



Republika e Kosovës
Republika Kosova-Republic of Kosovo
Qeveria-Vlada-Government

STATE OF PLAY IN IMPLEMENTATION OF THE BRUSSELS AGREEMENTS

REPORT SUBMITTED TO THE EUROPEAN UNION /EUROPEAN EXTERNAL ACTION SERVICE

BY THE GOVERNMENT OF THE REPUBLIC OF KOSOVA

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Foreword

This report is issued by the Government of the Republic of Kosova and, it provides a comprehensive state of play in implementation of all Brussels agreements. It includes the Brussels Agreement of 19 April 2013 and Implementation Plan of 22 May 2013 as well as the agreements reached in the Technical dialogue since March 2011. It covers the period from 1st January 2013 to 15th January 2014.

The report demonstrates how much has been achieved over the past year and what remains to be done in the future.

The Government of Kosova considers that good progress has been made in some relevant issues while for some others varying levels of progress have been achieved. There are also issues where implementation has not commenced yet.

We believe that true progress of the dialogue rests in full implementation of the agreements and that is why the Republic of Kosova has proved itself constructive and effective in reaching and implementing the agreements.

Having in mind the complexity of this process, the acquired progress lays foundations for a consistent and full implementation of the Brussels Agreements.

Effective work ahead is necessary in order to achieve the goals of this important peace dialogue between the two EU aspirant states, Kosovo and Serbia, which if successfully and efficiently is completed, can serve as a positive model for other open issues in relations between countries in the region, and even beyond.



Edita Tahiri

Deputy Prime Minister

Head of the Republic of Kosovo Delegation
at the Brussels Implementation Dialogue

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INTRODUCTION

The Brussels dialogue on normalization of relations between the Republic of Kosovo and Republic of Serbia, with European Union facilitation, has achieved substantial progress with the negotiation and signing of a historical Agreement on 19 April 2013, by the Prime Ministers of both states and the EU High Representative Catherine Ashton.

The Government of the Republic of Kosovo and Prime Minister Hashim Thaçi have been fully committed to the Brussels dialogue and its outcomes, with the aim of advancing our vision of a European and Euro-Atlantic state of Kosovo and, helping to further strengthen peace and stability in the region through good neighborly relations and regional cooperation.

We remain committed to consistent and effective implementation of the Brussels Agreement of 19 April 2013, which is in pursuit of the key goals of normalizing relations between the two EU aspirant states Kosovo and Serbia, normalizing the situation in the northern part of Kosovo through the integration of Serbs citizens of that part in the institutions of Kosovo, dismantling the illegal Serb structures operating in Kosovo since 1999, and advancing European integration for both states.

The Republic of Kosovo as an independent and sovereign state is a factor of peace and stability in the region and, we will make every effort to strengthen these values. We are committed to looking to the future by not forgetting the past, to building a better future for our state and all citizens and strengthening our relations with our strategic partners, the European Union and United States, who are together with us in this journey.

To this end and having in mind the current state of play in implementation of the Brussels Agreement, the Government of the Republic of Kosovo considers that there has been considerable progress in practical implementation which lays foundations for a reliable and full implementation of the Brussels Agreements. However, some relevant issues still remain pending resolution, which would ensure a sustainable basis for achieving the above mentioned goals of the Brussels dialogue.

The main achievements in the implementation process are as follows:

Good progress has been made in the following areas: successful completion of the local elections in Kosovo on 3 November 2013 with the participation for the first time of the four northern municipalities, since the declaration of independence of Kosovo; official inauguration of all new municipal authorities and in particular of the northern municipalities in accordance with the Kosovo law and Brussels Agreement, besides for the mayor of the north Mitrovica where new elections will be organized; implementation of the Agreement on customs revenue collection at the northern border crossings on 14 December 2013; promulgation of the Amnesty Law by Kosovo on 17 September 2013; establishment of the Development Fund and its

Management Board by Kosovo (respectively on September 2013 and 13 December 2013); and the opening of liaison offices in both states (17 June 2013).

Limited progress has been made in the following areas: on security, progress includes the appointment of an acting regional police director and the establishment of a directorate for the Mitrovica region by Kosovo, closure of MUP offices by Serbia, and limited progress on the integration of Serb police in the Kosovo police. On justice issues, to a greater extent progress has been made on planning the implementation rather than in practice, except that Serb parallel courts ceased to receive new cases by the deadline agreed, no progress has been made in integrating Serb judges and prosecutors in the Kosovo judicial institutions, in December, an important breakthrough has been achieved on the issue of structure where, based on Kosovo legislation and unitary justice system, there shall be one Basic Court and one Basic Prosecution Office for the Mitrovica region, however, there are still some differences that needs to be settled. On Telecoms and Energy, agreements were also reached on 8 September 2013, and implementation negotiations are under way for energy, while implementation on telecoms has yet started on 15 January 2014, despite continued requests by our side that the EU should initiate it without delay.

The issues where progress is pending are:

1. There is no progress on the closure of so called 'civil protection' structures, a sort of Serb paramilitary structure which has operated in Kosovo since the end of the war in 1999. In spite of the Brussels Agreement calls for closure of all parallel security structures and, continuous requests by the Kosovo side to address this issue, the Serbian side has rejected any discussions about this. The Serbian side claims they cannot enter discussions on this issue since this structure is the creation of the northern municipalities in Kosovo. These claims were undermined when the Kosovo side on 17 July 2013 presented the legal argument that the 'civil protection' structures were established by Ministry of Defense of Serbia based on their Law on Defense. Nevertheless, EU facilitators could not convince the Serbian side to enter discussions on this matter until the last meeting held in December, at the level of Prime Ministers and HR Ashton in December, where the EU presented a draft proposal to sort out this problem, which remains to be addressed in the next stage of dialogue.
2. The integration of Serb judges and prosecutors in the Kosovo judicial institutions has not yet commenced. An agreement reached on one basic court and one basic prosecution office in Mitrovica region under the unitary system of Kosovo judiciary institutions (in December 2013) has opened perspectives for integration process. Although, further progress is being hampered by the ethnic logic of those courts that Serbia is demanding. The Kosovo government maintains that justice as a universal value cannot be divided by any lines and such values are at the heart of the Constitution of the state of Kosovo.

The Government of Kosovo strongly believes that more essential progress could have been achieved in implementation of the Brussels Agreement, if there had been sufficient consistency

by Serbian side in delivering what has been agreed. In a number of meetings with EU officials, we have raised concerns over the Serbia's tendencies of circumventing or delaying the implementation of the agreements. Furthermore, Serbia's open claims regarding the so-called "status neutrality" of the Brussels Agreement, despite the fact that the Brussels Agreement makes it clear that Kosovo law applies to the process of integration, poses challenges to the overall process and the real goals of this dialogue.

As has been stated repeatedly, the Government of Kosovo again emphasizes that the clarity of the Brussels Agreement needs to be re-endorsed by the European Union as facilitator and guarantor of this peaceful and visionary project for a better future and for good neighborly relations between Kosovo and Serbia, and the entire region.

The report below presents the state of play in implementation of the Brussels Agreement of 19 April 2013 and the Implementation Plan reached on 22 May 2013. It also includes the agreements reached in the Technical dialogue since March 2011. It covers the period from 1st January 2013 to 15th January 2014.

1. LOCAL ELECTIONS IN KOSOVO, INAUGURATION AND FUNCTIONING OF THE NEW MUNICIPAL AUTHORITIES

The success of local elections (3 November-1 December 2013) and, inauguration of the newly elected bodies in all municipalities in Kosovo marks a significant step forward for Kosovo and implementation of the Brussels Agreement. Particular success is attached to the fact that for the first time after the independence of Kosovo (in 2008) these elections were held Kosovo wide, including in the four northern Serb majority municipalities, in accordance with the Kosovo law and in line with the Brussels Agreement. (Before 2008, elections were held twice across all Kosovo including in the northern municipalities).

The Kosovo Central Election Committee (CEC) organized and certified the elections and OSCE provided facilitation for the northern municipalities. International legitimacy of these elections was endorsed by international actors including by the EU Observation Mission. The turnout in the northern municipalities was relatively good, considering the political transition from boycott to participation in elections by Serb citizens in the north, thanks to the Brussels Agreement. It is important to notice that for the first time the political entities, and participants in local elections in this part of the country, were registered and certified by CEC. In addition, the certification of the voter list was successfully and duly certified by the Kosovo Civil Registry Agency despite the delays that Serbian side posed in allowing access to civil registry books of the northern municipalities which have not yet been returned from Serbia to Kosovo. The Election Complaints and Appeal Panel was also effective in addressing whatever complaints that it received. There were a few violent incidents that took place in Mitrovica north coupled with the appearance of some uniformed paramilitars of 'Civil Protection' structure, around some polling stations, which fell short of undermining the process.

1.1. Inauguration and functioning of Serb majority municipalities in northern Kosovo

The inauguration sessions have been completed in all municipalities in Kosovo. A critical progress has been achieved with successful inaugurations in four northern municipalities in accordance with Kosovo law and Brussels Agreement, where the EU role was critical. Elections for the mayor of North Mitrovica shall be again organized provided that the elected mayor failed to take an oath. The process of inaugurations in four northern municipalities required intensive cooperation between Kosovo Government, EU and representatives of these municipalities in order to ensure consistency with the Kosovo law, which resulted in success. The democratically-elected municipal authorities will serve their local communities, in accordance with Kosovo law and within Kosovo's institutional framework.

2. SECURITY

On security issues, the Brussels Agreement calls for the dismantling of all Serbian parallel security structures and the integration of Serb individuals into the Kosovo police and other equivalent Kosovo Security structures (articles 7 and 8) and, the appointment of a Police Regional Commander for the four northern Serb majority municipalities (article 9).

The agreed deadline for the integration and dismantling process in the security area was 30 September 2013 (Conclusions of the Chair of the WG for Police, 05-06 June 2013). To date, there has been limited progress made on both processes, in terms of scope and deadlines. The full progress has been made in Article 9, namely the appointment of an Acting / Police Regional Commander, and establishment of a regional directorate by Kosovo in agreed deadlines.

2.1. A regional director and directorate

Acting Regional Director for the four northern municipalities was appointed by Kosovo, on 25 June 2013

Legal framework / Administrative instruction for establishing the Regional Police Directorate was approved by Kosovo, on 22 July 2013

Regional Directorate was established, including staff and premises, in accordance with the Kosovo Law on the Police and relevant administrative decisions.

2.2. Dismantling all Serbian parallel security structures

2.2.1 Dismantling Serbian parallel police

Since 5 July 2013, MUP offices have been gradually closed by Serbia. EULEX has verified the compliance on closure.

Salary payments to the parallel police have not yet been terminated by Serbia, though the first deadline was on 17 June and the second on 31 December. After June 14, the Serbian side informed of its Government decision on ceasing the payment of MUP officers, though it did not share the act of decision, despite agreement on the mutual sharing of respective governments' decisions regarding the implementation of the Brussels Agreement. (*On December 1, during the second round of elections, Kosovo Police arrested a MUP officer who also carried a MUP ID. It shows that elements of MUP are still*

operational)The Kosovo side maintains that Serbia's decisions on the closing of MUP premises and the termination of salaries to MUP personnel have to be endorsed by legal adjustments (i.e. Administrative Instruction)

2.2.2. Dismantling of 'Civil protection'/ paramilitary structure

There is no progress on dismantling the so-called 'civil protection', a sort of Serb paramilitary structure which still operates in northern Kosovo. The Serbian side has rejected continued attempts by the Kosovo side to raise and resolve this issue.

In the meeting on 5- 6 June 2013, Kosovo raised the issue of dismantling the "Civil Protection" (CP), a Serb paramilitary structure operating in Kosovo since the end of war in 1999, under different names.

The Kosovo position is that the CP is a parallel security structure, which should be discussed within the framework of the WG Police, in accordance with the Implementation Plan, and Article 8 of the First Agreement. The position of Serbia is that the CP is not a security structure, and that no institution in Serbia is part of its chain of command, instead .. they claimed that the CP is established by municipal structures in northern Kosovo. The EU Chair expressed the view that the CP is an issue for the parties to discuss. (See the Conclusions of WG on Security of 5-6 June 2013)

On 17 July 2013, Kosovo presented the legal argument that the 'civil protection' structures are established by the Ministry of Defense of Serbia based on their Law on Defense, by underscoring following articles:

In the Law on Defense of Serbia ("Official Gazette of RS", No. 116/07), Article 4 Paragraph 4 is amended as follows:

"4) The civil defense is part of an integrated defense system, organized for the successful functioning of state bodies, bodies of autonomous provinces and local self-governments, companies and other legal entities, for the protection and rescue, and provide conditions for the life and work of citizens and meet the needs of defense forces in emergency and war, "

4a) Civil protection is an organized system whose main activity is the protection, recovery and elimination of consequences of natural disasters, technological disasters and other major hazards that could endanger people, material and cultural resources and the environment in peacetime and emergency situation and war."

Nevertheless, EU facilitators could not convince the Serbian side to enter discussions on this matter. 'Civil protection' structures still continue to operate illegally in the northern part of

Kosovo, and they even showed up uniformed and armed in some polling stations, during the local elections.

Kosovo required that dismantling should follow this order of events: the CP should be declared an illegal security structure; it should be fully dismantled including closure of all premises, handover of arms and other equipment. It also stated that its members should be integrated in the Kosovo institutions for which initial ideas were discussed.

Finally, on 13 December, in the meeting between the PMs and HR Ashton, the issue of dismantling the 'civil protection' was raised again and the end of March 2014 was set up as a deadline. Simultaneously, the integration of members of CP in the Kosovo security framework will take place, for which the Kosova side expressed its readiness.

2.2.3 Disarmament of Serbian parallel security structures

Since the beginning of the implementation talks Kosovo has raised the issue of disarmament of all Serbian parallel security structures. So far this issue has not been addressed.

2.3. Integration of Serb individuals in the Kosovo Police

In line with simultaneous approach, the closure of MUP premises should have been followed by the process of integration of ex-members of MUP into the Kosovo police framework. The scheduled integration to be completed on 30 September as agreed in Brussels has been delayed due to failures of the Serbian side to present the list of individuals interested to become part of Kosovo respective institutions.

On 5-6 June 2013, the parties agreed that the end date for the full integration of members of Serbian security structures in Kosovo will be 30 September 2013. (Article 7 of the Conclusions of 5-6 June 2013).

In a number of subsequent meetings in Brussels, the Kosovo side requested the list of officers willing to integrate in the Kosovo Police.

On 30 July - 1 August meeting, the Serbian side confirmed that they will provide a list of the "willing officers" with the relevant data needed for their integration into the Kosovo Police structure not later than 16 September 2013. However, it failed to fulfill its obligations until December when this process finally started.

In the meantime and based on a principle of simultaneous approach, Kosovo has been working on the preparatory process of integration, in legal, professional and practical terms.

Kosovo provided an Integration Plan, in close cooperation with EULEX. The integration plan has in detail underlined all the steps to be undertaken for the integration process such as:

employment procedure, orientation as well as specialized training, assignment to work places, ranking etc.

Kosovo reviewed the procedures and harmonization of the documentation for integration of the ex-MUP members in accordance with Kosovo Law and the Brussels Agreement (such as declaration, unlimited working contract, application, training modules, etc).

After the last meeting in Brussels, on 10-11 December, and after receiving with a delay of six months the list of potential candidates (it should be noted that the list of 337 candidates exceeded the figures agreed by parties for the integration of 250/270 police officers. In addition after an initial verification of the entire list done jointly by the Agency for Civil Registry, KP and EULEX a few turned out not to be citizens of Kosovo, while some others appear to be involved in criminal activities and therefore will not be considered for integration into the KP) who have expressed an interest in integrating into the Kosovo police, Kosovo immediately started with integration. The following actions have been undertaken:

On 12 and 13 December, Kosovo conducted verification of the profiles of 20 candidates. In addition to this, EULEX has done verification and background checks on these 20 candidates.

On 13 December, the first 16 candidates signed contracts (one of them didn't meet the criteria to sign the contract, because he was a fire fighter not a police officer and 3 others were not informed by the Serbian MUP)

On 16 December, one week orientation training started. *(On this date two contracts were signed by individuals who were not informed on December 13, and one who was not informed because he was in hospital in Belgrade notified us that he will be part of the process when he gets better. In the training, one person was absent and he declared that he will not be part of the process.)*

On 19 December, after the training, 16 members were certificated and integrated into the KP structure and were therefore assigned to their workplaces in northern police stations.

One of the agreed principles within the Security implementation group is the issue of ranking and both parties have accepted the proposal of the Chair for downgrading. The Kosovo Police is ready to implement this part of the agreement by giving ranks in accordance with the agreement reached in Brussels, but once again the Serbian party is failing to fulfill its obligations by not submitting the full dossier of each individual. In the absence of this, the Kosovo party is not able to proceed with the ranking of the integrated KP officers.

In continuation of this process, on 27 December 2013, another 63 candidates signed contracts with the Kosovo police. They (joined by the police officer from the first round who was in hospital in Belgrade) will start orientation training on 13 January 2014. Verification and background checks were done by the Kosovo Police and EULEX. Meanwhile, the Kosovo Police is conducting verification for another 100 candidates/former MUP officers, who have expressed

willingness to join the KP. Therefore the integration process, respectively those aspects that are the obligation of the Kosovo Institutions, is going as planned with the appropriate dynamic.

As agreed, Serbia will pay pensions and will continue to pay health insurance in a transparent manner for the Serb police integrated in the Kosovo system. The pension amount should not exceed the one that is paid to retired police officers in Serbia. Health insurance will be paid by Serbia until Kosovo adopts a health insurance scheme.

3. JUSTICE

On justice issues, the Brussels Agreement (Article 10) and the Implementation Plan calls for dismantling of the Serbian parallel courts and prosecutorial offices and integration of Serb judicial staff in the Kosovo judiciary institutions.

In accordance with the detailed implementation plan agreed between parties (enshrined in the EU conclusions of 31 May 2013), the deadline for dismantling and integration in the area of justice was 1 September 2013.

To date, there has been limited progress in implementation. For the most part, implementation has progressed in terms of plans for integration and dismantling rather than in practice. Practical implementation has taken place with regard to the stay of new cases, given that Serbian parallel courts in Kosovo are no longer accepting new criminal cases and as of 1 September they stopped adjudicating those cases. However, parallel court and prosecutorial offices are not yet closed and salary payments have not yet been terminated by Serbia. The integration of Serb judicial staff in the Kosovo judicial institutions has not yet commenced. This process is closely related with the detailed agreement on the structure of the courts, premises and required number of the judicial staff to be integrated. Critical progress has been made on the issue of the structure of courts, which says that the Kosovo Judiciary will continue to operate as an integrated judiciary with one Supreme Court, one Appellate Court, one Basic Court and one Basic Prosecution Office for the Mitrovica region. The ethnic logic of courts that Serbia is advocating has hampered further progress.

3.1. Dismantling of Serbian parallel courts and prosecutorial offices

The agreed dismantling plan includes the following elements: The judicial bodies in Kosovo operating outside of the Kosovo regulatory framework will rule on cases introduced before 15 July 2013. Decisions by a judicial body will be issued until 1 September 2013, by this date all Serbian court premises in Kosovo will have been closed. As of 15 July 2013 following a decision issued by 17 June 2013 by Serbia, all submissions for new investigation or cases to these judicial bodies will be stored by them for future submission and handling within the Kosovo Judicial framework. By 16 July EULEX will receive information on all submissions registered before that

date with due regard to personal data protection principles. The storage of cases will allow for compliance with deadlines of submissions of cases to Courts, with the assistance of EULEX. Urgent criminal cases, introduced after 15 July 2013, will be dealt with by EULEX until 1 September 2013. Urgent civil cases (civil status, labor disputes, disruption of possessions), introduced after 15 July 2013, will be dealt with by the judicial bodies until 1 September 2013. Hearings by judicial bodies after 15 July 2013 will only pertain to urgent civil cases introduced after 15 July 2013 and ongoing cases scheduled before 15 July 2013. All hearings for criminal cases will be conducted before 15 July 2013.

The state of play with regard to implementation is as follows:

Since 15 July, the Serbian parallel courts in Kosovo are no longer accepting new criminal cases and as of 1 September they stopped adjudicating those cases. EULEX has verified compliance with the terms of the agreement on stay of cases. New cases after 15 July are being stored and will be transferred to the Kosovo Courts for further handling.

However, Serbian parallel courts continue to handle urgent civil cases, though they were supposed to stop this as per the agreed plan.

There are no clear or visible indications on the ground that the parallel structures on justice are being dismantled. There are some indications that parallel judicial structures in the northern Kosovo are still receiving new cases on urgent matters in civil cases.

Serbia continues to pay salaries for the parallel judicial personnel that operate in Kosovo.

3.2. Integration of Serb judicial staff in the Kosovo juridical institutions

There is no agreement yet in place with regard to the integration of the parallel judicial staff interested in joining the Kosovo judicial institutions. This agreement is closely related with the detailed agreement on the structure of the courts, premises and required number of judicial staff, which is still pending.

In line with the simultaneous approach, there are various levels of progress with regard to different aspects of the integration plan.

At an early stage of the implementation phase, the Kosovo side provided an integration plan in terms of modalities of recruitment and criteria for integration, which was then agreed with the EU, (EU conclusions of 5 July 2013, articles 2 and 3). The criteria are based on the Kosovo Law on Courts (article 26) and the Kosovo law on the state prosecutor (article 19), which provides a detailed list of requirements for all judges and prosecutors. The integration process, as facilitated by EULEX, will be considered as meeting these requirements. EULEX will provide orientation to candidates for the available positions on the legal structures and laws of Kosovo,

as deemed appropriate by EULEX, and two members of each Kosovo council will be directly appointed to the orientation for judges and prosecutors.

The list of Serb judicial personnel interested in joining the Kosovo institutions is still pending. Serbia has not yet provided such a list, even though it had to fulfill this obligation immediately after the Law on Amnesty was enacted in Kosovo, on 17 September 2013. (In accordance with the EU Conclusions of 31 May 2013, article 6).

On the issue of pensions and health insurance for the Serb judicial personnel integrated in the Kosovo institutions, there is agreement reached between parties. The Kosovo delegation agreed that Serbia continue pension and health contributions to the judicial staff that are to be integrated into the Kosovo judicial institutions, on the condition that Serbia on the day of their appointment into the Kosovo institutions would dismiss the same judges and prosecutors and would stop paying their salaries. Further, this is interrelated also with the obligation that Serbia continue to contribute to pension and health benefits for integrated personnel without interruption until their retirement, at the same level as regular judges and prosecutors in Serbia, except in cases where the Kosovo Judicial Council or Kosovo Prosecutorial Council terminates their contract. Based on the above mentioned conditions, Serbia would provide quarterly reports to the KJC and KPC regarding these pension and health benefits.

3.3. Structure

On the issue of structure, there is agreement reached at the level of the prime ministers and HR Ashton on 13 December 2013, which says that the Kosovo Judiciary will continue to operate as an integrated judiciary with one Supreme Court, one Appellate Court, one Basic Court and one Basic Prosecution Office for the Mitrovica region.

However, there is no detailed agreement with regard to the structure, premises and the number of staff to be integrated, which we consider the most important and difficult part of the agreement. The position of the Serbian side, presented at the PM's meeting follows the line of ethnic courts limited to the four northern municipalities, with elements of segregation having them deal only with Serbian cases and the premises divided for south and north Mitrovica. The Kosovo side firmly rejected such proposals, as they do not comply with Kosovo law and the Brussels Agreements and with universal principles of justice that are free of divisions along any lines; hence, the meeting ended with no agreement on this matter. Further work needs to be done on this matter as well as on the precise numbers of judicial staff and the ethnic composition of those structures.

4. AMNESTY LAW

Kosovo adopted the Law on Amnesty on 17 September 2013 and, ever since it has been implemented consistently. By adoption of this law, the Kosovo Government confirms its political will for the integration of Serbs citizens of the north in the Kosovo institutions. The Amnesty law presents a key instrument of confidence building measures aiming at restoring trust between the Kosovo institutions and the Serbs of the northern part of our state, which has been ruined by the negative interference of Serbia since the end of war in 1999. In fact, the Kosovo government has been successful in the integration of all communities including most Serbs, and is working hard to integrate Serbs of the north, for which the Brussels Agreement and EU facilitation are of paramount importance. The EU also confirms that the Amnesty law is the main instrument that paves the way for the integration of the Serbs of the north into the Kosovo institutions. The Chronology of the adoption of this law presented below, shows the maximal efforts of the Kosovo institutions and political spectrum to enact the law in due time.

- On 25 June 2013, The Government of the Republic of Kosovo adopted the Draft Law on Amnesty and immediately processed it for approval by the Kosovo
- On 11 July 2013, the Assembly of the Republic of Kosovo adopted the Law on Amnesty Nr. 04/L-209, (with 90 votes pro, 17 votes against and one abstention)
- On 19 July 2013, the Amnesty law was subject to the Constitutional Court pursuant in order to review its constitutional nature (sponsored by a group of parliamentarians who contested its content and procedures of approval)
- On 3 September 2013, the Constitutional Court of the Republic of Kosovo ruled positively on the constitutionality of the Law on Amnesty.
- On 17 September 2013, the Amnesty law is promulgated by the decree Nr. DL-051-2013, by the President of the Republic of Kosovo
- On 21 September 2013, the Kosovo Prosecutorial Council issued Instruction no. 01/2013 for Enforcement of the Law on Amnesty

5. CUSTOMS REVENUE COLLECTION

There is a very good progress on implementation of The Agreement on Customs Revenue Collection at the northern border crossing points between Kosovo and Serbia, namely at Jarinje and Bernjak, reached on 17 January 2013. The agreement is in line with previous relevant agreements, in particular on IBM, with the CEFTA agreement, the Lisbon Treaty, and relevant EU legislation.

- The collection of applicable customs duties and excise duties as well as VAT (value added taxes) at the northern BCPs started on 14 December 2013, normalizing the situation in this area after many years. The management Board of the Development Fund convened before the start of the collection, on 13 December 2014, in accordance with the Article 12 of the Agreement.
- Collection of all revenues is paid either in cash or through points of sale at the Raiffeisen Bank Kosovo.
- The registration of companies and the reference to the Development Fund on receipts and bank statements, are taking place in accordance with provisions of the agreement (article 4)
- For goods that fall under a controlled regime (licensing), a transition period of three months is introduced. During this period importing companies must apply for licenses in accordance with Kosovo legislation. During the process of licensing and no later than 31 December 2014, these companies may bring into Kosovo those goods and pay revenues, unless the shortcomings constitute a serious health or environmental hazards. Goods where exclusive distribution rights exist will not be prevented from entry, provided that those goods are original products.
- Prior to implementation of the agreement, Kosovo customs in cooperation with EULEX launched a seven days campaign to inform and increase public awareness on this issue.
- The Kosovo customs introduced a detailed Operational Plan in accordance with Kosovo legislation and the Customs collection agreement.

So far implementation of the agreement is going well, and EULEX is present, in line with and for the duration of its mandate, and in accordance with the IBM agreement.

6. DEVELOPMENT FUND

Following the Agreement on customs collection at two border crossings between Kosovo and Serbia, Jarinje and Bernjak, reached on 17 January 2013, Kosovo moved on establishment of the Development Fund for the north in accordance with articles 7, 8, 9 and 11, in order to pave the way for the immediate collection of customs duties at these two border crossings.

Article 11 called for the establishment of the Fund within 7 days of the entry into force of this agreement. After exploring all avenues for immediate legal adjustments in the Kosovo Law on the Budget, the only option possible was through the adoption of a semiannual budget review by the Kosovo Assembly. Kosovo notified the EU facilitators on objective delays and, asked to simultaneously work on other preparatory steps for the implementation of the Agreement.

On 25 July 2013, the Law on amending and supplementing the Law on the Budget (no. 04-L-165) of the Republic of Kosovo for the year 2013 was approved by Assembly. On 12 September 2013, it was promulgated by the Decree of the President of the Republic of Kosovo (No.DL-49-2013). In the meantime, on 2 September 2013, the Kosovo Constitutional Court assessed positively the constitutionality of the law, initiated by a group of parliamentarians.

However, no preparatory work was done in the meantime, obviously as the agenda of EU was dominated by other urgent issues related to the Brussels Agreement.

Further work resumed in Brussels sometime in September to be completed on 13 December when the Board of Development Fund was established and the day after customs collections started at two IBM border crossings in Jarinje and Bernjak. Time wise both actions could have taken place earlier, but politically the EU deemed that after the local elections would be better timing.

The Development Fund is established to promote the socio-economic development, and to benefit the local population of the northern part of Kosovo. The revenues collected at the joint BCPs in the IBM common zone at Jarinje/Rudnica-Jainjë and at Tabavije/Bërnjak - Tabalije/Brjnak (applicable customs and excise duties including VAT) from the companies operating and goods destined to local population of the northern municipalities will be transferred to the Development Fund in accordance with the Agreement and Kosovo legislation. The money in the Development Fund is public money, and will be treated as such during its management and expenditure. The Development Fund can be increased by the addition of other contributions by donors, in accordance with Kosovo legislation.

7. ASSOCIATION

The establishment of the Association of Serb majority municipalities is expected to take place after the inauguration of newly elected municipal structures.

A Management Team from representatives of the four northern municipalities endorsed by the Kosovo Ministry of Local Government Administration (MLGA) of Kosovo was set up on 14 June 2013 in accordance with the Implementation Plan. The role of this team is to prepare the draft statute and provide other technical/logistical support for the Association (as foreseen in the agreed Terms of References in Brussels. The members of the Management Team initially refused to cooperate with the MLGA and thanks to facilitation of EUAS there was a joint meeting held in Mitrovica North on 21 October 2013 for the purpose of the preparatory work they need to do in terms of logistical support and drafting the statute for the Association.

In the joint meeting held in Brussels on 3 December 2013, the Management Team announced that they hadn't started yet to draft the statute, while the MLGA delegation presented a draft statute which is designed based on the Kosovo Law and the Brussels Agreement.

8. LIAISON OFFICES

The Agreement on liaison offices between Kosovo and Serbia was reached on 31 May 2013 in Brussels. The mission of liaison officers is to follow all issues related to the normalization of relations and address everyday problems that may occur. The offices are provided by the EU Delegations in both countries. The European Union provides facilitation to put these arrangements in place and to assist in their implementation in line with EU best practice.

In line with the agreement, the exchange of liaison officers had to begin on 15 July. Both Kosovo and Serbia started their diplomatic missions on 17 July. The effective exchange of liaison officers marked a very good start. However the implementation of other terms of the agreement is partial. To date, six months after the agreement entered into force, the Kosovo liaison office in Belgrade has not been able to complete all logistical and operational arrangements. Further, the main mission of following the normalization of relations through direct contacts with the authorities of respective states has not been consolidated yet. Progress has been made in completing the issues of legal status / registration and ID cards including satisfactory services of close protection to the Kosovo liaison officer and his staff offered by the Belgrade authorities; however, the Serbian liaison officer in Kosovo has not yet taken steps in this regard. The open issues include: the stamp of the Kosovo liaison office, bank account and health insurance of the officer and staff.

The detailed state of play of the implementation process is as below:

Kosovo officially started its operation on July 25, 2013 (opening of the Office symbolically occurred on June 17, 2013).

Legal status and registration: on August 5, Kosovo started officially with procedures for the regulation of legal status, while on 12 August, Serbia's respective authorities replied. On 15th August 2013, the Kosovo Ministry of Foreign Affairs' Department of Legal Affairs responded positively regarding registration procedures for continuing with the assessment stating that "the document is within the framework of the Agreement." Immediately we continued with the necessary next step for registration which was registration in the Serbian Tax Administration. More than a month after application and after pressure from the EU Delegation in Serbia, on 19th of September 2013 the Tax Administration issued us a "Registration Certificate." This certification was a prerequisite for any activity in the Republic of Serbia. For illustration, until we were provided with this certificate, no mobile operator could issue us SIM cards for mobile phones, regardless of assurances from several Embassies in Belgrade. Also, it was impossible even to make payments through the banking system.

ID cards: this was resolved with delays which required an additional meeting in Brussels. At the meeting held on October 1st 2013 in Brussels, the Government of Serbia through its Liaison Officer in the Republic of Kosovo commenced preparation of these cards up to mid October. Even in this case there were delays and ID cards were available only on November 21st 2013 when we received them (it should be noted that the release date in the ID card is written October 17th 2013).

Stamps: For the full operationality of the Republic of Kosovo liaison office in Serbia the issue of stamps remains unresolved. In accordance with article 17 of this Agreement which says "The terms will be implemented through the legislation of each Party respectively," we required that the stamp contain the Kosovo Coat of Arms (same format as other stamps in Republic of Kosovo diplomatic missions). The Serbian side claimed that the stamp had to be "status neutral" without a State Coat of Arms. The issue remains to be resolved in the next phase, for which the Kosovo side requested a meeting in Brussels during January 2014.

Contacts with Serbian authorities - with regard to contacts with the host country authorities the initial idea was that contact persons for liaison officers should be the Prime Minister's Chiefs of Staff. Meanwhile, in the meeting held on 7 November 2013 (via video-conference) we agreed that requests be addressed without "mediation" to the host authorities with an expression of interest for a meeting. In the initial phase, the meeting requests will be made known to the respective representatives of the EU, simply to make sure that it finds an open door.

Bank accounts: regarding the Bank Accounts, we have started communications with commercial banks and are waiting for the final response.

Health insurance: we have started with procedures and the first contacts were made on December 5, 2013 (GENERALI insurance company, UNIQA Company) and so far we don't foresee difficulties in terms of contracting.

Close protection: from the first day of work we have had close protection from the Serbian police as stipulated in the Agreement. We have available static and mobile teams. Static teams were located at the hotel, and after our accommodation in flats, we have a police booth outside and 24 hour protection. Mobile police teams follow any movement outside offices or apartments. As of 21 November 2013 security measures were added.

Restrictions in travel: although it was promised that by the second part of October 2013 the staff of the special Mission in the Republic of Serbia would have no restrictions when traveling, until now no notice has been given that anything has changed in this regard. It should be mentioned that, as reported three (3) times there were delays in crossing the border by car, while the flight of Kosovo's diplomatic representative in Belgrade was prevented from Belgrade to Brussels Airport, for the meeting on October 1st 2013 in Brussels, although notification was made in time and the travel tickets were bought. The Serbian authorities had promised at the time that this will change after the issuance of ID cards - still we have not received any notice whether this regime has been changed and whether we can now pass all border crossing points without restrictions.

9. INTEGRATED BORDER MANAGEMENT (IBM)

Background note

Agreement on IBM at all six border crossings between Kosovo and Serbia was reached on 2 December 2011 and, the Technical protocol was initiated by both parties on 26 February 2012. The Kosovo government signed the Technical Protocol duly and conveyed it to the EU on 29 February 2012. Its implementation was stalled for seven months due to the lack of readiness of the Serbian government to sign it, which it finally did at the end of September 2012. The process followed with the agreement on the Action Plan by the Implementation Working Group. The Technical Protocol and the Action Plan laid down two phases of IBM CPs, an interim phase with temporary buildings and a second phase with establishment of permanent buildings in line with EU standards. In this line, the Parties agreed to establish six interim appropriate Border Crossing Points (BCP), three of them located in the territory of Kosovo and other three in the territory of Serbia. The hosting Party was responsible for the safety and security of the authorities of the other party deployed to the IBM-BCPs on their respective territories and also for the security of the officials from the other Party as well as for providing all necessary infrastructure and logistics. Kosovo established three IBM BCP's in its territory in due time as required by the Action Plan. Serbia delayed establishing the three others. As a consequence, instead of starting operations on October 31, 2012, the four Joint IBM BCPs had to wait until December of the same year - the joint BCPs at Jarinjë/Rudnica and Merdarë/Merdare started on 10 December and at Dheu i Bardhë / Konçul and Bërnjak/Tabavije on December 31, 2012. The last interim IBM BCPs were established on March 31, 2013 (Mutivodë/Mutivode and Muçibabë/Depce).

It is worth mentioning that the process of implementation was not smooth. It was followed by different incidents as a counter reaction including the burning/damaging of facilities at Jarinje and Bernjak and shots were fired against the local and KFOR personnel at both BCPs (on 27 July 2011), and six months later there were attacks and the injury of German troops in Zveçan during their mission to remove a roadblock (on June 1, 2012).

9.1. No progress in the Implementation of the second phase during 2013

The implementation of the second phase – the construction of permanent buildings for six IBM CPs did not mark any significant progress during the year 2013. The Serbian side tried to cancel the plan for permanent buildings, despite the signed IBM Technical Protocol. They made different baseless claims to stall progress, such as: the investment made for temporary buildings though the permanent buildings are to be funded by the EU; rejecting the EU project proposals on permanent IBM CP-s, trying to impose unacceptable locations, etc. The Kosovo side was

committed to implementation and contributed to progress including the official acceptance of the EU project proposal on the location and design of buildings on 2 September 2013. Talks continued on this matter without any success and finally, the EU came up with a new proposal on 21 November 2013, but again was refused by Serbia. The EU facilitator decided to table this issue at the PM's meeting with Ms. Ashton, where finally the agreement was reached on 5 December 2013. The contractor hired by the European Commission will go ahead with the plans for the permanent building and required infrastructure.

The only practical progress on this issue was the marking of the IBM dots based on agreed coordinates at the six border crossings between Kosovo and Serbia, which serve as referral points for the permanent buildings. It was carried out by the Implementation Group (Kosovo, EU and Serbia) during several days of visits to border crossings and completed on 28 March 2013. The Agreement on Coordinates was reached and signed by the three parties on 12 December 2012.

9.2. Implementation of IBM in other areas with various levels of progress

In other areas of implementation of IBM there are various levels of progress, as presented below:

Info exchange mechanisms

The Kosovo side has been very active and serious in establishing mechanisms for the purpose of exchanging information with Serbia related to better functioning of the IBM. This mechanism includes the exchange of statistics on the movement of persons and goods. We undertook all measures to put in place the exchange of information through the use of the EU established regional initiative of Systematic Electronic Exchange of Data (SEED). On the other hand, the Serbian side has delayed implementation of SEED between Kosovo and Serbia for more than a year. Since 25 November 2013 when this mechanism was put in place, Kosovo has implemented information of about 10,161 T1 (transit documents). To date, the SEED system shows that 60% of these T1 have been equalized and, 40% will be done in the future when the data will be compared manually with hard copies from BCP's.

Local and regional meetings

Both parties have agreed on local and regional meetings. Kosovo has done its part to help the process by establishing Technical Working Groups; and similarly, by establishing local and regional meetings. Kosovo appointed on time the persons responsible in different border agencies for taking part in these local meetings and also it hosted at the first local and regional meetings. At the beginning, the Serbian side provoked the Kosovo side by sending invitations in provocative/ politically incorrect language, which was overcome by the intervention of the EU as mediator in this process. This provocative language still occurs in official Serbian letters. In cases when the Kosovo Customs asks for any kind of data from the Serbian Customs, the

answer which returns from the Serbian Police (MUP) is very provocative. Serbia has provoked Kosovo also by placing their state symbols at the CP Jarinje despite the requirement that the IBM zone should be free of symbols as per the agreement. Kosovo has continuously asked for its removal and, in absence of results it made known its intention to display its state symbols in reciprocity. After this, Serbia immediately removed the symbols.

Shift Patterns & Cooperation

Kosovo also has fulfilled its obligation to harmonize the shift pattern of the Customs and Police, and the presence of Veterinary, Phytosanitary, Auxiliary and other services at the IBM Crossing Points. Kosovo notified Serbia through respective procedures for processing persons, vehicles and goods. The IG introduced complimentary procedures and processes for the control and clearance of persons, vehicles and goods in line with the principles of IBM in order to facilitate legitimate traffic and trade.

We agreed also on Procedures for Eased traffic controls in cases of extraordinary and unforeseen circumstances, caused by unusual and increased levels of traffic flows. The Parties also have put into effect contingency plans to cater for any unpredictable and/or unforeseeable event.

IBM & Freedom of movement issues

Kosovo has fully respected the implementation of Freedom of Movement alongside IBM. But, Serbia frequently posed obstacles such as when we adopted advanced EU compliant documents in order to implement measures ensuring the integrity and security of documents, notably civil status certificates, and biometric ID cards. In September, the Serbian side took the decision not to allow entry for Kosovo citizens holding Birth Extracts (instead of birth certificates) and recently they are denying entry to Kosovo citizens holding biometric ID's. By this decision Serbia has violated point 2 of the Freedom of Movement agreement which refers to ID cards without specifying the type of ID Cards.

IBM & Customs Issues

In the field of customs another problem is that Serbia is continuing to violate the agreements by collecting customs taxes from European and Kosovo citizens for goods that they bring with them as personal items and non-commercial goods. This action is not in compliance with the Agreement on free trade (custom stamps agreement).

IBM & Veterinary-Phytosanitary

In relation to the Phytosanitary certificates, Serbia refused to accept the certificates issued by the Kosovo Food and Veterinary Agency until September 23, 2013 when we achieved an agreement in the IBM Implementation Group, when with some changes Serbia agreed to recognise

Kosovo`s phytosanitary certificates though still we do not have an agreement for mutual recognition of Veterinary certificates.

IBM & Mutual Legal Assistance

The IBM Technical Protocol article 39 states that facilitated by the EU, the parties will aim to establish mutual legal assistance. In the IBM Implementation Group we agreed on the text on the Procedures for Mutual Legal Assistance between Kosovo and Serbia with mediation by EULEX.

The deadline to sign separately with EU the Agreement for the Procedure on Mutual Legal Assistance was January 9, 2013, and Kosovo did so by the foreseen date, whereas, on the other hand, Serbia prolonged signing of the agreement until mid March 2013, when the Chair of the IBM – IG confirmed Serbia`s signature for MLA on March 18, 2013.

Kosovo has sent through EULEX 1,231 requests (95% civilian) between March 20, 2013 and December 5, 2013. But Serbia has not responded to any of them.

In line with the agreement through EULEX, Serbia has addressed to Kosovo only one request to which Kosovo has responded. We also received many requests from Serbia through UNMIK and Kosovo has responded to 36 out of 59 even though this was in violation of the agreement.

It is almost a year since Kosovo signed this Agreement and during this period, Serbia has confirmed many times to EU that they will implement it, but even so, they continue to prolong it, despite the fact that this Agreement was signed by Serbian Prime Minister Ivica Dačić himself.

IBM & Regional Cooperation

According to the IBM Technical Protocol Kosovo should join regional organizations dealing with Migration, Border Management and Law enforcement, in general mainly the MARRI and SELEC, provided the relevance of regional cooperation in addressing the issues of regional character. Up to date there is no progress on Kosovo`s membership of these organizations due to the obstacles posed by Serbia.

10. FREEDOM OF MOVEMENT

The freedom of movement agreement has been implemented fairly well since the September 26, 2011, except for the northern part of the border which continues to have obstacles of political nature. In the meantime, the ground transportation for the Kosovo police and customs officials operating at border gates at Bernjak and Jarinje has been gradually normalized, respectively in June and in December 2013.

Following the agreement on customs collections (17 January 2013), the ground transportation had to be immediately normalized for the Kosovo Police and Custom authorities and EULEX officers serving at border crossings in Jarinje (Gate 31) and Bernjak (Gate 1). However, their free movement was regularly impeded by barricades or rather the logic of barricades in the north. An alternative was found in the air transportation of Kosovo officials, by helicopters provided by EULEX for many months. On 20 June, freedom of movement and access to Bernjak by road for the Kosovo and EULEX officers, started and has continued regularly ever since, with occasional problems including the tragic death of the EULEX staff member from Lithuania (on 19 September 2013). Access by road to Jarinje started on 7 December.

Issue of vehicle insurances is waiting for a favorable long term solution, still citizens are charged with high tariffs.

11. FREE TRADE

The agreement on free trade also known as the agreement on custom stamps was reached on September 2, 2011 and the implementation by the Kosovo side started on September 16, 2011, while the Serbian side started implementation by the end of September of the same year. It is based on the CEFTA principles and parties agreed to make every effort possible to ensure the free circulation of goods in accordance with agreement. With this agreement, three years of embargo by Serbia of Kosovo goods has been removed. Since the beginning the agreement was implemented fully only at four border crossings between two states, because of the existence of roadblocks preventing the flow of goods at two of the other border crossings, located on the northern border between Kosovo and Serbia (gates 1 and 31). Free trade gradually normalized at these two border crossings thanks to the IBM agreement and the Agreement on customs revenue collection that started on 14 December 2013.

12. REGIONAL COOPERATION

Implementation of the Agreement on representation of Kosovo in regional organizations and initiatives has been limited. There were constant impediments by the Serbian side despite the reached Agreement, though in some cases, obstacles were removed when Kosovo requested EU support. Thanks to constructive interventions by the EU, Kosovo has become a member of the Regional Cooperation Council (RCC) on February 28, 2013 and, recently a member of the Regional School of Public Administration (RESPA) on November 23, 2013.

Having in mind that the purpose of the Agreement was to remove Serbia's obstruction of Kosovo's participation and membership in regional organizations, the fact that EU intervention is needed to remove those obstacles, shows the failure of Serbia to implement this Agreement.

Here below are some of the examples which illustrate challenges that Kosovo is facing in the process of obtaining membership, including SEECP, MARRI, SELEC etc.

SEECP

Serbia posed obstacles to participation of Kosovo at the SEECP Summit in Ohrid as well as preventing Kosovo's written request from being included in the Agenda of the SEECP ministerial discussion on prospects of its membership to the SEECP (15 May 2013). On the same day in Skopje, Serbia opposed membership at the meeting of political directors of SEECP, in violation the Agreement on Regional cooperation and the Brussels Agreement (Article 14). After intervention by the EU, the SEECP authorities (Macedonian chair in office) issued a selective invitation for the participation of Kosovo, inviting the FAM, but not the President of Kosovo. As a result, Kosovo declined participation. Croatia and Albania also declined participation, which resulted in cancelation of the Summit (29 May 2013)

Kosovo reported to the EU the evidence of obstruction. Following the intervention by the EU, Kosovo was invited, as a "special guest", to the high-level SEECP meeting of Ministers of Foreign Affairs in New York on 27 September and, according to EU assurances will continue to be invited by the Romanian chair-in-office to all SEECP high-level meetings during its chairmanship. The Romanian chair-in-office has established an ad-hoc working group to prepare options for a permanent solution for Kosovo's membership.

MARRI

Kosovo has presented an application for membership to The Migration, Asylum, Refugee Regional Initiative, (MARRI) and, indications were that it might get a positive response in May this year. Serbia's obstruction was evident. We sought support from the EU to sort out a solution; however, the membership of Kosovo in MARRI is still pending. Kosovo was able to attend the MARRI (Migration, Asylum, Refugee Regional Initiative,) meeting in December.

A similar situation applies to Kosovo's aspirations to become a member of the Southeast European Law Enforcement Center (SELEC). In addition, Kosovo is still facing obstacles in becoming an equal member and signatory of the memorandum of the Regional Initiative to Combat Organized Crime, a project that aims to establish cooperation between the Western Balkan countries in combating organized crime and corruption.

Kosovo was not invited to the regional meeting of police chiefs "Balkan Region Police Chiefs" Conference hosted in Belgrade on October 10, 2012. It was also not invited to the Conference "MAG-RACVIAC" hosted on October 9-10, 2013 in Zagreb. Kosovo participated and played a constructive role in meetings of the Adriatic Charter (A5), the Presidential Summit in Slovakia and the Brdo Process. Kosovo participated in the informal meeting of regional ministers organized by the General Assembly of the United Nations in September 2013, as well as Ministerial meeting of Energy Community of SEE in Belgrade in November 2013.

The implementation of the agreement on regional cooperation requires from Serbia to cooperate rather than pose obstacles. If progress in this area is conditioned by EU intervention and bearing in mind the numerous regional organizations, then obviously implementation is not on a good track. This requires the EU to reinforce its role in helping progress on this matter.

13. ENERGY

The agreement on energy was reached on September 8, 2013, after almost three years of negotiations. There is good progress in implementation planning, with a few issues still pending the settlement. The parties initially presented their draft action plans to the EU and in the several meetings held until December in Brussels, they succeeded in sorting out differences over the implementation process and obligations of each party. The open issues include: access to data and assets in order to draft Service Contracts for agreed services in the energy agreement between KEDS and Newco and taking required measures for the transmission and distribution networks that may provide effective Third Party Access (TPA) to the power supply part of business of Newco, which are still pending due to rejections by Serbian side. Moreover as soon as illegal operation of the power supply in the north of Kosovo is normalized, customers will commence paying for used electricity and subsidies from customers in the south will disappear. This situation should incentivize and make EU facilitators more responsible in putting enough pressure on Serbian negotiators to implement the energy agreement as soon as possible.

There is also good progress in drafting the framework agreement of cooperation between Transmission operators of Kosovo and Serbia, respectively KOSTT and EMS, which will finally bring an end to Serbia's breach of the Athens Treaty with regard to Kosovo. The technical part of this agreement, namely its content, was agreed on December 10, 2013. The political part of it

is still pending, due to the Kosovo side rejecting the format of signing. Kosovo's position is that signatories should include three parties, Kosovo, Serbia and EU, based on the practice that is being applied in the Brussels Dialogue. The proposal that was put on the table for a bilateral agreement with the signatories being KOSTT and EMS, without mentioning the names of states, was rejected by the Kosovo side. The Kosovo side's argument is that we are not ready to sign any bilateral agreement with Serbia, even at the level of public companies, until Serbia removes from its constitution the claim that Kosovo is part of Serbia.

14. TELECOM

On telecoms, the agreement was reached on September 8, 2013. Similarly as in the case of energy issues, negotiations lasted for about three years and agreement was confirmed at the meeting of the Prime Ministers and HR Ashton. There were delays in resuming implementation talks, apparently due to the focus of EU in more urgent matters of dialogue.

The talks on an implementation started on 15 January 2014, where parties discussed the action plan. A good progress has been achieved in designing the draft plan, including specified actions and timeline. In next period, this action plan has to be further advanced and agreed by parties

15. CIVIL REGISTRY

The Civil Registry Agreement was reached on July 2, 2011. Implementation started on December 6, 2011 and according to the Action plan it had to be implemented in a period of 9 months. Though the pace of implementation was not satisfactory, substantial progress has been made so far. Out of 10,709 civil registry books that were taken from Serbia during the war, 10,264 civil registry scanned books have been handed over to Kosovo. As per agreement, scanned/copied books by three partite teams in Nis (Serbia), were certified by EULEX and then handed over to the Kosovo authorities. The handover of the remaining books is scheduled to be completed in early 2014. The EU funded this project and technical assistance has been offered by DRC as an implementing partner contracted by the EU/ EUSR.

16. CADASTRE

The Agreement on Cadastre (2 July 2011) calls for the return to Kosovo of cadastral documents taken by Serbia during the war. There are about 12 million cadastral maps/documents to be returned. The implementation Plan was agreed on 21 December 2011 but there has been no progress in implementation, besides for preparatory work. The Agreement required from the Kosovo side the promulgation of the law on the Kosovo Property Comparison and Verification Agency (KPCVA) and its establishment. In parallel, it required that the Serbian side carry out the scanning of cadastral documents which will be returned to Kosovo via the EUSR. The Kosovo side has not yet succeeded in adopting the law in Parliament, despite continuous work in this regard.

The Draft Law on the Kosovo Agency for the Comparison and Verification of Property (KACVP), was approved by a Government Decision on December 11, 2012 with government decision number 01/100.

On March 19, 2013, the Kosovo Assembly approved the draft law in the first reading. On the second reading by the Kosovo Assembly, the draft law was withdrawn from the parliamentary procedure by the Government in order to integrate the comments of respective parliamentary committees so as to gain support for approval by the Assembly, on July 19, 2013.

From August 2013 until now the Kosovo working group in cooperation with the EUSR has prepared a new draft law on KACVP. Difficulties in passing this law in Parliament stem from the discrepancy between the role of international officials foreseen in it and constitutional changes adopted for ending international supervision in 2012.

On 27 December 2013, the Government of Kosovo adopted a modified draft law which it proceeded to parliament for approval.

On the other hand, the Serbian side has made little progress on scanning of the cadastral documents. Based on official information provided by the EUSR, Serbian side has so far scanned some 37,000 pieces (0.002 %) out of 12 million cadastral maps/documents and, they are planning to handover to EUSR Kosovo on 24 January 2014.

17. DIPLOMAS

There has been no progress on the acceptance of Kosovo diplomas by the Serbian side. The Agreement on reciprocal acceptance of University diplomas through certification by the European University Association (EUA) was achieved on July 2, 2011 and completed on November 21, 2011. Implementation started in February 2012. To date, 279 applications have been approved by the European University Association (EUA).

Based on a report presented by the implementing partner SPARK, to date no EUA certified diploma has been certified or an official acceptance letter issued by any Serbian institution.

The two year contact with implementing partner SPARK is about to expire in the first half of 2014, hence the EUSR team which has supervised the project has started discussions with the implementing partner about possibilities for a next phase.

CONCLUSION

This report provides a comprehensive state of play in implementation of all Brussels agreements during the year 2013. It demonstrates that in general good progress has been made in some relevant issues while for some others varying levels of progress have been achieved. There are also issues where implementation has not commenced yet. Effective work ahead is necessary in order to accomplish the goals of this important peace dialogue between the two EU aspirant states, Kosovo and Serbia, which if successfully and efficiently is completed, can serve as a good model for other open issues in relations between the countries in the region, and even beyond.

List of abbreviations

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