



**REPUBLIC OF SERBIA
GOVERNMENT**

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

**PROGRESS REPORT ON THE DIALOGUE
BETWEEN BELGRADE AND PRIŠTINA
(April 30, 2017–October 31, 2017)**

November 2017

Contents:

Introduction	3
A) Social and political situation in Kosovo and Metohija	5
B) Security situation in Kosovo and Metohija	6
C) Obligations stemming from the First Agreement	9
1. Community of Serbian Municipalities	9
2. Police	10
3. Judiciary.....	12
4. Energy.....	12
5. Telecommunications.....	13
6. European integrations	18
D) Obligations stemming from Technical Agreements	18
1. Cadaster.....	18
2. Civil registry books.....	19
3. Customs stamp	19
4. University diplomas	19
5. Freedom of movement	20
6. Regional representation.....	22
7. Integrated boundary management (IBM)	22
8. Official visits and liaison officers	24
E) Other topics	25
1. Collection of customs duties	25
2. Development Fund for the so-called North of Kosovo*	25
3. Vehicle insurance	25
4. Free trade	26
5. The bridge and “Peace Park” in Kosovska Mitrovica	27
6. Civil protection	28
7. Agreements and the dialogue between Chambers of Commerce	28
Conclusion	29

Introduction

In the reporting period, spanning from end of April to end of October 2017, Belgrade continued to express full commitment to the EU-facilitated process of Dialogue with the Provisional Institutions of Self-Government in Pristina. However, persistent commitment of the Serbian side could not counterweigh Pristina's official decision of to suspend their participation in the Dialogue. Although such a decision was made earlier this year, under the pretext of inadmissibility of arresting persons suspected of war crimes, it remained in effect even after competent French authorities denied the request of the Republic of Serbia to extradite the suspect Ramush Haradinaj, and after he had been released. At the same time, Belgrade remained committed to all topics on the negotiations agenda, refraining from any abuse of the behavior of Pristina, and from shifting responsibility for possible breakdown of negotiations to Pristina's leaders and withdrawing from the Dialogue.

Belgrade has remained consistent in its efforts to ensure success of the negotiations, which it has approached with sincerity from the very beginning and with full confidence that it is the best mechanism to protect vital national interests in the Province, normalize relations with the Provisional Institutions of Self-Government, provide better life and advancement for all citizens of Kosovo and Metohija, and also the only way to create conditions for the historic reconciliation between the Serbian and Albanian peoples. Such a stand on the part of Belgrade has also been in the function of underpinning regional peace and stability, as well as consolidating the process of modernization and Europeanisation across the entire region.

Unfortunately, contrary to the best wishes of the Serbian side, we must note that the dynamics of the Dialogue during the reporting period was the lowest since the whole process started in 2013. This claim is evidenced by the fact that no new agreement was reached during this period, and that only two high-level meetings and eleven bilateral meetings with EU facilitators at the technical level were held. The sweep of these meetings was very modest, given that the efforts of high-level political participants were mainly focused on overcoming the then current problems, rather than discussing the resumption of the Dialogue and achieving new arrangements important for the normalization of Belgrade-Pristina relations. Progress made in implementing the Agreement on Justice is an exception.

At the same time, the bilateral meetings with EU facilitators held at the technical level have unfortunately been reduced to talks about requirements and manners of implementing the agreements already reached. It is clear that these talks, with no active and genuine participation of the other side, with whom the EU facilitators spoke in parallel at meeting that took place in Pristina, had a very limited effect. Therefore, no significant progress has been achieved in implementing the existing agreements during this reporting period. At the meetings held in Belgrade with the representatives of the European External Action Service (EEAS), their stress was mainly on issues related to the remaining obligations of the Serbian side in the implementation of the Agreement on Judiciary and the freedom of movement in the main bridge zone at the Ibar River in Kosovska Mitrovica. The representatives of Belgrade, on the other hand, repeatedly pointed out to the EU facilitators the unsustainability of the situation in which Pristina refuses to talk and implement the obligations it has undertaken, especially those pertaining to the Community of Serbian Municipalities, but also a plethora of other issues, such as cadaster, police, diplomas, civil protection, delineation between North and South Mitrovica in the area of Suvi Dol, etc. Notably, to the attention of the EU facilitators were brought Pristina's grave violations of the agreements on the freedom of movement, integrated border management (IBM) and official visits. These all were reasons for a more pronounced interaction with facilitators in the previous period.

Among the more significant results of the Dialogue during this period is the successful implementation of the Agreement on Justice, which took place after an arrangement has been made with EU facilitators in Belgrade on August 22 and after the High Level Meeting in Brussels on 31 August 2017. These provided preconditions for a significantly higher level of legal protection of the Serbian population in the Province and ensured full enforcements of adjudications passed by the courts operating within the provincial system of the Republic of Serbia up until the integration date.

Although there were talks about continuing discussions about the main bridge in Kosovska Mitrovica and the Kralja Petra Street, no progress has been made. The issues surrounding the necessity for ensuring a secure environment and those pertaining to reaching technical arrangements with the contractor, remain problematic and pending. On the other hand, such a postponement of construction works has mostly been the outcome of the fluctuating political circumstances stemming from two electoral processes.

Topics of technical nature which featured in the intense communication with EU facilitators in this reporting period were related to agreements on visits, freedom of movement and the integrated management of the administrative crossings, notably Belgrade's requests that the EU facilitators endeavor to put a stop to Pristina's actions which are contrary to the agreements made and ensure that they are applied as agreed.

Absence of genuine negotiations during this reporting period did not preclude Belgrade from continuing to urge for the opening of negotiations on the issues of private-, state- and socially-owned property and respect for human rights and freedoms of Serbs in Kosovo and Metohija. However, the *de facto* withdrawal of Pristina from the Dialogue objectively prevented the EU facilitators from proposing them for the negotiations agenda.

This period saw continuation of Pristina's tendency to factor its attitude towards the Dialogue solely in keeping with its internal political relations. The maneuvering space needed to genuinely renew Priština's participation in the Dialogue has been further narrowed against the background of two pre-election campaigns – first for the provincial parliament, and then for the provincial local self-governments. The resulting temporary lack of political legitimacy for taking part in the Dialogue is not and cannot be used as a justification for the repeated failure to provide full protection of the rights and freedoms of Serbs and the Serbian Orthodox Church in the Province, which lack was reflected in an unprecedentedly high number of assaults on the personal integrity and property of the Serbs in the Province.

Owing to the aforementioned Pristina's crisis of legitimacy, the European External Action Service was unable to do more towards restoring a genuine Dialogue and continuing the process of normalizing the relations between two sides. However, we hold that the facilitator has a legal and moral obligation to more insistently "remind" Pristina and its public that *all* agreements made within the Dialogue must be observed and upheld, and not only those benefiting the interests of the Pristina party. This primarily pertains to the establishment of the Community of Serb Municipalities, being the most important issue stipulated under the First Agreement. Failure to complete this step, after four and a half years, continues to represent the biggest blow to the credibility of the entire negotiation process.

The following report is structured in the same manner as were the previous six-monthly reports on the course of the process of negotiations with the Provisional Institutions of Self-Government in Priština. The dynamics and the content of the Dialogue in the reporting period are presented systematically by a comprehensive overview of everything that has been agreed upon and implemented hitherto, segmented in three groups of issues. The first group includes issues and processes resulting from the political part of the Dialogue, and pertaining

to the First Agreement on Principles Regulating the Normalization of Relations and the related documents. The second group includes issues stemming from the so-called technical agreements reached with the EU facilitation. The third group includes issues stemming from the arrangements made with a view to addressing and overcoming other, by no means less significant issues, which objectively hamper further normalization of relations.

A) Social and political situation in Kosovo and Metohija

The socio-political situation in Kosovo and Metohija remained relatively stable during the reporting period as all political subjects were predominantly focused on the pre-election campaign activities in the Province: first for parliamentary elections held in June, and then for the local elections held in late October. This is the source of intensified polarization within the Albanian political corpus, which is not so motivated by ideological and platform differences as it is by the attitude towards, up to these elections, the strongest Albanian party DPK of Kadri Veseli. As expected, the pre-election rhetoric of this coalition featured strong anti-Serb rhetoric, with key electoral messages to the voters being the necessity of forming the "Kosovo Army", with or without the consent of the Serbs, and the need to revise or annul the delineation of the "border line" with Montenegro.

On the opposing end was formed a group of DPK opponents in the Albanian corps, which consists of two political forces who do not maintain the best of mutual relations but share equal animosity towards the leading party of the "first" bloc. Thus, a coalition gathered around the LDK party of the former provincial Prime Minister, Isa Mustafa, who demonstrated a more moderate rhetoric and targeted the more liberal elements of the Kosovo electoral body. Generally speaking, this coalition was the most restrained when it comes to making nationalistic statements over the course of electoral campaign, but at the same time it openly gravitated toward the Self-Determination Movement (*Vetevendosije*).

Visar Imeri's Self-Determination Movement (SDM) targeted the younger population and the nationalist-oriented Albanians frustrated by corruption, inefficiency and the "betrayal of national interests". Against this background, Alibi Kurti, running as the SDM candidate for the position of prime minister, proclaimed that he stands for ending the Dialogue with Belgrade and replacing it with direct talks with the political representatives of the Serbs in the Province. His firm position, which failed to evolve even after the elections, is that the only option that would allow for continuation of the Dialogue between Belgrade and Pristina is the consent of the Republic of Serbia to apply the principle of reciprocity with "Kosovo".

Provincial parliamentary elections did not produce any fundamental resolutions of the longstanding political crisis, given that the distribution of mandates between these two political blocs reverted them back into a kind of an impasse. Even though the DPK-ABK-IK coalition won the most votes, as expected, the number still was not high enough to allow for a constitution of a comfortable ruling majority. Moreover, all the parties that make up the current winning coalition jointly won approximately 60,000 votes less than they did in previous parliamentary elections. It should also be noted that the coalition gathered around the LDK also had much poorer results than expected, and came as third.

On the other hand, the biggest surprise of the elections is a very good result of the Self-Determination Movement, which in conditions of practically the same voter turnout won approximately 90,000 votes more than it did in the 2014 elections. Bearing in mind the anti-systemic politics pursued by the Self-Determination Movement, the impression is that the citizens of the Albanian ethnicity are slowly approaching their saturation point with the established party structuring, which could be an indicator of possible further consolidation of the Self-Determination Movement in the following period.

Due to the abovementioned impasse among the Albanian parties, further instability ensued during the period of the new provincial government being constituted. It took a long time before the DPK-ABK-İK coalition succeeded in forming the government, after Pacoli's party left the coalition around the DPK, and after minority ethnic community parties provided their support. However, the new government has a very slim majority of 61 deputies (120 in total), which raises serious doubts about its capacity to implement the politics it advocates in a long run. This is also indicated by the fact that relations in the assembly became very strained immediately after the constitution, but every time the government managed to "survive" on a minimum majority. Such a polarization of the political spectrum, in addition to perplexing the operation of the legislature, contributed to persistence of tensions in the society, all of which amplifies the risk of outbursts of more extensive civil discontent in the upcoming period.

As far as the issue of formation of the so-called "Kosovo Armed Forces", which in the previous reporting period was high on the list of Pristina's internal political priorities, during this reporting period it gradually became shifted into the foreign policy arena. One of the key reasons for this is the reinforced strength of the Serbian List (*Srpska lista*), which became an indispensable political factor in the ruling coalition, and the reason why the PISG in Pristina had to shift to the diplomatic arena the issue of transforming the Kosovo Security Forces into the so-called Kosovo Armed Forces. These endeavors took place alongside attempts to secure as many recognitions of the so-called Kosovo as possible, which is yet another subversion of the Dialogue and an attempt to resolve key issues outside its framework.

This period also saw the first round of local elections being held in the Province. In these, same as in the June elections, the Albanian electorate tended to cast anti-systemic votes in most of the municipalities, expressing discontent with current municipal presidents, which resulted in some former mayors entering the second round of voting, and some losing to the opposing candidates.

The Self-Determination Movement continued the same rate of consolidation that first resulted in the increased voter support in the PISG in Pristina assembly elections. The SDM won approximately 130,000 votes in the 2017 local elections, as opposed to 70,420 votes it won in 2013. The estimates made by numerous analysts that the SDM is the loser in the local elections are disputed by the fact that the movement doubled the number of votes within two electoral cycles. In other words, this movement represents the most rapidly growing political force in the Province. Their election results in the local elections was limited only because of the fact that their votes are more or less evenly distributed in municipalities since their candidates at the local level are less recognizable. Given the fact that the Albanians primarily decide based on persons in local elections, the Self-Determination Movement is likely to invest more efforts towards "discernibility" of its candidates at the local level.

The DSK and ABK achieved better results in the local than in the parliamentary elections because they competed independently, without the DKP "mortgage". The latter has been a consistent participant in the central and majority local authorities for a long time, but this time recorded the largest drop in the local elections.

B) Security situation in Kosovo and Metohija

The security situation in the Province during the reporting period remained relatively stable, and the security forces were able to ensure public order and peace. Yet, security situation in the ethnically mixed areas continues to be fragile. Such a state of affairs is the result of endeavors of certain political subjects from the Albanian Corps to divert citizens' dissatisfaction, which is generated by their mutual disagreements, to the "Serbian factor".

The most prominent security challenge in the Province surely is Islamic extremism, which is on the constant rise and gaining in number of followers. We emphasize that during 2016, approximately 320 persons from the Province joined the paramilitary Islamist groups in Iraq and Syria, and so far some 60 have been killed there. Even bigger problem are some 120 such individuals who returned to Kosovo and Metohija, and who are kept under extensive observation by the Priština security authorities. However, such measures have so far provided poor results in breaking off the radicalization trend, especially among young people.

Owing to the rise of religious extremism, the risk of terrorist activities in the province continues to elevate. Thus, particularly negative is the trend of the Islamist fighters returning from the Middle East battlefields, and targeting their actions towards expanding the circle of like-minded people and sympathizers. Against the background of high corruption and robust organized crime networks operating in the Province, the threat to the security in the Province from the actions of terrorists and individuals, as well as from groups associated with them, is likely to become even more pronounced in the coming period.

Under such conditions, security of the Serbs in Kosovo and Metohija remains very sensitive, and their position in the coming period could become even more fragile due to the expected tendency of the opposition Albanian parties to blame representatives of the Serbs in the provincial government for any failure of ruling coalition. This particularly applies to the Self-Determination Movement, who mobilize their supporters almost always by using, at least implicitly, the idea of “the internal and external Serbian threat to the statehood of Kosovo”.

Unfortunately, this possibility is confirmed by the still very high number of security incidents in which the victims were Serbs and their property. During this previous reporting period, a total of 30 such incidents were registered. For the purposes of this report, the following have been singled out:

April:

- In the southern part of Kosovska Mitrovica, a person of Serbian nationality was physically attacked and suffered light bodily trauma in the head and chest area.
- In protest of the return of Serbs to the village of Ljubožda in the municipality of Istok, approximately 400 Albanian nationals gathered outside the house where the Serb returnees were housed, shouting to the Serb returnees, by their family names, to go back to central Serbia, and saying that the property in the village was no longer theirs, and accusing the Serb returnees of being war criminals. Some protesters threatened Serbian returnees that they would be deprived of their lives, by making hand gestures in the area of the neck.
- Unknown persons fired several gunshots from a firearm, in the direction of a Serb and his son, who were cutting wood for fire, at a place called Borča in the municipality of Leposavić.
- In the John Kennedy Street in the northern part of Kosovska Mitrovica, several persons of Albanian nationality used baseball bats to incur damage on a Serbian-owned passenger vehicle. In response, KP officers detained six persons of Albanian nationality at the KP Station in the northern part of Kosovska Mitrovica.
- During the Easter holidays, windowpanes were smashed at the St. Peter and Paul church in the village of Talinovac in the municipality of Uroševac.

May:

- In the village of Dragoljevac, Municipality of Istok, a house owned by a Serb was burgled, on which occasion the construction material planned for the construction of the house of two Serbian families went up in flames.

- In the village of Zač in the municipality of Istok, a chapel was damaged in the Christian Orthodox cemetery.

August:

- There was an attempted theft of the electric cables and neon lights from the church port of the Orthodox church in Uroševac.
- On 28 August 2017, KP officers detained a Serb, otherwise a displaced person from the village of Sopina in the Suva Reka municipality, who was on an organized transportation visit to their village of origin, Mušutiste, in the same municipality, with a group of internally displaced persons, and was on his way back to central Serbia. The event took place after celebrating a Christian holiday on the foundations of the torched and demolished church of the Holy Mother of God. About 15 KP officers took part in the arrest of this person. They halted the bus carrying the displaced persons, and took this person out. The person was detained at the Basic Court in Prizren for alleged “war crimes against civilians”.

September:

- About 30 members of the KP Special Unit of “Rosu” conducted a search of the house and cars owned by a Serb, the Secretary of the Red Cross organization in Gračanica, in the village of Preoce in the municipality of Priština. On that occasion, the Red Cross organization social mapping documentation was seized and the person was taken to the police station in Pristina.
- In the village of Vrbovac in the municipality of Vitina with predominantly Serbian population, KP officers conducted a search of the premises of the Red Cross organization, and seized the complete documentation found, and ordered the Commissar of the Red Cross organization to report to the police station in Vitina.
- KP officers took the Red Cross Organization Coordinator for the municipality of Gora into the police station in Dragaš because of his engagement in socially mapping the vulnerable citizens in that municipality.
- In the northern part of Kosovska Mitrovica, officers of the KP from Pristina tried to search the premises and seize the documentation of that organization at the central office of the provincial Red Cross of Kosovo and Metohija.
- In the village of Goraždevac in the Municipality of Peć, officers of KP from Peć as well as officers of the KP Special Unit of “Rosu” conducted a search of the premises of Peć Municipal Hall, which is located in the building of the Peć Cultural Center. The person of Serbian ethnicity, president of the provisional organ of the municipality of Peć and councilor in the local assembly of the municipality of Peć, was ordered to report to the police station in Peć for an informative interview.
- In the village of Belo Polje in the municipality of Peć, KP officers conducted a search of a house owned by a local Serb Secretary of the Red Cross organization in Peć, who was then taken to the Peć police station.
- Members of the KP Special Unit of “Rosu” conducted a search of the official premises of the local Red Cross organization in the village of Brezovica in the municipality of Štrpce, and seized the official seal and stamp from the municipal secretary of that organization. They also conducted a search of the apartment owned by that person, as well as his official vehicle, and he was ordered to report to the premises of PS Uroševac for an informative interview.
- In the village of Goraždevac, in the municipality of Peć, four cows from a stable, located in the yard of a family house of Serbs, were stolen.

October:

- On the administrative crossing point of Jarinje in the municipality of Leposavić, the Kosovo Police officers detained a Serbian woman pursuant to a court order in Peć. She

spent two days in custody in Pristina and was then transferred to house arrest in the Patriarchate of Peć. The reason to deprive her of liberty was the false report of her Albanian neighbor from the village of Begov Lukavac, municipality of Istok, because she had refused to sell him 12 hectares of property owned by her.

- In the village of Zupce in the municipality of Zubin Potok, a male Albanian ethnic male from the village of Košutovo, Zubin Potok municipality, broke into the barracks and tried to rape a minor female Serbian person.

C) The obligations stemming from the First Agreement

1. Community of Serbian Municipalities

Despite the fact that establishing the Community of Serbian Municipalities (CSM) is the pivotal part of the First Agreement on Principles Governing the Normalization of Relations, and is of critical importance for the survival of the Serbian people in Kosovo and Metohija, no progress has been made towards its establishment during this reporting period. Priština not only failed to fulfil its commitments undertaken in Brussels, but also continued to condition the establishment of the CSM with the closure of the institutions it refers to as “parallel”, and with other, mostly everyday political issues, which were not part of any agreement.

Belgrade uses every available opportunity to bring attention to the importance of establishing the CSM and the fact that this was the only topic under the First Agreement whose implementation has not even started yet.

Furthermore, Belgrade particularly insist on finding a solution to the problem of finding a legal basis for the establishment of the CSM. This problem arose after the Constitutional Court in Priština issued a decision that unilaterally violates provisions laid down in the General Principles on Establishing the Community of Serbian Municipalities, signed in Brussels on 25 August 2015.

It was repeatedly brought to the attention of the EU facilitators that it was necessary to set that the dynamics of establishing the CSM as soon as possible, and primarily that the process of establishing the Management Team (MT) had to be completed as foreseen by the previously reached arrangements. With regard to this, we requested that Priština officially inform the EU about the replacement of two members of the MT, after which the EU would inform both sides (Belgrade and Priština) about the establishment of the MT, the starting date for its operation, the dynamics of the work on the Statute, and deadlines for its finalization.¹ Belgrade representatives maintain the position that the MT would draft the Statute solely on the basis of the First Agreement, the Implementation plan, the MT ToR, and the General principles on establishment of the CSM, because these particular documents are the only outcomes of mutually reached agreements. The afore-mentioned documents provide for the exclusive competence of the MT for drafting the Statute, and therefore any insistence of Priština to include the representatives of its institutions² into this process is unfounded.

¹ According to the General Principles of 25 August 2015, the deadline for completing the Statute of CSM is 4 months after the Management Team operation start date.

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

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

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

2. Police

Given Pristina's refusal to participate in the Dialogue during this reporting period, no progress has been made on all pending and disputed police related issues. Pristina continued to shirk from fulfilling its obligations stipulated under Point 7 of the First Agreement, under which it is obliged to integrate all former members of the MUP of the Republic of Serbia in the north of Kosovo and Metohija. In other words, the remaining 111 former members of the Ministry of the Interior of the Republic of Serbia are yet to be integrated, which is why the issues of integrating 39 former MoI administrative staff³ who are to be integrated in the civil registry services in the Serb municipalities in the north of Kosovo and Metohija, 34 former fire fighters (out of a total of 64), 23 former police officers of the Ministry of the Interior of the Republic of Serbia, and 15 former members of the Directorate for Nutrition and Housing of the MoI of the Republic of Serbia, remain pending.

It is a matter of particular concern that during this reporting period not a single meeting was held of the Integration Panel for 39 former MUP administrative staff, who in the past two years endeavored, although unsuccessfully, to find a solution to this problem. Our party used several meetings that were held during the reporting period to bring this negative development to the attention of the EU facilitators, and insisted that the EU, as the guarantor of the agreement made in the Dialogue, is obliged to ensure that the Pristina's honors its obligations under the First Agreement and integrate all remaining former members of the MIA of the Republic Serbia in the north of Kosovo and Metohija.

The EU representatives reiterated their views, which they already expressed in the previous reporting period, that the integration of 39 former MUP and 34 fire brigade administrators would surely take place, and that this is an obligation not disputed by Pristina. However, as to 23 former police officers and 15 members of the Food and Accommodation Administration of the Serbian Ministry of the Interior, EU facilitators are still closer to the position of Pristina which refuses to integrate these persons. The reason provided by Pristina is that former police officers allegedly failed to pass "security checks", and also that Pristina institutions do not have jobs that correspond to the job posts held by the former members of the Food and Accommodation Administration of the Republic of Serbia Ministry of Interior, but rather that private companies are commissioned to provide these services.

³ The 39 former administrative staff of the Ministry of Interior of the Republic of Serbia should be integrated into the civil registry services of the predominantly Serb populated municipalities in the north of Kosovo and Metohija. After integration, they will work on issuing citizenship certificates, birth certificates, marriages and death certificates, and perform other tasks and duties of the civil registry service. These 39 persons represent the second part of the group of 71 former administrative staff of the MoI of the Republic of Serbia, whose integration has been intensively negotiated over the past three years. As a result of these negotiations, so far there is an integrated group of 32 former administrative employees of the MIA of the Republic of Serbia, working in KP's vehicle registration offices on issuing ID cards, traffic and driving licenses and vehicle registration.

Already at the meetings held in the past period, the Serbian side reiterated to the EU facilitators that such explanations were unacceptable and requested that Article 7 of the First Agreement be applied consistently and that all remaining former members of the Ministry of the Interior of the Republic of Serbia in the north of Kosovo and Metohija be integrated. We also pointed out that Belgrade has not yet been informed of the specific reasons why these police officers allegedly failed to pass security checks, which fact prompts our party's suspicions that the “offenses” are of purely political nature. They also informed the EU facilitators that our party would continue to insist on integrating all remaining former members of the MoI of the Republic of Serbia in the north of Kosovo and Metohija.

It is regrettable that another six months have passed and Pristina still failed to harmonize its police related regulations with the provisions laid down in the First Agreement, which act would allow for the official appointment of the Regional Commander of the Regional Directorate of the Kosovo Police - North (RDS). Therefore, the RDS Commander continues to perform his duties as the Acting Commander. The conditions for his official appointment will only be created by the establishment of the Community of Serb Municipalities, in accordance with Section 9 of the First Agreement.

This reporting period saw a positive shift in terms of reduced political pressures on the RDS leadership, as well as Pristina desisting from unilateral decisions on staff replacements and appointments within the RDS. However, there is still a problem related to the need to harmonize the ethnic structure of all police units deployed in the north of Kosovo and Metohija with the ethnic structure of the relevant local part of the Province, where Serbs make up over 90% of the population.

3. Judiciary

At the meeting held on 30 November 2016 in Brussels, the parties harmonized the document titled “Conclusions of EU facilitators on Justice”, which outlined all elements for the completion of integration in the field of judiciary. The total number of job posts to be filled by judges was 48, 15 posts for prosecutors and 149 for administrative staff⁴. It was also agreed that the Serbian judges would be appointed as heads of departments comprising the Basic Court and Appellate Court Division in Mitrovica. Next, it was agreed that the operation of the courts and the prosecutor's offices would begin in accordance with the dynamics of the relevant facilities being rendered into in a condition fit for full functioning. According to this agreement, the process of appointments within the Kosovo judiciary was to be finished by January 10, 2017, and so the parties upheld their obligations predating the appointments of judges and prosecutors, within the stipulated deadlines. However, in early January, the EU mediator proposed, at the request of Pristina, that the appointment of judges be postponed to January 17, and then there was a deadlock in the process for which no explanation was offered.

After several meetings held since the beginning of 2017, where the possibilities of implementing the Agreement on Justice were discussed with the EU facilitators, another meeting was held with EU facilitators in Belgrade, on August 22, 2017, where the question of completing the integration in the field of justice was raised. Our side reiterated our commitment to the process, but also reiterated our requirements pertaining to the provision of guarantees by the EU and Pristina that this time the deadlines will be observed, and the necessary conditions for proper functioning of the judiciary are fulfilled. At the high-level

⁴ Of these, 115 seats for administrative staff in the courts and 34 seats for administrative staff in the prosecutor's offices.

meeting held on 31 August 2017, October 17 was confirmed as the new integration date, as well as the new dynamics of implementing the activities set out in the Conclusions.⁵

After a seven-day delay, the appointment of judges and prosecutors was carried out on October 24, 2017⁶, following which the integration proceeded in the agreed manner – however, with one delay on the part of Priština regarding the appointment of the President of the Basic Court in Mitrovica and the Head of the Appellate Division in Mitrovica, as well as postponement of the date of judges, prosecutors and administrative staff entering the court premises. The Serbian side transmitted to the EU facilitators our expressed request that all facilities intended for the operation of the courts and the prosecutor's offices be brought into the condition of full functionality, and also that, in order to ensure success of the process of integration, solutions be must be found for the issues related to the procedures for appointing lay judges, enforcement officers and notaries⁷ from among the ranks of the Serbian community, as well as other actions required for the establishment of an efficient and operational judicial system in the north of the Province.⁸

It is expected that all issues necessary for the proper establishment of an efficient and operational judiciary will be resolved in the upcoming period.

4. Energy

The implementation of the Arrangements regarding Energy of September 8, 2013 as well as of the Conclusions of the EU facilitator on the implementation of the 2013 Energy Agreement, of August 25, 2015 is ongoing.

The main problem in the implementation of the Energy Agreement is Priština's failure to discharge its obligation and establish two Serbian companies in the north of the Province - *EPS Trgovina* and *Elektrosever*.

More specifically, since the representatives of PE *EPS* submitted all the documentation necessary for the registration to the Kosovo Business Registration Agency (KBRA) on April 26, Priština, for the fourth time, rejected the requests for the registration of Serbian energy companies in Kosovo and Metohija as “incomplete and inconsistent with the so-called Kosovo laws and the Brussels Agreement”.⁹ In view of the fact that the reasons cited for rejecting the registration application are both vague and improvised, our party filed a Request for Review of the Decision on Rejecting the Requirements for the Registration of Energy Companies to the so-called KBRA. Given that no response arrived to the said request within the prescribed deadline, our party filed an appeal against the act of rejecting the application for registration to the so-called Ministry of Trade and Industry, and filed a lawsuit with the so-called Administrative Court of Priština, but this action continues to encounter Priština's “administrative silence”, most probably due to the political activities in the Province in the previous period. Given that 4 months have passed since the appeal/lawsuit was filed, on

⁵ The Serbian side submitted to the mediators the list of judges, prosecutors and administrative staff to be integrated, while Pristina submitted the decision that the so-called Kosovo institutions will be obliged to apply the adjudication issued within the system of the Republic of Serbia by September 16, 2017, in accordance with the “validity appeal”.

⁶ 40 judges and 13 prosecutors gave their statements before the President of the PISG in Pristina.

⁷ It has been five years since the last notary examination, and the north of Kosovo and Metohija calls for at least four Serbian speaking notaries, as well as five or six private enforcement officers.

⁸ Recognition of diplomas in accordance with the Agreement on Diplomas; initiating an internship program for the Serbian lawyers; expert-level Serbian translations of official documents and regulations issued by the PISG in Pristina.

⁹ One of the reasons stated for this rejection is the failure to submit the Decisions on Company Incorporation, even though it had never been listed as a point of contention before.

October 19, our party filed a request for urgent processing to the so-called court in Priština, demanding to be notified in writing of the stage that the lawsuit filed on June 8 was in and when a judgement on the merits in the said administrative proceedings can be expected. Our party also filed an urgent processing request suggesting that a second instance body, the so-called Ministry of Trade and Industry, should decide on the said appeal as soon as possible, since the deadlines for deciding on it, both statutory and the reasonable ones, are long overdue.

Due to the above mentioned, the Connection Agreement between *EMS* and *KOSTT* within the European Network Transmission System Operators for Electricity (ENTSO-E), the so-called *Connection Agreement (CA)*¹⁰ has not become effective yet.¹¹

Our party maintains its position that the Dialogue between Belgrade and Priština is the only framework for reaching mutually acceptable solutions and that the actions of Priština, supported by the European Union and the Energy Community, and aimed at making *KOSTT* a separate control area without previously meeting the condition stipulated in Article 16 of the Connection Agreement, constitute a violation of the agreements reached.

In the upcoming period, the EU facilitators are expected to find an appropriate solution to register companies and grant them operation licenses so as not to jeopardize the power supply of Serbian consumers in Kosovo and Metohija, and thus to facilitate the resumption of the Dialogue with the aim of full implementation of the Arrangement and Conclusions.

5. Telecommunications

The first stage of the negotiations between Belgrade and Priština in the field of telecommunications was completed with the incorporation of the company *mts* Ltd, which was allocated 30 locations for the base stations, transferred all the assets and granted licenses for fixed and mobile telephony.

In the upcoming period, we expect the beginning of implementation of the second phase of the negotiations dealing with the harmonization of the mobile telephony and television signal spectrums.

During the reporting period the works in the field continued, aimed at establishing a functional and successful telecommunication company in Kosovo and Metohija.

As for the fixed telecommunication network, the interrupted transmission systems between certain switching facilities have been fully restored, thus enabling telephone services to the additional 1,772 users. In addition, the existing capacities have been expanded, and the reconfiguration of interconnection between fixed telephony networks of *Telekom Srbija* and *mts* Ltd is underway. As a part of the process of establishing fixed commutation network, the provision of *IMS* has been initiated and it now reaches its final stage. Its installation will provide *mts* Ltd. customers with the latest fixed telephony services. It should be pointed out that *mts* Ltd. fixed telephony network has 18.505 customers.

Mobile telecommunication network has been significantly improved as well, by activating 5 new locations and 45 new base stations, out of which 5 are using 2G technology,

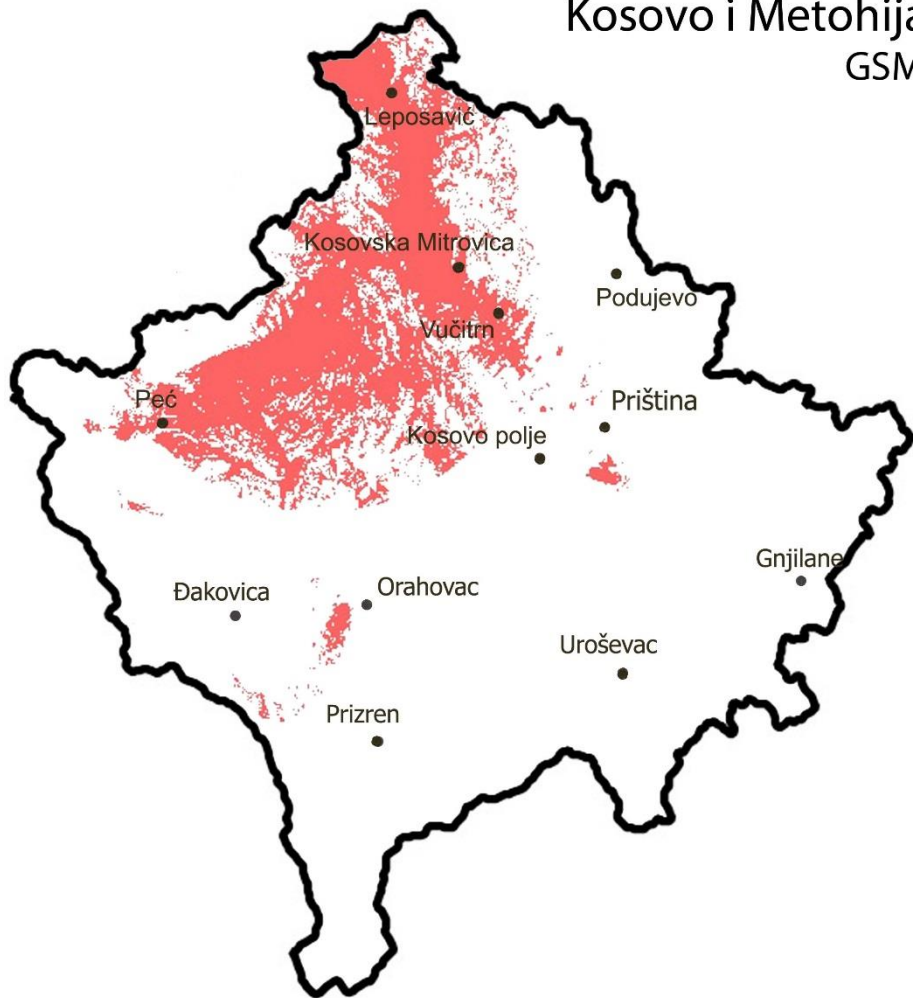
¹⁰ The *Connection Agreement* was signed on October 1, 2015 between PE *EMS* and *KOSTT* within ENTSO-E, whereas other ENTSO-E members signed the said Agreement in December 2015.

¹¹ Article 16 of this Agreement envisages for *KOSTT* to become a separate control area, on the condition that the company *Elektrosever* is previously granted a license for the supply of electricity and that the license becomes operational.

18 are using 3G technology and 22 are using 4G technology. Preparation works for the construction of masts are underway at 2 locations (Šilovo and Budriga) where 6 base stations using 2G, 3G and 4G technology will be put into operation.

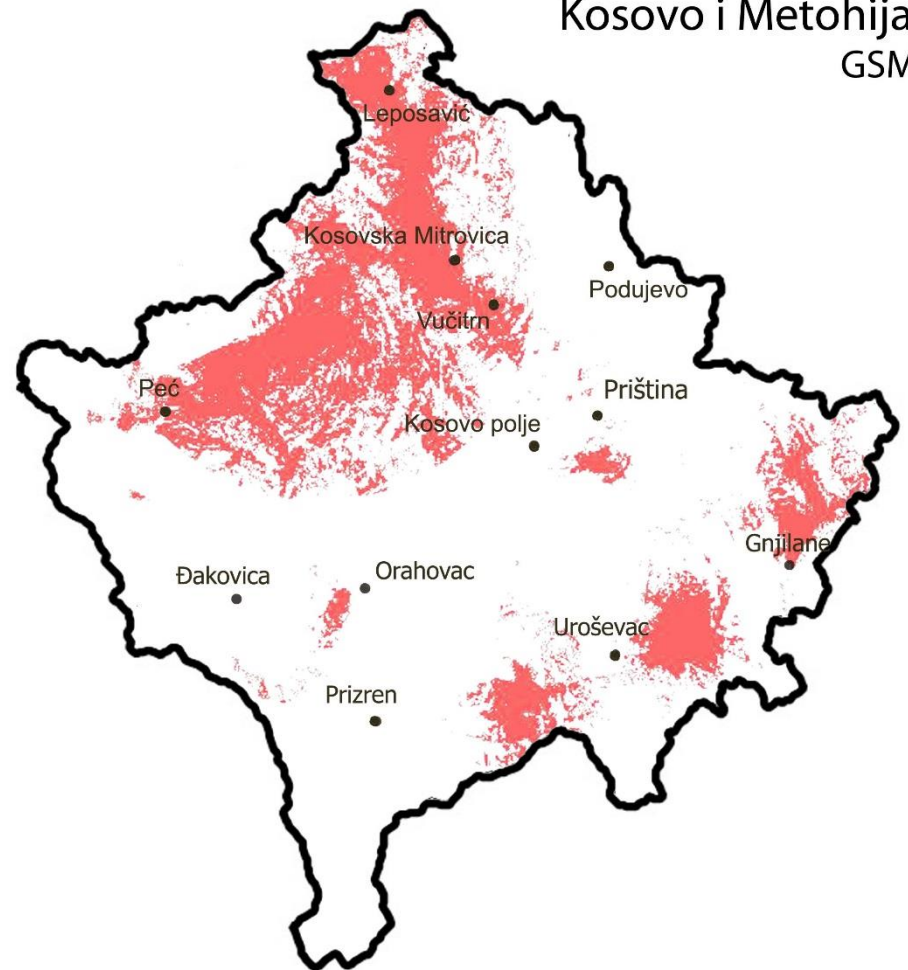
The following maps showing coverage before and after the installation of new base stations demonstrate this significant improvement of the mobile telecommunication network:

Kosovo i Metohija GSM



GSM previous state

Kosovo i Metohija GSM

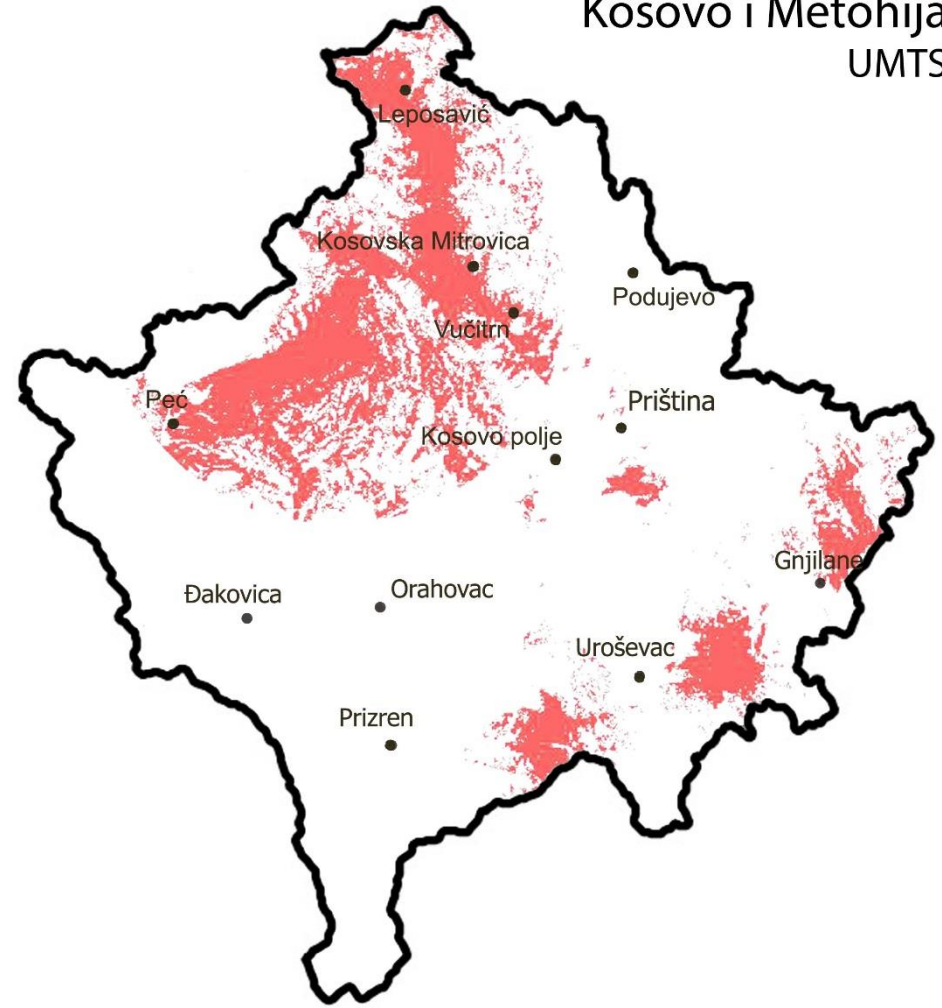


GSM current state

Kosovo i Metohija
UMTS



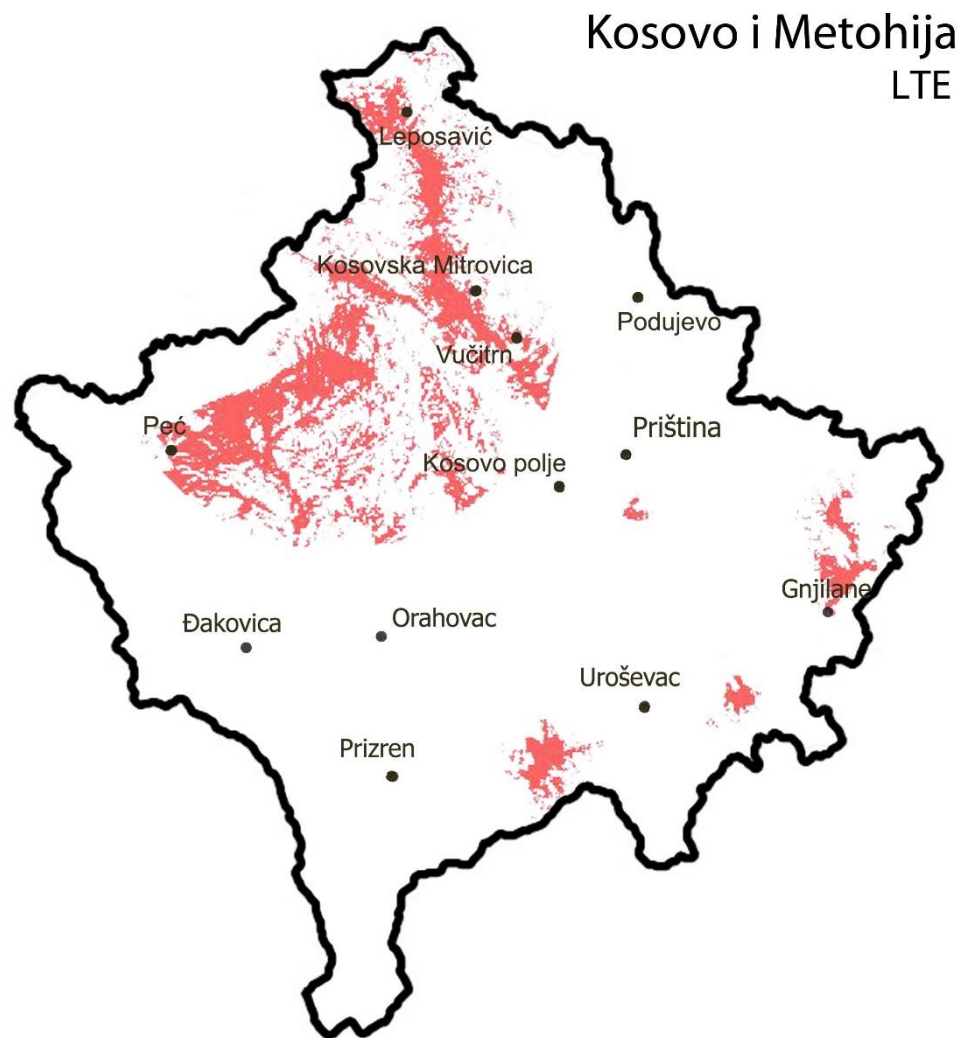
Kosovo i Metohija
UMTS



UMTS
UMTS current state

previous

state



***LTE* radio coverage (no *LTE* network was previously available in Kosovo and Metohija)**

The results achieved during the negotiations allowed for even more substantial presence of the national operator in Kosovo and Metohija and created the opportunity for not only protecting and strengthening economic interests of the new company but also for improving the quality of life of the Serbs in the Province.

6. European integration

Despite the fact that the Dialogue saw rather reduced intensity during the previous period, Belgrade remained committed to the normalization of relations with the PISG in Priština and meeting the benchmarks from Chapter 35. At the same time, the Government of the Republic of Serbia undertook activities aimed at opening new Chapters in the process of EU accession negotiation.

At the Sixth Intergovernmental Conference held in Luxembourg on June 20, 2017, the Republic of Serbia opened two new chapters: 1) Chapter 7 – Intellectual Property Law and 2) Chapter 29 – Customs Union.¹²

Given the fact that the Republic of Serbia has met the benchmarks for opening several different chapters, it is expected that five more chapters be opened by the end of the 2017, as follows: 1) Chapter 6 – Company Law; 2) Chapter 9 – Financial Services; 3) Chapter 13 – Fisheries; 4) Chapter 30 - External relations; 5) Chapter 33 - Financial and budgetary provisions.

In the following period as well, Belgrade remains committed to following its EU path, meeting benchmarks for the negotiation chapters and implementing the agreements reached in the framework of the EU-facilitated Dialogue between Belgrade and Priština.

D) Obligations stemming from the technical agreements

1. Cadaster

The reporting period saw no progress whatsoever in the implementation of the Agreement on Cadaster reached in 2011.¹³

Priština and the EU still maintain the position that all bodies provided for by the Agreement, except for the Tripartite Implementation Group, should operate within the so-called Kosovo legal system and that the Agreement on Cadaster has to be implemented by way of the so-called Law on Kosovo Property Comparison and Verification Agency.¹⁴ The representatives of Belgrade find such positions of Priština and the EU completely

¹² Republic of Serbia opened 8 chapters by October 2017. The chapters are as follows: 1) Chapter 5 – Public Procurement; 2) Chapter 7 – Intellectual Property law; 3) Chapter 20 - Enterprise and industrial policy; 4) Chapter 23 - Judiciary and fundamental rights; 5) Chapter 24 – Justice, Freedom and Security; 6) Chapter 29 – Customs Union; 7) Chapter 32 – Financial Control; and 8) Chapter 35 – Other Issues.

¹³ The last meeting on the implementation of the Agreement on Cadaster was held on October 20, 2016 in Brussels. At the meeting held on May 26, 2016, Belgrade presented detailed proposals regarding methodology and modes of operation, establishment and functioning, as well as the structure and seat of all bodies provided for by the Agreement.

¹⁴ The said Law was adopted by Priština in June 2016, in violation of all procedures and despite the opposition put up by Belgrade and the Serbian List. The Serbian List even filed a request before the so-called Kosovo Constitutional Court for reviewing the constitutionality of the procedure whereby this law has been enacted, but the said Court rejected it.

unacceptable. Accordingly, it has been repeatedly underscored that decision making competences on the property rights of the citizens of the Republic of Serbia and of the Serbian Orthodox Church must not be vested with the bodies established pursuant to said Law, bodies which include no representatives of the Serbs, since that would pave the way for legalizing the property seized from the Serbs from Kosovo and Metohija.

Our party holds firmly its position that the Agreement must be implemented as agreed and that it would refrain from handing over the scanned cadastral records to the EU Special Representative in Priština, until all three parties reach an agreement.¹⁵

It is expected that the talks be resumed in the following period with the aim of finding a mutually acceptable solution.

2. Civil registry books

The problems pertaining to the implementation of the Agreement on Civil Registry Books still persist. More specifically, Priština still refuses to hand over civil registry books (or their copies) with the information on the citizens from northern part of Mitrovica to the competent services, thereby preventing them from obtaining their personal documents at the competent civil registry in the northern part of Mitrovica.¹⁶

Belgrade made aware the EU facilitators that it has discharged all the obligations assumed under the Agreement and that the same should be requested from Priština. On that note, the EU should find an appropriate solution in the following period to allow the citizens from the northern part of Mitrovica to exercise their rights at the competent civil registry offices.

3. Customs stamp

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

4. University diplomas

The implementation of the Agreement on Mutual Recognition of Diplomas (the Agreement), as well as the arrangements reached with respect to the Conclusions and Operational Conclusions, is still locked in a stalemate.¹⁷ The reasons behind the stalemate and the ways to break it have been discussed with the EU facilitators.

At the meeting, the representatives of Belgrade argued that Priština's refusal to recognize, in line with the Agreement, the diplomas issued by the University of Priština temporarily seated in Kosovska Mitrovica (UPRKM) poses the main problem for the full

¹⁵ Under the Agreement, the Republic of Serbia should hand over digitized cadastral records removed from Kosovo and Metohija in 1999 to the EU Special Representative in Kosovo and Metohija. The Republic of Serbia completed the digitization of the cadastral records back in March 2016.

¹⁶ Citizens from northern part of Mitrovica were sent to the southern part of Mitrovica to obtain their civil registry certificates.

¹⁷ The Agreement on Mutual Recognition of Diplomas was reached in 2011 and the Conclusions and Operational Conclusions of the Working Group were agreed in 2016, in the framework of the Dialogue between Belgrade and Priština.

implementation of the Agreement.¹⁸ Accordingly, our party underscored that, by refusing to recognize the diplomas issued by the UPRKM, Priština practically refuses the list of accredited universities exchanged between Belgrade and Priština within the implementation of the Operational Conclusions of the Working Group.¹⁹

The EU facilitators reiterated their position that the EU recognizes the jurisdiction of Priština over the universities in the entire territory of Kosovo and Metohija, as well as the so-called Priština's laws as the only relevant for the recognition of diplomas of the universities in Kosovo and Metohija. As a way of overcoming the problems, EU facilitators suggested that Belgrade should recognize all diplomas issued by the education institutions in Kosovo and Metohija and that Priština should recognize the diplomas issued by the education institutions outside of Kosovo and Metohija. The representatives of Belgrade noted that the UPRKM is registered with the UNMIK as well, regulating thereby its operation within the education system of the Republic of Serbia.

As to the recognition of diplomas for the pre-university education level, provided for by the Conclusions, no progress has been made during the reporting period. EU facilitators have stated earlier that the process could not be completed due to the lack of funds, hence the implementation of the agreed in this field has been postponed until further notice.

Our party expects that Priština start recognizing diplomas of all universities within the education system of the Republic of Serbia in the upcoming period, in order to enable for full implementation of the Agreement, as well as that the recognition of diplomas for the pre-university education level be enabled.

5. Freedom of movement

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

After the Arrangements concerning finalization of implementation of this Agreement were reached on September 14, 2016 in Brussels, Belgrade discharged its part of obligations by mid-November 2016, but the implementation of the solutions reached was postponed due to Priština's request and its unwillingness to meet the obligations assumed within the agreed timeframe.²⁰

¹⁸ UPRKM is accredited by the Ministry of Education, Science and Technological Development of the Republic of Serbia and is internationally recognized. It successfully cooperates within the EU ERASMUS program for support and development of education. Furthermore, the UPRKM maintains constant communication and cooperation with a number of universities all over Europe and it is the only respectable university in Kosovo and Metohija.

¹⁹ By exchanging the lists of accredited universities via the EU facilitator, Belgrade and Priština committed to recognize the diplomas of those universities. While exchanging the lists, no objections were raised by Priština against any university found on Belgrade's list.

²⁰ These Conclusions specify that a sticker regime will become effective, meaning that relevant parts of license plates (carrying status symbols) of both parties' vehicles will be covered with two white stickers when the vehicles cross the administrative boundary line, thereby replacing the hitherto used "PROBA" license plates applied by Belgrade to vehicles with "RKS" license plates at the time when they cross the administrative boundary line. It was also agreed that the sticker regime would not apply to vehicles with Serbian license plates from Kosovo and Metohija. The Conclusions also provide for the re-registration of all vehicles to licence plates issued by Priština ("KS"/"RKS"), which was planned to start on January 15, 2017 and last for 12 months, after which this issue would be revisited, with the EU facilitation. However, notwithstanding the agreed deadlines to

In addition, Priština's unilateral measures seriously compromised the implementation of the Agreement on Freedom of Movement.

The first in a series of measures of Priština refers to the prohibition of use of ID cards issued by the police directorates dislocated from Kosovo and Metohija, as well as banning the persons holding the passports issued by the Coordination Directorate of the MoI of the Republic of Serbia from using the border crossings with Macedonia and Montenegro, which has been in effect since April 2017.

Moreover, Priština Liaison Officer emailed our party requesting that the lists of internally displaced persons and pilgrims travelling to the AP Kosovo and Metohija should, from that point on, include additional information (father's name and the date of birth of every individual) when announcing their visits, which has not been envisaged by any of the agreements.²¹

In addition to the above mentioned, on September 7, Priština started implementing new measures preventing bus transportation companies from entering/exiting across the administrative boundary unless they do not hold transport license and do not have their lines registered with the so-called Ministry for Infrastructure. However, after the Serbian party lodged a protest with the EU facilitators and after learning about Belgrade's intention of implementing the same measures against the Albanian bus transportation companies from Kosovo and Metohija at the administrative boundary/border crossings, Priština discontinued the implementation of these new measures prohibiting freedom of movement at the administrative crossings.

At the same time, Priština's institutions also initiated a procedure requiring that all drivers holding a driving license issued by the MoI of the Republic of Serbia should hand over the said license to Priština and give a "statement on renouncing" the driving license issued by the MoI of the Republic of Serbia, in order to obtain a driving license issued by the PISG in Priština.

The last in a series of Priština measures relates to special controls at the CCPs, both for the officials of the Belgrade institutions, and to other persons coming from the Central Serbia, with no arguments for such a particularly difficult treatment at the crossings.

Following such actions of Priština, our side first pointed out to the EU facilitators that the implementation of these measures constituted the gravest violation of the Freedom of Movement Agreement and that such a unilateral approach to the issues significant for both parties, points to an unacceptable attitude towards the arrangements reached, and then announced that should Priština continue such conduct, we would have to respond by undertaking appropriate measures which had already been prepared.

initiate the sticker regime (first November 15, and then December 1), and to start vehicle re-registration (15 January), the solutions agreed have not been implemented to this day. The parties also agreed that Priština would extend the validity of "KS" license plates for additional five years. After this time the issue will be revisited with the facilitation of the EU, if required.

²¹ Hitherto practice implied that the organizer should submit the list of passengers comprising their names, surnames and ID card numbers when announcing the visit.

In the meanwhile, the issues of re-registration of vehicles with temporary RP license plates to KS license plates has been resolved, so the owners of the said vehicles re-registered their vehicles, free from customs fees, by September 1.

With respect to the abuse of the freedom of movement right, it should be pointed out that 138 persons from Kosovo and Metohija have been prevented from crossing the state border illegally across the green line i.e. between two border crossings. On the other hand, 162 persons made attempts at crossing the state border illegally at the very border crossing, out of whom 157 persons used forged or other people's documents. We wish to underline that persons from Kosovo and Metohija constitute almost 50% of those using of forged or other people's travel documents. Pursuant to Article 350 of the Criminal Code of the Republic of Serbia, criminal charge was brought against 1 person from Kosovo and Metohija.

It is expected in the upcoming period that all of the above problems caused by unilateral actions of Priština would be resolved in order to ensure a persistent implementation of the Agreement on the Freedom of Movement.

6. Regional representation

During the previous period, Belgrade was actively committed to maintaining stability and advancing cooperation in the Western Balkans. On that note, we underline that Belgrade fully observes the provisions of the Agreement on Regional Representation and Cooperation, reached on February 24, 2012.

Special US-Adriatic Charter Summit, held on August 2, 2017, with the participation of the Prime Minister of the Republic of Serbia Ana Brnabić and the so-called President of Kosovo Hashim Tachi, emerges as the most important meeting in the previous period attended by the representatives of both Belgrade and Priština. Also, in line with the Agreement, the representatives of Belgrade and PISG in Priština together took part in the meetings of the following organizations during the reporting period: the Regional Cooperation Council (RCC), the South-East Cooperation Process (SEECOP), Migration, Asylum, Refugees Regional Initiative (MARRI), Central European Free Trade Agreement (CEFTA), meetings discussing the establishment of the Western Balkans Fund, and regional processes such as the *Berlin Process* and *Brdo-Brioni Process* and the informal format *Western Balkans Six* (WB6).

We particularly underscore that the representatives of the PISG in Priština became a signatory to the Treaty establishing Transport Community in the previous period.

Moreover, during the reporting period, Belgrade maintained its constructive approach regarding the participation of the representatives of Priština in the managing bodies of different organizations and initiatives, in line with the Agreement.

With the aim of advancing cooperation in the Western Balkans and spreading stability, Belgrade will remain fully committed to implementing the Agreement on Regional Representation and Cooperation in the upcoming period as well.

7. Integrated Boundary Management (IBM)

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

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

However, regardless of the urges on our part, no meetings of the IBM Implementation Group have been held in Brussels, but only several technical-level meetings tackling the current projects and issues.

On April 5 and 11, two meetings were held in Belgrade with the representative of the so-called ROM Mission²² of the European Commission where the representatives of the Republic of Serbia presented the updates on the project of reconstruction and expansion of the three crossing points falling under the jurisdiction of the Republic of Serbia.

Due to the problems with the telecommunication infrastructure, on June 20, September 14 and October 13, meetings between the representatives of the Belgrade and Priština sides were held at the CCP Merdare with the representatives of EULEX and UNOPS.

Then, on September 27, the representatives of our party met the representatives of the EULEX in Bogutovac, to discuss the issues of interest regarding IBM.

Even though no Implementation Group meetings have been held in Brussels in the previous period, 9 regional-level meetings were held, as well as 72 local-level meetings, tackling the issues of customs, MoI, veterinary, plants, traffic and the services engaged at the crossing points. Also, we wish to point out the following important information regarding the implementation:

- The harmonized phytosanitary certificate is successfully implemented on all administrative crossings where commercial transport takes place;²³
- Technical level meeting regarding the harmonization of milk and dairy product certificates, meat and meat products certificates and the goat and sheep certificates (which have not been harmonized due to the outbreak of lumpy skin disease in the region in 2016) still have not been held;
- On August 11 two containers donated by the EULEX were set up at CCP Končulj/Bela Zemlja, one for Priština and one for the Belgrade party. Priština party will use its container for the operation of customs service, whereas the Belgrade party will use its for the operation of phytosanitary and veterinary services.

Certain progress has been made in the previous period with respect to establishment of new and reconstruction of the existing crossing points falling under the jurisdiction of the Republic of Serbia.²⁴

We expect from the EU facilitators to arrange the meeting of the IBM Implementation Group in Brussels in the upcoming period, which would tackle the issues of interests for both parties.

²² The Mission of the European Commission tasked with monitoring the results of this project.

²³ The administrative crossings where commercial transport takes place are as follows: Rudnica/Jarinje, Merdare and Kočulj/Bela Zemlja.

²⁴ The following administrative crossings (fall under the authority of the Republic of Serbia: Rudnica/Jarinje, Končulj/Bela Zemlja and Depce/Mučibaba.

8. Official visits and Liaison Officers

The implementation of the Agreement on Official Visits has been weighted down with difficulties due to Priština's harsh violation of the Point 3 of the Agreement.²⁵ During the reporting period, Priština prevented the Director of the Office for Kosovo and Metohija and Chief Negotiator of Belgrade, Marko Đurić from visiting Kosovo and Metohija on several occasions. By resorting to such actions, Priština hindered Director Đurić from performing his regular duties aimed at normalizing relations.²⁶

Priština's violation of this Agreement was the subject of several talks held between the representatives of the Offices with the EU facilitator. In these talks, the representatives of the Offices underscored that Priština's violation of the Agreement and hindering of the Director Đurić and other officials of Belgrade from performing their regular activities in Kosovo and Metohija were unacceptable. EU facilitators agreed that full implementation of the Agreement is needed and reiterated that they will exert their influence on Priština to implement the Agreement consistently. As a result of the pressure exerted by the EU facilitators over Provisional Institutions of Self-Government in Priština to adhere to this Agreement, Priština implemented the Agreement smoothly during October.

By contrast, the system of liaison officers established pursuant to the 2013 Conclusions, continues to function successfully. During the reporting period, the liaison officers performed their activities without any hindrance, conducting their mutual relations and those with institutions and international missions in Belgrade and Priština.

The Belgrade Liaison Officer to Priština was primarily engaged in communicating with the representatives of the EU Delegation in Priština, the EULEX Mission and other missions in Kosovo and Metohija. Furthermore, active cooperation with representatives of the PISG in Priština was also maintained.

We especially highlight the positive role of the Liaison Officer in preparations for the presidential elections on April 02, 2017 in the Autonomous Province of Kosovo and Metohija and for parliamentary elections that took place on June 11, 2017.

Apart from conducting a successful communication with representatives of international missions in the Autonomous Province of Kosovo and Metohija, the Liaison Officer was engaged in resolving the important issues pertaining to the citizens of the AP Kosovo and Metohija. This especially refers to the activities of Liaison Officer conducted in order to normalize the shipments of medical supplies and medic material to the health centers in Kosovo and Metohija. Furthermore, the Liaison Officer was engaged during the reporting

²⁵ With a view to furthering the process of normalization of relations and more relaxed organization and conduct of official visits, it was agreed on 15 October 2015 to extend the Agreement by including a special provision (Point 3 of the Agreement) enabling regular and simplified visit regime for one official of each party, for whom the parties will provide logistical information only in order to facilitate the preparation of the visits. The simplified regime for the official of Belgrade side refers to the Director of the Office for Kosovo and Metohija, Marko Đurić.

²⁶ During the reporting period, Pristina twice prevented Director Djurić from entering, the last time on September 1, 2017. On that day, Pristina authorities, without a good reason, forbade the visit of the Minister of Education, Science, and Technological Development, Mladen Šarčević and the Director of the Office for Kosovo and Metohija, Marko Djurić, even though the visit was duly announced in accordance with the Agreement. Also, Aleksandar Vulin, Minister in the Government of the Republic of Serbia, was denied entry several times during the previous period by PISG in Pristina, contrary to the Agreement. We stress that out of 14 requests for visit to AP Kosovo and Metohija submitted by Belgrade officials, only 5 were successfully implemented.

period in resolving the customs and property issues of both physical and legal persons in the AP Kosovo and Metohija.

E) Other topics

1. Collection of custom duties

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

Nonetheless, certain issues persist concerning collection of duties in CCP Rudnica/Jarinje and CCP Brnjak/Tabalije for goods intended for consumers in the north of Kosovo and Metohija. As mentioned in the previous progress report, Priština's administration has special procedure for calculating the value of said goods: all documents from crossing points are constantly forwarded to the headquarters in Priština via mail, where the fees are calculated, the information is sent back, and the fees are then charged at the crossing point. Due to this and other technical issues, including the limited working hours of the Priština administration, frequent traffic tailbacks occur at said CCPs, slowing down the flow of vehicles and goods. In the upcoming period, efforts will be invested in finding appropriate solutions to these issues.

2. Development Fund for the so-called north of Kosovo

This reporting period also saw numerous projects being funded from the funds collected in the Development Fund²⁷, all aimed at underpinning social and economic activities in the four municipalities in north of Kosovo and Metohija.

Thus, 21 projects were approved by the end of September 2017, amounting to 7.5 million euros of approximately 2.9 million euros were allocated to projects of Municipality of Mitrovica North; approximately 1.8 million euros to Municipality of Leposavić; approximately 1.3 million euros was allocated to the Municipality of Zvečan; and approximately 1.5 million euros to the Municipality of Zubin Potok.

Out of 21 projects, 16 involve capital investments – public infrastructure projects such as construction and road maintenance, swimming pool construction, running track; three projects are intended for support and development of small and medium enterprises and agriculture, while two projects pertain to the ecology and environmental protection. As to the implementation of the projects, progress is made mainly in line with project plan, mostly spanning several years.

Around 5.5 million euros are currently on the Development Fund's account. The Managing Board is currently in process of reviewing 11 project proposals. The next board meeting can be expected in November 2017.

3. Vehicle insurance

The Memorandum of Understanding in the area of vehicle insurance²⁸ was implemented relatively successfully during the reporting period.

²⁷ Until September 2017, a total of 13 million euro was collected on the account of the Development Fund.

When it comes to the implementation of this agreement, the main issue still pertains to the problem of appointing correspondents. Namely, even though it was announced that the said issue would be overcome, the so-called Kosovo Insurance Bureau (KIB) still refuses requests of the Association of Serbian Insurers (UOS) to appoint correspondents for conducting analysis, handling of claims and compensation payment in the area of Kosovo and Metohija. This refusal on the part of the so-called KIB constitutes a direct violation of the provisions of the MoU, stipulating that each party shall be entitled to independently request correspondent nomination, while the other party shall accept the request automatically²⁹. The refusal on the part of KIB prevents insurance companies of both parties from establishing direct cooperation and protecting their interests.

Apart from this, no conditions have been provided yet for the establishment of the insurance policy electronic verification system along the administrative line, so insurance policies are still only visually inspected³⁰.

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

4. Free trade

Free trade between Belgrade and Priština is conducted in line with the Central Europe Free Trade Agreement (CEFTA). Crucial for this region is also the Customs Stamp Agreement and the Technical Protocol on Implementation of the IBM, which was reached as part of which the Agreement on Customs.

During this reporting period, Priština acted contrary to the CEFTA Agreement on several occasions, primarily by introducing barriers in trading with construction material. Furthermore, the issue of invoicing was identified. Namely, Priština has attempted to submit invoices with “Republic of Kosovo” signs written on them that constitutes flagrant violation of reached Agreement. In addition, the Raška based companies trading in wheat grains, reported that they have to pay fees when shipping corn and wheat that is contrary to the provisions of CEFTA Agreement.

The Provisional Institutions of Self-Government in Priština continue to wrongly calculate the customs basis for the collection of duties for construction material (thermal blocks). More specifically, the so-called “referent” customs basis are used to building blocks in the transport instead of real customs basis indicated in the invoice. However, the value of goods determined in this way is increased for the fee of 2 cents per block, which results in 12% increase of our product price and the drop of competitiveness. The said fee constitutes a direct violation of CEFTA and the measure that significantly hinders the placement of our goods in the market of Kosovo and Metohija. In addition, when it comes to the turnover of the

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

²⁹ Firstly, the request of UNIQA insurance to appoint a subsidiary company in Kosovo and Metohija, Sigal UNIQA, was denied, as well as the request of SAVA Insurance to name a correspondent in Kosovo and Metohija for its subsidiary company Illyria Life.

³⁰ The system of electronic verification of insurance policies would provide more safety in the event of damage compensation and reduce the possibility of vehicle smuggling.

construction industry a customs terminal is being charged in the amount of 40 euros which additionally increase the value of goods.

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

5. Bridge and “Pease Park” in Kosovska Mitrovica

Implementation of the agreements on the issue of the main bridge on the Ibar in Kosovska Mitrovica and its surroundings was completely suspended during the reporting period. Yet, implementation went on smoothly since February 4, 2017, when the PISG officials in Priština and Serb representatives in PISG, with mediation of the EU Special Representative, the USA ambassador in Priština and the EEAS representatives reached an agreement allowing for works on the bridge and pedestrian zone to be continued and eliminating the threat to the security of Serbian people in the north of Kosovo and Metohija. The Mayor of Mitrovica North was forced to temporarily suspend the works on April 20, 2017 due to worsened security situation in the city.

In order to resolve the issue of security in the zone of the bridge and provide for construction works to be resumed, the Mayor of Mitrovica North and the PISG representatives held a meeting in Priština on July 7, 2017. It was agreed that EULEX, KFOR and Kosovo Police would reinforce the security presence in the zone of the main bridge and to place 0.4m high concrete barriers in the middle of the bridge as a security measure, preventing the extremists from crossing the bridge using vehicles, and causing incidents for the duration of construction works. KFOR and KP fulfilled their duties after this meeting, whereas EULEX failed to do so due to reduced operative capacities. Our side held several meetings with EULEX representatives with an aim to find a way of engaging the EULEX, pursuant to their current capacities, and to simultaneously provide a safe environment in the zone of the bridge during the period of construction works. It was clearly pointed out at those meetings that our side cannot take responsibility with regard to reinitiating of the construction works without first obtaining precisely defined and guaranteed reassurance that the security mechanisms, preventing extremists to cross from one side of the bridge to another and to endanger peaceful citizens and their property.

In the meantime, our side insisted at the meetings with EU facilitators during the reporting period that the meeting of construction companies, engaged by the EU and Serbian side and in charge of conducting the constructions, should be organized as soon as possible in order to resolve all equivocal technical issues with regard to the leveling of the terrain in the zone of roundabout which is located north of the bridge and at the beginning of the pedestrian Kralja Petra Street. This request of our side is aimed at securing the conditions for efficient continuation of works right after the ban on them is lifted, to which EU facilitators agreed.

Also, no concrete steps were made in the previous period when it comes to the second matter of the agreements regulating the issues referring to the main bridge and its surroundings, i.e. the unresolved issue of delineation between Mitrovica North and South in the area of Suvi Do. It was separated from the construction of the bridge and pedestrian street, and should have been resolved by October 14, 2016, as provided for by the Agreement of August 02, 2016. Ever since the Agreement was reached, Priština persistently refused to talk about this topic and our side repeatedly informed EU facilitators about this. However, ahead of June parliamentary elections, Priština conducted delineation between Mitrovica North and

South in Suvi Do by registering Serbs from the Serbian part of the said village on the electoral rolls of the Municipality of Mitrovica North and Albanians from the Albanian part of the village into electoral rolls of the Municipality of Mitrovica South. Bearing in mind that such a solution is in line with the requests of our side, the EU facilitators, as the guarantors of the agreements reached in the Dialogue, were requested to ensure that the PISG in Priština formally ratify the *de facto* delineation under an appropriate regulation.

6. Civil protection

Full implementation of the Agreement on the Integration of Civil Protection (CP) has not yet been achieved. From the very start, the main problems plaguing the implementation have been the failure to disburse salaries and lack of work premises.

The failure to disburse salaries for integrated persons still persists, due to which to date 32.92% of integrated members of the former CP (159 out of 483) have still not received one or more salaries since entering into work, and five persons have not received a single salary since January 2016. Although EU facilitators assured our side in the previous period that the problem of outstanding salaries would be resolved, this issue remains pending³¹.

In addition, Priština is yet to provide office space for the integrated persons in the north of AP Kosovo and Metohija in accordance to Article 2 of the Agreement. As a result, 71% of integrated persons still do not have work premises. In the previous reporting period, institutions in Priština tended to abuse lack of premises in the north and threatened the integrated members of the former CP with dismissal from work should they fail to show up at work at locations south of the Ibar River, which is in contravention with the Agreement. Endeavoring to resolve this issue, during this reporting period both Offices were intensely engaged on finding suitable premises in the north. The resolution of this problem is expected in the upcoming period.

During the reporting period, the Offices repeatedly urged EU facilitators to make use of their position in the Dialogue and pressure Priština into fulfilling all obligations they assumed under this Agreement and resolve these problems.

7. Agreements and the dialogue between the Chambers of Commerce

In the previous period, the Chamber of Commerce and Industry of Serbia (CCIS) and the Kosovo* Chamber of Commerce (KCC) continued the practice of holding regular meetings to discuss and negotiate modalities for advancing economic cooperation. The cooperation between the two chambers is based on the Memorandum of Understanding between CCIS and KCC dated 24 July 2013, as well as on the Annexes on Arbitration in case of disputes and on institutional capacity building.

The dialogue between the six chairpersons of the chambers of commerce in the Western Balkans region was particularly intensive in April and May. The Berlin Process perspectives were discussed and the Agreement on establishing a Permanent Secretariat of the Western Balkans Chamber Investment Forum (WBCIF), with a seat in Trieste, was signed.

³¹ At the meeting with EEAS and EULEX representatives, held on April 19, 2017, Belgrade was assured that Priština finally took measures that will lead to the settlement of all outstanding debts and regular payment of salaries in the upcoming months.

A positive trend in the relations between the two chambers was reaffirmed in July at the Western Balkans Summit (WB6 Summit) in Trieste. At the Business Forum, six chambers of commerce inaugurated the Permanent Secretariat of the Western Balkan Chamber Investment Forum and agreed to engage in regional economic cooperation and develop the regional economic space.

Cooperation between the chambers was continued in Belgrade on August 18, at the first meeting of the Management Board of the six chambers in the Western Balkan Chambers Investment Forum, when the operational plan of the Permanent Secretariat of the Forum was adopted for the period until the end of 2017. At the meeting, current support projects of EBRD and the European Commission were also discussed, as well as cooperation initiatives with the Association of German Trade and Industry Chambers and the German Technical Cooperation Organization.

In the framework of continuing cooperation with the Priština chamber of commerce, the representatives of the Chamber of Commerce and Industry of Serbia participated at the Agriculture and Industry Products Fair in Priština, September 27-30, 2017. The opportunity was used to present products by over 100 entrepreneurs from 34 companies that are members of the Serbian Chamber of Commerce. In the framework of accompanying activities of the fair, organized by the Priština chamber of commerce, a conference titled “Overcoming Barriers in Business and Normalization” was held in Priština, during which the presidents of the Chamber of Commerce and Industry of Serbia and the Priština chamber of commerce spoke about the possibilities of improving economic cooperation.

Conclusion

Despite the negative turn of events regarding the continuation of the Dialogue and Priština’s *de facto* subversion of the process, Belgrade has maintained its determination to use this process to build bridges of trust and cooperation with the Provisional Institutions of Self-Government in Priština, and improve interethnic relations between citizens of Serbian and Albanian ethnicity in the Province. Unlike other participants in this process, Belgrade regards the Dialogue as the only way of ensuring a higher standard of living for all citizens in the Republic of Serbia, including those in Kosovo and Metohija, but also in this region. Thus, Belgrade has endeavored to provide maximum support for the efforts of the European Union and other important international actors towards consolidating peace in the region and ensuring a secure future for the generations to come, all within the framework of protecting Serbia’s vital interests.

Therefore, Belgrade must express its disappointment with the other side’s approach, given that Priština more often than not resorts to conditioning, suspending and disputing its participation in the Dialogue, and justifies that with reasons of purely daily political nature and not in the best interest of citizens living in the Province. As a result, the outcomes of the negotiating process for this reporting period are evidently more than modest, and it is not very likely that things would change unless Priština abandons its unconstructive attitude and discontinues its efforts to divert talks from what has been agreed and clearly defined within the negotiating framework.

Unfortunately, the political climate in Priština does not favor such developments. At best, the main Albanian leaders openly see the Dialogue as a means of consolidating the so-called statehood of so-called Kosovo and deem it unnecessary to participate in any

negotiations that do not produce such results. Thus, they tend to overlook the fact that Belgrade and Priština negotiations on the normalization of relations are conducted in clearly defined status neutral framework and that such framework cannot and will not be changed by the will of one side.

The Dialogue's prospects are now seriously compromised by the Albanian political leaders in Kosovo and Metohija, for the moment sitting in the ranks of opposition, who openly reject the need for any talks with Belgrade. Instead of cooperation and dialogue, they openly promote irredentist ideas of disputing borders, emphasizing that talks can be conducted only with Serbs from Kosovo and Metohija, as the disenfranchised minority. They increasingly advocate the position that Priština can continue the Dialogue only with Serbs living in Kosovo and Metohija, which is both unreasonable and unacceptable.

Despite all this, Belgrade has not nor will it presume to choose interlocutors who represent the Albanians in the Province. This right, which is also an obligation, belongs to the citizens of Albanian ethnicity in Kosovo and Metohija, and our side believes that they know their interests best and also who can best represent them. These citizens have had their say at the elections and Belgrade can only urge their representatives to come back to the negotiating table. Belgrade will also relentlessly continue to point out that cooperation, and not competition or conflict, is the road to travel jointly, towards building a common future.

Against this background, we again underline that it is utterly regretful that, for four and a half years, Priština has refused to implement the pivotal part of the First Agreement – that which provides for the establishment of the Community of Serbian Municipalities. We recall this is a mechanism that Serbs from Kosovo and Metohija themselves defined as the optimal framework for developing their political, cultural, economic and other capacities, and regard it as a bridge of cooperation with the Albanian people and their institutions in the Province. Nevertheless, Priština refuses to implement the agreement it had undersigned, and on whose adoption it had insisted, by now arguing that there are other (better) ways for political and other organization of life of Serbs in the Province. In that sense, we must repeat that the idea of anyone appointing representatives of someone else or claiming that they know best what the other side wants is in the least insincere, if not malevolent.

Therefore, we avail ourselves of this opportunity call upon our colleagues from Priština to promptly implement the First Agreement and General Principles from August 25, 2015, which clearly stipulate the manner of establishing the Community of Serbian Municipalities, its structure and jurisdiction, and also clearly determine specific deadlines. We also must point out that the Priština's attempts to link implementation of the agreements on the Community of Serbian Municipalities to issues that do not form part of any agreement, nor can be linked to any are detrimental and morally unacceptable. Only such an approach can create possibilities for a genuine renewal of the negotiating process, from which attitude Belgrade never deflected for a single moment, always acting in good faith and demonstrating good will.

Belgrade expects Priština to review its stance and fulfill the obligations it has undertaken by signing the Agreement on Cadaster, which constitutes a true indicator of provincial authorities' outlook on private property, the crowning value of modern civilization. Thus, we must again recall that Belgrade does not recognize Priština's claim that this agreement has been implemented when Priština passed the so-called Law on the Property Comparison and Verification Agency, as this law runs completely contrary to the Agreement.

No one, not even official Belgrade, has the moral or any other right to discuss another's private property, which is why the only possible solution is the one agreed on and foreseen by the Agreement on Cadaster reached in Brussels.

We also expect Priština to consistently implement all the other agreements signed within the Dialogue, in the manner provided for under those agreements and not in the manner viewed by Priština as the most appropriate. We emphasize again that it escapes our understanding why Priština refuses to implement the Agreement on Diplomas, and start by recognize at least one diploma acquired in the educational system of the Republic of Serbia, or why Priština rejects or delays integration of all the remaining former members of the Ministry of Interior of the Republic of Serbia and why it fails to disburse regular salaries to the integrated former members of Civil Protection. Should such approach on the part of Priština persist, Belgrade's aspirations for the historic reconciliation of Serbs and Albanians will be much harder to achieve, as Priština's actions in the past period have contributed to exacerbating the distrust of the Serbs in Kosovo and Metohija in Priština's benevolence.

Peace efforts hardly gain anything from the latent threats of violence on the part of Priština to every citizen of Kosovo and Metohija of Serbian ethnicity who for some reason is not to the liking of the power figures of the majority population in the Province. On that note, Belgrade calls for the termination of politically motivated arrests of Serbs in the Province and arrests out of interest, as illustrated by the recent case of Mr. Bogdan Mitrović. This 74-year old man was arrested by heavy KP forces while returning by bus from marking a religious holiday in the place from which he was expelled from 18 years ago. What makes the whole case even more strange, is that this person was arrested now, despite the fact that he regularly visited his place of birth for religious holidays over the past 18 years, ever since the end of conflict in Kosovo and Metohija. Not only that, Mitrović was arrested on allegations of war crimes as reported to the police by a person of Albanian ethnicity who has been usurping Mitrović's private property for the past 18 years.

This characteristic case is one of many that undisputedly corroborate the need to start talks on human and civil rights of Serbs in the Province. We believe that such a state of affairs of the rights of Serbs would be far less favorable if not for many international factors who are present in the Province, primarily the KFOR and EULEX. Further to this, we wish to emphasize perhaps the only positive development within the framework of the Dialogue in this reporting period, i.e. agreeing the deadline for integrating judiciary into the provincial system. This achievement, which occurred in conditions of an almost completely blocked Dialogue, convincingly shows that the path of cooperation through the Dialogue is possible, necessary and mutually beneficial. We once again reaffirm this and reiterate our hopes that Priština would stop regarding Belgrade as an opponent, and return to the negotiating table guided by the same peace motives as our side. We deeply believe that this is the only way to find mutually acceptable solutions, one beneficial to all citizens.

In order to renew the momentum of the Dialogue, we believe that the EU facilitators should more strongly encourage Priština to return to talks. Otherwise, the EU facilitators' engagement in the past period was a responsible one, and aimed at providing conditions for resuming the Dialogue. The effects of such an approach on the part of EU facilitators, sadly, were limited by the crisis of legitimacy of the provincial institutions and political representatives of Albanians in Kosovo and Metohija. Nevertheless, we once again consider it necessary to emphasize the great efforts and resources invested by the facilitators to ensure that the Dialogue is continued and yields positive results.

On that note, we expect the facilitators to continue actively insisting on the implementation of all agreements reached, as well as on opening of new topics of importance to the normalization of relations between the two sides and the daily life of citizens. Belgrade will continue to be a reliable and predictable partner in the future, without losing patience and determination to continue this negotiation process, equally needed by both the Serbian and Albanian people, but also by our entire region that seeks to complete the process of European accession.

October 2017

DIRECTOR

Dragan Vladisavljević

DIRECTOR

Marko Đurić