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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA: IMPLEMENTATION
OF REFORMS WITHIN THE FRAMEWORK OF THE HIGH LEVEL ACCESSION
DIALOGUE AND PROMOTION OF GOOD NEIGHBOURLY RELATIONS**

1. INTRODUCTION

Since 2009, the Commission has recommended, in its annual Enlargement Strategy Papers, based on the analysis in the accompanying Progress Reports, that accession negotiations be opened with the former Yugoslav Republic of Macedonia. The present Report is a response to the Council Conclusions of 11 December 2012 which stated:

"With a view to a possible decision of the European Council to open accession negotiations with the former Yugoslav Republic of Macedonia, the Council will examine, on the basis of a report to be presented by the Commission in Spring 2013, implementation of reforms in the context of the HLAD, as well as steps taken to promote good neighbourly relations and to reach a negotiated and mutually accepted solution to the name issue under the auspices of the UN."

This Report, covering the six months since the most recent Progress Report, is divided into two sections. The first part assesses the implementation of reforms in the context of the High Level Accession Dialogue (HLAD) which the Commission had established in March 2012, assessing additional progress under the headings of the HLAD agenda.

The second part of this Report assesses steps taken to promote good neighbourly relations with all neighbouring countries, with a particular emphasis on relations with neighbouring EU Member States.

The Report is based on information gathered and analysed by the Commission, including input provided by the country and neighbouring EU Member States.

During the reporting period a political crisis arose out of events which took place in the Parliament on 24 December 2012 following the adoption of the 2013 annual Budget under controversial circumstances. The forcible removal of opposition MPs and journalists from the Parliament chamber by security personnel resulted in the largest opposition party boycotting Parliament and threatening the resignation of their MPs as well as a boycott of the local elections. The two-month political stalemate which followed affected the functioning of Parliament, which continued to operate without opposition presence, and the organisation of local elections. The parties overcame the deadlock through an agreement on 1 March which enabled a return to normal functioning of parliament and the holding of local elections, as well as commitments to key strategic priorities and reforms. The 1 March agreement requires, moreover, a Memorandum of Understanding affirming the cross-party consensus on, and commitment to, the country's strategic objective of EU and Atlantic integration and the establishment of a Committee of Inquiry.

This Report covers the effect of the political stalemate and the content of the 1 March agreement, to the extent that this has had an impact on the implementation of HLAD-related reforms or on progress in good neighbourly relations. The October 2013 Progress Report will, in its usual assessment of the functioning of institutions, assess the overall

implementation of the commitments in the 1 March agreement and the work of the Committee of Inquiry into the events of 24 December 2012 and, where appropriate, indicate necessary follow-up.

2. IMPLEMENTATION OF REFORMS IN THE CONTEXT OF THE HIGH LEVEL ACCESSION DIALOGUE

Four high-level meetings have been held so far in the framework of the HLAD: in March, May and September 2012 and in April 2013. Numerous technical meetings have also taken place between the government and the European Commission in support of HLAD activities. The process has provided a renewed focus and impetus to the country's reform agenda and its relations with the EU.

As several key HLAD-related laws, strategies and action plans were adopted in late 2012 strong emphasis is being placed on implementation in 2013. Reforms continued to be carried out during the reporting period, despite the political crisis affecting the work of parliament. A government reshuffle included the European integration portfolio, due to the resignation of the previous holder to run in local elections.

Over the past year, action has been taken by the country in relation to almost all of the targets set in the framework of the dialogue. In some areas targets have been completed, for instance on the decriminalisation of defamation, the introduction of systematic verification of statements of interest, and improved legislation on the interception of communications. The focus in 2013 is on implementation of the remaining targets.

The assessment is structured according to the headings set by the HLAD agenda and covers progress on specific targets which were established at the outset of the HLAD.

Freedom of expression and the media

In November 2012, amendments to the Criminal Code were adopted, decriminalising defamation and insult. A new Law on Civil Liability for Insult and Defamation was also adopted, among other things setting out maximum levels of damages which could be awarded by civil courts in defamation cases. The legislative reforms were in line with European standards. They were facilitated by discussions between the government and the Association of Journalists, in the framework of the Media Round Table and related Working Group set up in 2011, and also took into account consultations with a Council of Europe expert. By the end of 2012, over 200 judges, lawyers, journalists and other practitioners had participated in training on freedom of expression and in 2013 a specific training programme, covering all judges dealing with defamation cases and focusing on Article 10 of the European Convention

on Human Rights (ECHR), is being rolled out. So far, 45 judges and 7 court associates have participated. By the end of 2012, over 70 key judgments of the European Court of Human Rights relating to Article 10 had been translated and made available on the websites of the Ministry of Justice and the Academy for Judges and Prosecutors, to act as a training tool for practitioners. Significant efforts will need to be made to ensure that courts implement the new legislation in line with the requirements of the ECHR.

The work of the Media Round Table was interrupted by the events of 24 December, which led to a breach in relations between the government and the Association of Journalists (AJM). The AJM has lodged a Constitutional complaint in relation to the removal of the press from the Parliamentary chamber on that day and has made resumption of the dialogue with government conditional on the findings of the Committee of Inquiry. The commitment in the 1 March agreement that the government will resume dialogue with journalists, has not yet been met. Trust needs to be rebuilt in order that remaining areas under the Media Working Group's work programme (including strengthening of the public service broadcaster, improved professional standards and ethics of journalists and development of a system of self-regulation) can be addressed.

The Broadcasting Council improved its enforcement record as regards illegal concentration of ownership and conflicts of interest. It also adopted new guidelines on the promotion of pluralism and competition in the media market and on the non-selective imposition of sanctions, as well as a new Broadcasting Strategy 2012-17. Work is on-going to align national legislation with the Audio-visual Media Services Directive. It is essential that the process of adoption of any legislation related to media and freedom of expression is inclusive and involves all stake-holders. No progress has been made as regards increasing the transparency of government advertising, which was also part of the work programme of the Media Working Group.

There are continued concerns about self-censorship, poor labour rights of journalists and the public's access to objective reporting. Moreover, during the local elections in March, observers noted a lack of balance in coverage by the public broadcaster and private stations (*see also below on electoral reform*). .

Rule of law and fundamental rights

As regards the efficiency of the justice system, courts at all levels maintained a positive clearance rate in 2012, meaning that the majority were able to process as many cases as they received, or more. In December, a further 6 judicial vacancies were filled in the Supreme Court and the Administrative Court, improving the ability to handle their caseloads. A longer-term strategy to ensure the correct distribution of human resources within the justice system is however still outstanding. The capacity to generate reliable data on the overall length of court proceedings, including the enforcement of judgments, and in particular the number of old cases, needs to be developed. To this end, new software for judicial statistics, which will

complement the already existing automated case management system, is being tested and expected to be operational in June 2013. As this will not include the work of enforcement agents (bailiffs), a supplementary monitoring system will need to be established. A further 6 bailiffs were appointed at the end of 2012, bringing the total to 97. The capacity of the Basic Public Prosecutor's Office for Organised Crime and Corruption was strengthened by the recruitment of three prosecutors, thereby filling all 13 posts. Budgetary provision has been secured for the appointment of a further 7 public prosecutors and 16 associates, to take into account responsibilities under the new Law on Criminal Procedure. However, the prosecution service as a whole has not yet been equipped with adequate IT hardware and server connectivity.

Regarding the quality and independence of justice, as of January 2013 all newly appointed first instance judges must be graduates of the Academy for Judges and Prosecutors, following entry into force of amendments to the Law on Courts, reinforcing the principle of professionalism and merit-based recruitment. Up to now, 61 of the 80 candidates who have graduated from the Academy since January 2009 have been recruited as judges and prosecutors, while 19 remain to be appointed to their first posts. The planned intake of 29 new students to the Academy, covering both the academic years 2011/12 and 2012/13, will be delayed by almost a year until September 2013 due to the low number of applicants. Steps have been taken to attract candidates, including repeated calls for applications, awareness-raising measures, media campaigns, organisation of preparatory classes, as well as legislative changes to increase candidates' monthly stipend. The current legislation governing the disciplining and dismissal of judges still needs to be made more precise and predictable, and the proportionality of its application by the Judicial Council needs to be ensured.

As regards the prevention of corruption, following the amendment of the legislative framework in 2012 to provide for systematic verification of statements of interest by the State Commission for the Prevention of Corruption (SCPC), 483 statements submitted by MPs, Ministers, Deputy Ministers and officials elected or appointed by Parliament were verified. Several conflicts of interest were identified and the conflict addressed. During the verification exercise, 123 officials were found not to have submitted statements and in 26 cases misdemeanour proceedings were initiated in early 2013. Amendments to the Law on Financing of Political Parties were adopted in November 2012 to strengthen the system of supervision, but practical results in terms of improved implementation remain to be seen. A full overview of all investigations, indictments, convictions and sentences, including for high-level corruption cases, is currently being compiled, together with data on all misdemeanour penalties, tax penalties and disciplinary sanctions imposed in recent years. The exercise brings together multiple bodies, including the police, financial police, Customs Administration, Public Revenue Office, public prosecution and courts, as well as the SCPC. Steps should continue to be taken to strengthen inter-agency cooperation and information flow in order to identify and address any weaknesses in the fight against corruption.

Inter-community dialogue

Under the coalition government, dialogue continued at all levels, and was unaffected by the political crisis which was without ethnic elements.

There were some inter-ethnic incidents during the reporting period. There were a number of protests at the appointment, following a pre-electoral government reshuffle, of a former member of the National Liberation Army as Defence Minister. The authorities and community leaders took rapid and effective action to prevent escalation. In the context of the first round of the local elections on 24 March, the OSCE / Office for Democratic Institutions and Human Rights (ODIHR) preliminary findings noted that ethnically divisive rhetoric heightened tensions in some municipalities.

A review of the implementation of the Ohrid Framework Agreement (OFA), the framework for inter-ethnic relations since 2001, was launched by the Secretariat for the implementation of the OFA (SIOFA) and is being conducted over four phases, culminating in policy recommendations. The first phase of the OFA review was published on 11 April and the second phase is ongoing. State funding of EUR 100,000 has been provided. Coordination between the SIOFA and other relevant institutions, such as the Agency for the Protection of Minorities, and grant distribution by SIOFA, needs to be improved.

In December 2012, following a meeting between the leaders of VMRO-DPMNE and DUI, the two parties issued a joint statement emphasising that inter-ethnic challenges would be dealt with in a spirit of mutual respect and tolerance.

During the reporting period, the second in a series of working meetings was held to review the implementation of the government Action Plan, which resulted from the conclusions of the 2011 Roma seminar. So far 11 Roma Information Centres have been opened and provide assistance in accessing social and educational services. Projects for the inclusion of Roma children in preschool and secondary school education, including mentoring and scholarships, continued to be implemented. Recent measures to identify and assist persons without identity documents have showed some results but more systematic measures are still needed. While there has been an increase in the 2013 budget allocated for implementation of the strategy on social inclusion of the Roma, allocations are for capital investment rather than health, culture or social welfare and implementation is slow.

Public administration reform

An updated Strategy on Public Administration Reform was adopted by the Government in October 2012 to take account of the developments in the area since adoption in 2010. Preparatory work continued on advancing the legislative framework for civil and public service and general administrative procedures. Drafting of the respective laws has progressed in consultation with EU experts.

A new legislative approach has been prepared to unify fundamental principles for both the civil service and public employment, such as transparency of recruitment and public employment registers, the principle of merit and targets for equitable representation. A review of the general principles governing public employment in specific areas such as healthcare and education was launched and drafting of sector-specific laws was initiated, including the law on administrative servants. A working group on the latter was established in November 2012 with broad representation of stakeholders. A policy paper was adopted in March outlining the main elements of the new law as regards *i.a.* human resource management, appraisal and dismissal procedures, training, and mobility. A conference on equitable representation was organised by OSCE and OECD/SIGMA at Ohrid in November 2012.

Following a public consultation in December 2012, a policy paper was adopted by the government in January 2013 setting out the main objectives of the new law on general administrative procedure. The government tasked the working group with preparing a draft text of the law by end 2013.

As regards decentralisation and regional policy, following a review, the government adopted a methodology in March 2013 for monitoring implementation of the Decentralisation Programme and Action Plan. Funding of capital investment projects in regions has been maintained. Full implementation of the 2008 law and the Strategy for regional development 2009-2019 remains however a challenge, particularly the requirement to provide adequate resources to regional economic development activities through the regional development bodies. Achieving financial sustainability of municipalities is required to ensure that all the transferred/decentralized competencies can be carried out.

Electoral reform

Amendments to the Electoral Code and the Law on Financing of Political Parties were adopted in November 2012, addressing some of the OSCE/ODIHR, Venice Commission and GRECO recommendations. The amendments covered areas such as the separation between party and state and increased transparency of political party and campaign finances. A number of recommendations, especially regarding the discrepancy on thresholds for private and corporate campaign contributions, deadlines for auditing interim campaign finance reports, allocation of mandates for out-of-country voters, as well as an audit of the voter's list were not addressed. The agreement reached on 1 March contains a commitment to address these issues following the local elections. As part of that agreement, the Electoral Code was also amended in the weeks before elections to allow the late submission of candidate lists by the biggest opposition party which had previously threatened to boycott the elections. In advance of the local elections, the accuracy of the Voters' List was improved mainly by conducting checks of people with and without biometric passports or ID-cards. All major parties supported a change to the legislation that would allow only citizens with a valid biometric document to exercise the right to vote. Public awareness campaigns took place to increase the number of

biometric document-holders and to alert voters to the possibility of inspecting the publicly available Voters' List, an opportunity taken by 42,747 citizens, a number significantly higher than during the previous election in 2011. On election day, the well-publicised new requirement to possess biometric identification to exercise the right to vote nevertheless led to some complaints. The still outstanding audit of the Voter's List, as recommended by the OSCE/ODIHR and which forms part of the 1 March agreement, is to be completed after the local elections.

OSCE/ODIHR's preliminary findings on the recent local elections stated that they were well-administered and in general the election administration on all levels functioned efficiently and all electoral deadlines were met in line with the applicable legal framework. Candidates were able to campaign freely and the campaign was active. Mayoral candidates in most regions signed a Code of Conduct For Free and Fair Elections. Election Day was calm and polling well organised in a majority of the polling stations. Voters were able to freely express their choice in a calm atmosphere. There was a high turn-out.

OSCE/ODIHR reported, however, that allegations of voter intimidation and misuse of state resources persisted throughout the election campaign, and that separation between state and political party was blurred. Media covered the campaign extensively, but several broadcasters, including the public broadcaster, did not provide a balanced coverage of the campaign. While there was enhanced confidence in the accuracy of voter lists, the procedures for compiling and maintaining the lists can be further improved.

Strengthening the market economy

The Organic Budget Law was amended in December 2012 in order to strengthen the strategic planning of the public spending. Further efforts are needed to improve strategic planning and introduce multi-year budgeting. The strategic importance of key reform areas is insufficiently reflected in the annual budget planning, and detailed information on implementation and funding allocations for policy measures is needed.

As of the end of February 2013, the government had cleared outstanding payment obligations (VAT refunds and goods and services payments) of EUR 92 million. In order to improve transparency, budget planning and management, the Government amended the Treasury manual introducing compulsory recording of multi-year payment obligations for budget organisations from 2014 onwards.

In mid-October 2012, the Government adopted an Action Plan for Youth Employment covering the period from 2012 to 2015 that should help to tackle the problem of high level of youth unemployment by promoting more and better jobs for young people. The plan includes both structural and active measures.

Amendments to laws related to the labour market were adopted in December 2012, aimed at improving labour market statistics and better identifying the real number of unemployed. Implementation of the on-going active labour market measures continues but with limited

efficiency. In December 2012 the Government adopted the 2013 Operational Action Plan for Active Programmes and Employment Measures. The financial allocations for active labour market programmes remain low.

In December 2012, the Parliament adopted amendments to the Company law, aimed at improving market exit by facilitating deletion from the Company Register. The deletion of long-term inactive companies from the Company Register has started.

The harmonisation of sectorial legislation with the Law on Concessions and Public-Private Partnerships has advanced. Out of 16 laws needing harmonisation, 12 have been adopted and 4 are being prepared. The smooth implementation of this new set of laws will require strengthening of the administrative capacity of the Ministry of Economy and improved coordination with other responsible authorities.

The 2011 Annual report of the State Audit Office (SAO) was reviewed by the Parliament and the Government. Procedures still need to be put in place to ensure follow-up mechanisms for the Parliament. The newly established practice of regular government follow-up of the handling of SAO recommendations by budget users should be institutionalised, with a particular focus on systemic shortcomings identified in SAO audit reports. The efficiency of the judicial follow up of SAO reports by the Public Prosecutor also needs to be improved.

3. STEPS TAKEN TO PROMOTE GOOD NEIGHBOURLY RELATIONS AND TO REACH A NEGOTIATED AND MUTALLY ACCEPTED SOLUTION TO THE NAME ISSUE UNDER THE AUSPICES OF THE UN

Regional and sectoral cooperation

The former Yugoslav Republic of Macedonia actively participates in regional initiatives and hosts relevant regional meetings. The country also participates in bilateral and regional frameworks in the field of **justice and home affairs** including border management cooperation with Albania, Serbia, Kosovo* and Bulgaria; existing or planned 'common contact centres' for police and customs cooperation; regular 'mixed' border patrols with Albania, Serbia, Kosovo and Bulgaria, and joint border controls with the Serbian authorities, agreements on police cooperation with Croatia, Montenegro, and Serbia, and cooperation with Kosovo, alongside regional commitments. An agreement on mutual travel of citizens entered into force with Montenegro in December 2012 which, as with similar agreements with Albania and Serbia, allows citizens to pass freely into each state with only biometric identification.

* 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

In the field of **defence and security cooperation**, the country participates in bilateral and regional initiatives aimed at building mutual trust and also contributes to the EUFOR Althea mission in Bosnia and Herzegovina.

On average, 20% of the country's **trade** continues to be with CEFTA, with two-thirds of global trade passing through Greece (Thessaloniki). Kosovo represents the country's second largest export partner after Germany but trade declined in the last year due in part to undeveloped infrastructure links. Trade with Albania is also disadvantaged by infrastructure problems, although a November 2012 agreement signed by the two Prime Ministers envisages the opening of a new border crossing. Similarly, while cross-border rail freight traffic in Corridor X has suffered serious decline, a recent meeting with the Prime Minister of Serbia emphasised the deepening of trade relations and economic cooperation, including possible joint infrastructure projects and Corridor X-related activities. In addition to Bilateral Investment Treaties with Albania, Bosnia and Herzegovina, Croatia, Montenegro, Serbia, Turkey and Bulgaria, the country is exploring the possibility of one with Kosovo and has expressed interest in one with Greece.

Bilateral relations

Bulgaria

Following on from the findings of the October 2012 Progress Report, concerns expressed by Bulgaria and the December 2012 Council Conclusions which noted

"... the recent high level contacts between the former Yugoslav Republic of Macedonia and Bulgaria and looks forward to their translation into concrete actions and results"

the countries entered into a dialogue to improve relations. Exchanges at Foreign Minister level led to a proposal from Bulgaria, on 27 November, to incorporate a number of confidence-building measures in the broader framework of an 'Agreement on good neighbourly relations and cooperation', in addition to joint thematic working groups related to key areas of concern and continuous commitment and good will in the implementation of any agreements reached. The elements of this proposal, which build on the 1999 Declaration between Prime Ministers, also featured in the unilateral declaration made by Bulgaria following the December 2012 Council Conclusions.

The joint working group tasked with negotiating the new agreement, and mapping out the way forward in operational terms for bilateral relations more generally, met on 14 December, 14-15 January, 1 February and at the end of March. A draft text of the Agreement was formally presented by Bulgaria in early January. Meetings took place between the two Foreign Ministers *en marge* of an international conference on 1-2 February, as well as a visit by the Prime Minister of Bulgaria to Skopje on 16 February. Both countries report only a few outstanding issues with the text.

For the time being, the other new elements mentioned in the Foreign Minister of Bulgaria's 27 November letter - the creation of a series of joint working groups in key areas and the establishment of a High Level Council and annual government-to-government meetings, or responses to various proposals for concrete actions and results (e.g. high-level official visits, administrative cooperation and exchanges, establishment of expert dialogue on historical issues, increased cooperation on sectoral issues and negotiation of various sectoral cooperation agreements), are on hold pending the signing of the Agreement.

High-profile contacts with Bulgaria intensified during the reporting period. During a visit to Skopje by the Prime Minister of Bulgaria on 16 February², the two Prime Ministers made clear their commitment to strengthening bilateral relations, declared that high-level meetings should be intensified and that sending positive public messages would contribute to reducing stereotypes and strengthening cooperation. President Ivanov undertook a number of initiatives, including visiting the Bulgarian Cultural Club and attending the National Day celebrations. The Deputy FM attended a joint Holocaust memorial day in Bulgaria on 13 March 2013.

During the reporting period and before the negotiation of the Agreement began, consultations between the two Foreign Ministries took place in Sofia on 15 November on EU-related issues, based on the September 2011 "Memorandum for Cooperation in the field of European and Euro-Atlantic integration". Another round, as well as a follow-up to the October 2012 seminar in Skopje on EU accession negotiations, have not yet taken place.

As regards cross-border, sectoral and trade relations, foreign direct investment remains high, with almost 800 companies with Bulgarian capital registered in the country. The annual meeting of the bilateral Chamber of Commerce took place on 27 March. Imports from Bulgaria increased to 6% in 2012, with exports remaining constant, while dropping slightly as a share of total exports, from 9% to 7%. In December 2012, the third call for tenders for IPA-funded cross-border projects covering environment, private sector development and social cohesion was launched. Both Prime Ministers have emphasised the need to improve Corridor VIII road and rail infrastructure links between Sofia and Skopje and to open the Klepalo border crossing. The two countries closely cooperate on security and defence issues, with the two militaries having conducted joint exercises and regularly exchanging personnel for training purposes and the sharing of experience in planning, logistics and intelligence.

Greece

The December 2012 Council Conclusions had stated that :

"... Council will examine, on the basis of a report to be presented by the Commission in Spring 2013 ... steps taken to promote good neighbourly relations and to reach a negotiated and mutually acceptable solution to the name issue under the auspices of the UN."

On 3 October 2012, Foreign Minister Avramopoulos sent a letter proposing the signing of a Memorandum of Understanding, to which Foreign Minister Poposki replied on 5 November.

Formal talks on the name issue, under the auspices of the United Nations, led by the United Nations Secretary General's Personal Envoy Matthew Nimetz, took on new momentum during the reporting period. A visit by Mr Nimetz to both Athens and Skopje in early January, was followed by talks in New York between the negotiators on 29-30 January. The latest talks took place on 8-9 April, at which the UNSG's Personal Envoy presented a new proposal which he hoped could "pave the way for serious discussions and hopefully a solution".

Cooperation in various fields (economy and trade, police and customs cooperation, military cooperation) is good at expert level and has yielded substantive results. There are regular bilateral meetings and contacts at all levels, on a wide range of issues. There has been good cooperation also on EU issues, including a meeting between senior Foreign Ministry officials in Athens in June 2012 as well as a CSDP seminar in Athens at the end of December 2012. A further meeting of Foreign Ministry officials took place in Skopje on 5 April 2013 and discussed strengthening bilateral sectoral cooperation, sharing EU expertise through twinning or TAIEX, and seminars e.g. on environment.

As regards cross-border, sectoral and trade relations, economic cooperation includes contacts between the two Chambers of Commerce with a view to a possible Business Forum in Athens. A joint meeting co-organised by the Greek Liaison Office and the Skopje Chamber of Commerce in December 2012 addressed various trade and customs issues. There is close cooperation in the area of transport, including on Corridor X. There are a number of proposals to construct additional border crossing points which would require further feasibility assessment. Tourism and other people to people contacts remain high. Regarding trade between the countries, imports from Greece significantly increased during 2012 making it the second largest trade partner and fourth largest source of investment (10% of total inward investment). Implementation of the IPA-funded cross-border programme is proceeding smoothly. Close cooperation also takes place on police and military issues.

Western Balkans

The country has maintained constructive bilateral relations with other enlargement countries. There are no open border demarcation issues. During the reporting period, the President visited Sarajevo in early October and signature of an agreement on a 'Euro-Atlantic Partnership' with Croatia is planned. Good relations and the shared intention to intensify economic cooperation were underlined during the 14 February visit by the Montenegrin Deputy Prime Minister. Bilateral relations with Albania included both Prime Ministers reaffirming, during a visit to Tirana on 23 November, their countries' friendship and shared commitment to EU integration, a message reiterated by both Presidents on 5 December 2012.

The 100th anniversary of Albania's independence, hosted in Skopje, was attended by both the Albanian and Kosovan Prime Ministers and in November an agreement was signed with Albania envisaging the opening of a new border crossing. Relations with Serbia were further upgraded through a series of high-level visits that will culminate in a joint government session to be held in May 2013. In Skopje in January 2013, both Prime Ministers signalled that differences of opinion relating to the status of Kosovo and the Orthodox Church should not be obstacles to the further deepening of cooperation. On 18 February, the Foreign Ministers signed an agreement on cooperation in the context of the EU accession process, similar to an agreement that the country has signed with Albania. With Kosovo, the wide-ranging contractual framework for their bilateral relations and commitment to deepening cooperation includes ongoing work on the voluntary return of Kosovan refugees remaining in the country.

4. Conclusion

Progress has been made in the areas which this Report covers, despite the political crisis which followed the events of 24 December 2012. It is important that the political agreement of 1 March 2013, which has helped to overcome the political crisis, is implemented without delay, particularly those provisions relating to the establishment of the Committee of Inquiry. Implementation of EU-related HLAD reforms has also continued. Relations with neighbours remained good and steps have been taken in relation to bilateral relations with Bulgaria and Greece. Formal talks on the 'name issue' took on new momentum during the reporting period.