again failed to acknowledge the need to discuss these issues. Moreover, Priština continued to violate the spirit of the Dialogue by resorting to unilateral actions in the said fields. This was clearly reflected in the decision of Priština's institutions in early October to nationalize the Mining, Metallurgical and Chemical Combine "Trepča". This action of Priština, typical solely of undemocratic regimes that do not observe the "sanctity of property", has not only undermined the process of the Dialogue but has revealed true intentions of Priština to challenge the survival of the Serbs in Kosovo and Metohija in terms of economy, as they directly depend on this Combine.

In the second part of the reporting period, i.e. from the second half of December 2016, the intensity of negotiations declined sharply, and the focus of the Dialogue at that time shifted to the main bridge on the Ibar, with Priština heavily politicizing the issue together with an open threat of violence. Besides its dwelling on issue related to the Bridge - which will be further described below - the period was marked by Priština's attempts to completely exclude Belgrade from the negotiation process. Even though it was Belgrade with whom it had reached all the agreements within the Dialogue, in this period Priština began to claim that all these agreements pertain to its "internal" matters and that, consequently, it did not want to discuss those with Belgrade but only with the representatives of the Serbs in the Province. This position of Priština culminated in early March, when its Assembly adopted the Resolution on suspending the Dialogue, which, under a feeble pretext, merely formalized the fact that, since the second half of December 2016, Priština has practically refused to participate in the Dialogue.

During this less intensive period, the total of 4 meetings were held in the Dialogue, out of which two were at high political level. However, their reach was substantially limited by the fact that they were mostly focused on averting escalation of a Priština-generated security crisis related to the main bridge in Kosovska Mitrovica, rather than on focusing on a genuine resolution of problems which had prompted the Dialogue in the first place. It should be underlined that throughout this period Belgrade maintained an utmost constructive and responsible approach to negotiation.

Given all of the above, one cannot avoid the impression that Priština, once again, uses the Dialogue as an exhaust to cover its irresponsible actions aimed at soothing the political turbulences at its internal arena. This is why its approach to negotiations over this period was again deprived of genuine willingness to compromise, and devoid of genuine will to implement the agreed as it was foreseen under agreements, which was especially notable in the issues of the Community of Serbian Municipalities and the cadastre. Priština has frequently and openly violated the agreements reached, such as the agreement on police, and has persistently kept insisting on including status issues in the talks. Likewise, throughout this

period Priština showed no intentions of ensuring full protection of the rights and freedoms of the Serbs and the Serbian Orthodox Church in the Province, which was reflected in an unabated intensity of attacks on their physical integrity and property.

Such circumstances point to the conclusion that the European External Action Service (EEAS) should have invested more efforts in order to achieve more significant progress in the normalization of relations. A particularly alarming aspect of the past period is the fact that the facilitators made a precedent by accepting the position of Priština that one of the agreements reached was no more valid (Agreement on Mitrovica Bridge, reached on 8 December), since its negotiators, allegedly, had not been authorized to sign it.

The report below is structured in the same manner as were the previous six-monthly reports on the course of the process of negotiations with the Provisional Institutions of Self-Government in Priština. The dynamics and the content of the Dialogue in the reporting period are presented systematically by a comprehensive overview of everything that has been agreed upon and implemented hitherto, segmented in three groups of issues. The first group includes issues and processes resulting from the political part of the Dialogue, and pertaining to the First Agreement on Principles Regulating the Normalization of Relations and the related documents. The second group includes issues stemming from the so-called technical agreements reached with the EU facilitation. The third group includes issues stemming from the arrangements made with a view to addressing and overcoming other, by no means less significant issues, which objectively hamper further normalization of relations.

A) Social and political situation in Kosovo and Metohija

The social and political situation in Kosovo and Metohija can be described as relatively stable in this reporting period. Numerous frictions and apparent mistrust between the leading parties – DPK and DLK – considerably hindered the intensity of the institutional activities. In this period, the Government of the Provisional Institutions of Self-government in Priština failed to ratify the Agreement on “Border Demarcation” with Montenegro, which is a solid indicator of the continuation of a latent political crisis in the Province.

This was particularly illustrated by a recent initiative of the president of the PISG in Priština, Hashim Thaci, to bypass the Constitution and introduce a law instead, in order to transform the Kosovo Security Forces into Armed Forces. The draft law, which he forwarded to the Assembly of the PISG in Priština, was not harmonized with either the international stakeholders or with the representatives of the DLK led by the Provincial Prime Minister Isa Mustafa. This created awkward public disputes over this matter between the two ruling parties which, in turn, additionally incited speculations about early parliamentary elections. Yet, due to the intervention of foreign factor, the issue of the elections was, as it appears, removed from the agenda, at least for the time being.

In this context, additional problem emerges from the fact that the rivalry between the ruling Albanian parties resulted in the galvanized pressure channelled again against the Serbian List. In that sense, they openly tried to create discord among the Serbian representatives, which culminated in the dismissal of Minister Ljubomir Marić. This action that goes against the coalition agreement reached with the Serbian List, clearly indicates how the major Albanian parties perceive the role of legitimate Serbian representatives. It is obvious that Albanian politicians only approve the participation of Serbs in the work of institutions if the latter pose as political decorum, rather than act as legitimate proponents of

their people's interests in Kosovo and Metohija. The accuracy of this statement and the certainty of perpetuation of such attitude towards political representatives of Serbs, were recently corroborated by the pressure against Minister Dalibor Jeftić. Undoubtedly due to political reasons, he was accused of having, allegedly, abused his office, and the Provincial Prime Minister, Isa Mustafa, requested his resignation.

The pressure of major Albanian parties exerted against the Serbian List in the previous period was triggered, to a high degree, by strong opposition of this Serbian political power in Kosovo and Metohija to illegitimate attempt of Priština to nationalize the Mining, Metallurgical and Chemical Combine "Trepča" in October 2016. This was the underlying reason for the Serbian representatives to boycott the work of the Provisional Institutions, for the most part of the previous period, which some Albanian politicians used to accuse the former for the obstruction and "treason". Such attitude towards the Serbian politicians inevitably boosted the intensity of ethnically motivated security problems in the Province.

The opposition failed to overcome mutual disagreements concerning the leading role within the opposition block in the past period. Tentative division between the Self-Determination Movement, on one side, and the Alliance for the Future of Kosovo and Initiatives for Kosovo, on the other, is still notable. In spite of this, these parties hold almost identical positions when it comes to the most important issues, especially with respect to the negative stance towards the implementation of agreements reached within the Dialogue. They concur on the demarcation of "border" with Montenegro and on Ramush Haradinaj's case, thus we cannot rule out a revival of their joint actions against the authorities in the future period.

B) Security situation in Kosovo and Metohija

The security situation in Kosovo and Metohija was relatively stable over the past period. Despite that, Priština unnecessarily generated a very serious security crisis in January 2017, over the pedestrianization of Kralja Petra Street in Mitrovica North. In that context, we especially underscore that the deployment of heavily armed special police units in the north of Kosovo and Metohija, without the approval of the Commander of the Kosovo Police Regional Directorate – North (RDN), could cause unimaginable consequences. Such acts of Priština, and rather intensive anti-Serbian campaign in Albanian media in the Province, helped maintaining the constant level of ethnically motivated assaults against the Serbs, predominantly in the area south of the Ibar River.

Road blockages and attempts of shutting the Serbs living south of the Ibar in sort of ghettos, heavily burdened the security situation in March. Namely, former members of the so-called KLA and the supporters of the Self-Determination Movement organized road blockages in the central part of the Province, intended at preventing the Serbs from exercising the freedom of movement and attending the rallies organized during the Republic of Serbia presidential election campaign. Such a dangerous action caused great disturbance among the Serbs and it was only a timely reaction of international forces charged with preserving security in the Province that prevented a potential escalation.

Nonetheless, opposition supporters keep acting aggressively against the Serbs, using the arrest of Ramush Haradinaj in France as a pretext. Even though the related protests, organized by representatives of the opposition, were peaceful, subsequent statements made by some of them cause vexation and have a significant destabilizing potential. This especially

pertains to a recent threat voiced by the Alliance for the Future of Kosovo 's MP, Daut Haradinaj, who said that Kosovo and Metohija would become Serb-free, should the process against Ramush Haradinaj displease the Albanians.

A particular security challenge in our southern Province over the reporting period was continued return of Islamist fighters from the Middle East battlefields. This process increases the risk of terrorist attacks in the Province, already infamous for large amounts of various types of weapons and explosive ordnances, broadly available through illegal channels.

The Serbian community in the Province was directly exposed to all these security challenges, to a slightly varying extent. There were approximately 50 ethnically motivated attacks against the Serbs; besides physical assaults, this period will be remembered by appalling and anti-civilization attempts to prevent the internally displaced persons to celebrate Christmas Eve in the Church of the Assumption of the Holy Virgin in Đakovica, by destroying the memorial plaque commemorating kidnaped Serbian journalists in the Municipality of Orahovac, pelting stones at buses carrying Serbian pupils, breaking and entering the property of returnees, and by spray-painting derogatory messages to Serbs. A prominent feature of this period is increased frequency of attacks at the property of Serbs, especially south of the Ibar River. For the purpose of present report, below is a selection of assaults perpetrated against the Serbs, their property, spiritual, cultural and historical heritage, registered in the reporting period:

October:

- In the village of Zebnice, Municipality of Novo Brdo, 6 persons of Albanian ethnicity pelted stones at two park rangers and beaten them with staffs;
- In the village of Novake, Municipality of Prizren, three houses and accompanying premises owned by a Serb national were broken into;
- In the village of Tučep, Municipality of Istok, three Albanians physically assaulted a Serbian returnee 200 meters away from his house. He suffered on that occasion severe head, neck and back injuries. He first received medical treatment at the health centre in the village of Osojane, but due to severity of his injuries he had to be transported to the hospital in Kosovska Mitrovica for further treatment.

November:

- In the village of Veliko Ropotovo, Municipality of Kosovska Kamenica, an individual of Serbian nationality was beaten and robbed in their own house;
- In Istok, in settlement of Ljug, a property of Serbian returnee was stolen.
- In Zubin Potok, in the yard of a family house of an individual of Serbian nationality, three Albanians attempted to stole the cattle. When the owner spotted the perpetrators, the said persons fled in the direction of the village of Vučepolje;
- On the road between Velika Hoča and Zočište, in the Municipality of Orahovac, the memorial plaque set up at the place where Serbian journalists of TV Priština, Đuro Slavuj and Perenić Ranko, were kidnaped on August 21, 1998, was damaged. The concrete, stone and metal base sustained damages whereas the plaque, with engraved text in both Serbian and Albanian language, was not damaged. It is worth mentioning that the said memorial plaque had been removed or damaged several times to the present day;
- In the village of Sig, Municipality of Peć, a house owned by an individual of Serbian nationality was set on fire.

December:

- In the village of Podgorce, Municipality of Vitina, populated by mixed ethnicities, a house owned by an individual of Serbian nationality was set on fire;
- In the village of Vrbovac, Municipality of Vitina, two persons of Albanian nationality have beaten an individual of Serbian nationality and inflicted minor physical injuries after the dispute over a vehicle purchase.
- An unidentified man, age 25-30, physically assaulted an individual of Serbian nationality in Priština, who sustained head injuries;
- In the village of Grnčar, Municipality of Vitina, an individual of Albanian nationality from the village of Stubla, Municipality of Vitina, attacked with a knife two Serbs from the village of Parteš, Municipality of Gnjilane. One of them sustained severe physical injuries and had to be hospitalized in Gračanica, and in the Clinical Centre in Kosovska Mitrovica for further treatment, after receiving medical treatment in Health Centre in Vitina and in hospital in Gnjilane,

January:

- The nuns of the Serbian Orthodox Monastery of Gorioč in Istok informed UNMIK personnel that the wire fence was stolen and concrete pillar damaged. Similar cases occurred in this monastery in 2016, but the perpetrators were never found.
- Members of the Association of Displaced Serbs from Đakovica, who presently reside in Central Serbia, organized a visit to Đakovica by a bus to celebrate Christmas Eve in the orthodox church of Assumption of the Holy Virgin on 06 January 2017. They were under KP protection, and yet while they were in the church, some hundred persons of Albanian nationality and representatives of the organization of “Mothers of Đakovica” protested in front of the temple. The protesters firstly attempted to prevent the displaced Serbs to enter the church, and then pelted icicles at the bus entering the church courtyard. On that occasion, a window on the bus was smashed, but luckily no one was injured;
- In the local church in the village of Gornje Drenovce, Municipality of Kosovska Kamenica, several icons and all the candles on the floor were set on fire, and numerous icons were ripped off from the wall and thrown down on the floor;
- In Gnjilane, four persons of Albanian nationality pelted stones at the bus commuting between Šilovo and Koretište, Municipality of Gnjilane. The bus carried pupils of Serbian nationality who were returning home from the village of Šilovo, where they attend Medical school and Grammar School. No one was injured on that occasion, but the bus sustained material damage;
- In the outskirts of Kosovska Mitrovica, in the suburban settlement of Šipolje, on the road leading to Srbica, persons of Albanian nationality pelted stones at the bus carrying around 40 persons of Serbian nationality from Orahovac and Velika Hoča, some of which were pupils.

February:

- In the village of Drsnik, Municipality of Klina, the church of Saint Parascheva was broken into, donations to the church were stolen, and several icons were smashed;
- In the village of Brod, Municipality of Štrpce, the entry doors of the church of Saint Peter and Paul were smashed;
- In the village of Nakarade, Municipality of Kosovo Polje, two tombstones were damaged and knocked down at the orthodox cemetery;

- In the village of Palaj, Municipality of Obilić, a barn owned by a Serb was set on fire.
- Messages “Kill the Serb”, “UCK”, with swastikas and other insulting words, were spray-painted in Gnjilane town centre. Similar messages were seen on the road from Gnjilane to the nearby village of Gornje Kusce, in the part of the settlement with Albanian population, and in the so-called Roma district in the northern part of Gnjilane;
- In the village of Gornji Livoč, Municipality of Gnjilane, a woman of Serbian nationality was physically assaulted by persons of Albanian nationality. She was hit several times in the head.

March:

- In Municipality of Istok, 4 persons of Albanian nationality, residents of the village Crkolez, physically assaulted persons of Serbian nationality who found the former stealing the wood from the forest belonging to the latter. On that occasion, husband and wife suffered several blows to the head and body, and both lost consciousness afterwards. They were diagnosed with severe physical injuries and hospitalized in Kosovska Mitrovica.

C) The obligations stemming from the First Agreement

1. Community of Serbian Municipalities

Despite the fact that the Arrangement on establishing of the Community of Serbian Municipalities (CSM) is the pivotal part of the First Agreement on Principles Governing the Normalization of Relations and the key determinant for the survival of the Serbian people in Kosovo and Metohija, no progress has been made towards its establishment during this reporting period. Priština not only failed to fulfil its commitments agreed upon in Brussels, but also conditioned the establishment of the CSM with the suspension of work of the institutions it calls parallel, and with other, mostly everyday political issues, which were not part of any agreement.

In each round of the talks during the reporting period, at both bilateral and trilateral meetings, Belgrade stressed the importance of establishing the CSM and of the fact that this was the only topic under the First Agreement whose implementation has not even started yet.

Mindful of the above, we addressed the EU facilitators on several occasions, stressing out that the dynamics of establishing the CSM had to be defined as soon as possible, and primarily that the process of establishing the Management Team (MT) had to be completed as foreseen by the previously reached arrangements. With regard to this, we requested that Priština officially informs the EU about the replacement of two members of the MT, after which the EU would inform both sides (Belgrade and Priština) about the establishment of the MT, the starting date for its operation, the dynamics of the work on the Statute, and deadlines for its finalization.¹ Belgrade representatives maintain the position that the MT would draft the Statute solely on the basis of the First Agreement, the Implementation plan, the MT ToR, and the General principles on establishment of the CSM, because these particular documents are the only outcomes of mutually reached agreements. The afore-mentioned documents provide for the exclusive competence of the MT for drafting the Statute, and therefore any

¹ In line with the General Principles of 25 August 2015, the deadline for completing the Statute of CSM is 4 months since the beginning of functioning of the MT.

insistence of Priština to include the representatives of its institutions² into this process is unfounded.

Furthermore, we keep insisting on finding a solution to the problem of providing legal basis for the establishment of the CSM, which arose after the decision of the Constitutional Court in Priština which unilaterally violated the provisions of the General Principles on Establishing the CSM, signed on 25 August 2015 in Brussels.

The EU facilitators, in their capacity of guarantors of the First Agreement, are expected to find a solution for this issue, to initiate the implementation of the Agreement, and enable the establishment and the functioning of the Community within the legal system of the PISG in Priština, in compliance with the Agreement.

The implementation of the Agreement on the CSM will be determining, to a great extent, the outcomes and the resolution of number of problems currently discussed in the framework of the Dialogue, or of those yet to be discussed, such as the issue of property, economic development, education, urban and rural planning.

2. Police

Priština's numerous violations of the Agreement on Police marked this reporting period. In that context, mostly discussed was the need that Priština fulfils commitments stemming from Article 7 of the First Agreement referring to its obligation to integrate all former members of the Ministry of Interior of the Republic of Serbia in the north of Kosovo and Metohija. During this reporting period, Priština also refused to fully meet this obligation which pertains to the integration of the remaining 111 former members of the Ministry of Interior of the Republic of Serbia into the so-called Kosovo security structures. However, as opposed to the previous period, a slight progress has been made with respect to the group of 32 former administrative workers of the Ministry of Interior of the Republic of Serbia, who started working at the Kosovo Police vehicle registration offices.

On the other hand, there is still no progress with respect to the remaining 39 former administrative workers of the Ministry of Interior, who were to be integrated in civil registration offices in Serbian municipalities in the north of Kosovo and Metohija. Over the course of several meetings, the EU facilitators were made aware of the problem of the integration of this category of former members of the Ministry of Interior. Even though they had no explanation for such conduct of Priština's, they nonetheless offered firm guarantees that the EU, as the guarantor of the Agreement's implementation, would surely resolve this issue and that these persons would be integrated. On that note, a solution is expected from the special Panel handling the integration of these individuals which held three unsuccessful meetings on this matter.

Over the past period, no progress whatsoever was made in terms of the integration of the remaining categories of former members of the Ministry of Interior. Priština once again postponed the integration of 34 firefighters (out of the total of 64), in spite of its allegation that it would fulfil this obligation. Furthermore, Priština still refuses to integrate 23 former

² Article 21 of General Principles of 25 August 2015, clearly stipulates that Management Team is in charge of drafting the Statute, and that it can, if necessary, engage other bodies, including the Ministry in charge of the local self-government. However, contrary to this, Priština misinterprets the facts in an attempt to create a public perception that the representatives of its institutions and international bodies, will, allegedly, work on the Statute together with the members of the MT.

officers of the MoI of the Republic of Serbia and 15 former members of the Food and Accommodation Directorate of the MoI of the Republic of Serbia. In that regard, Priština still maintains that said officers failed to obtain “security clearances” and that systematization of work posts in its institutions does not include the jobs which former members of the Food and Accommodation Directorate of the MoI of the Republic of Serbia could perform, explaining that private companies are hired for such services.

In this respect, our side underscored at the meeting with the EU facilitators, held on 7 March, that it could not accept such rationale, and requested that Article 7 of the First Agreement be implemented to the letter. Moreover, Belgrade representatives requested to be informed about the specific reasons due to which the said officers allegedly failed to obtain security clearance, but the EU facilitators refused to comply, justifying their refusal by sensitive nature of security checks. All this further indicates that alleged “transgressions” of these officers are of purely political nature, so our side will continue to insist on integration of said officers and said 15 individuals who worked at the Food and Accommodation Directorate of the MoI of the Republic of Serbia.

We note that Priština, same as in the previous period, has not harmonized its legislation on police in order to enable formal appointment of the Regional Commander of the Kosovo Police Regional Directorate – North (RDN). As a result, the Commander of the Directorate is still in the capacity of Acting Commander, and the conditions for his formal appointment will only be created upon establishment of the CSM pursuant to Point 9 of the First Agreement.

In addition, Priština intensified its practise of violating the Agreement on Police by exerting political pressure on the management of the Directorate, by making unilateral decisions on dismissals and appointments within the Directorate, by deploying police units in the north of Kosovo and Metohija without informing the Regional Commander, by maintaining in the north of Kosovo and Metohija police units comprising around or over 50% of Albanians, which is significantly disproportionate to the local ethnic population structure. Such dangerous practice has a large destabilizing potential, as substantiated in January 2017 when Priština deployed heavily armed special police units in the north of Kosovo and Metohija, without knowledge of the regional Commander, with the aim of intimidating local Serbs and provoking conflicts. Even though Priština’s intention was averted owing to the sobriety of the Government of the Republic of Serbia, any replicated action of Priština in the future could result in unforeseen developments, potentially impossible to control and prevent from undermining the stability in the Province.

3. Judiciary

Following the completion of the final lists of candidates for the positions of judges and prosecutors and judicial administrative staff as the bases for integration within the judicial system of the PISG in Priština,³ in October 2016, the negotiations resumed in order to resolve the remaining contentious issues which were to facilitate a proper operation of judiciary in Kosovo and Metohija after the integration was completed. The negotiations primarily dealt with harmonizing the wording of documents that would govern the status and organizational

³ In the period from June through September 2016 public competition for the selection of judges, prosecutors and administrative personnel to be integrated in the justice system of the PIS in Priština was conducted. The final list of all candidates who were to assume positions agreed upon under the Agreement on Judiciary (48 positions for judges, 15 positions for prosecutors, and 149 positions for administrative personnel), was delivered to Belgrade.

issues of the Appellate Court Division in Kosovska Mitrovica, in line with Point 10 of the First Agreement, and the agreement on the implementation of "*Validity appeal*".⁴

At the latest of a series of meetings in the second half of the year, held on 30 November 2016 in Brussels, the parties harmonized a document titled "Conclusions of EU facilitators on Justice", which defined all the elements for the completion of integration in the field of judiciary. This document provided for the principles of organization and operation of the Appellate Court Division in Mitrovica, which were to be included in the Annex to the Regulation on Internal Organization of Courts, which was to enter into force on December 7, 2016. It was further agreed that the so-called Kosovo* Judicial Council, in parallel and no later than 9 December, should notify all relevant Kosovo institutions of the binding nature of "*Validity appeal*" document which provides for recognition and enforcement of decisions reached by the courts of the Republic of Serbia located in Kosovo and Metohija. It was also agreed that the list of the administrative personnel should become final on 7 December, after the decisions of the selection panel became final. Furthermore, the dynamics of integration of judges, prosecutors and administrative staff into the PISG in Priština was also agreed upon. On that not, it was agreed that the appointment of judges and prosecutors, as well as the integration of the administrative staff into the PISG in Priština be scheduled for 10 January 2017. This was also the day to mark the termination of employment within the system of the Republic of Serbia of persons to be integrated. The Conclusions set forth that the president of Mitrovica Basic Court and the head of the Appellate Court Division in Mitrovica should be appointed on 13 January, from among the integrated Serbian judges, and that integrated persons should be allowed to enter courthouses and prosecutors' offices on 16 January, after completing the necessary works to make the premises fit for the intended purpose.

After the agreement was reached, fulfilment of obligations continued in accordance with the agreed timelines and, in that respect, further activities were coordinated with the EU facilitators. The list of selected candidates together with the positions to be filled by judges, prosecutors, and administrative staff, became final on 7 December. On that same day, the Annex on Internal Organization of Courts entered into force, establishing the principles of organizing and functioning of the Appellate Division.

On December 9, the so-called Kosovo* Judicial Council notified all relevant institutions of the obligation to enforce decisions reached by the courts which had operated within the system of the Republic of Serbia until 9 December 2016, in accordance with the "*Validity appeal*". On the very same day, our side submitted the lists of judges, prosecutors and the administrative staff, whose employment and payment of salaries within the system of the Republic of Serbia would terminate on the day of their appointment within the system of the PISG.

However, even though Belgrade had fulfilled all assumed obligation to the letter, shortly before the agreed integration date (10 January), at the request of the EU and upon the initiative of Priština, timelines set for the appointment of judges and prosecutors and the execution of supporting activities under jurisdiction of Priština were pushed back, without any explanation, suspending the entire process of implementation of the Agreement on Justice.

Belgrade demanded, on several occasions, to be provided with an explanation for such actions, but to no avail. It is expected that the new timeframes for signing employment

⁴ This document governs the recognition and enforcement of decisions reached by the courts of the Republic of Serbia in the territory of Kosovo and Metohija.

contracts for administrative staff, and for appointment of judges and prosecutors in the so-called Priština system be harmonized in the coming period, which will ultimately allow for the completion of the implementation of the Agreement on Justice. To this end, it will be necessary that both the EU and Priština offer additional guarantees that the new timelines, yet to be agreed upon, would be observed, especially having in mind a resulting lack of trust developed on the part of persons to be integrated.

4. Energy

The implementation of the Arrangement regarding Energy dated 8 September 2013 the Conclusion of the EU Facilitator on the Implementation of the 2013 Energy Agreement, dated 25 August 2015 is ongoing.

The key problem in the implementation of the Arrangement regarding Energy is Priština's failure to establish two Serbian companies, namely, "EPS trgovina" and "Elektrosever" in the north of the Province⁵ and, thereafter, grant the companies the licences agreed. As a result, the Connection Agreement (CA)⁶ between EMS and KOSTT within the organization of the European Network of Transmission System Operators for Electricity (ENTSO-E), has not yet entered into force.⁷

Since June 2016, strongly backed by the European Union and the Energy Community, Priština has been trying to initiate the procedure for amending Article 16 of the CA, in order to make the KOSTT a separate control area without fulfilling the conditions. In a number of meetings and in written communication as well, our side has repeatedly alerted EU officials that Priština's approach was an attempt to unilaterally resolve the energy issue, outside the scope of the Dialogue, and requested from the EU to ensure consistent implementation of the Arrangements. Primarily owing to efforts invested by the representatives of "Elektromreža Srbije" to identify mutually acceptable solutions for energy issue within the European Network of Transmission System Operators for Electricity (ENTSO-E), *status quo* was maintained until the end of 2016.

In early 2017, Priština continued to exert pressure within ENTSO-E with a view to concluding a new *Connection Agreement* which would not contain the conditioning clause. Belgrade has taken a series of measures to prevent Priština's intention to evade its obligation, contrary to the agreements reached, to register Serbian companies and enable their operation in the north of Kosovo and Metohija. Furthermore, the representatives of Belgrade have on several occasions raised objections with the EU facilitators, urging them to bring the talks aimed at reaching the solution back within the framework of the Dialogue between Belgrade and Priština, as the only framework that makes it possible to attain mutually acceptable solutions. In a bid to reach the solution in accordance with the Agreement, Belgrade - for the fourth time - initiated the procedure of preparing documentation for registering the companies in the north of Kosovo and Metohija, duly notifying the EU facilitators thereof.

⁵ In March 2016, for the third time in a row, Priština refused to register these companies in the so-called Kosovo Agency for Business Registration (KABR), allegedly due to the companies' terminology which, as it claims, is not in line with the status-neutral format of negotiations.

⁶ The *Connection Agreement* was signed by EMS and KOSTT on October 1, 2015 within the framework of the ENTSO-E, and by other members to the ENTSO-E in December 2015.

⁷ Article 16 of this Agreement stipulates that "Elektrosever" Company must first obtain the license for supplying electricity and become operational, and thereupon the KOSTT may become a separate controlled area.

It is expected that, in the coming period, the EU facilitators undertake necessary measures to bring back energy-related issues within the framework of the Dialogue, and to identify adequate solution for registering the companies and granting them the relevant licenses. This would prevent undermining of stability of supply for Serbian consumers in Kosovo and Metohija and would facilitate the full implementation of both the Arrangement and the Conclusions.

5. Telecommunications

The work on harmonizing the Conclusions of EU facilitators continued in October, in order to identify solutions for two vital issues – transfer of assets, and allocation of frequencies and base stations locations to the “mts” d.o.o.

As to the transfer of property, continuously obstructed by Priština, Belgrade based all its positions on the provisions of Points 3.5 and 4.4 of the Action Plan, which provided for the transfer of the entire property of the parent company to the “mts” d.o.o., as ownership rights.

Concerning the allocation of frequencies to the “mts” d.o.o., the key problem was the fact that Priština had intended to allocate to it a scope of frequencies insufficient for its sustainable operation, and this was actively argued by our side.

In terms of allocating locations for the base stations, representatives of Belgrade kept reminding EU facilitators of Point 4.0 of the Action Plan, which set forth that “mts” d.o.o. was obligated to provide the same level of services to all of its current customers in Kosovo and Metohija, by using the existing infrastructure. Therefore, our side has constantly insisted that the company should be allocated more than 22 locations, and this was persistently opposed by Priština.

The Conclusions of EU facilitators were finally harmonized on 13 November 2016. Pursuant to the Conclusions, the “mts” d.o.o. was granted additional 8 locations south of River Ibar, in addition to 22 already active locations. Furthermore, the customers of “mts” d.o.o. were allowed to continue using their existing telephone numbers during the two-year migration period. In addition, the provisions of the Conclusions allow “mts” d.o.o. to continue using the so-called *core* elements and *IT* subsystems, located in Central Serbia, for the period of 17 months for fixed telephony and, for mobile telephony, until temporary authorisation expires. In line with the Agreement, all of the assets were transferred to *mts* doo without customs fees, taxes or charges and the transferred assets were registered as an increase of capital of the company, while the registration of all immovable property in the cadaster is underway. The process of property transfer was completed only upon insistence and urging of our side, since Priština once again tried to evade the agreed.

With a view to specifying the agreed provisions of the Conclusions, on 18 November, 2016 the Addendum to the Conclusions was adopted. This document regulates the scheme of the remaining 8 locations for base stations, with precisely set coordinates and allocated frequencies.

It is also worth noting the arrangement agreed upon under this document, namely, that the new company would also establish its base stations outside the north of Kosovo and Metohija, as follows: in Kamenica, Vrbovac, Ranilug, Šilovo, Donja Budriga, Štrpce, Brezovica, and Gračanica. Granting the above locations to the “mts” d.o.o. enabled the mobile

telephony signal and the use of 2G, 3G and 4G technology for the Serbian population living outside the north of Kosovo and Metohija.

In November 2016 began the work on harmonizing licenses for both fixed and mobile telephony, which were to be granted to the “mts” d.o.o. Having been harmonized, licenses officially entered into force on 15 December 2016. On that same day, with the consent of the Republic of Serbia, Priština was awarded the three-digit dialling code for the geographic area.

With a view to implementing the agreed, representatives of “Telekom” began taking necessary activities on the ground. Accordingly, the residents of Štrpce and Brezovica received the signal of “mts” mobile telephony on Christmas Eve, for the first time since 1999, and, in late March, base stations at the locations in Ranilug, Vrbovac and Kamenica were activated. The efforts aimed at establishing a functional and viable “mts” company in Kosovo and Metohija are underway.

6. European integrations

Over the previous period, Belgrade was fully committed to the normalization of its relations with the PISG in Priština, which the European Commission acknowledged in its report on the progress of the Republic of Serbia in joining the EU of 11 November 2016.⁸

In its chapter on normalization of relations between Belgrade and Priština, the reports states that progress has been made in the implementation of the agreements reached in the Dialogue and calls upon Belgrade to make further efforts to contribute to the establishment of circumstances conducive to the normalization of relations between Belgrade and Priština. Furthermore, the report underlines the correlation between the success of the Dialogue and further advancement of the Republic of Serbia in becoming a full member of the EU.

As a result of the positive report of the European Commission and the progress made in the Dialogue, the Republic of Serbia opened four chapters in the previous period in intergovernmental conferences. More specifically, Chapter 5 – Public procurement and Chapter 25 – Science and research⁹ were opened at the EU-Serbia Intergovernmental Conference held on 13 December 2016 in Brussels, In addition, Chapter 20 - Enterprise and industrial policy and Chapter 26 – Education and culture were opened at the Intergovernmental Conference held on 27 February 2017.¹⁰

In pursuing its EU path, Belgrade remains committed to discharging the obligations assumed in the Dialogue and is prepared to make further efforts to achieve new agreements aimed at the normalization of its relations with Priština.

⁸ Serbia 2016 Report, European Commission, 9 November 2016, https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_serbia.pdf.

⁹ Chapter 25 was immediately closed.

¹⁰ Chapter 26 was opened and provisionally closed in parallel.

D) Obligations stemming from technical agreements

1. Cadastre

Implementation of the 2011 Agreement on Cadastre saw no progress during the reporting period.¹¹

Priština and the EU still maintain the position that all bodies provided for by the Agreement, apart from the Tripartite Implementation Group (TIG), should operate within the so-called Kosovo legal system and that the Agreement must be implemented by way of the so-called Law on the Property Comparison and Verification Agency Priština, adopted in June 2016 by Priština, defying all the procedures and the opposition of Belgrade and the Serb List.¹² Belgrade repeatedly brought to the attention of the EU facilitators the reasons why the said Law is in contravention of the Agreement and therefore constitutes an unacceptable solution for its implementation. In reference to that, it has been underscored on several occasions that the bodies established pursuant to the said Law, bodies which include no representatives of the Serbs, must not be vested with the decision making competences on the property rights of the citizens of the Republic of Serbia and of the Serbian Orthodox Church, since that would pave the way for legalizing the property seized from the Serbs from Kosovo and Metohija.

In early 2017 the so-called Property Comparison and Verification Agency, which was established pursuant to the aforementioned Law, posted on its web page that it had been formed as the successor of the so-called Kosovo Property Agency and that it was mandated with “comparing and resolving discrepancies between the original pre-June 1999 cadastral records removed from Kosovo by Serbian authorities and the present day cadastral records in the Republic of Kosovo with respect to private property... and resolving claims involving private immovable property...”.

Regardless of that, our party maintains its firm position that the Agreement must be implemented as agreed, and that the scanned cadastral records would not be handed over to the EU Special Representative until all three parties come to an understanding on this issue,¹³ as well as that it will insist with the EU on the resumption of the dialogue on the consistent implementation of this Agreement.

2. Civil registry books

During the reporting period, certain problems emerged related to the implementation of the Agreement on Civil Registry Books. More specifically, over the previous period, Priština has, contrary to the Agreement, refused to hand over to the competent services the registers (or copies thereof) with the personal data of the citizens from the northern part of

¹¹ The last meeting on the implementation of the Agreement on Cadastre was held on 26 May 2016 in Brussels. On that occasion, Belgrade presented detailed proposals with respect to methodology and methods of operation, establishment and functioning, structure and seat of all the bodies provided for under the Agreement. Although it was agreed he talks on this issue have not been resumed to this day.

¹² The request of the Serb List for reviewing the constitutionality of the procedure of enactment of this Law was rejected by the so-called Kosovo Constitutional Court as well.

¹³ The Agreement stipulated that the Republic of Serbia should hand over to the EU Special Representative digitized cadastral records relocated from Kosovo and Metohija in 1999. Already in March 2016, the Republic of Serbia completed the digitization of the said cadastral documents.

Mitrovica, preventing the citizens from obtaining their personal documents in their competent Civil Registry in the northern part of Mitrovica.¹⁴

Belgrade pointed out to the EU facilitators that it has fulfilled all its obligations assumed under this Agreement, and that the same should be required from Priština. Accordingly, it is necessary that the EU find a suitable solution in the coming period to enable the citizens of the northern part of Mitrovica to exercise their rights in their competent registry offices.

3. Customs stamp

The Agreement on Customs Stamp has been 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

During this reporting period, discussions in the framework of the Dialogue between Belgrade and Priština on implementing the 2011 Agreement on Mutual Recognition of Diplomas and the Conclusions and the 2016 Operational Conclusions of the Working Group reduced in intensity.

Same as in the previous period, the main problem regarding this issue referred to the recognition of diplomas issued by the University of Priština, temporarily seated in Kosovska Mitrovica (UPKM). Namely, despite the fact that the Agreement and the related Conclusions clearly stipulated that they would be applied to the diplomas of all accredited universities of both parties,¹⁵ Priština is still trying to exclude this University from their scope of application, justifying it with a legally unsupported explanation that the Agreement does not refer to the universities which, according to their interpretation, operate illegally in Kosovo and Metohija, representing “parallel institutions”. The EU endorsed this position of the PISG in Priština, stating that Priština had enacted special regulation governing the recognition of the diplomas of the UPKM and that the Agreement did not apply to this University.¹⁶ Accordingly, the EU facilitators gave political instructions to the Implementation Partner for university diplomas, NGO *SPARK*, not to accept recognition requests for the diplomas issued by the UPKM.

During the discussions on the said problem, Belgrade has repeated several times that the Agreement and the Conclusions explicitly set forth that they are to be applied to the diplomas of all accredited universities and programs of both parties, that the UPKM was on the list of accredited universities of the Republic of Serbia, that it is an internationally recognized University which cooperates successfully with other universities in Europe within various EU projects, hence it is unclear on what legal grounds does the EU form such position. Furthermore, it has been pointed out that the regulation adopted by the PISG in

¹⁴ The citizens of northern part of Mitrovica have been sent to the southern part of Mitrovica to obtain their birth certificates.

¹⁵ UPKM is one of the 18 accredited universities of the Republic of Serbia.

¹⁶ With the intention of legally regulating this issue, the PISG in Priština, in cooperation with the Norwegian Embassy in Priština and the Delegation of the EU in Priština, enacted a Regulation in early 2016 stipulating that certificates will be issued for the diplomas of the UPKM which could be used for the purpose of employment in the PISG in Priština, in contravention of the Agreement. The Regulation has numerous discriminatory provisions, on the grounds of which the representatives of the Offices have repeatedly complained to the EU facilitators, with no success.

Priština governing the status of the diplomas of the UPKM was unacceptable and that it had numerous flaws, which had been pointed out on several occasions.

During the discussions, Belgrade once again requested information on 13 requests for the recognition of the diplomas certified by the European University Association (EUA) filed to the competent bodies of the PISG of Priština until 2004, which have never been decided on. The representatives of the EU and Priština once again had no answer to this, and, according to the unofficial information we obtained, the 13 requests “got lost” at the so-called Ministry of Education in Priština.

As for the recognition of diplomas for the pre-university education level, no progress has been made in the previous period. Namely, even though it was agreed under the Conclusions that these diplomas be certified by the Implementation Partner (IP) for pre-university education level diplomas, which was to be appointed by the EU, it never happened. The EU facilitators informed that this process could not be completed due to the lack of funds, hence the implementation of this part of the Agreement has been postponed until further notice.

It is expected, in the coming period, that the said issues be further discussed and the implementation of the Agreement resumed.

5. Freedom of movement

The freedom of movement regime continued to evolve in line with the 2011 Agreement on Freedom of Movement. The Agreement is still applied at six common crossing points and the following border crossings: Preševo, Gradina, Batrovci, Šid, Kelebija, Horgoš, Belgrade Airport and Niš Airport.

After reaching the Arrangements concerning finalization of implementation of the Agreement on Freedom of Movement – Brussels, 14 September 2016 (the Arrangements), Belgrade discharged its part of the obligations by mid-November, but the implementation of the solutions agreed was postponed at Priština’s request and due to its lack of willingness to discharge the obligations assumed, within the agreed timeframes.

The new regime for vehicles of both parties crossing the administrative line – the “sticker regime”¹⁷ did not become effective on 15 November as envisaged by the Arrangements. On its part, Belgrade resolved all legal and technical issues related to the implementation of this regime within the agreed deadline. Priština, however, asked for the delay twice, and then refused to discuss the starting date of implementing the sticker regime.

Moreover, in November Priština stopped issuing “KS” license plates, thereby violating both the Agreement on Freedom of Movement and the Arrangements and seriously threatened the right of Serbs from Kosovo and Metohija to freedom of movement, preventing them from registering their vehicles to status neutral license plates.¹⁸ After Belgrade had insisted on

¹⁷ The “sticker regime” provides for the relevant parts of the license plates on both parties’ vehicles to be covered with two white stickers when the vehicles cross the administrative line. Furthermore, the parties agreed that the sticker regime would become effective as of 15 November 2016, and that it would not apply to vehicles with Serbian license plates from Kosovo and Metohija.

¹⁸ Under the Arrangements, Priština was obliged to adopt the Decision on extending the validity of “KS” license plates for additional five years.

resolving this issue as soon as possible, it was in March 2017 when the vehicle owners were allowed to register their vehicles with “KS” license plates.

Given the circumstances, the re-registration of vehicles with the license plates issued by the Republic of Serbia to the license plates issued by the Provisional Institutions of Self-Government in Priština, provided for by the Arrangements, did not start on 15 January, as agreed, and the new date was not even discussed thereafter.

As for the issue of re-registering 1,239 vehicles from Kosovo Morava Region with provisional (RP) license plates, over the previous period Belgrade took all necessary actions to find a solution to this problem. At a meeting held on 7 March the representative of EULEX informed us that the owners of the said vehicles would be allowed to re-register their vehicles to “KS” license plates as of 15 March 2017. Nevertheless, this has not happened yet.

It is expected that the discussions on harmonizing the new date for the implementation of the Arrangements and resolving other contentious issues would be resumed in the upcoming period.

With respect to the abuse of the freedom of movement right, the reporting period, same as the previous one, 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 European Union member states. Up to March 2017, there were 119 recorded cases of persons from the AP of Kosovo and Metohija attempting to cross the state border illegally.

6. Regional representation

In the field of regional cooperation, the key priorities of Belgrade in the previous period have been the consolidation of stability and cooperation in the region of the Western Balkans. Belgrade has adopted an active and constructive approach on the issue of regional cooperation with the aim of overcoming the existing problems and preventing the escalation of the new ones. Accordingly, the Arrangement on Regional Representation and Cooperation reached on 24 February 2012 has been successfully implemented.

In accordance with the Agreement, Belgrade and Priština took part together in numerous regional initiatives and organizations during this reporting period. We particularly point out the cooperation within the Central European Free Trade Agreement (CEFTA), Regional Cooperation Council (RCC), Migration, Asylum, Refugees Regional Initiative (MARRI), the Berlin Process, Western Balkans Fund,¹⁹ Western Balkans Six, Regional Youth Cooperation Office, US-Adriatic Charter (A5), Centre for Security Cooperation (RACVIAC) and other. Also, during the reporting period, Belgrade has adopted a constructive approach with respect to the participation of the representatives of Priština in the managerial bodies of various organizations and initiatives.

In the upcoming period, Belgrade will continue to contribute to regional stability and to advancing regional relations in the region and will remain committed to observance of the provisions stipulated under this Agreement and further normalization of relations.

¹⁹ During its autumn sessions, on 10 November 2016, the Parliament of the Republic of Serbia adopted the Law on Ratification of the Agreement on the Establishment of the Western Balkans Fund, along with the Western Balkans Fund Statute.

7. Integrated Boundary Management (*IBM*)

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

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

During the reporting period, several meetings were held to discuss current projects and challenges. On 14 November 2016, a meeting with the EU facilitators was held in Belgrade where the representatives of Belgrade preliminary presented the state of play for each point of the agenda of the incoming *IBM* Implementation Group meeting. The *IBM* Implementation Group met on 17 November 2016 in Brussels and concluded that the implementation of the Agreement on *IBM* was ongoing without major issues, that numerous procedures envisaged by the Technical Protocol on the Implementation of *IBM* have been improved and that activities should continue towards that objective.

After that, the central-level meeting on *IBM* was held in Belgrade on 7 March 2016, where all issues pending from the previous meeting of the *IBM* Implementation Group were further considered. The issues discussed at this meeting can be divided in two groups:

1. Solving everyday issues in the field of customs, MoI, veterinary, plants, traffic and the services engaged in the crossing points, and
2. Establishment of new and reconstruction of the existing administrative crossings.

With regard to the first group, it was concluded that all issues were successfully resolved and that a visible progress was made regarding the following points:

- The procedure of issuing entry/exit document was further improved by the reaching the agreement on the sticker regime;
- Customs procedure was further improved by reaching the agreement that after two hours of customs system downtime, the officers should necessarily start to register the data manually and inform their competent services about it. It was also agreed that Vehicle Return Decisions be issued, with an explanation for vehicles with goods being returned to the customs area of the other party;
- SEED procedure was further improved by reaching the agreement that the meetings on this issue be held twice a year and that each party set up their “SEED team” which would stand ready to resolve current problems at all times;
- The agreed phytosanitary certificate is successfully implemented at all administrative crossing points where commercial transport takes place.²⁰
- The milk and dairy product certificates and certificates for meat and meat products are currently being agreed, as well as goat and sheep certificate (which have not been agreed due to outbreak of the “lumpy skin disease” in the region in 2016);
- Infrastructural issues which existed at administrative crossings under the authority of the Republic of Serbia were resolved.²¹

²⁰ The administrative crossings where commercial transport takes place are as follows: Rudnica/Jarinje, Merdare and Kočulj/Bela Zemlja.

²¹ Three administrative crossings (common crossing points) fall under the authority of the Republic of Serbia: Rudnica/Jarinje, Končulj/Bela Zemlja and Depce/Mučibaba.

As to the second group of points, it was concluded that certain progress has been made after delegating coordination and management at all administrative crossings from under the authority of the Republic of Serbia²² to the Administration for Shared Services for the Republic Bodies.

On 7 March 2017, a meeting with the EU facilitators was held as well, where Belgrade party once again asked the EULEX to review its decision on withdrawing from CCPs Rudinca/Jarinje and Brnjak/Tabalije. Moreover, Belgrade gave a briefing on the state of affairs regarding the establishment of new crossings and the expansion and reconstruction of the existing ones.

Further talks on all abovementioned issues are to be held at the next meeting of the IBM Implementation group.

8. Official visits and Liaison Officers

During this reporting period, the PISG in Priština continually violated the provisions of the Agreement on Official Visits, which hindered its implementation. The violation primarily refers to Point 3 of the agreement which provides for the simplified visits regime for one selected official of each party.²³

More specifically, on several occasions and over long time periods, Priština has been denying entry to the Director of the Office for Kosovo and Metohija, Mr. Marko Đurić, thereby preventing Belgrade's Chief Negotiator from conducting regular activities aimed at the normalization of relations. Moreover, the PISG in Priština have been banning the highest officials of the Republic of Serbia from entering the AP of Kosovo and Metohija in the previous period and conditioning their visits.²⁴

During the reporting period, the representatives of the Offices discussed with the EU facilitators on several occasions the violation of the Agreement by Priština. During those discussions our party expressed the expectation that the EU representatives would exert their authority of facilitators in the dialogue and exert pressure on the PISG in Priština to fully abide by the Agreement reached, which met the approval of the EU facilitators.

Continuous violation of the Agreement on the part of Priština reflected in the notably reduced number of official visits, when compared to the previous reporting period. From 1 October 2016 to 1 April 2017, only 11 visits were successfully conducted. Of that number, 9

²² The Conclusion of the Government of the Republic of Serbia was adopted on April 27, 2016.

²³ 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. The simplified regime for the official of Belgrade side refers to the Director of the Office for Kosovo and Metohija, Marko Đurić.

²⁴ During the previous period, the PISG in Priština banned Serbian President Tomislav Nikolić from entering on Christmas Day on 7 January 2017. The Minister of Labor, Employment, Veteran and Social Affairs of the Republic of Serbia, Mr. Aleksandar Vulin, was banned entry on 30 January 2017, and finally, in contravention of the Agreement, Priština conditioned the visit of the Prime Minister of the Government of the Republic of Serbia on 29 March 2017. In preparation of those visits, Belgrade fully observed the procedures and rules provided for by the Agreement on Official Visits. Moreover, the decision made by the PISG in Priština on April 24, 2016, banning the state officials of the Republic of Serbia, the Minister of Interior, Nebojša Stefanović and the Minister of Defence, Zoran Đorđević from entering Kosovo and Metohija, is still in effect.

visits were made by officials of the Government of the Republic of Serbia, while 2 visits were made by the representatives of PISG in Priština to Central Serbia.²⁵

On the other hand, the system of liaison officers, established pursuant to the 2013 Conclusions, functioned successfully during the reporting period, both mutually and with the institutions and international missions deployed in Belgrade and Priština.

Liaison Officer was primarily engaged in communication with the representatives of the Delegation of the EU in Priština, EULEX Mission and other missions in the AP of Kosovo and Metohija, and the representatives of the PISG in Priština as well. We especially highlight the positive role of the Liaison Officer in preparations for the presidential election on 2 April 2017 in the AP of Kosovo and Metohija.

Another important aspect of the work of the Liaison Officer was his engagement in resolving everyday problems encountered by the citizens of the Autonomous Province of Kosovo and Metohija. This especially pertains to the problems involved in crossing the administrative line, personal documents, legal and property claims etc.

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.

However, certain challenges are still present when it comes to collection of duties at CCP Rudnica/Jarinje and Brnjak/Tabalije for goods intended for consumers in the north Kosovo and Metohija. More specifically, the Priština administration implements a special procedure for determining the value of these goods by forwarding all documents from the crossing points to the headquarters in Priština via mail, where fees are calculated, and then charged at the crossing point. Because of this and other technical issues (the limited office hours of the Priština administration) frequent tailbacks occur at said CCPs, slowing down the flow of vehicles and goods. During the discussions, the EU facilitators were asked that the procedures be simplified and that the same procedures be implemented as in other crossings. In the upcoming period, efforts will be invested in finding appropriate solutions to these issues.

2. Development Fund for Northern Kosovo*

Over the previous period as well, from collected funds of the Fund²⁶, financing of specific project was continued, with the aim of supporting the socio-economic activities in the four municipalities in north of Kosovo and Metohija.

Accordingly, 21 projects have been approved, worth 7.5 million euros in total, out of which 2.9 million euros were allocated to the projects of Mitrovica North Municipality, 1.8

²⁵ During the previous reporting period, from April until October 2016, 62 visits were conducted pursuant to the Agreement on Official Visits during the reporting period. Of that number, 55 visits were made by officials of the Government of the Republic of Serbia, while seven visits were made by the representatives of PISG in Priština to Central Serbia.

²⁶ By the end of March 2017, the Development Fund raised over 11.4 million euros.

million euros to the Municipality of Leposavić, 1.3 million euros to the Municipality of Zvečan and around 1.5 million euros to the Municipality of Zubin Potok.

Of that number, 16 projects were intended for capital investments – public infrastructure (road construction and maintenance, building swimming pools, athletic tracks); 3 projects were intended to support and develop small and mid-sized enterprises and agriculture, whereas 2 projects were related to ecology and environment protection.

The Fund currently has around 4 million euros in its account. The Management Board currently deliberates on 9 new proposed projects and will decide on it in the coming period.

During the previous reporting period (April-October 2016), there were certain concerns that the unspent funds would be returned to the treasury at the end of the fiscal year as a surplus, and not refunded to the municipalities as their own income. This, however, was not the outcome, and the unspent funds were refunded to the municipalities at the beginning of the new fiscal 2017, for continuing the approved projects.²⁷

3. Vehicle insurance

The Memorandum of Understanding in the field of vehicle insurance²⁸ was successfully implemented in the previous period as well, with certain minor problems.

The main problem in the implementation of this Agreement is still the problem of appointing correspondents. In fact, the so-called Kosovo Insurance Bureau (KIB) refuses claims by the Association of Serbian Insurers (UOS) for the appointment of correspondents for analysis, handling of claims and the compensation payment in the area of Kosovo and Metohija. This refusal on the part of the so-called KIB constitutes a direct violation of the provisions of the Memorandum, stipulating that each party shall be entitled to independently request correspondent nomination, while the other party shall accept the request automatically.²⁹ The refusal on the part of KIB, prevents insurance companies of both parties from establishing direct cooperation and protecting their interests.

Furthermore, no conditions have been provided yet for the establishment of the insurance policy electronic verification system at the administrative line, so insurance policies are still only visually inspected.³⁰

It is expected that mutually acceptable solutions to all these issues be found in the upcoming period.

²⁷ Serbian representative from the Fund Management Board confirmed that there were no irregularities in the said procedure.

²⁸ The Memorandum enables mutual recognition of insurance policies for all vehicles entering into Serbia Proper from Kosovo and Metohija, and vice versa. The Memorandum was signed on 23 June 2015, between the Association of Serbian Insurers (UOS) and the so-called Kosovo Insurance Bureau (KIB), and entered into force on 12 August 2015.

²⁹ The request of *UNIQA Insurance* to nominate its subsidiary *Sigal UNIQA* as its correspondent in Kosovo and Metohija was rejected first, and the request of *SAVA Insurance* to nominate its subsidiary *Illyria Life* as its correspondent in Kosovo and Metohija was rejected next.

³⁰ The insurance policy electronic verification system would ensure a greater security in compensation of damage, and a reduced opportunity for vehicle smuggling.

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.

The Provisional Institutions of Self-Government in Priština in the previous period continued to act in accordance with CEFTA provisions, except in certain cases of non-tariff barriers in the placement of our goods. The example of such practice concerns inappropriate calculation of the customs basis for the collection of duties for construction material (thermal blocks). More specifically, customs basis for the collection of duties for building blocks delivered to the AP of Kosovo and Metohija is determined on the grounds of the invoice value of goods, increased for the costs of transport. However, the value of goods determined in this way is increased for the fee of 2 cents per block, which results in 13.5% increase of the product price and the drop of competitiveness. The said fee constitutes a direct violation of CEFTA and the measure which significantly hinders placement of our goods in the market in Kosovo and Metohija.

Data on mutual exchange indicate that our entrepreneurs use the possibilities of the placement of goods in Kosovo and Metohija to a significant extent.

5. Bridge and “Peace Park” in Kosovska Mitrovica

Over the previous period, the implementation of agreements concerning freedom of movement in the area of the main bridge on the Ibar and the delineation between Mitrovica North and South in the area of Suvi Do varied in pace, with numerous problems caused by the actions of the Priština party.

After the construction works on the bridge and in Kralja Petra Street commenced on 14 August 2016, the implementation of the agreed ran smoothly until the beginning of December when Priština politicized the construction of a concrete levelling, 170 centimetres in height, which our party constructed at the beginning of pedestrian Kralja Petra Street in early December. It was part of the project for the construction of an amphitheatre, which fitted both the surroundings and the traffic. Priština did not have the insight into the overall project since it fell within the exclusive competence of Mitrovica North Municipality. Nevertheless, Priština illegally ordered the suspension of works and the demolition of the structure.

In order to reduce the tensions, on 8 December in Priština, a special arrangement was reached, with the EU facilitation, governing the issue of the design of the protective barrier. The arrangement was reached in the form of the Conclusions of the EU facilitator which provided for the protective barrier to be designed as a staircase, 0.8m in height in relation to the level of the roadway of the future roundabout. The EU facilitators also provided our party with the agreed design of the staircase. However, despite the arrangement reached, Priština remained firm in its decision to halt further works and demolish the entire construction.

Reserved reaction of the EU facilitators on such position of Priština only encouraged its officials to maintain their provoking course. In late December, Priština completely politicised the issue of the so-called wall and its so-called Assembly adopted the “decision on its demolition in January”, entirely ignoring the Arrangement reached on 8 December.

Priština informed the EU facilitators of its Decision, with the explanation that it does not accept the Arrangement reached on 8 December, since its negotiators allegedly were not authorised to accept the said arrangement. Since the EU, who guaranteed for this arrangement, accepted Priština's position, there were two political high-level meetings held on this issue in January, but no solution was found.

In parallel, and following the talks held in Brussels, Priština's top officials held talks with Serb representatives in the PISG and the Mayor of Mitrovica North, which were mediated by the EU Special Representative in Priština, USA highest diplomatic representative in Priština and the EEAS representatives. The talks resulted in a new Agreement on 4 February 2017. Pursuant to the Agreement, the new construction would be moved by two meters towards the inner side of the street, and would be 0.7m in height in relation to the roadway of the future roundabout, while from the direction of the Bošnjaka Mahala a section would be closed in by retractable bollards, nine meters in width. The Agreement clearly laid down the dynamics of these works which started on 7 February by removing the existing construction. However, the Agreement of 4 February did not stipulate the precise deadline for completing the works on the bridge and in Kralja Petra Street, therefore our party requested that the talks on this issue be arranged as soon as possible. Accordingly, the representatives of Belgrade insisted on observing the principle established by the bridge agreements of 25 August 2015 and 2 August 2016, which stipulated that the works on the bridge and in Kralja Petra Street be completed at the same time. At a meeting held on 7 March in Belgrade, the EU facilitators accepted our party's request that this principle be observed when determining the deadlines for the completion of works on the bridge and in the pedestrian street, hence it is expected that the talks on this issue be arranged shortly.

It should be underlined that during the negotiations on this issue, since the beginning of 2017 until 4 February, Priština openly threatened violence and sent heavily armed police units to the north of Kosovo and Metohija, with an intention of raising tensions and causing conflicts. This destructive intention was prevented only owing to adequate activities of the Government of the Republic of Serbia, who succeeded in eliminating a direct threat to the security of Serbian people in the north of Kosovo and Metohija and ensuring freedom of movement in the area of the main bridge.

The issue of delineation between Mitrovica North and South in the area of Suvi Do, which was to be solved by 14 October 2016, as provided for by the Agreement of 2 August 2016, was "suspended" until further notice during this reporting period, at the suggestion of the EU facilitators. The EU stated that Priština had refused to discuss this issue stating this was its "internal" issue, whereas our party informed the EU facilitators that we do not accept such position and requested that the talks on this issue be organized as soon as possible, in line with the agreements reached in the Dialogue.

Even though this issue was not discussed in the framework of the Dialogue during this reporting period, in February Priština undertook actions aimed at intimidating the local Serbs living in Suvi Do. More specifically, the resident of the Serbian part of Suvi Do woke up one morning to find street name plates with the names of former members of the KLA written in Albanian posted in their village. The action seriously disturbed the local Serbs and the plates were removed on 3 March, after the Serbian party intervened with the EU facilitators.

6. Civil Protection

During the reporting period, intense efforts were made on resolving all issues related to the implementation of the Agreement on Civil Protection.

The outstanding salaries of the integrated members of the CP still constitute the main problem which Belgrade keeps pointing out to the EU facilitators, requesting its prompt resolution. Despite the numerous promises that the salaries of the integrated members of the former CP would be reimbursed, 33% of the integrated members have still not received one or more salaries since their integration.³¹

Furthermore, the problem of the lack of workspace for the integrated members of the former CP still persists, and 71% of the integrated members are still not provided with the workspace. During the previous period, Priština was abusing the lack of premises and was coercing the integrated members of the former CP into accepting to be deployed south of the Ibar, in contravention to the Agreement. Belgrade reacted to this on several occasions pointing out that such behavior contravenes Point 2 of the Agreement on CP which stipulates that all work posts should be on the north of the AP of Kosovo and Metohija. With the aim of resolving these problems, there were some discussions on handing over the premises of the former CP to the municipalities in the north, but no agreement has been reached on this issue so far.

In line with the Agreement, the Republic of Serbia, prepared a Draft Law on ceasing to pay salaries and provide any financial support to CP members in Kosovo and Metohija.³² However, for the said law to be adopted, Priština needs to resolve all of the above stated issues, first of all to normalize the payment of salaries. It is expected that the said problems be resolved in the coming period.

7. Agreements and the dialogue between the Chambers of Commerce

In the previous period, the Chamber of Commerce and Industry of Serbia (CCIS) and the Kosovo* Chamber of Commerce (KCC) continued the practice of holding regular meetings to discuss and negotiate modalities for advancing 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.

The dialogue between the chambers of commerce was particularly intensified in December 2016, when the two chambers visited economic entities in the municipalities of Preševo, Bujanovac and Medveđa. The aim of the visit was informing the two parties on the problems that the companies in the southern Serbia encounter in their everyday operation, as well as finding the manner to resolve those problems. The cooperation between the two chambers continued in January 2017 within “Info Daya on the Investment Potentials of the Municipalities of Preševo and Bujanovac” organized in Priština with the support of the representatives of the two municipalities.

³¹ Out of 483 integrated members, 146 have not received one or more salaries since they were integrated in July 2016 and January 2016. The most difficult is the position of 15 individuals who have not received a single salary since January 2016.

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.

Positive trend in the relations of the two chambers was confirmed in March 2017 at the the Western Balkans Investment Forum held in Zagreb. Although no specific agreements have been made between the Chamber of Commerce and Industry of Serbia and the so-called Kosovo* Chamber of Commerce, the event was used to exchange views and prepare for events that the two side are planning in the future.

Conclusion

Belgrade still regards the Dialogue not only as the optimal means of developing confidence between the Serbian and Albanian peoples in Kosovo and Metohija, but also as an important mechanism for supporting the efforts of the European Union towards consolidating peace, stability and fostering regional European integration process. Nevertheless, given all of the aforementioned, it is difficult to avoid the impression that the Dialogue delivered very limited results in this reporting period. The reasons behind this are various and complex, but it is certainly the unconstructive position of Priština and the lack of political will to hold talks within the offered framework that have essentially limited the possibilities for continuing the process of normalization of relations.

Unfortunately, it seems that Priština now perceives the Dialogue and the normalization of its relations with Belgrade as a means of blackmailing the Serbian side and the European partners. Namely, as previously described in this report, such actions of Priština went far enough that it openly threatened with violence, expressing its dissatisfaction with the agreement on the issue of the bridge reached on 8 December 2016, the very one Priština had signed and insisted on in the first place. Subsequently, Priština's institutions enacted a decision on suspending the Dialogue for the reasons completely unrelated to these negotiations, then Albanian leaders from the region openly threatened with changing the borders and creating the so-called Great Albania if their ambitions with respect to European integration are not fulfilled under an accelerated procedure.

In that context, it is devastating that this month completes four years since the First Agreement was signed, which has not been implemented to the present day in its part referring to the obligations of Priština and establishment of the Community of Serbian Municipalities. Let us remind that the issue was further specified under General Principles dated 25 August 2015, which clearly determine the manner of establishing the Community, its structure and the powers it would hold, as well as the timeframe for the specific steps to be taken towards its formation. Instead, Priština, throughout this reporting period as well, sought to associate the implementation of these agreements with the issues unrelated to any of the agreements which cannot possibly be associated to this, for Belgrade and the Serbs in Kosovo and Metohija, essential issue. Furthermore, Priština still promotes the idea that Belgrade should be excluded from the implementation of these agreements and that those should be implemented in a manner which serves best its interests, rather than in a manner the agreements clearly and explicitly defined.

Such an approach, most certainly, cannot serve as a base for the progress of the Dialogue and strengthening the confidence of the Serbs living in Kosovo and Metohija in the good intentions of Priština. Moreover, the said threats of violence issued by Priština for the reason of a communal issue (pedestrianization of a street in Mitrovica North), only contribute to the arguments speaking in favour of the need for establishing a special institutional mechanism which would guarantee better sense of security in the Province. This mechanism is precisely the Community of Serbian Municipalities, and the need for its establishment was

recognized by the said agreements and confirmed by all parties in the Dialogue. Priština should, therefore, be encouraged to, promptly and in good faith, discharge its obligations in this respect, in a manner agreed in the Dialogue, not in a manner it deems the most suitable for its purposes.

Accordingly, Belgrade also expects from Priština to discharge the obligations it assumed by signing the Agreement on Cadastre. It is precisely the attitude of the Provisional Institutions of Self-Government in Priština towards the implementation of this Agreement that will test, in civilization terms, its observance the principle of inviolability of private property. The Serbian side does not accept Priština's claim that they implemented this Agreement by enacting the Law on Kosovo Property Verification and Comparison Agency, since the said Law is entirely in contravention of the Agreement.

At the same time, we believe that Priština has a special moral obligation to implement the agreements it had insisted on reaching. Bearing that in mind, we are still waiting for Priština to finally act pursuant to the agreements reached in the field judiciary and finalize the integration of judges, prosecutors and administrative staff into the judicial system in the Province. Furthermore, it needs to implement the Agreement on Mutual Recognition of Diplomas promptly and recognize at least one diploma acquired in the educational system of the Republic of Serbia. We also expect that Priština will integrate shortly all remaining former members of the MoI of the Republic of Serbia and stop forming, deploying and putting outside chain of commands of the Kosovo Police Regional Directorate– North (RDN) units whose composition does not reflect the ethnical structure of that part of the Province. Moreover, Priština should immediately end its practice of dismissing the managers of the RDN without the knowledge of the Regional Commander, and start paying regular salaries to the integrated members of the former Civil Protection.

In addition, the impression is that further normalization will not be possible in the situation when Priština honours the Agreement on Official Visits only selectively, so that it bans the official of the Serbian party responsible for the normalization of relations from entering the Province, and imposes ridiculous conditions on other officials or entirely bans their visits.

The need to discuss the rights of Serbs in the Province is clearly reflected in the assaults on the Serbs and their property, and the denial of their fundamental human and civil rights, which was particularly notable before the election for the president of the Republic of Serbia. The scale of violating the freedom of movement of Serbs became rather worrying, and it was only owing to the timely reaction of the international factors in the Province that potential escalation was prevented. On that note, we are grateful to all international factors charged with preserving security and public order in the Province on a job well done and express our expectation they would continue their work in the same manner in the future.

The positive results of the Dialogue which make room for optimistic expectations with respect to the possibility of reaching solution contributing to the normalization with the constructive approach of both party, should most certainly include the outcome of the talks on the issues of telecommunication and freedom of movement, where the spirit of compromise definitely triumphed. Owing to these arrangements, the citizens of the republic of Serbia in Serbian enclaves south of the Ibar now receive a signal of the mobile telephony of Serbia and are allowed to use status-neutral motor vehicles licence plates whose validity has been extended for at least five years.

It is these positive results that show that the Dialogue indeed has no alternative and that it should be continued with more determination and courage. Hopefully, Priština will realize that Belgrade is not its opponent, but its partner with whom it should and must find mutually acceptable solutions.

In order to eliminate the described negative aspects of the Dialogue and empower its progressive component, the intermediaries will most certainly need to demonstrate stronger leadership, primarily when it comes to the implementation of the existing agreements. We underline that the actions of the EU facilitators over the previous period have left us with a general positive impression, although they have adopted a rather defensive attitude over the last few months in relation to the aggressive behavior and discourse of Priština. Nevertheless, we find it necessary to highlight, in this report as well, a great deal of effort and significant resources the intermediaries invested in the negotiation process. Accordingly, we expect they will keep insisting more actively on the implementation of the agreements reached and opening new topics significant for the normalization of relations between the two parties.

The Serbian party will maintain its hitherto responsible and constructive approach to the negotiations in the upcoming period. Regardless of the actions of the other party, the signature of the authorized representatives of our party will guarantee that the agreed will be implemented in a manner envisaged by the agreements. Adhering to this policy, Belgrade is convinced that, sooner or later, the other party would become its true partner in strengthening confidence between the citizens of Kosovo and Metohija from both Albanian and Serbian communities and consolidating peace and stability. It is only in this way that both sides will win, and that the results achieved in the Dialogue will be sustainable in terms of the proclaimed aims of the Dialogue - true reconciliation of the Serbian and Albanian peoples and finalization of the process of European integration of our region.

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DIRECTOR

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