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THE SUCCESSOR STATES TO PRE-1991 YUGOSLAVIA: PROGRESS AND CHALLENGES

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BEFORE THE

SUBCOMMITTEE ON EUROPEAN AFFAIRS

OF THE

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THE SUCCESSOR STATES TO PRE–1991 YUGOSLAVIA: PROGRESS AND CHALLENGES

WEDNESDAY, JUNE 25, 2003

U.S. SENATE,
SUBCOMMITTEE ON EUROPEAN AFFAIRS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:35 p.m. in room SD–419, Dirksen Senate Office Building, Hon. George Allen (chairman of the subcommittee), presiding.

Present: Senators Allen, Voinovich, and Biden.

Senator ALLEN. Good afternoon, everyone. I call this hearing of the European Affairs Subcommittee to order. Today we are here to address, review, and to discuss the progress that has been made in the Balkans, as well as some of the challenges that remain in that region.

We are pleased to be joined by Mr. Jones, who is on the first panel, Deputy Assistant Secretary for the Department of State, as well as on the second panel Mr. Daniel Serwer, director of the Balkans Initiative and Peace Operations at the U.S. Institute of Peace, Mr. James O'Brien, principal with the Albright Group, and Major General William Nash, the John Vessey Senior Fellow and director of the Center for Preventive Action.

This situation in the Balkans has improved significantly from my perspective from the days I visited there back about this time of the year in 1997. I was Governor of the Commonwealth of Virginia and went there to see Virginia Guard troops who were stationed in Doboy in Bosnia. They were called in to assist in peacekeeping efforts with troops from Poland and Sweden and Denmark, and it was an interesting combination of effort. It was a very sobering experience to visit with those men and women who were attempting to keep the peace in an area with such violent strife as a result of such deep-seated hatred and animosities and ethnic tensions and historic territorial disputes that have been going on for hundreds of years.

I also recollect how they said, "do not ever get off the road because you will step on a land mine, possibly." I also recall saying, boy, that's good-looking bottomland, farmland there, and they said yes, it is, but a farmer just 3 weeks ago was blown up and died with a land mine. There were and probably still are millions of land mines throughout that region, but through the strong leadership of NATO and the perseverance of the United States and our European allies in the EU we have seen these tensions dissipate, and I'm specifically speaking of Bosnia and also Kosovo as well.

The key is that the principle of representative government has taken root in most of the Balkan nations, and I believe the United States and our allies can take a great deal of satisfaction in the successes enjoyed in the Balkans in recent years, and while strides have been made in democratic and economic reform, and they have been impressive, we are reminded that our combined focus and attention cannot wane in the Balkans. Kosovo continues to experience setbacks in its efforts to make meaningful, long-lasting reform. The rule of law continues to be a very fragile concept and Kosovo continues to be a haven for drug-smuggling, human trafficking, and money-laundering. With Kosovo experiencing such problems and the matter of its final status still unclear, the international community has very good reason to remain engaged.

Another area of great concern that I know will be touched upon by our witnesses is the assassination of the Serbian Prime Minister in March of 2003. He was murdered by organized crime that had links to the security forces of the government, and while the government has taken great steps to arrest and prosecute those who are responsible, the link to the Serbian security and intelligence services highlights the need to remain involved in assisting Serbia in developing a government free of corruption and free of connections to organized crime.

I think the challenges that are facing the Baltic States can be overcome. The United States, in my view, must remain engaged and offer what advice and assistance we can to foster transparent democracies that recognize the inherent rights of all citizens as well as promote the free market concepts that give all citizens the opportunity to succeed and prosper.

My colleague, Senator George Voinovich of Ohio, over the years has just been a stalwart leader on these issues. He has dedicated a great deal of time and energy in making sure and ensuring that the United States has the proper focus and understanding on the policies and actions we might take in the Balkan States, and I appreciate all of Senator Voinovich's tremendous leadership and the work that his staff has done as well in organizing this hearing.

I will have to leave shortly for a meeting that I have over back at the Capitol, and Senator Biden is on his way and I'm sure will have opening remarks, but I thank all of our witnesses. But in particular I thank Senator Voinovich for his principled leadership, steady leadership and being our conscience and our guiding light in the United States effort to assist our friends in the Balkans.

So with that, I'm going to turn the gavel over to Senator Voinovich until I can return, or for the remainder of the meeting, and with that, Senator Voinovich, please preside, and thank you all.

Senator VOINOVICH [presiding]. Thank you, Senator Allen. I want to express my appreciation to you for allowing us to schedule this very important hearing on Southeast Europe. I wasn't aware of the fact that you had visited Bosnia in 1997, and we've never discussed it, but the first person that was killed in Bosnia was an Ohioan who stepped on a land mine. That is how he was killed, and I am grateful that you continue to be interested in this part of the world, because it is an area where we have invested an enormous amount of time and effort and money, and we've got to make sure that

what we have accomplished is not unraveled, because we have enough other fish to fry all over the world, so thanks again for allowing us to have this hearing.

Senator ALLEN. Thank you, Mr. Chairman.

Senator VOINOVICH. I would like to welcome two distinguished panels of witnesses today who have agreed to testify before the subcommittee. We're first going to hear from Deputy Assistant Secretary of State Paul Jones, who is acting in his position following the departure of Janet Bogue, who recently left to become someone who is going to work with young Foreign Service officers at the Department, which I think is a very important responsibility. She will be missed. I am very, very grateful for the good job that she did and the relationship that I built with her, but we welcome you, Mr. Jones, and you have also served as Director of the office of South Central Europe at the State Department.

Our second panel includes Daniel Serwer, who I've known a long time, who serves as the director of the Balkans Initiative and Peace Operations at the U.S. Institute of Peace, Mr. James O'Brien of The Albright Group, and Major General William L. Nash, U.S. Army, retired, who serves as the John W. Vessey Senior Fellow and director of the Center for Preventive Action at the Council on Foreign Relations.

I thank all of you for coming here and taking time to be with us. I believe it's imperative that we continue to talk about developments in this part of the world, and I look forward to your testimony.

While I welcome the witnesses today, I will tell you that I'm very frustrated and disappointed that the Department of Defense has chosen not to appear before the subcommittee this afternoon to respond to questions regarding U.S. engagement in the Balkans. I find it troubling that the Defense Department is unwilling to engage with the Foreign Relations Committee at this time, when thousands of American troops are on the ground in Bosnia and in Kosovo, and U.S. taxpayer dollars are invested to promote peace and stability in that region. I am hopeful that they will soon be prepared to address questions that I and other members of the committee would like to raise regarding our military operations in Southeast Europe.

I must also say, as kind of an editorial comment, that I and many of my colleagues are very frustrated that we can't get more information about Iraq today. We need to know how many troops we're going to have in Iraq. We need to know how long they're going to be there, and we have to have some idea of how much it's going to cost, and I'm hoping that Secretary Rumsfeld finds time before the end of this week to come and address the Members of the U.S. Senate and bring us up to date on that, because many of us, when we go home, are going to be asked questions by our constituents about our involvement in Iraq, and I think it's our obligation to be able to respond to those questions in an intelligent fashion.

While it is clear that the President and his team have a lot on their plate with regard to our foreign policy agenda, including Iraq, North Korea, Afghanistan, and the Middle East, I believe that it is crucial that we continue to pay attention to what's happening in

Southeast Europe. We have invested considerable resources in the Balkans during the last decade, and continued engagement is critical as we look to fulfill our objectives there.

When I came to the Senate in January 1999, the U.S. Senate was engaged in a debate about U.S. involvement in the Kosovo crisis, and I got very much involved in that whole debate. Four years later, the international community remains engaged in Kosovo, with the U.N. mission in Kosovo charged with the administration of the day-to-day affairs in the province, and a total of roughly 24,000 troops on the ground as part of NATO's Kosovo force, KFOR, of which 2,600 are Americans. These troops, including a significant American presence, remain critical to the preservation of peace in Kosovo.

The international community also maintains an active presence in Bosnia and Herzegovina, with the Office of the High Representative and NATO's stabilization force, which is into its eighth year—eighth year—with troops on the ground. At present, approximately 12,000 soldiers, including 1,900 Americans, serve as part of SFOR. As reaffirmed by NATO foreign ministers at their meeting in Madrid earlier this month, NATO still has a job to do in Bosnia, including the apprehension of war criminals and initiatives to fight terrorism and organized crime.

Without a doubt, the political environment in Southeast Europe has changed during the course of U.S. engagement in the region in the past several years, most dramatically altered by the death of Franjo Tudjman in Croatia on December 10, 1999 and the removal of Slobodan Milosevic from power on October 5, 2000. However, considerable challenges remain as we move forward with our efforts to promote democracy, the rule of law, economic reform, and lasting peace in the Balkans.

As we examine U.S. policy toward Southeast Europe, particularly the successor states of the former Yugoslavia, I believe it is essential to address the future of U.S. involvement in NATO peacekeeping missions in Bosnia and Herzegovina and Kosovo. Following the ethnic conflict of the nineties, NATO has been an essential part of efforts to secure security and stability in the Balkans, first in Bosnia and Herzegovina and then later in Kosovo, and most recently in Macedonia. While the NATO mission in Macedonia has been turned over to the European Union, the alliance continues to play a significant role in Bosnia and Kosovo.

The importance of NATO's presence, including a significant American contingency, is underscored time and time again in my conversations with individuals engaged in the region. When I visited U.S. soldiers stationed in Tuzla, Bosnia in December 2001, I asked a young American what would happen if the NATO forces left. His response to me was, "they'll start killing each other," and it's very interesting, it was the same question that my wife asked on the mission that she went on, the same answer, they'll start killing each other.

The same commitment is important in Kosovo. While the U.N. mission in Kosovo, led by Michael Steiner, established a set of benchmark goals last spring which call for progress in key reform areas, including the need to improve respect for minority rights and refugee returns, the fact remains that security conditions in

Kosovo are not conducive to large-scale returns, and only a small fraction of the non-Albanian refugees who fled after the war have been able to return to their homes. Until security has improved for all people in Kosovo, including minority groups, I believe it's essential that NATO forces, including U.S. troops, remain deployed in Kosovo.

Additionally, as I indicated to ethnic Albanian leaders during a visit to Kosovo in February 2000 and again in May of 2002, when I met with Prime Minister Rexhepi and President Rugova, I believe it will be difficult to truly address the future of Kosovo until the rights of Kosovo ethnic minorities, including Serbs, Roma, Egyptians, Bosniaks, Croats, Turks, and others are protected, and all enjoy freedom of movement.

So although the United States faces challenges in other parts of the world, including new demands in Iraq, Afghanistan, and God only knows where else, we must carefully consider the potential ramifications of premature disengagement from the Balkans. While it's our sincere hope that successor states of the former Yugoslavia continue down the path toward integration into the broader European community, we must be realistic in our assessment of progress in Bosnia and Herzegovina and Kosovo and not rush to pull U.S. troops from the region.

As we discuss U.S. engagement in the Balkans, it's also imperative that we pay close attention to developments in Serbia and Montenegro. We find ourselves at the crossroads in Belgrade, where the government of Prime Minister Zivkovic has undertaken an aggressive effort to combat organized crime and corruption after the assassination of Prime Minister Zoran Djindjic.

Though tragic, the assassination of Prime Minister Djindjic has made clear the link between organized crime and the Milosevic-era thugs who bear in part a large responsibility for the atrocities of the nineties. It is this group of people who serve as an impediment to reform and the country's future in Europe's democratic institutions. While those behind the Djindjic assassination hoped the government would fall in the absence of a clear authority, the government pulled through, and the reformers prevailed. In the months following the assassination, thousands who were tied to organized crime have been arrested, and the government appears to be headed down a path of reform.

While these are positive developments, it remains unclear how long the reforms will continue and just how deep they will go. As Serbian and Montenegro looks toward membership in NATO and the European Union, including hopes for admittance into NATO's Partnership for Peace program, it is imperative that the United States remain engaged and continue to call for reforms, including cooperation with International Criminal Tribunal for the former Yugoslavia and reform of the country's defense sector.

A month or so ago I met with Carla del Ponte,, and she made it very clear that there is a lot more cooperation that she could be getting from Croatia and from Serbia, terms of The Hague.

Additionally, the United States should continue to monitor developments in Croatia and Macedonia. In Croatia, President Mesic and Prime Minister Racan have moved forward with reform efforts since coming to power in 2000. While the situation has improved

since the death of Tudjman, there are still challenges that must be addressed. This includes cooperation with the war crimes criminal tribunal, as I mentioned, as well as refugee returns.

Additionally, as the country faces continued economic difficulties, there could be increased support for nationalistic parties in parliamentary elections scheduled to take place later in the year. This could be a setback in efforts to promote democratic reforms in Croatia.

In Macedonia, the United States should continue to call for the full implementation of the Ohrid Framework Agreement which was signed by Macedonia and the ethnic Albanian political parties in 2001. While there has been progress to date in efforts to move forward with the implementation of the peace agreement, ethnic tension remains high in Macedonia. A stable, multi-ethnic Macedonia is important to the overall security in the region.

These are but a sampling of issues that impact our engagement in the Balkans. We are pleased to have the opportunity to discuss them here today, and I again thank the chairman and ranking member for agreeing to schedule this important hearing. While our focus has necessarily shifted a bit in the Halls of Congress since I came to Washington in 1999, as we address the ongoing campaign against terrorism and the developments in the Middle East, I continue to believe that our engagement in Southeast Europe is necessary.

[The prepared statement of Senator Voinovich follows:]

PREPARED STATEMENT OF SENATOR GEORGE V. VOINOVICH

I would like to thank Senator Lugar and the Chairman of the Subcommittee on European Affairs, Senator Allen, for agreeing to schedule this hearing today to examine ongoing challenges in the Balkans.

I would also like to welcome two distinguished panels of witnesses who have agreed to testify before the subcommittee this afternoon. We will first hear from Deputy Assistant Secretary of State Paul Jones, who is acting in this position following the departure of Ms. Janet Bogue, who recently left her position in the European Affairs Bureau to assume a position working with young Foreign Service Officers at the Department. While she will be missed, we welcome Mr. Jones, who has also served as the Director of the Office of South Central Europe at the State Department.

Our second panel includes Daniel Serwer, who serves as the Director of the Balkans Initiative and Peace Operations at the U.S. Institute of Peace; Mr. James O'Brien of the Albright Group; and Major General William L. Nash USA (Ret.), who serves as the John W. Vessey Senior Fellow and Director of the Center for Preventive Action at the Council on Foreign Relations.

Thank you all for taking the time to be here today. I believe it is imperative that we continue to talk about developments in this part of the world, and I look forward to your testimony.

While I welcome these witnesses today, I am frustrated and disappointed that the Department of Defense has chosen not to appear before the subcommittee this afternoon to respond to questions regarding U.S. engagement in the Balkans. I find it troubling that the Defense Department is unwilling to engage with the Foreign Relations Committee at this time, when thousands of American troops are on the ground in Bosnia and Kosovo, and U.S. taxpayer dollars are invested to promote peace and stability in the region. I am hopeful that they will soon be prepared to address questions that I, and other members of the committee, would like to raise regarding our military operations in southeast Europe.

While it is clear that the President and his team have a lot on their plate with regard to our foreign policy agenda—including Iraq, North Korea, Afghanistan and the Middle East—I believe it is crucial that we continue to pay attention to what is happening in southeast Europe. We have invested considerable resources in the Balkans during the last decade, and continued engagement is critical as we look to fulfill our objectives there.

When I came to the Senate in January 1999, the United States Senate was engaged in debate about U.S. involvement in the Kosovo crisis. More than four years later, the international community remains engaged in Kosovo, with the U.N. Mission in Kosovo charged with the administration of day to day affairs in the province and a total of roughly 24,000 troops on the ground as part of NATO's Kosovo Force (KFOR)—of which 2,600 are Americans. These troops, including a significant American presence, remain critical to the preservation of peace in Kosovo.

The international community also maintains an active presence in Bosnia and Herzegovina, with Office of the High Representative (OHR) and NATO's Implementation/Stabilization Force (SFOR), which is into its eighth year with troops on the ground. At present, approximately 12,000 soldiers, including 1,900 Americans, serve as part of SFOR. As reaffirmed by NATO foreign ministers at their meeting in Madrid earlier this month, NATO still has a job to do in Bosnia, including the apprehension of war criminals and initiatives to fight terrorism and organized crime.

Without a doubt, the political environment in southeast Europe has changed during the course of U.S. engagement in the region in the past several years, most dramatically altered by the death of Franjo Tudjman in Croatia on December 10, 1999 and the removal of Slobodan Milosevic from power on October 5, 2000. However, considerable challenges remain as we move forward with our efforts to promote democracy, the rule of law, economic reform, and a lasting peace in the Balkans.

As we examine U.S. policy toward southeast Europe, particularly the successor states to the former Yugoslavia, I believe it is essential to address the future of U.S. involvement in NATO peacekeeping missions in Bosnia and Herzegovina and Kosovo. Following the ethnic conflict of the 1990s, NATO has been an essential part of efforts to ensure security and stability in the Balkans—first in Bosnia and Herzegovina, later in Kosovo, and most recently in Macedonia. While the NATO mission in Macedonia has been turned over to the European Union, the Alliance continues to play a significant role in both Bosnia and Kosovo.

The importance of NATO's presence, including a significant American contingency, is underscored time and time again in my conversations with individuals engaged in the region. When I visited U.S. soldiers stationed in Tuzla, Bosnia in December 2001, I asked a young American what would happen if the NATO forces left. His response to me? "They'll kill each other." While some progress has been made since that time, ethnic tension in Bosnia and Herzegovina remains high.

The same is especially true in Kosovo. While the U.N. Mission in Kosovo, led by Michael Steiner, established a set of benchmark goals last spring, which call for progress in key reform areas, including the need to improve respect for minority rights and refugee return, the fact remains that security conditions in Kosovo are not conducive to large-scale return, and only a small fraction of the non-Albanian refugees who fled after the war have been able to return to their homes. Until security has improved for all people in Kosovo, including its minority groups, I believe it is essential that NATO forces—including U.S. troops—remain deployed in Kosovo.

Additionally, as I indicated to ethnic Albanian leaders during a visit to Kosovo in February 2000 and again in May 2002, I believe it will be difficult to truly address the future of Kosovo until the rights of Kosovo's ethnic minorities, including Serbs, Roma, Egyptians, Bosniaks, Croats, Turks and others, are protected, and all enjoy freedom of movement.

Though the United States faces challenges in other parts of the world, including new demands in Iraq and Afghanistan, we must carefully consider the potential ramifications of premature disengagement from the Balkans. While it is our sincere hope that the successor states to the former Yugoslavia continue down the path toward integration into the broader European community, we must be realistic in our assessment of progress in Bosnia and Herzegovina and Kosovo and not rush to pull U.S. troops from the region.

As we discuss U.S. engagement in the Balkans, it is also imperative that we pay close attention to developments in Serbia and Montenegro. We find ourselves at a crossroads in Belgrade, where the government of Prime Minister Zoran Zivkovic has undertaken an aggressive effort to combat organized crime and corruption in the aftermath of the assassination of Prime Minister Zoran Djindjic on March 12, 2003.

Though tragic, the assassination of Prime Minister Djindjic has made clear the link between organized crime and the Milosevic-era thugs who bear in part a large responsibility for the atrocities of the 1990s. It is this group of people who serve as an impediment to reform and the country's future in Europe's democratic institutions.

While those behind the Djindjic assassination hoped that the government would fall in the absence of a clear authority, the government pulled through, and the reformers prevailed. In the months following the assassination, thousands with ties to organized crime have been arrested, and the government appears to be headed

down a path of reform. While these are positive developments, it remains unclear how long the reforms will continue, and just how deep they will go.

As Serbia and Montenegro looks toward membership in NATO and the European Union, including hopes for admittance into NATO's Partnership for Peace (PfP) program next year, it is imperative that the United States remain engaged and continue to call for reforms—including cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY) and reform of the country's defense sector.

Additionally, the United States should continue to monitor developments in Croatia and Macedonia. In Croatia, President Mesic and Prime Minister Racan have moved forward with reform efforts since coming to power in 2000. While the situation has improved since the death of Tudjman, there are still challenges that must be addressed. This includes cooperation with the War Crimes Tribunal, as well as refugee return. Additionally, as the country faces continued economic difficulties, there could be increased support for nationalist parties in parliamentary elections scheduled to take place later this year or early next year. This could be a setback in efforts to promote democratic reforms in Croatia.

In Macedonia, the United States should continue to call for the full implementation of the Ohrid Framework Agreement, which was signed by Macedonian and ethnic Albanian political parties in 2001. While there has been progress to date in efforts to move forward with the implementation of the peace agreement, ethnic tension remains high in Macedonia. A stable, multi-ethnic Macedonia is important to overall security in the region.

These are but a sampling of the issues that impact our engagement in the Balkans. I am pleased to have the opportunity to discuss them here today, and I again thank the Chairman and the Ranking Member for agreeing to schedule this important hearing. While our focus has necessarily shifted a bit in the halls of Congress since I came to Washington in January 1999, as we address the ongoing campaign against terrorism and developments in the Middle East, I continue to believe that our engagement in southeast Europe is necessary.

I would again like to thank our witnesses for being here today. We will begin with Deputy Assistant Secretary of State Paul Jones.

Thank you.

Senator VOINOVICH. Again, I'd like to thank the witnesses for being here today, and I will begin the testimony with Deputy Assistant Secretary Paul Jones. Thank you for coming.

STATEMENT OF PAUL W. JONES, ACTING DEPUTY ASSISTANT SECRETARY OF STATE FOR EUROPE AND EURASIA, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Mr. JONES. Thank you for inviting me to testify before your subcommittee today. I am pleased to have this opportunity to share with you some transformations that are taking place today in four of the successor states to the former Yugoslavia: Serbia and Montenegro, Croatia, the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina.

These four countries and the U.N-administered Kosovo have come a long way over the past 2 years. The region is now dominated by reform-oriented governments that wish to join Euro-Atlantic institutions. U.S. policy is designed to accelerate democratic, market-oriented reforms and to help facilitate the region's integration into NATO and the EU because we believe this is critical to fulfilling the President's vision of a Europe, whole, free, and at peace.

This new dynamic is playing out in several ways. Under the Adriatic Charter signed by Secretary Powell, Macedonia, Croatia, and Albania have agreed to cooperate on common goals and to support each other's NATO candidacies. Serbia and Montenegro and Bosnia and Herzegovina seek to join the Partnership for Peace. These desires are fueling impressive progress on civilian control of reformed militaries as well as regional cooperation.

The four successor states are also beginning to support U.S. goals outside the region. Macedonian forces are deployed in Iraq and Afghanistan; Croatian forces are deployed in Afghanistan.

While this region is in many ways a success story, significant challenges remain. What most holds back the region is organized crime and corruption, post-conflict issues and economies burdened by the remnants of communism. The United States plays a leading role in confronting all of these challenges politically and through our assistance programs, working closely with our European partners. We insist that all states comply with their international obligation to cooperate with the international criminal tribunal for the former Yugoslavia.

We lead efforts to ensure that every displaced person or refugee has the right to return to his home. Our participation in NATO's military missions is critical to maintaining safe and secure environments in Bosnia and Herzegovina and Kosovo. Approximately 1,800 U.S. soldiers are currently serving in SFOR in Bosnia and Herzegovina, and 2,250 in KFOR in Kosovo.

Let me be a bit more specific. On March 12, 2003, Serbian Prime Minister Zoran Djindjic was assassinated in front of the Serbian Government building by the deputy commander of the infamous paramilitary unit known as the Red Berets. Rather than crumble, the Serbian Government came together, picked a successor, imposed a state of emergency, and began a far-reaching crackdown on organized crime and initiated sweeping defense reforms.

The assassination reinvigorated the stalled reform process in Serbia and revealed a nexus between organized crime, war criminals, and their supporters. Secretary Powell visited Belgrade April 2 to offer his condolences and lend his personal support to the reform agenda emerging out of this tragedy.

During this crackdown on organized crime and startup of defense reforms, Belgrade took significant steps in cooperation with the international tribunal. Authorities apprehended the two notorious indictees still at large for crimes committed in Vukovar. One has been transferred to the tribunal, and the other is expected to follow in the coming days.

In addition, former Serbian State Security Chief Stanisic, an architect of the Serbian policy of ethnic cleansing, and his deputy, Simatovic, founder of the Red Berets, were apprehended and transferred to The Hague.

In this context, Secretary Powell decided on June 15 to certify that Serbia, pursuant to section 578 of the Foreign Operations and Appropriations Act, was cooperating with the tribunal. This certification does not mean that Belgrade is in full cooperation with the tribunal. We remain committed to ensuring that all indictees are apprehended and transferred, and that necessary access to witnesses and documents is assured.

Serbia and Montenegro have formally written to NATO requesting an invitation to join the Partnership for Peace. Belgrade is aware that two outstanding issues must first be resolved: full cooperation with the tribunal, including regarding Ratko Mladic; and dropping suits against eight of our NATO allies before the International Court of Justice. Once these issues are resolved, we will welcome Serbia and Montenegro into the Partnership for Peace.

Four years since the end of the Kosovo conflict, Kosovo has steadily emerged from the devastation of war to become a more stable and democratic society. Security has improved, with a steady decline in most major crime categories, including inter ethnic violence. The Kosovo Police Service is assuming most police functions, and is quickly approaching its full capacity, while the number of U.N. international civilian police is dropping. Approximately 10 percent of the Kosovo Police Service are ethnic-Serbs, a composition well-received by all.

Freedom of movement for minorities is constrained in some areas while improved in others. The return of refugees and displaced persons, while slow, is steadily increasing. U.S. assistance has played a significant role in each of these areas.

We support the approach of U.N. Special Representative Michael Steiner, who laid out in April 2002 eight standards that should be achieved before the question of Kosovo's final status is addressed. This approach is called standards before status. We believe that it is premature to discuss final status. There are those in Kosovo who seek independence and those in Serbia who seek partition. We believe that moving in either direction could risk destabilizing Kosovo and the broader region, which has only now emerged from a decade of conflict.

The standards laid out by Special Representative Steiner address many of the issues that at present are sources of political volatility and potential instability, like the right of people to return, unemployment, and lack of functioning institutions of local government. Achieving these standards will ensure that final status for Kosovo will help stabilize the region.

Croatia has been a good partner in the war on terrorism. Regrettably, its rather vocal divergent positions on Iraq and the International Criminal Court have strained our relations. We want Croatia to fulfill its commitments on facilitating refugee returns, property restitution, and housing reconstruction and tenancy rights, the implementation of which has been repeatedly delayed. We also insist that Croatia cooperate fully with the tribunal and follow through on its commitments to provide documents, arrest and transfer indicted war criminal General Gotovina.

In Macedonia, free, fair, and peaceful elections last fall ushered in a new multiethnic coalition government with a forward-looking reformist agenda. Completing implementation of the Framework Agreement that ended the 2001 insurgency is the new government's highest priority. As Framework Agreement implementation proceeds, public confidence in Macedonia's political institutions is deepening, lending increased stability to the country. At the same time, the government has set a priority on accelerating preparations for NATO and EU membership.

Nearly 8 years after the 1992–1995 war, Bosnia and Herzegovina has only recently reached a stage where it should have been in 1992: in transition from a Communist command economy to a democratic, pluralistic market economy state. There is now increasing recognition in both Republika Srpska and the Federation that development of sustainable state-level institutions is necessary to achieve their common goal of Euro-Atlantic integration.

In conclusion, I'd like to say that more than a decade after the start of the Balkan wars of the 1990s, reformist leaders throughout the region are trying to walk the difficult, painful path away from the legacies of communism and war and into Euro-Atlantic institutions. Our interest lies in helping ensure their path is clear and to support their journey in every way we can.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Jones follows:]

PREPARED STATEMENT OF PAUL W. JONES, ACTING DEPUTY ASSISTANT SECRETARY OF STATE FOR EUROPE AND EURASIA, DEPARTMENT OF STATE

Thank you for inviting me to testify before your Committee today, Mr. Chairman. I am particularly pleased to have this opportunity to share with you some of the transformations that are taking place in four of the successor states to the former Yugoslavia today—Serbia and Montenegro, Croatia, the Former Yugoslav Republic of Macedonia and Bosnia and Herzegovina—to share with you how far we have come, to underscore our continued commitment to this critical region, and to outline the challenges we still face.

These four countries, and the UN-administered Kosovo, have come a long way over the past two years. Last autumn, a series of elections indicated significant progress in the conduct of free elections, building democratic societies and public support for reforms. Where a decade ago there were bitter divisions among countries in this region, today they are working together on common goals. Just a few weeks ago, all regional foreign ministers met in Sarajevo under the umbrella of the Southeast Europe Cooperation Process (SEECP) where they agreed to work together on key challenges facing the region including trade, energy and the fight against organized crime. And these four countries are expanding their horizons to work with the United States outside the region, in Iraq and Afghanistan.

The region is now dominated by reform-oriented governments. Our intensive work, bilaterally, regionally and through multilateral institutions, is designed to accelerate the range of democratic and market-oriented reforms. Our efforts are specifically targeted to help facilitate the region's integration into the EU and NATO because we believe this is critical to fulfilling the President's vision of a Europe whole, free and at peace. All of the successors to Yugoslavia share this goal and have made further integration a national priority. Together, we are helping them achieve these common goals.

American assistance—totaling $960 million in FY 02—plays a critical role in this process, providing an incentive and helping to create an environment and the infrastructure necessary to move forward with the reform and integration process. Counterterrorism, nonproliferation, promoting rule of law and attacking corruption are global concerns, and remain our highest priorities for our assistance programs in the region. This includes programs to enhance capabilities to prevent, deter and detect proliferation of weapons, stop trafficking in persons and drug trafficking and counter transnational crime. We have also sought funding to support regional stability and security concerns through our Foreign Military Financing, International Military Education and Training and Peacekeeping Operations funds.

Our investment is paying off. Democratic institutions are taking root, stability is growing and global threats to our interests are being addressed. Our commitment is also yielding another large dividend in the form of new enhanced partnerships. Macedonia and Croatia provided political and material support for the War on Terrorism, including the stabilization of Afghanistan and rebuilding the Afghan National Army. Together with their other Vilnius-10 colleagues Albania and Macedonia provided early political support for disarming Saddam Hussein as we prepared for possible military operations in Iraq. When military action became necessary, Albania rapidly committed combat forces, joining our troops on the ground in Iraq. Macedonia deployed units to Iraq to assist our stabilization efforts. Bosnia and Herzegovina has expressed an interest in looking for ways it might contribute. We have found a common enemy in the Global War on Terrorism and a common goal in our commitment to protect freedom and democracy around the globe. These relationships will continue to grow and deepen as these countries are further integrated into our common security structures.

Bulgaria's accession to NATO has given hope to Croatia, Albania and Macedonia. Under the Adriatic Charter, signed by Secretary Powell, these countries agreed to cooperate on common goals and to support each other's NATO candidacies. Serbia and Montenegro and Bosnia and Herzegovina seek to join the Partnership for Peace

as quickly as possible. Their desire is fueling impressive progress on civilian control of reformed militaries, as well as regional cooperation. We support them in their goals, while recognizing that important work remains before they can be realized.

NATO's military missions are critical to maintaining safe and secure environments in Bosnia and Herzegovina and Kosovo. Approximately 1800 U.S. soldiers are currently serving in SFOR in Bosnia and Herzegovina, and 2250 in KFOR in Kosovo. We remain committed to these NATO missions. We went in together with our Allies, and we will leave together, but we seek to hasten the day when peace in the region is self-sustaining and our troops can be withdrawn. We are pleased that a framework for cooperation between NATO and the EU (the so-called "Berlin-plus" arrangements) was concluded earlier this year. The EU has since assumed responsibility for the international security presence in Macedonia, an operation now known as Concordia. NATO has been working closely with the EU to help make Concordia a success. While the EU has expressed a desire to assume the SFOR mission in Bosnia, we believe that the time is not yet right to consider this. There are certain tasks for which NATO is uniquely qualified, particularly disruption of terrorist networks and apprehension of persons indicted for war crimes, both of which continue to threaten stability in Bosnia and Herzegovina.

We are pleased that the EU and our European partners are playing a more active role in the region. A basic ingredient of today's successes is greatly improved coordination and complementary work between the United States, EU, NATO, OSCE and other international organizations active in the region. The United States will continue to play a key role in this partnership. The United States and the EU coordinate our political messages on support for democratic governments, conflict resolution, cooperation with the International Criminal Tribunal for the former Yugoslavia, and the return of refugees and displaced persons. The United States and EU consult on the direction of our assistance strategies on economic reform and co-finance law enforcement programs throughout the region.

While this region is in many ways a success story, significant challenges remain. What most holds the region back is organized crime and corruption, post-conflict issues and weak economies burdened by the remnants of communist-style central planning and a top-down method of governing. Groups that traffic in persons, drugs and weapons are well entrenched in the region and quite powerful. Such groups pose a threat to these young democracies, and we provide extensive programs and political support to develop capacity to fight them. Part of moving away from a post-conflict environment toward long-term reconciliation and stability involves the painful process of coming to terms with the past decade of war and bloodshed. This includes the international obligation to cooperate with the International Criminal Tribunal for the former Yugoslavia (ICTY). We are also working to help build countries' capacities to prosecute domestically war crimes cases that will not be tried by the ICTY. Another critical element of reconciliation and a fundamental American value is the right of every displaced person or refugee to return to his home. We work hard to make this a reality throughout the region.

Decades of communism followed by a decade of conflict had a serious debilitating effect on the economies of the region. Reform efforts are just now beginning to bear fruit, but economic growth and job creation have not yet taken off. As evidence that reforms are taking hold, the major multilateral development banks are now operating throughout the region, all countries are either members of the WTO or have begun accession negotiations, and cross-border trade flows are picking up. The IMF and World Bank are also active in the region and play a crucial role in reinforcing these reforms. However, we must continue to push for further reform to confront the many problems still facing the region, including chronically high unemployment, low levels of foreign investment, and pervasive corruption. With these problems in mind, we have worked with the countries of the region to help rebuild shattered intra-regional economic relationships and to create a market-based, investment-friendly economic climate in each country.

Bilaterally, we have used a substantial portion of our assistance resources to foster economic reform efforts, notably regulatory, banking, and tax reform, and to promote private sector development. Regionally, we have been a driving force behind the successful effort to create a network of bilateral free trade agreements and to begin building a regional energy market, working UN-administered Kosovo into these regional arrangements as possible.

SERBIA AND MONTENEGRO

On March 12, 2003, Serbian Prime Minister Zoran Djindjic was assassinated in front of the Serbian Government building by sniper Zvezdan Jovanovic, Deputy Commander of the infamous paramilitary unit known as the Red Berets. Rather

than crumble, the Serbian Government came together, picked Zoran Zivkovic as Djindjic's successor, imposed a State of Emergency and began a far-reaching crackdown on organized crime and instituted sweeping defense reforms. The assassination reinvigorated the stalled reform process in Serbia and revealed the nexus between organized crime and war crimes indictees and their supporters. Secretary Powell visited Belgrade April 2 to offer his condolences and lend his personal support to the reform agenda emerging out of this tragedy.

The crackdown on organized crime resulted in the arrest of more than 4500 people and effectively dismantled Serbia's largest organized crime syndicates, most notably the Zemun clan whose leaders were behind the Djindjic assassination. The Red Berets, a paramilitary police organization with a history of war crimes and closely linked to the Zemun clan, was peacefully disbanded by the Serbian Government and many of its top leaders were arrested. Defense Minister Tadic began his military house-cleaning by pledging full cooperation with the ICTY, dismissing Milosevic-era general Tomic and more than a dozen other senior officers, disbanding the "Military Commission on Cooperation with the Hague" which, despite its name, obstructed cooperation with the Tribunal, and issuing an order obligating all army personnel to apprehend or report any information on indicted war criminals. Finally, Tadic initiated a program of defense and security reform, subordinating the military to civilian control for the first time in fifty years. Implementation of these policies is essential. On May 6, President Bush determined that initiating a bilateral military relationship with Serbia and Montenegro was in the U.S. national interest. We are working now to begin an International Military and Education Program to support this defense reform agenda.

During this crackdown on organized crime and start up of defense reforms, Belgrade took significant steps on cooperation with the ICTY. Following the assassination of Prime Minister Djindjic, authorities apprehended the remaining "Vukovar Three" indictees, Miroslav Radic and Veselin Sljivancanin. Radic has been transferred to the ICTY and Sljivancanin is expected to follow in the coming days. In addition, Serbian State Security Chief Jovica Stanisic, architect of the Serbian nationalist policy of ethnic cleansing, and his deputy Franko Simatovic, founder of the Red Berets, were apprehended and transferred to The Hague.

In this context, the Secretary decided on June 15 to certify that Serbia, pursuant to Section 578 of the Foreign Operations and Appropriations Act, was cooperating with ICTY, taking steps to end support for the Republika Srpska, and implementing policies that reflect a respect for minority rights and the rule of law. This certification does not mean that Belgrade is yet in full cooperation with the ICTY. The United States and our European partners remain committed to ensuring that Ratko Mladic and the other outstanding indictees are apprehended and transferred to the ICTY, and that appropriate access to witnesses and documents by the ICTY is assured.

On June 19, Serbia and Montenegro formally requested an invitation to join the Partnership for Peace in a letter to NATO Secretary General Robertson. Belgrade is aware that two outstanding issues must be resolved before it can be invited into Partnership for Peace: full cooperation with the ICTY, including regarding Ratko Mladic; and, Belgrade's suits against eight of our NATO Allies before the International Court of Justice. Once these issues are resolved, the United States will welcome Serbia and Montenegro into the Partnership for Peace.

While defense reforms have recently been in the spotlight, the United States is also heavily engaged in support of economic prosperity, integration and reform in Serbia and Montenegro. We seek to fully normalize our economic relations and strongly support the provision in the Miscellaneous Tariff Bill that would allow Normal Trade Relations to be established between our countries. In May, the President determined that the strong commitment to political and economic reform shown by senior officials in the Government of Serbia and Montenegro warranted removal of the last vestiges of sanctions imposed during the Milosevic era. Earlier this year we also unblocked and returned to the successor states of the former Yugoslavia hundreds of millions of dollars in assets frozen during the Milosevic-era.

KOSOVO

Four years since the end of the Kosovo conflict, Kosovo has steadily emerged from the devastation of war to become a more stable and democratic society. Security has improved, with a steady decline in most major crime categories, including inter-ethnic violence, since June 1999. The Kosovo Police Service is assuming most police functions and is quickly approaching its full capacity of 6,500 personnel, while the number of UN international civilian police is dropping. Approximately ten percent of the Kosovo Police Service's officers and rank-and-file are ethnic Serbs, a composi-

tion well received by the force and the communities it patrols. U.S. assistance has played a significant role in this success, through contributions to training the Kosovo Police Service and through the American civilian police contingent in the UN police force.

As military threats have decreased, unfortunately, there is less progress in establishing the rule of law where there is a need to train more lawyers and judges to further increase local capacity. Ethnic relations are improving slowly but unevenly. There are several municipalities in Kosovo with Serbian majority councils or significant Serbian participation. Tensions remain in some areas, however, and there is still violence against Serbs and Serbian property. Freedom of movement for minorities is constrained in some areas, while markedly improved in others; much more can be done on this front. The United States, together with our partners, support the right of all refugees and displaced persons to return to their homes. We are extending intensive political support and lead the way in financial assistance to support significant returns this year.

KFOR's presence remains invaluable to ensuring an overall safe and secure environment within which implementation of UN Security Council Resolution 1244 can occur. The improvement in the internal security situation has allowed for large reductions in KFOR in the past 18 months. We believe that reductions in KFOR scheduled for this year will adequately match the force to the situation on the ground.

The United States supports the approach of the UN Secretary General's Special Representative in Kosovo, Michael Steiner, who laid out in April 2002 eight standards that should be achieved before the question of final status is addressed. This approach is called "standards before status." Together with the standards, Special Representative Steiner also laid out certain benchmarks that would indicate the achievement of each standard, along with some specific actions required by local entities. It would be fair to say that there has been some progress on each of the eight standards, but that for none of them have the benchmarks, nor the actions by local entities, been fully achieved. The United States is committed to assist Kosovo achieve progress in each of these areas. We are also supporting action by the United Nations Mission in Kosovo (UNMIK) to further elaborate the benchmarks, and required activities to achieve them, so that the way forward in Kosovo is substantially clearer to all. This summer we plan to provide to UNMIK an experienced U.S. planner to help it develop a detailed workplan for achieving the benchmarks.

We believe that it is premature to discuss final status. There are those in Kosovo who seek independence, and those in Serbia who seek partition. We believe that moving toward either could risk destabilizing Kosovo and the broader region, which has only now emerged from a decade of brutal conflict. The standards laid out by Special Representative Steiner address many of the issues that at present are sources of political volatility and potential instability—like the right of people to return, unemployment, and lack of functioning institutions of local government. Final status for Kosovo should help stabilize the region. Provided the benchmarks are achieved, this will be the case.

CROATIA

Croatia has been a good partner in the war on terrorism such as the interdiction by customs officials of an arms shipment to Iraq aboard the ship *Boka Star*. Regrettably, its rather vocally divergent position on Iraq and Article 98, its refusal to join successor state consensus to accept unblocked Yugoslav assets, and its refusal to submit a Memorandum of Understanding on Intellectual Property Rights that we signed in 1998 to its Parliament for ratification, have strained relations. However, we welcome Croatia's recent offer to contribute a military police unit to support reconstruction in Iraq. The Department and incoming Ambassador Ralph Frank are committed to finding additional opportunities for cooperation. We look forward to reciprocal Croatian efforts to diminish the current bilateral tensions.

We want Croatia to fulfill its commitments on facilitating refugee returns, property restitution, and housing reconstruction and tenancy rights, the implementation of which has been repeatedly delayed. On June 12 the government approved measures for providing subsidized housing to refugees who had lost their "tenancy rights" under the old Yugoslav system. This represents an important step in the right direction, and we will encourage Croatia to implement these measures promptly.

We also insist that Croatia cooperate fully with ICTY, and follow through on its commitments to provide documents, expand efforts to locate indicted war criminal Croatian General Ante Gotovina, and be responsive to any new indictments. While we support Croatia's NATO and EU membership aspirations, it is imperative that we first see greater efforts to facilitate refugee returns and cooperate with ICTY.

MACEDONIA

In Macedonia, free, fair and peaceful elections last fall ushered in a new multiethnic coalition government with a strong, forward-looking reformist agenda. Prime Minister Crvenkovski, allied with the largest ethnic Albanian party, which includes many former fighters from the 2001 insurgency, is focused on normalization, reconciliation, and advancing Macedonia on the path of Euro-Atlantic integration. Completing implementation of the Framework Agreement that ended the 2001 insurgency is the new government's highest priority. The United States, together with the EU, NATO OSCE and others, is heavily engaged in supporting this goal. Macedonia has made substantial progress in passing legislation and improving minority representation in state structures, with special focus on the security forces. There are natural tensions within the governing coalition over the implementation of reforms, particularly in the hiring of ethnic minorities. The working relationship between the coalition's two largest parties is growing, however, as is the relationship between their leaders, Prime Minister Crvenkovski and former insurgency leader Ali Ahmeti. As the Framework Agreement implementation proceeds, public confidence in Macedonia's political institutions is deepening, lending increasing stability to the country.

At the same time, the government has set a priority on accelerating preparations for NATO and EU membership. "Operation Concordia," that assumed NATO's Amber Fox mission in March, is scheduled to depart in September, but the EU has requested of the Government an extension until December 1. Macedonia's leadership is eager to demonstrate renewed self-sufficiency in the security arena, in the face of the continued presence of small numbers of violent extremists who oppose reconciliation and seek to destabilize Macedonia and the region. Macedonia has made commendable progress toward restoring state control throughout the former conflict areas. New multiethnic police units, with international training, new policies and new procedures, are making inroads against lawlessness—to the welcome of inhabitants who do not want to live at the mercy of organized criminal gangs or violent extremists. Through ongoing security assistance and police training programs, we will continue our work with the government on developing capable, modern, democratic security forces that conform to Western standards.

BOSNIA AND HERZEGOVINA

Nearly eight years after the 1992-95 war, Bosnia and Herzegovina has only recently reached the stage where it should have been in 1992: in transition from a communist, command economy to a democratic, pluralistic, market economy state. A new currency and banking system has brought macro-economic stability and low inflation to Bosnia and Herzegovina, and business and municipal leaders are increasingly more vocal in pushing government leaders to accelerate reform. However, despite government pledges to remove obstacles to foreign and local investment, current economic growth is not sufficient to overcome its massive trade imbalance, compensate for declining international aid, or generate sufficient jobs to sustain the last three years' record level of returns by refugees and displaced persons. While Bosnia and Herzegovina held its first post-Dayton self-administered elections in October 2002, which were deemed free and fair by international observers, ethnic politics remain a divisive force at all levels of government.

At the same time, there is increasing recognition in both the Republika Srpska and the Federation that development of sustainable state-level institutions is necessary to achieve their common goal of Euro-Atlantic integration. There has been a dramatic change in the entities' attitudes in favor of developing state-level command and control of the armed forces to meet NATO's conditions for joining the Partnership for Peace, and discussions are underway to create a single state-level intelligence service. The multi-ethnic State Border Service has made a major dent in illicit trafficking in persons, weapons, and commodities, and a new state-level criminal court is trying cases using updated criminal codes. Plans are on track for a unified customs service and a state-wide value-added tax that will provide sorely-needed revenue sources to help sustain these new institutions. Bosnia and Herzegovina also has been a solid partner in the war on terrorism.

These changes are astonishing in a country where freedom of movement and free elections were problematic only a few years ago. None of the changes would be possible without the continued presence of international civilian and military missions. The High Representative remains the agenda-setting political actor in Bosnia and Herzegovina, and still must use his powers to remove obstructionist officials and impose laws. The NATO-led Stabilization Force at greatly reduced levels continues to ensure a safe and secure environment, to disrupt any terrorist groups, and apprehend war criminals.

Persons indicted for war crimes remain at large, protected by a criminal support network whose members permeate the Republika Srpska government, military, and intelligence services, and which are connected to people involved in the assassination of Serbian Prime Minister Djindjic. The assassination has made many leaders in Bosnia and Herzegovina realize the threat posed by the symbiotic criminal-war criminal partnership. However, many remain intimidated by Radovan Karadzic and his thugs. No single act could do more to advance reform and justice for Bosnia and Herzegovina than the apprehension of Karadzic, which remains a top priority of the U.S. Government.

SFOR has from the beginning been deeply involved in providing a safe and secure environment for the High Representative and Bosnia and Herzegovina's elected leaders to do the tough work of reform and rebuilding. Refugee returns, functioning police and judicial systems, adherence to the rule of law, and economic opportunity are possible only because of the security that SFOR has created and maintained.

CONCLUSION

More than a decade after the start of the Balkan wars of the 1990s, reformist leaders throughout the region are not playing on grand new ideas to benefit one group at another's expense. Instead, these reformers are trying to walk the difficult, painful path away from Communism and war into Euro-Atlantic institutions. Our interest lies in helping ensure the path is clear, and to support their journey in every way we can.

Senator VOINOVICH. Thank you, Mr. Jones. I've got several questions in regard to each of the countries that you've just discussed.

When the NATO foreign ministers met in Madrid at the beginning of June, they indicated it was premature to hand over the NATO stabilization force, SFOR, to the European Union, citing the need to do more to further the apprehension of war criminals, as well as efforts to fight terrorism and organized crime. They also cited the need to do more to integrate the armies of the Republika Srpska and the Bosnian Federation.

In your view, what role does SFOR play in Bosnia? How would a decreased NATO presence in Bosnia affect the overall security situation, and do you think that the European Union is prepared to assume the military mission in Bosnia?

Mr. JONES. Thank you. I think the role that SFOR plays in Bosnia is primarily to establish and secure a safe and secure environment within which the implementation of the Dayton Accords can take place, the return of refugees, the enhancements of rule of law, and the establishment of state-level institutions. We think that role is critical.

The number of NATO troops in SFOR is reviewed every 6 months in a process at NATO, and most recently in the spring. When this review was conducted, and confirmed by the ministers in Madrid, the decision was made to maintain the level at 12,000, since the security situation did not permit reductions in that level. We have come down significantly from the original level of 60,000, but at this moment in time a pause in the reductions was deemed most appropriate in light of maintaining a safe and secure environment.

The European Union expressed its willingness to take over the SFOR mission at some point in the future. We believe it's premature to discuss that at this moment for some of the reasons that you outlined, Mr. Chairman. For one thing, as I mentioned, General Jones' and the military recommendation was to maintain the level at 12,000 in Bosnia, and the European Union was not contemplating a military mission of that magnitude.

There are other specific issues of NATO's role in the apprehension of war criminals and counterterrorism that NATO is uniquely qualified to pursue, and particularly with the participation of the United States, so at this point we believe that discussion is not yet ripe to take place.

Senator VOINOVICH. I would like to welcome the ranking member of the Foreign Relations Committee, Senator Biden. Mr. Jones has given his initial testimony, and we are in a period of asking him some questions.

I remain very deeply concerned about organized crime, especially in Bosnia, and there has been a discussion about the relationship between international civilian personnel in Bosnia and the problem of human trafficking. This was mentioned in the State Department's annual report on human trafficking, which was released on June 5. Can you comment on this situation and what's being done to combat the problem, and while you're at it, are you able to comment on the overall efforts in Southeast Europe to deal with organized crime?

You have SECI, you have the Stability Pact, you have the OSCE. There are many groups over there that are interested in organized crime, and the question I've got is, have they got their act together? Because they are facing a very formidable organized crime effort which is becoming stronger every day, every month, and if we are to make sure we don't see some of those governments submerge because of it, it seems to me we have to make this a very high priority, so if you could comment on that, I would appreciate it.

Mr. JONES. I appreciate the question, Mr. Chairman. I agree completely. This is one of the major challenges facing this region, organized crime in all its capacities. You spoke specifically of Bosnia and specifically of the problem of trafficking in persons, which is, as you noted so acutely in Bosnia that they are currently listed as a tier 3 country because of the extent of the problem, and in our view the distance they need to go in fully addressing that problem at all levels in Bosnia.

We are very specifically engaged in Bosnia. We have outlined a series of very specific actions they ought to take at the state level and at the local level in order to combat the specific problem, and preferably over the next 90 days, so we could actually move them to a tier 2 status if they took those actions.

To stay on Bosnia just for a moment, we and the Office of the High Representative are very actively engaged to try to create a state-level law enforcement capacity, which has so far been one of the main weaknesses and why organized crime is so challenging in Bosnia in particular. The state-level Border Service is starting to function, and it is controlling borders and access in airports. There is an FBI-like organization called the SIPA, the state-level Information Protection Agency, which unfortunately has not gotten off the ground, has not gotten sufficient funding, but we are pressing very much for the Bosnians to take ownership of that as well.

Overall in the region, as I indicated, the rule of law is a major focus of our bilateral assistance efforts and also of contributions in various multilateral organizations. I wouldn't say that there is a clash of actions among the various multilateral organizations. Each is engaged in different levels in different aspects of this multi-

faceted problem, so the organization that you mentioned, SECI, the Stability Pact, and OSCE, are all engaged in different ways that we find complementary.

Senator VOINOVICH. I think one of these days we might try to have a hearing before the Foreign Relations Committee just talking about the issue of organized crime. I have a former State patrolman from Ohio that was a policeman in Kosovo and now is working for the OSCE, and I get reports every so often. It appears things are still not very well organized in terms of their effort, too many people with too many spoons in the soup.

In Kosovo, I met with Mr. Steiner and I was very excited about his benchmark goals. It seems to me that not enough has been done to implement those benchmark goals. I notice in your written testimony that you said the U.S. plans to provide an experienced planner to help develop a plan for achieving the goals, and I talked to Janet Bogue about this when I got back in May 2002, and a long time has elapsed since that visit with her, and doing something about moving forward with those goals, and I'd like your comment on that.

And then the other issue is, Mr. Steiner is leaving as the Chief Administrator, and what's your opinion on who is going to succeed Mr. Steiner. It's been suggested that a man by the name of Jacques Klein, an American diplomat who served as former Special Representative of the U.N. Secretary General in Bosnia, might be someone who would take the job, but from what I understand it is the State Department's opinion that they don't want an American as the Administrator there in Kosovo, that they want a European. So if you could just comment on the benchmark goals, where we are, why we have not moved more quickly to make progress on them, and then the whole issue of who's going to take over, because that's going to have one heck of a lot to do with whether or not we achieve those goals.

Mr. JONES. Well, thank you, Mr. Chairman. We shared your enthusiasm for the benchmarks, for the eight standards and the limited benchmarks that were announced associated with them by Mr. Steiner in April 2002, and we have long advocated that they be turned into a much more specific work plan that makes it clear what responsibilities each player in Kosovo are and preferably over what period of time in order to implement those to achieve progress on those benchmarks as quickly as possible.

We offered our own planner at the U.N. Security Council in February of this year, and we are pleased at this point, though as you noted it's much later than we would have liked, we are pleased that he will be going out to assist with their efforts this summer. This is the same person who has been working with the U.S. Institute of Peace and worked on the mission implementation plan in Bosnia and is very experienced.

Senator VOINOVICH. Who is this?

Mr. JONES. Michael Dzedjic. So while belated, we are pleased that effort is underway.

On the successor to Mr. Steiner, it is our view that this is a position that would be best filled by a European, preferably from a country that is a member both of the European Union and NATO, in order to help Kosovo achieve what many in Kosovo would like

to achieve, which is a relationship with the European Union, and moving toward that structure, ultimately, whatever the final status may be, so that's what our position has been on that. It's not been decided. Mr. Steiner, as I understand it, is planning to leave in early July, but Secretary General Kofi Annan has not named a successor yet.

Senator VOINOVICH. My only comment on it is that things I think could be much better there today. The reports I get back in terms of refugee return, little or none, freedom of movement, still very difficult, lack of equal service, social services to minority groups not taking place, the situation in Mitrovica still up in the air, and so forth, and it seems somebody has got to get in the saddle over there and start making things happen.

I've got some other questions but I would like to call on Senator Biden.

Senator BIDEN. Thank you very much, Mr. Chairman. I will put my statement in the record, if I may, as if read.

[The prepared statement of Senator Biden follows:]

PREPARED STATEMENT OF SENATOR JOSEPH R. BIDEN, JR.

Thank you, Mr. Chairman, for holding this important hearing. I also want to recognize Senator Voinovich for his long interest and engagement in the Balkans and his contributions as a valuable partner on policy toward this important region.

Deputy Assistant Secretary Jones, welcome. We appreciate your coming here today to update us on the situation in this region since the dissolution of Yugoslavia and to discuss the work that still lies ahead.

I am also pleased that we will hear later from three recognized experts on the Balkans—Daniel Serwer, Jim O'Brien, and General Bill Nash—each of whom, I am confident, will offer candid assessments of where these countries stand and of our policies in the region.

There has been real progress throughout the Balkans since the dark days of the mid-1990s.

Slovenia, Bulgaria, and Romania are scheduled to become NATO members next year.

Albania, Croatia, and Macedonia are working together to prepare their candidacies for future membership.

And all countries in the, region are working with the European Union to bring their institutions, laws, and economies into alignment with EU standards, in the hope of one day becoming members.

Still it has not been an easy journey for many of the successor states of the former Yugoslavia, which to varying degrees, have struggled with divisive ultra-nationalist politics, difficult institutional reforms, organized crime, and, in the case of Macedonia in 2000, violent conflict.

The most important element in preventing these many challenge's from completely destabilizing the region or derailing democratic reforms has been the presence of SFOR and KFOR, or more specifically, the presence, on the ground, of U.S. forces.

For some time, I have cautioned the Administration against pulling up stakes and abandoning the as-yet-incomplete transition of Bosnia and Herzegovina, Kosovo, and Macedonia.

In recent weeks, I am glad to note, the Administration seems to have seen the light.

Perhaps our experiences in Afghanistan and Iraq have brought home the need to commit to nation-building for the long haul.

Or perhaps the Administration's apparent epiphany was merely a reaction against the Iraq war policy of France, Germany, and Belgium, or to the French-German-Belgian meeting in late April to try to start a European Defense Union.

Whatever the cause of the administration's conversion, I am encouraged by its renewed commitment to the Balkans and heartened by Deputy Secretary Wolfowitz's acknowledgment on May 17th that U.S. participation in SFOR and KFOR continue "to be a very important mission to the U.S. and NATO and I think to the whole world, not to mention to the people of Bosnia and Kosovo."

Kosovo, in particular, still has a long way to go before meeting the standards of self-administration as envisioned in U.N. Security Council Resolution 1244 and as elaborated in U.N. Special Representative Steiner's benchmarks.

This lack of progress has been used by some radical elements to promote their own agendas.

There are Serbs in both Serbia and Kosovo who would like to see Kosovo, or at least parts of the province, returned to rule from Belgrade, perhaps through partition.

And there are a few groups in the U.S. and some Albanian leaders in Kosovo—although by no means all—who have called for immediate independence.

I believe that the extreme positions of both groups are misguided and that they purposely ignore the facts on the ground.

First, the ethnic Albanian majority in Kosovo will never agree to a return to rule from Belgrade.

But second, the elected leaders in Kosovo are not yet able to present a functioning democracy, governed by the rule of law, that guarantees the rights of all its citizens.

The decision reached by leaders from Belgrade and Pristina at the EU summit in Thessaloniki last weekend to begin a dialogue on technical issues such as refugee returns and border controls—while leaving aside issues of final status—is a positive development that I hope we will support strongly.

I also agree with the declaration in Thessaloniki that the future of the Balkans lies with the European Union. However frustrating the EU often can be to deal with, it clearly is the major force for integrating all parts of Europe into a prosperous whole. I, see no other path to lasting democratic stability for the Balkans.

Getting there however, will require continued, hands-on U.S. involvement, including a U.S. military footprint on the ground, for at least some time.

Once again, welcome to all of you. I look forward to hearing your testimonies.

Thank you, Mr. Chairman.

Senator BIDEN. Mr. Secretary, how long do you think it is going to take Kosovo to meet those benchmarks?

Mr. JONES. I think these benchmarks are achievable in the near term rather than the long term. What exactly that means I think is something we don't want to predict at this stage.

Senator BIDEN. Are you talking months, years?

Mr. JONES. Again, I'm reluctant to get into specific timeframes, because what we're looking for——

Senator BIDEN. I'm not asking specifics, but that's OK.

Mr. JONES. I would like to just add that our great goal is to, as I say, elaborate these benchmarks so that we can better direct U.S. assistance to achieving them, because we want to achieve these benchmarks. It is in our interest.

Senator BIDEN. Well, isn't it true what the Senator has been saying, that to achieve those benchmarks, it is not so much where we direct money, as it is someone there directing the operation, who knows they have our backing. What is your sense of the attitude of the European community generally, specifically any European country you would like to speak to, about final status?

I've spent, as the chairman has, a fair amount of time in Kosovo and the Balkans. At the outset of this, even discussion of a, quote, "final status," that was anything other than being part of Serbia was something that was a nonstarter in most of Europe, and this government wasn't particularly enthusiastic and you're not enthusiastic now.

There are two resolutions out there right now, and you're opposed to both of them. The House resolution, which I'm opposed to, and an alternative resolution, which as you guys are aware I introduced and which is considerably less than what the House is asking for, or will probably ask for, and you oppose both.

I'm just trying to get a sense of how you would characterize the generic attitude toward Kosovo these days, in terms of what we all know is going to happen, which is that it's going to have an independent status at some point or there's going to be another war. What are people talking about? What do you guys talk about over there? What do you think? Tell me where you think things are, and try not to be a State Department guy.

We're very happy you're here, because the stupid Defense Department didn't even show up. They're the most arrogant group of people I've dealt with in 31 years. I can tell you, I feel strongly about that, so I'm very grateful you're here, I mean that sincerely. But all kidding aside, talk with me about how you see Kosovo playing out in Europe.

Mr. JONES. First of all, I would like to say at the outset we are impatient, too, to see these standards fulfilled and Kosovo move forward, as I say, whatever its status may be.

You asked about the attitude of European capitals. I've seen a fairly significant change over the last 2 years. You mentioned that perhaps some time ago there was a sense in European capitals about what the outcome should be.

I believe everyone now in the international community has a very open mind about what the outcomes should be, and we all are united in the belief that it is not time to talk about outcomes, that it is time to make progress that will benefit the people in Kosovo, and it will benefit the people in Kosovo not just themselves, but their future, whatever their future is, because these standards are very basic standards that are required to be part of Europe and Euro-Atlantic structures in whatever form that may ultimately take.

We also believe that to talk about outcomes now could undermine the progress toward those standards on things like dialog with Belgrade and refugee returns, and to talk about them could even provoke extremists so we believe it's the time to make progress on the standards that will protect the rights of everybody and develop the institutions for Kosovo's future, and as I said, I believe that in Europe there's agreement on that agenda.

Senator BIDEN. What's the impact of the refusal of Croatia and possibly other countries in the region to sign an Article 98 agreement with the United States on the nontransfer of each other's citizens to international criminal courts? What kind of impact does that have on the bilateral relations for Croatia and the other countries, with Europeans in particular?

Mr. JONES. Different countries in this region have taken a different approach to signing an Article 98 agreement. Croatia is one that we don't expect to sign an agreement in advance of the July 1 deadline in the legislation, and I think that that cannot have otherwise but a negative impact on our relationship. It certainly has a negative impact on our ability to help with the sort of defense reforms that they are undertaking in order to move closer to NATO.

Senator BIDEN. Will the signature of those agreements by Bosnia and other countries damage their chances of getting into the EU? It seems to me they're kind of between a rock and a hard place.

Let me put it this way. What do you hear from your counterparts in those countries? What rationale do they give you for not signing? Do they say that they're in a hard spot, that they think it will impact on their relations and their prospects of getting in the EU? Without naming any specific country.

Mr. JONES. What I have heard from counterparts in general is, I have not heard any objection to the idea of the substantive signing of the agreement, but I have heard of the reluctance to go against what they perceive as the EU common approach to the issue.

Senator BIDEN. You may have spoken about this before I came in, and this will be my last question, Mr. Chairman. Did you speak to the issue of U.S. troop presence in the Balkans? Did you guys go through that at all?

Mr. JONES. I would be happy to speak about it further if you give me a specific——

Senator BIDEN. Well, if you have already, I won't bother to go through it. I don't know whether you've gone down that road before. In other words, did you all speak to what troop levels we anticipate maintaining, whether or not there continues to be a commitment, a willingness for NATO and other troops to stay engaged? If you've already spoken about it, my point is I won't take up the time of the committee on it.

Mr. JONES. Well, perhaps briefly, if I could say that we are committed to those NATO military missions, and we see them as essential for the secure and safe environments both in Bosnia and Kosovo. In the 6-month review process that goes on at NATO each spring and fall, in the last one in the spring the decision was to maintain the presence of 12,000 in Bosnia and the U.S. presence at 1,800 and to reduce the presence in Kosovo down to, I believe it is 17,600 by the end of the year. That is based on a military assessment of what it takes to maintain a secure environment, and we're very comfortable with that. Another review will go on in the fall, and we will see where we are there.

Senator BIDEN. The last question, Mr. Chairman. Does the administration consider Serbia and Montenegro's recent cooperation to meet NATO's Partnership for Peace requirements with respect to prosecution of war criminals having been met?

Mr. JONES. We believe there has to be more cooperation with the tribunal in order for Serbia and Montenegro to be admitted into the Partnership for Peace. Secretary General Robertson has made that clear in a letter a year ago, and we very much support that position.

Senator BIDEN. I realize that that is our position, but has the progress they have made thus far in your view and the State Department's view been sufficient?

Mr. JONES. No, it has not been sufficient. The standard in Secretary General Robertson's letter is full cooperation, and I don't have the words right in front of me, but including all possible efforts to arrest all indictees, most notably General Mladic and Radovan Karadzic, and we don't believe that that standard has been met yet.

Senator BIDEN. They're probably all hanging out with Saddam and Bin Laden, wherever they are.

A last question. How would you assess the efforts of the Serbian Defense Minister in terms of the kind of reform of the Serbian military? I realize that was more appropriate for your counterpart who didn't show up.

Mr. JONES. In fact, I think we are of like mind that we are very impressed with a very strong initiation of important reforms, including personnel change, including civilian control, including budgeting control, which has been a problem.

In response, the United States organized a 2-day seminar for Defense Minister Tadic at the Marshall Center. We are looking at possibilities of assisting them with experts in defense reform and security service reform bilaterally, and then NATO is also looking at similar programs and starting programs to advise them on budget and personnel, so I think all of us are impressed and want to engage in that process.

Senator BIDEN. Thank you, Mr. Chairman. Thank you, Mr. Secretary.

Senator VOINOVICH. I think the ranking member and I have a little difference of opinion on the final situation in terms of Kosovo. My thinking is, and it's one that I shared with the leaders of Kosovo, is that the issue of what the final settlement will be has a lot to do with how they move forward with the benchmark goals and respecting the rights of minority groups, and I agree with the State Department that if we start talking about that, then it may take the heat off of their doing the things that the benchmark goals call for.

It seems to me if they follow the benchmark goals and stop some of the human rights violations that are going on over there things might improve—and you claim there is refugee return. From what I'm getting back, if anything there are more people leaving than I know coming back into Kosovo. I think that we need to really get a hold of that, as I mentioned to you before. And you mentioned that you're going to maintain 12,000 troops in Bosnia, and then you're now talking about going down to 16,000 in Kosovo, is that it?

Mr. JONES. It is 17,500 by the end of this year.

Senator VOINOVICH. Do you think that's an adequate amount of troops to get the job done and create the environment you need to move forward so we can get on with any efforts to end these human rights violations and implementing the benchmark goals?

Mr. JONES. We do. It's difficult to compare Bosnia and Kosovo in terms of numbers because of the size.

Senator VOINOVICH. I'm talking specifically about Kosovo.

Mr. JONES. About Kosovo, we do—there is, I think, the successes of the Kosovo Police Service, which are able to perform at a certain level, provide a certain level of security, to allow those numbers to come down to where we project at the end of this year, but we still believe that KFOR has a critical role to play, and plays it effectively with that deployment.

Senator BIDEN. Mr. Chairman, on the point about whether you and I disagree, I'm not sure we do disagree. I shouldn't have been so short-handed, probably, I was trying to save time. The resolution I introduced expresses the sense of the Senate that the United States should declare its support for the right of the people of

Kosovo to determine their political future once Kosovo has made progress, the requisite progress as defined by the United Nations' benchmarks."

So I view it as consistent. I think we're not very far off. I don't understand that we are far off. They have to make progress, the requisite progress on the benchmarks on developing democratic institutions and human rights protection before, so it's standards before status, but quite frankly, if I might say, and I know it's above both our pay grades here, but you guys should take a look at that again, because I think otherwise you're going to be presented with a resolution out of the House that puts status before standards, instead of standards before status.

I could be wrong. That's a political judgment, but my point is, I agree with the Senator from Ohio that the way to get to final resolution is only after these benchmarks have been met, and implied in your question—I don't know whether you meant it or not, but I sense we agree that there's probably not enough muscle left in Kosovo if we draw down to be able to enhance the prospect of those benchmarks being met, so I think we probably agree.

Senator VOINOVICH. There is no question about it. I'm glad that you shared that with me, but the OSCE and the UNHCR all said in March that security remains a problem in terms of the refugees' return, and the more heat that we can put on to get that taken care of, the better off it is.

Senator BIDEN. I agree.

Senator VOINOVICH. If you still have those major problems, then it becomes a real political issue in terms of Serbia. They're saying you're supposed to be doing these things, and so on and so forth, and before you know it you have an issue for some demagogue in Serbia to start raising it, and we go back to the way that Milosevic got started.

Senator BIDEN. We are not in disagreement. My reference, again, and I would appreciate it, Secretary Jones, if you would maybe submit on my behalf a question to the Department, you would be the one that would transmit it, which would be, What is their formal position? Is their formal position on my resolution—which you all have a copy of, and I'll give you another copy still in opposition to that resolution?

Senator VOINOVICH. Staying with getting to Serbia and Montenegro, a couple of things.

Mr. JONES. Mr. Chairman, may I just comment on something?

Senator VOINOVICH. Sure.

Mr. JONES. I just wanted to make sure, because numbers are sometimes important, both on the refugee return and on the troop levels. I'm not sure I spoke correctly on the troop levels, but on the refugee returns, according to the UNHCR, last year there were 2,000 that at the time exceeded the number of people leaving Kosovo. This year so far, according to the UNHCR, there have been 900 returns, which is 20 percent more than in the same period last year. This is a small figure, but it is a top priority to make sure that figure increases, and we expect significant returns this year.

On the troop levels, it's down to 12,000 in Bosnia and Herzegovina. I'm not sure if I misspoke. That's the current level now, and that is the level we will stay at.

Senator VOINOVICH. You said you've stabilized that.

Mr. JONES. We will review it in the fall.

Senator VOINOVICH. But you are reducing Kosovo?

Mr. JONES. Kosovo is 17,500.

Senator BIDEN. Down from——

Mr. JONES. Down from 25,000 in 2002.

Senator VOINOVICH. On Serbia and Montenegro, when I visited with Carla del Ponte I was shocked, because I was supposed to be going over there and had to cancel, and she said, we know where Mladic is but we would like to give the information to somebody in the Serbian Government that we know will go after him. It was like she didn't have a whole lot of—in spite of what you've said about the cooperation and so forth, from her perspective it still isn't where it should be, and while I'm very pleased at the progress they've made recently, but are you really convinced that there's a real effort, and that they get it, and that they understand the need to cooperate with The Hague if they want to continue to move forward in terms of their relationship with us?

Mr. JONES. I believe yes, and in fact I believe that the current political leadership very much wants that to happen. They understand the importance of that.

There are a lot of elements to getting there. This is a police issue, an issue of defense security structures that are held over from the Milosevic era. It is an issue of cooperation on documents, sharing of documents, which has been problematic, and an issue of making witnesses available. It is a complex problem, but it is one that I believe we are committed to succeeding on, and we are committed to helping in every way we can.

Senator VOINOVICH. Civilian control. I was glad to hear your response to Senator Biden's question that they're finally getting it—you have laid down some things that they've got to do in order to be given an invitation to Partnership for Peace. Again, you think there's some progress being made there, or at least they know now what they have to do?

Mr. JONES. Yes, and the question of the Partnership for Peace is not directly the defense reforms themselves. I think everyone's satisfied that that has started, to the extent that it would be helpful for them to be in the Partnership for Peace to help those reforms go forward, but it's the issue of the cooperation with the tribunal, and the dropping of these suits against eight of our NATO allies in the International Court of Justice that is preventing them from joining Partnership for Peace so far.

Senator VOINOVICH. The last thing on Serbia, where are we with normal trade relations with Serbia? I think that will go a long way toward giving those that are in authority—the United States wants us to do this and so on and so forth, yet we can't get normal trade relations with them. I think it is really important for their economy, which is not very good right now.

Mr. JONES. We completely agree. We very much want to extend normal trade relations. It's been a conclusion of our legal specialists that this requires a legislative fix because of the legislation that removed normal trade relations, therefore we've worked to include that provision in the miscellaneous tariff bill, and we welcome it being passed.

Senator VOINOVICH. So that's where it's at?

Mr. JONES. That's right.

Senator VOINOVICH. That is something we ought to try to get done.

Senator BIDEN. Agreed.

Senator VOINOVICH. A last question, in terms of Croatia, my understanding is that in the beginning, after Tudjman, Mesic and Racan were moving forward on refugee returns and doing some of the things that they should be doing, but that as time has gone by they have waned in terms of their commitment on refugee returns. Would you like to comment on where you think things are?

Mr. JONES. Yes. I appreciate the question. It is an area that we have had high expectations of for quite some time now, that there would be more progress on refugee returns. We have discussed this frequently with our European partners, and in fact in March, when the European Union laid out its benchmarks for Croatia to become a candidate country for the European Union, they specifically included some benchmarks that we worked out together on improving the prospects for refugee returns.

I think this caught the attention of the leadership in Croatia. They applied for the European Union membership in February, and in June, on June 12, they have laid out some plans they have for improving the ability of people to move back into their homes and for making reconstruction available—some specific steps that would help refugee returns. We hope they follow through on that, and we're going to work to make sure that is the case, but we're pleased that we're at one with the European Union on this important issue.

Senator VOINOVICH. Well, again on my trip I was going to meet with President Mesic and Prime Minister Racan and visit Topusko, which is the village where my relatives lived, and were part of the 250,000 who were pushed out in 1995 and I wanted to just see what the status was of the Voinoviches there, and didn't get a chance to do it, but I understand that there's still a long way to go in terms of refugee returns.

A lot of it has got to do, too, I think with the economy, because people don't want to come back unless they've got a job, but I really think we need to make it clear in Kosovo and in Croatia and in parts of Bosnia and Herzegovina that we're dead serious about this refugee return thing, and even though it causes them political problems with the people that are there, that we're not backing off and they need to move forward with it.

Any other questions?

Senator BIDEN. I have no more questions. Thank you.

Senator VOINOVICH. We certainly appreciate your being here today.

Mr. JONES. I very much appreciate the opportunity. Thank you very much.

Senator VOINOVICH. We're fortunate to have a great second panel, with Daniel Serwer and Jim O'Brien and Major General William Nash. We will begin our testimony with you, Mr. Serwer. We appreciate your being here.

STATEMENT OF DANIEL SERWER, DIRECTOR, BALKANS INITIATIVE AND PEACE OPERATIONS, U.S. INSTITUTE OF PEACE, WASHINGTON, DC

Mr. SERWER. Thank you very much, Mr. Chairman, for the opportunity to talk to you today. I can't help but note that things must be going better in the Balkans when the biggest headline we've had in months is about a Croatian tennis victory. That's a lot better than 10 years ago.

I want to summarize my written statement and submit that for the record if you would allow, Mr. Chairman.

There are two serious transformations occurring in the Balkans today that the United States must pay attention to, and we must ensure their success. One is a transition from nationalism, dictatorship, and war to peace, democracy, and a European future. The other is a transition from U.S. to European leadership. It is important to note, on a day that the Europeans are in town seeing the President, that 10 years ago European-American cooperation in the Balkans was a disaster. Today it is a great deal better than it was then.

Let me talk first about the transformation from war to peace. To protect our $24 billion investment in the Balkans peace processes, I think the United States needs to remain engaged, but it doesn't need to remain engaged in everything. It needs to remain engaged in those crucial things that can't be done without the Americans. There are just three things that are crucial.

The first is security sector reform in Belgrade. It was accelerated after the Prime Minister's assassination, especially with respect to the army, but today it is flagging in the police and intelligence services. We need to push security sector reform hard. We need to provide more assistance, and if we need more money, we should take it from economic development funds. The Europeans have a great deal more money for economic development, and we should focus ourselves as much as possible on security sector reform.

The second issue in which the Americans must remain engaged is the final status of Kosovo. It cannot be done without the Americans, and it cannot be put off indefinitely. I don't believe we need to decide final status today, but I do believe we need to prepare to decide final status, and to map out a process that would begin in 2005, after the election of new Parliaments and new Presidents in both Serbia and Kosovo.

What do we need to do to prepare? We need to decide our own position. We need to consult with the Europeans. We need to decide what forum we intend to take this decision in. We need to signal that we are getting ready for this conversation over final status. The right way to signal that is to nominate an American to lead UNMIK, the U.N. mission in Kosovo this summer.

Why is an American so important? Only an American can be expected to convince the Albanians of two things: that final status really does depend on proper treatment of Serbs and other minorities, and that the only way to final status is through a negotiation with Belgrade. There is no alternative to a negotiated solution.

The third area in which the United States must remain engaged is rule of law. This is a permanent interest, not one from which we will be able to step back. We have a continuing U.S. interest in

drugs, arms, terrorism, and human trafficking in the Balkans. The effort to get Croatia, Serbia, and other countries to transfer war crimes indictees to The Hague is part of our overall effort to establish the rule of law in the Balkans. I think we do need to pressure Zagreb a bit harder. They did transfer somebody, I believe yesterday, but they need to act also on the returns question, especially for Serbs.

I am disappointed, frankly, in what Belgrade was able to achieve by the June 15 deadline. I think they should have done more. The administration has now done the certification, and what that does is to set up a showdown for the end of this year. Why? Because that is when Serbia and Montenegro will want to enter Partnership for Peace. That is when they should enter Partnership for Peace, and I'm glad to hear the administration testify that full cooperation with The Hague tribunal is a precondition.

It is time to complete the process. The objective is not to withhold assistance from Belgrade. The objective is to get past the need to threaten the withholding of assistance from Belgrade.

Let me talk for a moment about what is needed for a successful transfer of leadership to the Europeans. The Europeans need greater credibility in the Balkans, and credibility comes from vision, from unity of command and control, and also from close cooperation with the United States. What the EU did at its summit in Thessaloniki, which was to stop the decline of assistance to the Western Balkans, was a good step, but it was not a sufficient step.

The Europeans need to start treating the Western Balkans as the potential members of the European Union that the Europeans say the countries of the Western Balkans are. They need to start providing the kind of structural assistance designed to bring up laggard countries within the European Union closer to European standards.

It seems to me that the EU would also gain from supporting the United States on conditionality, in particular conditionality that is tied to The Hague tribunal, because acting together we will be able to convince Serbia and Croatia, which are the two countries in question, to turn over all of the war criminals.

The Europeans would gain enormously from an arrest of Karadzic and Mladic and I have a specific suggestion for you on that subject. I think we should look to our Italian allies, who now command the sector in which Mladic and Karadzic presumably enter from time to time. I served in Italy for 10 years. I left their charge d'affaires in 1993, and I think I have enough experience to testify that they are capable of doing it, and that they will do it, provided that it is clear that that is what the United States wants.

The EU also, in order to be successful, has to succeed with the relatively small military mission they have in Macedonia. They should take over the military mission in Bosnia only if the war criminals are in The Hague, and only if the military establishments in Bosnia are unified, something which I think can be achieved in a fairly short timeframe. James Locher is out there trying to do it now.

Some will say I am unrealistic, but I believe that peace can break out in the Balkans if we keep our focus and persistence. I have worked a number of times with the U.S. Army on the ground

in Kosovo. I have seen the people we trained there evolve into an NGO that conducts inter ethnic activities in the area of Gjilan/Gnijlane, which has been relatively peaceful as a result.

The U.S. Institute of Peace started an Albanian-Serb young leaders dialog a year and a half ago, when people said it couldn't be done. We've continued that activity. It has grown and become a leading activity in terms of ethnic reconciliation.

I believe that even the Serbia and Montenegro agreement that the Europeans negotiated and insisted upon has a silver lining to it. I am not a great fan of the agreement itself, but I believe it has demonstrated that you can create conditions in which violence is not an issue, and if there is a divorce between Serbia and Montenegro in the next few years, there is no doubt but that it would be a peaceful one.

And finally, I would like to point to Brcko in Bosnia, which many of us regarded as the ultimate in insoluble problems in the Balkans. The problem there was left unsolved at Dayton. It was finally arbitrated by a panel led by an American arbitrator, and Brcko today is becoming a model for the rest of Bosnia. I think it is generally agreed, including by Paddy Ashdown, the High Representative, that what is being achieved in Brcko, if we could achieve it all over Bosnia, would be a very positive thing indeed. So I do believe that there's hope. I think we have made a lot of progress.

The United States must remain engaged, but remain engaged on specific things that will help bring the peace process to a successful conclusion. Thank you.

[The prepared statement of Mr. Serwer follows:]

PREPARED STATEMENT OF DANIEL SERWER,[1] DIRECTOR, BALKANS INITIATIVE AND PEACE OPERATIONS, UNITED STATES INSTITUTE OF PEACE

Mr. Chairman, let me first express to you my appreciation for holding this hearing on the Balkans, even while Washington's attention is focused elsewhere. The United States has invested upwards of $24 billion in Balkans peace over the past decade, a substantial amount even if it will be dwarfed by spending in Iraq. We need to protect our investment and ensure that it pays dividends to the American taxpayer. We also need to draw from the Balkans experience lessons applicable in Afghanistan and Iraq.

There are two important transformations occurring in the Balkans today. The first is a transition away from nationalism, dictatorship and war towards peace, democracy, and a European future. The second is a shift of responsibility from the US, which led the Bosnia and Kosovo interventions as well as the fight against Milosevic, to the European Union, which shared leadership with the US in bringing peace to Macedonia and ultimately must lead the process of European integration for all of the Balkans. The objective of US policy should be to ensure the success of both these processes.

FROM WAR TO PEACE

Let me talk first about the transition within the Balkans, where Croatia, Romania, Bulgaria and Albania are leading the region towards NATO and the EU by concerted efforts to meet the membership requirements. I might fault each for shortcomings, but their leaderships are trying to match actions to ideals. It is especially important, now that Croatia is becoming a serious candidate for the EU, for Zagreb to arrest all indicted war criminals on its territory and accelerate the return of Serbs to their homes. No member of Partnership for Peace should be harboring an indicted war criminal.

I will not catalogue current problems in the Balkans, which lie mainly in Serbia, Kosovo, Macedonia and Bosnia, but instead focus on those requiring continued US

[1] The views expressed here are those of the author, not the US Institute of Peace, which does not take positions on policy issues.

engagement. Solve these, and we can turn the Balkans over to Europe without endangering our investment.

First among the problems requiring US attention is security sector reform in Serbia. It is all too clear in the aftermath of Prime Minister Zoran Djindjic's tragic assassination that it was a mistake to leave in place the network of criminals, security forces, businessmen and politicians that had been the backbone of the Milosevic regime. The crackdown the Serbian government pursued in the aftermath of the assassination should have occurred immediately after the overthrow of Milosevic in October 2000.

Unfortunately, Belgrade's courageous efforts against organized crime are now flagging, human rights standards are being skirted, and the government is abusing its powers, especially in dealing with the press. The US needs to insist on respect for human rights and on deep reform of the police, army and security services. While the defense minister seems serious about embarking on the reform process, Belgrade needs to go much farther in dismantling Milosevic's police and secret service apparatus. The US should be prepared to expand significantly the $110 million or so in assistance that we provide to Serbia, focusing the additional effort specifically on reform of the security services and on the rule of law.

The second problem requiring US attention is final status of Kosovo. Before the end of 2003, the UN Mission in Kosovo will have turned over all but a few powers to the Provisional Institutions of Self-Governance, in accordance with Security Council Resolution 1244. The UN will also have succeeded in opening a dialogue between Belgrade and Pristina on practical issues important to both Serbs and Albanians. Serbs have been calling for talks on final status in order to prevent drift into de facto independence and accelerate Serbia's move toward the EU. The Kosovar Albanians, for their part, want independence and will not sit still forever in an international protectorate.

The US Government, in concert with European governments, has so far postponed consideration of final status indefinitely. The Administration rightly claims that Kosovo has not yet met all the standards the UN has set as preconditions. The crucial shortcoming is in treatment of Serbs and other minorities. The US should use the influence deriving from its special relationship with the Kosovar Albanians to convince them to allow Serbs and other minorities to return to their homes, worship freely, and travel without harassment or threat. If this happens, final status talks should begin.

It will be difficult to postpone the opening of talks beyond 2005 in any event. Both Serbia and Kosovo will by then have held parliamentary and presidential elections, and both will want the issue settled so that they can pursue closer association with the EU. The US needs to ready itself for a decision on Kosovo final status. Continuing refusal to face this issue will put us behind the curve, creating serious risks of unrest and instability. Europe cannot be expected to proceed on Kosovo final status without the US.

The third main issue on which the US needs to focus is establishment of the rule of law throughout the Balkans. This requires transfer of all those indicted for war crimes to The Hague. We should look to our Italian allies, who now command the Bosnian sector in which both Radovan Karadzic and Ratko Mladic likely appear from time to time, to make these arrests at the earliest opportunity.

Rule of law goes beyond war criminals and touches vital US interests, such as ensuring the Balkans offer no haven or transit point for international terrorists. Drugs and arms reach Europe from the Balkans and enrich its mafias, and until recently Serbian and Bosnian Serb companies supplied Iraq and Liberia with weapons, contravening UN embargoes. Terror, drugs and arms are permanent US interests in the Balkans. We should invest in building the institutions required to meet our own security objectives.

Let me make clear what I think we could do less in the Balkans. The US Government should not engage heavily on economic reform and development—the IMF, World Bank and the EU are vastly better equipped and funded in this area. Likewise, social welfare concerns—while all too real and important—should fall to others. Most of the state-building function—vital because the Balkan wars were due in large part to weak states—should fall to the EU, which will want to shape Balkan states in a European mold. Last but not least, NATO should lead on military reform. The US should play a role when needed through NATO or in bilateral activities that complement NATO's efforts.

FROM US TO EUROPEAN LEADERSHIP

Let me turn to the transfer of leadership to the Europeans, who failed in the Balkans a decade ago but now have another opportunity. Today's Europe is better pre-

pared. It has fielded an excellent team: in addition to Paddy Ashdown in Bosnia and Michael Steiner in Kosovo, Javier Solana, Chris Patten and Erhard Busek in Brussels. Europe has footed most of the bill for the Balkans, and provides most of the troops—now about 75%, vs. 15% for the US. European Foreign and Security Policy, while a shambles on Iraq, persists in the Balkans, as does successful European/American cooperation.

The problem Europe faces is not its limited military capacity, or even its reluctance to use it. There is no Balkans military challenge today that the Europeans cannot handle. The real problem is credibility. The Europeans enjoy little respect—especially among the Albanians, but also among the Serbs and Bosnians—even though they pay the bills and even though the goal for all the peoples of the Balkans is integration within Europe.

To make the vision of a European future more credible, the EU needs to stop treating the Balkans as a distant region to be stabilized and begin to view it as an area into which the EU will soon expand. This shift has already occurred for Romania and Bulgaria, but not for the Western Balkans, where until recently EU plans called for a steady decline in assistance through 2006, to half the level of 2000. At the Thessaloniki Summit last week the EU decided to halt this decline. But it needs to do more. It needs to increase its effort and provide the Western Balkans with structural assistance, which has accelerated economic development in other laggard areas of Europe. This would enhance EU credibility and spur the Balkans to serious reform efforts.

The issue of credibility is not only one of resources and vision. Europe lacks common purpose and unity of command and control. It is easy to play the Europeans off against each other. To the extent they can agree among themselves, the positions they take are often the lowest common denominator. Rarely are they able to deploy all the levers of their considerable power to achieve a result, as Solana did—perhaps unwisely—when he forced Montenegro to stay in a confederation with Serbia. More often, they find it difficult to coordinate economic, political, diplomatic and military instruments so as to achieve a clearly defined objective. Seldom do they even try. The proposed European Constitution offers some prospect for change, but in the meanwhile Europe needs to focus on improving its performance under the existing legal framework.

The next test for the Europeans is Macedonia, where they have taken over the military task from NATO. The prospects are reasonably good, mainly because the Macedonian and Albanian participants in the new government are fulfilling their commitment to the peace process and at the same time to fighting crime and corruption, which are the greatest threat to the country's viability. Europe needs to focus on making its military mission in Macedonia a success. Then they can and should take over the military mission in Bosnia, assuming the war criminals are in The Hague and NATO has the vexing problem of unifying the Bosnian armed forces on its way to resolution.

Regrettably, Europe and the US have failed to take one key step towards stabilization of Macedonia: diplomatic recognition by the name its Macedonian and Albanian citizens both prefer. This is a sensitive issue, but it is my hope that the US will sign a so-called Article 98 agreement with the Republic of Macedonia, exempting US citizens from surrender to the International Criminal Court (ICC). Certainly when it comes to the ICC the US owes no deference to the EU.

CONCLUSIONS

Before concluding, I would like to address two important policy questions:

- What should the US do about its assistance to Serbia, which has been conditioned on cooperation with the Hague Tribunal?
- What should the US do about the final status of Kosovo?

The US Administration has again certified that Belgrade's cooperation with the Hague Tribunal is sufficient to continue US assistance. I am disappointed that more was not done before the June 15 deadline. There have been a number of high-profile arrests and transfers, but more than a dozen indictees are likely still at large in Serbia. The Administration, preoccupied with getting an Article 98 agreement, was unable to obtain substantial support from the Europeans, who provide major benefits to Serbia and have great influence if they choose to use it.

Secretary Powell's decision to continue assistance sets up a showdown for the end of the year: if Congress sticks with its six-month cycle of requiring certification, the next deadline will fall at about the time NATO considers Serbia and Montenegro's application for Partnership for Peace. The US and the EU should then insist on

transfer of all indictees to The Hague. It is time to complete the process and put this matter behind us.

On Kosovo final status, the US has tough decisions to make. What solution will it support, and how will it be sold to both Serbs and Albanians? While the Security Council will have to bless a decision on final status, the US has to decide in what forum it wants the issue negotiated and who will lead the effort. The US also has to make clear to all that Kosovo's final status will not be allowed to undermine the sovereignty or territorial integrity of Bosnia and Macedonia, where much of our decade-long investment in the Balkans lies. And the US has to insist on protection of Serbs and other minorities.

The time has come for the US to signal readiness to consider final status by nominating an American to lead the UN mission in Kosovo. The Europeans have controlled both the civilian and military top jobs in Kosovo for four years. The right American UN chief of mission would be able to do what the Europeans have not done: convince the Albanians that the only way to final status is by correct treatment of Serbs and other minorities. It is especially important to disabuse Pristina of the notion that the US will unilaterally recognize Kosovo's independence and to convince the Albanians that they have to negotiate with Belgrade in talks sponsored by the EU and US.

Some will say I am unrealistic, that Albanians and Serbs cannot even talk with each other, much less negotiate their own future, even with US and EU support. My experience says they can. I recently heard from a multiethnic group USIP trained in Kosovo three years ago at the request of the US Army—they have founded a professional organization and initiated an impressive range of multiethnic activities. USIP has conducted for more than a year and a half, with State Department support, dialogues among more than 100 young Serb and Kosovo Albanian political and civil society leaders. In addition to gaining better mutual understanding, they have embarked on joint efforts to encourage voting, counter organized crime and break the isolation of Serb enclaves in Kosovo. These young people—not the belligerent voices of their elders—are the future of Kosovo and the region. They merit our support and encouragement.

We are today more than midway in the two transitions occurring in the Balkans: closer to peace than war, and closer to European than to US leadership. The right way out of the Balkans is to finish the job, withdrawing US troops and turning the Balkans over to Europe only after the essential remaining tasks have been accomplished: security sector reform in Serbia, a decision on Kosovo final status, and transfer to The Hague of all indicted war criminals.

Senator VOINOVICH. Thank you. General Nash.

STATEMENT OF MAJOR GENERAL WILLIAM L. NASH, U.S. ARMY (RET.), JOHN W. VESSEY SENIOR FELLOW AND DIRECTOR, CENTER FOR PREVENTIVE ACTION, COUNCIL ON FOREIGN RELATIONS, WASHINGTON, DC

General NASH. Thank you, Mr. Chairman. I appreciate the opportunity to address this hearing. I'm even happier that there is this hearing about the Balkans, given all the other things going on today. I, too, will summarize my comments, and would ask that my statement be placed in the record in its entirety.

Initially, I would like to talk to you about the Council on Foreign Relations' recent Independent Task Force report, entitled "Balkans 2010," and also ask that it be placed into the record. The report itself covered a range of issues that we believe to be vital for progress in the region: first the international role in the Balkans; second, public security, transitional justice, and the rule of law; third, we talked about economic restructuring and development; and then the return of refugees and internally displaced persons; and finally, civil society, education, and the media. But there are three recommendations from that report that I would like to emphasize.

First, we recommend that the European Union and NATO be the primary agents of international influence in the Balkans over the

coming decade, albeit with strong United States support and interests. We believe that the EU Stabilization and Association process, in conjunction with the continued NATO peacekeeping operations and NATO's Partnership for Peace program, should be the blueprints around which the international community can most usefully organize and prioritize its actions, initiatives, and penalties as needed.

I believe it is in America's interest to recognize and support the EU's lead in setting the standards and providing the necessary assistance. An important role for the United States is to help the European Union stay the course and keep it accountable for its end of the bargain.

The second area is the necessity of combating the parasitic political-criminal-nationalist syndicates that Senator Biden has described as remaining a destabilizing factor in the region and an obstacle to reform efforts.

A principal recommendation of the Balkans Task Force was the implementation of vigorous campaigns aimed at crippling these criminal groups that threaten the internal and regional security. The tie between these groups and the political activity and obstructionism is very important to understand, because the relation between failing on standards and criminals, is clear time and time again.

I agree with Dan Serwer, that drugs, arms, terrorism and trafficking is one area where the United States should stay very involved, and we should firmly support those efforts with money and manpower, because reform won't stick, and public security won't be established, as long as the politico-criminal groups are allowed to exist.

The third recommendation, related to the second, is the importance of building the rule of law, both criminal and civil, in the Balkans. You cannot talk about building the rule of law in the region without reiterating the absolute necessity of arresting war criminals, especially Radovan Karadzic and Ratko Mladic. The United States still has a lot of pull in the region and needs to stay engaged in order to encourage constructive change, and I believe that conditionality remains the best stick we have to ensure progress on these fronts.

Two of the specific issues, sir, you asked us to address are the status of the reform effort, including defense reforms, in Serbia and Montenegro since the Prime Minister's assassination, and NATO's role in the Balkans. I would like to elaborate and provide my personal views on these subjects.

The key for maintaining reform and progress in Serbia and Montenegro, as elsewhere in the region, is to tangibly strengthen the hand of reformist groups in the government while marginalizing those who oppose reform. There are two steps the United States could take now that will serve this end. The first is to use America's influence within NATO to strongly support Serbia and Montenegro's recent application for admission to the Partnership for Peace program.

I agree with the use of conditionality with respect to Mladic that the Department of State representative mentioned, but having Serbia and Montenegro as an active participant in the Partnership for

Peace program is important to underwriting the reforms the country needs to establish democratic control of its military and security forces.

I would add parenthetically, Mr. Chairman, that it's my belief that the Partnership for Peace program itself needs new energy and added emphasis from American leaders as well.

A second way that the United States can reward progress to Serbia and Montenegro, while furthering defense reforms, is to open up our professional military education programs to junior officers at this time—lieutenants through majors is what I would recommend—in the Serbia and Montenegro army.

Beginning the training of the next generation of military leaders will be indispensable in reaching the standards of professionalism and democratic control that the military needs, and I think this is a carrot that we can give now to junior officers, and as they complete their cooperation and demonstrate that reforms are taking hold, we can expand the IMET program here in the United States.

I believe NATO has a constructive role to play in military reform and security. I remain convinced that NATO's peacekeeping operations in the region should continue at the current force levels until effective alternative public security forces have been developed.

At the present time, only NATO has the capability to maintain the large, much-needed forces in Kosovo and Bosnia. Second, and this gets at the issue of U.S. involvement in the NATO peacekeeping operations, I strongly believe that the presence of U.S. troops in the Balkans is vital to demonstrate our country's willingness to do what it takes to win the peace, which, as we have seen in recent times, is just as important as winning the war.

I emphasize the importance of maintaining NATO's peacekeeping operations in the region at the current levels, and the current ratio of U.S. to other NATO contributors is just about right. And 4,500 is the number we're heading toward. That is only 12.5 percent of the overall total. It is not excessive.

I would also recommend an increased evolution of NATO's role from providing security, to being a security development force and working with the local armies more and more, again primarily through the burgeoning Partnership for Peace exercises in the region.

With respect to Kosovo, I strongly endorse UNMIK's policy of standards before status. It is sound and deserves our support. Earlier, the administration representative talked about sending the planner. We need less planning now, sir, and more execution of the plans that exist, so I don't get too excited about planners. I get excited about doers.

Again, thank you very much for allowing me to speak, and I endorse your interest and the commitment of the United States in the endeavor. I'd be happy to answer your questions.

[The prepared statement of General Nash follows:]

PREPARED STATEMENT OF MAJOR GENERAL WILLIAM L. NASH, U.S. ARMY, (RET.), JOHN W. VESSEY SENIOR FELLOW AND DIRECTOR, CENTER FOR PREVENTIVE ACTION, COUNCIL ON FOREIGN RELATIONS

Mr. Chairman, thank you for inviting me to address this hearing of the Senate Foreign Relations Subcommittee on European Affairs. My initial comments will

focus on the findings and recommendations of the Council on Foreign Relations' recent independent task force report, *Balkans 2010.* I will conclude with some personal views on the situation in the Balkans. I ask that the full text of our report be entered in to the record. Unless otherwise noted, the report reflects the consensus views of task force members. I should clarify at the outset that when I say "Balkans," I am referring primarily to the states of the former Yugoslavia, with the exception of Slovenia.

As noted in our report, much progress has been made in the Balkans—particularly since Slobodan Milosevic's fall from power in the fall of 2000—but there is still a lot of work remaining to ensure that the successor states become stable, democratic, economically self-sufficient, lawful, and secure partners in a regional and European framework. So the question is, how to get there? The Balkans 2010 report covered a range of issues vital for progress in the region—including the international role in the Balkans; public security, transitional justice, and the rule of law; economic restructuring and development; refugees and internally displaced persons; and civil society, education, and the media—but there are three recommendations in particular that I think are key in the context of this hearing.

First is ensuring that the European Union and NATO are the primary agents of international influence in the Balkans over the coming decade, albeit with strong U.S. support and interests. The EU's Stabilization and Association Process, in conjunction with continued NATO peacekeeping operations and NATO's Partnership for Peace program and Membership Action Plan, are the blueprints around which the international community can most usefully organize and prioritize its actions, incentives, and penalties. Taken as a whole, these programs provide the necessary standards for association with, and integration into, Europe, which is absolutely crucial to a successful future for the Balkan states. It is in America's interest to recognize and support the EU's lead in setting standards and providing assistance, and to help the EU stay the course and keep it accountable for its end of the bargain.

Second is the necessity of combating the parasitic politico-criminal-nationalist syndicates that, as Senator Biden has said, "remain a destabilizing factor in the region and an obstacle to reform efforts." A principal recommendation of the Balkans 2010 task force was the implementation of vigorous campaigns aimed at crippling these criminal groups that threaten internal and regional security. The initiatives undertaken by the Serbian government since Prime Minister Djindjic's assassination are a significant step, and it is important that authorities in other areas, including the Office of the High Representative (OHR) in Bosnia, the UN Mission in Kosovo (UNMIK), and the government of Croatia, follow suit with targeted campaigns of their own against the individuals and groups implicated in the illegal intersection of government and financial power. The United States should firmly support these efforts with money and manpower because, simply put, reform won't stick and public security won't be established as long as these politico-criminal groups are allowed to exist.

The third recommendation, related to the second, is the importance of building the rule of law, both civil and criminal, in the Balkans. You can't talk about building the rule of law in the region without reiterating the absolute necessity of arresting war criminals, especially Radovan Karadzic, Ratko Mladic, and Ante Gotovina, and sending them to The Hague. It is encouraging to see the recent arrest of Veselin Sljivancanin, the third most wanted fugitive after Karadzic and Mladic, on the eve of the U.S. deadline to withhold its aid package. This demonstrates two things: that the U.S. still has a lot of pull in the region, and needs to stay engaged in order to encourage constructive change; and that conditionality remains the best stick we have to ensure that progress on this front continues, and in particular that Karadzic and Mladic are brought to justice sooner rather than later.

Two of the specific issues that this hearing seeks to address are the status of reform efforts, including defense reforms, in Serbia and Montenegro since Djindjic's assassination, and NATO's role in the Balkans. I'd like to elaborate on both of these topics, in part because of the linkages I see between them.

I've already touched on Serbia's recent campaigns against the criminal syndicates, which deserve our continued support. The key for maintaining reform and progress in Serbia and Montenegro, as elsewhere in the region, is to tangibly strengthen the hand of reformist groups in the government, while marginalizing those who oppose reform. There are two steps that the United States can take now that will serve this end.

The first is to use America's influence within NATO to strongly support Serbia and Montenegro's recent application for admission to the Partnership for Peace program. Having Serbia and Montenegro as an active participant in Partnership for Peace is important for enabling the reforms that the country needs to establish civilian democratic control of its military and security forces. I might add, Mr. Chair-

man, that the Partnership for Peace program itself needs new energy from and emphasis by American leaders.

A second way that the U.S. can reward progress in Serbia and Montenegro, while furthering defense reforms, is to open our Professional Military Education programs to junior officers—lieutenants through majors—in the Serbia and Montenegro army. Beginning the training and education of the next generation of military leaders in Serbia and Montenegro will be indispensable in reaching the standards of professionalism and civilian democratic control that their military needs to face the challenges of democratization and be responsible partners in a regional security framework, and serves as an appropriate carrot for ongoing reform.

I believe that NATO has a constructive role to play in military reform and security in Serbia and Montenegro. Moving on to the role of NATO more generally, I remain convinced that the NATO peacekeeping operations in the region should continue at the current force levels until effective alternative public security forces have been developed. Much has been made of the recent handover of the NATO mission in Macedonia to the European Union, and I support that transition and the EU's willingness to take on greater responsibilities in this area. But that is by no means a template for the NATO forces in Bosnia and Herzegovina and Kosovo, for two reasons. First, despite the handover, the EU still does not have the capability needed to take on even the small-scale mission in Macedonia. Rather, the European Union's assumption of the mission was made possible by an EU-NATO agreement giving the EU access to the collective assets and capabilities of NATO, and NATO maintains a senior civilian representative and senior military representative in NATO headquarters in Skopje. At the present time, only NATO has the capability to maintain the much larger, much needed forces in Kosovo and Bosnia.

Secondly—and this gets at the issue of U.S. involvement in the NATO peacekeeping operations—I still strongly believe that the presence of U.S. troops in the Balkans is a vital demonstration of this country's willingness to do what it takes to "win the peace," which, as we've all seen in the past few months, is just as important as winning the war. Therefore, I emphasize the importance both of maintaining NATO's peacekeeping operations in the region at the current levels, and of continuing the current ratio of U.S. troop contributions to those operations. At present there are less than 4,500 U.S. troops in the Balkans, and I recommend that this number remain stable. I also envision that NATO's role in Bosnia and Kosovo can evolve with the security situations in the two areas, moving from security provision to security development as appropriate. This latter initiative should be the major focus of the Partnership for Peace exercises in the region.

Finally, with regards to Kosovo, UNMIK's policy of "standards before status" is conceptually sound and deserves our support, which requires resources that, unfortunately, have not been entirely forthcoming from the international aid community or private investors.

In closing, I thank the Committee for giving me the opportunity to speak to you today, and for keeping a focus on the Balkans during a time when there are so many other pressing issues on the world stage. It is this long-term commitment by the U.S. and its allies that has been at the heart of the remarkable transformation of this region. Until recently, I never thought I'd have to defend the idea that staying the course and finishing a job is a crucial part of any international intervention. But we would not be at this juncture, discussing the progress of these fledgling democracies, if we had not gone through these often messy, complicated, but worthwhile tasks. Thank you.

Senator VOINOVICH. Thank you. Mr. O'Brien.

STATEMENT OF JAMES C. O'BRIEN, PRINCIPAL, THE ALBRIGHT GROUP, LLC, WASHINGTON, DC

Mr. O'BRIEN. Thank you, Mr. Chairman, for inviting me and for having this hearing. I began work on the states that have emerged from the former Yugoslavia when the wars started in 1991, and I was involved in establishing the international tribunal. I participated in all major rounds of peace talks through 2001. I finished my career as the President's envoy for the Balkans, responsible for U.S. policy at the time Slobodan Milosevic fell.

I'm very glad now to see these states on the cusp of what I think is a great achievement, and to see them at peace, and I'm very glad to be able to speak about them before this committee.

The committee has an august history, but I think no more so than on this issue. I know in your time here since 1999 you've been an active voice, Mr. Chairman. I think its members can be, as a whole, proud of the role that they've played in prodding, now, three successive administrations to remain engaged and become more effective. I think it's a great example of what congressional oversight means in our system.

The states of the Balkans now, the former Yugoslavia, are on the verge of an historic achievement. For the first time, everyone there lives in a democracy. For the first time in hundreds of years, the states of mainstream Europe have agreed that the Balkans is part of the same neighborhood. Those states will work to bring them into the European Union. The United States has a special role to play in guaranteeing that arrangement.

The challenges have been outlined, particularly those of organized crime, and we need to work on those things. At the same time, the strategic environment in which we operate has changed greatly, and U.S. priorities have changed with it. We're left confronting challenges in this new environment. We need to look at what changes we need to make in the Balkans in order to be able to succeed. I think the lessons we take from the Balkans are the following.

First is that an effort to help a country rebuild itself requires time and commitment and vast resources. A corollary to that is that it takes partnerships. I want to focus the rest of my remarks on partnerships as I move through, because I think we need to dust off a few of them and revise them slightly so that we are able to achieve the results that we want in the Balkans. We also will see lessons as we confront challenges elsewhere in the world.

The first challenge we want to look at is with reforms in the region. The United States has succeeded over the last decade when we have engaged in a strong partnership with progressive voices in the region and provided them with the ammunition they need to confront the forces who want to hold the region back. Now, that creates a whole series of opportunities today. Let's focus on Serbia and Montenegro.

I think there the primary challenge is reform of the security services, and I appreciate U.S. assistance as they're moving forward. Part of breaking the back of the hardliners in that system is to try to arrest the remaining fugitives from the international tribunal.

Now, our policy, since you, Mr. Chairman, and I were speaking in 1999 and 2000, was all predicated on the assumption that if we set a strict condition the reformers can force others to go along with it. That worked only because the U.S. helped them pick the time of the battles with the obstructionists, and we backed up the reformers at each step. I think the assassination of Zoran Djindjic shows us what happens when we allow the obstructionists to pick the battles, especially when our attention is elsewhere.

So the question is, how can we most effectively move forward today with the leverage that we have in partnership with the re-

formers in Serbia and Montenegro? I think it's not enough to set a condition and wait to see if Mladic shows up in The Hague. He belongs in The Hague, but I think here we need a more active approach. I suggest that the United States help develop a road map and provide active support.

We have experience looking for fugitives in territory we control. We know what steps should be taken by a government acting in good faith. We should work with the Serb authorities to develop a set of practical steps, fully transparent to us, so that we are able to see that they are trying as hard as possible to arrest this man and turn him over, and the same with any other fugitives who may enter their territory.

I think that right now a policy of dictating a condition and sitting back is insufficient for the challenge that lies before the authorities there. They have taken courageous steps since March of this year, and I think we need to work with them so that they are able to take the next step. It's not enough simply to dictate and sit back.

I agree with the comments that my colleagues have made on the other immediate issues facing the region, and I'll be happy to elaborate on those, if it is appropriate, during question time. There are a few other partnerships we need to pay attention to. I think we need partnerships of the states emerging from the former Yugoslavia, and I think it is time we asked things of them on the international front. They have great resources that can be made available to operate with us as we face challenges in Iraq, in the greater Middle East, and elsewhere.

Bosnia has already managed to contribute a peacekeeping police unit in East Timor. I think the more we ask of states in that kind of constructive way, the more they will see themselves as participants on the international stage, and as representatives of something that is worthwhile and has something to teach the rest of the world, rather than seeing themselves as objects of a vast international experiment.

A third partnership we should attend to is a partnership with the neighbors of region. Here I think it is important to recognize that all of the neighbors of what was Yugoslavia, and Slovenia as well, have gone through transitions. They have managed them on the whole quite well. They are on the verge of becoming NATO allies if they are not already, and members of the European Union.

They understand Yugoslavia in a way that we do not, and they have a strong interest in remaining involved there even as our attention turns elsewhere. The more that we work actively with them, whether through special vehicles like the Stability Pact, or SECI, or through new initiatives directly with them, the more fingertip feel we will have for what will work on the ground.

I think Slovenia deserves a great deal of credit for what it has done in recent years in particular, in working with the states of the former Yugoslavia. Hungary and Romania have just begun a set of very interesting initiatives with Serbia in municipalities and also on police and customs reform. I think those are the kinds of things we need to be encouraging.

A fourth partnership is with the European Union. From the start, we insisted that the goal of our engagement in the Balkans be the creation of a Europe, whole and free, and it is thus appro-

priate that the European Union shoulder the lion's share of the burden. It provides more than 80 percent of the civilian and military resources, has done so, and should continue to do so. The U.S. military has to stay, however, and there has to be a very active creative U.S. political presence.

We are the only state with credibility with all parties, and we have the ability, I think, to design creative tools that will help the reformers in the region succeed on their own terms. I think that's especially important today. In Thessaloniki, the European Union changed the way it approached the region. It announced that integration was its new buzz word.

Now, it didn't do as much as I would like. I would have much preferred the strong version of this that Dan Serwer discussed, where it would treat all these states as accession countries, eligible for full structural assistance, but it has now made it possible for a variety of new things to happen, for these countries to engage some of the home directorates of the European Union, for the companies from those countries to bid on European Union contracts, and for a range of other changes in the way that the countries are addressed by the European Union. To be honest, Mr. Chairman, nobody really knows what that means, including the European Union.

There is room in this process for creative, effective diplomacy, to devise new ways of engaging the Balkan states so that conditionality comes with a stamp that says both made in Washington and made in Brussels, but more importantly, so that all of the international assistance is done in a way that amplifies the ability of the reformers to achieve what they want—which is what we want.

The final partnership that matters in the Balkans is partnership with the broader international community, in the United Nations and also all of those states from around the world who have stood by the people of the Balkans in recent years. It was very difficult to create an international consensus that intervention in the states of the former Yugoslavia was right. It took years. Those years cost lives, and I wish we had moved sooner, but the consequence of the patient diplomacy of building this coalition is that today, what we have on the ground is more durable than it would have been with a rapid U.S. intervention on our own.

We now have even the skeptics about initial intervention, such as Russia, participating to try to see it be effective, and it will remain effective because it is now embedded in a network of international commitment and national promises by countries from around the world. Even when U.S. attention has to turn to priorities elsewhere, we have a framework in which those states can remain assured that they are able to move forward.

So Mr. Chairman, I appreciate the opportunity to appear before you. We have a strategic interest there. We have to remain engaged, and the way in which we have done that, I think, has set the groundwork in which the reformers of the region are able to move forward toward a Europe whole and free.

[The prepared statement of Mr. O'Brien follows:]

PREPARED STATEMENT OF JAMES C. O'BRIEN, PRINCIPAL, THE ALBRIGHT GROUP, LLC

Mr. Chairman, thank you for the opportunity to testify today.

Over the last decade, this region bled at its torn edges. Today the states that have emerged from the former Yugoslavia are on the cusp of great successes, and it is a privilege to speak about them before this Committee.

This Committee has an august history, and on this subject in particular its members can be very proud. Speaking as someone who was inside two Administrations I can attest that your criticism was always constructive, especially when it was well deserved. The Committee's record on the Balkans testifies to the importance of congressional involvement and oversight.

My governmental work on the Balkans began when the wars started. I was then a career attorney in the State Department. There, I helped argue for and support the International Tribunal, participated in the major peace negotiations in the region once the US became active in 1994, and then finished my time in government as the President's envoy for the Balkans, with responsibility for US policy during, among other events, the transition to democracy in Belgrade.

As with any U.S. foreign policy, our approach to the states that have emerged from what was Yugoslavia should be measured by how well the policy promotes the security, prosperity, and values of the United States and our friends.

Seen in that light, the Balkans, including these states, have become a success story on the verge of becoming historic. After a decade of bloodshed and international stumbling, for the first time in hundreds of years—since empires brushed against one another on this territory—the people of the Balkans are part of a Europe whole and free. All states of the region are democratic; our European partners have joined with us in securing this end; the global community has endorsed and contributed to our success; and security threats from terrorism and crime are much less than they were when dictatorships and paramilitary forces set the order of the day.

But the strategic environment facing the United States has changed greatly before the job is done. As we turn our priorities—properly—to challenges from central Asia, the Caucuses, and the Middle East, we need to reflect on the way we have carried out our policy in the Balkans.

The primary lesson we should take from the Balkans is that it requires time, resources, and commitment to help countries rebuild themselves. A corollary is that our initial successes may fade quickly unless we work in partnership with others.

America's attention and effort can be commanded by emergencies and threats anywhere in the globe. When we work in partnership we have resources that remain in place, multiplying our commitment and bringing skills we may need, so that we have the flexibility to respond where we must.

At times we may believe that we have the resources, sense of urgency, and fingertip feel to do it on our own. Even then, Mr. Chairman, we face a problem in perceptions. Those who oppose us know that American administrations sometimes change their minds and sometimes just plain change. They are willing to bet their lives, and the lives of our soldiers, that they have more staying power than we do. Our best and safest answer is to be there with partners—then we have the latitude to reduce our engagement while our coalition remains in force.

In the states of the former Yugoslavia, our partnerships need to be dusted off and revised in the new strategic environment. In my testimony today I want to review several core partnerships and suggest some ways forward.

First, partnership with reformers in the states of the former Yugoslavia. The states that have emerged from Yugoslavia still face great challenges. Democracies are not rooted deeply. Organized crime threatens to overwhelm law enforcement resources. Tensions from the wars of the last twelve years continue to fuel resentment.

The United States has done well and good in the Balkans when we have amplified the voices and magnified the strength of the people and groups who speak for a future in Europe. This includes civil society, political parties, and people who aspire to positions in government.

For example, in Serbia and Montenegro, a democratic government has shown great resolve in the aftermath of the cowardly assassination of Prime Minister Zoran Djindjic. Prime Minister Zivkovic has shown particular courage and integrity. Still, the government has not done everything it must to meet the conditions set by the Administration.

The question is how we can best achieve not just the specific goals announced by the Administration but our broader objective of seeing Serbia and Montenegro represented by officials who share our belief in a Europe whole and free. The test, in short, is what US policy will strengthen reformers.

Since the fall of Milosevic our policy has been predicated on the belief that reformers would always benefit from a clear goal, one that would force them to confront the Milosevic-era holdovers. This worked for the first year or more of the democratic government, because we helped choose the confrontations and backed the reformers

at key points. The murder of Zoran Djindjic shows us the dangers of letting the criminals choose the points of confrontation.

We need again a policy that helps picks the confrontations and the reformers win. For example, Ratko Mladic belongs in jail in The Hague. *It is not enough, however, to declare a goal and wait to see what happens.* Our own government has experience in what must be done to find fugitives—and has been reminded how difficult it can be to succeed. I suggest that we draw on both experiences: develop a roadmap with the government in Belgrade to lay out the steps that they should be taking and a means to reassure ourselves that the government is in fact acting.

In Kosovo, final status negotiations have begun already. Each side has announced its dissatisfaction with the current situation. Extremists are trying to goad the other into offering a proposal first, knowing that the side in the biggest hurry will pay the largest premium. Direct talks on non-status issues will begin soon.

The UN representative, Michael Steiner, has recognized that, in the current early stages of negotiation, he has leverage stemming from when he puts the issue of status on the formal agenda. He is insisting that the agenda focus on standards before status is discussed.

This is the right approach, I believe. More practically, it is the approach we have. If we try to change the bar or specify the outcome of the process we will encourage those who believe that waiting and complaining is the way forward. Our goal should be the opposite—to empower those who recognize that performance is the way forward.

Bosnia still wrestles in the grip of pseudo-nationalists who enrich themselves and impoverish the rest of the country. The answer is to follow the money. If we take away their control of the country's resources, a new country can grow up in their place. Paddy Ashdown's emphasis on business development, property rights, and the dismantling of the crony networks—especially in defense—is exactly right. He is ably supported by Ambassador Robert Beecroft and the OSCE Mission, another strand in the partnership network that keeps working as US attention turns elsewhere.

Second, partnership with the states emerging from the former Yugoslavia. A layered relationship of personal, economic, and security ties will help U.S. interests as these states take their rightful place in Europe. Many leaders of today's "new Europe" have long-standing personal and professional ties to the United States; this helps them understand our positions and work with us as partners. The next generation of leaders will look more toward Europe, however. We should cultivate friends where we can now.

Moreover, the states we are discussing will grow more quickly if we ask something of them. These states have resources and lessons applicable elsewhere in states rebuilding after conflict and internal tension. Each will grow as they see themselves a subject on the world stage, not an object of intervention whose every political tension is magnified by intense examination.

Third, partnership with the countries of the region. The United States succeeded in the former Yugoslavia when we worked in close partnership with Hungary, the Czech Republic, Slovakia, Slovenia, Romania, and Bulgaria. They are on the path to full NATO and EU membership. They have experience in transitions. They are deeply connected to the states of the former Yugoslavia. And they have every incentive to remain engaged even as senior U.S. resources turn toward other challenges.

Eventually, I hope that the EU accession process can become the focal point of activity, but the creativity of these different partnerships deserve our respect and support. For example, Hungary and Romania have begun very interesting initiatives with Serbia and Montenegro. The Southeastern Europe Cooperation Initiative has constructive programs on trade and transportation and cross-border corruption that are showing results after years of investment. The Stability Pact is slowly developing its capacity to help regional integration. Slovenia has made an impressive transition toward European institutions. It deserves recognition for what it has done and, I believe, has acknowledged that it has a responsibility toward its neighbors.

Fourth, partnership with the European Union. The United States is the guarantor of a deal struck in 1999—the states of the region aspire to EU membership, and the EU agrees to take them in. The EU shoulders the lion's share of the burden (more than 80% of civilian and military assistance). But the United States must maintain its military and political presence.

This deal has just evolved. In Thessaloniki the EU has decided that integration is the organizing principle for its relations with the Balkans. The meaning of this remains unclear, and it is not as much as I would have liked. The European Stability Initiative, a very innovative and influential think tank, has proposed that the EU make these states eligible for structural assistance funds. This is an excellent idea. In practical terms, Thessaloniki brings much that is new: the states of the

former Yugoslavia may be able to engage with the Commission's home directorates; bid for EU contracts; and have opportunities beyond the special assistance packages offered in recent years.

The still-uncertain nature of the Thessaloniki commitment creates opportunities for the United States. Creative diplomacy should work to create a process very much like the access process, with funding comparable to structural assistance funding, and creative forms of conditionality should be added to our toolkit.

Finally, partnership with the international community. In the Balkans, the international community worked with us to knit a Europe whole and free. It took years of patient effort, persuasion, leadership, and listening to piece together commitment toward that objective. In the end, even skeptics like Russia joined us to help implement it. The price of the time it took in human lives was too high, and I wish we had moved more quickly.

But the payoff of partnerships has been large. Our partners bring resources, skills, and attitudes that supplement our own, and their involvement makes the international commitment durable. When the US acts without partners, our friends may be tempted to wait for us to fail. When we act with them we are all invested in success, and the United States has the flexibility to reach elsewhere around the world as our security, prosperity, and values require.

Mr. Chairman, the United States has a strategic interest in the Balkans. An effort to project power from Europe will collapse if the states we discuss today cannot support the effort. Porous borders and criminal syndicates will combine to expose Europe to drugs, violence, and terrorism. We must stay involved. To do that in today's world requires that we appreciate the partnerships that multiply our resources.

Senator VOINOVICH. Thank you. I really enjoyed your respective perspectives on this. I would like to get to the issue of the leadership in Kosovo. Mr. Serwer, we were strong on this in the House. You testified, and have been consistent here. Mr. Nash, you seem to concur in that. How do you feel about that, Mr. O'Brien?

Mr. O'BRIEN. I think first, talent matters. I would pick the most talented person regardless of nationality. You mentioned Jacques Klein. He's very talented, very experienced.

Second, U.S. support is essential, and frankly I'm not certain why the United States has not managed to find a talented candidate, whether American or from elsewhere.

Senator VOINOVICH. Now, there seems to be some feeling—yes, Mr. Nash.

General NASH. Sir, if I gave you the impression that I was endorsing Mr. Serwer's quest for an American leadership in Kosovo, I want to correct it.

Senator VOINOVICH. OK.

General NASH. I agree that Jacques Klein is capable, and there are many Americans that would be very capable, and qualifications are the first criteria, no doubt. At the same time, I think that given the role of the European Union, and the fact that the Stabilization and Association process is the foundation for the eventual integration of Kosovo, in whatever form it takes, into Europe, I would prefer a European candidate who is qualified to lead UNMIK.

Senator VOINOVICH. Well, I've watched two of them now, and Mr. Steiner is a pretty strong character, and I guess we haven't done the job we were supposed to do, either. You were talking about, we're going to send a planner over there now, and I talked to the State Department about this when I came back in May 2002, and met with Steiner, and he was talking about that, and I see he has a strategic plan.

You need to set some goals, establish a critical path, monitor it, get it done, get it done, get it done, and that's one of the reasons why we had this hearing, to try to get this back up on the radar

screen. There are so many other areas where the State Department is involved that the tendency is maybe just to kind of back off from this, and I think that is a real mistake.

It's the same way with the Stability Pact. I would like you to comment about their commitment to the Stability Pact. After the war was over they made all kinds of commitments that they were going to do something in terms of the Europeans now about the stability pact. I would like you to comment on that. How do you think they've done on the stability pact, the commitments they made?

Mr. SERWER. I think the day of the stability pact has passed. There are a number of good activities it has undertaken, but the process of accession to the European Union has really replaced it as a political motivating force.

To go back to the question of leadership in Kosovo, I haven't heard any name from the Europeans that would match half a dozen names that I can think of from the United States, and I think qualifications do count. So does nationality, because we have a kind of credibility there, a kind of willingness to get results, that the Europeans simply haven't got. This is particularly true because the Albanians have to be convinced of two things, that they've got to treat minorities, especially Serbs, correctly, and that they've got to negotiate with Belgrade. I don't think there is any European that would have the weight of the right American in arguing those two points.

Senator VOINOVICH. And I also think from the perspective of the Serbs, I think there is that underlying suspicion of the Europeans for some reason, although Solana was really able to do a nice job of influencing the new Serbia and Montenegro situation. That is something we really need to weigh in on, because I think it is really strategic to the future there. You get the wrong leader, and things are going to continue to linger and linger and linger, and they could explode.

Comment, any one of you?

General NASH. Well, first of all, having worked for one of the European leaders in Kosovo under the U.N. administration, I am less skeptical about their ability to lead the effort. It was, in fact, Michael Steiner that created the standards before the status initiative, and it was Javier Solana that has recently pushed for the direct talks between Pristina and Belgrade as a precursor to addressing the status issue.

I am not sure that an American official as the head of the U.N. mission in Kosovo would receive the requisite support from the administration to carry out their duties, because I don't think that at this time that mission will get the attention that is necessary. I would rather see a strategy by the United States that includes discussions between Washington and Brussels on a variety of issues with respect to the Balkans, and that we make our voices heard in that manner and through active participation in the NATO missions in both Bosnia and Kosovo, and in the Partnership for Peace programs with all the countries of the region.

Senator VOINOVICH. Well, from what I can understand, the NATO thing has worked out pretty well. I was a little bit skeptical about changing the guard, but that seems to have worked well, and

I think Lord Robertson talked about the fact that even though there was some question about NATO and so on, that today it's more vital than ever before, because they've proved they can work together, and I think the fact that they did such a good job in Kosovo is a reason why they have been in Afghanistan, and they thought ultimately that they might be involved in Iraq.

Would any of you like to comment about the situation in Mitrovica, which seems to go nowhere?

General NASH. Sir, I lived in Mitrovica for 8 months of the year 2000. It remains very difficult. It is my judgment that all the issues of standards before status come to a head in Mitrovica.

Senator VOINOVICH. Say that again.

General NASH. All the issues associated with standards before status, i.e., the standards of the respect for law and order, the respect for human rights, the respect for minorities on both sides of the River Ibar come to play in Mitrovica.

The fact of the matter is, is that there was a conscious decision by one NATO ally, France, that their forces would not conduct actions that would allow Albanians to move to the north in greater numbers, and would not enforce the rule of law by use of the military forces in the northern part of Kosovo, thus allowing a parallel system to be established.

At the same time, south of the river there was little effort to bring the Serbian population into the new Kosovo, if you will, and the fact of the matter is, in Mitrovica far more Albanians lived in the north than Serbs lived in the south, at a ratio of approximately 5,000 to 12.

Mr. O'BRIEN. I agree with that. General Nash and I worked closely while he was in Mitrovica in the year 2000. We couldn't find a way to act assertively without provoking the kind of demagoguery from Belgrade that might well have swayed the election there the wrong way. We knew, though, that the way forward was direct confrontation with the thugs, many of them subsidized from outside, who were preventing people from moving home. I honestly do not know why we have not moved more aggressively to clean those people out. That's truly a street-by-street operation, and I think if we're able to do that you may well begin to see some movement there.

South of the border, it's a classic case of standards before status. Here the issue is not so much that an American, someone with my flat Nebraska accent, would be good enough to persuade people to let Serbs move back. I think it has to come from Albanian leaders themselves persuading their compatriots that the way forward is not the kind of separatism that we've seen in some of those areas. To do that, we need to empower those reformers who are willing to speak to their own people in that fashion.

I think standards before status is doing that, and we're working with those people. I think any effort to suggest that we know what the results of the process should be will undercut those reformers just as they are being put to the test.

Senator VOINOVICH. Mr. Serwer.

Mr. SERWER. Mr. Chairman, I would agree with a lot of what my colleagues have said. I would only add that we at the U.S. Institute of Peace have given two grants to grassroots efforts in Mitrovica to

initiate and encourage communications between younger people on both sides of the river. It is always difficult to say what impact this kind of activity has, but at the same time I'm sure over the long term that this is what really counts, because the level of distrust on both sides of the river is enormous, and without making it disappear you can't get anything done.

I also believe that what Jim has just said is terribly important: it is important for the Albanians to recognize that if they continue not to allow Serbs to live among them, that the Serbs will live separately, and that leads rather naturally and unhappily, I think, to a partition solution, with which I doubt the Albanians will be happy.

Senator VOINOVICH. Are any of you familiar with the situation in southern Serbia? Covic went down there and granted some autonomy to the Albanian majority. Is that still working out? I know initially it looked like they empowered the local Albanians to take over the control of some of the villages. Does anybody have any information on that?

Mr. SERWER. Mr. Chairman, to tell you the truth, I haven't checked recently on this situation, but it's my impression that the effort to reintegrate those municipalities and to end the insurgency there has worked pretty well, and that it's been a sincere undertaking on the part of Belgrade.

Not all the Albanians are happy with the progress that has been made. There are also unhappy Serbs in the area, but I do think that this an example where NATO and Belgrade were able to work together to end an insurgency and reintegrate an area. We are finally seeing the same thing happening as well in Macedonia, where Skopje is bringing an end to an insurgency by cooperation between Macedonians and Albanians.

Senator VOINOVICH. I thought at the time it seemed to me that it worked out, it would be a good model for some of the other areas, where you've got small ethnic minorities that need to be protected.

Mr. O'BRIEN. Mr. Chairman, I agree, it is an example of the way that there can be strong partnerships between international community representatives and reformers. What happened was, when the democratic authorities came to power in Belgrade, they didn't yet control all of these security services. At that time violence was heating up in southern Serbia. The reformers said part of the problem is, we don't have full control of these people on the ground there, don't let us back in the exclusive zone until we're able to change things.

Then they said, please make it a condition of our getting control that we have to make some changes. That will empower us to be able to do the right thing. They showed, I think, a great deal of courage by granting autonomy and allowing people to come back and live within them as a structure. It's frankly the way these things ought to work, and I think we should try to apply that to the challenges the region is facing today. There are differences, of course, but it's that kind of dialog and willingness to tailor the solution to the particular problem that can see our way through.

Senator VOINOVICH. I would like you to comment now on Serbia and Montenegro. I was interested—I don't recall which one of you indicated that—I believe it was you, Mr. Serwer, the fact that now

that the new union of Serbia and Montenegro has been created lends itself to the fact that if there is some separation, it won't be by bloodshed, but that it will be done by civilian means.

There are many people that feel that the situation in Serbia following Djindjic's death is still tentative. How do you think that is going to unfold in Serbia itself, and do you think that there is the possibility in the future that there is a loose relationship between Serbia and Montenegro? In other words, do you think that this new country works?

Mr. SERWER. Mr. Chairman, I think the current government in Belgrade did a brilliant job after the assassination of the Prime Minister. I think it was really an extraordinarily tenuous, fragile situation. The imposition of an emergency, and the crackdown that ensued, was a good idea. I think the crackdown is something that should have occurred a couple of years earlier, but it occurred only after the assassination, and they have made significant progress.

I am now quite concerned that progress is flagging. I don't see in the leadership, in particular of the Interior Ministry and of the Justice Ministry, the same vigor and clarity of thought that I see in the Defense Ministry, which is actually a Serbia and Montenegro institution.

It seems to me that they are not carrying this crackdown to its logical conclusion. If they had, they would have sent everybody, all the indictees, to The Hague. They have said quite clearly that there's a link between the nexus of war criminals, intelligence services, Milosevic-backers and assassins. They have not gone as far as I had some hopes in the last couple of months that they would go, and I presume that's because there is enormous resistance in Serbia, because the security establishment really is infected by forces that will have to be gotten rid of before Serbia can really be part of Europe.

Hopefully we can work out a partnership with Belgrade to achieve that, but I think we should be clear-eyed about our analysis of what has gone on. They have not completed the process.

There is some sign of abuse of the press. We should be standing firm for reform of the Justice and Interior Ministries, and for upholding the highest of human rights standards. Emergencies are allowed, too, but we should not be tolerant of an improper crackdown. We should support a proper crackdown.

General NASH. I would just add, sir, that to initiate reform, any reform in Serbia requires a great deal of political capital, and it sometimes take brute force to make some of the arrests and the like, and I really endorse what Jim O'Brien talked about earlier with respect to, as you set out a goal, you've got to work on specific issues and come up with a strategy that reinforces those who want to do the right thing and proceed, but as you talk to a wide variety of leaders in Serbia, the platter is very full.

The political capital for change is finite, and the ability to do a lot of things at once is not there. They've got to go through a process, and that's why Jim's idea of partnership in working toward specific goals is so crucial to our strategy.

Mr. O'BRIEN. I think the government of Prime Minister Zivkovic has been bold and remarkably effective. He's a talented, energetic, very honest man, and those qualities have been critical to getting

him through. Now they face two real hurdles, reform of the security services, and cooperation with the tribunal, and we need to help them focus on the key steps they need to take for both. We need to make sure that one doesn't defeat the other, that fear in the security services of the tribunal doesn't lead to more assassinations.

You can do that, but I think you have to do that by being actively engaged and working with them on what is possible. The secret in any of these exercises when institutions are being built is that you have to pick your fights. You have to fight, but you have to pick the right fights. We need to be there behind them to make sure they know, the reformers know, that when they go in there to fight, they're going to have somebody with them all the way through, and when they come out the other side there's going to be a big enough reward to have justified it.

That's vague, I realize, but I do think we can provide a lot of practical guidance on how they could go about picking up Mladic and demonstrating that they're doing all they can. I think that would be a good process for us to undertake.

Now, Serbia and Montenegro, we've talked some about road maps. On the issues confronting Serbia, I think the agreement between Serbia and Montenegro is not so much a road map, but a rest area; after a couple of years they're going to take a look again. I'm not so sure, I think the theory of the agreement seems to be that if they just make the government kind of light enough, maybe nobody will really notice it's there, and allow it to remain.

I don't know that that's going to be stable enough, but I do believe that they need to seize the next couple of years and engage with Europe on the terms of the current arrangement and get as far down the road as they can. I think at that stage one or the other sides, or both, they'll have some accommodation about how they can go forward. I think there are a lot of people in Serbia who are now thinking about whether they want to be in an arrangement with Montenegro. Three years ago, that kind of talk wasn't allowed, and I think in another year or two it will be a much different climate.

I do agree with Dan that this now is something that can be handled peacefully, and that's important for everyone to remember as they look at border disputes around the region.

Senator VOINOVICH. You don't think the coalition is fragile and that it could dissipate and somebody else could come in?

Mr. O'BRIEN. I think the coalition that won in 2000 is effectively over, but I do think the bulk of what was then the democratic opposition has rallied around the current government for now. I think you will see an emergence of probably three factions out of that 2000 period, but that is going to be normal politics. What will matter is that when they do put together the coalition of leadership, they are able to unite behind a mandate that continues the progress of the country toward joining Europe.

That is something that they'll have to decide themselves. We'll have to be a part of it. I think Zivkovic's personality has been very important over the last month, because people respect him as a direct and honest actor, and that has been essential.

Senator VOINOVICH. We have neglected Macedonia a little bit. What's your impression of how that is working out right now? The EU has taken over the security, and at least they recognize they have to have a security force there to keep the stability, but they've got this young Albanian leader and the new Prime Minister. How is that working out, in your opinion?

Mr. SERWER. Mr. Chairman, I think it is so far, so good. We've got a government in Macedonia whose coalition partners are clearly trying to do the best they can by the Ohrid agreement. We at the U.S. Institute of Peace have been in touch for sometime with the Albanian leader in that coalition, Ali Ahmeti. He will be with us at the Institute on July 1.

He will appear with the Macedonian Ambassador, who was the National Security Advisor during the armed rebellion in Macedonia. I have talked with Ahmeti personally, but the jury is still out on what he can accomplish. But I think the sincerity of the effort to implement that peace agreement and to prevent a partition of Macedonia is quite clear. The statements of the previous leaders after they left office illustrate why it was so difficult when they were in coalition, because both of them stated that they would have preferred partition.

I don't think that's true of the current coalition leaders. I think they're trying to preserve their country. I think they're trying to implement the agreement. Macedonia would have problems even if there were no conflict. They have colossal economic problems, they have problems with crime and corruption. So I can't be 100 percent confident that all of this will succeed, but I am reasonably certain that the current coalition is trying to make it succeed.

Senator VOINOVICH. The last question I would like to ask, and thank you, is regarding the issue of organized crime, and Mr. Busek has been in to see me. I talked with him, and they're moving there, and I would like you to comment on whether or not from your perspective, that all of these groups that are out there have got their acts together, and whether there's a master plan or whether they're still pretty much doing their own thing, and they're not as coordinated as they should be, because I'm really, genuinely concerned about the organized crime network that is there, and it's growing, and as I mentioned earlier, they could submerge these people into this thing and they will never get out from it.

You talk about terrorists and terrorism. That part is more threatening than terrorism, as far as I'm concerned.

General NASH. I will start off, sir. First, it is very important to understand the nexus between the political power and organized crime, and it impacts on all things that take place.

When I lived in Kosovo and worked for the United Nations there, a comment I made was that it's very hard to fight organized crime with disorganized police. I think your sense that many of the initiatives are not necessarily being pulled together is a good one, sir, and I think it is an area that requires much more attention.

Senator VOINOVICH. Let me just ask you this. Part of the problem is, though, is the issue of—it's the intelligence, it's the rule of law, the infrastructure, the judges. I know when I was in Bulgaria I met an FBI guy and they arrested I think 61 people for human

trafficking. They turned them over to the prosecutor, and all the cases disappeared.

General NASH. You're exactly right, and the issue is, you can fix the police, and you can do that in a reasonable amount of time. In other words, you can get the cop on the corner, you can train them up fairly quickly, but it takes a long time to grow a judge, and the lawyers, and the criminal codes and the like, so it is a very long process, especially in a place like Kosovo, where you're essentially starting over.

When you have embedded policies within Serbia and you're trying to change all of that, that goes back to some of that political capital I was talking about earlier, and how long it takes to make changes. The best you can do quickly is to try to identify the "big fish" criminals and get political control over the headquarters of the security agencies, the supreme court, and try to have some levelers at the top level, and then over time build on it.

But I don't think that the international effort to help all of that is put together as well as it could be. The new initiative in recent times in Kosovo to convert one of the major pillars of the U.N. operations to a law and order pillar is extremely wise to put that much emphasis on it, but again, the resources, and the growing of all the infrastructure that goes into a rule of law is very difficult.

Senator VOINOVICH. So you have a dual track. One is to try and get all of these various agencies, the OSCE, and SECI, and all of that to cooperate, but even if you do all of that, you really have to put the pressure on to get the other infrastructure in place.

It seems that where we've made some progress, and I know my concern was in terms of Romania and Bulgaria coming into NATO that they still had some real corruption problems, and the theory was, is that we could make a lot more progress on it for them being in than being on the outside, but would you all agree that the quicker we can push Partnership for Peace, membership in the EU, laying out some standards, the better off we would be in terms of getting them to do some of the things they need to do?

And the other question I have is, take for example, for Serbia, what kind of incentive would that be? Would it be an incentive to try and get in the EU and become involved?

Mr. SERWER. I think it is an incentive for everybody in the region. I think it is important, though, to understand that the incentive works before they enter these organizations better than it works afterwards. I realize that we can't always insist on perfection, but I do think we have to insist on some minimum standards.

The fact is that crime is still more organized than the forces of law and order in the Balkans, both at the international level and at the national level. One thing the United States could do is to make it absolutely clear that we have no need of friends in the Balkans who are crooks.

I think we have sometimes been less than careful about some of our friends, because we had little choice. We had bigger fish to fry and bigger enemies to worry about. The time has come to say plainly to everybody that we have no need of friends who are crooks, and that those who are can expect us to pursue them.

Mr. O'BRIEN. Mr. Chairman, I think the answer is yes. I think first it's political will, which takes focus, so the more we can focus

everyone's efforts where they're going to put their scarce political capital to work on the demands of a few core institutions, where they know that the reward for doing the right thing will be large enough to justify the payment, so I think the more focus we put on that, that suggests that maybe it's time to wrap some of these technical advisory bodies and the ad hoc groups up and put them into some other umbrella organization.

Now, they do great work. SECI, for example, has an excellent law enforcement center now in Bucharest which is addressing trafficking in women. The stability pact has done some very good work, so I think they do technical advice, but then you run into the problem that all the technical advice in the world isn't enough for the problem they face right now, and here I think it's important that we set our priorities correctly, and that is, as Bill Nash said, it's the nexus of political power and criminality that's what's holding the states back, and that's a task it takes every tool you've got to respond to.

We've barely spoken about Bosnia in here. I think in Bosnia you have a particularly nasty set of leaders who have converted wartime power into political authority, and those parties still hold sway, although some of the individuals have changed, and I think what is happening, and it happened in bits and pieces during the time I was involved in policy, and it's now a focus of Paddy Ashdown's time, is that they're trying to use all the tools they have to get at those syndicates, to take away their money, their control over other people's jobs.

You use the international tribunal, because a lot of the people who are implicated for war crimes probably also are the people obstructing progress today, and you then also pursue sort of straightforward law enforcement against them, take them out of the political bodies, weaken them and isolate them, and then over time you're able to take them on.

It takes a political strategy driven from up above, the technical advice that's provided very excellently by a lot of these organizations.

Senator VOINOVICH. I want to thank you very much for coming, and I apologize more of my colleagues aren't here. One of the things in the U.S. Senate is that there are many things that take—well, I don't need to explain to you—take our time on the Foreign Relations Committee, but with all the things going on right now, people's minds are in other places.

I wanted to have this hearing today, and again I appreciate Senator Lugar and Senator Allen's allowing us to come together today. I think that hopefully this happening may give this a little bit more priority over in the State Department, and I'm going to be trying to meet here pretty soon with Secretary Powell to talk about where they're going and what his overall plan is for the area, because I just think we've let this area kind of go—it gets back to the speech that I gave a long time ago on the Senate floor kind of criticizing former Secretaries of State that said something about, we don't have a dog in this fight, and the Balkans has been kind of a place where it barks and we pay attention, and then it stops barking and we kind of neglect it, and it goes on and on, and I think we have this just unbelievable opportunity to build—some-

body said, $24 billion we've already invested there, to build on that and not let it go, and really see it become part of and integrated into Europe.

I think the other thing that's really inspiring to me is, I think the Europeans finally get it. There was a period there where they said oh, let it go. I think they know that they can't do that, and that's an incentive for them to stay at the table and be with us, but it is, I think, very important that we continue our leadership there, because as I said, I've talked with parliamentarians and other leaders, and they come back and say, if you guys leave, it's not going to happen. You lend credibility, and you provide leadership, and it's important that you're there.

So thank you very, very much for coming today. The meeting is adjourned.

[Whereupon, at 4:40 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

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