



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

MINISTRY FOR DIALOGUE

BRUSSELS AGREEMENTS

IMPLEMENTATION STATE OF PLAY

1 January – 15 June 2016

REPORT SUBMITTED TO THE EUROPEAN UNION /EUROPEAN EXTERNAL ACTION
SERVICE

BY THE GOVERNMENT OF THE REPUBLIC OF KOSOVO

Prishtina, 15 June 2016

EXECUTIVE SUMMARY

This periodical report presented by the Government of the Republic of Kosovo provides an assessment on the state of play in Brussels Dialogue, a report covering the period from 1st January to 15th June 2016. It looks at the overall progress and challenges in the implementation of the Brussels Agreements as well as it screens each of agreement in light of obligations of respective parties assumed under the Brussels Dialogue.

The Government of the Republic of Kosovo attaches high relevance to the Brussels dialogue since it contributes to peace and stability in the region, good neighborly relations and regional cooperation, as well as to the advancement of our goals, respectively Euro-Atlantic integration of Kosovo for the benefit of citizens.

The Brussels Dialogue has contributed in advancing the Kosovo's path towards the European integration. Kosovo embarked in the official journey towards the EU integration by establishing contractual relation with EU through signing the Stabilization Association Agreement with EU which entered into force this April. The EU has also taken decision to recommend liberalization of visa for Kosovo citizens fulfilling their dream of enjoying freedom of movement as youngest Europeans. These are great achievements which confirm success of Kosovo in fulfilling required European standards while we assume more responsibility and better motivation to push forward European reforms at home.

With regards to implementation of Brussels agreements, this reporting period has not marked any substantial progress. Kosovo has been effective in fulfilling its obligations and fully cooperated with the EU to push forward the implementation process.

However, the same does not apply to Serbia which virtually blocked the process of implementation by not making any significant moves in fulfilling its assumed obligations. This particularly in reference to the Agreement on the country code for Kosovo and the Agreement on the independent operation of the Kosovo energy transmission system (KOSTT), both blocked by Serbia. These two agreements are of paramount importance to Kosovo and has been in negotiating table for more than five years. Serbia has also delayed the removal of the barricade ("peace park") from the Mitrovica Bridge because the EU has not yet been able to commence with the revitalization of the bridge, agreed to be completed no later than June 2016. In response to these delays, Kosovo has not yet commenced any implementation steps with regards to the Agreement on Association.

The country code for Kosovo (383) was agreed to be allocated to Kosovo by ITU on 1 March 2016. Austria has duly applied for Kosovo's country code with ITU (in January 2016). Kosovo has fulfilled all its implementation obligations. However, Serbia blocked the process by not fulfilling its part of obligations.

On energy, Kosovo/KOSTT signed the agreement with ENTSO-E on 1st October 2015 which provided for KOSTT to operate as an independent transmission system, in accordance with 2013 Brussels energy agreement. KOSTT had to start operation as an independent TSO this February, however, Serbia is blocking this process by failing to register a new energy supplying company in accordance with the Kosovo Law as provided by the Energy agreement.

Obviously, Serbia is lacking the political will to respect the Brussels agreement on telecom and energy, which is demonstrated by the history of five years negotiations on the two issues. Even the last push by the EU, through the breakthrough agreements of 25 August 2015 which aimed at accelerating implementation of the telecom and energy agreements signed in 2013, has not shown results. Any excuses Serbia might try to argue by using the pretext of its elections held on 24 April this year does not stand, because the deadlines (actually, extended deadlines) were prior to election period.

The Government of the Republic of Kosovo has been regularly informing the EU on the abovementioned blockades from Serbia and, urging from EU to maximize its efforts in unblocking this process, regrettably no progress has been made so far. The positive side is that EU has acknowledged the Kosovo's performance in fulfilling its implementation obligations. EU made all efforts to unblock the process and is continuing to do so. To this end, EU has organized some technical meetings in Brussels in efforts to make a breakthrough towards implementation, but, those meetings only revealed once more the lack of political will from Serbian side to fulfil its obligations.

In response to Serbia's blockades, Kosovo has made it clear that no implementation actions will be made in relation to the Agreement on Association of Serb majority municipalities in Kosovo, before Serbia removes the blockades on the dialling code for Kosovo and KOSTT's independent operation as well as the removal of barricade from the Mitrovica Bridge.

The Government of Kosovo asserts that once the above mentioned blockades are removed, we will duly implement our obligations regarding the implementation of Association Agreement. The Association shall not have any executive power and shall not be a third level of governance, considering that the Kosovo Constitution nor respective Kosovo Laws do not provide for any of such competences. Consequently, the statute of the Association shall be in accordance with the Kosovo Constitution and Law and the Decision of the Kosovo Constitutional Court of 26 December 2015. The compliance of the Agreement on Association with the Kosovo Constitution is provided in point 2 of this Agreement. Kosovo perceives the Association as a legal structure that will help municipalities to coordinate better the local issues and help reintegration of Serb community into the Kosovo system.

The Government of Kosovo has made it clear that the establishment of the Association is conditioned with the full and verifiable dismantlement of Serbia's remaining parallel structures in Kosovo. Association cannot be established under still ongoing paradoxical situation when both legal and illegal municipalities are yet operational in northern Kosovo.

We note with concern that Serbia continues to support the activities of its parallel structures in Kosovo municipalities in violation of the 2013 Brussels agreement on normalization of relations between the two states. In addition, Serbia continues to interfere with the legal municipalities in the north of Kosovo holding them off to fully comply with Kosovo laws. These municipalities have not yet approved the symbols and seals set by Kosovo laws and neither fully comply with Kosovo law on budgeting issues in attempt to keep education and health sector not financed by the Kosovo budget.

Similarly, the freedom of movement in the Mitrovica Bridge has not yet been established. The removal of the barricade and revitalization of the Mitrovica Bridge foreseen for the end of June 2016 has not marked any visible progress due to obstructions by Serbia. The EU office in Kosovo, who is in charge of revitalization of bridge, has not yet started the work, in accordance with the Brussels agreement of 25 August 2015. Serbia is trying to obstruct this issue by not allowing the mayor of northern Mitrovica to sign a Memorandum of Understanding with the Ministry of Environment and Spatial Planning, which confirms that the administrative line between the southern and northern Mitrovica is in accordance with the Kosovo Law.

Population census in the four northern municipalities is scheduled to take place in October 2016. We request from EU support on ensuring that Serbia does not hamper the process. In early 2014, was reached the agreement on census, between the legal mayors of these municipalities and the Government of Kosovo, with the presence of the U.S. Embassy and the EU Office, in exchange of allowing the two municipalities to increase the number of assembly members as they complained that those numbers was not reflecting proportionality of municipal population (Zvecan and Zubin Potok) . However, all four mayors, negatively influenced by Serbia, are not cooperating on the issue. The Government approved the draft law on census, and the Assembly of Kosovo is in the process of adopting it.

Furthermore, it must be emphasized that Serbia is violating the principles of the dialogue for normalization of relations confirmed in the 2013 Brussels Agreement (Point 14) by using a destructive and anti-European approach against Kosovo's integration in the European and International organizations, such as the case of UEFA, FIFA and earlier UNESCO. Nevertheless, Kosovo gained the majority support and became full member of UEFA and FIFA. Kosovo officially became the 121 member with full rights of the Permanent Court of Arbitration based in Netherlands on 14 June 2016, despite Serbia's efforts to block the process since January 2016, and number of other international organizations.

The positive developments has been marked in the process of finalizing the implementation of the agreements on the issues of justice and so called "Civil protection" and the progress in construction of IBM permanent facilities, etc.

On "Civil protection" the implementation is about to finalize, this illegal structure has been dissolved and its personnel has been integrated in the Kosovo civil institutions at central level on 11 January 2016. Out of 483 persons, 433 has signed the employment contracts with the Kosovo Government and the remaining 50 are in the process of signing.

On Justice, Kosovo is finalizing the process of consolidating its unitary justice system in northern municipalities, where one Basic Court and a Prosecution Office will be established to serve seven municipalities, in accordance with the Kosovo Law, as provided by the Brussels Agreement. The parallel justice structures are closed and the former personnel is being integrated in the Kosovo justice system (as judges, prosecutors and administrative staff). During this reporting period there was a new agreement reached, on the mutual recognition of the certificates of export-import of dangerous goods (ADR certificates) which is being fully implemented.

There are still outstanding issues to be implemented, especially in the area of freedom of movement which remains to be addressed in next period.

The Government of Kosovo considers that implementation of the agreements is key to the success of this Dialogue. We urge EU, as a facilitator and guarantor of the Brussels Agreement, to require consistency and effectiveness of parties towards their implementation obligations, as the only way leading to the reaching of the goals of the Brussels dialogue on normalization of relations between the two states. We think that normalization of relations between Kosovo and Serbia can progress by securing the conditions of non-interference in each other's sovereignty, namely by having Serbia stop meddling and to dissolve its remaining parallel structures in Kosovo.

We fully acknowledge the EU support and its facilitating role in this dialogue as well as full support from US and Germany and all other EU member countries.

Sincerely,



Edita Tahiri
Minister for Dialogue
Chief negotiator at the Brussels Dialogue

Contents

Executive Summary	2
1. Telecom – Country code for Kosovo	7
2. Energy - KOSTT’s independent operation	8
3. Removing the barricade from the Mitrovica Bridge	9
4. Fragile functioning of four northern municipalities in Kosovo	10
5. Serbia’s Parallel Structures in Kosovo not yet abolished	11
6. Association	13
7. “Civil protection” dismantlement	14
8. Security – Police	15
9. Establishing Civil Registry Offices in the northern municipalities	16
10. Justice	16
11. Liaison Offices (LO) and Official Bilateral Visits	19
12. Customs / Free Trade	20
13. Freedom of Movement	21
14. IBM – construction permanent facilities	22
15. Cadastre	23
16. Customs Revenue Collection	24
17. Development Fund	24
18. Regional Cooperation	24
19. Diplomas	26
20. Vehicle insurance	27
21. Certificate of Pharmaceutical Products (CPP)	28
22. Registration of Businesses in northern municipalities in Kosovo	28
23. ADR Certificate	29
List of Abbreviations	

IMPLEMENTATION STATE OF PLAY

1. TELECOM - COUNTRY CODE FOR KOSOVO

Serbia has blocked the country code for Kosovo, although it was agreed to be allocated to Kosovo by ITU on 1 March 2016. This actually was a second deadline, because the first one foreseen for 15 January 2015 was postponed due to the Serbian side delays in registering the new company in Kosovo. The registration of a new company in accordance with the Kosovo Law as provided by the Telecom agreement was seen as good step of progress towards implementation. However, since then Serbia stopped cooperation on implementation and, it failed to present a letter of commitment to ITU of not opposing the country code to Kosovo. Serbia fails to respect the Brussels agreements on telecom mainly due to the lack of political will. This can be seen from the fact that the telecom agreement has been in negotiation table for more than five years and yet not implemented.

Kosovo on its part has fulfilled all obligations deriving from the agreement on telecoms. In line with steps agreed in the action plan, Kosovo has registered timely the new company on telecom in accordance with the Kosovo Law. After, the Austria's application for the dialling code for Kosovo with the ITU (on 4 January 2016) as agreed, the Government of Kosovo has taken the decision on instructing the Kosovo Telecom Regulatory Authority (RAEPEC) to issue a temporary authorization of a limited scope for mobile services for a new company and a full licence on fix telephony services in January 2016. A copy of the decision has been delivered to the EU facilitator.

Kosovo Regulatory Authority on Telecom (RAEPEC) has fulfilled its technical obligations to prepare the draft licencing decisions and it has engage in a constructive cooperation with EU facilitators to make sure the licencing complies with the Brussels agreement and the Kosovo Law. Regarding the licence on the fixed telephony, RAEPEC already issued a confirmation of notification (General Authorization) for provision of fixed telephony on 22 of January 2016 and has delivered to the EU facilitator. On the temporary authorization for mobile telephony, RAEPC issued a confirmation of notification for temporary authorization on 22 of January 2016 and has delivered to the EU facilitator

The EU efforts to push forward implementation were not successful. In this reporting period there were five working group meetings on telecom in Brussels without any concrete results. (On 18 January, on 26 January, on February 18, on February 23 & 24 and the last one on 27 May 2016). EU concluded that it is Serbian side who is failing to respect the agreement.

2. ENERGY – KOSTT'S OPERATION AS AN INDEPENDENT TSO

Serbia has blocked implementation of the energy agreement, which provided for KOSTT's operation as an independent transmission system operator by 6 February 2016. Based on KOSTT-ENTSO-E agreement of 1 October 2015 deriving from the 2013 Energy agreement signed in Brussels, KOSTT had to start operating independently in December 2015 and second deadline was 6 February 2016. Serbia has blocked it by postponing to register the new company for supply in accordance with the Kosovo Law as required by the Energy agreement. The EU as facilitator and guarantor of the agreements has been duly informed on the situation, however, so far there has not been made any progress, despite of several efforts of the EU to discuss the issue with the Serbian side.

In fact, Serbia failed for four times to register two new companies (one for trade and the other for supply and distribution services) in Kosovo based on the 2013 Agreement on energy. The failures of the Serbian side are obviously of the political reasons because the new companies must be registered in compliance with the Kosovo law as provided by the Brussels Agreement on Energy which in point 4. says “ *Both parties also agree that such a company will be established under the Kosovan legal and regulatory framework.*”

The Kosovo side has urged EU to ask ENTSO-E to invalidate the conditionality of the KOSTT starting to operate as an independent TSO with registration of the new companies, because it was Serbia who failed in registering new companies. The Minister for Dialogue Edita Tahiri has raised the issue and sent letters to EU asking to resolve this issue, given that Kosovo side has fulfilled all its obligations. Regrettably, no progress has been made so far.

In the other hand, KOSTT has met all criteria's and technical conditions for connection agreement established by ENTSO to start operating as control area/block.

Regarding delays in implementation of connection agreement KOSTT-ENTSO-E, the letter from KOSTT was sent to ENSTO-E as well as joint letter from KOSTT and TSO Albania on May 5, 2016. The Government of Kosovo and KOSTT provided all necessary documentation guaranteeing security of supply of energy to all citizen of Kosovo including northern part of Kosovo on May 31, 2016.

KOSTT and KEDS access in north is delaying

Preventing KOSTT from starting to operate as an independent TSO namely regulatory control area/block is posing obstacles for KOSTT to have access in northern part of Kosovo, as provided by the Energy Agreement, point 5. which says “ *...KOSTT will reconnect the 110kV lines to Valac/q. The current operators at the Valac/q substation will respect instructions from the Kosovo dispatch centre.* ”

As a consequence, KOSTT is not being able to collect revenues from the allocation of interconnection capacity and electricity transit network of Kosovo, and these costs will continue to be borne by electricity consumers in Kosovo.

Serbia's energy operators illegally operates in north of Kosovo, though by signing the Energy Agreement, Serbia reconfirmed its commitment to dissolve them.

Kosovo prevented to exercise commitments to WB6 process

If the operation of KOSTT as independent TSO will delay further, Kosovo will be prevented in fulfilling the commitments for the initiative of Western Balkans Six (6) for the establishment of an organized market (spot market), balancing the regional market and regional allocation of interconnection capacity.

In the meeting of Energy Secretariat on 26 April 2016 in Vienna regarding the process of signing WB6 Memorandum of Understanding on energy issues, Kosovo delegation (KOSTT, ERO, MED) based on instructions given by Minister Edita Tahiri made the request that KOSTT signature should be conditioned with start of the operation by KOSTT as an independent TSO, namely the start of implementation of the KOSTT-ENTSO-E agreement of 1st October 2015. Energy Community Secretariat has taken note on the Kosovo's request by presenting it in the summary of the meeting proceedings, though rejected Kosovo's request to be included to MoU, which would enable Kosovo to sign the MoU. Kosovo delegation made it public its position to media as well.

3. REMOVING THE BARRICADE FROM THE MITROVICA BRIDGE AND ITS REVITALIZATION

The freedom of movement in the Mitrovica Bridge has not yet been established. The removal of the barricade and revitalization of the Mitrovica Bridge foreseen for the end of June 2016 has not marked visible progress due to obstructions by Serbia. The EU office in Kosovo, who is in charge of revitalization of the bridge, has not been able to start any work on the ground because of non-cooperation by the mayor of North Mitrovica who seems to follow Serbia's instructions. The mayor of South Mitrovica (Bahtiri) has been fully cooperative including the issuance of the necessary local urban permissions for work, whereas the mayor of North Mitrovica (Rakic) has not yet issues similar permissions, hence preventing the start of revitalization work on the Bridge. In accordance with the Brussels agreement of 25 August 2015, the revitalization process was given ten months of period, and here we are now at the tenth month without any progress. Serbia is obstructing this issue by not allowing the mayor of North Mitrovica to sign a Memorandum of Understanding with the Ministry of Environment and Spatial Planning, which confirms the administrative line between the two municipalities of Mitrovica in accordance with the Ahtisaari plan. Although this issue is not connected to the revitalization of the bridge,

Serbia is doing everything in order to prevent the removal of barricade and to open the bridge for full free movement of people and vehicles because this politically means an end to the partitioning scenarios of Serbia.

Based on Brussels agreement of 25 August 2015, the Mitrovica Bridge must be open for all traffic by summer/not later than end of June 2016. According to EU office in Kosovo, the contractor for revitalization of Mitrovica Bridge was selected and the contract was signed but the work did not commence yet.

The Minister for Environment and Urban Planning, Mr. Agani following the request of Minister of Dialogue, Ms. Tahiri has established the mechanism of weekly meetings with two mayors since this May in order to push forward the signing the MoU, however mayor of North Mitrovica (Rakic) did not show up. The Minister of Local Government Administration, Mr. Maric attended at one meeting and provided constructive contribution. The signing of the memorandum of understanding for confirmation of the administrative line between two municipalities seems to be possible only through heavy involvement of EU and the US government.

4. FRAGILE FUNCTIONING OF FOUR NORTHERN MUNICIPALITIES IN KOSOVO

Functioning of four northern municipalities (North Mitrovica, Zveçan, Zubin Potok and Leposaviç) elected in 2013 Kosovo local elections continues to be fragile in legal terms.

These municipalities still do not perform most of their duties in accordance with the Kosovo legislation, as required by the Brussels First agreement on normalization of relations. The main reason for these failures are due to Serbia's interference in both sides, first by preventing legally elected municipal structures to respect the Kosovo law and by supporting the functioning of parallel illegal municipal structures.

Here are some of the major concerns:

- 1. Symbols, stamps and insignia are not yet adopted by the municipalities.** Occasionally they use some illegal stamps
- 2. Budget and procurement are not performed in accordance with Kosovo legislation**
- 3. Education and health sectors fail to be included in the budget** of local level that is administered by municipalities in accordance with the Kosovo Law on Local administration. As it is known, those municipalities enjoy enhanced competences in comparison to other

municipalities in Kosovo. Among the enhanced competence are the University of North Mitrovica and the regional hospital

4. Administrative staff is not yet integrated, except for North Mitrovica

5. Local public services are mostly delivered by parallel structures, which are politically and financially supported by Serbia.

6. The population census in four northern municipalities of Kosovo which is planned to take place this year is facing continuous reluctance from the mayors of those municipalities.

The Government of Kosovo has approved the Draft Law for the Population, Households and Dwellings Census in the four northern municipalities of Kosovo that rejected to participate in the Population Census in 2011 (on 29 April 2016) and submitted for approval at the Kosovo Assembly. The census must take place in October 2016, and this process requires cooperation and involvement of the mayors and municipal administration of the northern municipalities. The internal agreement for holding the census is reached in a meeting held in the beginning of 2014 between then the Deputy Prime Minister Edita Tahiri and elected mayors of these municipalities, with the presence of EU office and US Embassy in Kosovo. The mayors agreed on census in exchange of increasing the number of seats in the Assemblies of two municipalities, namely Zvečan and Zubin Potok (four seats each). However, following Serbia's instructions, these mayors are rejecting the census, hence it is critical the involvement of EU to resolve the issue having in mind the manifold importance of census in planning and development of municipalities.

5. SERBIA'S PARALLEL STRUCTURES IN KOSOVO ARE NOT YET ABOLISHED

Serbia continued with violation of the fundamental principle of the Brussels Agreements on normalization of relations between the two states. Serbia is meddling in Kosovo by supporting its parallel municipal structures in northern Kosovo and at some areas even throughout Kosovo. Through its parallel structures, Serbia is trying to pursue its notorious plans to change ethnic structure in northern municipalities. It can be seen in illegal constructions of collective housing particularly in Mitrovica North area and, in the latest illegal project on construction of residence complex for Serbs, the so called 'Sun valley' project, while Albanians are being prevented to return home and build their houses.

The Brussels agreement of 19 April 2013 called for establishing the legally functioning municipalities in Kosovo. Serbia as signatory to this agreement had to abolish its parallel municipal structures in Kosovo after the inauguration of legally elected municipal bodies in January 2014. Contrary to this, Serbia chose to violate the agreement which caused paradoxes of legal and illegal structures operation to continue in Kosovo to date. In response, Kosovo has

conditioned the establishment of Association with full and verifiable removal of Serbia's parallel structures in Kosovo, both at local and central level.

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

It can be observed by the recent double provocation, when the Government of Serbia through its parallel structures in Kosovo (the president of so-called temporary body of the Municipality of Zvečan, Ivan Todosijević) presented an illegal project on construction of residence complex for Serbs that aim to change the ethnic structure in north of Kosovo, the so called 'Sun valley' project. These kind of provocations encountered harsh reaction by the majority of the citizens in Kosovo which considered it as continuation of the Milosevic's regime plans for ethnic cleansing and colonisation of Kosovo.

Another case that shows the activities of the parallel structures has been identified in the end of March 2016, Kosovo Police informed that K/S citizen Vesna Dabetic from village Shalinovic in Istog municipality while she was going at work as a teacher of Russian language in the primary school "Rados Tosic" in the village of Videja - Municipality of Klina was threatened and insulted by Bozidar Sarkoviq who during the interview in Police station declared that he is parallel mayor of Municipality of Klina.

Furthermore, on 30 January 2016, the Government of Serbia named Milos Filić in the position of president of the so-called "municipal temporary body" of Kamenica. Likewise, for the members of that body Serbia named Nenad Stanković and Vojislav Noić. On 15 January 2016 the Government of Serbia issued decision to create so-called public enterprise "Serbia ski resort" in Brezovica. Three days after, the illegal parallel municipality of Viti has issued a document and addressed it to Kosovo Customs.

Such illegal actions are tracked down by Kosovo media. In the end last year Kosovo daily newspaper has published an article <https://koha.net/?id=27&l=90868> entitled "Serbia continued strengthening of its parallel structures in Kosovo." The article quotes the Government of Serbia, the so-called 'Office for Kosovo' press statement on appointment of Zoran Stojkovic as a head of 'Anamorava Region' based in Klokot (Kosovo Serb Majority Municipality). The statement says that Stojkovic will coordinate the functioning of the institutions of the Republic of Serbia in the region of Anamorava. (The same person was until a few days 'Mayor' of the parallel Municipality of Gjilan).

6. ASSOCIATION

The Associations of Serb majority municipalities in Kosovo shall not have any executive power and shall not be a third layer of governance, as provided by the Brussels Agreement of 25 August 2015. The statute of the Association shall be in accordance with the Kosovo Constitution and Legislation and the Decision of the Kosovo Constitutional Court of 26 December 2015. The compliance of the Agreement on Association with the Kosovo Constitution is required in the 2nd point of this Agreement. Kosovo perceives the Association as a legal structure that will help municipalities to better coordinate the local issues and help reintegration of Serb community into the Kosovo system.

The Government of Kosovo upholds that establishment of the Association is conditioned with the full dismantlement of Serbia's remaining parallel structures in Kosovo. Association cannot be established while it continues the paradoxical situation of functioning both, legal and illegal municipalities in Kosovo.

The agreed principle is that the process of drafting of the statute of Association shall be synchronous with the process of dismantling Serbia's parallel structures in Kosovo.

On 19 January 2016, with the invitation of EU, the technical dialogue resumed for several topics including exchange of views on the way forward regarding the Association/Community of Serb majority municipalities in Kosovo. Kosovo side reaffirmed the position of Government of Kosovo that remains committed to implement the agreement, based on the Kosovo Constitution, Kosovo Legislation, Law on ratification of the First Agreement and the Kosovo Constitutional Court Decisions of 23 December 2015. Kosovo side stated that the full dismantlement of Serbia's parallel structures in Kosovo and the implementation of the agreement on Association should go in parallel.

Same principles have been confirmed also at the meeting between Prime Minister Mustafa and HR Mogherini that took place on 27 January 2016 in Brussels. Kosovo side made it clear that Association (approval of statute) shall not be established prior verifiable dismantlement of parallel structures.

7. "CIVIL PROTECTION" DISMANTLEMENT AND INTEGRATION OF FORMER PERSONNEL IN THE KOSOVO CIVIL INSTITUTIONS

Good progress has been made in dismantlement of the illegal structure, the so-called "Civil protection" and integration of its former personnel in the Kosovo institutions. This despite the fact that Serbian side still has not handed over the premises that was used by this structure. Kosovo Government has already integrated 378 persons and signed the employment contracts with them on 11 January 2016. The integration of remaining 50 candidates from the contingency fund is in the final stage, and is expected to be completed by the end of June. The Agreement anticipated that the persons in contingency fund should be integrated in public sector within deadline of three years, but as a sign of good will, the Government of Kosovo decided all of them to be integrated/employed as soon as possible. .

The final list of the institution and number of integrated personnel from former 'CP' including the persons from contingency fund

	Institution	
1.	Emergency Management Agency	82
2.	Correctional Service of Kosovo	27
3.	Ministry of Labour and Social Welfare	30
4.	Ministry of Environment and Spatial Planning	32
5.	Ministry of Education, Science and Technology	32
6.	Ministry of Agriculture, Forestry and Rural Development	8
7.	Agency for Agriculture Development	8
8.	Forest Protection Agency	20
9.	Tax Administration Agency	15
10.	Ministry of Health	22
11.	Ministry of Infrastructure	32
12.	Ministry of Culture, Youth and Sports	22
13.	Ministry of Trade and Industry	26
14.	Ministry of Local Government Administration	14
15.	Agency for Information Society	7
16.	Kosovo Agency of Statistics	10
17.	Agency of State Archives	9
18.	Food and Veterinary Agency	6
19.	Kosovo Customs	22
20.	Ministry of Public Administration	13
21.	Ministry for Communities and Return	17
22.	Ministry of Economic Development	18
23.	Kosovo Cadastral Agency	6

24.	Ministry of Finance	5
	TOTAL	483

Trainings

The integrated personnel of the former 'CP' have undergone the trainings. The first phase was organized by the OSCE and commenced on 8 February 2016, second phase commenced 6 weeks after and was concluded by Kosovo Institute for Public Administration, it lasted until end of April 2016.

Office premises of central government institutions

Kosovo Government has identified premises for accommodation of the central Government institution in four northern municipalities of Kosovo. Ministry of Public Administration is in the process of functioning these premises namely renovating, supplying and maintaining these offices.

The premises used from the former CP are still not handed over to Kosovo institutions, Serbia is delaying this obligation for almost a year. The last deadline based on the agreement was 20 July 2015.

Abolishment of CP by Serbia

In order to complete the dismantlement of so-called 'civil protection' Serbia is obliged to undertake legal adjustments for abolishment of CP structure in Kosovo. Serbia has to present official proof of abolishment to EU immediately after Kosovo will resolve the issue of 50 remaining members from Contingency Fund that is expected to be finalized soon. The proof of abolishment includes amendment of laws in order to abolish "CP" and the proof for discontinuation of salaries and any financial support.

8. SECURITY – POLICE

In general, implementation of the agreement on police has been satisfactory. Police parallel structures are dissolved. 287 Kosovo/Serbs police officers are integrated into Kosovo Police on 31 December 2013, and the Regional Directorate has been established on 22 July 2013. The Regional Director is Kosovo Serb, whereas the Deputy Director is Kosovo Albanian, appointed on 25 June 2013.

Integration of administrative staff and dismantlement of the parallel ones is underway. See the section below.

9. ESTABLISHING CIVIL REGISTRY AGENCY OFFICES AND MUNICIPAL CIVIL REGISTRY OFFICES AND INTEGRATION OF ADMINISTRATIVE STAFF IN THE NORTHERN MUNICIPALITIES

Based on the Brussels Agreement on normalization of relations of 19 April 2013, Kosovo is in the process of integration of the former police administrative staff of 77 persons in the Kosovo system. Out of them, 32 persons have been selected and will be employed in the Civil Registration Agency (KCRA)/ Ministry of Internal Affairs (MIA) of Kosovo, and 45 in the municipal civil registry offices in four northern municipalities. The KCRA's recruitment panel has concluded its work on 1 June 2016 and selected 32 candidates that will be employed in the KCRA offices that will issue state documents such as passports and IDs. They will commence with the trainings organized by KCRA. In meantime, Ministry of Internal Affairs together with municipalities should accommodate the integrated staff within the municipal buildings.

In order to complete the integration, northern municipalities will integrate 45 persons, which will issue civil status certificates. Upon the commencement of work by these two institutional mechanisms in the north, we will start issuing Kosovo's citizenship and civil status documents in the four northern municipalities, which for a long period of time they were not able to issue them, thanks to the Brussels Dialogue agreement.

10. JUSTICE

Implementation of the Agreement on Justice is in the process of finalization. The Kosovo side has been working hard to successfully integrate the former personnel of Serbia's parallel justice structures into the Kosovo system. These parallel structures have de facto stopped operating illegally whereas de jure, their abolishment by Serbia needs to happen immediately after the Kosovo legal justice system commence its operation in northern municipalities.

The implementation of agreement on justice enables the establishment of unitary justice system of Kosovo in the northern part of Kosovo, where one basic court for seven municipalities and one prosecutorial office will soon commence their operations, in accordance with the Kosovo legislation, as stipulated in the Brussels agreement of 9 February 2015. Kosovo is consolidating its unitary justice system in the northern part, which was absent for many years.

On its part, Serbia has not yet abolished its judicial parallel structures in Kosovo. The abolishment requires legal amendment to Serbian Law No. 116/2008 on Seats and Territorial

Jurisdictions of Courts and Prosecutors offices. The deadline was 31 December 2013. Serbia has not yet ended the tenure for the judicial personnel engaged in parallel judicial structures, as well as did not cease their salaries. These structures *de-facto* stopped operating since 2013 as per agreement. Serbia has been cooperative in de facto closing the operation of parallel structures, given that Serbian parallel courts in Kosovo are no longer accepting new criminal cases and as of 1 September 2013 they stopped adjudicating those cases.

The progress in implementation involves the following:

The integration of Serb Judges and prosecutors has been taking place in two phases.

First phase of integration - recruitment of judges and prosecutors

In the first integration phase (started on March 2015) were selected 34 judges and 9 prosecutors, which met the criteria, out of 48 positions for judges and 15 positions for prosecutors (as per agreement and official announcement).

Second phase of integration - recruitment of remaining number of judges and prosecutors

Recruitment process for remained unfilled position from the first phase of 14 Judges and 6 Prosecutors was announced on 29 March 2016. The integration will be concluded on 30 June 2016.

On 1 March 2016, Kosovo side submitted to EU the final vacancy notices: prosecutors, judges and support staff and on same date Kosovo side agreed that the panel will in essence be deciding in accordance with 9 February 2015 agreement and the March 2015 precedent (first integration selection process) when it comes to the general conditions for Judges and Prosecutors applying for positions. Job posting for the remaining vacant positions has been prepared on the basis of the amended Law on Courts and Law on State Prosecutor (of 2015).

Recruitment process for 149 Support Staff for the Judges and Prosecutors for the entire territory of Kosovo

The first integration announcements for 149 support staff in accordance with the Brussels Agreement for Justice of 9 February 2015 (115 support staff for judges and 34 support staff for prosecutors) was open from 29 March 2016 until 29 April 2016.

Documents of citizenship - based on practices of employment during the first recruitment process by KJC and KPC, the minimum that candidates must present to the recruitment panel is the application for Kosovo identity card. Also ID cards shall be copied and delivered to the KJC after recruitment, but prior final appointment by the President of the Republic.

The recruitment process for Judges and Prosecutors and the administrative staff for Courts and Prosecutions started on 25 May 2016.

The total numbers of applicants in the first announcements for integration of 149 support staff was: 17 candidates for prosecutors, 14 candidates for judges and approximately 3.000 candidates for support staff for judges and prosecutors. It is important to mention that about 3000 candidates applied for 149 jobs for supporting staff. This shows positive trends of reintegration and willingness of Kosovo Serbs to integrate into the Kosovo system that undoubtedly should be credited to the effects of the Brussels Dialogue.

On 16 May 2016 the EU presented the list of former personnel to be integrated in the Kosovo justice system, a list which is on verification/clearance process by the competent authorities of Kosovo.

In accordance with the Kosovo Law, the endorsed candidates by KCJ and KPC will be sent to the President of Kosovo for appointment as Judges and Prosecutors. All endorsed should have the ID of the Republic of Kosovo as a proof of Kosovo citizenship. Finally, the appointed candidates shall take oath and sign the declaration of loyalty in the presence of the President of Kosovo,

Recruitment of administrative staff

a. The Minister for Dialogue, Ms. Edita Tahiri issued the Decision on appointment of the Panel in charge for selection of candidates for the administrative staff, for the integration purposes at the Courts and Prosecution Offices of the Republic of Kosovo and Letter of Instructions regarding the integration process of the administrative staff throughout Courts and Prosecution Offices of the Republic of Kosovo based on the Brussels Agreement on Justice, reached on 9 February 2015, and it is in full compliance with the Laws of the Republic of Kosovo, and was signed by Minister for Dialogue on 24 May 2016¹.

b. The panel for judges was established on 6 April 2016 by Kosovo Judicial Council.

c. The panel for prosecutors was established on 22 April 2016 by Kosovo Prosecutorial Council.

d. Bar Exam

Some of the candidates will undergo bar exam in line with the Kosovo legislation and the Brussels Agreement. It applies for those candidates who have graduated in Serbia (altogether 6 cases).

¹ Based on the First agreement of principles governing the normalization of relations of 19 April 2013, namely the Law no. 04/L-199 on Ratification of the First Agreement of Principles Governing the Normalization of Relations Between the Republic of Kosovo and Republic of Serbia, and Implementation Plan regarding this Agreement, which was approved by Kosovo Assembly, on 27 June 2013, as well as based on the Brussels Agreement on Justice of 09 February 2015, in accordance with the Law no. 05/L-032 on Amending and Supplementing Law No. 03/L-199 on Courts, and Law no. 05/L-034 on Amending and Supplementing the Law no. 03/L-225 on State Prosecutor, and based on the Law no. 03/L-149 on the Civil Service of the Republic of Kosovo, namely Article 3, point 6 of the latter.

The budget for renting and renovation of the premises for Prosecution Office

The issue of the budget for renting the premise for Prosecution Office has been solved. After the two meetings of the Minister for Dialogue with the Minister of Finance and official request on 29 April 2016 from the Head of Kosovo Prosecutorial Council (GCC) addressed to the Ministry of Finance, the budget has been approved for renting and renovating the prosecution office in Mitrovica (location Bosniak Mahala). On 20 May 2016, the Government of Kosovo approved the budget for the Prosecutor Office in Mitrovica. Kosovo Prosecutorial Council is focused to speed up the issue of lease contract and other work related to its functionality.

Basic Court premises

Basic Court premises will be in two buildings, in existing building of basic court in north and another building of former Yugobanka in south Mitrovica.;

The premises for two branches of basic court in Leposaviç are ready for use, although at the moment the building is occupied by the Serbian judges who are pending integration. The building in Zubin Potok needs to be renovated. KJC will commence the re-tendering process. The plans are taking place.

11. LIAISON OFFICES (LO) AND OFFICIAL BILATERAL VISITS

High level meetings

No progress has been made in the context of the official meeting of Kosovo Liaison Officer with Ministers of the Government of Serbia. Only one meeting was organised last year after insisting from our side in the Brussels dialogue meetings. At the same time, the Serbia's Liaison Officer has been received in high levels by the Kosovo Government officials.

Staff and premises

The arrangement for additional staff and office space in both liaison offices is still not implemented. Unofficially we learned that Serbian side was withdrawn from this accord reached in September 2015.

Official symbols in (letterheads and stamps)

There is still no agreement regarding letterheads and stamps for official use of LO's. There is a common understanding that the formulations and appearance of the letterheads will be the same as for stamps definition.

Official visits

The Agreement on official visits by which LO administer the visit, different from past when EU delegations in both states were offering this service, is being implemented well. More than 100 requests have been submitted by the Serbian officials in the last 12 months and only few of them were refused, mostly because of complying with conditions of the permits. The Agreement on official visits inter alia calls for respecting the spirit of the Agreement on normalization of relations between two states. Occasional violations by Serbian side have been marked in this period of reporting.

Officials from Serbia have again entered without permission in the Republic of Kosovo through illegal crossing points. On 15 April 2015, Marko Djuric accompanied by Dragan Vladislavjevic has entered Kosovo through illegal crossing points.

12. CUSTOMS / FREE TRADE

The free trade between two states was made possible through mutual recognition of customs stamps in 2011 and implementation is rather satisfactory. Obstacles are still present due to Serbia's parallel structures and occasionally usage of parallel customs stamps by the Serbian Customs Authorities. Evidences of this continuing problem at BCP Merdare and BCP Dheu i Bardhe are being recorded on daily basis.

Serbia must respect the agreement and abolish its parallel customs structures and stamps. The Serbian Customs Administration chart (customs offices) still includes Prishtina as their customs office. The following link can provide additional information about organizational structure www.carina.rs/lat/ONama/organizacija/Stranice/Osnovna.aspx. Illegal stamps use inscriptions "Carinarnica Pristina" (Prishtina Custom's branch) and it is under the Nis Customs Branch in Serbia.

This shows that Serbia even after five years is not respecting the Agreement on mutual recognition of customs stamps reached on 2 September 2011, moreover it violates the CEFTA rules where parties have agreed to use the stamps confirmed for all the CEFTA members.

Kosovo side has continuously raised this issue requesting from Serbia to respect the 2011 Agreement on customs stamps within the IBM working group meeting. Serbian side promised to deliver rhetorically but in practice.

Reciprocity on “temporary license plates”

No progress has been made on removal of temporary measures applied unilaterally by Serbia ("Proba plates" for RKS registration plates and entry-exit documents). There has been a common understanding on reciprocity reached in Brussels between two Prime Ministers in January 2016 that the agreement there be reached by June this year. Serbia failed to respect. At meetings held last year on September 30th, October 9th and October 27th and in January of this year, Kosovo insisted that Serbia must stop the practice of applying unilateral temporary measures and threatened to respond back with reciprocity measures. It stated that if Serbia does not remove the "proba" plates for Kosovo vehicles registration plates 'RKS', then Kosovo will use the right guaranteed under the Agreement to apply reciprocal measures in vehicles coming from Serbia. Since the EU promised to resolve this issue, Kosovo accepted to postpone its measures and recently notified the EU that time is elapsing on this issue.

Third country citizens are prevented to enter Serbia from Kosovo

Serbia is still not allowing third country nationals to enter into Serbia from Kosovo. In the last IBM IG meeting, held on 7th and 8th of March 2016, we raised again this issue, but Serbian party is not willing to reach an agreement on this matter. The EU Chapter 35 calls on Serbia to resolve the issue.

Illegal registration plates

Serbia still issues illegal registration plates in northern municipalities of Kosovo, violating the agreement on Freedom of Movement 2011, which clearly stipulates that all residents of Kosovo should register their cars in RKS or KS registration plates. Kosovo has made it clear that is developing a plan to resolve this issue, along with the problem of unregistered vehicles in Kosovo.

Illegal ID`s

It is important to mention that more than 90.000 Kosovo Serbs have obtained ID cards of the Republic of Kosovo, which shows increasing trends of their reintegration in the Kosovo system. But, some individuals are still using illegal ID cards, issued by the parallel structures. Within the IBM Working Group, Kosovo has raised this concern again on 7 and 8 March 2016 in Brussels, and received a positive understanding from EU. The EU has promised to propose some roadmap that will bring an end to illegal ID cards through transitory process.

14. IBM – CONSTRUCTION OF PERMANENT FACILITIES

Implementation of the IBM agreement is remarkable, given the very constructive cooperation between border authorities of both states.

The second phase of implementation that includes building of permanent facilities in all six border crossings is well underway. Kosovo's side will host three BCP's in Merdare, Bernjak and Mutivoda, whereas Serbian side will host other three BCP's in Jarinje, Dheu i Bardhe and Mucibaba.

The layout of the permanent facilities has been signed by all three parties, Kosovo, Serbia and EU in September 2014. The layout has been designed by the EU contracted company SAFEGE, in close consultation with each party.

In the reporting period, UNOPS is developing the detailed design of the layout (implementing partner contracted by the EU), in consultations with each party. Kosovo has been very active in fulfilling its obligations, but has also finalized the expropriation of lands where IBM zones are situated. Kosovo has also made an important decision on the position of administrative buildings, through consultations with respective authorities of Police, Customs, the EU facilitators and UNOPS team. The next phase will include discussions on functionality of the premises as we move towards finalization of the detailed project/layout for three hosting BCP-s. The beginning of construction works for the Merdare border crossing point is planned for the beginning of August.

The Serbian side, however, based on their reporting in the last IBM IG meeting (7-8 March 2016), has not yet made any significant progress. The EC/DG-Near representative in the last IBM IG meeting requested for substantial progress with regard to the respective projects in establishing the IBM Border Crossings.

New Border Crossing Points

Two new border crossing points between Kosovo and Serbia shall be opened by September 2016. One at the location called Kapia and the other one at the location called Izvor, helping to shorten the travelling distance for the citizens. In the last IBM IG meeting, held on 7 /8 March 2016, both parties reported on the progress in implementing this agreement. According to the dynamics, parties confirmed that the respective BCPs under their responsibilities will be functional by September 2016.

SEED

The Kosovo side since 2013 has been very active and serious in establishing mechanisms for the purpose of exchanging information with Serbia related to better functioning of the IBM. Since then, we have undertaken 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. For now, it's continuing...

Since November 2015, there is a good progress on the full electronic data exchange (SEED) between the customs authorities of Republic of Kosovo and Republic of Serbia. This agreement was planned to be implemented since 2013, however Serbia delayed its implementation. The cooperation in this area helps better quality control of export and import of goods between the two countries. In this six months period, Kosovo customs through SEED provided the amount of 126,023 data, whereas Serbia's customs provided about half of it, 119,302.

15. CADASTRE

The Agreement on Cadastre of 2 September 2011 (the Agreement) provides for commitments of both parties. The agreement calls for the return to Kosovo the scanned original cadastral records taken by Serbia during the war time, before 1999. The scanned cadastral documents will be returned through EUSR.

Finally, seventeen years since the end of the war in 1999, Kosovo will be given back cadastral documents taken from Serbia. It will be able to compare and verify the returned scanned original cadastral documents of pre 1999 period with the reconstructed Kosovo cadastre helping to consolidate the viable cadastral system.

For this purpose Kosovo side has adopted the Law to establish a Technical Agency, Kosovo Property Comparison and Verification Agency (KPCVA) on 8 June 2016. The role of KPCVA will be identification of gaps between the returned documents and Kosovo cadastre data, which then will be addressed by the adjudication mechanism of the Agency and the final decision will be taken by the Supreme Court of Kosovo.

The Serbian side has marked a progress in scanning the cadastral documents to be returned to Kosovo.

As the implementation process is improving by both parties, EU in consultation with the parties is setting up the Tripartite Implementation Group (TIG) to monitor implementation of the agreement with particular focus on the identified gaps in documents.

The implementation of the agreement has delayed because Kosovo delayed adopting the Law on establishment of the Technical Agency (KPCVA), which was finally done on 8 June 2016.

16. CUSTOMS REVENUE COLLECTION IN TWO NORTHERN BCPS JARINJE AND BERNJAK

The agreement on custom collection reached in January 2013 in Brussels, provides for custom duties collection by the Kosovo authorities in two northern BCP's Jarinje and Bernjak, which had been blocked for many years by Serbian side. The implementation of this agreement is going very well and during this reporting period there have not been identified any obstacles. A part of the customs collected is designated to the Development Fund, established by the Kosovo authorities, which includes the customs collected from the companies operating in the four northern municipalities and from the goods destined to the citizens of these municipalities.

17. DEVELOPMENT FUND

Since its establishment in 2013, the Kosovo Development Fund for northern municipalities has received € 8.3 mil from the part of collected taxes in Jarinje and Bernjak, in accordance with the Custom Collection Agreement of 2013.

The Management Board of the Development Fund has already allocated € 6.6 mil for the development projects of northern municipalities. Based on the feasible projects presented by those municipalities, the Management Board will continue with allocation of funds.

18. REGIONAL COOPERATION

A very good progress was made during this period in the membership of Kosovo in important international and regional organizations. Attempts of Serbia to prevent the Kosovo's membership in these organisations has been continues in violation of the 2012 Brussels Agreements, fortunately Serbia mostly failed.

The crucial progress marks signing of the Stabilization Association Agreement, between Kosovo and the EU, on 27 October 2015, and entry into force on 1 April 2016.

Kosovo sports have been fully internationalized. Kosovo became 55th member of *Union of European Football Associations* (UEFA) on 3 May 2016 and a member of the World Football Federation (FIFA) on 13 May 2016, while earlier Kosovo became member of the International Olympic Committee. Kosovo Ski Federation (KSF) is accepted in International Ski Federation (FIS) as a member with equal rights as all member countries on 13 June 2015.

Kosovo officially became the 121 member with full rights of the Permanent Court of Arbitration based in Netherlands on 14 June 2016, despite Serbia's efforts to block the process since January 2016.

Further, the Regulatory Authority for Electronic and Postal Communications of Kosovo (ARKEP) became associate member of the European Institute for Telecommunications Standards on 19 April 2016. Ombudsperson Institution of Kosovo became the 28th member of the Association of Mediterranean Ombudsmen on 17 April 2016. Association of Journalists of Kosovo is accepted into the European Federation of Journalists on 11 March 2016, Kosovo Agency of Statistics (KAS) which is a member the EUROSTAT since 2013, from 3rd of February 2016 Kosovo flag has already been set on the official website of EUROSTAT.

Kosovo state highest level delegations have participated as equal with other states in different major regional summits and meetings, such as: President of the Republic of Kosovo, Hashim Thaçi, attended the Summit of the Cooperation Process in South Eastern Europe (SEEC) on 1 June 2016 in Sofia, Bulgaria. Kosovo participated in the Board meeting Strategy of 2020 of South East Europe in Pravets, Bulgaria on 30th of 2016; Kosovo participated at the all Western Balkans Six meetings, including the Ministerial Meeting organized by the European Commission and French Foreign Ministry in Paris on 25 May 2016, where the flags of Kosovo and Serbia were located. Kosovo will be represented at the highest state level in WB6 meeting in Paris on 4 July 2016. Kosovo for the first time was invited officially in the meeting of the Authorities for the Protection of Personal Data of Central and Eastern Europe on 11 and 12 May 2016 in Sarajevo, Bosnia. Minister for Dialogue, Edita Tahiri, on 2 February 2016 participated in the Ministerial Summit of the Organization of Cooperation Process in South Eastern Europe (SEEC).

Evidence of violation of the agreement by Serbia

Serbia has continued with its obstructions against Kosovo, in violation with the 2012 Agreement on regional cooperation. Serbia's aggressive campaign against Kosovo, particularly in the case of UNESCO, FIFA and UEFA showed that Serbia tried to cover its genocide war against Kosovo, by trying to stigmatize Kosovo in worse ways, simply forgetting that the history of aggression wars of Serbia in the region cannot be changed. Further, on 19 May 2016 the Serbian Football Federation submitted a lawsuit to the International Court of Sport against admission of Kosovo to UEFA; Serbia cancelled its participation in the OSCE Conference for Economic Cooperation due to the participation of Kosovo, on 18 May 2016; Serbian diplomacy blocked Kosovo to become

member of the International Organization of Summer Vine, on 19 April 2016; Serbia is creating obstacles for Kosovo's accession to the Apostille Convention and the Court of Arbitration; in CEFTA meeting on 1 March 2016, in violation with the agreement, has requested again that UNMIK should sign on behalf of Kosovo.

19. DIPLOMAS

On 19 January 2016, the new agreement on mutual recognition of diplomas was reached between Kosovo and Serbia with EU facilitation, because the agreement of 2011 has failed due to the fact that Serbia refused to implement it. For more than five years, the applications of candidates to certify their diplomas were put on hold, together with their future in education or employment. The 2016 new agreement on diplomas is based on that of 2011, though expanded to include recognition of all degrees from primary school to doctorate.

In fact, the new agreement was reached on 29 September 2015, but instead of starting with the implementation, Serbia has immediately disputed it. With additional comments to the text of the newly reached agreement, Serbia tried to impose formulations that would undermine the jurisdiction of the Republic of Kosovo, but the Kosovo side has categorically rejected the proposed changes. Serbia has then withdrawn its claims, which made it possible to reconfirm the agreement reached on 29 September 2015.

The implementation plan was developed in meantime, in several meetings held in Brussels and on 4 April 2016 implementation started. In order to avoid any misinterpretation of the agreement, given that history of negotiations was rather confusing - with reaching, disputing and reconfirming the agreement - the EU has decided to publish officially the implementation plan based on the Kosovo Chief Negotiator request. The implementation plan known as, EU Guidance on mutual Diploma recognition based on the original agreement from 2011, can be found in http://www.kryeministri-ks.net/repository/docs/EU_Guidance.pdf. Interested applicants are asked to approach respective ministries of education in order to submit their applications.

Same as with the 2011 agreement, diplomas will initially be certified by an EU chosen international organization. Following this certification, application for recognition can be submitted to the relevant institutions of each state. Recognition will be divided into professional and academic. Professional recognition will be performed by the respective relevant governmental bodies, within a maximum of 90 days after receipt of the application and with a ceiling limit fee of equivalent to 50 Euros or an equivalent amount. Professional recognition will be deemed sufficient for the employment opportunities, including in governmental bodies.

Academic recognition will be needed only for the continuation of studies; procedures will depend on the individual higher education institution and will have an overall deadline of five months.

All previously obtained EUA certificates will be recognized by the Parties. Diplomas already certified by the EUA can be directly submitted for recognition. The parties will process these as of 4 April 2016. All previous recognitions of diplomas will be treated as valid.

Moreover, the Parties agreed to expand the scope of the 2011 agreement to include the following levels of education: Higher Education (Bachelor, Master and PhD) and Pre-University Education (elementary, secondary, vocational education, and the fifth level of qualification as per European Qualification Framework).

Agreement on diplomas are valid only for diplomas obtained from accredited universities in the respective countries, Kosovo and Serbia, for which parties exchanged the list of accredited higher education institutions during March 2016. Kosovo has made it clear that illegally operating universities in Kosovo that are included in the list of accredited universities in Serbia are invalid. For diplomas of the University of Mitrovica, Government of Kosovo has established a legal mechanism of interim recognition in order to help reintegration of Serb community into the Kosovo system.

The European Union will continue supporting the process by funding a project that will facilitate the implementation of the agreement at the initial certification state. In this line, the EU is in the process of identifying the implementing partners (for certification and administration purposes). EU has opened on 25 April 2016 in duration of 30 days, after which the selection of implementing partners will be completed.

The EU established a tripartite implementation group by the end of February 2016, in order to monitor the implementation of the agreement.

20. VEHICLE INSURANCE

The implementation of the agreement has been satisfactory. It commenced on 12 August 2015, after more than three years of negotiations. The Kosovo insurance bureau (KIB) is in the process of identifying the Correspondent.

Kosovo considers that with the Kosovo Insurance Bureau (KIB) cooperating in this neighborly agreement in European spirit should advance towards the membership in the Green Card. The International Council of Bureaus (CoB) who was a facilitator of this agreement together with the EU should ensure Kosovo's admission in Green Card, while in the meantime it should open points of sale of European green cards in Kosovo.

21. CERTIFICATES OF PHARMACEUTICAL PRODUCTS (CPP)

Good progress is reached in terms of implementation of the Agreement on mutual recognition of Certificates of Pharmaceutical Products (CPP).

From January to May 2016, Kosovo authorities issued 26 Certificates of Marketing Authorization for the company Hemofarm AD from Serbia. Kosovo authorities consider only applications that are in accordance with the Kosovo Law, as provided by the Brussels Agreement on this matter.

Under the screening procedure/evaluation procedure are applications for about 34 pharmaceutical products (9 products of the pharmaceutical company Hemofarm AD, Serbia and 20 products of the company Galenika a.d., Serbia).

Outstanding issues

Issue that remains unsolved is licensing for 19 pharmaceutical companies from northern municipalities. This process had to be completed by 31 May 2015, however only 8 of those companies have applied and got licensed during 2015 and one more during 2016. The Kosovo Medicines Agency who is the authority for licensing, has informed that 11 more companies have not yet applied.

22. REGISTRATION OF NEW BUSSINESES in northern municipalities in Kosovo

The Kosovo Tax Administration reported that 191 new businesses have been registered in four northern municipalities in Kosovo in past six months.

All these companies are registered according to the Kosovo Law. A good cooperation and coordination has been marked on this matter between Kosovo Customs, Kosovo Tax Administration and local businesses from the northern municipalities.

	Municipality	Total registered companies
1.	<i>Leposavic</i>	65
2.	<i>Z. Potok</i>	27
3.	<i>Zvecan</i>	39
4.	<i>North Mitrovica</i>	60
	<i>Total</i>	191

Implementation of Brussels Agreements not only that helped establishing the rule of law in this area and reducing of informal economy, but has also provided an additional source for development investments in northern part, to which the Government of Kosovo remains committed.

Registration of new export /import companies

Based on the Kosovo Customs reports, 18 new companies were registered for export and import of goods in four northern municipalities. All documents presented by those companies to the Kosovo Customs are in line with Kosovo law in force. Also, it is worth mentioning that 99% of importers registered in Asycuda system in the north are equipped with business and fiscal numbers in accordance with Kosovo Law and Brussels Agreement on Customs Revenue Collection on 17 January 2013.

23. ADR CERTIFICATES

Agreement on mutual recognition of the ADR Certificates (Certificates on dangerous goods) was reached in Brussels on 19 April 2016, after eight months of blockades made by Serbia's authorities for Kosovo export-import companies who transport dangerous goods. Since 25th April 2016, the ADR Agreement is in place and has been implemented correctly as per agreed conclusions between parties, and till now no problem was reported.

In response to Serbian blockade, the reciprocity measures were set by the Kosovo Government on 23 March 2016, which made Serbia accept the agreement. The Ministry of Trade and Industry of Kosovo on 25 April 22 2016 has repealed the decision on reciprocity measures.

For reaching this agreement, there were two working group meetings organized by EU for finding potential agreement. The first meeting was held in Vienna on 4 April 2016 with no results and in the last meeting in Brussels on 19 April 2016 when agreement on mutual recognition of ADR certificates.

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

List of abbreviations

ADR- European Agreement on International Carriage of Dangerous Goods by Road
ASYCUDA - Automated System for Customs Data
BCP - Border Crossing Point
CEC - Kosovo Central Election Committee
CEFTA - Central European Free Trade Agreement
CoB - Council of Bureaux /Managing Organisation of the Green Card System and the Motor Insurance Directives
CP - so-called 'Civil Protection'
CPP - Certificate of Pharmaceutical Product
CRA - Kosovo Civil Registration Agency
CRB -Civil Registry Book
DRC - Danish Refugee Council
EEAS - European External Action Service
EED - Entry Exit Document
EMS - Serbian Transmission System and Market Operator
ENTSO - European Network of Transmission System Operators for Electricity
ERO- Kosovo Energy Regulatory Office
EU - European Union
EUA - European University Association
EUA - European University Association
EULEX - European Union Rule of Law Mission in Kosovo
EUSR - European Union Special Representative
FBK - Basketball Federation of Kosovo
FIBA - International Basketball Federation
FIFA - Fédération Internationale de Football Association
FoM- Freedom of Movement Agreement
GoK - Government of Republic of Kosovo
HR - High Representative of European Union for Foreign Affairs and Security Policy
IBM - Integrated Border Management
IG - Implementation Group
IPA - EU Instrument for Pre-accession Assistance
ITU - International Telecommunication Union
KEDS - Kosovo Electricity Distribution and Supply
KESCO - Kosovo Electricity Supply Company J.S.C
KJC - Kosovo Judicial Council
KMA - Kosovo Medical Agency
KOSTT - Kosovo Electricity Transmission System and Market Operator
KP - Kosovo Police

KPC - Kosovo Prosecutorial Council
KPCVA - Kosovo Property Comparison and Verification Agency
KPCVA- Kosovo Property Comparison and Verification Agency
LO - Liaison Officer
MARRI - Migration, Asylum, Refugee Regional Initiative
MED - Kosovo Ministry of Economic Development
MESP - Kosovo Ministry of Environment and Spatial Planning
MIA - Kosovo Ministry of Internal Affairs
MLA - Mutual Legal Assistance
MLGA - Kosovo Ministry of Local Government Administration
MNAO - Mitrovica North Administrative Office
MoU - Memorandum of Understanding
OSCE - Organization for Security and Co-operation in Europe
PM - Prime Minister
RAEPC - Regulatory Authority of Electronic and Postal Communication of Kosovo
RKS - Republic of Kosovo
SEECP - South-East European Cooperation Process
SEED - System for Exchange of Excise Data
SME - Small Size Enterprise
SPARK - Dutch non-government organisation
TIG - Tripartite Implementation Group
TPL - Third Party Liability Insurance
TSO - Transmission system operator
UEFA- Union of European Football Associations
UNESCO - United Nations Educational, Scientific and Cultural Organization
UNMIK - United Nation Mission in Kosovo
UNOPS - United Nations Office for Project Services