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JOINT REPORT TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on Serbia's progress in achieving the necessary degree of compliance with the membership criteria and notably the key priority of taking steps towards a visible and sustainable improvement of relations with Kosovo*

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

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1. INTRODUCTION

In its Opinion¹ on Serbia's application for membership of October 2011, the European Commission concluded that "Serbia is well on its way towards sufficiently fulfilling the political criteria set by the Copenhagen European Council in 1993 and the conditions of the Stabilisation and Association process, provided that progress continues and that practical solutions are found to the problems with Kosovo" and recommended that "negotiations for accession to the European Union should be opened with Serbia as soon as it achieves further significant progress in meeting the following key priority [of taking] further steps to normalise relations with Kosovo in line with the conditions of the Stabilisation and Association Process [...]". Further to the Commission's recommendation and on the basis of initial progress in improving relations with Kosovo, the European Council granted Serbia candidate country status in March 2012.

In the light of the progress made in the EU-facilitated dialogue between Serbia and Kosovo, under the auspices of the High Representative of the European Union for Foreign Affairs and Security Policy/Vice-President of the Commission, and with the perspective of further substantial progress being achieved in the first part of 2013, the Council agreed in its conclusions of 11 December 2012 to review during the Irish Presidency the progress made by Serbia on the basis of a report presented by the Commission and the High Representative in the Spring 2013, with a view to a possible decision of the European Council to open accession negotiations with Serbia.

This report herewith presents the additional progress made by Serbia between 11 December 2012 and 15 April 2013. It assesses steps taken to address the key priority of improving relations with Kosovo, both in terms of latest results achieved in the high level dialogue and in terms of actual implementation of the agreements reached in 2011 and 2012.

The report also presents and assesses recent efforts to step up the EU reform agenda and examines with particular attention the latest developments in the areas of rule of law, particularly judicial reform, anti-corruption policy and the fight against organised crime, independence of key institutions, media freedom, anti-discrimination policy, protection of minorities and improvement of the business environment. The report finally takes stock of recent initiatives by Serbia to play a constructive role in the region and improve relations with its neighbours.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

¹ COM(2011) 668 final.

The assessment in this report takes into account information gathered and analysed by the Commission and the High Representative, including inputs provided by the Serbian authorities, findings of expert missions as well as information shared by EU Member States and international organisations and civil society organisations. The final part of the report draws conclusions and makes recommendations.

2. IMPROVEMENT OF RELATIONS WITH KOSOVO

The dialogue between Belgrade and Pristina, following the Serbian elections, was upgraded to a high level political process with the facilitation of the High Representative.

A series of high level meetings between the two prime ministers started in October 2012. The HR was very clear with the two sides from the start on the concept of the process: it would be a step by step process, going from easier to more complicated issues and it would not be open ended. The objective was the gradual normalisation of the two sides' relations, without prejudice to the two parties' positions on status, and achieving progress for both in their respective EU path.

Ten meetings have taken place between October 2012 and the end of April 2013². A meeting also took place on 6 February between Presidents Nikolic and Jahjaga.

In the first part of the high level dialogue until December 2012 the discussions dealt with the set of what was considered easier issues such as completion of IBM implementation, religious and cultural heritage, liaison arrangements. Some first significant results were already achieved in those first months.

The most important was IBM implementation. By the end of December 2012 four Gates, including the two Gates in northern Kosovo, were operational and, since the end of February all six Gates between Serbia and Kosovo are operational. In the context of the implementation discussions, the two sides also agreed to start customs collection and to establish a Fund for the development of northern Kosovo. Regarding free movement, the ID card travel regime is operational and works well. The agreement on customs stamps continues to be implemented by both sides. There was good progress on civil registry and implementation should be completed by January 2014. Regarding cadastre, both sides are still in the process of taking the necessary preparatory steps. The agreement on acceptance of university diplomas is proceeding smoothly. Serbia's cooperation with EULEX has continued to improve in a number of areas. This will need to intensify as the normalisation between both parties intensifies. Direct high-level contacts and regular contacts at operational level continue to facilitate cooperation, including in the fight against organised crime. Serbia is committed to a full implementation of the police protocol with EULEX.

Other significant results achieved by the two Prime Ministers are the agreement on setting liaison arrangements and the agreement on the improvement of protection of religious and cultural heritage sites (creation of special/multi-ethnic police unit in Kosovo).

In the second part of the high level dialogue, since January 2013, the meetings of the two Prime Ministers focused on northern Kosovo and delivering structures which meet the security and justice needs of the local population in a way that ensures the functionality of a

² 19 October, 7 November, 4 December and 17 January, 20 February, 4 March, 20 March, 2 April, 17 April and 19 April

single institutional and administrative set up in Kosovo, in line with the December 2012 Council Conclusions.

During their talks, the two sides agreed that the outcome of their discussions should be a set of principles and arrangements that would give the Kosovo Serb community a new vision of their future, by addressing their concerns and needs but in a way that preserved the functionality of the Kosovo institutions and legal framework.

Throughout the high level process the two sides showed commitment and engagement. The two Prime Ministers in particular established a good working relationship and showed political courage and maturity in discussing issues of great sensitivity and complexity, often with a difficult political atmosphere in the background. They should be commended. In the last phase of the dialogue Deputy Prime Ministers from both sides joined the meetings and their presence brought an additional element of local political legitimacy and expertise to the table.

The discussions on northern Kosovo and the Kosovo Serb community concerns were concluded on 19 April with the initialling of a "First agreement of principles governing the normalisation of relations".

The agreement provides for the establishment of an Association/Community of Serb municipalities in Kosovo which will function/operate within the existing legal framework of Kosovo. The Association/Community will have a statute and its own bodies on the basis of the other existing Association in Kosovo and will have a representative role to the central government.

On police, the text of the agreement affirms the principle of a single police force in Kosovo and the integration of all police in northern Kosovo to the Kosovo Police. A regional Police commander is appointed for the four northern municipalities. He is nominated by the Ministry of Internal Affairs of Kosovo from a list provided by the four mayors. This means that it was agreed that the four mayors of the northern Serb majority municipalities would consult the Association/Community and submit a list to the Ministry of Internal Affairs who will make the nomination from this list.

On judiciary, the text affirms the principle of integration and functioning of all judicial authorities within the Kosovo legal framework. An Appellate Court in Pristina is established to deal with all Kosovo Serb majority municipalities and a division of this Court will sit permanently in northern Mitrovica.

Municipal elections, according to the agreement will be organised in the northern municipalities in 2013 with the facilitation of the OSCE.

The text of the agreement also provides for concluding the discussions on energy and telecoms by mid-June.

The two parties have agreed that neither side will block, or encourage others to block the other side's progress in their respective EU paths.

As to next steps, the two parties agreed to adopt an implementation plan by 26 April and to establish an implementation committee with the facilitation of the EU.

The EU also expects that the two parties, in the spirit of the new understanding/relation between them and without prejudice to the positions on the status of Kosovo, will continue to work further for the normalisation of relations between them and in this framework will address, among other issues, Kosovo's integration/participation in international bodies.

3. RECENT PROGRESS IN COMPLIANCE WITH THE MEMBERSHIP CRITERIA

3.1. Introduction

In recent months, Serbia has taken steps to reinvigorate the country's EU reform agenda. In line with its stated objective since it took office in July 2012, the Serbian government has stepped up the *coordination of the EU reform agenda*. It has started to implement the comprehensive Action Plan it adopted in December 2012 to follow up on all findings of the Commission's 2012 Progress Report and intends to publish periodical reports on its execution in April, June and September 2013. An important milestone was the adoption by the government on 28 February 2013 of a National Plan for the Approximation with the *Acquis* (NPAA) for the period 2013-2016. The NPAA is a detailed planning document of all legislation to be adopted by Serbia to implement obligations from the Stabilisation and Association Agreement (SAA) and prepare itself for further aligning with the *acquis*. The NPAA includes a detailed plan for legislative alignment in 2013 with corresponding budgetary resources. The document also offers a basis to ensure effective scrutiny of related activities and better involvement of relevant stakeholders.

The Serbian government has been committed to improving the rule of law despite the setbacks of 2012, in particular in the areas of judicial reform and the fight against corruption. Draft strategies are in preparation in several key areas and their adoption is foreseen in the first half of 2013. While it agreed to consult widely in certain fields and requested corresponding EU expertise, the Serbian government still needs to improve the consultation process with all stakeholders including by leaving sufficient time in parliament for the necessary scrutiny of draft legislation.

3.2. Developments in implementation of reforms

Regarding the *rule of law*, a first set of legislative changes was adopted in December 2012 upon proposals from the working groups set up in September 2012 with the participation of key stakeholders. The laws on judges and prosecutors were amended to grant permanent tenure to some 900 magistrates that were recruited in 2009 on a probationary basis. Three important changes were introduced in the Criminal Code: criminalisation of facilitators of abuses of the right to asylum in a foreign country; decriminalisation of defamation, together with decriminalisation of "unauthorised public comments on Court proceedings"; and recognition as aggravating circumstance of certain "hate" crimes motivated on grounds such as ethnic origin, religion or sexual orientation. The offence of "abuse of office" was also amended to redefine how it applies to private operators. Open cases under Art. 359 of the Criminal Code need now to be re-qualified, on a case by case basis, under new offences of the economic crime section of the Criminal Code. This part of the Criminal Code is planned to undergo a comprehensive review for further amendments in the future. Implementation of the new Criminal procedure Code needs to be carefully prepared.

Regarding the *judicial reform*, the new Serbian government has been confronted with a formidable challenge following the decision of the Constitutional Court in July 2012 to overturn the reappointment of judges and prosecutors, creating an immediate practical difficulty with the need to reintegrate some 800 magistrates (representing one third of the total number). This situation also meant that the initial focus from the Serbian authorities was to adopt urgent measures in December 2012 before it could start to develop the medium to long term vision including preparation of a comprehensive strategy that would ensure structural and sustainable changes towards an impartial, independent and efficient judiciary.

Following the July 2012 rulings of the Constitutional Court, the High Judicial and State Prosecutorial Councils re-appointed all the previously non-reappointed judges and prosecutors, in line with the 60 days deadline required by the Constitutional Court. So far, magistrates were re-appointed into the Courts where they were before or into the jurisdictions that replaced them. Adjustments to the Court and Prosecutorial office networks are currently planned and are aimed at ensuring an optimal allocation of the re-appointed magistrates, balancing their individual wishes and constitutional rights not to be moved from one place to another without their consent with the needs of the whole judiciary in terms of access and proximity. There are still major imbalances in the workload of judges and length of proceedings remains excessive in many cases. Further reform of the court network necessitates a comprehensive analysis of the functioning of the current network in terms of cost, efficiency and access to justice. An important issue to ensure sustainability of reform is a medium to long term strategy on the judiciary.

For the period 2013-2018, the Ministry of Justice and Public Administration is drafting a new strategy with the support of working groups meeting on a regular basis and on the basis of a consultative process involving key stakeholders. The government aims to finalise it in the course of the spring. It will take stock of the problems encountered in the implementation of the previous strategy of 2006 and be built around the key principles of independence, impartiality and quality of justice, competence, accountability and efficiency of the judiciary. It should aim to strengthen the High Judicial and State Prosecutorial Councils, as the bodies mandated by the Constitution to guarantee the independence of the judiciary. The strategy also needs to address the lack of real judicial independence seen in many features of the current system. The system of appointment and promotion of judges is not yet independent of either the executive or the legislative. Moreover, the Councils need to become more transparent in their functioning and their members should be accountable. A comprehensive strategy which builds on a full analysis of the gaps in the current framework is a key objective. It should rely on an inclusive process with all stakeholders and make full use of the available assistance.

The strategy should also aim at reinforcing the institutional capacity of the Judicial Academy for merit based recruitments as well as initial and continuous training of judges and prosecutors. The strategy needs to be further developed and include detailed plans for the strengthening of the framework for recruitment, evaluation and discipline as well as for monitoring and measuring progress, identifying responsible institutions, defining adequate financial and human resources and a clear timeline for its implementation.

Another priority goal is to establish a functioning accountability system in the judiciary. In this respect, the State Prosecutorial Council is conducting a consultation process on draft professional evaluation rules issued in February 2013. A consultation process was also launched by the High Judicial Council on draft evaluation rules for judges and Court presidents. Implementation of the draft ethical code for prosecutors issued in March 2012 should start soon. The code of ethics for judges remains to be more systematically applied. Only a few final decisions were taken under disciplinary rules adopted by the High Judicial Council three years ago. Following the adoption of disciplinary rules in July 2012 by the State Prosecutorial Council, first disciplinary proceedings should be launched soon.

The *fight against corruption* has been a central element of the government's activities since its inception, underpinned by a "zero tolerance" message. A number of investigations have been launched, including into high level corruption, in part on the basis of the problematic privatisations cases identified in the past by the Anti-Corruption Council. Serbia has also

made certain progress in combating organised crime. Operational coordination and cooperation between law enforcement authorities remains satisfactory. Serbia's track record in effectively investigating, prosecuting and convicting perpetrators of corruption and organised crime needs to be further improved, and additional human and financial resources made available, including in the fields of witness protection, financial intelligence and the special prosecution for organised crime.

A draft strategy is being prepared on the fight against corruption for the period 2013-2018. Its preparation encompasses all involved institutions and relevant stakeholders and is taking into consideration positive examples from the region. It aims at both a structural approach dealing with issues such as good governance, independent institutions, internal and external audit and control, protection of whistle-blowers, and a sectorial one, addressing corruption in sensitive sectors such as urbanism and spatial planning, judiciary, police, education and health. The complementary roles of the Anti-Corruption Agency and Anti-Corruption Council should be better defined for the implementation and monitoring of the strategy and inter-institutional co-operation should be facilitated. The government aims to finalise the strategy in the course of the spring. Preparations of an action plan are to begin following the public consultation on the draft strategy.

Regarding the respect for the role and *independence of key institutions*, there is still room for improvement. Reports and recommendations of independent institutions did not receive sufficient political consideration and appropriate follow-up. Respect for their role and independence also needs to be evidenced with the provision of sufficient and stable resources. The Ombudsman and the Commissioner for free access to information of public importance and data protection have started to cooperate with the recently established parliamentary committee for civilian oversight of security services, and following their recommendations, parliament adopted in February 2013 amendments to the Law on Military Security and Military Intelligence Agencies regarding state security interceptions of communications. Serbia should ensure that its legal framework clearly distinguishes between interception for criminal investigations and interception for state security, in line with European best practices.

Regarding *freedom of the media*, the decriminalisation of defamation (see above) was a significant development. In addition, an *ad hoc* commission, composed of journalists, police and security-information agency representatives was set up in January 2013 and tasked with shedding light on the cases of unsolved murders of journalists. Regarding the implementation of the media strategy, a working group was set up aiming at harmonising the legislative framework in order to eliminate existing contradictions on establishment and financing of the media. Two laws are under preparation: the law on public information and media, which would cover the fields of public information, media ownership and concentration as well as accreditation of foreign correspondents – and the law on electronic media, which would cover electronic media and public broadcasters. A first step has already been taken with amendments to the law on public companies ending the possibility for public authorities at all levels to establish public companies in the media sector. The draft law on public information and media is currently under public consultation; it should guarantee transparency of funding and regulate media concentration, introduce thresholds and ceilings and give the Commission for Protection of Competition a role in the process. In general, it needs to be noted that media reports continue to be insufficiently analytical and balanced and self-censorship remains widespread.

Some progress can also be noted in the field of *anti-discrimination policies* where the overall legal framework is broadly in place but its implementation as well as enforcement remain to be improved on the basis of consistent efforts of the authorities, including in generating a more favourable climate in the society. The recognition as aggravating circumstance of certain "hate" crimes motivated on grounds such as ethnic origin, religion or sexual orientation (see above) is a welcome development. A comprehensive Strategy on fighting discrimination for the period 2013-2018 is being prepared and actively consulted with stakeholders with a view to an adoption in the second quarter of 2013, to be followed by Action Plans for its implementation. The Commissioner for protection of Equality issued a publication on "Court civil protection from discrimination" and a "Manual for the fight against discrimination at work" aimed to equip legal professionals and other stakeholders with relevant reference materials. A number of provisions of the 2009 Serbian Anti-Discrimination Law are not in line with the EU 2001 Anti-Discrimination Directive and preparations for such alignment have started. Regarding the protection of the Lesbian, Gay, Bisexual and Transsexual (LGBT) population, activities have stepped up. There has been overall a more active processing of discrimination cases against LGBT population, thanks to police training, the development of Court practices and improved cooperation with LGBT population as witnesses. A first ruling from the Novi Sad Appellate Court has been delivered regarding discrimination in the work place based on sexual orientation. The Commissioner for Equality remained particularly active in the promotion of LGBT population rights. Overall, a number of awareness raising activities were organised on anti-discrimination issues and specifically on LGBT rights, targetting particularly law enforcement officers and social workers. A first seminar in the framework of a 2012 Council of Europe LGBT regional project was held in December 2012 in Belgrade. Preparations for the 2013 Belgrade Pride Parade have started. Such efforts need to be further developed and supported by visible political commitment in order to promote a better inclusion and protection of LGBT population and improve tolerance and understanding across the Serbian society.

Regarding the *protection of minorities*, Serbia has undertaken, in preparation of the 2014 elections to the Minority Councils, a revision of the 2009 Law on the National Minority Councils, in order to address some of the shortcomings. This follows the recommendations made by the Ombudsman and the Commissioner for free access to information of public importance in particular regarding the electoral process and the rules governing the constitution of the Councils. Serbia also took steps to improve the implementation of the legal framework throughout its territory. Measures have been implemented to broadcast TV programmes in Romanian in Eastern Serbia and official instructions have introduced an optional Romanian language class with elements of culture as from the next school year, preceded by pilot classes starting in April 2013. The government has called on the Serbian Orthodox Church to engage in a dialogue with the Romanian Orthodox Church but there was still no progress on the issue of access to religious services in Romanian. In the Sandzak area, primary level and high schools have started teaching classes in the Bosniak language. In South Serbia, following the recent tensions surrounding the erection and removal of a monument in Presevo, there have been renewed efforts to restore an effective dialogue between the central government and local authorities in order to tackle all issues on the agenda, including the socio-economic development of the region. Additional textbooks have been provided for classes in Albanian in South Serbia. Internship opportunities in the state administration have been made available as of September 2012 for members of the Albanian, Bosniak and Roma minorities. Serbia needs to continue its efforts to implement more effectively the legal framework across the country. The Commission will closely monitor progress in this area.

Regarding the *Roma*, Serbia continues to actively follow up the operational conclusions of the joint Serbia-Commission Roma seminar of June 2011. A follow-up seminar is being planned to take place later in the spring. On civil documentation, the two necessary laws to ensure the registration or subsequent registration of "legally invisible" persons are now in place and new procedures for their registration have started as of December 2012. Affirmative action measures have increased in the education sector and further development of the pedagogical assistants system - 175 persons so far - is being considered. Measures on supporting employment opportunities for Roma have continued. Regarding health care, 75 Roma women health mediators are working under the Social affairs and Labour Ministry framework and Roma can now register at the social care centre if they do not have a permanent address. With regards to housing and forced evictions, Serbia has started preparations to incorporate into the national legislation the relevant international standards. Further sustained efforts, including financial, are needed to ensure the full implementation of the Serbian Roma Strategy and address the difficult situation of the Roma population who are frequently victims of intolerance, hate speech and even physical attacks.

The Serbian government has also carried on with reforms aimed at improving the economic and *business environment*. A significant and positive development was the adoption of the new Law on Public Procurement at the end of 2012. This law further aligns Serbian legislation with the *acquis* and generally improves the efficiency of public procurement procedures, for example by centralising public procurement. It strengthens the institutions in charge of the enforcement and monitoring of the public procurement rules. New rules for the prevention of corruption and conflict of interest were introduced. Overall, this law should result in more transparent and efficient procurement procedures, and increased competition. The government has adopted other measures aimed at improving the business environment, including abolition of more than 130 parafiscal charges and fees weighing on business activity, amendment of the VAT law and adoption of a law limiting the deadline for settlement of cash liabilities. A long overdue reform of socially-owned companies was launched in December 2012, imposing an 18-month deadline for completing their restructuring. The amendments to the Law on Internal Trade adopted in January 2013 aim at reducing market entry barriers for retailers.

Serbia started to implement the Interim Agreement on trade and trade-related matters on 1 January 2009. Serbia has built a satisfactory track record in implementing its obligations under the Interim Agreement and is committed to discuss and address any open issues. Serbia is also engaged in good faith in the SAA adaptation exercise ahead of Croatia's accession to the EU. Issues remain in the field of State aid and intellectual property rights. In particular, the independence of the Commission for State aid control must be further demonstrated, confirmation received that all State aid measures are notified to this Commission and approved by it and adjustment of existing aid schemes must be pursued.

3.3. Regional cooperation and bilateral relations

Following some difficulties in the first months of its taking office, the Serbian government stepped up high-level contacts with neighbouring countries in recent months in an effort to restore a positive contribution to regional cooperation.

Regarding relations with *Croatia*, a landmark visit of the Croatian Prime Minister to Belgrade took place on 16 January 2013, on which occasion he agreed with the Serbian Prime Minister to work towards further improvement of relations and to enhance cooperation and joint work on a number of issues, including EU integration, economy, refugees, border demarcation, missing persons, and war crimes. A number of meetings also took place at ministerial level, in

particular the visit to Zagreb of the Serbian Foreign Affairs Minister in March, and an agreement on cooperation on EU integration is in preparation. Relations with *Bosnia and Herzegovina* (BiH) remained good. The Serbian Prime Minister visited Sarajevo in January 2013 and the Chairman of the BiH Council of Ministers was in Belgrade in February 2013. In December 2012, the Serbian President received the Chair of BiH Presidency in Belgrade. A Memorandum of Understanding for cooperation on EU integration was signed in December 2012 by the two Foreign Affairs Ministers. A Protocol on Cooperation in the prosecution of perpetrators of war crimes, crimes against humanity and genocide was signed in January 2013 between the Serbian war crimes prosecutor and the Office of the prosecutor of BiH. Relations with *Montenegro* have improved. A visit of the Serbian President took place in January 2013 in a positive atmosphere, where he stressed the respect of Montenegrin sovereignty and territorial integrity. Relations with the *former Yugoslav Republic of Macedonia* have improved and the Serbian Prime minister visited Skopje in January 2013, with a meeting of the Ministers of Justice taking place on the same occasion; it was also agreed to hold a joint session of the two governments in May 2013 in Belgrade. The Serbian Foreign Affairs minister visited Skopje in February 2013 and signed an agreement on cooperation in the EU integration process with his counterpart. In addition, Serbia has made progress in restoring good relations with *Turkey*. The importance of Serbia-Turkey relations for the region was reaffirmed during President Nikolic's visit to Ankara in early February 2013; this trip was preceded by a visit of the Turkish Foreign Affairs Minister to Belgrade.

Serbia's relations with neighbouring EU Member States *Bulgaria*, *Hungary* and *Romania* remained good. On the occasion of the visit of the Bulgarian Foreign Affairs minister to Serbia in December 2012, a social security agreement was finalised and it was also agreed to prepare an agreement on good neighbourly relations. A joint contact centre for police and customs cooperation at the border check-point Kalotina was established. The Serbian and Bulgarian Prime Ministers signed an agreement on the implementation of the gas interconnection between Serbia and Bulgaria. The visit of the Serbian President to *Hungary* in November 2012 took place in a positive atmosphere. Serbia and Hungary have stepped up their cooperation in internal affairs as part of the measures taken to curb the increase of unfounded asylum in the EU. Serbia and *Romania* continued cooperation on the protection of minorities in line with their Joint Protocol of March 2012. Consultations continued under the auspices of the OSCE High Commissioner on National Minorities and conclusions were reached on a number of steps taken or to be taken in the areas of media and education, while the issue of religious services remained pending.

4. CONCLUSIONS AND RECOMMENDATIONS

Serbia has taken very significant steps towards visible and sustainable improvement in relations with Kosovo, in line with the Council conclusions of December 2012. Serbia has actively and constructively engaged in the EU-facilitated dialogue with Pristina and entered discussions on the whole range of issues necessary to achieve visible and sustainable improvement in relations with Kosovo.

The dialogue between Belgrade and Pristina, following the Serbian elections, was upgraded to a high level political process with the facilitation of the High Representative. Ten meetings have taken place between October 2012 and the end of April 2013. A meeting also took place on 6 February between Presidents Nikolic and Jahjaga. Implementation of agreements reached in the dialogue to date has also continued. Implementation of the agreement on representation of Kosovo in regional fora was generally ensured, with the admission of Kosovo as fully-fledged member of the Regional Cooperation Council in February 2013 as a

landmark. On Integrated Border Management, joint interim crossing points were opened on all six gates and they are up and running. The agreement on protection of religious and cultural heritage sites of December 2012 is being implemented. The agreement on customs stamps continues to be implemented by both sides. There was good progress on civil registry and implementation should be completed by January 2014. Regarding cadastre, both sides are still in the process of taking the necessary preparatory steps. The agreement on acceptance of university diplomas is proceeding smoothly. Serbia's cooperation with EULEX has continued to improve in certain areas.

The two sides also agreed to start customs collection and to establish a Fund for the development of northern Kosovo. In the second part of the high level dialogue, since January 2013, the meetings of the two Prime Ministers focused on northern Kosovo leading to the initialling of the agreement of 19 April 2013 on a "First agreement of principles governing the normalisation of relations". This agreement foresees inter alia that discussions on Energy and Telecoms will be intensified by the two sides and completed by June 15 2013.

On this basis, the Commission considers that Serbia has met the key priority of taking steps towards a visible and sustainable improvement of relations with Kosovo.

Serbia has also undertaken to reinvigorate the momentum of reforms in the key areas of the rule of law, particularly judicial reform and anti-corruption policy, independence of key institutions, media freedom, anti-discrimination policy, protection of minorities and business environment. The Serbian authorities have given renewed attention to all these areas for which they have started developing a comprehensive and long term vision. Reforms in these areas are in the making, focusing notably on the preparation of strategies, related action plans and draft legislation. Progress in these areas will have to be sustained over time. This is particularly the case in the judiciary which represents a formidable challenge.

The Serbian government has demonstrated in recent months its commitment to a positive contribution to regional cooperation, which was underpinned by a number of high-level contacts with neighbouring countries.

Recalling its findings and conclusions set out in its Opinion on Serbia's membership application of October 2011, in the Strategy paper of October 2012 and in the 2012 Progress report on Serbia, the Commission concludes that:

Serbia now sufficiently fulfils the political criteria and the conditions of the Stabilisation and Association Process.

The Commission also maintains its assessment regarding the economic criteria, obligations under the Stabilisation and Association Agreement and the Interim Agreement and Serbia's preparedness to take on obligations of membership.

The Commission therefore recommends that negotiations for accession to the European Union should be opened with Serbia.

The Commission will continue to monitor Serbia's progress in complying with the membership criteria and the conditions of the Stabilisation and Association Process. The Commission recalls its recommendation of October 2012 that the steps leading to the normalisation of relations between Belgrade and Pristina should also be addressed in the context of the framework for the conduct of future accession negotiations with Serbia. The Commission will continue during the accession negotiations to closely monitor reforms and

their implementation in the area of rule of law and fundamental rights, especially the judicial reform, the fight against corruption and anti-discrimination policy. It will make full use of the tools available at all stages of the accession process, in particular the new approach endorsed by the December 2011 European Council as regards the chapters on judiciary and fundamental rights and justice, freedom and security.