THE STATE OF AFFAIRS IN THE BALKANS

HEARING

BEFORE THE

SUBCOMMITTEE ON EUROPE AND EURASIA

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

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THE STATE OF AFFAIRS IN THE BALKANS

TUESDAY, NOVEMBER 15, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EUROPE AND EURASIA,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 11:06 a.m., in room 2200, Rayburn House Office Building, Hon. Dan Burton (chairman of the subcommittee) presiding.

Mr. BURTON. Good morning. The Subcommittee on Europe and Eurasia will come to order. Our topic today is the State of Affairs in the Balkans. And it is extremely timely, given the recent events in the region.

Last week, along with Congressman Poe and Congressman Rohrabacher, I visited Croatia, Serbia, Kosovo, and Bosnia-Herzegovina. On this visit, we were able to see and hear many of the recent successes and ongoing issues in the region firsthand. While we were, unfortunately, unable to visit Montenegro last month, I had the privilege of meeting with the country's Prime Minister Igor Luksic on the day that the European Council announced its recommendation that Montenegro begin its secession talks. I would like to congratulate Montenegro on this achievement. I would also like to congratulate Croatia on completing its own EU secession talks earlier this year. It now looks more likely that Croatia will join the EU probably within the next 2 years.

Serbia, too, deserves recognition for the progress that it has made over the last decade. Let us be clear, the Serbia of Milosevic is dead. Modern Serbia is a democratic country firmly on the path to European integration, and is an important U.S. partner in the Balkans. The Government of Serbia is committed to joining the EU and the larger transatlantic community. This commitment is visible in the Serbian Armed Forces, which has fully adopted NATO protocols and compatibility, an amazing achievement for a country that felt the full brunt of NATO airpower just over a decade ago.

However, despite these achievements, the relationship between Serbia and Kosovo remains dangerously unresolved, while Bosnia has been unable to form a government over a year after its elections. The United States and her European allies must continue to work with all parties involved to solve these and other ongoing issues in the region. However, such engagement, whether it comes bilaterally or through our Embassies, or multilaterally through institutions such as KFOR and NATO or the other organizations over there, OHR, or the Office of High Representative in Bosnia, can only play a supporting role. A lasting peace in the Balkans cannot

be imposed by the international community. It must come from within. And that is one of the reasons why initially I was very concerned, among some of my other colleagues, that we were recognizing Kosovo before talks were completed between Serbia and Kosovo. It bothered me, since I have been on Foreign Affairs for some time, that we have not been able to solve the problems between Israel and the Palestinians and we have been trying to get them together for a long, long time, and yet we unilaterally made the decision to recognize Kosovo. And I think that kind of exacerbated some of the problems that they have over there right now. And I know the administration has a different position, but that is just my view.

Serbs and Kosovars from Belgrade, Pristina, and Mitrovica must sit down as equals, as must Serbs, Croatians, and Bosniaks in Bosnia. During our recent visit, the leaders in Belgrade, Pristina, and Sarajevo spoke clearly and in agreement. When the international community appears to support one community over another, that community loses all incentive to compromise, believing falsely that it can dig in and wait for support from above.

The similarity between the international community's decision to recognize Kosovo over Serbian opposition and Palestinian efforts to gain U.N. Recognition outside of a dialogue with Israel cannot be denied. The international community must mediate between Israel and Palestine, as well as between Serbia and Kosovo, while recognizing that in either case it cannot impose a solution. In both cases, we must work to support dialogue that leads to a common understanding.

In addition, the EU cannot allow the status of Kosovo to dominate the discussion regarding Serbia's accession, to overshadow Serbia's strengths or shortcomings regarding economic and political development. The Kosovo issue should be solved as a part of the accession process and not as a prerequisite for that process to begin.

The role of the international community should also include working with local leaders to stamp out corruption and to hold those responsible for atrocities accountable. I am very troubled by the findings—and we read this report last week—I am very troubled by the findings of the report authored by the Swiss politician and human rights activist Dick Marty regarding inhumane treatment and harvesting of organs in Kosovo. I urge the international community to work with the current Government of Kosovo to fully investigate these findings. I talked with the Kosovars and their leadership and they firmly denied that this did occur. Nevertheless, I think that an investigation should continue.

This report and a subsequent investigation should not be viewed as an attack on Kosovo, but as an effort to help the government in Pristina to continue to develop. They seem to be sincere that they want to go ahead and work out the problems in the northern part of Kosovo with the Serbs. But these other issues should be looked into and investigated thoroughly.

I look forward to hearing what the administration is doing to support Ambassador Williamson, the former U.S. Ambassador-at-Large for War Crimes Issues, who is currently heading the investigations as an EU Special Prosecutor.

Significant economic concerns lurk behind and contribute to the ongoing political issues in the region. Across the southeastern European area, unemployment is high and taxes are even higher. Despite their progress toward EU membership, unemployment hovers around 15 percent in Croatia and Montenegro and reaches above 20 percent in Serbia. This figure is at least twice as high in Kosovo and Bosnia. In Croatia, we also heard that for all the country's progress, signs of the "Yugoslav hangover" remain present, with a 23 percent value added tax, high corporate taxes and burdensome parafiscal taxes, including historic building fees, forestry fees, and mandatory membership in business associations.

These are difficult problems to solve. We have them here in the United States as well. But we have to continue to work with them to solve these problems and to try to bring them together to solve these problems. If you don't have economic viability and growth, you are going to continue to have problems in these areas.

Continued economic and political development is the only way to ensure that the peace is preserved and strengthened. As the violence in northern Kosovo and the attack on our Embassy in Sarajevo show, a sense of political disenfranchisement, combined with high unemployment, creates fertile ground for nationalist and religious extremism.

My colleague is still not here, but before I recognize him—and I will recognize him when he comes in—I would like to acknowledge that our Embassy staff in Sarajevo, including the local security team and the Marine Guard, I want to thank them for their bravery and the presence of mind that they showed in protecting the Embassy and assisting local police during the recent attack. The people of Sarajevo made it clear during our visit that this was not only an attack on the United States, but an attack on the peace that so many have worked so hard and given so much to create. In the spirit of building on this progress, I look forward to a productive discussion this morning and continuing to support those working to move the region forward. And I want to thank you.

[The prepared statement of Mr. Burton follows:]

Remarks of the Honorable Dan Burton, Chairman
Subcommittee on Europe and Eurasia
Committee on Foreign Affairs
U.S. House of Representatives

Hearing on: "The State of Affairs in the Balkans"

*****As prepared for delivery*****

November 15, 2011

Good morning, our topic today, "The State of Affairs in the Balkans," is extremely timely given recent events in the region. Last week, along with Congressman Poe and Congressman Rohrabacher, I visited Croatia, Serbia, Kosovo, and Bosnia and Herzegovina. On this visit we were able to see and hear many of the recent successes and ongoing issues in the region firsthand.

While we were unfortunately unable to visit Montenegro, last month I had the privilege of meeting the country's Prime Minister, Igor Lukšić, on the day that the European Council announced its recommendation that Montenegro begin accession talks. I would like to congratulate Montenegro on this achievement. I would also like to congratulate Croatia on completing its own EU accession talks earlier this year; it now looks more than likely that Croatia will join the EU within the next two years.

Serbia too deserves recognition for the progress that it has made over the past decade. Let us be clear: The Serbia of Milošević is dead. Modern Serbia is a democratic country firmly on the path to European integration and is an important US partner in the Balkans. The Government of Serbia is committed to joining the European Union and the larger transatlantic community. This commitment is visible in the Serbian Armed Forces which has fully adopted NATO protocols and compatibility—an amazing achievement for a country that felt the full brunt of NATO airpower just over a decade ago.

However, despite these achievements, the relationship between Serbia and Kosovo remains dangerously unresolved while Bosnia has been unable to form a government over a year after holding elections.

The United States and her European allies must continue to work with all parties involved to solve these and other ongoing issues in the region. However, such engagement, whether it comes bilaterally through our embassies or multilaterally through institutions such as "KFOR," the NATO-led Kosovo Force, or OHR, the Office of the High Representative in Bosnia, can only play a supporting role. A lasting peace in the Balkans cannot be imposed by the international community, it must come from within. Serbs and Kosovars from Belgrade, Pristina, and Mitrovica must sit-down as equals as must Serbs, Croations, and Bosniaks in Bosnia. During my recent visit, the voices of leaders in Belgrade, Pristina, and Sarajevo spoke clearly and in

agreement, when the international community appears to support one community over another, that community loses all incentive to compromise, believing falsely that it can dig in and wait for support from above.

The similarity between the international community's decision to recognize Kosovo over Serbian opposition and Palestinian efforts to gain UN recognition outside of a dialogue with Israel cannot be denied. The international community must mediate between Israel and Palestine as well as between Serbia and Kosovo while recognizing that in neither case can it impose a solution. In both cases we must work to support dialogue that leads to a common understanding.

In addition, The EU cannot allow the status of Kosovo to dominate the discussion regarding Serbia's accession or to overshadow Serbia's strengths and shortcomings regarding economic and political development. The Kosovo issue should be solved as a part of the accession process and not as a perquisite for that process to begin. We must recognize that emphasizing the negative in regard to any developing democracy opens the door for forces, both foreign and domestic, that are opposed to democratic development. This is particularly true of Serbia.

The proper role of the international community also includes working with local leaders to stamp out corruption and to hold those responsible for atrocities accountable. I am troubled by the findings of the report authored by the Swiss politician and human rights advocate Dick Marty regarding inhuman treatment and harvesting of organs in Kosovo. I urge the international community to work with the current Government of Kosovo to fully investigate these findings. This report and subsequent investigations should not be viewed as an attack on Kosovo but as an effort to help the government in Pristina to continue to develop. I look forward to hearing what the Administration is doing to support Ambassador Williamson, former US Ambassador-at-large for War Crimes Issues, who is currently heading the investigations as an EU Special Prosecutor.

Significant economic concerns lurk behind and contribute to the ongoing political issues in the region. Across Southeastern Europe unemployment is high and taxes are higher. Despite their progress toward EU membership, unemployment hovers around 15% in Croatia and Montenegro and reaches above 20% in Serbia. This figure is at least twice as high in Kosovo and Bosnia. In Croatia, we also heard that for all the country's progress, signs of a "Yugoslav Hangover" remain present with a 23% Value Added Tax (VAT) rate, high corporate taxes and burdensome para-fiscal taxes including historic building fees, forestry fees, and mandatory membership in business associations. Across the region the ratio of pensioners to workers is too high and the public sector is too large. EU membership does not equate automatic economic reform—as the current Eurozone Crisis reminds us all too well. Like political stability, economic reform must come from within. However, economic development also has the potential to foster political stability by allowing members of different ethnic groups and citizens of different countries to form mutually beneficial business relationships that can create necessary for political dialogue.

Continued economic and political development is the only way to ensure that this peace is preserved and strengthened. As the violence in northern Kosovo and the attack on our embassy

in Sarajevo show, a sense of political disenfranchisement combined with high unemployment creates fertile ground for nationalist and religious extremism.

Before I recognize our Ranking Member, Gregory Meeks, I would like to take a moment to acknowledge our Embassy Staff in Sarajevo, including the local security team and Marine Guard, for the bravery and presence of mind that they showed in protecting the embassy and assisting local police during the recent attack. The people of Sarajevo made it clear during my visit that this was not only an attack on the United States but an attack on the peace that so many have worked so hard and given so much to create. In the spirit of building on this progress, I look forward to a productive discussion this morning and to continuing to support those working to move the region forward
Thank you.

Mr. BURTON. Since my colleague is not here, does anybody have an opening statement?

Do you have an opening statement?

Mr. SIRES. Thank you, Mr. Chairman, for holding this hearing today to evaluate the state of affairs in the Balkans. Since the mid-1990s, the region has undergone a great transformation as the wars have ended and political and economic reforms have set in. The region has also progressed toward greater integration with Europeans and the transatlantic institutions.

While great improvements have been made in the Balkans, various challenges still remain, including dealing with the impact of Kosovo's independence and the ongoing fight against organized crime and corruption in the region. As our priorities have shifted over the past decade toward the war on terrorism and the Middle East, it is critical that we continue our commitment to stabilize the Balkans in a way that is self-sustaining and does not require direct intervention by international forces. A secure and prosperous Balkans is in the best interest of the United States and our transatlantic allies.

I look forward to hearing from our esteemed witness today.

Thank you, Mr. Chairman, for holding this hearing.

Mr. BURTON. Thank you very much.

Mrs. Schmidt.

Mrs. SCHMIDT. Thank you, Mr. Chairman. First off, I want to recognize I have had the chance this year to have had two Hope Fellows shadow me for the day, and Mimoza Ahmetaj from Kosovo is here. I just want to welcome her back.

Mr. Chairman, generally speaking, much progress has been made in the Balkans in the last several years. As mentioned, Albania, Croatia, and Slovenia have joined NATO. And Croatia will be soon joining the EU. To a great extent, tragedy and conflict are giving way to political and economic stability, but there are still problems in the region. My concern lies with Serbia and the problems that I believe they are creating for Kosovo. Having declared its independence in February 2008, Kosovo is now recognized by 86 countries, including 24 NATO members and 22 EU members. All of Kosovo's neighbors have recognized its independent status, with the exception of Serbia.

In 2010 the International Court of Justice even released an advisory opinion affirming that Kosovo's declaration of independence did not violate international law. Unfortunately, Serbia and the Serbian community in the northern Kosovo area, refuses to accept the Ahtisaari Settlement and continues to challenge Kosovo's right to govern its sovereign territory, often with tragic consequences. I am sure we are all aware of the Kosovo Serbs' recent illegal actions in which they took control of several custom checkpoints in northern Kosovo, killing a Kosovar police officer in the process. With the help of the KFOR peacekeepers and the EULEX police, order was restored and it appears that an agreement on joint customs management at border crossings in northern Kosovo has been reached.

Still, I think this incident and a series of incidents by Kosovo Serbs is a great illustration as to why we need to keep the KFOR troops, including the contingent of American troops, in Kosovo. Further, we need to stand firm with perhaps our best friends in the

region, the Kosovars, and refuse to give credence to the idea that some are trying to advance—the moving of borders in northern Kosovo. I just don't think that is an option.

Further, given Serbia's refusal to accept Kosovo's right to govern its sovereign territory, along with Serbia's illegal actions, such as the takeover of the customs checkpoint, I do not believe that Serbia should be permitted into the EU at this point. I hope the EU member nations will think long and hard before allowing Serbia to join without a full investigation into their actions.

Kosovo is a free, independent, and democratic state. I want to thank my friend Eliot Engel for providing me the information on Kosovo so many years ago when I first got here. He has been an ardent advocate for Kosovo's right to exist along with the other Balkan nations. I believe that every nation has the right to chart its own destiny, including Kosovo.

I yield back my time.

Mr. BURTON. Mr. Marino.

Mr. MARINO. No opening statement.

Mr. BURTON. Mr. Poe, did you have an opening statement?

Mr. Rohrabacher.

Mr. ROHRABACHER. First of all, I would like to thank the chairman for his leadership on this issue. The fact is, he led a codel, which I was part of, to the Balkans just a few days ago. He demonstrated during that trip leadership and also reaffirmed to the people there on all sides that the United States and the U.S. Congress has not forgotten them but has a keen interest in what happens there. So I would like to thank the chairman for his leadership not only on this hearing but his willingness to go and check it out firsthand.

I have been involved with this area for many, many years, and I really felt the trip was worthwhile because I have come to some new understandings about the various people who are running these countries and the challenges that we face. I would just suggest that we do have a new government in Serbia that realizes that there were problems and crimes that were committed in the past and that they have nothing to do with those crimes. They are trying to leave that past behind. I was very impressed with the sincerity of the Serbian Government to try to find some solutions and to try to calm things down at this point with the Kosovars.

There are, however, some very serious problems that remain that were not taken care of by the fundamental agreement years ago. What we have—and we have seen this happen in other countries as well—for example, India, where the people of Kashmir were never given a right to decide whether they were going to be part of India or going to be part of Pakistan—where there is continuing violence simmering right below the surface. And sometimes in Kashmir and northern Kosovo things come to the surface and the risk of bloodshed and extended conflict remains.

I have presented to both the Kosovars and the Serbian Governments a plan that would be a delineation of the border, a very simple delineation of the border, which would say that in that northern part of Kosovo, where 90 percent of the people, if not more, are Serbian, that they be permitted to become part of Serbia. While there is a valley coming out of Kosovo into Serbia where 90 percent

of them are Kosovars, almost an equal amount of territory and an equal amount of population, just redesignate the border. That, I believe, would calm the situation down dramatically.

Now, I have found—let me put it this way, not an agreement, but a deep interest on the part of some of the government officials in that region to this plan. I would suggest that one of the main problems of taking such an action would be—is the fact that our Government believes—obviously believes—that any change of territory would result in a domino effect that would create havoc throughout the world, not just the Balkans, but the whole world.

I would suggest, Mr. Chairman, that such an action, if we could have an agreement between Kosovo and Serbia on something like that, it would be a dramatic first step and something that would be very symbolic of two sides being able to work together to try to make the situation better. There will be no prosperity in that region and there will be no steps forward for either country until all the issues are settled. And this would be a first big step.

I thank you, Mr. Chairman, for allowing me to make that opening statement and also for allowing me to have the discussion on that issue during the codel with the various top leaders of the various countries that we visited.

Thank you very much.

Mr. BURTON. Thank you, Mr. Rohrabacher.

As you can see, Secretary Gordon, there are divergent views on this whole issue.

Dr. Philip Gordon, our first witness, was nominated as Assistant Secretary on March 6, 2009, and took the oath of office on May 15, 2009. As Assistant Secretary, he is responsible for 50 countries in Europe and Eurasia, as well as NATO, the EU, and the OSCE. Dr. Gordon has previously served as a senior fellow at the Brookings Institute in Washington, DC; director for European Affairs at the National Security Council under President Bill Clinton; and a senior fellow, International Institute for Strategic Studies, in London. He has a Ph.D. and an M.A. from Johns Hopkins University of Advanced International Studies and a B.A. from Ohio University.

Dr. Gordon, we welcome you and appreciate you being here, and we look forward to your testimony.

STATEMENT OF THE HONORABLE PHIL GORDON, ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. GORDON. Mr. Chairman, thank you very much for inviting me and thanks to you and your colleagues for holding this important hearing. With your permission, I would like to submit my written testimony for the record.

Mr. BURTON. Without objection.

Mr. GORDON. Thank you. I will just summarize some critical points here.

While the dramatic events of the Arab Spring may dominate press headlines, the Obama administration remains as committed as ever to helping the Western Balkans on their path to European integration. I was most recently there myself in June, following a number of previous trips.

Then-Under Secretary Burns was in the region in July; Deputy Assistant Secretary Phil Reeker, who is here today, has been in the region on a very regular basis and remains in continuous contact with European partners. We also welcome congressional visits and interests in the region, including the delegation that the chairman recently led.

The Western Balkans is a critical part of Europe—historically, geographically, and culturally. For us, it is impossible to speak about a Europe that is whole, free, democratic, and at peace, without including the Balkans. Our clear policy goal is the integration of all of the countries in this region into Euro-Atlantic institutions. As we have seen in the rest of Europe, this is the best means of ensuring long-term peace, stability, and prosperity. Their success remains vital to U.S. national security interests, as a return to conflict would destabilize the region, hinder economic growth, and distract from the global challenges, such as Afghanistan, that we are addressing together with the European partners, including our friends in the Balkans.

While there are many challenges in the region, it is worth pausing to review the progress made in the last few years with sustained American engagement and assistance. NATO's military presence has decreased significantly as a result of greater regional stability. Meaningful reforms have been made in the rule of law, market economics, and democratic governance. Slovenia joined the EU in 2004. Albania and Croatia joined NATO in 2009. As was pointed out, Croatia was recently invited to join the European Union. The North Atlantic Council said that Macedonia will receive an invitation to join NATO as soon as the name dispute is resolved. Kosovo is nearing the fourth anniversary of its independence and continues to make progress as a multiethnic democracy. Montenegro, only 5 years after it obtained independence, already has EU candidacy status and is a full participant in NATO's Membership Action Plan. Serbia has a stabilization and association agreement with the EU and has taken some notable steps toward achieving candidacy status, including the arrest of Ratko Mladic and Goran Hadzic. In September, a small group of Adriatic-5 country trainers deployed together to Afghanistan, exhibiting a degree of military-to-military cooperation in the region that would have been unimaginable a decade ago. Just last week, the foreign ministers of Bosnia and Herzegovina, Croatia, Montenegro and Serbia signed a joint declaration announcing their countries' commitment to resolving the longstanding issue of refugees and displaced persons in the Balkans.

So while clearly there are challenges, I do think it is important to note the continued progress of a number of these countries. Obviously, all of these countries have further work to do. My written statement discusses each in turn. So if I might, I would like to just focus some remarks here on Serbia, Kosovo, and Bosnia-Herzogovina.

In Serbia, the United States has welcomed the progress that Serbia has made this year on internal reforms needed for EU accession, especially its effort to reform the judiciary. With the extradition of Ratko Mladic and Goran Hadzic to The Hague, Serbia has demonstrated its commitment to justice and met its key obligations

to the International Criminal Tribunal for former Yugoslavia. In recognition of these measures, the European Commission made a conditional recommendation that Serbia be granted EU candidate status. The progress report, however, that was issued last month also made the recommendation "on the understanding that Serbia re-engages in the dialogue with Kosovo and is moving swiftly to the implementation in good faith of agreements reached to date." The United States welcomes the Commission's recommendation because we strongly support Serbia's EU aspirations. However, we also agree with our European partners that Serbia must come to terms with the reality of an independent multiethnic Kosovo within its current borders.

In March of this year, Serbia and Kosovo began an EU-facilitated dialogue process. These talks are explicitly not about reopening the issue of Kosovo's status, which we believe is entirely resolved; rather, both sides indicated their willingness to discuss practical solutions that could improve the lives of people in both Serbia and Kosovo.

The United States has backed the efforts of Robert Cooper, High Representative Ashton's appointed mediator, and has participated as an observer in every session of the dialogue. While the dialogue has resulted in improved technical cooperation, significant issues remain unresolved and Serbia's implementation has been lagging.

The United States remains concerned about the tense situation in northern Kosovo, particularly the roadblocks that were erected this summer by local Serbs in an attempt to prevent freedom of movement. We have been clear that there must be a safe and secure environment and unconditional freedom of movement throughout Kosovo. We look to the Serbian Government to cooperate fully with KFOR and EULEX in both the immediate removal of the roadblocks and ensuring proper controls at the border.

Let me be clear on a final point. There is no way for borders in this region to be redrawn along ethnically clean lines. Partition and land swaps are unacceptable solutions. If any such process is set in motion, there is no way that it can be confined to a single boundary line or that it can end peacefully. Any rhetoric calling for the partition of Kosovo and questioning the ability of people of different ethnicities to live together is harmful to regional reconciliation and contrary to the international community's decade-long effort to move the region beyond the brutal ethnic conflicts of the 1990s.

Turning to Kosovo. This country has made remarkable progress in the last 3 years by strengthening its political institutions and fulfilling most of the obligations under the Comprehensive Status Proposal. Kosovo needs to continue the hard work of building a cohesive state and strengthening its multiethnic, democratic institutions. The United States has been clear that a vital part of this process includes ensuring respect for the rights of all of Kosovo communities, including Kosovo Serbs, and the preservation of their cultural and religious heritage. As EU Representative Ashton has said, "The future of Kosovo lies in the European Union." The United States strongly agrees. Like other countries that have been motivated by the prospect of the EU integration, we believe Kosovo needs to see concrete steps toward its European perspective. We welcomed the EU's announcement that it will open a dialogue with

Kosovo this year. We hope Kosovo soon receives European Council backing for concluding contractual relations in the form of a trade agreement or even a Stabilization and Association Agreement.

The United States supports Kosovo's efforts to take its place in regional and global institutions. There are currently 84 countries that have recognized Kosovo, including NATO and the European Union. We believe that even more countries will recognize Kosovo and back Pristina's efforts to secure wider recognition.

Finally, let me say a word about Bosnia and Herzegovina. This country has made significant progress since the horrors of the 1990s, which is apparent when looking at its constructive contributions toward international peace and stability. Bosnia and Herzegovina is nearing the end of its 2-year rotation on the U.N. Security Council, where it has provided consistent support for U.S. priorities and its mission in Afghanistan.

Bosnia and Herzegovina has been a steadfast partner against international terrorism. We saw this firsthand on October 28, when the U.S. Embassy in Sarajevo was attacked by a gunman on the Embassy compound. We appreciate the excellent cooperation from Bosnian authorities in response to this attack, as well as counterterrorism issues more generally. In recent years, Bosnia and Herzegovina has investigated and closed down numerous terrorism-financing NGOs and deported extremists who illegally entered the country. Given the need for constant vigilance, we are continuing to work closely with Bosnian authorities to strengthen their law enforcement and counterterrorism capabilities.

Notwithstanding these successes, the country has not moved in the right direction over the past 5 years. We have witnessed a dangerous rise in nationalist rhetoric as well as brazen challenges to state institutions and the Dayton settlement. In addition, the reform process needed for NATO and EU accession has stalled. Bosnia's political leaders have been too willing to stoke ethnic fears and to place their personal political interests over the needs of the people they are supposed to represent. In order for Bosnia and Herzegovina to keep pace with progress elsewhere in the region, it must be able to function as a state that can deliver results for all of its citizens, regardless of their ethnicity.

We have been urging—and I urged this on my last visit to Sarajevo, both publicly and privately—urging progress in three critical areas: Creating functioning political institutions, demonstrating commitment to the Dayton framework, and introducing governmental reforms necessary for Euro-Atlantic integration.

The United States is working in very close coordination with the European Union on these priorities, and we continue to urge Bosnia's leaders to form a new government and address these issues in parallel. We welcomed the arrival in September of new Special Representative Peter Sorsenson, whom we strongly support to lead an enhanced EU presence dedicated to guiding Bosnia and and Herzegovina toward its European future.

Finally, if I might, let me say a word about U.S. assistance to the region, which I know is of great interest to this committee. Since the breakup of Yugoslavia, the United States has remained deeply committed to helping integrate the Western Balkans into the Euro-Atlantic community. In the current climate of budget con-

straints and competing priorities, we recognize that our resources are finite and cannot cover all of the region's needs. Our foreign assistance is focused on the core remaining challenges in Albania, Macedonia, Serbia, Montenegro, while addressing more fundamental issues of democratic reform and economic modernization in Kosovo and Bosnia.

With an eye to resource scarcity, we have begun to leverage our assistance to attract funding from Central and East European governments as well as the European Union. Our long-term goal is to find ways to share assistance efforts with our new allies in the region.

While the United States and European Union have important roles in completing unfinished business in the Western Balkans, the main responsibility falls on the citizens and leaders of the regions. Local political leaders must be willing to move past divisions and personal interests to focus on delivering genuine reforms and making necessary compromises as demanded by their citizens. We need partners who share this vision, who are prepared to put the interests of the people ahead of their own pride, who are willing to compromise for the greater good. The international community cannot want progress and reform more than local leaders do.

Thank you very much for your attention. I look forward to your comments and questions.

Mr. BURTON. Thank you, Mr. Ambassador.

[The prepared statement of Mr. Gordon follows:]

"The State of Affairs in the Balkans"
House Foreign Affairs Subcommittee on Europe and Eurasia
Testimony by Assistant Secretary Phil Gordon
November 15, 2011

Chairman Burton, Ranking Member Meeks, Members of the Committee:

Thank you for inviting me here today to discuss the state of affairs in the western Balkans.

SUSTAINED US ENGAGEMENT

While the dramatic events of the Arab Spring may dominate press headlines, the Obama Administration remains as committed as ever to helping the western Balkans on their path to Euro-Atlantic integration. I was last there in June, and then-Under Secretary Burns visited in July. Deputy Assistant Secretary Reeker, who took over the portfolio in August after serving for three years as U.S. Ambassador in Macedonia, is in the region on a regular basis and in continuous contact with our European partners. We welcome congressional visits to the region, including most recently by Chairman Burton and his colleagues who visited Croatia, Serbia, Kosovo, and Bosnia and Herzegovina last week.

The western Balkans is a critical part of Europe—historically, geographically and culturally. It is impossible to speak of a Europe that is whole, free, democratic, and at peace without having resolved unfinished business in this region. Our clear policy goal is the integration of these countries into Euro-Atlantic institutions. As we have seen in the rest of Europe, this is the best means of ensuring long-term peace, stability and prosperity.

Many officials in this Administration have a deep connection with the Balkans, as our understanding of international diplomacy was shaped by the tragic conflicts of the 1990s. It is no accident that Vice-President Biden visited the western Balkans just four months into the job, while Secretary of State Clinton travelled there in October of last year. Indeed, the Administration's rapid response in Libya to prevent civilian massacre was driven in part by individuals who were determined to ensure timely international intervention to prevent violence against innocent civilians. While NATO took three years to agree on intervention in Bosnia and Herzegovina and one year to act in Kosovo, the Alliance took only ten days to get involved in Libya following adoption of the UN Security Council mandate. Although our success in Libya clearly cannot erase scars in the Balkans, it demonstrates that lessons learned from past tragedies are helping to shape more effective policies in the present. As President Obama said in London this past May, "We have always believed that the future of our children and grandchildren will be better if other people's children and grandchildren are more prosperous and free – from the beaches of Normandy to the Balkans to Benghazi."

While there are many challenges in the region – which I will come to shortly – it is worth pausing briefly to review the progress made in the last few years with sustained American engagement and assistance. NATO's military presence has decreased as a result of greater regional stability. Meaningful reforms have been made in rule of law, market economics, and democratic governance. Slovenia joined the EU

in 2004; Albania and Croatia joined NATO in 2009; and Croatia was recently invited to join the EU in 2013. The North Atlantic Council has said that Macedonia will receive an invitation to join NATO as soon as its name dispute is resolved. Kosovo is nearing the fourth anniversary of its independence and continues to progress as a multi-ethnic democracy. Montenegro, only five years after it obtained independence, already has EU candidacy status and is a full participant in NATO's Membership Action Plan. Serbia has a Stabilization and Association Agreement with the EU and has taken some notable steps towards achieving candidacy status, including the arrests of Ratko Mladic and Goran Hadzic. In September, a small group of Adriatic-5 country trainers deployed to Afghanistan – exhibiting a degree of military-to-military cooperation that would have been unimaginable a decade ago. And just last week, the foreign ministers of Bosnia and Herzegovina, Croatia, Montenegro, and Serbia signed a joint declaration announcing their countries' commitment to resolving the long-standing issue of refugees and displaced persons in the Balkans.

COUNTRY OVERVIEWS

To be clear, all of these countries still have work to do. Let me say a few words about each in turn.

Croatia

Croatia continues to set a positive example in Southeastern Europe, as its rapid political and economic reform process has led to early membership in trans-Atlantic institutions. Last month, the European Commission recommended that Croatia be granted full membership in the European Union following the successful completion in June of six years of accession negotiations. In 2013, Croatia is expected to become the European Union's 28th member – and, notably, the second former Yugoslav republic to join the union.

Since its accession to NATO in 2009, Croatia has contributed to KFOR and peacekeeping in the Golan Heights as well as played an active role in the ISAF mission in Afghanistan.

Croatia's success demonstrates the possibility of progress, albeit with hard work and sacrifice, to advance the interests of the region's citizens. As Secretary Clinton said this past June following accession talks, "Croatia has shown by example that European and Euro-Atlantic integration is not only a worthy goal – but is also attainable – for all Western Balkan countries." Notably, this success was reached only after Croatia and Slovenia found a way to address a contentious bilateral issue through negotiation and compromise. The momentum resulting from Croatia's transition should be cultivated as a model throughout the region.

Montenegro

Montenegro has been steadily advancing along the path to Euro-Atlantic integration. Vice President Biden and Secretary Clinton welcomed Prime Minister Luksic to Washington last month, reaffirming strong US backing for his country's reform efforts.

Montenegro continues to make solid progress toward NATO membership and, despite its small size, participates in ISAF. The European Commission's recent progress report recommended opening EU

accession negotiations with Montenegro, lauding the country's progress in judicial and election law reform, media freedom, and strengthened anti-discrimination efforts while calling for further work on rule of law issues. The United States also believes that the fight against corruption and organized crime at all levels of society must continue to be addressed in Podgorica.

Albania

Albania quickly adopted necessary reforms to gain entry to NATO in 2009. It has since been punching above its weight in Afghanistan, contributing more than 300 troops to ISAF.

However, the United States is concerned about the longstanding political stalemate in the parliament, which has been unable to adopt reform laws stipulated by the EU as required to achieve candidate status. We are encouraged that the opposition has ended its boycott of parliament after the drawn-out process for settling the outcome of Tirana's mayoral election. We have urged the Government to enact the EU's and OSCE's recommendations for reform, as well as to make realistic and tangible efforts to engage the opposition and accept compromise as part of the political process. At the same time, we have urged the opposition to be responsible and responsive – which, in a mature democracy, requires full and active participation in parliament. After two years of stasis, it is time for political leaders to move past personal squabbles and make tangible progress on the reform agenda or risk losing further momentum. We are partnering with the European Union, Albanian government and civil society in addressing the 12 priority reforms needed for EU accession.

Macedonia

The name dispute with Greece continues to thwart Macedonia's aspirations for NATO membership and the start of EU accession talks. The United States supports the ongoing UN process on the name issue, and will embrace any mutually acceptable solution that emerges. Active, constructive engagement between Athens and Skopje is vital.

The United States shares the concerns expressed in the European Commission's progress report about recent backsliding on democratic practices. Core rule of law challenges need to be addressed, specifically the lack of independent judicial institutions, selective prosecution and enforcement, and corruption. Although Macedonia has made progress in inter-ethnic relations, the recent suspension of the national census due to a political dispute over how to count citizens of all ethnicities underscores the need for more work. The United States has encouraged the government to make this a priority by continuing to implement both the letter and spirit of the Ohrid Framework Agreement.

Serbia

The United States has welcomed the progress that Serbia has made this year on internal reforms needed for EU accession, especially its efforts to reform the judiciary. The arrests of Ratko Mladic and Goran Hadzic demonstrate a commitment to justice and reconciliation. With the extradition of both men to The Hague, Serbia has met its key obligations to the International Criminal Tribunal for the former Yugoslavia. Furthermore, the country has made commendable efforts to rebuild relations with some of its neighbors.

In recognition of these measures, the European Commission made a conditional recommendation that Serbia be granted EU candidate status. However, the progress report issued last month made this recommendation – and I quote – "on the understanding that Serbia re-engages in the dialogue with Kosovo and is moving swiftly to the implementation in good faith of agreements reached to date." The Commission did not recommend a date for starting accession negotiations, but said they should begin "as soon as it achieves further significant progress" in taking further steps to normalize relations with Kosovo in line with the Stabilization and Association Process. The United States has welcomed the Commission's recommendation, as we strongly support Serbia's EU aspirations. However, we agree with our European partners that Serbia must come to terms with the reality of an independent, multi-ethnic Kosovo with its current borders. It is in our view inconsistent with EU standards for Belgrade to have maintained and financed since 1999 a force of security officials within Kosovo, in disregard of the UN Security Council's resolution 1244. It was also in our view inconsistent with EU standards, and with the Central European Free Trade Agreement signed by Serbia, for Belgrade to have prevented the export of goods from Kosovo to or through Serbia until about a month ago.

In March of this year, Serbia and Kosovo began an EU-facilitated formal dialogue process. These talks are explicitly not about reopening the issue of Kosovo's status, which has already been resolved. Rather, both sides indicated their willingness to discuss practical solutions that could improve the lives of people in both Serbia and Kosovo. The United States has backed the efforts of Robert Cooper, High Representative Ashton's appointed mediator, and has participated as an observer in every session of the Dialogue. While the Dialogue has resulted in improved technical cooperation, significant issues remain unresolved and Serbia's implementation has been lagging. The parties must demonstrate good faith, flexibility and a willingness to compromise in order to make progress that will benefit the people of both countries.

The Dialogue broke down in July after the Serbian Government refused to accept the Kosovo customs stamp, accepted by UNMIK, and to restore two-way trade that had been interrupted since Serbia declared a trade embargo following Kosovo's 2008 declaration of independence. Serbia finally accepted the stamp in September. In the interim, local Serbs erected roadblocks and prevented freedom of movement for legitimate trade between Kosovo and Serbia, Kosovo officials, and key international institutions, particularly KFOR and EULEX, which are vital to maintaining stability. Serbian parallel and criminal structures in northern Kosovo have in recent weeks added additional roadblocks and numerous bypass routes to circumvent KFOR checkpoints and evade customs controls. These roadblocks are preventing KFOR and EULEX from fully exercising their responsibilities throughout Kosovo in accordance with their respective mandates. Resupply of KFOR troops in the north by air will become increasingly difficult as winter approaches. The United States has been clear that there must be a safe and secure environment and unconditional freedom of movement throughout Kosovo. The United States looks to the Serbian Government to cooperate fully with KFOR and EULEX in both the immediate removal of the roadblocks and ensuring proper controls at the border.

Let me be very clear on one final point: there is no way for borders in this region to be re-drawn along ethnically clean lines. As such, partition and land swaps are unacceptable solutions. If any such process is set in motion, there is no way that it can be confined to a single boundary line or that it can end peacefully. Any rhetoric calling for the partition of Kosovo and questioning the ability of people of different ethnicities to live together is harmful to regional reconciliation and contrary to the international community's decade-long effort to move the region beyond the brutal conflicts of the 1990s.

Kosovo

Turning to Kosovo specifically, the country has made remarkable progress in the last three years by strengthening its political institutions and fulfilling most of its obligations under the Comprehensive Status Proposal. Having weathered a series of tests to the stability of its constitutional order, Kosovo needs to continue the hard work of building a cohesive state and strengthening its multi-ethnic, democratic institutions. The United States has been clear that a vital part of this process includes ensuring respect for the rights of all of Kosovo's communities – including Kosovo Serbs – and the preservation of their cultural and religious heritage. Pressing priorities for the government include tackling unemployment, energy sector reform, crime and corruption, barriers to business and investment, and weak public administration and judicial reform. Like other post-socialist societies, Kosovo is struggling to embrace private sector-led growth, decentralize decision-making authority, and wean its people off the patronage of a strong central government.

As EU High Representative Ashton has said, "The future of Kosovo lies in the European Union." The United States encourages ongoing reform efforts that will help the country move toward its rightful future. Like other countries in the region that have been motivated by the prospect of Euro-Atlantic integration, we believe that Kosovo needs to see concrete steps toward its European perspective. In that context, we welcomed the EU's announcement that it will open a visa liberalization dialogue with Kosovo this year. We also hope that Kosovo soon receives European Council backing for concluding contractual relations in the form of a trade agreement, or even a Stabilization and Association Agreement.

The United States supports Kosovo's efforts to take its place in regional and global institutions as a contributing member of the international community. There are currently 84 countries that have recognized Kosovo, including recent decisions by Kuwait, Gabon and Cote d'Ivoire. We believe that ever more countries will recognize Kosovo over time and strongly back Pristina's efforts to secure wider recognition.

Bosnia and Herzegovina

Finally, let me address Bosnia and Herzegovina. The country has made great progress since the horrors of the 1990s, which is apparent when looking at its constructive contributions toward international peace and stability. Bosnia and Herzegovina is nearing the end of its two-year rotation on the UN Security Council, where it has provided consistent support for US priorities – including resolutions on

Libya and Syria. Bosnia and Herzegovina has been a valued contributor to the ISAF mission, including the deployment of a multi-ethnic infantry unit to Helmand province.

The country has also been a steadfast partner in the fight against international terrorism. We saw this first hand on October 28, when the US Embassy in Sarajevo was attacked by a gunman. Local police forces – one of whom was regrettably injured – responded swiftly to stop the attack on the Embassy compound. We appreciate the excellent cooperation from Bosnian authorities in response to this attack, as well as counter terrorism issues more broadly. In recent years, Bosnia and Herzegovina has investigated and shuttered numerous terrorism financing NGOs and deported extremists who illegally entered the country. Given the need for constant vigilance, we are continuing to work closely with Bosnian authorities to strengthen their law enforcement and counter terrorism capabilities.

Notwithstanding these successes and reforms made through 2006, the country has not moved in the right direction over the last five years. We have witnessed a dangerous rise in nationalist rhetoric, as well as brazen challenges to state institutions and the Dayton settlement. In addition, the reform process needed for NATO and EU accession has stalled. Bosnia's political leaders have been too willing to stoke ethnic fears and to place their personal political interests over the needs of the people they are supposed to represent. In order for Bosnia and Herzegovina to keep pace with progress elsewhere in the region, it must be able to function as a state that can deliver results for all its citizens – regardless of their ethnicity. Reforms are needed for their own sake, as well as to meet EU requirements and the country's international obligations. We are urging Bosnia and Herzegovina to make progress urgently in three key areas:

First, Bosnia and Herzegovina needs functioning political institutions. Thirteen months after general elections, the country remains mired in a political stalemate that has heightened ethnic tensions, impeded formation of a new state government, and blocked the country's progress towards Euro-Atlantic integration. The United States has pressed all of the major political party leaders to set aside personal, political, and sectarian interests and show maximum flexibility in the best interests of their citizens.

Second, Bosnia's politicians need to demonstrate their commitment to the Dayton Framework and their willingness to abide by the decisions of state institutions. The United States continues to strongly support this framework: one state, two vibrant entities, three constituent peoples. We remain concerned by continuing challenges to this framework, particularly from individuals in Banja Luka who flout the authorities of the High Representative and seek to roll back the very reforms that have given Bosnia and Herzegovina its European perspective. We support robust entities and the decentralized government structure established in Dayton, under which Republika Srpska is and must remain a constituent part of Bosnia and Herzegovina. This construct has been the cornerstone of peace for over 16 years.

Third, Bosnia and Herzegovina must introduce governmental reforms necessary for Euro-Atlantic integration. The EU has made clear that in order to be considered for candidate status, Bosnia and

Herzegovina must pass laws on a census and state aid as well as begin a serious effort to comply with the European Court of Human Rights ruling in the Sejdic-Finci case to provide equal rights for all citizens, including members of national minorities. In order to participate in NATO's Membership Action Plan, the Alliance requires Bosnia and Herzegovina to address state registration of defense properties. Broader constitutional reform will be required over the longer term to ensure the state has sufficient functionality and decision-making capacity to meet EU and NATO standards. Reform is also imperative in the entities. In the Federation, overlapping bureaucratic structures are fiscally unsustainable while a thicket of often irreconcilable regulations stifles economic development. And in the Republika Srpska, pervasive corruption and massive government spending sabotage any credible attempts to build a sustainable economy there.

The United States is working in very close coordination with the European Union to urge Bosnia's leaders to form a new government and address these issues in parallel. We welcomed the arrival in September of new Special Representative Peter Sorensen, whom we strongly support, to lead an enhanced EU presence dedicated to guiding Bosnia and Herzegovina towards its European future. While the EU plans to further reduce its military presence in Bosnia and Herzegovina due to the stable security situation, we firmly believe it should retain its executive mandate to ensure the international community preserves the ability to respond to any contingency. Special Representative Sorensen is coordinating closely with U.S. Ambassador Patrick Moon, and with High Representative Valentin Inzko and his office. The Office of the High Representative will remain in place alongside the EU presence to continue its role of upholding the Dayton Peace Accords until the conditions established by the Peace Implementation Council for its closure are met. We stand behind the High Representative and his decisions, and we remain prepared to take measures against any individuals and organizations that threaten to undermine the country's stability, sovereignty or territorial integrity.

US ASSISTANCE

Since the break-up of Yugoslavia, the United States has remained deeply committed to helping integrate the western Balkans into the Euro-Atlantic community. We firmly believe that the EU and NATO provide the best framework for peace, prosperity and stability in Europe. As I have outlined today, there has been remarkable progress over the last decade but considerable work still remains to be done. In the current climate of budget constraints and competing priorities, we recognize that our resources are finite and cannot cover all of the region's needs. Our foreign assistance is focusing on the core remaining challenges in Albania, Macedonia, Serbia and Montenegro, while addressing more fundamental issues of democratic reform and economic modernization in Kosovo and Bosnia and Herzegovina. With an eye to resource scarcity, we have begun to leverage our assistance to attract funding from Central and Eastern European governments as well as the European Union. Our long-term goal is to find ways to share assistance efforts with our new allies in the region.

While the United States and European Union have important roles in completing unfinished business in the western Balkans, the main responsibility falls on the citizens and leaders of the region. Local political leaders must be willing to move past ethnic divisions and personal interests to focus on delivering genuine reforms and making necessary compromises, as demanded by their citizens. We need partners

who share this vision, who are prepared to put the interests of the people ahead of their own pride, and who are willing to compromise for the greater good. The international community cannot want progress and reform more than local leaders do.

With that, I look forward to your questions.

Mr. BURTON. I am sure you are already aware of this but both leaders of both Kosovo and Serbia indicated that there would be upcoming talks and they are going to try to continue to work out their differences. I think they were both sincere. I think those of us on the codel were impressed with the leadership of both Serbia and Kosovo, and I think there is a lot of sincerity there in trying to solve these problems.

Let me just ask you a couple of real quick questions. Have you seen this report on the tragedies that took place during and shortly after the war regarding torture, and also the trafficking of human organs?

Mr. GORDON. Yes, sir.

Mr. BURTON. Where are we on investigating that? Is there any investigation going on right now to find out if there is any validity to this report?

Mr. GORDON. Absolutely. Let me first say I agree with your previous comment about the sincerity of the leaders. We have encouraged dialogue between the two sides, and we are encouraged that for the first time in the history of this troubled relationship they have been willing formally to sit down together. We also believe in their sincerity, and that is why we strongly support that process and have participated in it.

On the report that you mentioned from the Council of Europe and Swiss Senator Dick Marty alleging serious war crimes and organ trafficking, those are charges that we take very seriously. We have read the report carefully and we have talked to Senator Marty and his colleagues. Alleged crimes of that nature cannot go uninvestigated, and, if proven, unpunished. So we have acted rigorously and together with our European colleagues to ensure that appropriate investigations take place.

You referred, Mr. Chairman, in your opening remarks, to Clint Williamson, the American prosecutor that we put forward—experienced prosecutor in war crimes, former Ambassador for War Crimes issues for the United States. He seemed to us to be the individual best placed to lead a serious investigation of these allegations. That is why we put his name forward, working closely together with the European Union, and why he will lead this investigation, together with EULEX, the European Rule of Law Commission, which we also find appropriate in that this should be done together between the United States and the European Union. EULEX is the body to investigate the rule of law. They have judges, they have experts. And we are going to work very closely together. We are encouraged that all of the parties have pledged their full cooperation. I believe that is the message you heard in Pristina when you were there. That is what we have heard from Kosovars, from their neighbors.

I think, to conclude, our presentation of the lead prosecutor and the fact that we are doing this together with EULEX is a real manifestation of our commitment to a full investigation and our commitment to working together with the European Union on the rule of law in the region.

Mr. BURTON. Well, there are varying views on the investigation. This yellow house, where a lot of these atrocities allegedly took place, there was a table there. And there was various testimony.

Some people said a child was born on that table. Others said they had the dissection of people and their organs sold. And others said that it was a place where they killed cattle and other farm animals. So I think it really does need to be thoroughly investigated.

Serbia has sent their war criminals to The Hague. They are going to send those who have not yet been prosecuted, who I am sure will be. I think that whoever committed atrocities, on either side, should be prosecuted to the full extent of the law. I hope there is no hesitancy to get to the truth, whatever it takes, because that is a horrible, horrible thing that took place.

Regarding the blockades on the border, we flew over there, Congressman Rohrabacher and I, and the problem with those blockades is the KFOR leaders we talked to said, you remove one, and 24 hours later there is another one someplace else. So as long as the population there is determined to keep setting up these roadblocks, it is virtually impossible to keep them from occurring, because you tear one down, there is another one there 24 hours later. It just goes and on and on.

So can you elaborate just a little bit on who you think is supporting that unrest? Is it criminally or politically supported? Is it possible that the people of northern Kosovo just don't want to be a part of Kosovo? What is your analysis—or the State Department's analysis?

Mr. GORDON. Thank you for flagging that real issue of concern to us. It is clearly a challenge to keep—ensure freedom of movement throughout the region, which is what we would want to see. And what you describe is accurate. When KFOR acts to take down the roadblocks, we see them come back up and appear in a different place. But we cannot accept that individuals, some of which are sponsored by Belgrade, others of which are encouraged by——

Mr. BURTON. How do you know that? How do you know individuals that are sponsored by Belgrade are putting up the roadblocks?

Mr. GORDON. I think we have seen plenty of evidence from Belgrade: Political, rhetorical support; an absence of a willingness to take measures and ask them to stand down. I am not talking anybody behind the scenes, but visibly we have encouraged Belgrade to join us in supporting freedom of movement and opposing roadblocks, and have been disappointed by the absence of such support.

I also think—you asked the question about criminal support—I do think there are those in the region who benefit from preventing open trade and take advantage of the lack of freedom of movement and open trade to corner the market on smuggling. And we have seen their actions in busing people to——

Mr. BURTON. Let me interrupt you, because I have one more question and then I yield to my colleagues. I didn't get the impression that the people in Serbia were instigating the roadblocks. The feeling that I had, I don't know about my colleagues, I will let them speak for themselves, was that there are people there that definitely don't want to be part of Kosovo, and they are the ones that are doing it. So hopefully during the talks that take place, they will be able to come to some kind of resolution that will convince those people to remove the roadblocks. But I don't think that the Serbian leadership is involved, at least not from my perspective.

I have one more question. When we were in Sarajevo we met with the three factions, the leaders. You have got a real Gordian knot there. There was just no movement toward agreement. So if you can give us an update on that real quickly from the State Department's perspective on how you are going to get these three factions together to solve these problems a year after the elections, I would like to hear that.

Mr. GORDON. Sure. One final brief word on roadblocks. I wanted to say the reason we so seriously object to this is that to allow locals, wherever they might be, to interfere with freedom of movement, in part for reasons I say of protecting smuggling routes and criminal enterprises, would be a slippery slope that would be dangerous for the whole region if we just stood passively by and said, It's okay, if you don't want to accept freedom of movement, to close down roads. So that is why we take such a firm line on that issue. Of course, we agree this needs to be talked through with the locals who live there and with the neighbors.

I can't disagree with your assessment that political progress in Sarajevo is a Gordian knot. We have been disappointed. We waited for some time for last October's elections to take place, hoping that those elections would allow the formation of a functioning government which would be in the interest of the people of the country. They had the election but the political leaders have failed to reach an agreement that allows for them to create a government. Secretary Clinton was there just after the election. It has not been a year. And they still have failed——

Mr. BURTON. Let me interrupt because I don't want to monopolize this. All three suggested that there might be the need for a Dayton II Accords. Are you looking into that?

Mr. GORDON. No. We are looking at the implementation of the Dayton Accords that exist. Nobody should think that there is some quick fix; that if only somehow there was a different constitutional arrangement or institutional structure, this would be any easier than it is now.

Mr. BURTON. Mr. Meeks.

Mr. MEEKS. Thank you, Mr. Chairman. I want to submit my opening statement for the record. I apologize for being late.

[The prepared statement of Mr. Meeks follows:]

Ranking Member Gregory W. Meeks
Opening remarks

Subcommittee on Europe and Eurasia hearing
"The State of Affairs in the Balkans"

November 15, 2011

Thank you, Chairman Burton, for scheduling this timely hearing on the current state of affairs in the Balkans.

I know that you just visited the region and this is a welcome opportunity to receive an overview from Assistant Secretary Gordon and our other esteemed panelists.

Pathways to success in the Balkans are not always obvious, but potential consequences of failure are becoming increasingly so.

The situation in northern Kosovo remains volatile, and just last week, an inter-ethnic fist fight escalated into a shooting spree that claimed the life of a Serb Kosovar and left two others wounded in the town of Mitrovica. This tragic incident took place merely two weeks after a gunman opened fire on the US Embassy in Sarajevo.

These two unrelated incidents are reminders that the United States has an interest in ensuring peace, stability and progress in the Balkans. We must not allow any country in the region to fall victim to ethnic hatred, organized crime, or failed institutions.

Against the regrettable backdrop of recent violence, we should acknowledge the many indications of tangible progress:

- One of the most painful and difficult issues for the region – the legacy of unresolved war crimes issues – has seen symbolic closure with the arrest of the remaining fugitives from ICTY indictments this summer. Particularly President Tadic and the Government of Serbia deserve applause and acknowledgement on this issue.

- The Western Balkans have evolved from being "security consumers" to net contributors for peacekeeping and international security operations abroad. Croatia and Albania joined NATO in April 2009, while Macedonia, Bosnia and Montenegro are contributing to the NATO-led ISAF mission in Afghanistan.

- A joint policy objective for the Balkan nations, the United States and the European Union is to integrate the entire region into the EU and NATO. This integration is slowly moving forward, though at an uneven pace: Slovenia joined the EU in 2004; Croatia is expected to

join the European Union in 2013; Montenegro is expected to receive a date for opening of accession talks and Serbia is expected to receive candidate status during an EU Summit in December.

- Ethnic Serb enclaves in southern Kosovo, where NATO forces had to protect civilians with heavily armored troop carriers only a few years ago, are no longer areas of concern or hostility.

- Regional cooperation is quietly developing to fight organized crime, resettle war refugees and restitute their losses, and address the issues of war crimes.

- Anti-corruption measures are starting to expose and hopefully eliminate foul play at the highest levels, including former Croatian Prime Minister, Ivo Sanader, a move that some analysts attribute to the demands of the EU accession process.

The United States has a positive role to play in each of these endeavors. If we disengage, others will fill the void – and not with good intentions. Influencers stand ready in the wings to stimulate organized crime, encourage radicalism, and rekindle violence, while others want to ensure that the region's orientation is not towards Euro-Atlantic integration, but rather towards "spheres of influence" further East.

We undertake this role in close coordination with our European partners, who share our interest in regional integration, stability and prosperity.

I believe that it continues to be in our national interest to engage ambitiously with the Balkan region, and I look forward to our witness testimonies on this topic.

Thank you, I yield back.

Mr. MEEKS. Mr. Engel and I were at a very important meeting regarding New York State redistricting. I want to thank the chairman because this is a timely hearing on the current state of affairs in the Balkans. I know you recently visited there. I wish I was on that trip. You have been focused on traveling and taking Members so that we can see what is happening on the ground ourselves. I just want to say thank you for this hearing. It is very timely.

I continue to want to work with you. You had this time by yourself. Now we are here to sit back and hear what is really going on.

Let me say this. I do believe that the United States has a positive role in which we can play in all these endeavors in the Balkans. If we disengage, I think there are others lurking out there waiting to fill the void. So it is time—and those that want to fill the void don't necessarily have the best of intentions. And so we have got to make sure that those influences who stand ready in the wings to stimulate organized crime, encourage radicalism and rekindle violence, while others want to ensure the region's orientation is not toward Euro-Atlantic integration but, rather, toward fears of influence from the East. So the timeliness and the importance of us engaging now I think is important—and not disengaging.

And I know, Mr. Assistant Secretary and the State Department, I compliment you for what you have been doing. I know the Secretary has visited the region, and is doing it on a very urgent matter in trying to keep us together. So I want to compliment you on that.

That being said, let me ask a couple of quick questions. Europe and the United States seem to overlap greatly when it comes to policy toward the Balkans and the Balkan region. How would you evaluate the EU's ability to affect the region as a result of the new-formed policy formed in Lisbon today?

Mr. GORDON. Thank you very much, Mr. Meeks. Let me just reinforce your first point about disengaging and why that is not in the U.S. interest. It is our view to have a stable, democratic, and prosperous Balkans. Even when resources are required to promote such an outcome in the region, in the long run, just as we have seen in Central and Eastern Europe, if we can help produce stable, democratic, prosperous trading partners that contribute to our global missions in this part of the world, we will be doing ourselves a favor. So I thank you for that comment and welcome it.

On cooperation with the European Union and how that might have changed in the wake of the Lisbon Accords, I would suggest that our cooperation with the EU on the Balkans is closer and more effective than ever. It is no secret that in the past there had been differences in approach between the United States and Europe on the region. And I think we have come to the point where we really are following the same strategy.

I mentioned in my opening statement how closely we engage with the Europeans, Secretary Clinton and I, Representative Ashton. I am in constant touch with my EU counterparts. Deputy Assistant Secretary Reeker is there on a regular basis. And we are pursuing the same strategy. We believe that the most compelling incentives, strategic incentives for the countries of the Balkans, is to join the European Union. For many of them, joining NATO is

also an important goal, and we have tried to make clear that if they do the right things and reform in the right ways, they can join NATO as well. But overwhelmingly, it seems that the incentive of joining the European Union is a powerful democratizing tool for them and we support what Europe is trying to do.

I quoted the European Commission's report on Serbia, which was very clear. The Commission has been clear with all of the countries in the region: Work on rule of law; work on democracy; fight corruption; make peace with your neighbors, and you will move down the path to European Union membership, which will have benefits for everybody.

Mr. MEEKS. Given that, how would you say the European economic crisis is affecting it with the high unemployment now that is going on and the whole crisis disrupted the region's economic growth? How do you see the European economic crisis affecting the situation?

Mr. GORDON. It is obviously a huge challenge on a number of levels and it is a challenge that affects the enlargement process inevitably. We hope that while resources are scarcer everywhere, it won't divert the European Union from the core belief, which as I just said, we share; that keeping its doors open to countries in the region is in their interest. And it is in their economic interest as well. Again, if their choice is to have stable democratic trading partners as opposed to countries that need support from outside and military presence, it seems to us obvious what the choice should be. And I am fully confident that the European Union shares our view on that subject.

Mr. MEEKS. If you allow me one more question and then I will yield back. And maybe if we get a second round, we will. I want to ask a question on Bosnia. If we were to place Bosnia on a sliding scale between progress achieved because or through full implementation of the Dayton Accords and progress achieved from the EU accession, where would you put it on that sliding scale?

Mr. GORDON. You are putting me back in graduate school and draw a diagram of the influence of the two factors. I think they go together. It is really not zero sum between the two, it seems to me. Dayton is necessary. It is not enough. They need to build on it and do more, including have the EU accession process. But it is the absolute minimum. It provides the constitutional structure that can allow that country to be a functioning state and join the European Union. In the absence of full implementation of Dayton, it just won't happen.

So I think the two, rather than alternatives, which one is going to be the powerful factor, they go together—full implementation of Dayton and the incentive of joining the European Union. Ultimately, as I said, we can't do it for them. We can support the EU in making clear what benefits they would get by implementing Dayton and meeting the EU's conditions. But as I also said, the leaders need to ultimately put the interests of the country ahead of their narrow political or personal interests. And they have in recent years failed to do so.

Mr. MEEKS. Thank you, Mr. Secretary. I really appreciate your leadership.

Mr. BURTON. Mrs. Schmidt.

Mrs. SCHMIDT. Thank you. Mr. Secretary, my concern is with the Serbian-Croatia issue. And that is where I would really like to focus a couple of my questions. The first is that—and I know that there are ongoing reports on both sides—but there are reports that Serbia has spent between $5.5 billion and $6 billion on parallel institutions in Kosovo. And my concern is what is the intention of that money. Is it to help the people of Kosovo or to sow division? Is the money going to northern Kosovo undermining a resolution to the problems that are there?

Mr. GORDON. Thank you. First, since you mentioned Croatia, just to mention we underscore its importance to the rest of this process, because as we talk about how our strategy and policy is to encourage all of the countries to move in the direction of the European Union, it is important to note that one of them is doing so as we speak.

I mentioned questioning in Europe, in part due to the financial crisis, about the future of the European Union enlargement. It is worth noting the lesson from Croatia is if you do the right thing and you meet the standards on anticorruption, rule of law, democracy, judiciary, and make peace with your neighbors, you get in. And that is why it was hugely positive to see the European Union offer membership. Once the ratifications are done, it is going to be a great message to the entire region to see that country join the European Union.

That point is related to your question about Serbia and its support for parallel institutions. Our message to Serbia is we are encouraged to see you also making progress on rule of law, democracy, anticorruption, and war criminals. Those are all positive steps toward the European Union. But it is hard to imagine a country joining the European Union which is actively funding separate institutions in a neighboring state and which has unregulated, uncontrolled borders with that state, and unrecognized. And so that is the message that we together with the European Union are trying to convey to Serbia.

There is a final piece that needs to be managed. And it is fully consistent with very significant self-government for the people throughout Kosovo, including the ethnic Serbs who live in the north. It is entirely consistent with protection of their religious and cultural rights, indeed the whole future, the whole notion of the European Union, as borders become less important. Just as between France and Germany where it was once critically important which side of the border you lived on and what your ethnicity was, today in the European Union there is nothing at that border. And that is the future that we would like to see for the Balkans as well.

Mrs. SCHMIDT. Thank you. Just one more question. My concern with Serbia is it seems to be aligning itself with other countries. If Serbia wants to be part—to be aligned with the U.S. and NATO and the European Union, my concern is their ongoing relationship with Russia and China and other countries that have been less helpful in the Balkans. Could you elaborate on that, please?

Mr. GORDON. Sure. Those relationship we watch closely. But I would say that we believe Serbia has made a strategic choice for Europe and that it wants to be a European country, it wants to be a European member. The chairman referred to the Government of

Serbia. They generally have turned the page on the Milosevic era. They have a strong relationship with the United States. And we want to encourage and support that. So, of course, we watch all countries in the region's relationships with others, but we don't have any doubts that Serbia's strategic choice is for Europe. And we have tried to be clear on what they need to do to see the culmination of that positive process.

Mrs. SCHMIDT. Thank you. I yield back my time.

Mr. BURTON. Mr. Engel.

Mr. ENGEL. Thank you very much, Mr. Chairman. Welcome, Mr. Secretary. Thank you for the great work that you do, that you have been doing for many years. We appreciate it.

Mr. Chairman, I was just following you around the Balkans. I just got back from Kosovo yesterday. And as people know, I have been a strong supporter of an independent Kosovo for many, many years. I know that Mr. Rohrabacher and Mr. Poe and you were around the region as well.

Let me talk about certain observations that I made. First of all, I was there in Kosovo to help cut the ribbon on the new road, that Prime Minister Thaci Highway which will link Albania with Kosovo, and hopefully Serbia one day as well. It seems to me at a time when some countries are trying to close borders, Kosovo is trying to open its borders. I think that is a positive thing for Europe.

The Prime Minister of Albania was there, Mr. Sali Berisha was there, Mr. Thaci, also the President of Kosovo. I hope one day there will be a time when we can have a ceremony like that, that the leaders of Serbia will be there as well. I think that their rejectionist attitude toward Kosovo is negative—more so negative for Serbia than anybody else, unfortunately. I think that Kosovo is making great strides. I just wanted to throw that out.

One of the things that some of my colleagues have mentioned, which is very disturbing to me, is the fact of parallel institutions that have been set up in north Mitrovica by Serbia. I think that is a situation that cannot be sustained. So I want to ask you, is there a plan to end the criminality and lawlessness, to restore freedom of movement and establish control over the borders, which is provided by KFOR's mandate? Is EULEX doing enough to bring this about?

What I heard when I was there was there are between 50 and 200 people, mostly criminals and sponsored by Belgrade, who are behind this. It seems to me that the majority of the Serb population there doesn't support it and wouldn't support it. These are criminals going back and forth.

I want to also add, which I think is important to point out, is that most Serbs in Kosovo lie south of the river, which cuts through Metrovica. It is the southern part. Since independence, there are six majority Serbian municipalities that have been established in Kosovo, where the Serbs now run their own affairs, including local government, education, road building, and other matters. Most importantly, I think, they are participating in all levels of the government in the Republic of Kosovo, from Deputy Prime Minister Slobdan Petrovic to local mayors and council members in the municipality.

Can you also describe the progress which has come from the plan for an independent Kosovo devised by the former President of Finland, Martii Ahtisaari?

Mr. GORDON. Thank you, Mr. Engel. First, I appreciate your mentioning the new highway and raising the vision of such highways stretching not just between Albania and Kosovo but ideally between Belgrade and Pristina. Why not think that way and imagine that you would have transportation routes between Serbia and Kosovo; open trade between Serbia and Kosovo; customs being collected not by smugglers or local gangs, but by officials who would then take the customs revenues and distribute them to the people who live there. That is the vision that we have for the region. And it is not an unrealistic one. It requires a modicum of cooperation on both sides. We hope the EU dialogue will bring the parties to talk about these things. If the leaders are really focused on the rights and well-being of the people who live there, that is the vision that we should see them trying to implement.

In the meantime, we are doing all we can through KFOR and EULEX to provide for that opening and to fight against the corruption and the closed borders that we see. That is why we believe we need to continue to support KFOR and EULEX, because, alas, in their absence we would see the closed borders and the corruption under issue. KFOR is a mandate to provide a safe and secure environment and to ensure freedom of movement. That is why we strongly back what KFOR and EULEX are together trying to do.

You are absolutely right to mention the ethnic Serbs who live in Kosovo but not in the north, for a number of reasons. One is that they have shown that it is possible to be an ethnic Serb in Kosovo but also to have a very significant degree of self-government and democracy.

You mentioned the Serb majority municipalities. They have elected their mayors. Their democracy is functioning. I have visited with the Serb mayors. Secretary Clinton visited with them when she was there. It is a model for how you can have this confident degree of self-government while being in the borders of a democratic, multiethnic Kosovo.

These sorts of arrangements were provided for in the Comprehensive Status Plan, which also, by the way, provides for a voice from Belgrade. It is not as if neighbors can have no interests or say in developments in the region. If the concern is that locals have a significant degree of say over their hospitals and their schools and their police, that can be provided for within the context of a democratic, multiethnic Kosovo.

So we hope that is a vision that ethnic Serbs of Kosovo, that the neighbors, Belgrade, come to share, because moving down that path would really be the recipe for the well-being of the people who live there and the success of both countries.

Mr. ENGEL. What about the fact that essentially north Mitrovica has been blocked by the Government of Kosovo from being able to control it? It is part of Kosovo. The Ahtisaari plan clearly said that what is happening now should be allowed to happen. I believe if we keep kicking the can down the road, whether it is KFOR or whomever, it is going to be much worse, much more difficult to resolve as the years go by. We should not allow this lawlessness to

just continue because if we do, we are first of all not really implementing the Ahtisaari, which was adopted. Secondly, it is only going to flare up and be worse down the road. So I would wonder if you could comment on that.

The last thing I want to throw in is that I am for Kosovo and Serbia being part of the European Union. But I don't think Serbia can get in before Kosovo because Serbia would then block Kosovo the way it has blocked Kosovo from getting into the United Nations. So I think it is important. I think it is important that both countries join the EU because I think that the EU borders aren't that important because there is flexibility of travel among all places and borders. But I don't think Serbia should be admitted before Kosovo.

So I wonder if you can mention about the lawlessness in north Metrovica and the fact that we just can't keep kicking the can down the road.

Mr. GORDON. On lawlessness, we remain strongly committed to backing KFOR and EULEX politically and with the resources they need to combat that lawlessness. We will stay engaged as long as we need to until that situation is dealt with. We reinforce it because there is only so much we can do with the presence on the ground, with the strategy of making clear to Serbia that it is path to European Union membership requires dealing in an appropriate way with that situation.

I talked a bit about what that appropriate way might be. We share the view that both countries should enter the European Union. If they did, the borders would be far less significant and both countries would clearly benefit.

Mr. ENGEL. Thank you. Thank you, Mr. Chairman.

Mr. BURTON. Mr. Poe.

Mr. POE. Thank you, Mr. Chairman. Having been to the region, Mr. Secretary, there is no place on Earth like the Balkans. You couldn't write a story and come up with all the different dynamics that are taking place. I have never seen such a thing.

I will correct you on one thing. Kosovo recognizes them as neighbors. But Serbia doesn't recognize Kosovo. So, with that correction.

I have several questions and try to be brief in your answers, if you will. The issue I will call, for lack of better phrase, the Marty report and the Del Ponte memoirs, you have read it, I have read it. We heard accusations—tremendous accusations—while we were there about what took place. But we also met with our Ambassador to Kosovo, Mr. Dell. He basically took the position that it was all a bunch of nonsense. There is no such thing. Couldn't happen. Wouldn't happen. A little disturbing in that he didn't seem to be open-minded to trying to find a conclusion.

I think the allegations of people being killed for their organs anywhere in the world is about as bad as it gets. I would hope we get to the bottom of it and resolve it one way or another. So are we going to do that or are we just going to hope time passes by and we never get a resolution? Because people of all different ethnic groups that we met with really want an answer to that question. So is the U.S. going to push that, Secretary Gordon?

Mr. GORDON. Absolutely. As I said, these are very serious charges. We have looked at them carefully and came to the view

that they deserved, indeed required, serious investigation. To underscore our commitment on this, I think it really—that is why we found and identified and put forward the best possible candidate. That is the opposite of sweeping this under the carpet. There are plenty of ways you can bury a report or have someone else deal with it. And I think we did the opposite of that. We said it needs to be investigated. We weren't convinced that—there aren't a whole lot of experienced war crimes prosecutors out there who are available and ready and prepared to take on this responsibility. And so I want to tip my hat to Ambassador Williamson for being willing to do it. We said it needs to be a serious, credible person. We will put him forward. And I think that is really a sign of the degree to which we agree with you that we need to get to the bottom of this. It is serious.

Mr. POE. The second was about the people who have been murdered on both sides during all this conflict. There would be mass graves—or graves—and people in this grave would be transported to another grave and then be moved to another grave to try to prevent anybody from finding out where they are. You have got mixed remains in three different graves.

Are we proceeding sufficiently enough so people in the entire region are going to get some satisfaction about their family members, wherever they were killed?

Mr. GORDON. It is another hugely important issue. It is part of the dialogue. There has been real progress. There is no doubt a lot of work needs to be done still in terms of refugees and displaced people and missing persons. But we believe that all of the countries of the region are committed to tackling these problems, and even in recent months there has been important progress.

Mr. POE. The KFOR operation, Camp Bondsteel, I was there in 2008. It is winding down. We would fly over the area where the roadblocks—we saw a lot of roadblocks. We saw a lot of Serbian flags; big flags at the roadblocks. You are aware of all of that. How long are we going to be in Kosovo? How long is the United States going to be in Kosovo because of that issue of protecting that border area?

Mr. GORDON. No longer than necessary.

Mr. POE. That may be a long time. The impression I got, it is going to be a long time.

Mr. GORDON. Here is what I would say to put it in context. I have made the case already and really defended, that without us it wouldn't be in our interest to let this go and to let locals put up roadblocks and do nothing about it. I would remind us all that our initial deployment to Kosovo was more than 40,000. And so it has dramatically come down from when we went to Kosovo in the first place, and steadily, to the point I think the American deployment today is around 700 troops, which is a small proportion of the overall NATO commitment there. Germany has twice as many troops—you saw this for yourself—as we do.

So our contribution is important, but it is appropriate and limited and has been steadily coming down. We would like to get to the point where it wasn't necessary at all, but we need to make political progress before it is possible to entirely eliminate the military contribution that we are making.

Mr. POE. I think the presence of the United States has made a difference—will make a difference there, just based on my observation.

The last question. We have heard a lot and we discussed a lot here in this committee on northern Kosovo, the borders being drawn really by Tito years ago. For some odd reason we took Tito's borders and we made it the rule of law. The whole idea of the Serbs in the north of Kosovo—we are a Nation I think that believes in self-determination. But if the Serbs in northern Kosovo—just assume with me in a hypothetical, they want to be part of Serbia, why do we say you can't be part of Serbia, you have got to be part of Kosovo, even though you don't want to be? Assume my hypothetical is correct first, Mr. Secretary.

Mr. GORDON. Going back to your first comment about there is nothing like the Balkans, I assume part of the reason you said that is the complexity of the region. We have the phrase "Balkanization" is a reflection of that complexity. There are so many different ethnic groups throughout that region, which makes it in some ways a wonderful place. It makes it also a complicated place.

The reason we can't simply say if certain people of one ethnic group living in one place want to be part of another country, that they should be allowed to, as that would literally open a Pandora's Box that could never be closed. So if you said that Serbs—if you took your stipulation that Serbs in northern Kosovo should be able to choose to be part of Serbia, well, why not Serbs in Bosnia? So then some Serbs in Bosnia become part of Serbia. What about Albanians in Serbia? Do they then choose a different country? At what point do you stop? What about the Serbs in the southern part of Kosovo? Do they get to be part of Serbia? You could go on and on in describing all of the different Macedonians, Albanians.

Mr. POE. Excuse me for interrupting, Mr. Secretary, because I have only got 1 minute left. I am just talking about the Serbs in northern Kosovo, of course, seems to be the conflict. The people in Serbia, many of them, think their families should be able to be part of their country. The Serbs in northern Kosovo, seem to me, they don't want to be part of Kosovo. And there are some leaders really in both countries who think we have got to figure out a partition or something to help the folks in northern Kosovo because that is where the problem is. That is why KFOR is over there, is because of that issue in northern Kosovo, in my opinion.

So is there anything that is going to help, or are we going to say you're stuck with the country you're in and that's going to be the U.S. position indefinitely? Is that kind of our position?

Mr. GORDON. It is our assessment that there is no way to start redrawing borders that stops in a stable place, and that you would actually open it up for much more conflict and complication than we have at present. Where we want to get, frankly, is the point that borders are less important. Where you have European Union members that trade with each other, that there is not even a post there because it doesn't matter. That is, frankly, where the European Union has gotten to, especially in the Shengen arrangement on immigration. You just don't have presences at the border. That is the way to tackle the complicated ethnic makeup of the Balkans, ultimately.

Mr. POE. Thank you, Mr. Chairman. I yield back my time.

Mr. BURTON. Ambassador, we appreciate your testimony. It was very enlightening.

Oh, Mr. Rohrabacher, I am sorry. Forgive me. I was recognizing you at the end because you aren't a member of the subcommittee. I apologize.

Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

Back to the point that was just made. Basically, I have been a supporter from the very beginning. I was, along with Eliot, we are very involved in this over the last 20 years. It was always based on self-determination; on the concept that people have a right to determine their own destiny, which is part of our Declaration of Independence, our statement of nationhood. But yet it seems to me that if we believed in that, we should be supporting these people in the northern tier that is next to Serbia who want to be part of Serbia. They have a right to self-determination.

Why is it if we accept your logic and our country's position now, we should have sided with Serbia to prevent the Kosovars from becoming independent in the first place? No, the Kosovars had a right to be independent, and so do some of those Serbs in the northern part of that country. Now you say there is too much of a risk of having the mushroom and the dominoes fall and everybody declares their independence? Well, there is a difference. This difference is we are talking about an agreement between two countries now—between Kosovo and Serbia. You see, there can be no agreements between these various countries to delineate their borders. It is up to us as, the grand poombas of the whole globe, to determine these people cannot make agreements with each other as to where their border is?

Let me remind you, Mr. Secretary, the United States' borders were changed into the time when we became a country. Remember the motto: 54/40 or fight? What was that all about? That was about us saying we were going to fight unless we had the 54/40 parallel up there with Canada, which would have given us a huge chunk of Canada. But guess what? The people up there didn't want to be part of the United States. They wanted to be part of Canada, even though we were revolutionary. And we were the ones who were for self-determination. Our Government in 1846 agreed to delineating our border with Great Britain beneath Canada in 1846 not to 54/40 but to the 49th parallel.

I would suggest you are correct that once we get to the point where these countries in the Balkans are independent and part of the EU, these borders become less important and thus the friction there and the potential of war is decreased dramatically. How do we get to that point, is the question. And you get to that point by trying to find agreements between these countries. And I would suggest an agreement between Serbia and Kosovo on redesignating their borders so more Serbs are in Serbia and more Kosovars are in Kosovo would be a dramatic step forward and symbolic of the cooperation that would lead to that very point that would permit the EU to eliminate the importance of borders.

Here is the question for you: Are we then superimposing our will on the Governments of Serbia and Kosovo that they cannot make

such an agreement to redelineate their border so that more Serbs are in Serbia and more Kosovars are in Kosovo?

Mr. GORDON. Thank you, Mr. Rohrabacher. When you referred to the potential deal between the two to change their borders, I know of no agreement between the two countries to change their borders along those lines.

Mr. ROHRABACHER. That is not the question. What would our position be?

Mr. GORDON. No one talks about such an arrangement, nor do I know of any conceivable arrangement that actually both could agree with, that wouldn't cause real problems for the entire nation.

Mr. ROHRABACHER. Let me note that I do. Let me note that I do know of those things, and you don't seem to and our Government doesn't seem to. But I am not asking whether you know about it or not. I am asking you whether or not, with an honest discussion between the Kosovars and the Serbians, and if they decide to make sure there are more Serbians in Serbia and more Kosovars in Kosovo, what would our Government's position be?

Mr. GORDON. You are asking a hypothetical question.

Mr. ROHRABACHER. A principle question. Whether or not, in principle, that is what we would agree to. These are independent countries. Do they have a right to make agreements to delineate their borders as we made with Great Britain in 1846?

Mr. GORDON. For reasons I have given, I really don't think it is in our interest to speculate about border swaps in the region, because once you start going down that path, you really run the risk that you would be opening up that question in all of the neighboring countries.

Mr. ROHRABACHER. Right now you are leaving them with the idea that no, you are sovereign countries, but the United States is never going to go along with any agreement between you two. You have to prove to us first before we can approve of anything like that.

Mr. GORDON. I think changing borders in a volatile region is a very significant matter of international concern. If and when, to take your hypothetical, it can be done in a way that everybody agrees with, without negative repercussions——

Mr. ROHRABACHER. Let me suggest where we are really lucky, that back in the early days of our country, number one, that we believed in the right to self-determination as expressed in our Declaration of Independence. But number two, that we didn't have some huge global power suggesting to us that we couldn't make an agreement with Great Britain over what the delineation of our territory would be. Because instead of 54/40 or fight, we would have had a fight.

It is when you calm tensions by allowing two groups of people to make—have an agreement, a mutual understanding, that you calm things down, not exacerbate them, especially if it leads to a point where the borders become less important.

So I would suggest that maybe, just maybe, we should be rethinking our basic strategy at least between allowing the Kosovars and the Serbs to try to reach some understandings on their own rather than having us—we are the big guy on the block—to come down and tell people what agreements they can or cannot make.

Thank you very much, Mr. Chairman.

Mr. BURTON. Thank you, Ambassador. I am sure you are happy to leave on that note. I got a little history lesson there.

It is a very difficult issue, the whole Balkan situation, and we appreciate the tough work you have to face. We appreciate you being with us today.

Mr. Meeks, the ranking member, had to run to another meeting but he will be back.

Former Ambassador Kurt Volker is going to be with us. He is a Senior Fellow and Managing Director of the Center of Transatlantic Relations at the Johns Hopkins University School of Advanced International Studies. He is also a senior adviser at the Atlantic Council of the United States and a member of its Strategic Advisory Group. He is also managing director of the BGR Group. Ambassador Volker was previously a career member of the United States Senior Foreign Service, with over 23 years of experience working on political and security issues under five U.S. administrations. He served as Ambassador and the 19th U.S. Permanent Representative on the Council of the North Atlantic Treaty Organization (NATO) from July 2, 2008, until May 2009, leading the 156-person-strong U.S. mission to NATO.

My colleague Mr. Meeks will be returning and Mr. Rohrabacher as well.

Mr. Gerard Gallucci served with the United Nations Department of Peacekeeping Operations as the U.N. Regional Representative in Metrovica, Kosovo, from June 2005, to October 2008, and thereafter in the U.N. Mission to East Timor as the chief of staff until June, 2010. He has served over 25 years with the U.S. State Department and retired from the Senior Foreign Service in June 2005. Since his retirement he has taught peacekeeping as an adjunct professor at several universities, including the University of Pittsburgh and George Washington University. He received his Ph.D. from the University of Pittsburgh in Political Science in 1978 and a B.A. from Rutgers University in 1973.

Ivan Vejvoda is currently vice president of programs at the German Marshall Fund of the United States. From 2003 to 2010, he served as executive director of the Balkan Trust for Democracy, a project of the German Marshall Fund dedicated to strengthening democratic institutions in southeastern Europe. Mr. Vejvoda came to GMF in 2003 from a distinguished career in the Serbian Government as a senior adviser on foreign policy and European integration to Prime Ministers Zoran Djindjic and Zoran Zivkovic. Mr. Vejvoda was a key figure in the democratic opposition movement in Yugoslavia through the 1990s and is widely published on the subject of democratic transition, totalitarianism, and postwar reconstruction in the Balkans.

Mr. Volker, we will start with you. If you could keep your remarks as close to 5 minutes as possible, we won't cut you off.

STATEMENT OF THE HONORABLE KURT VOLKER, MANAGING DIRECTOR—INTERNATIONAL GROUP, BGR GROUP, SENIOR FELLOW AND MANAGING DIRECTOR, CENTER FOR TRANSATLANTIC RELATIONS, SCHOOL OF ADVANCED INTERNATIONAL STUDIES, JOHNS HOPKINS UNIVERSITY

Mr. VOLKER. Thank you, Mr. Chairman. Thank you for the opportunity to be here. I do have a written statement that I have submitted for the record and I will just try to summarize some thoughts orally. I appreciate the opportunity to testify at this hearing because it gave me a chance to think again—a bit of fresh thinking—about the Balkan region, something that I think maybe is worthwhile.

I would like to start my testimony with a thought that I think should drive some of our policy thinking looking ahead. The thought is this: For the past 15 years, U.S. policy has been based on the premise that bringing the countries of the region into the EU and NATO—so, integration in European institutions—provides such a powerful incentive for reform that it is going to drive change in the region, and they will overcome their differences, much as Western Europe successfully did at the end of World War II, getting beyond the wars of the 20th century.

I would suggest that if you take a look around Europe right now, that vision is not credible in the short term. If you look at the EU, it is dealing with a massive debt and deficit crisis. They are talking about whether they can keep the Euro Zone together; about whether Greece remains in the Euro Zone; what to do with Italy. They are not talking about which new countries to bring in.

Likewise, NATO has slowed down on its movement toward enlargement of NATO as well. Probably it is because candidates are weaker, but probably also the engine and the consensus within NATO to bring in new members has gone down. You hear Germany in the political commentary in Germany talking, for example, about the EU; maybe it wasn't even a good idea to let in Greece.

So the notion that politically we are going to see this move into the European mainstream, and in a near-term period of time, just doesn't really ring true to me. And as a result, I am not sure it is providing the incentives in the region that need to be provided to drive that continued positive change.

As a result of that, I think that if we are basing our presence, the troop presence that we have, the troop presence the EU has, the financial support, on the notion that change is going to come from inside the region, powered by the drive to get into the EU, I think we have to look at ourselves and say, Well, it is really not working very well right now; we have seen stagnation, if not backsliding, in the last few years.

I had a chance to testify before a Senate Subcommittee on Europe in April 2010. I went back and reread my testimony in preparing this one, and I was struck at how little had changed. As a result, it makes me think if little has changed in that long a period of time, where are we going from here?

So I would like to suggest that we should take a fresh look. But before giving you my thoughts on maybe some ideas we could do, I do want to put down a marker that the U.S. should not think, Well, if it is not going anywhere, we should withdraw, that we

should pull out of the Balkans because it is not working; because I think that would have grave and negative consequences. We got into the Balkans because of the negative effect that region and the conflicts there were having on Europe. And as we see in the financial crisis every day, Europe does matter to the United States. And likewise, security in Europe matters to the United States.

And we are there with relatively a modest investment compared to where we have been: Less than 700 troops in Kosovo, I think less than 30 in Bosnia for the United States. The EU is there in a larger number in Bosnia. So we are not making a massive investment. But it is a good insurance policy against the degradation of security in the region. But if all it is an insurance policy, and we are treading water, that is not good enough. I do think, therefore, we should be ramping up our diplomatic and political efforts to try to resolve some of these lingering problems.

Let me put it this way. If the thought was that EU integration was going to be the driver to fix the problems, and that is not happening, maybe the way to look at it instead is to drive hard to fix the problems to increase the prospect that EU membership is a realistic possibility.

In that, let me mention three particular things. This came up in the question-and-answer earlier, one of them on Bosnia. I think the Dayton Accord is an essential foundation in Bosnia, but it has stagnated. I do think that we need a renewed political push to resolve those issues that were never resolved at the time of Dayton. I would call for a Dayton II. I would put it this way: It has to be driven by people in the region. We can't make the decisions for them. But we can provide a lot of international pressure and international support for genuine new agreements to go beyond where we have gotten with Dayton thus far.

The second one, and it has been a topic of a lot of the discussion here, is Mitrovica. There has been an effort to stimulate dialogue between Serbia and Kosovo over the situation in the north. As some of the other Congressmen pointed out, that is the festering issue there. I don't believe territorial swaps can solve the problem, but I do believe agreement between the two sides needs to solve the problem. And I think that we should again increase the engagement of the U.S. and the EU in pressing both sides to come to those resolutions.

I also mention a third issue, it hasn't been brought up yet today, which is the Macedonian name issue. I think it is a terrible shame that a country in the Balkans that was ready for NATO membership in 2008 has been held back because of the lack of agreement over the name. I think that all the elements have been on the table in the past. They can be brought back on the table. It serves no one's interest—not Greece's, not Macedonia's, not the people in the Balkans, not the EU, not NATO, not the United States—to see Macedonia held back and contribute to continued dysfunctionality in the region. So, again, this is a third one. I would like to see a greater U.S. and EU coordinated push with both parties to try to bring that to resolution.

A final point, and then I will stop, is all of this fits in the context of the big goal. The big goal is a Europe whole, free, and at peace. You don't hear a lot of people talk about that these days because

it is so hard to imagine with all the difficulties we with have the EU, with our own budget and domestic challenges here at home, but ultimately what we need is for Europe—all of Europe, all the people of Europe—to be in free societies, market economies, to have stable societies, and to be secure. Until that happens, there will always be some latent risk. And that is a risk that affects the United States as well, because of our need for a stable and secure Europe.

So we have got to reemphasize the big goal and in that context keep pushing very hard on these specific issues.

Thank you, Mr. Chairman.

Mr. BURTON. Thank you, Ambassador.

[The prepared statement of Mr. Volker follows:]

Amb. (ret.) Kurt Volker[1]

Testimony before the House of Representatives Committee on Foreign Affairs
Sub-Committee on Europe and Eurasia

The State of Affairs in the Balkans

November 15, 2011

Thank you Chairman Burton, and all the distinguished Representatives here today, for the opportunity to testify about the Balkans region.

As you know, I had the privilege of serving as US Ambassador to NATO in 2008-2009, and served in several other senior positions at the State Department, the National Security Council, and the office of the NATO Secretary General. I worked on issues dealing directly with the Balkans region at several points in my career, and have continued to remain engaged through my think tank affiliations.

I want to be clear that today I am here to provide my personal views based on my experience and judgment. While I have both think tank and private sector affiliations, I am not representing any organization here today, nor am I working with any clients in, or from, the Balkans region.

In April 2010, I had the privilege of testifying before the Senate Foreign Relations' subcommittee on Europe about the Balkans region. (I am attaching a copy of that testimony here.) As I re-read that testimony with over 18 months hindsight, in most respects, little has really changed. And that itself is a sad statement which should cause us to question whether what we are doing is really working.

However, one major thing has changed, and that is where I would like to begin my testimony today.

For years, the premise of US and European policy in the Balkans has been that the promise of eventual integration into the mainstream of Europe, including NATO and EU membership, would overcome the ethnic and historical problems of the region. Just as Western Europe overcame centuries of bloodshed and rivalry through integration, so too could the Balkans.

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Integration into a larger whole would be more feasible than forcing recent adversaries to deal with their differences alone. And such integration – into a democratic, prosperous, and secure Europe – would provide the incentive required for leaders in the region to implement necessary, long-lasting reforms.

And let me be clear up front: I still believe that integration into mainstream Europe is indeed the right path for the Balkans. We should continue to pursue that goal as vigorously as possible.

But what has changed in the past year and a half is that while we continue the process of promoting such integration, it is rapidly losing credibility as a near-term prospect, and as a driver of change.

The European Union is consumed with managing a raging deficit and debt crisis. The issues being confronted in the political corridors of Europe right now are not whether new members can be admitted to the EU, but rather how to save Europe itself, whether Italy can avoid default, and whether Greece or others will be expelled from the Euro-zone.

Since the debt crisis began, the government of every EU country threatened with default – even if avoided – has been ushered out of office: Ireland, Greece, Portugal, Italy, and, if polls can be believed, in Spain next week. And the governments in the countries doing the bailing out face equally tough sledding as they look ahead to future elections.

Political commentary in Germany suggests a view that it was a mistake to bring in Greece to the EU in the first place. There is no mood for taking in others – making it simply not credible in either the Balkans or Western Europe that new states (beyond Croatia) will indeed be admitted to the EU in any near-term period.

This is not to say that the mechanics of enlargement are not moving ahead. EU Commissioner Stefan Fule, a good friend and a highly capable official, is actively working to advance the membership process. Croatia has concluded negotiations and will likely be admitted next year. Montenegro has "candidate" status and may soon open accession negotiations. And Montenegro is a *de facto,* if unofficial, part of the Euro-zone. Serbia has arrested Ratko Mladic and may achieve candidate status in the EU by the end of this year. The EU and the United States remain engaged in Bosnia trying to hammer out specific issues before the EU and NATO Ministerials this December.

In short – all the experts and technocrats in the EU enlargement machinery are doing their jobs. And that is to be applauded. But the political consensus and political commitment in member states in favor of enlargement has been badly damaged.

Likewise, NATO enlargement has also stalled. Montenegro has joined the Membership Action Plan. But there has been no genuine movement forward on any other nations joining the Alliance since 2008. Indeed, the promises of NATO's Bucharest Summit in 2008 – that Macedonia would join as soon as the name issue with Greece was resolved, and that Georgia and Ukraine would eventually become members – now seem more distant than they did in 2008.

To put this in perspective, the Obama Administration – in its first term – will be the first Administration not to invite new countries to join NATO since the first term of President Clinton. The reason, of course, is that potential candidate countries are not ready, and there is no consensus within NATO to invite them.

But this simply underscores the broader point that the prospect of membership in either the EU or NATO is not sufficient as a driver of progress and reform.

To repeat: the goal of our policy is still right. We should want this region to be fully integrated into Europe. But the notion that the prospect of integration will itself solve the problems of Bosnia or Kosovo, or drive the needed reforms elsewhere, needs to be re-examined. And to the extent that the roles the U.S. and Europe continue play in the region are based on this premise, those roles need to be re-examined as well.

16 years after the Dayton Accords and 12 years after KFOR was established, we see stagnation if not regression. No taxpayer will want to keep U.S. budgets and troops at current levels if it appears our efforts are not working. Something has to give.

The understandable temptation – especially when we are facing budget crises and fatigue here in the United States – is to pull up stakes and go home. I think that would be a mistake. It would be a short-sighted and pound-foolish answer to the challenges we face.

I believe that United States interests are directly affected by events in the Balkans region, as they are affected in many places in the world, and that we can protect and advance those interests with modest and sustainable levels of engagement.

There is no reason to consider a choice between keeping our financial and military commitments as they are, or withdrawing altogether. Even as we tackle our own deep fiscal and economic crisis here at home, we have the means to continue to advance American interests abroad. Indeed, a great nation with the breadth of interests of the United States can and must do both.

We already see today the risks to the United States of financial meltdown in Europe. Though it lacks the dynamic growth of Asia, the EU-US relationship remains the single largest economic relationship in the world.

Likewise, security in Europe remains a vital U.S. interest. The welfare of the United States depends on a democratic, prosperous and secure Europe. And that Europe is Allied with the United States in helping to protect interests and promote values in a wider world. No other region of the world provides the financial, political, and military resources alongside the United States in anywhere near the scale that Europe does.

A return to conflict in the Balkans, a breakdown in political structures and institutions, and or a return to major human rights abuses there would directly affect Europe as a whole, and thus the interests of the United States. And renewed U.S. intervention in the Balkans would be far more costly than our current engagement.

To take a quick look at the history: After declaring "we have no dog in that fight," the United States, as part of NATO, became involved in Bosnia in the mid-1990's because the conflict there was affecting Europe, because of massive human rights abuses, and because neither Western Europe nor the United Nations was effectively dealing with the problem. In 1995, the United States dedicated some 20,000 troops to an overall NATO mission of 60,000 troops in Bosnia. The IFOR mission, and its successor mission, SFOR, have been ended and the United States only has military personnel in Bosnia as part of the U.S. Embassy, or as part of the small NATO Headquarters Sarajevo, which has less than 30 military officers in total, alongside less than 50 civilians. The European Union maintains about 1500 peacekeepers in Bosnia at the moment.

In 1999, the United States led a NATO air campaign to force an end to ethnic cleansing in Kosovo, which had produce over 1.5 million refugees. NATO then deployed some 50,000 peacekeeping troops in KFOR, of which about 15 percent were American. There are currently less than 800 U.S. troops in Kosovo, of a total of less than 7,000 NATO troops.

There has been major progress in both areas since the initial NATO interventions, and major reductions in the international security presence. We do not want to return to the problems and the massive levels engagement of the past, and the modest investment we have today is a good insurance policy of never having to do so.

But while it is a good insurance policy, it is also not a sufficient policy in itself.

One can rightly ask "for how long must we do this?" To avoid this becoming a perpetual engagement with no end, the United States must work actively, together with European Allies, to resolve the problems in the region so that eventually, no outside security presence is required.

And if the core thrust of that policy over the past 15 years is not working – driving reform through the promise of European intergration – we need to come up with something else to drive progress, not walk away.

It is not as though there is a neutral playing field in Bosnia and in Kosovo apart from the international community. Other external forces are already working to shape events in the region and will continue to do so. Take, for example, the case of the gunman who recently attacked the U.S. Embassy in Sarajevo. A Muslim from Sandjak, part of Serbia, he was radicalized by extremists in Vienna and then entered Bosnia to attack the U.S. Embassy.

Organized crime, intelligence services, and under-the-table nationalist networks are all active in the region. Without determined partnership between the international community and local officials aimed at driving progress forward, the region will slip backward instead.

We are a long way from the active role the US played in pushing through the Dayton agreement, or that UN Envoy Ahtisaari played in trying to advance the stalement over Kosovo's status. We are now counting on progress to come from the region itself, and instead, we are seeing stagnation if not regression.

So if European integration is not providing the incentives for progress, we should flip the order around. I believe it is possible and worthwhile to significantly increase diplomatic engagement, together with Europe, to press for resolutions to long-festering issues in the Balkans. And that, in turn, can facilitate eventual integration into Europe in the future, when both the region and Europe are more ready.

In the past, we have stood at arm's length from seeking to resolve these issues because they are so intractable. But if the integration strategy alone is not working, perhaps we should try the opposite and dive in much more ambitiously. This would require high-level backing from leaders in Europe and the United States – something in precious short supply. But it is better than backsliding, and more realistic than near-term integration.

Let me offer three suggestions:

- In the case of Bosnia-Herzegovina, the Dayton framework has stalled out. It is time to launch a new, major push from the international community to go beyond Dayton and establish lasting, effective governing structures – a Dayton Two. The Butmir process of a few years ago was a good effort, but ultimately did not succeed. We should go further.

  There are plenty of positive forces for change in Bosnia today – from reformers and young people to civil society to businessmen and so forth. The conditions for progress have never been better. But the current political structures have guaranteed long-term divisions inside the country that play to the hands of nationalist and separatists. We should not close down the Office of the High Representative, or phase out the EU Force, until political structures are settled and functioning. So we should make a major push to settle these very issues.

- Likewise, we need a fresh push for political progress on Kosovo – in particular arrangements for Mitrovica in the north. Ethnic Serbs in southern Kosovo are well-protected and able to participate actively in society in Kosovo. There is no reason ethnic Serbs in the north could not do the same, but they are radicalized and held back. Criminal interests – both local and from Serbia proper – Serbian interior ministry police, and of course the nature of the Kosovo government and international community's past engagement, have all played a role. But it has gotten worse with time, not better, and it is time to push for a more wide-reaching resolution.

  Here, one needs also to push the European Union on its role. Despite years of history and the ruling of the International Court of Justice, five EU member states do not recognize Kosovo's independence, as the United States and 22 other EU members have done. This serves to perpetuate the belief in Serbia, and in Mitrovica, that Kosovo's independence can be un-done. It can't. And neither can partitions or territory swaps solve Kosovo's problems. Indeed, such steps would add new problems in the entire region. While no one can force any state to recognize another, the sooner the EU develops a stronger and more unified position, the sooner both sides in Kosovo can stop looking backward and start looking forward. With all the other problems Europe has to tackle right now, it makes no sense to continue contributing to this one.

- I want to add a word on Macedonia as well. In 2008, Macedonia was ready to be invited to join NATO, but there was no consensus within NATO to do so, because the name dispute with Greece was unresolved. Under the interim agreement of 1995, Greece had supported Macedonia's participation in international organizations under the temporary name of "Former Yugoslav Republic of Macedonia." But Greece broke with this practice when it came time to admit Macedonia to NATO. Since then, Macedonia itself has slid backwards on some reforms, and has ramped up its use of controversial symbols of ancient Macedonia as a means of rallying the public and distracting from other issues at home.

  Macedonia should be a vibrant crossroads of the Balkans – linking Greece to the north and linking the Western Balkans to Greece and the Mediterranean. The current stand-off serves no one's interests: Not Greece, not Macedonia, not Europe, not the people of the Balkans, and not the United States. For years, we have supported the UN lead in negotiating a possible solution to the name issue. All of the elements have been put on the table at one point or another. It is time for the U.S. and EU together to make a concerted effort to (a) re-assert the validity of the 1995 interim agreement and use of FYROM as a temporary name, which – with Greek agreement – would allow Macedonia to join NATO and progress toward the EU; and (b) simultaneously, launch a major political push, including with incentives and disincentives, in support of the UN process, to get both sides to a final settlement.

- Finally, a word about the broader issue of EU and NATO enlargement itself. Given the problems in the EU and the Euro-zone at the moment, it is understandable that the whole topic of further enlargement is scarcely on the table. Moreover, apart from Croatia and Montenegro, we have weaker candidates in the Balkans than in earlier enlargements, reversal of progress in Ukraine, a continuing dictatorship in Belarus, Russian occupation of parts of Georgia and the division of Moldova, and deep divisions in Europe over the prospect of Turkish EU membership. It is therefore natural that political leaders seldom bring up the idea of completing a Europe whole, free and at peace.

  But ultimately, that should remain the goal. Europe has made extraordinary progress since the world wars of the last century. But millions of people in Europe's South and East, including in Russia, are still not living in free, prosperous, secure stable societies. Europe remains divided – though in different ways and across different lines than in the past. While the temptation today is to circle the wagons to protect what Europe has achieved, the reality is that the success of Europe will never be complete, and never 100 percent secure, until all of Europe shares in the dream of a Europe whole, free and at peace. European leaders need to keep to keep that vision on the front burner, and continue working toward it, and America should remain a full partner in that effort, as it has for the past 60-plus years.

  If we can keep up the vision of a Europe whole and free writ large, we can then also make the prospect of integration of the Balkan region into Europe more real and immediate. This can again become a driver of reform, and as states succeed one-by-one,

it begins to whittle down to the few very hardest problems, and changes the incentive structures that have kept these problems alive until now. That remains the ultimate destination. But in the near-term – with Europe's troubles dominating the headlines – we should push the ground-game in the Balkans to help us get back on track with this larger vision.

Mr. BURTON. Dr. Gallucci.

STATEMENT OF GERARD M. GALLUCCI, PH.D., FORMER U.N. REGIONAL REPRESENTATIVE IN MITROVICA, KOSOVO

Mr. GALLUCCI. Thank you, Mr. Chairman, Mr. Griffin. Through my 30 years career, including the State Department and the United Nations, I have never had a chance to appear in such a capacity in front of the U.S. Congress. Thank you for the honor. I deeply appreciate it.

Events over the last 4 months in northern Kosovo are unfortunate reminders of the potential for things to spiral out of control there with consequences that could be felt throughout the Balkans. On July 25, units of the Kosovo Special Police, sent from Pristina, attempted to seize control of the two northern crossing points with Serbia that, until then, had been manned by local Kosovo police and members of EULEX. In the next days, NATO troops, KFOR and EULEX, both in Kosovo under a U.N. Peacekeeping mandate, sought to support the action by transporting Kosovo police and customs officials from Pristina to the two northern gates. The local Kosovo Serbs saw this as an effort to subject them to Kosovo-Albanian control and to cut them off from Serbia. They responded by peacefully resisting and raising barricades to block further such efforts by the Kosovo authorities or the international forces.

KFOR and EULEX reacted by confronting peaceful protests with armed force, using live fire on September 27, and repeatedly seeking to remove barricades and close off alternative roads using tear gas, pepper spray, and heavy machinery. U.S. personnel have been on the front line of these efforts, stepping outside their U.N. Mandate without any apparent recognition by the administration of their new role.

Let me be clear about three things. One, the NATO troops and EU police have been acting outside their U.N. Peacekeeping mandate by trying to impose Kosovo customs in the north without any prior political agreement. They are there to keep the peace while others seek to resolve the political differences. Their actions have damaged international credibility and increased tensions dangerously.

Number two, the great majority of the local Kosovo Serbs in peaceful protest and on the barricades are not criminals or being forced to be there against their will. They see the actions by Kosovo authorities and KFOR and EULEX as an attack upon their lives and community.

Third, nothing can be gained by the effort by the Quint countries—the U.S., U.K., Germany, France, and Italy—to impose Pristina's authority through force. The Serbs rebuild their barricades and use other means to get supplies. The actions by NATO and the EU have only hardened their rejection of Pristina and made compromise more difficult.

I note that last week, one person, a Kosovo Serb, was killed and several others injured, including a local policeman, by gunfire in a sensitive area of north Metrovica. Accounts differ as to what happened, but it seems the gunfire came from Kosovo Albanians.

After 12 years of frozen conflict, it has become clear that an effort to find practical accommodation for the north, while Kosovo's

status remains unresolved, is long overdue. The local Kosovo Serbs have prevented through peaceful means what they see as an effort to impose on them Kosovo institutions that they reject. The International

Peacekeepers have reached the limits of their ability to project political solutions that do not have the support of the local community in the north. It may therefore be a good time for all parties—Kosovo Albanians and Kosovo Serbs, Pristina and Belgrade, and the internationals, including the EU and the United States—to look for alternatives.

TransConflict, an NGO in Belgrade that occasionally publishes my analysis on their site, has posted a paper that looks at such a possible alternative: Status-neutral implementation of the Ahtisaari Plan for Kosovo, the Ahtisaari Plan, developed at the request of the U.N. Secretary General in 2007. It derives from an understanding that nothing positive can emerge as long as the two sides continue to see the situation in zero-sum terms; that for them to win, the other side must lose. Rather, to avoid further conflict and open the door to focusing on achieving economic progress, each side must be willing to compromise and consider outcomes that recognize the fundamental interests of the other side as well as their own. Simply put, for the northern Serbs to be allowed to live in their own communities without political interference in local matters from Kosovo's central institutions and with continued linkages to Serbia. For the Kosovo Albanians, that the north remain part of Kosovo and function in significant ways as part of the Kosovo system.

The paper which I wish to enter as an annex to my testimony provides a series of detailed recommendations for the courts, the police, municipal competencies, finance, inter-municipal cooperation, cooperation with Serbia, and extended competencies for north Mitrovica that could facilitate implementation of the Ahtisaari Plan in north Kosovo. But without outside help, Kosovo Serbs and Albanians are unlikely to be able to rise above their history and achieve compromise. The northern Serbs prefer outright partition and remaining part of Serbia. The Albanians would prefer not to have a Serbian majority in the north.

Unfortunately, the responsible internationals, the Quint, and most especially the United States, still support imposition of Pristina authority and institutions in the north. Reportedly, U.S. elements of KFOR are even now seeking to close all alternative roads along the boundary to force the northern Serbs to capitulate to Kosovo customs in the official crossing points. The rest of KFOR and EULEX appears to be simply waiting for the Serbs to abandon their barricades in the coming cold. They refused a Serb offer to allow them through the barricades if they do not use this access to impose Kosovo customs officials on the boundary.

The illegal and counterproductive efforts of KFOR and EULEX seek to force the northern Kosovo Serbs to surrender have only increased distrust and strengthened the local resistance to any compromise. The Serbs show no sign of being ready to take down their barricades.

Since 2008, Quint policy, strongly encouraged by the United States, has been to bully and threaten Serbia and the Kosovo Serbs

to accept the loss of Kosovo and to abandon the north to Pristina. Some view this as one more bit of "punishment" for Serbia, despite its new reality of democracy and eagerness to become fully part of Europe. But pressure and use of force has not worked. No Serbian leader, despite EU threats to deny the country EU membership unless they cooperate, can simply surrender Kosovo or end support for the north. The northern Serbs see no alternative but to continue to resist. The Kosovo Albanians see no reason to compromise when they have U.S. support to continue demanding everything.

This leaves the alternatives for the north the same as they have always been—continued frozen conflict or partition, both of which might lead to further ethnic conflict and/or fight, or some compromise solution. As things now stand, north Kosovo may have to see more conflict before everyone looks to compromise. It is a good time to look for other approaches to Kosovo than trying to force one side to lose everything. If the United States cannot support an effort to achieve real compromise, then it should get out of the way and bring our soldiers home before we get involved in one more conflict far from home.

Thank you.

[The prepared statement of Mr. Gallucci follows:]

Kosovo: Time for a New Approach
Gerard M. Gallucci

Testimony of November 15, 2011 for the Hearing on the Balkans by the Subcommittee on Europe and Eurasia, Committee on Foreign Affairs, US House of Representatives

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Events over the last four months in northern Kosovo are unfortunate reminders of the potential for things to spiral out of control there, with consequences that could be felt throughout the Balkans. On July 25, units of the Kosovo Special Police (sent from Pristina) attempted to seize control of the two northern crossing points with Serbia that had been until then manned by local Kosovo police and members of the European Union Rule of Law Mission (EULEX). In the next days, NATO troops (of its Kosovo Force - KFOR) and EULEX – both in Kosovo under a UN peacekeeping mandate – sought to support the action by transporting Kosovo police and customs officials to the two Gates.

The local Kosovo Serbs saw this as an effort to subject them to Kosovo Albanian control and to cut them off from Serbia. They responded by peacefully resisting and raising barricades to block further such efforts by the Kosovo authorities or the international forces. KFOR and EULEX reacted by confronting peaceful protests with armed force, using live fire on September 27, and repeatedly seeking to remove barricades and close off alternative roads using tear gas, pepper spray and heavy machinery. US personnel have been on the frontline of these efforts, stepping outside their UN mandate without any apparent recognition by the Administration of their new role.

Let me clear about three things:

1. The NATO troops and EU police *have been* acting outside their UN peacekeeping mandate by trying to impose Kosovo customs in the north without any prior political agreement. They are there to keep the peace while *others* seek to resolve the political differences. Their actions have damaged international credibility and increased tensions dangerously.
2. The great majority of the local Kosovo Serbs in peaceful protest and on the barricades are not criminals or being forced to be there against their will. They see the actions by Kosovo authorities and KFOR and EULEX as an attack upon their lives and community.
3. Nothing can be gained by the effort by the Quint countries – the US, UK, Germany, France and Italy – to impose Pristina's authority through force. The Serbs rebuild their barricades and use other means to get supplies. The actions by NATO and the EU have only hardened their rejection of Pristina and made compromise more difficult.

I note that last week, one person (a Kosovo Serb) was killed and several others injured (including a local policeman) by gunfire in a sensitive mixed area of north Mitrovica. Accounts differ as to what happened but it seems the gunfire came from Kosovo Albanians.

After 12 years of frozen conflict, it has become clear that an effort to find a practical accommodation for the north, while Kosovo status remains unresolved, is long overdue. The local Kosovo Serbs have prevented, through peaceful means, what they see as an effort to impose on them Kosovo institutions that they reject. The international peacekeepers have reached the limits of their ability to project political solutions that do not have the support of the local communities in the north. It may therefore be a good time for all parties - Kosovo Albanians and Kosovo Serbs, Pristina and Belgrade and the

internationals including the EU and the United States - to look for alternatives.

TransConflict (an NGO located in Belgrade which occasionally publishes my analysis) has posted a paper (attached) that looks at such a possible alternative: status neutral implementation of the Ahtisaari Plan for Kosovo (developed at the request of the UN Secretary General in 2007). It derives from an understanding that nothing positive can emerge as long as the two sides continue to see the situation in zero-sum terms, that for them to win, the other side must lose. Rather, to avoid further conflict and open the door to focusing on achieving economic progress, each side must be willing to compromise and consider outcomes that recognize the fundamental interests of the other side, as well as their own. Simply put, these are:

- for the northern Serbs, to be allowed to live in their own communities without political interference in local matters from Kosovo central institutions and with continued linkages to Serbia.

- for the Kosovo Albanians that the north remain part of Kosovo and function in significant ways as part of the Kosovo political system.

The paper provides a series of detailed recommendations - for the courts, the police, municipal competences, finance, inter-municipal co-operation, co-operation with Serbia and extended competences for north Mitrovica - that could facilitate implementation of the Ahtisaari Plan in north Kosovo.

But without outside help, Kosovo Serbs and Albanians are unlikely to be able to rise above their history and achieve compromise. The northern Serbs would prefer outright partition and remaining part of Serbia. The Albanians would prefer not to have a Serb majority in the north.

Unfortunately, the responsible internationals – the Quint and most especially the US – still support imposition of Pristina authority and institutions in the north. Reportedly, US elements of KFOR are even now seeking to close all alternative roads along the boundary to force the northern Serbs to capitulate to Kosovo customs in the officials crossings. The rest of KFOR and EULEX appears to be simply waiting for Serbs to abandon their barricades in the coming cold. (They refused a Serb offer to allow them through the barricades if they do not use this access to impose Kosovo customs officials on the boundary.) The illegal and counterproductive efforts of KFOR and EULEX to seek to force the northern Kosovo Serbs to surrender have only increased distrust and strengthened the local resistance to any compromise. The Serbs show no sign of being ready to take down their barricades.

Since 2008, Quint policy – strongly encouraged by the US – has been to bully and threaten Serbia and the Kosovo Serbs to accept the loss of Kosovo and to abandon the north to Pristina. Some view this as one more bit of "punishment" for Serbia despite its new reality of democracy and eagerness to become fully part of Europe. But pressure and use of force has not worked. No Serbian leader – despite EU threats to deny the country EU membership unless it cooperates – can simply surrender Kosovo or end support to the north. The northern Serbs see no alternative but to continue to resist. The Kosovo Albanians see no reason to compromise when they have US support to continue demanding everything. (The Europeans have been surprising willing to follow the US hardline, perhaps because they wish to avoid being left alone in the Balkans.) This leaves the alternatives for the north the same they always have been: continued frozen conflict or partition – both of which might lead to further ethnic conflict

and/or flight – or some compromise solution. As things now stand, north Kosovo may have to see more conflict before everyone looks to compromise. It is a good time to look for other approaches to Kosovo than trying to force one side to lose everything. If the United States cannot support an effort to achieve real compromise, then it should get out of the way and bring our soldiers home before they get further involved in one more conflict far from home.

Mr. BURTON. Mr. Vejvoda.

STATEMENT OF MR. IVAN VEJVODA, VICE PRESIDENT, PROGRAMS, THE GERMAN MARSHALL FUND OF THE UNITED STATES

Mr. VEJVODA. Thank you very much, Mr. Chairman, for giving me the honor to speak before you today about these important matters as the region moves away from the conflicts of the nineties. History is humbling. I come from the region. I was born into the former Yugoslavia. That country disappeared before my eyes. As a social scientist, I didn't see it coming. That is why it has been humbling.

Some talked about the unfinished business of Versailles. The two countries that were made there, Czechoslovakia and Yugoslavia, disappeared. Unfortunately, we did not have the fortune of dismembering peacefully, as the Slovaks did, but it was in blood and war and hell. And I think saying that, that no one wishes to go back there, neither the people nor their elected officials. I think it is loose talk when people say that Bosnia is prone maybe to go into new conflicts. It would be like saying after the U.S. Civil War, 11 years after that war, that America would go back into a new civil war.

We need to give peace a chance. And I think that being someone of the glass-is-half-full approach, I think that the region has made enormous strides. As you yourself said, as Assistant Secretary Gordon said, one needs to take a look at the longer view here and get out of the weeds, not neglecting in any way the huge challenges that have been exposed here throughout the debate this morning.

I was at the same hearing as Ambassador Volker in April 2010 in front of the Senate Foreign Affairs Committee. I would say that there has been progress made since then. I also reread what I had written. Serbia arrested the two outstanding war criminals. Many were saying Serbia would never do that; that Mladic would somehow disappear. That is sustaining the rule of law.

Serbia, Belgrade, and Pristina have begun a dialogue 3 years after the declaration of independence of Kosovo. This is a quintessential European story. There is nothing totally specific, although everything is specific in history. And I will not talk about the U.S.-Canada border. I will talk about Northern Ireland. Let me just remind you that it took close to 10 years after the Good Friday Agreement in April 1998, for Andy Pasley and Martin McGuinness to sit down and create this transitional government, without shaking hands, if you remember.

So that is why I say, Give these people a chance. I think that beyond the rhetoric that we hear from both sides, and normally politicians, and especially in pre-electoral periods, have to do what they do best. But I would say if one takes the deeper view of things, I think there is a clear political determination on both sides, whether it is in Belgrade or Pristina, and a willingness to resolve this. We all need to, wherever we are working, facilitate, create that space which allows for them, facilitate or not, through back channels or not, to find that comfort zone where they will be able to live with an agreed solution. There is no ideal solution to this. No one will get what they want. This is the lesson from Kash-

mir, from Northern Ireland, from Schleswig Holstein, South Tyrol. You take any of these examples and they are important because they have produced tools that are on the shelf that we can all use here. Of course, it will be a combination of those tools. How do you allow people to feel comfortable in something that is the least bad solution? I think that is what the two sides are grappling with.

My hope, as with others, is that they go back to the table as quickly as possible to continue that. I would not be surprised that we see forward movement that is maybe more accelerated than we would expect this morning here in Washington. And that is because the realities are trenchant. It is clear that we will not move to Mars and they will not move wherever else. We are bound together by history. We will have to live as neighbors. And we are already living as neighbors. And I would say that regional cooperation is in fact the unsung song of this region.

You noted the military cooperation that all of these countries have with the United States. What clearer sign is there about the inclinations of all of these governments, the number of regional meetings that occur? In my written testimony, which I am submitting, I just mention two of the most recent ones.

The intelligence chiefs of all of these countries met for the third time. The ministers of defense meet; the cooperation in the Danube Valley, in the Sava River Valley; the fact that the railway companies of Slovenia, Croatia, and Serbia have realized that they have to join together if they want to be competitive in this market; the economic crisis which has led everyone to see transparently how dependent each of these small countries that are in the region depend on each other for economic survival. This is a micro-region of the world. Twenty million people.

Prime Minister Djindjic, for whom I worked and had the honor of being his senior foreign policy adviser, used to say we are only relevant as a region of 50 million people. He was including Romania and Bulgaria then.

Everybody knows with common sense that we are looking at each other, that our hands are tied in the best way, and that we have to find that path that will allow us in this world of global economic crisis. Just yesterday, Chancellor Merkel told us all that this is probably the greatest crisis Europe has confronted since World War II. That is the state of affairs of Europe in which the state of affairs the Balkans are conducting their path forward.

I would like to say that the European Union still is a very potent magnet. Yes, it has a lot of problems everyone sees in the region itself. There are some declining public opinion polls. But still we find clear majorities to join the European Union and NATO, except in Serbia as regards NATO, but Serbia is a member of Partnership for Peace and I think it was mentioned it is conforming to NATO standards.

So it is very important that on the date of 9th of December, when the European Prime Ministers and Presidents meet for their Council, to uphold the suggestion and the opinion that the European Commission has made in October that Serbia get candidacy; that Montenegro get a date for beginning of talks. And, of course, we all applaud the huge success of Croatia in becoming a member in July 2013.

If I can put it very colloquially, we need to keep the train moving here. Otherwise, that will help the nay-sayers, the nationalists—the rabid nationalists—who say Europe doesn't want us and they are being upheld by the U.S. trying to keep us out. No. We need a strong leadership gesture which is fully merit-based. This is not anything for free. I say that because of the progress that hasn't been made in the region. So I think we will all be following, whether we are here or over there in Europe, what the leaders of Europe decide on December 9th.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Vejvoda follows:]

United States Congress

House of Representatives

Committee on Foreign Affairs

Subcommittee on Europe and Eurasia

Hearing:

The State of Affairs in the Balkans

November 15, 2011

Washington D.C.

TESTIMONY

IVAN VEJVODA

Vice President / Programs

The German Marshall Fund of the United States

Mr. Chairman, thank you for the invitation to come and testify before you today at this important moment in the Balkans path toward a stable and peaceful future in the Euro-Atlantic community. It is a true honor to be here before this Subcommittee of the House of Representatives of the U.S. Congress. I am here to offer my personal views on the current issues regarding the region as well as the opportunities and challenges that present themselves for the region in the future.

Introduction: A Balkans region moving forward in an adverse environment

The State of Affairs in the Balkans cannot be examined without regards for the state in which Europe and the world are today in both political and economic terms.

The global economic crisis that came upon us all in 2008 caught the Balkan region at a moment of steady and forceful economic growth with significant growth rates and increasing foreign direct investments. A post-conflict region that the Balkans was, was clearly emerging towards forms of consolidated democratic and market economy practices. Foreign direct investments were steadily increasing every year.

The challenges were many but the promise of a Europe whole, free and at peace, the attraction of joining a European Union of half a billion people and 27 member states helped motivate states and societies to push forward. Joining one of the most successful political peace projects that the European Union represents in post-World War II history was for a war-torn region that emerged from the catastrophe of the 1990s, a proposition that not only could not be refused, but one that harbored the possibility of once and for all settling the contentious issues within a democratic framework based on the rule of law and human rights: plurality, legality, publicity (an free and open public space). Post-conflict reconciliation and confronting the wrong-doings of the past was an integral part of this democratic effort.

The economic crisis as elsewhere has created levels of unemployment and diminishing standards of living that have in turn created public discontent and a sense of loss of certainty. The key interest of public opinion is about job certainty or lack thereof: the question of whether citizens will be able to fend for themselves in a dignified manner with a job and a salary.

Governmental majorities are struggling to keep their coalitions together in the face of ever more demanding needs in all social and economic areas. The social question is at the forefront of public policies. But also as the countries that have emerged from the breakdown of former Yugoslavia and Albania struggle to keep their publics capable of meeting the daily challenges, so must they also focus on job creation and on key infrastructural projects which will allow further investment and growth.

Beyond the economic crisis and closely linked to it is the situation in the European Union itself which is suffering many of the same symptoms: pressured by a crisis of its currency the Euro which threatens to undermine the EU itself, rising unemployment and flagging growth rates, with serious lacunae in leadership, the EU has a challenge in keeping the beacon of enlargement in a prominent way. Chancellor Angela Merkel just yesterday proclaimed that the EU is probably facing its most difficult challenge since World War II.

Enlargement has been one of the greatest success stories of the European Union since its inception in 1957. In June 2003 a solemn promise was made in Thessaloniki, Greece, at the EU Summit that the countries of the Western Balkans (as they were denominated) would become member states when they met the required Copenhagen criteria of the EU ("without ifs and buts" in the inimitable words of Romano Prodi, the then the President of the EU Commission).

Although the EU has at every juncture since June 2003 repeated its commitment to further enlargement to the Western Balkans as defined at the Thessaloniki Summit, the word "fatigue" has crept into the unofficial EU jargon to describe a sense of reluctance to take on new members by naysayers who think that there is the need for a pause, but also because these naysayers believe that countries such as Romania and Bulgaria were prematurely given full membership in 2007 without fully meeting all the prerequisite criteria. There have been and are now reasserting

themselves voices that say for example that Greece should not have been admitted in 1981 or into the Eurozone in 1999.

This is an adverse circumstance given that the Presidents and Prime Ministers who on 9 December, in three weeks, will decide on the next steps of the enlargement path will have at the back of their minds these circumstances: their economically suffering publics and reactions of public opinion to further enlargement.

Notwithstanding, Angela Merkel, Chancellor of Germany during her official visit to Belgrade three months ago, in August this year, emphatically reiterated that enlargement was on course, and that there should be no doubt about it, provided that the criteria were duly fulfilled. This was an important statement from one of the most prominent European leaders of the day. This indicated a commitment from the ruling heights of the EU that was important to hear in the region, and distinguished itself from a number of individuals vociferous about the need for the EU to halt this process.

It is also true that although the rules for entry have remained the same (Copenhagen criteria and approximation of national legal systems to the *acquis communautaire*) they are being applied with the utmost rigor, unlike in some of the previous enlargements.

It is of crucial importance that, enlargement, this joint endeavor of the countries of the Western Balkans and the European Union backed wholeheartedly by successive United States administrations continue to be conducted in fairness and with mutual trust in the workings of the process, while realizing the complexities of the domestic politics in all countries concerned, both aspiring and existing member states.

The State of Affairs: Commitment of governments and publics

At the outset it is key to underline that the commitment of the governments of the region and of the publics to join the Euro-Atlantic community is still present: both for the EU and for NATO (with the exception of Serbia).

In spite of the significant economic and social challenges, and a certain decline in the numbers of support for enlargement, from previous very high numbers, there are still clear majorities in each country whose desire to join the EU and NATO (again with the exception of Serbia for NATO) is overarching. One has to look beyond the individual polls and observe the longer term trends as well as similar dynamics in countries that have already undergone this process. In particular it has been seen that the closer a country gets to the entry point the greater the decline in public support for entry into the EU. Croatia is a case in point.

The picture is surely bleak when observing the travails of the EU on a daily basis, but the polities of the Western Balkans know that whatever may happen with the Euro or with an EU going into two or multiple speeds – it is simply a Union in which there is more certainty, security and prosperity than outside of it. It is a Union that has built itself up (under the US security umbrella) over the past more than 50 years and established a rule of law and democratic practices, seemingly cumbersome at times, that have attracted 27 countries into its midst.

That power of attraction, the soft power of the EU still works efficiently in the region of the Western Balkans. Undoubtedly, chips in its armor have appeared, but publics still see a safer haven there than remaining outside the Union and thus outside of the enlargement process.

It is for this reason that the EU, in difficult times of tightened budgets and painful austerity measures, must find it in itself to pursue the commitment given at the Thessaloniki summit in 2003 to bring these countries into full membership as soon as they accomplish what is required of them in terms political, economic, social reforms. The Progress Report of the EU Commission is an encouraging step in this regard.

That is why keeping the process open and fair, in the face of those who wish to close the door to further enlargement, helps those others who are pursuing the herculean task of deep-seated democratic state and societal transformation, modernization and democratization. There is a bond of mutual responsibility in finishing the construction and unification of Europe. However adverse the circumstances may be, whatever the huge challenges that the EU is facing, there is a larger framework that has not dissipated and the gaze must be lifted from the navel to broader horizons.

The main burden of responsibility lies with aspiring member states

The European Union, the United States, individual countries, public and private donors have contributed and are contributing substantive amounts of financial and other resources in helping these countries rebuild themselves, strengthen their institutions and governance and their economies. The fact of the matter is that in these countries of the region there are no internal similar financial or other resources to kick start and help pursue economic growth. The countries are dependent on foreign direct investments, loans from international financial institutions, donations from the above-mentioned actors. This reinforces the bond of mutual responsibility and obligation.

It thus behooves the countries of the region to carry the main burden of responsibility for democratic and market reforms, for strengthening rule of law, deepening judicial reforms, combating corruption and organized crime, creating favorable investment climates so as to

attract the necessary resources from abroad. No one can do this hard work of change in their stead. This Sisyphean task is all the more difficult when standards of living are stagnant or falling, or unemployment is rising. This is additionally painful because it is amongst the youth of these countries as elsewhere in Europe and the world, that unemployment is much higher. This in turn leads to a dangerous real and potentially disastrous brain-drain of those who are supposed to be the future human capital that should contribute most of all to the growth of these economies and to moving these societies forward.

So as these countries and their governments, parliaments, judiciaries, societies and economies struggle to change, they are helped enormously by friendly hands and resources from outside – and maybe in the most relevant way by keeping the promise of enlargement tangibly present.

The fact that Croatia has completed its road to membership and will become a full member state in July 2013 is of historical relevance for the region and for all of its countries. This is a success for Croatia and for the region and each individual country. This is tangible proof that the process works, that those who fulfill to their best capacity all the 33 "chapters" for membership will be given an open door and join the one half billion other citizens of the EU.

Keeping the train of Euro-Atlantic enlargement moving

Croatia becoming the 28th member-state of the EU gives motivation to all those working in the engine-rooms of democratization and modernization of their countries. That is why the opinion emitted in the Progress Report that the EU Commission gave last month, in October, is so fundamentally important for the transparency of the process and the oversight of the path travelled by each country.

By all counts it gave a fair assessment of the achievements and the shortfalls in the process of transformation. All still have a long road to travel in a number of spheres of reform and transformation.

None of these countries following Croatia is yet ready to join. Thus there will be a gap (apart from Iceland possibly joining in the mean time) of at least 6-8 years before the next Western Balkan country joins. But this gap is not because of fatigue or the EU refusing further entry, but simply because of lack of preparedness of the future candidates for membership in the most immediate future.

Turkey, that in 1963 got Associate membership with the then European Community, and has been a full candidate country since December 1999, and negotiating entry since October 2005, is in a category of its own compared to the Western Balkans. In some respects, geographically partly a Balkan country itself, it is the one that provokes the most heated debates in some EU countries with regards to its prospects for membership. Often in fact when enlargement is talked

about in a loose fashion in the EU public opinion, it is Turkey that is understood as the key country in this process, less so the Western Balkan countries.

Looking through in a most summary and highly incomplete manner: the EU Commission Progress Report of October recommends granting Serbia Candidate Status at the 9 December Council on the understanding that Belgrade re-engages in the dialogue with Kosovo and is moving swiftly to the implementation in good faith of agreements reached to; it is also proposed that Serbia open negotiations with the EU as soon as it achieves further progress in meeting the one key priority identified as: further steps to normalize relations with Kosovo in line with the conditions of the Stabilization and Association Process. Serbia is also heralded for the capture of Ratko Mladic and Goran Hadzic the last two outstanding indictees of the International Criminal Tribunal for former Yugoslavia, thus fulfilling of its most stringent and difficult obligations over the past years. The dialogue between Belgrade and Pristina has been highlighted as an important step in the soothing of tensions and the search for viable solutions between the two which has already yielded certain results.

Montenegro, already in the status of candidate country, was suggested to get a date to begin negotiations for membership in 2011 and was positively assessed for pushing through an important electoral reform.

Macedonia that has been a candidate to the EU for the past six years cannot budge because of the unresolved issue with Greece over its name. This is a highly detrimental situation not only for Macedonia but also for the whole region and for the enlargement process. Greece's enormous economic problems unfortunately do not bode well for a resolution of this now 19 year-old stand-off, in spite of the fact that Macedonia was ready to join NATO as full member at the same time as Croatia and Albania did in April 2008 at the Strasbourg-Kehl Summit, and in spite of the fact that the EU Commission is recommending since last year that it begin negotiations.

Albania has been stalled in its path due to outstanding challenges in its electoral processes and their contentious nature for both governing and opposition parties and the resulting difficulties in seeing an efficient legislative and governance process move forward. Albania on the other hand has become a full NATO member and has thus strengthened the security pillar which adds an important dimension of stability to the region.

The scrutiny of the EU Commission on Bosnia and Herzegovina has not revealed any optimistic views due to the fact that since the parliamentary elections in October 2010 the political parties who participated in the elections have not found it in themselves to overcome differences allowing them to form a central government that would lead the process of continuing on the path of integration. The EU is diminishing its EUFOR military mission and its police mission, but has sent in the first EU Special representative (EUSR now decoupled from the OHR, Office of the High Representative and its Chief Valentin Inzko) who is at the same time the Chief of Mission of the European Union, a most able Danish diplomat Peter Sorensen.

Finally of Kosovo in Progress report it is said:"Kosovo has made progress as regards the political criteria in a number of important areas. Following the general and presidential elections, a government was formed and started to address challenges Kosovo is facing. The Belgrade/Pristina dialogue was conducted in a generally constructive spirit, until September. The coordination of the European agenda in Kosovo has significantly improved. The Ministry of European Integration has strengthened its role and successfully managed a cycle of the Stabilization and Association Process dialogue. People in the north also need to benefit from the European perspective. It is important that Kosovo launches a comprehensive agenda for the north. Judicial reform has continued satisfactorily and important judicial institutions are in place". On the economic reform toward a market economy the Progress report assesses that no progress was made toward a market economy and that budgetary issues were a particular challenge.

It is important that the most advanced country, the "locomotive", Croatia be followed by all the other coaches of the train, i.e. that all countries also advance, understandably solely on their merit. This is the most forceful incentive to all those in these countries who are painstakingly endeavoring to make their states and societies better, more efficient, more transparent polities, for the public good and common interest of their citizens. One cannot overstate the case for this motivating force that the EU gives when it advances countries that are part of the process of enlargement. This is where EU leadership is strongly felt.

Those who are the domestic actors of modernization and democratization in each country are often confronted with tenacious odds, not only in the form of the domestic effects of the global economic crisis, but in the form of all those retrograde, entrenched and forces of special interests who are trying to maintain their privileged positions, their capacity for cronyism and clientelism, desperately trying to curtail the winds of change and transparency. This is of course not specific to these countries: see Greece, or see the fact that the former Prime Minister of Croatia Ivo Sanader is in jail under a number of charges of corruption and abuse of power. This illustrates both that the challenges are great, but also that headway is being made.

The lessons of the enlargement of the EU to Bulgaria and Romania have been learned. For example in Serbia this incumbent government decided to embark on what is probably the most difficult of all reforms in a democratic transition: that of the judiciary. Frontloading such an encompassing reform testifies to the awareness that all key reforms must be accomplished before entry and secondly that they take time to implement; i.e. it is difficult to get them right from the outset, and that they need to be fine-tuned for a lengthier period of time so as to yield efficient results.

Also the lesson, as it is defined in the EU, that "a new Cyprus shall not be repeated", in other words that an aspiring member state shall not be allowed to bring into the EU an unresolved territorial and constitutional issue. This pertains in particular to Serbia, regarding the unresolved issues surrounding Kosovo

Regional Cooperation an unsung story

All the countries of this "micro-region" of approximately 20 million people (4% of the half a billion citizens of the EU) have realized that only by cooperating can they weather many difficulties, achieve economies of scale in trade, production, infrastructure and combat the plague of organized crime.

Just in the past two months just to mention one example in the domain of security cooperation the ministers of defense and the chiefs of military intelligence have had their regular regional conference.

Regional cooperation has shown that a spirit of European partnership is pervasive. The renewed and intensified relationship between Croatia and Serbia since January 2010 when President Ivo Josipovic of Croatia was elected has been a clear demonstration of the awareness that the countries of the region only together will they be able to forge a way forward. They are very dependent on each other in multiple ways and in particular in commercial terms. The economic crisis has shown this patently. In fact cooperation in matters of fighting organized crime in the past two years has shown dramatic successes. The police forces, the ministries of interior have developed very intense levels of cooperation in particular over the past several years. These efforts are conducted in close cooperation with the US agency Drug Enforcement Administration (DEA) and the British Serious Organized Crimes Agency (SOCA). Regional and international criminal networks have been followed and exposed and curtailed.

Regional cooperation in a multiplicity of fields has been the unheralded story of the past decade. A "Yugosphere" has been talked about to indicate the versatility of the numerous links, exchanges, joint ventures and mutual investments that have materialized over these years. This is expression is not to everyone's liking for many reasons but it indicates the capacity to rebuild links among the newly independent countries that are driven by common interest and sheer necessity.

This regional cooperation has been compounded by the significant efforts aimed at confronting the wrongdoings of the past. Addressing the issue of the crimes committed during the conflict of the 1990s during the breakdown of former Yugoslavia has been an important part post-conflict development in the whole region and thus in Serbia as well. The mutual apologies for the crimes done in the name of the countries have contributed to overcoming tensions furthering peace. Furthermore, the presence of leaders at memorial sites, for example of the President of Serbia but of other regional leaders as well, at the commemoration of the genocide committed in Srebrenica is just one testimony to these endeavors.

Civil society has had a major role in much of these efforts toward reconciliation and overcoming the past. Over all civil society has been a key ally in all the democratic transformational work. More still needs to be done and again it behooves the leaders to continue setting the tone to this process.

Kosovo

There is a clear awareness of the realities of the Kosovo situation, not least amongst the current leadership in Serbia that is determined to pursue a solution to the ongoing challenge for the benefit of all citizens. With the engaging of the dialogue in March this year between Belgrade and Pristina, facilitated by the EU there has been a step by step approach that could lead to a resolution of the situation in Kosovo. This peaceful, prudent and realistic approach is conducive to stability and peace. Kosovo is quintessentially a European type of challenge and these have needed time to be resolved in a satisfactory manner. Such is this European challenge.

One need only mention as a comparison the issue of Northern Ireland. It took nearly a decade to get from the Good Friday agreement in April 1998 to the joint Northern Ireland Assembly Government in May 2007, a power sharing executive government in which Martin McGuiness and Ian Paisley, as leaders of the two communities, found an acceptable solution to all parties. It is humbling to understand that such challenges require time, and trust-building that can in turn lead to lasting, peaceful and stable solutions. Kosovo albeit different is a similar challenge.

Serbia lost a war with NATO in 1999. All of its state institutions had to depart Kosovo, and yet as is known the situation is unresolved in particular with regards to the North. Serbia's maneuvering space for negotiations was and remains as a result of the defeat very limited and yet the dialogue between Belgrade and Pristina began in March and has already yielded its first results to mutual benefit. A second round of results and compromises were supposed to materialize in July but did not, which led to a flare up, caused by a unilateral move by Pristina to assert its control on the North of Kosovo, that was then promptly calmed down by all sides involved – domestic and international. The dialogue was successfully reengaged in September and is expected to be continued, literally in the coming week. This is of the utmost importance for both Belgrade and Pristina, for the region and for Europe which can thus demonstrate its capacity for leadership and facilitation in resolving issues on its continent.

The two sides remain firm on their principled positions: Serbia is clear that it will not recognize Kosovo's independence, while Pristina maintains the fact of its independence and sovereignty. It has been clearly stated though, that these principled positions have not impeded the way toward finding solutions to numerous existential questions.

Serbia has repeatedly stated that it will only seek a peaceful negotiated solution to the challenge it confronts. Kosovo has asserted its independence and has also been pursuing a path to EU integration. There is cause to seek compromise for the common good of peace and a secure

livelihood of all citizens living there whether Albanian or Serb. European values are here being implemented to find a durable foundation to stability and peace.

Although partition of the North of Kosovo was contemplated by Serbia in the past as a possibility for a rapid solution with a concomitant recognition of the independence of Kosovo – that scenario is clearly off the table. A form of autonomy for the North with complex arrangements of power-sharing between Belgrade and Pristina seems to be a realistic option at the moment along with the defining of the status of the Serbian Orthodox Christian monasteries, the guaranteeing of rights of the Serbian community and of property issues. What will eventually transpire can only be the result of a process in which the two sides will feel least uncomfortable with. There are no ideal solutions in such and similar cases, only versions of the least bad solutions – and it seems that both sides have arrived at that degree of awareness that can be conducive to finding a solution in the not too distant future.

Given these realities, there is still much can be done in establishing a framework allowing for a normalization of multiple relations without recognition of one by the other. That is why, whatever the very significant historical and factual differences, the example of the "two Germany's" during the Cold war is quoted, or the relations between China and Taiwan (between which there are billions of dollars of trade, and eight daily flight between Beijing and Taipei)

Realities are also that all major trading and other partners of Serbia in the EU and the US have recognized the independence of Kosovo. All in all to date 85 states have recognized Kosovo's independence. Yet also, five states of the EU (Cyprus, Greece, Romania, Slovakia, and Spain) have not recognized Kosovo's independence.

Time has allowed for a maturing of the awareness that resolving the challenge rather sooner than later is in everyone's interest – of the citizens in particular. The need to move more rapidly in the existing dialogue between Belgrade and Pristina in a challenging global environment can help the region establish itself as an example. But there is nothing easy or simple or that can been done without the respect for both sides' interests. One is looking at least bad solutions as always in similar historical distant and recent cases.

A vibrant public debate on both sides also underscores the realism of the challenge without neglecting or diminishing its difficulties, nor the emotional and historical sensitivities.

CONCLUSION

The region of the Balkans has a number of challenges ahead. Among them corruption, or systemic corruption, is among its foremost domestic challenges. It is corrosive for the trust that citizens have in the system of governance, it is nefarious for expected foreign investments. Investors seek an enabling environment in which they shall not be exposed to a variety of opaque

practices and obstacles that may lead them to abandon intentions of investing. That is why judicial reform and the constant focus on the rule of law are of the essence.

The global economic crisis has not been helpful to say the least to any country. All are confronted with fears and threats of a double dip. The small countries that they are have gone through a tumultuous 1990s decade that has been so costly in social and economic terms that it has created a repository of resilience which means that full scale social upheaval is less likely although discontent is palpable. People have experienced suffering and even the extremes of suffering in the very recent past so that an economic downturn in comparison however dramatic is less so than what was experienced previously. This gives the government a political and economic maneuvering space that is not insignificant, but it should be in any way overestimated.

This social situation though does not exonerate from clear leadership and the courage of leadership, meaning the need to make difficult decisions, to pursue painful yet necessary reforms so that the path toward greater public good and common interest, the rule of law, the enforcement and implementation of laws moves steadily forward. This in turn moves the countries closer to the European Union.

Citizens as others are craving for more certainty and predictability in their daily lives. Governments must endeavor to resolve outstanding issues that lie in the path to being fully embraced and accepted by those who can help it and support it in every regard. Political parties and the elected leaders ultimately gauge the speed at which they can conduct reforms. Here again the interaction with the EU as an ally in this process is of the essence.

The region has advanced significantly since the Dayton Peace accords in 1995 and since the fall of the Milosevic regime in 2000. If one were to compare the two states of affairs in the Balkans in 2000 and today one could shy away from the realization that much has been accomplished and that this trend must be upheld and supported. Yes, this has happened by fits and starts, often by meandering, muddling through and sometimes with backward steps. But were one to plot a chart of these 11 years the trajectory is clear, as a political will and determination to resolve the issues outstanding.

The processes of democratic reform in post-totalitarian and post-authoritarian countries are progressive and often fragile. Young democracies need to strengthen institutions very rapidly and yet the "habits of the heart" of a democratic political culture do not appear over night. It is the practice of democracy, the practice of the market, the level playing field, competitiveness, debate and dialogue that instill norms and behaviors that dispel fragility of institutions.

Countries of the region in that respect are no different than other post-communist countries that have trodden the path of building democratic institutions, conducting wholesale reform of all of the countries institutions.

The region has nonetheless come a long way. It chose the future in Europe when rejecting the past. The forces of the old regime have been strong and have found ways to severely slow down reform processes. The states must now reinforce efforts at democratic transformation; they must diminish bureaucratic obstacles to investments and make the climate for investors much friendlier. In pre-electoral periods such as occur regularly it is to be expected that the focus will be on fulfilling the necessary requirements put in front of them by the European Union. The rest will wait until after the elections.

Competitiveness is too slow to appear which also means that investments are less forthcoming. The state monopolies in the field of production and distribution of energy are here also an impediment to new actors and investors.

Finally, needless to say, the support of the US administration to the EU integration process of the region and to the overall process of reform is most important. The visits over these past couple of years of Vice President Joseph Biden and of Secretary of State Hillary Clinton have in that regard been of great importance. The finishing of the "unfinished business" – support to the creation of a "Europe whole, free and at peace" is a key tenet of US foreign policy in the Balkans.

Even with these very slow changes and openings there have been important foreign investments over the years. One can see that there would have been much more had there been a consistent effort on the part of governments to simplify the rules of economic engagement thus promoting a level playing field for all those interested in investing.

The region has for some outside actors been a cause of frustration in terms of its slow pace of change. Yet many present indicators and past experience show capacities and potential that is promising if unleashed and sheparded in a responsible manner.

Thank you Mr. Chairman

Mr. BURTON. I think I will yield to my colleague, who has been very patient, Vice Chairman Griffin.

Mr. GRIFFIN. Thank you, Mr. Chairman. I would like to hear from you, Mr. Ambassador, on the status of our trade relationship with the Balkans. I know that the Balkans are in need of increased trade and foreign direct investment. As some of the shine of Europe maybe rubs off a little bit, I am interested to know whether we here in the United States are taking advantage of potential trade opportunities, export opportunities in particular, and what you think about the general status of trade with the United States. If anyone else from the panel wants to comment on that, that would be great.

Mr. VOLKER. Thank you. I will offer a couple of brief comments. I am not sure I have enough depth to answer all of the questions that you put on the table. But let me give you these couple of points. One of them is that geographically the Balkans region is much closer to Europe. It has agriculture and small industry, and, as a result, it is naturally going to have a larger trade relationship with the EU than it is going to have with the United States. That is just the geography of it.

Secondly, when we talk about progress toward the EU and integration, one of the elements of that that people talk about is business climate. Do the countries of the region create a good, healthy business climate, a fair marketplace, the ability of businesses to run themselves, to get clear title to hire and fire and not be tied up in regulations to have a clear tax policy? They need to do more themselves on the business climate.

And then thirdly, I want to just endorse where I think your question is coming from. I would very much like to see the U.S. be a stimulus to pushing those kinds of reforms internally, including by paving the way for greater direct U.S. trade with the region and greater U.S. investment in the region.

Mr. GRIFFIN. Private sector investment as opposed——

Mr. VOLKER. Exactly.

Mr. GRIFFIN. You probably heard that we are out of money.

What is the role—anybody that wants to comment, that would be great—of corruption in the region in terms of attracting economic growth and how corruption there compares to other European countries?

Mr. VOLKER. I will start, but I don't want to dominate the panel here. I think corruption is a serious problem and I don't think it has gotten meaningfully better in places. A couple cases would be Croatia, which has really stepped toward EU membership, and Montenegro, which has made a lot of progress as well. When you look at the conflict zones in particular—I want to agree with much of what Ivan Vejvoda has said. And I also think we face a dilemma. Yes, the people of the region want integration into Europe. But the leaders in the region continue to hold the region back by failing to settle a lot of these issues, and in many ways, because they profit from it, because they have created mechanisms that reinforce the status quo and hold back the region as a whole. I do think that is a serious problem.

Mr. GRIFFIN. Correct me if I am wrong, but fuller integration, or integration into Europe, would bring great changes for the leading

class and would, as a result of the requirements they would have to meet, may put significant pressure on the way they do business.

Mr. VOLKER. Absolutely. That is part of the premise for preparing for EU membership is that you strengthen your own economic management institutions, rule of law, the ethics. All of those things. That is part of the premise of joining the EU. So it would be necessary for them to do that. That is a short-term downside for those people who profit in other ways today. But there is also a long-term benefit—that they are bringing their countries forward and they will be leaders in those countries.

Mr. VEJVODA. Congressman, I would like to add a few words, if I may. Thank you for bringing up that issue because it is of extreme relevance. First of all, to the livelihood of people in these countries and then for EU accession, because it is a key condition to move forward. Again, here the picture is gray in the best sense of the word. There are still outstanding problems, but I think much has been done. In fact, I am glad Assistant Secretary Gordon mentioned the huge work that has been done in judicial reform, for example, in Serbia. But Croatia would not have gotten its accession without having arrested its former Prime Minister. This is huge. A former leader of a country that led the country to NATO is in jail today for abuse of power and corruption. Montenegro has done substantial work. And so has Serbia.

What I would like to underline here is that this fight is across borders. It is the fight against organized crime that is linked to corruption, that is linked to money laundering, and then investment of that money into real estate and other places. I would like to commend the huge collaboration that has occurred with, for example, the DEA here in the U.S. or the British Serious Organized Crime Agency and huge heists of tons of drugs have been made in Latin America, thanks to the joint work of Serbia, Croatia, Montenegro, Bosnia, the DEA, and the SOCA. I think that is a testimony to the willingness, again, and the determination to overcome the scourge that is organized crime, and then corruption.

In all of these countries—and I come from Serbia, and I know more—there are judges from the high court who are in jail. There are a number of various mafias that they call the highway mafia, those who are taking toll-road money and siphoning it off through very clever computer programs. The hacking business is intense. Sports. Soccer in all of these countries, the fixing of matches. These are some of the variety. One could spend the whole afternoon here describing how this is being addressed.

More needs to be done, there is no doubt. And there is huge public grievance about the fact this is not moving as fast as it can. But that is, again, where we come to the EU's framework, which is one that enables this movement forward. Just on the trade issue and U.S. investments, U.S. Steel was the biggest exporter company from Serbia, worth 12 percent of all Serbian exports, just before we went down into the 2008 crisis.

Mr. GALLUCCI. I just wanted to note that open borders between the Balkans and Europe also means open borders for movements of people and organized crime. I think that complicates the European view of how to handle places like Kosovo.

Mr. GRIFFIN. Do I have a few more seconds? I wanted to follow up on that and ask, if you are looking at the organized crime activities and movements, are they tied to, for example, Russian organized crime or are they pretty much limited to the Balkans? The reason I ask that is there is a real problem with intellectual property and rule of law and acknowledging intellectual property laws here in the United States. I call that theft. It is a big, big problem. A lot of it is driven by Russia—folks in Russia—and some of it has to do with a failure to enforce and respect the rule of law even by the governmental authorities, not just organized crime.

China is the other big perpetrator with regard to intellectual property violations. I would be interested to know if you have heard or know of any specific problems with intellectual property and piracy in the region.

Mr. VEJVODA. This is also an issue that is being addressed and is still outstanding. To answer your question simply, it is home-grown. We half jokingly, half seriously, say that the best regional cooperation is between the criminalized groups. There is no ethnic problem between Serbs, Albanians, Croats, Montenegrins, Slovenians, Bulgarians, or Romanians. Their interest is profit. And they will do everything to maintain those good "relations" that they have.

But it is just, as I mentioned, the coordinated effort of the police forces, of the intelligence services, that are now literally working in real time, with video conferencing every day between all of them. That is the only way to get at those who are violating, for example, intellectual property.

Mr. GRIFFIN. Thank you. Thank you, Mr. Chairman.

Mr. BURTON. Did you have a comment?

Mr. VOLKER. Just very briefly. I don't believe that intellectual property is the biggest organized crime challenge that we face in the Balkans. I think that some of the bigger ones are in the area of just simple extortion. Money laundering and trafficking in persons are the ones I am most concerned about.

I would also say that while it is true there is home-grown organized crime, there is also evidence of Russian organized crime in the Balkans as well.

Mr. BURTON. Well, let me just end up by saying one of the things that has not been discussed today by the Secretary are the political problems. You have very vividly pointed out some of the problems from the Serbs' point of view on the border there, and the customs problem, and how they have been importing police from the middle of Kosovo. The Ambassador pointed out some of the other problems.

The one thing that I have noticed in all the testimony today, and when I was over there, is there is a big political problem that everybody faces. The people in Serbia, the leaders in Serbia, I think they have an election coming up here pretty quickly. If they throw up their hands and say, "Okay, we are going to accept everything that has been decided," then politically they are going to get killed. There is just no question about it. Conversely, in Kosovo, if it looks like they are acceding any of the decisions that have already been made to the people on the Serbian side in northern Kosovo, then they have a political problem.

So the only thing that I can see is that there have been some very wrong things happening. I am not sure they are going to be solved overnight. But the one thing that I think is extremely important is that the United States use whatever leverage we have to get everybody to the conference table and to have them sit down.

We had the privilege to talk to the leaders, once again, of Serbia. I have high regard for those folks and I think that that should have been resolved in a different way, as I said to the Ambassador. I think we should have done like we do in other parts of the world—get them together and try to keep them at the conference table until they hammer out a decision that they can live with, instead of trying to focus some kind of—force some kind of decision from the outside, which many times doesn't lead to a real solution but only to more problems.

But the one thing I think is absolutely imperative is that the leaders in Serbia and the leaders in Kosovo continue to talk. Because if they will get together and talk, I am sure that these problems can be resolved without further conflict. And nobody wants another civil war. Nobody wants to see a lot of people get killed. We want to see a resolution of the problem.

So with that, I want to thank you and you and you for being here today. I appreciate you being so patient and waiting so long while we questioned the Ambassador at length. But thank you very much. We will use everything at our disposal to try to make sure we get everybody together to solve this problem.

We are adjourned.

[Whereupon, at 1:06 p.m., the subcommittee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Subcommittee on Europe and Eurasia
Dan Burton (R-IN), Chairman

November 14, 2011

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs' Subcommittee on Europe and Eurasia, to be held in **Room 2200 Rayburn House Office Building (and available live, via the WEBCAST link on the Committee website at http://www.hcfa.house.gov):**

DATE: Tuesday, November 15, 2011

TIME: 11:00 a.m.

SUBJECT: The State of Affairs in the Balkans

WITNESSES: Panel I

The Honorable Phil Gordon
Assistant Secretary
Bureau of European and Eurasian Affairs
U.S. Department of State

Panel II

The Honorable Kurt Volker
Managing Director – International Group
BGR Group
Senior Fellow and Managing Director
Center for Transatlantic Relations
School of Advanced International Studies
Johns Hopkins University

Mr. Ivan Vejvoda
Vice President, Programs
The German Marshall Fund of the United States

Gerald M. Gallucci, Ph.D.
Former UN Regional Representative in Mitrovica, Kosovo

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Europe and Eurasia* HEARING

Day *Tuesday* **Date** *November 15th, 2011* **Room** *2200*

Starting Time *11:06 am* **Ending Time** *1:06 pm*

Recesses [ ] (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____)

Presiding Member(s)

Dan Burton

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]
Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING:

The State of Affairs in the Balkans

SUBCOMMITTEE MEMBERS PRESENT:

Dan Burton, Elliot Engel, Tim Griffin, Tom Marino, Gregory Meeks, Ted Poe, Jean Schmidt, Albio Sires.

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

Dana Rohrabacher

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Dan Burton, Prepared Statement; Philip Gordon, Prepared Statement; Gregory Meeks, Prepared Statement; National Federation of Croatian Americans Letter, National Federation of Croatian Americans White Paper; Transconflict Report "The Ahtisaari Plan and North Kosovo"

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *1:06 pm*

Subcommittee Staff Director

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE DAN BURTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA, AND CHAIRMAN, SUBCOMMITTEE ON EUROPE AND EURASIA

NATIONAL FEDERATION OF CROATIAN AMERICANS

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The Honorable Hillary Rodham Clinton
Secretary of State
US Department of State
2201 C Street, NW
Washington, DC 20520

January 24, 2011

Dear Madame Secretary:

The National Federation of Croatian Americans Cultural Foundation wishes to express its continued concern with the status of Croats and the Roman Catholic Church in Bosnia and Herzegovina (BiH).

Since the signing of the Dayton Peace Accords (DPA) in November 1995, the situation of the Croats and the Catholic Church in BiH has steadily deteriorated. On one hand, the hundreds of thousands of ethnically cleansed Croats in the Republika Srpska (RS), along with the predominately Muslim Bosniaks, remain subject to continued pressure forestalling their return to their homes. On the other hand, Croats in the Bosniak-Croat Federation have found that the Federation's peculiar constitutional provisions have effectively left them without a voice in the three-man presidency of BiH.

The ongoing problems confronting Catholics and Croats in BiH have been recently highlighted again by Bishop Franjo Komarica of Banja Luka, whose diocese is based in the RS. A January 12, 2011, report by the Catholic Press Agency of Bosnia's Bishops' Conference notes that Bishop Komarica had sent a letter the previous day to the head of the Center for Public Security (CPS) in Banja Luka. The letter detailed numerous cases of the destruction of personal and real property of Croat returnees from the area, including in Šimići, Ivanjska, and Raljaš. In each of these cases, the complaints of the local Croats have been ignored by local RS police forces that are, apparently, working in concert with the perpetrators.

At first glance these incidents may appear to be nothing more than acts of petty crime. However, we believe that - given the history of the RS and the continued threats made by RS leaders to secede from BiH - they are part of an organized attempt to pressure the Croats of the RS to either leave the territory of the RS or to cow them into remaining silent in opposing the position taken by RS authorities concerning the future of BiH.

The fact that the Croats of Banja Luka feel compelled to turn to their Bishop for assistance with respect to these crimes further shows the legal and constitutional inadequacies of the DPA as it relates to the protection of the political rights for all Croats in BiH. This most recently became evident yet again after the re-election of Željko Komšić of the Social Democratic Party (SDP) to the seat reserved for Croats in the three-man Presidency of BiH.

While we certainly do not deny the legitimacy of President Komšić's election, we must note that his election to this position had been, as practically all observers recognize, achieved almost exclusively through the votes of Bosniak supporters of the SDP in the Federation. The SDP has taken the position that BiH must be restructured as a unitary state. This is contrary to the position taken by the large majority of Croat political parties in BiH. The latter fear that such a restructuring of the country, where the government will be elected based on a rule of one man-one vote, would cause the interests of Croats (the smallest of BiH's three constituent peoples) to be subordinated to the domination of the numerically superior Serbs and Bosniaks. Such a political regimen would eliminate the already weak institutional safeguards that protect the Croats of BiH.

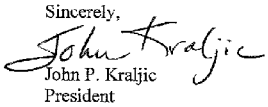
These weak safeguards have had real economic consequences as the state-dominated economy steers its largesse toward Bosniak and Serb dominated areas at the expense of the Croats. This has in turn caused the declining and alarming demographic position of Croats in BiH to deteriorate further.

Madame Secretary, we ask that the U.S. State Department take the foregoing into account and make known its displeasure with the attacks being undertaken against Croats in the RS. We respectfully request that your Department forcefully make known that it will not sanction any political, economic, legal, or constitutional settlements that may be reached between Serb and Bosniak leaders at the expense of the Croats and Catholics of Bosnia and Herzegovina.

If the National Federation of Croatian Americans may provide additional information regarding our concerns as stated above, we would be pleased to do so. Your staff may contact the NFCA's Public Affairs Director, Mr. Joe Foley, in Washington on telephone 301-294-0937.

Thank you.

Sincerely,



John P. Kraljic
President

JK:jf

CC:
US Senator John Kerry, Chair, Senate Foreign Relations Committee
US Senator Richard Lugar, Ranking Member, Senate Foreign Relations Committee
US Senator Mark Begich
US Representative Ileana Ros-Lehtinen, Chair, House Foreign Affairs Committee
US Representative Howard Berman, Ranking Member, House Foreign Affairs Committee
US Representatives Peter Visclosky and Elton Gallegly, Congressional Croatian Caucus
Msgr. David Malloy, General Secretary, US Conference of Catholic Bishops
Bishop Howard Hubbard, Chair, Committee on International Justice and Peace, USCCB

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White Paper on the
February 2009 Visit to the United States by Cardinal Vinko Puljic of Bosnian and Herzegovina to Raise Awareness of the Political and Religious Plight of the Bosnian Catholic Church and the Croatian People Presently Residing in Bosnia and Herzegovina under Conditions set by the Dayton Peace Agreement of 1995

by

Zvonko M. Labas and Joseph P. Foley
March 2009

A. Forward

His Eminence Cardinal Vinko Puljic, Archbishop of Sarajevo, visited the United States during the first two weeks of February 2009 for meetings in Washington, DC, and to deliver a lecture on "Peace, Dialogue, and Coexistence in Bosnia and Herzegovina" at Georgetown University. The Cardinal also conducted discussions in other U.S. cities with many Croatian Americans as well as other Americans. Representatives of the **National Federation of Croatian Americans (NFCA)** - including National Treasurer Zvonko Labas, National Secretary Anne Pavlich, Vice President Steve Rukavina, and NFCA Public Affairs Director Joe Foley - accompanied Cardinal Puljic, his aide Fr. Josip Knezevic and Fr. Ivan Sibalic, Pastor of the Croatian Catholic Mission in Washington, to meetings with representatives from the Bureau of European and Eurasian Affairs at the U.S. State Department and with several Members of the U.S. Congress. Those Members of Congress with whom we met during the first week of February included Rep. Chris Smith (R-NJ), Rep. George Radanovich (R-CA), and Senator Mark Begich (D-AK). It should be noted that Rep. Smith is a very senior Member of the House Foreign Affairs Committee and the current Co-Chair of the Congressional Bosnian Caucus. In addition, Rep. Radanovich is the Co-Chair of the Congressional Croatian Caucus, and Senator Begich is the first Croatian American elected to the United States Senate.

B. Current Situation of Croatians in Bosnia and Herzegovina

According to Cardinal Puljic, the Dayton Peace Agreement (DPA) of 1995 is all but dead due to its inability to be an effective form of governance over the political situation there. In a few instances the Office of High Representative established by the DPA tried to modify the agreement in an effort to balance the political power of the three constituencies. But each time it proved detrimental to Croatian Bosnians and therefore was not enacted. As a result, today the Croatian Bosnian national entity is practically powerless and subjugated by the other two constituencies - the Serbian Bosnians of the Republika Srpska (RS) and the Muslim Bosniaks of the Federation of Bosnia and Herzegovina (BiH).

It should be noted as an item of reference at this point that in BiH:

(1) The three main constituencies correspond nearly 100% with a particular religious allegiance – Croatian Bosnians are Roman Catholic, Serbian Bosnians are Serbian Orthodox, and Bosniaks are Bosnian Muslims of Slavic ethnicity.

(2) And, of these three constituencies, Croatian Bosnians are the oldest settlers of the current inhabitants in BiH.

Furthermore, the DPA-established eight-month rotating Presidency amongst the three Bosnian constituencies and the biannual elections process in BiH have kept this nation unsettled and in constant political turmoil. The civil and political disruptions in BiH are now considered significant enough by most observers and practitioners that the DPA is viewed to be broken beyond repair. It is believed that sixty-seven (67%) percent of Catholic Croatian refugees have not returned to their homes since the end of the war in 1995. Before the war 820,000 Catholic Croats lived in Bosnia and Herzegovina while there are only about 460,000 remaining today.

In Bosnia's Posavina region - which is in the northern part of the DPA-defined Republika Srpska statelet within BiH - 220,000 Croats resided in this region before the homeland war. Today there are only 13,000 Croatian Bosnians remaining, and they are constantly exposed to various local intimidations, threats, and robberies. Cardinal Puljic repeatedly emphasized during our meetings that there is no real personal or property security for Croatian Bosnians currently residing in the RS.

Within the Federation consisting of Muslims & Croats, matters are not much better. According to several observances of the DPA, Croats are outvoted on all levels - federal, county, and municipal. The concept of majority vote at the federal and county levels serves to keep Croats out of government decision-making and subjugated to majority Bosnian Muslim (or Bosniak) rule. Croats have few rights and no established, recognized, or practical capacity for redress of grievances. BiH was created as a multi-ethnic nation-state under the DPA, and it is currently proclaimed to be so to a fair degree by most elected Bosnian officials. However, in reality, Muslims politically and economically dominate all areas of BiH not considered part of the DPA-recognized statelet of RS. This is essentially the remainder of the country.

The Croatian Bosnian population is effectively dispirited, afraid, and leaving BiH in a continuous movement to the Republic of Croatia and points west. In the last two years, five hundred (500) Catholic families have left Sarajevo permanently. Cardinal Puljic made the point that various Bosniak leaders - both political and religious - have told him on occasion that: "You Croatians have your own country in the Republic of Croatia and this one is ours." The frankness of this statement further symbolizes possible intractable national difficulties in Bosnia.

At the same time, the influences of ultra-conservative Wahabi Islam are being imported from Saudi Arabia while fundamentalist Shi'a Islamic teachings and influences from Iran continue to flow into BiH uninterrupted. Together with money supporting the spread of Islam and the persistent building of mosques as a 'jobs program' in much of highly unemployed Bosnia, the influx of competing Saudi and Iranian funds and their respective Islamic cultural practices raises valid questions. What is behind these seeming Islamic sect rivalries and the probable nation-state political competitions currently playing out in BiH? NFCA representatives were not able to obtain sufficient answers to relevant questions regarding the apparent Saudi Arabian and Iranian political and religious influences and competition currently taking place in Bosnia and Herzegovina.

Cardinal Puljic provided a more micro-cosmic example of the related difficulties that he has faced in BiH since the end of the "homeland wars" that established the various successor states of the former Socialist Federal Republic of Yugoslavia. The Cardinal has been tireless in his attempts to obtain a permit to build a Catholic Church in a parish in Sarajevo where Catholic Croatians have been gathering for services in a machine shop for the last twenty-seven (27) years. His request for the permit to build was initiated nine (9) years ago with no results to date. During this same period of time, the Cardinal noted, approximately seventy (70) Islamic mosques have been built in Sarajevo.

Cardinal Puljic underlined other tangential problems. Currently there is no titular head of public decision-making regarding religious expansion, orderly appeals, and related concerns in BiH. For instance, Cardinal Puljic is most disheartened in that he must appeal to an Imam of the Muslim faith for official permission to build a Catholic Church in Sarajevo. He would rather seek permission at some governmental level within the Muslim-Croat Federation of BiH - or within the national government of Bosnia and Herzegovina in Sarajevo - versus currently being required to pursue specific Catholic Church developmental matters before certain quasi-appointed Imams. These problems are emblematic of the absence of a policy regarding Church land ownership and/or the return of lands to those BiH citizens who have decided to return to the country after the end of the Bosnian war in 1995.

Furthermore, in the region of Travnik, the Islamic institutions and all Islamic properties that had been confiscated during the communist regime have been returned. The Catholic Church went to the International Court of Human Rights in Europe and requested the same treatment. The court ruled in favor of the Catholic Church and ordered the property to be returned. This happened five (5) years ago, the Cardinal reported. To date, no action has been taken by the local government and no Church property has been returned. While in our meetings at the U.S. State Department and in the U.S. Congress, Cardinal Puljic cited several earlier State Department pronouncements regarding essential rights protections for minority Roma in Europe by the prior Principal Deputy Assistant Secretary of State for European and Eurasian Affairs, Rosemary DiCarlo. However, the Cardinal succinctly drew attention to the fact there have been no statements to date by the U.S. State Department regarding the many rights violations of Croatian Bosnians living in BiH.

C. Catholic Church (BiH) Constitutional Change Proposal

While he remains apolitical in regard to the final governmental or geographic structures, Cardinal Puljic proposed that a new Constitution in BiH should satisfy the following three (3) conditions to be practical and effective:

1. Equal rights and veto power to all three constituencies at the federal level.
2. On the regional entity levels: No constituency should have more than forty percent (40%) or less than thirty percent (30%) of participation in the government structures such as administration, police, education, etc.
3. On the local municipal level: 'One person - One vote' is appropriate because of the individual ethnic make up of each community unit. In Bosnia, the ethnicities tend to live together in the same villages and towns.

The Cardinal said these goals would be hard to achieve immediately because: "No one will relinquish power voluntarily and no political group will sacrifice what they already have." For example, Serb-Bosnian farmers are farming land in the RS that belonged to the Catholic Church before the 'homeland wars' in the 1990s, while a former Trappist monastery in Banja Luka (the capital of the RS) has been transformed into an apartment and housing complex. The economic development of these particular properties, and the current de facto RS land use policies it illustrates, significantly blocks repatriation of these Church properties and others being affected in similar manner.

The Cardinal's present strategy is to push for equal religious and human rights for all in BiH and the return of Church properties. These properties include schools, churches, monasteries, and related lands that supported Church infrastructure in BiH. Achieving this would encourage Catholics to stay and fight for their individual equal rights. In short, a 'grass roots' political and legal movement by Bosnian Catholics of Croatian ethnicity could result.

Cardinal Puljic claimed that the DPA in its present form does not provide for actual political and equal rights reform in BiH. He noted that: "Dayton is like a 'straitjacket' for Bosnia. It may be similar to someone's broken hand that requires 're-breaking' before it can be set properly and actually heal correctly." These statements related to the problems with the DPA and the tangible evolutions of Serbian and Muslim domination (in the Republika Srpska and the Federation respectively) struck resonant chords of understanding at the U.S. State Department and on Capitol Hill with the Members of Congress and their staffs.

D. Conclusion

On February 20, 2009, a local magistrate in RS capital of Banja Luka ruled that significant reparations ($42 million/29 million pounds) must be paid to the Islamic community in response to Serbian forces' destruction of 16 mosques within the Republika Srpska during the 1992-95 Bosnian war. The court ruling comes eight years after local Muslims filed the first case in BiH in which a religious community sought joint reparation for such wartime damages. Plaintiff attorney Esad Hrvacic noted the decision was of "historic importance." He told Reuters after the ruling that: ".... most important is the fact that the Serb Republic has for the first time acknowledged the responsibility for the destruction of religious objects during the war. We expect that the authorities will meet their obligations in a dignified manner and take over the responsibility and correct the past mistakes." *

This very recent court decision in Banja Luka bodes well for meaningful religious, human, and property rights progress in BiH. It creates the possibility that the same legal assurances and civil courtesies could eventually be extended to the Croatian Catholic community and its Church. Supportive policy development and action by the U.S. and other countries - including Bosnia's neighbors in South Central Europe - are needed now. Progressive attention to these matters could contribute assistance to Cardinal Puljic and his Catholic Church's goals in BiH. These necessary objectives - as the **NFCA** views them - are obtaining the same religious, property, and human rights for Croatian Bosnians that the Orthodox religious already enjoy in the Republika Srpska and that the Muslims take advantage of throughout the remainder of the Muslim-Croat Federation. If properly met, these immediate objectives could be a starting point for a final reconciliation in Bosnia and Herzegovina. Success in these regards would assist the Bosnians themselves in the creation of a more stable nation-state for the immediate and extended future.

* Attorney Esad Hrvavic's quote source:

"Bosnian Serbs Told to Pay for Burnt Mosques" Reuters - February 20, 2009
<http://www.iht.com/articles/reuters/2009/02/20/europe/OUKWD-UK-BOSNIA-COURT-MOSQUES.php#>

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[NOTE: Additional material submitted by Gerard M. Gallucci, Ph.D., former U.N. Regional Representative in Mitrovica, Kosovo, entitled "The Ahtisaari Plan and North Kosovo," is not reprinted here but is available in committee records.]

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